Capital&
Regional

Interim Report 2011

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What we do

- Capital & Regional is a specialist property company with a focus on retail investments in the UK and Germany. The Group has two investments in well-established UK retail funds; a joint venture with a German retail property portfolio; and a number of interests in leisure and trade park properties.
- The Group applies its dedicated asset and property management teams to create enhanced returns for shareholders, fund investors and tenants.

Our business model

- We operate an asset business that invests in UK and German retail assets and funds and UK leisure assets and funds
- We operate an earnings business which generates fees from the management of The Mall and The Junction Funds, and certain joint ventures. In addition, we own stakes in the management companies that operate The X-Leisure Fund and our German portfolio, and have profits from the SNO!zone operating business

"We have delivered a strong set of results in the first half of this year. Our operational focus remains on boosting income through asset management initiatives. Our strategic focus is on realising value from non-core investments and on reinvesting in our core retail activities in the UK and Germany. The Company is well placed to take advantage of any new opportunities without compromising a conservative approach to the management of the balance sheet."

John Clare, Chairman

Highlights

Continued strengthening of financial position

- Strong growth in net assets per share to £0.56, up 12% from 2010 year end, and EPRA net assets per share to £0.63, up 11% from 2010 year end.
- Robust recurring pre-tax profit of £8.8 million in the first half of 2011.
- Group share of cash distributions from funds and joint ventures of £5.8 million in the first half of 2011.
- Continued degearing with a fall in the Group net debt to equity ratio to 24% compared to 29% at 2010 year end and a see-through net debt to property value for the three UK funds of 54% at 30 June 2011.
- Out-performance by all three UK funds of their IPD index.
- Successful extension of the maturity of the €162.3 million debt in one of the German joint venture portfolios by three years.
- Upward trend in net valued rental income for all three UK funds and continued growth in all three UK fund property valuations during the first half of 2011.

Impressive operational performance in challenging market conditions

- Effective asset management delivering 53 new lettings and 31 lease renewals at an average of 4.8% above ERV and 78 rent reviews for an uplift to previous rent of 6.9% across all three UK funds supporting the affordability of our portfolio properties.
- Occupancy up year on year by 0.8% to 94.9% across all three UK funds.
- Uplift of 2.1% for The Mall footfall for the first 32 weeks of the year and outperformance against the national index, demonstrating the well positioned nature of the portfolio.
- Attractive and exciting asset management and development pipeline with near term plans for three Junction properties, Waterside Lincoln, Hemel Hempstead, Great Northern and The Mall Walthamstow.

Chief Executive's statement

Key performance indicators

The key performance indicators we use to measure our performance against our strategy and objectives are:

	Six months ended 30 June 2011	Year ended 30 December 2010	Six months ended 30 June 2010
Investment returns			
Net assets per share	**£0.56**	£0.50	£0.42
EPRA net assets per share	**£0.63**	£0.57	£0.52
EPRA triple net assets per share	**£0.56**	£0.50	£0.42
Total shareholder return	**19.8%**	(2.2)%	(11.9)%
Financing			
Group net debt	**£47.0m**	£49.8m[1]	£47.8m
See-through net debt[2]	**£451.9m**	£464.7m[1]	£502.8m
Net debt to equity ratio	**24%**	29%[1]	33%
See-through debt to property value[3]	**75%**	76%	81%
See-through net debt to property value[2,3]	**64%**	66%[1]	71%
Profitability			
Recurring pre-tax profit	**£8.8m**	£14.9m	£8.9m
Profit before tax	**£21.2m**	£46.4m	£17.5m
Basic earnings per share	**£0.06**	£0.13	£0.05
Property under management	**£2.7bn**	£2.8bn	£2.9bn

1 Adjusted for the £5.0 million tax payment made on 31 December 2010
2 Adjusted for the Group's share of the €18 million German junior debt acquired in December 2010
3 See-through debt and adjusted see-through net debt divided by property value

Operating review

During the first half of 2011 the team have delivered an impressive operational performance in challenging market conditions for our tenants through effective asset management. This performance continues to reflect the overall affordability and well positioned nature of our property.

New lettings, renewals and rent reviews

Proactive asset management has driven a strong performance on new lettings, lease renewals and rent reviews across the three UK funds during the first half of 2011 at rents at or above estimated rental values ('ERV'), with ERV remaining stable compared to the prior year.

	The Mall	The Junction	X-Leisure	**Total UK**
Number of new lettings	43	2	8	**53**
Rent from new lettings (£m)	3.4	0.3	0.3	**4.0**
Comparison to ERV (%)	2.1	8.3	33.2	**4.9**
Renewals settled	29	0	2	**31**
Revised rent (£m)	0.6	0	0.1	**0.7**
Comparison to ERV (%)	4.2	0	4.1	**4.2**
Number of rent reviews settled	42	4	32	**78**
Revised rent (£m)	4.6	0.8	4.4	**9.8**
Uplift to previous rent (%)	5.2	5.5	8.8	**6.9**
Comparison to ERV (%)	13.3	(3.1)	5.7	**8.5**

Since 30 June 2011, there have been a further 11 new lettings in The Mall for contracted rent of £1.0 million all at or above ERV. The Junction has exchanged contracts on four new lettings with contracted rent of £1.2 million and X-Leisure has completed three significant lettings with contracted rent of £0.5 million at or above ERV.

Market conditions will continue to drive the pace of letting activity in the second half of 2011, which may slow if the current challenging conditions persist for our retailers, but there remains an encouraging pipeline of new letting opportunities for all three of the UK funds.

Significant highlights during the first half of 2011 include:

The Mall	
Luton	New lettings to Costa, Toby Inns and Jimmy Spices to successfully complete the food element of the redevelopment and new lettings to Sugacane and Jessops and a lease renewal to Arcadia.
Wood Green	Primark taking an additional two units totalling 4,700 sq ft, at rents in excess of ERV, extending their store to approximately 80,000 sq ft.
Blackburn	New lettings to Specsavers, JD Sports, Harvey and Thompson and Bet Fred.
Maidstone	New lettings to Vision Express and Internacionale.
Middlesbrough	New letting to 99p stores involving a merger of four previously vacant units to create a single 8,200 sq ft unit and a lease renewal to HMV.
Norwich	New lease to Family Bargains on a previously vacant 18,000 sq ft unit.
Sutton Coldfield	Sports Direct have taken 14,000 sq ft of formerly unused first floor space for a new upsized store within the town, whilst Jones The Bootmaker have taken a new 4,000 sq ft store.
Camberley	New letting to 3G.
Walthamstow	New letting to Select.
Barnsley	New permanent letting made to Internacionale.
Uxbridge	Unconditional letting to Metrobank on a key 5,100 sq ft entrance unit which will be first part of the bank's introduction to London and a new letting to Bon Marche.
The Junction	
Thurrock	Significant new letting to Boots for 9,400 sq ft.
X-Leisure	
Poole	New letting to Pizza Express and a unit expansion by Empire Cinemas.
Germany	
Ingelheim	Lease extension for 15 years to Real.
Koln Gremberg	Significant lease extension until 2024 by Real.

Rent collection rates (adjusted for tenants in administration) continue to be strong, with 97.9% of rent being paid within 30 days of the due date compared to 97.8% for December 2010.

Occupancy levels

Occupancy (like for like)	**June 2011**	December 2010	June 2010
The Mall	**95.0%**	95.9%	94.0%
The Junction	**94.7%**	96.3%	94.2%
X-Leisure	**95.0%**	95.3%	94.3%
UK funds	**94.9%**	95.8%	94.1%
Germany	**95.7%**	96.7%	98.5%

The Mall occupancy rate of 95.0% at 30 June 2011 has improved by 1.0% compared to 30 June 2010 and compares favourably to the occupancy of 95.9% at year end despite a number of administrations and the normal seasonal reduction in temporary lettings.

The Junction occupancy rate of 94.7% at 30 June 2011 reflects the lease termination of Marks Wholesale in Thurrock and the administration of World of Sofas at Paisley and Thurrock. The occupancy at 30 June 2011 has been adjusted to reflect the fact that the vacant World of Sofas unit in Paisley was immediately re-let to Pets at Home.

Occupancy in the German portfolio fell to 95.7% at 30 June 2011 due to a lease break being exercised at the start of the year and management are currently assessing various options to re-let this property.

Administrations

	The Mall	The Junction	X-Leisure	**UK**
Administrations (units)	27	2	5	**34**
Passing rent (£m)	1.7	0.1	0.2	**2.0**
Still trading (units)	10	0	0	**10**
Passing rent still trading (£m)	0.9	0	0	**0.9**

There were 34 administrations in the three UK funds during the first half of 2011 with a passing rent of £2.0 million of which £0.9 million (45%) is still being received. The more notable administrations during the period related to Jane Norman (2 units), TJ Hughes (1 unit), Officers Club (6 units) and World of Sofas (2 units).

Eight of the 17 units in The Mall which closed due to insolvency situations have been re-let either directly or as part of the administration process at similar passing rent.

There have been no administrations in the German portfolio since year end.

Footfall

The Mall's footfall has outperformed the national footfall index, with an increase of 2.1% in shopper numbers over the first 32 weeks of the year compared to a decline of 0.7% in the national index, demonstrating the well positioned nature of the portfolio and is supportive evidence that people are shopping locally due to higher fuel costs.

Temporary lettings

At 30 June 2011 there were 122 (30 December 2010: 145) temporary lettings (less than one year term), of which 117 (30 December 2010: 141) for a net rent of £0.6 million compared to an ERV of £4.8 million were within The Mall.

Rental income

a) Net valued rental income

There has been growth in net valued rental income across all UK funds during the first half of 2011. The Mall increased by 1.7% with net valued income increases in 9 of the 11 Malls. The Junction increased by 1.6% and X-Leisure increased by 0.3%.

b) Passing rent

Passing rent has remained stable across the UK funds and in the German portfolio during the first half of 2011.

Passing rent (like for like)	**June 2011 £m**	December 2010 £m
The Mall	**87.4**	88.0
The Junction	**21.4**	21.1
X-Leisure	**40.9**	40.7
UK funds	**149.7**	149.8
	€m	€m
Germany	**43.9**	43.6

The fall in The Mall's passing rent of £0.6 million is principally due to the seasonal fall in income from temporary tenants and the impact of administrations, partially offset by additional income derived from new lettings and the expiry of rent free periods.

The increase in passing rent for the German portfolio of €0.3 million is due to rent indexation offset by a lease break being exercised at the start of the year. The German portfolio continues to generate a strong operating cash return for the first half of 2011.

c) Contracted rent

The Mall had a further £6.0 million of contracted rent at 30 June 2011 which is not included in the passing rent figures above. This represents a 0.4% increase in contracted rent during the half year. The Junction had a further £0.5 million of contracted rent and X-Leisure had an additional £0.3 million contracted rent at 30 June 2011.

Since 30 June 2011 new lettings in the three UK funds increased contracted rent by a further £2.7 million.

Investment portfolio performance

Overall values of the Group's portfolios have produced strong property level rates of return in the first half of 2011 as shown below:

30 June 2011	Property valuation £m	Capital return %	Total return %	Initial yield %	Equivalent yield %
The Mall	1,096	1.7	5.3	7.0	7.6
The Junction	356	4.2	7.0	5.7	6.8
X-Leisure	551	4.3	7.9	6.8	7.6
UK weighted average	2,003	2.9	6.3	6.7	7.5
Germany	518	(0.1)	2.7	6.6	n/a

An increase in net valued rental income across all three UK funds and an inward yield shift of 27 basis points in X-Leisure has resulted in continued growth in all three UK fund property valuations during the first half of 2011.

Chief Executive's statement continued

IPD index performance

All three UK funds outperformed their IPD index on a rolling 12 month basis driven by income growth, effective asset management and the strength of the underlying assets in the funds.

	June 2011 %	December 2010 %
The Mall		
Property level returns[1]	**17.4**	20.0
IPD shopping centre index	**10.6**	16.9
The Junction		
Property level returns[1]	**10.9**	13.1
IPD retail parks index	**10.0**	16.3
X-Leisure		
Property level returns[1]	**13.8**	22.1
IPD leisure Index	**11.1**	18.4

1 As ratified by IPD

Asset management and development pipeline

Our strategy is to add value to our existing portfolio through active asset management and development in response to retailer demand, market conditions and available funding. There is an attractive and exciting pipeline with near term plans for three Junction properties, Waterside Lincoln, Hemel Hempstead, Great Northern and The Mall Walthamstow which are summarised below:

The Junction	
Thurrock (phase 1)	A planning application has been submitted for a 30,000 sq ft redevelopment of the Odeon cinema, and we have heads of terms with tenants for 75% of the space.
Paisley	Planning permission has been granted for a new 54,000 sq ft terrace adjacent to our current scheme. We are in discussions with a number of retailers and expect to have contracted 65% of the space by the end of the year. We are also working on an application for non-food retail of 21,500 sq ft on the former Menzies site which is also in the fund ownership.
Oldbury	This year we intend to submit a variation to the current planning consent for a 205,000 sq ft development with Open A1, bulky goods, leisure and A3 consent on a brownfield site. Negotiations are progressing with anchor tenants.
Other property	
The Waterside Shopping Centre	Reconfiguration proposals are in preparation to create large format retail space capable of satisfying national fashion retailer requirements for the city. Current design proposals will create approximately 15,000 sq ft of additional lettable space within the existing centre envelope and improve the layout and circulation. Negotiations are at an advanced stage with two leading fashion retailers to occupy key elements of the reconfigured space and subject to successful conclusion of these discussions we anticipate construction work starting in early 2012.
Hemel Hempstead	This 160,000 sq ft leisure property incorporates: an eight screen cinema, two nightclubs, 10 pin bowling, ice skating, Waterworld swimming complex, Pizza Hut and Burger King, with approximately 930 car parking spaces. We are currently assessing a comprehensive redevelopment and re-branding of the scheme with the swimming complex and nightclubs being replaced by family orientated branded restaurants. The local authority is currently supportive of our proposals.
Great Northern	Various reconfiguration opportunities are being explored, involving re-gearing leases to release and re-let up to 75,000 sq ft of existing space, improving the vitality and longer term investment performance of this property. Alternative options to substantially redevelop and add space are also being progressed in parallel, since tenant demand has indicated a potential development opportunity.
The Mall	
Walthamstow	There is an expansion opportunity for a 65,000 sq ft extension to The Mall Walthamstow. The development would incorporate retail and catering units and demand for the scheme is strong. The local authority is supportive of the proposal which has been incorporated into the new local plan public consultation.

Other significant medium to long term asset management and development opportunities exist in The Mall at Luton, Camberley and Sutton Coldfield and in The Junction at Thurrock.

Financial review

Investment returns

Net assets per share strengthened to £0.56, up £0.06, or 12% since 30 December 2010, and EPRA net assets per share increased to £0.63, up £0.06, or 11% since 30 December 2010.

To provide a better understanding of the composition of the business, the Group presents its balance sheet in two separate ways, with the "statutory" balance sheet following the accounting and statutory rules, and the "see-through" balance sheet showing the Group's proportionate economic exposure to the different property portfolios.

These are:

	Statutory		See-through	
	30 June 2011 £m	30 December 2010 £m	**30 June 2011 £m**	30 December 2010 £m
Fund properties				
The Mall	**62**	58	**191**	199
The Junction	**23**	24	**45**	61
X-Leisure	**29**	26	**65**	62
FIX UK	**2**	1	**27**	27
Joint venture properties				
Germany[1]	**56**	48	**259**	248
Other joint ventures	**(8)**	(8)	**36**	23
Wholly owned properties				
Great Northern and Hemel Hempstead	**81**	81	**81**	81
Total properties	**245**	230	**704**	701
Other assets and liabilities	**20**	16	**17**	6
Debt	**(69)**	(71)	**(525)**	(532)
Net assets	**196**	175	**196**	175

1 The statutory figures include the Group's shareholder loan to the German joint venture treated as equity and the Group's share of Euro B-Note Holding Limited

Financing

The Group net debt to equity ratio fell to 24% at 30 June 2011 compared to 29% at 30 December 2010, primarily due to the increase in shareholders' equity of £21.3 million and loan repayments of £1.5 million. A summary of the movements in Group and off balance sheet debt during the period is as follows:

	Group debt £m	Off balance sheet debt £m	**See-through debt £m**
At 30 December 2010	70.5	461.7	**532.2**
Property acquisition	13.6	–	**13.6**
Disposal into a joint venture[1]	(13.6)	6.8	**(6.8)**
Other repayments	(1.5)	(22.2)	**(23.7)**
Foreign exchange	–	9.8	**9.8**
At 30 June 2011	69.0	456.1	**525.1**

1 Transfer from Group debt to off balance sheet debt following the sale of 50% of the Group's interest in The Waterside Shopping Centre in Lincoln

Group debt

Group debt fell by £1.5 million to £69.0 million at 30 June 2011 (2010: £70.5 million). This fall was due to £1.0 million of surplus cash generated by the Great Northern and Hemel Hempstead properties being used to pay down the relevant loans via a cash sweep and a £0.5 million amortisation payment on the Hemel Hempstead loan. A further £0.5 million amortisation payment was made in July 2011 on the Hemel Hempstead loan.

The breakdown of Group debt and net debt at 30 June 2011 was as follows:

	Debt at 30 June 2011[1] £m	Average interest rate[2] %	Fixed %	Duration to loan expiry (years)
Core revolving credit facility	**–**	n/a	–	2.2
Great Northern	**62.9**	6.27	96	2.3
Hemel Hempstead	**6.1**	3.30	–	1.3
Group debt	**69.0**	6.00	87	2.2
Cash and cash equivalents	**(22.0)**			
Group net debt	**47.0**			

1 Excluding unamortised issue costs
2 In the case of variable rate loans, based on LIBOR at 30 June 2011 plus the appropriate margin

The core revolving credit facility remained undrawn during the period (2010: £nil) and at 30 June 2011 the forecast covenant tests indicate that there is sufficient headroom for the full £58.0 million facility to be available for draw down.

See-through balance sheet debt

See-through balance sheet debt fell by £5.6 million to £456.1 million at 30 June 2011 (2010: £461.7 million). This fall was due to £22.2 million debt repayments, principally from the proceeds of asset sales in The Mall and The Junction, offset by a £9.8 million foreign exchange translation loss on Germany and £6.8 million share of the loan draw down related to the acquisition of Waterside Lincoln. The breakdown of the Group's share of off balance sheet debt and net debt at 30 June 2011 was as follows:

Group share	**Debt at 30 June 2011[1] £m**	**Net debt at 30 June 2011 £m**	**Loan to value at 30 June 2011[2] %**	Average interest rate %	Fixed %	Weighted average duration to expiry (years)
The Mall	**129.2**	**109.3**	**71**	5.19	100	3.8
The Junction	**27.1**	**21.3**	**57**	6.77	99	2.8
X-Leisure	**35.5**	**32.7**	**54**	6.51	99	2.6
FIX UK	**25.2**	**24.6**	**92**	6.58	79	1.7
German joint venture	**209.5**	**198.7**	**81**	4.55	93	2.2
Braehead	**22.8**	**21.4**	**89**	3.83	75	3.2
Lincoln	**6.8**	**6.3**	**53**	4.70	100	3.7
Other[3]	**n/a**	**(1.3)**	**–**	–	–	–
Off balance sheet	**456.1**	**413.0**		5.12	95	2.8
German debt adjustment[4]	**(8.1)**	**(8.1)**				
Adjusted off balance sheet	**448.0**	**404.9**				

1 Excluding unamortised issue costs
2 Borrowings (excluding unamortised issue costs) divided by investment property at fair value
3 Off balance sheet cash held in other associates and joint ventures
4 Debt adjustment for the Group's share of the €18 million German junior debt acquired in December 2010

Chief Executive's statement continued

Total Mall debt fell by £55.0 million to £772.7 million at 30 June 2011 (2010: £827.7 million). This fall was due to debt repayments principally from the sale proceeds of Bristol. The initial amortisation target required by the borrowing arrangements is £800 million by December 2012 which has already been achieved well in advance of the required date.

Total Junction debt fell by £85.5 million to £203.7 million at 30 June 2011 (2010: £289.2 million). This fall was due to debt repayments from the sale proceeds of Portsmouth and Swansea.

Total German joint venture debt fell by €3.5 million to €467.9 million at 30 June 2011 (2010: €471.4 million). At the applicable exchange rates this was equivalent to £422.3 million (2010: £405.7 million). The fall of €3.5 million was due to amortisation payments. As described in the 2010 Annual Report, the €162.3 million debt in one of the German portfolios matured in July 2011. As anticipated, as part of the refinancing process a covenant breach was triggered in April 2011 and a standstill agreement was agreed for a period until 15 July 2011. On 15 July 2011 agreement was successfully reached to extend the maturity of the €162.3 million debt by three years. The key terms of the extension include no change in the margin, but an extension fee of 10 basis points in year one, 25 basis points in year two and 100 basis points in year three and fixed LTV and ICR targets until July 2013.

Total Lincoln joint venture debt is £13.6 million at 30 June 2011 (2010: £nil). During the period the Group drew down £13.6 million on a new four year facility from Deutsche PostBank to part fund the acquisition of Waterside and capitalised related loan arrangement fees of £0.3 million. On 8 April 2011 a joint venture was formed by selling 50% of the Group's interest in Waterside with the debt being transferred into the joint venture.

Covenants

The Group and its associates and joint ventures were compliant with their banking and debt covenants at 30 June 2011, except as noted below:

- German joint venture – as noted above the LTV covenant on the €162.3 million debt maturing in July 2011 was breached during the period but a standstill agreement was agreed until the debt was successfully extended on 15 July 2011.
- X-Leisure – the Castleford facility was in breach of its LTV and ICR covenants at 30 June 2011 but these were remedied with a £813,000 deposit of cash held elsewhere in the X-Leisure fund with the bank.

Interest rate hedging

The majority of current borrowing, both at Group level and in the funds and joint ventures, continues to be covered by interest rate swaps or caps. At 30 June 2011, the see-through valuation of the Group's swaps and caps was a liability of £18.0 million (2010: £22.9 million) which will not be crystallised unless the underlying contracts are closed out before their expiry date. During the period, The Mall and The Junction terminated swaps at a total cash cost of £9.8 million, of which the Group's share was £1.3 million.

Cash distributions

The Group received total cash distributions of £5.8 million during the period comprising: £3.4 million from The Junction fund; £1.5 million from the German portfolio; £0.6 million from the X-Leisure fund; and £0.3 million from X-Leisure Limited.

Profitability

Recurring pre-tax profit

The Group's recurring pre-tax profit was £8.8 million for the six month period ended 30 June 2011 compared to £8.9 million for the six month period ended 30 June 2010. The recurring pre-tax profit is derived from two principal segments being Asset businesses and Earnings businesses as described in the 2010 Annual Report. The breakdown of recurring pre-tax profit by segment is as follows:

	Six months to 30 June 2011 £m	Year to 30 December 2010 £m	Six months to 30 June 2010 £m
Asset businesses			
UK property investment	**4.9**	7.7	4.2
German property investment	**3.6**	5.6	3.8
Earnings businesses			
Property management	**2.5**	5.8	2.6
SNO!zone	**0.3**	0.7	0.3
Non-segment item			
Central costs	**(2.5)**	(4.9)	(2.0)
Recurring pre-tax profit	**8.8**	14.9	8.9

Property investment: The increase in recurring pre-tax profit from the UK properties largely reflects reduced interest costs offsetting the property disposals that have taken place during the period. The recurring pre-tax profit from Germany in sterling terms has remained relatively stable compared to the six months ended 30 June 2010 with a lease break being exercised at the start of the year being partially offset by rent indexation.

Property management: The recurring pre-tax profit has remained stable at £2.5 million compared to £2.6 million for the six months ended 30 June 2010. Management fees have fallen by £1.1 million reflecting property disposals by The Mall and The Junction and the sharing of the German portfolio fees in the Garigal Asset Management GmbH associate from August 2010 offset by falls in management expense of £0.9 million.

As described in the 2010 Annual Report, the fee basis earned by CRPM for asset and property management on The Mall changed from a percentage of property under management to a fixed fee. The fee basis will be effective from 21 July 2010 and is subject to final confirmation from the Mall Bond Security Trustee which is expected shortly.

SNO!zone: The recurring pre-tax profit of £0.3 million remained stable compared to the six months ended 30 June 2010.

Performance fees: No performance fees have been recognised in the six months ended 30 June 2011 (2010: £nil).

Profit before tax

The profit before tax for the period was £21.2 million compared to a profit of £17.5 million in the six months ended 30 June 2010 and is analysed below:

	Six months to 30 June 2011 £m	Year to 30 December 2010 £m	Six months to 30 June 2010 £m
Recurring pre-tax profit	**8.8**	14.9	8.9
Property revaluation	**5.7**	29.6	14.1
Profit on disposal	**0.4**	4.5	0.9
Financial instruments revaluation	**4.1**	0.6	(6.6)
Investment income	**3.9**	–	–
Other non-recurring items	**(1.7)**	(3.2)	0.2
Profit before tax	**21.2**	46.4	17.5

As well as the recurring pre-tax profit discussed above, the other main factor behind the profit in the period was investment income of £3.9 million which relates to the Group's share of the fair value uplift on the €18.0 million of junior debt that was acquired by the Group and the German joint venture partner shortly before the 2010 year end. The fair value of the asset at 30 June 2011 was uplifted to €12.9 million following the successful debt extension in one of the German portfolios in July 2011.

Tax

The tax charge for the period was £1.3 million compared to £0.7 million in the six months ended 30 June 2010, which was due to the restricted availability of brought forward losses which could be utilised during the period.

Property under management

During the period, property under management fell due to property disposals, which was partially offset by a property acquisition and the increase in property valuations. The overall impact on property under management is set out below:

100%	Valuation 30 December 2010[1] £m	Disposals/ additions £m	Other movements[2] £m	Revaluation £m	Valuation 30 June 2011[1] £m
The Mall	1,128	(51)	6	13	**1,096**
The Junction	476	(137)	3	13	**355**
X-Leisure	528	–	1	22	**551**
German joint venture	496	–	24	(3)	**517**
Other properties	204	25	(71)	2	**160**
Property under management	2,832	(163)	(37)	47	**2,679**

1 Valuation excludes adjustments to property valuations for tenant incentives and head leases treated as finance leases and trading properties are included at the lower of cost and net realisable value

2 Primarily expiry of the Ilford shopping centre short term management contract and foreign exchange movements in the German joint venture

Property acquisition

On 22 February 2011, the Group completed the purchase of The Waterside Shopping Centre in Lincoln for £24.8 million at a 7.68% net initial yield. On 8 April 2011, the Group formed a joint venture with Karoo Investment Fund II S.C.A SICAV-SIF ("Karoo") by selling 50% of the Group's interest in The Waterside Shopping Centre.

Property disposals

Properties disposed of during the first half of 2011 are set out below:

Property	Date	Sales proceeds £m	Net initial yield %
The Mall			
Bristol	January	**50.2**	**7.0**
The Junction			
Portsmouth	March	**60.9**	**5.8**
Swansea	June	**80.2**	**5.8**
Total		**191.3**	

The Junction exchanged unconditional contracts for the sale of the South Aylesford Retail Park in Maidstone on 2 August 2011 for £70.6 million (NIY 5.87%) which was in line with its 30 June 2011 valuation.

Foreign currency exposure management

The Group uses forward contracts to hedge against changes in exchange rates in relation to its investment in the German joint venture. At 30 June 2011, this was achieved through a contract for €47 million (2010: €47 million), hedging 81% of the Group's German investment (2010: 85%). During the period, the Group crystallised a gain of £1.5 million in April 2011 and extended the €47 million hedge until 27 June 2012 at a fixed exchange rate of 1.185. The weakening of sterling since entering into the contract has resulted in the value of the contract at 30 June 2011 being a liability of £2.8 million (2010: asset of £0.6 million).

Going concern

As stated in note 1 to the condensed financial statements, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Dividend

We have carefully considered dividend policy in the light of the Group's continued strengthening of its financial position. The Board, however, is not recommending the payment of an interim dividend for 2011. This reflects the fact that cash generated in many of the investments is currently being used either for capital expenditure or to pay down debt. The Board remains committed to resuming dividend payments when it considers it prudent to do so. As previously stated, future payments will be linked for the foreseeable future to the Group's cash generating ability and will normally be restricted to not more than 50% of operating cash flow less interest and tax to comply with the undertakings given for the Group's banking arrangements.

Chief Executive's statement continued

Appointment of non-executive director

We are delighted to welcome Tony Hales to the Board as a non-executive director with effect from 1 August 2011. He brings a deep knowledge of the property sector and a wide range of experience across a range of relevant business sectors.

Recent disturbances

Two of our shopping centres were affected during the recent unrest. The swift actions of our in-house operations teams not only minimised the impact on trading in those schemes, but prevented any disruption elsewhere. The response from the local communities in which we are based has been tremendous. We are working closely with those retailers affected to ensure that any longer term impact is also minimised.

Outlook

Capital & Regional is a much more resilient business today following the restructuring of the portfolio and change in business mix over the last 12 months. We are therefore better placed to deal with the current challenging market conditions.

Our strategic focus remains our retail businesses in the UK and Germany. There is considerable value to be unlocked from the existing portfolio. Asset management initiatives that boost income remain a priority. Whilst we will continue to selectively eye disposals, the focus is shifting to unlocking development potential in The Mall and The Junction. We are also now exploring with our partners strategic options on how best to secure the long-term future of The Mall well ahead of the refinancing of the CMBS in 2015. Given our intended focus on shopping centres and retail parks we will look to realise the value of our investments in X-Leisure.

As ever, the experience of the last three years means that we will manage the balance sheet prudently.

Hugh Scott-Barrett
Chief Executive
22 August 2011

Principal risks and uncertainties

There are a number of 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. References to "the Group" include the funds and joint ventures in which Capital & Regional has an interest.

A detailed explanation of the principal risks and uncertainties was included on pages 17 and 18 of the Group's annual report for the year ended 30 December 2010. Those principal risks and uncertainties, which are summarised below, have not changed significantly in the period to 30 June 2011.

Property risks:

- Property investment market risk
- Tenant risk
- Valuation
- Property management income
- Nature of investments

Funding and treasury risks:

- Liquidity and funding
- Covenant compliance
- Foreign exchange exposure
- Interest rate exposure

Other risks:

- Tax and regulation
- Loss of key management

The Group carries out a regular review of the major risks it faces and monitors the controls that have been put in place to mitigate them. Property risks are also monitored at various levels within divisional management.

The risks noted above do not comprise all those potentially faced by the Group and are not intended to be presented in any order of priority. Additional risks and uncertainties currently unknown to the Group, or which the Group currently deems immaterial, may also have an adverse effect on the financial condition or business of the Group in the future. These issues are kept under constant review to allow the Group to react in an appropriate and timely manner to help mitigate the impact of such risks.

Responsibility statement

The directors confirm that to the best of their knowledge:

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

- 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

- 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
22 August 2011

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 2011 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 17. 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to it 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 IFRSs 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 IAS 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 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
22 August 2011
London, UK

Condensed consolidated income statement

For the six months to 30 June 2011

	Note	**(Unaudited) Six months to 30 June 2011 £m**	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Revenue	2b	**14.5**	16.4	30.7
Cost of sales	3	**(6.2)**	(4.4)	(10.4)
Gross profit		**8.3**	12.0	20.3
Administrative costs		**(5.2)**	(5.7)	(11.8)
Share of profit in associates and joint ventures	9a, 11	**19.6**	16.5	45.2
Profit/(loss) on revaluation of investment properties	7, 11	**0.2**	(0.3)	(0.2)
Loss on sale of properties and investments	11	**–**	(0.2)	(0.2)
Impairment of goodwill	11	**–**	–	(0.7)
Profit on ordinary activities before financing	11	**22.9**	22.3	52.6
Finance income		**1.1**	0.6	1.2
Finance costs	4	**(2.8)**	(5.4)	(7.4)
Profit before tax		**21.2**	17.5	46.4
Current tax	5a	**(1.0)**	(0.7)	0.5
Deferred tax	5a	**(0.3)**	–	(2.5)
Tax charge		**(1.3)**	(0.7)	(2.0)
Profit for the period		**19.9**	16.8	44.4
Basic earnings per share	6	**6p**	5p	13p
Diluted earnings per share	6	**6p**	5p	13p

All results derive from continuing activities. The profit for the current and preceding periods is fully attributable to equity shareholders.

Condensed consolidated statement of comprehensive income

For the six months to 30 June 2011

	(Unaudited) Six months to 30 June 2011 £m	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Profit for the period	**19.9**	16.8	44.4
Exchange differences on translation of foreign operations	**2.9**	(4.9)	(2.6)
(Loss)/gain on a hedge of a net investment taken to equity	**(1.9)**	4.3	2.2
Other comprehensive income	**1.0**	(0.6)	(0.4)
Total comprehensive income for the period	**20.9**	16.2	44.0

The total comprehensive income for the current and preceding periods is fully attributable to equity shareholders.

Condensed consolidated balance sheet

As at 30 June 2011

	Note	(Unaudited) 30 June 2011 £m	(Audited) 30 December 2010 £m
Non-current assets			
Investment properties	7	**10.2**	10.0
Goodwill		**1.9**	1.9
Plant and equipment		**0.6**	0.9
Available for sale investments		**0.3**	0.3
Receivables	8	**33.4**	25.9
Investment in associates	9b	**122.8**	110.8
Investment in joint ventures	9c	**29.7**	25.7
Total non-current assets		**198.9**	175.5
Current assets			
Trading properties	7	**70.7**	70.8
Receivables		**6.1**	7.1
Cash and cash equivalents		**22.0**	25.7
Total current assets		**98.8**	103.6
Total assets		**297.7**	279.1
Current liabilities			
Bank loans		**(0.1)**	(0.6)
Trade and other payables		**(13.2)**	(10.9)
Current tax liabilities	5e	**(7.0)**	(5.8)
Total current liabilities		**(20.3)**	(17.3)
Non-current liabilities			
Bank loans		**(68.0)**	(68.8)
Other payables		**(4.6)**	(4.8)
Deferred tax liabilities	5c	**(4.0)**	(3.7)
Non-current tax liabilities	5e	**(5.0)**	(10.0)
Total non-current liabilities		**(81.6)**	(87.3)
Total liabilities		**(101.9)**	(104.6)
Net assets		**195.8**	174.5
Equity			
Share capital		**9.9**	9.9
Other reserves		**153.8**	153.2
Capital redemption reserve		**4.4**	4.4
Own shares held		**(6.8)**	(9.7)
Retained earnings		**34.5**	16.7
Equity shareholders' funds		**195.8**	174.5
Basic net assets per share	12	**£0.56**	£0.50
EPRA triple net assets per share	12	**£0.56**	£0.50
EPRA net assets per share	12	**£0.63**	£0.57

Condensed consolidated statement of changes in equity

For the six months to 30 June 2011

	Share capital £m	Other reserves: Special reserve £m	Merger reserve £m	Acquisition reserve £m	Foreign currency reserve £m	Net investment hedging reserve £m	Capital redemption reserve £m	Own shares held £m	Retained earnings £m	Total equity £m
Balance at 31 December 2009 (audited)	**9.9**	**79.5**	**60.3**	**9.5**	**10.0**	**(5.7)**	**4.4**	**(9.7)**	**(28.4)**	**129.8**
Profit for the period	–	–	–	–	–	–	–	–	16.8	16.8
Other comprehensive income for the period	–	–	–	–	(4.9)	4.3	–	–	–	(0.6)
Total comprehensive income for the period	–	–	–	–	(4.9)	4.3	–	–	16.8	16.2
Credit to equity for equity-settled share-based payments	–	–	–	–	–	–	–	–	0.2	0.2
Balance at 30 June 2010 (unaudited)	**9.9**	**79.5**	**60.3**	**9.5**	**5.1**	**(1.4)**	**4.4**	**(9.7)**	**(11.4)**	**146.2**
Profit for the period	–	–	–	–	–	–	–	–	27.6	27.6
Other comprehensive income for the period	–	–	–	–	2.3	(2.1)	–	–	–	0.2
Total comprehensive income for the period	–	–	–	–	2.3	(2.1)	–	–	27.6	27.8
Credit to equity for equity-settled share-based payments	–	–	–	–	–	–	–	–	0.5	0.5
Balance at 31 December 2010 (audited)	**9.9**	**79.5**	**60.3**	**9.5**	**7.4**	**(3.5)**	**4.4**	**(9.7)**	**16.7**	**174.5**
Profit for the period	–	–	–	–	–	–	–	–	19.9	19.9
Other comprehensive income for the period	–	–	–	–	2.9	(1.9)	–	–	–	1.0
Total comprehensive income for the period	–	–	–	–	2.9	(1.9)	–	–	19.9	20.9
Credit to equity for equity-settled share-based payments	–	–	–	–	–	–	–	–	0.4	0.4
Other movements	–	–	–	–	(0.4)	–	–	2.9	(2.5)	–
Balance at 30 June 2011 (unaudited)	**9.9**	**79.5**	**60.3**	**9.5**	**9.9**	**(5.4)**	**4.4**	**(6.8)**	**34.5**	**195.8**

Condensed consolidated cash flow statement

For the six months to 30 June 2011

	Note	**(Unaudited) Six months to 30 June 2011 £m**	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Operating activities				
Net cash from operations	11	**4.1**	2.4	2.9
Distributions received from associates and joint ventures	9b, 9c	**5.8**	1.8	9.7
Interest paid		**(2.6)**	(6.1)	(5.7)
Interest received		**0.1**	0.1	0.2
Income taxes paid		**(5.0)**	–	(4.3)
Cash flows from operating activities		**2.4**	(1.8)	2.8
Investing activities				
Purchase of investment property	7, 9c	**(26.1)**	–	–
Sale of equity interest in subsidiary to joint venture partner	9c	**6.4**	–	–
Sale of investment properties		**–**	12.5	12.5
Purchase of fixed assets		**–**	(0.3)	(0.4)
Investment in associates		**–**	(1.1)	(2.7)
Disposals of joint ventures		**–**	5.9	5.7
Share buybacks from joint ventures		**–**	0.6	0.6
Loans to joint ventures		**–**	(1.0)	(0.9)
Loans repaid by joint ventures		**0.3**	0.3	0.5
Cash flows from investing activities		**(19.4)**	16.9	15.3
Financing activities				
Bank loans drawn down	9c,10	**13.6**	–	–
Bank loans repaid		**(1.5)**	(8.5)	(9.9)
Loan arrangement costs	10	**(0.3)**	–	–
Settlement of forward foreign exchange contract		**1.5**	–	–
Cash flows from financing activities		**13.3**	(8.5)	(9.9)
Net (decrease)/increase in cash and cash equivalents		**(3.7)**	6.6	8.2
Cash and cash equivalents at the beginning of the period		**25.7**	17.5	17.5
Cash and cash equivalents at the end of the period		**22.0**	24.1	25.7

Notes to the condensed financial statements

1 Accounting policies and general information

The comparative figures represent the Group's results and cash flows for the six month period from 31 December 2009 to 30 June 2010 and for the year from 31 December 2009 to 30 December 2010. The comparative figures for the year to 30 December 2010 do not constitute the Company's statutory accounts for that period as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

Basis of preparation
The annual report for the year ended 30 December 2010 was prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Going concern
The Group prepares cash flow and covenant compliance forecasts to demonstrate that it has adequate resources available to continue in operation for the foreseeable future, being at least 12 months from the date of this report. In these forecasts the directors specifically consider anticipated future market conditions and the Group's principal risks and uncertainties. The directors believe that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and accordingly continue to adopt the going concern basis in preparing the condensed set of financial statements for the six months to 30 June 2011.

Change in accounting policies
The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, except for the following accounting policy related to the property portfolio which has been updated following the purchase of an investment property during the period.

Investment properties
Investment properties are properties owned or leased under finance leases which are held either for long-term rental income or for capital appreciation or both. Investment property is initially recognised at cost (including directly related transaction costs) and is revalued at the balance sheet date to fair value, being the market value determined by professionally qualified external or director valuers, with changes in fair value being included in the income statement. Valuations are generally carried out twice a year. In accordance with IAS 40 "Investment Property", no depreciation is provided in respect of investment properties.

2a Operating segments

The Group's reportable segments under IFRS 8 are The Mall, The Junction, X-Leisure, the German joint venture, CRPM and SNO!zone. Other segments not individually reportable in the asset businesses are the Group's remaining associates and joint ventures, comprising FIX UK, Xscape Braehead, The Waterside Lincoln Limited Partnership, The Auchinlea Partnership, PPCR Group, Sauchiehall Centre and MEN Arena (sold in 2010), and its wholly owned properties, comprising Great Northern Warehouse, Hemel Hempstead and 10 Lower Grosvenor Place/ Beeston Place (sold in 2010). These have been combined into the "Other" segment as they meet the aggregation criteria under IFRS 8. Other segments not individually reportable in the earnings businesses are X-Leisure Limited and Garigal Asset Management GmbH, which are included with CRPM in the "Property management" segment as they also meet the aggregation criteria under IFRS 8. Non-segment items include Group overheads incurred by Capital & Regional plc and other subsidiaries, and the interest expense on the Group's central borrowing facility.

The Group's asset business segments (The Mall, The Junction, X-Leisure, the German joint venture and Other segments) derive their revenue from the rental of investment and trading properties. The Group's earnings business segments (the Property management and SNO!zone segments) derive their revenue from the management of property funds and joint ventures and the operation of indoor ski slopes. The split of revenue between these classifications satisfies the requirement of IFRS 8 to report revenues from different products and services. Depreciation and the variable overhead represent the only significant non-cash expenses.

The Group's interests in the assets, liabilities and profit or loss of its associates and joint ventures are proportionately consolidated and shown on a see-through basis as this is how they are reported to the Board of directors. There are no differences between the measurements of the segments' assets, liabilities and profit or loss as they are reported to the Board of directors and their presentation under the Group's accounting policies.

Inter-segment revenue and expenses represent items eliminated on consolidation and are accounted for on an arm's length basis. Management fees and other revenue items in the property management segment are earned from the asset business segments, where they are included under property and void costs. Since these asset business segments are proportionately consolidated, the costs would not eliminate against the income and have therefore not been split out separately as inter-segment expenses.

Notes to the condensed financial statements continued

2a Operating segments continued

Period to 30 June 2011	Note	Asset businesses The Mall £m	The Junction £m	X-Leisure £m	Germany £m	Earnings businesses Property Other management £m	£m	SNO!zone £m	**Total reportable segments £m**	Group Non-segment items £m	**Total £m**
Rental income from external sources	2b	8.1	1.7	2.6	9.5	6.5	–	–	**28.4**	–	**28.4**
Property and void costs		(2.0)	(0.3)	(0.5)	(1.2)	(0.7)	–	–	**(4.7)**	–	**(4.7)**
Net rental income		6.1	1.4	2.1	8.3	5.8	–	–	**23.7**	–	**23.7**
Interest income		–	–	–	0.4	–	–	–	**0.4**	–	**0.4**
Interest expense		(4.0)	(1.2)	(1.4)	(5.1)	(3.8)	–	–	**(15.5)**	–	**(15.5)**
Contribution		2.1	0.2	0.7	3.6	2.0	–	–	**8.6**	–	**8.6**
Management fees	2b	–	–	–	–	–	6.2	–	**6.2**	–	**6.2**
Management expenses		–	–	–	–	–	(3.7)	–	**(3.7)**	(2.1)	**(5.8)**
SNO!zone income	2b	–	–	–	–	–	–	6.2	**6.2**	–	**6.2**
SNO!zone expenses		–	–	–	–	–	–	(5.8)	**(5.8)**	–	**(5.8)**
Depreciation		–	–	–	–	–	(0.1)	(0.1)	**(0.2)**	–	**(0.2)**
Inter-segment revenue	2b	–	–	–	–	–	0.1	–	**0.1**	–	**0.1**
Inter-segment expenses		–	–	–	–	(0.1)	–	–	**(0.1)**	–	**(0.1)**
Interest income on central cash		–	–	–	–	–	–	–	**–**	0.1	**0.1**
Interest expense on central facility		–	–	–	–	–	–	–	**–**	(0.5)	**(0.5)**
Recurring pre-tax profit		2.1	0.2	0.7	3.6	1.9	2.5	0.3	**11.3**	(2.5)	**8.8**
Variable overhead		–	–	–	–	–	(0.6)	–	**(0.6)**	–	**(0.6)**
Revaluation of investment properties	6	2.2	1.8	2.6	(1.4)	0.6	–	–	**5.8**	–	**5.8**
Profit/(loss) on disposals		(0.2)	0.6	–	–	–	–	–	**0.4**	–	**0.4**
Impairment of trading properties	7	–	–	–	–	(0.1)	–	–	**(0.1)**	–	**(0.1)**
Gain on financial instruments		0.7	–	–	2.6	0.8	–	–	**4.1**	–	**4.1**
Investment income		–	–	–	3.9	–	–	–	**3.9**	–	**3.9**
Other non-recurring items		–	–	–	(0.9)	–	(0.1)	–	**(1.0)**	(0.1)	**(1.1)**
Profit/(loss) before tax		4.8	2.6	3.3	7.8	3.2	1.8	0.3	**23.8**	(2.6)	**21.2**
Tax charge	5a										**(1.3)**
Profit after tax											**19.9**
Total assets	2b	218.0	53.4	69.4	292.5	172.8	8.1	2.1	**816.3**	18.7	**835.0**
Total liabilities	2b	(155.6)	(30.4)	(40.7)	(237.0)	(151.4)	(4.2)	(2.2)	**(621.5)**	(17.7)	**(639.2)**
Net assets		62.4	23.0	28.7	55.5	21.4	3.9	(0.1)	**194.8**	1.0	**195.8**

2a Operating segments continued

Period to 30 June 2010	Note	Asset businesses The Mall £m	The Junction £m	X-Leisure £m	Germany £m	Earnings businesses Other £m	Property management £m	SNO!zone £m	**Total reportable segments** **£m**	Group Non-segment items £m	**Total** **£m**
Rental income from external sources	2b	10.5	2.3	2.6	10.3	6.5	–	–	**32.2**	–	**32.2**
Property and void costs		(2.7)	(0.3)	(0.6)	(1.5)	(0.8)	–	–	**(5.9)**	–	**(5.9)**
Net rental income		7.8	2.0	2.0	8.8	5.7	–	–	**26.3**	–	**26.3**
Interest income		0.1	–	–	0.3	–	–	–	**0.4**	–	**0.4**
Interest expense		(5.4)	(1.8)	(1.6)	(5.3)	(4.6)	–	–	**(18.7)**	–	**(18.7)**
Contribution		2.5	0.2	0.4	3.8	1.1	–	–	**8.0**	–	**8.0**
Management fees	2b	–	–	–	–	–	7.3	–	**7.3**	–	**7.3**
Management expenses		–	–	–	–	–	(4.6)	–	**(4.6)**	(1.6)	**(6.2)**
SNO!zone income	2b	–	–	–	–	–	–	6.5	**6.5**	–	**6.5**
SNO!zone expenses		–	–	–	–	–	–	(6.0)	**(6.0)**	–	**(6.0)**
Depreciation		–	–	–	–	–	(0.1)	(0.2)	**(0.3)**	–	**(0.3)**
Inter-segment revenue	2b	–	–	–	–	0.1	0.1	–	**0.2**	–	**0.2**
Inter-segment expenses		–	–	–	–	(0.1)	(0.1)	–	**(0.2)**	–	**(0.2)**
Interest income on central cash		–	–	–	–	–	–	–	**–**	0.1	**0.1**
Interest expense on central facility		–	–	–	–	–	–	–	**–**	(0.5)	**(0.5)**
Recurring pre-tax profit		2.5	0.2	0.4	3.8	1.1	2.6	0.3	**10.9**	(2.0)	**8.9**
Variable overhead		–	–	–	–	–	(0.1)	–	**(0.1)**	(0.1)	**(0.2)**
Revaluation of investment properties		5.7	3.0	7.2	(1.7)	(0.2)	–	–	**14.0**	–	**14.0**
Profit/(loss) on disposals		0.7	0.8	0.1	(0.7)	–	–	–	**0.9**	–	**0.9**
Impairment reversal of trading properties	7	–	–	–	–	0.1	–	–	**0.1**	–	**0.1**
Loss on financial instruments		(1.0)	(1.9)	(1.5)	(1.1)	(1.1)	–	–	**(6.6)**	–	**(6.6)**
Other non-recurring items		–	0.1	–	(0.4)	(1.1)	(0.1)	1.9	**0.4**	–	**0.4**
Profit/(loss) before tax		7.9	2.2	6.2	(0.1)	(1.2)	2.4	2.2	**19.6**	(2.1)	**17.5**
Tax charge	5a										**(0.7)**
Profit after tax											**16.8**
Total assets	2b	257.8	80.0	69.9	263.3	150.1	6.4	3.5	**831.0**	22.4	**853.4**
Total liabilities	2b	(217.2)	(52.2)	(45.8)	(219.7)	(142.6)	(4.0)	(2.9)	**(684.4)**	(22.8)	**(707.2)**
Net assets		40.6	27.8	24.1	43.6	7.5	2.4	0.6	**146.6**	(0.4)	**146.2**

Notes to the condensed financial statements continued

2a Operating segments continued

Year to 30 December 2010	Note	Asset businesses: The Mall £m	Asset businesses: The Junction £m	Asset businesses: X-Leisure £m	Asset businesses: Germany £m	Asset businesses: Other £m	Earnings businesses: Property management £m	Earnings businesses: SNO!zone £m	**Total reportable segments £m**	Group: Non-segment items £m	**Total £m**
Rental income from external sources	2b	19.5	4.0	5.1	19.0	12.2	–	–	**59.8**	–	**59.8**
Property and void costs		(5.1)	(0.5)	(1.2)	(3.4)	(1.4)	–	–	**(11.6)**	–	**(11.6)**
Net rental income		14.4	3.5	3.9	15.6	10.8	–	–	**48.2**	–	**48.2**
Interest income		0.1	–	–	0.5	–	–	–	**0.6**	–	**0.6**
Interest expense		(10.1)	(3.4)	(2.7)	(10.5)	(8.8)	–	–	**(35.5)**	–	**(35.5)**
Contribution		4.4	0.1	1.2	5.6	2.0	–	–	**13.3**	–	**13.3**
Management fees	2b	–	–	–	–	–	13.3	–	**13.3**	–	**13.3**
Management expenses		–	–	–	–	–	(7.3)	–	**(7.3)**	(4.0)	**(11.3)**
SNO!zone income	2b	–	–	–	–	–	–	12.5	**12.5**	–	**12.5**
SNO!zone expenses		–	–	–	–	–	–	(11.5)	**(11.5)**	–	**(11.5)**
Depreciation		–	–	–	–	–	(0.2)	(0.3)	**(0.5)**	–	**(0.5)**
Inter-segment revenue	2b	–	–	–	–	0.1	0.1	–	**0.2**	–	**0.2**
Inter-segment expenses		–	–	–	–	(0.1)	(0.1)	–	**(0.2)**	–	**(0.2)**
Interest income on central cash		–	–	–	–	–	–	–	**–**	0.1	**0.1**
Interest expense on central facility		–	–	–	–	–	–	–	**–**	(1.0)	**(1.0)**
Recurring pre-tax profit		4.4	0.1	1.2	5.6	2.0	5.8	0.7	**19.8**	(4.9)	**14.9**
Variable overhead		–	–	–	–	–	(0.7)	–	**(0.7)**	(0.6)	**(1.3)**
Revaluation of investment properties		17.6	3.1	8.1	0.2	0.6	–	–	**29.6**	–	**29.6**
Profit/(loss) on disposals		3.0	1.8	0.2	(0.6)	0.1	–	–	**4.5**	–	**4.5**
Impairment reversal of trading properties	7	–	–	–	–	0.1	–	–	**0.1**	–	**0.1**
Impairment of goodwill		–	–	–	–	–	(0.7)	–	**(0.7)**	–	**(0.7)**
(Loss)/gain on financial instruments		(0.2)	(1.4)	(1.0)	2.6	0.6	–	–	**0.6**	–	**0.6**
Other non-recurring items		–	–	–	(1.9)	(1.3)	0.5	1.9	**(0.8)**	(0.5)	**(1.3)**
Profit/(loss) before tax		24.8	3.6	8.5	5.9	2.1	4.9	2.6	**52.4**	(6.0)	**46.4**
Tax charge	5a										**(2.0)**
Profit after tax											**44.4**
Total assets	2b	225.6	67.5	67.0	275.0	152.2	8.8	2.5	**798.6**	24.0	**822.6**
Total liabilities	2b	(168.0)	(43.7)	(41.0)	(226.6)	(143.1)	(4.5)	(2.3)	**(629.2)**	(18.9)	**(648.1)**
Net assets		57.6	23.8	26.0	48.4	9.1	4.3	0.2	**169.4**	5.1	**174.5**

2b Reconciliations of reportable revenue, assets and liabilities

Revenue	Note	(Unaudited) Six months to 30 June 2011 £m	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Rental income from external sources	2a	**28.4**	32.2	59.8
Inter-segment revenue	2a	**0.1**	0.2	0.2
Management fees	2a	**6.2**	7.3	13.3
SNO!zone income	2a	**6.2**	6.5	12.5
Revenue for reportable segments		**40.9**	46.2	85.8
Elimination of inter-segment revenue		**(0.1)**	(0.2)	(0.2)
Rental income earned by associates and joint ventures		**(24.5)**	(28.4)	(52.2)
Management fees earned by associates and joint ventures		**(1.8)**	(1.2)	(2.7)
Revenue per consolidated income statement		**14.5**	16.4	30.7
Revenue for reportable segments by country				
UK		**30.8**	35.9	66.5
Germany		**10.1**	10.3	19.3
Revenue for reportable segments		**40.9**	46.2	85.8

Revenue is attributed to countries on the basis of the location of the underlying properties. All Group revenue in the current year and preceding periods arose in the UK. Revenue from the Group's major customer is management fee income from The Mall LP, included in the property management segment, which represented £3.5 million (June 2010: £4.7 million) of the Group's total revenue of £14.5 million (June 2010: £16.4 million). Further information on related party transactions is included in note 17 to the condensed financial statements.

Assets	Note	(Unaudited) Six months to 30 June 2011 £m	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Total assets of reportable segments	2a	**816.3**	831.0	798.6
Adjustment for associates and joint ventures		**(537.3)**	(599.7)	(543.5)
Non-segment assets		**18.7**	22.4	24.0
Group assets		**297.7**	253.7	279.1
Liabilities				
Total liabilities of reportable segments	2a	**(621.5)**	(684.4)	(629.2)
Adjustment for associates and joint ventures		**537.3**	599.7	543.5
Non-segment liabilities		**(17.7)**	(22.8)	(18.9)
Group liabilities		**(101.9)**	(107.5)	(104.6)
Net assets by country				
UK		**139.1**	102.6	123.6
Germany		**56.7**	43.6	50.9
		195.8	146.2	174.5

Notes to the condensed financial statements continued

3 Cost of sales

	Note	(Unaudited) Six months to 30 June 2011 £m	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Property costs of wholly owned properties		**0.1**	0.1	0.2
Void costs of wholly owned properties		**0.1**	0.1	0.4
SNO!zone expenses		**5.9**	4.3	9.9
Impairment/(impairment reversal) of trading properties	2a, 7	**0.1**	(0.1)	(0.1)
Total cost of sales		**6.2**	4.4	10.4

4 Finance costs

	(Unaudited) Six months to 30 June 2011 £m	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Interest payable on bank loans and overdrafts	**2.3**	2.4	4.8
Interest receivable on swaps	**(0.2)**	(0.2)	(0.4)
Interest payable	**2.1**	2.2	4.4
Amortisation of loan issue costs	**0.2**	0.3	0.5
Other interest payable	**0.5**	0.8	1.3
Loss in fair value of financial instruments:			
– Interest rate swaps	**–**	1.9	1.1
– Ineffective portion of forward foreign exchange contracts	**–**	0.2	0.1
Total finance costs	**2.8**	5.4	7.4

5 Tax

5a Tax charge

	Note	(Unaudited) Six months to 30 June 2011 £m	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Current tax charge/(credit)				
UK corporation tax		**1.4**	0.9	–
Adjustments in respect of prior years		**(0.4)**	(0.2)	(0.6)
Foreign tax		**–**	–	0.1
Total current tax charge/(credit)		**1.0**	0.7	(0.5)
Deferred tax charge				
Origination and reversal of temporary timing differences		**0.3**	–	2.5
Total deferred tax charge		**0.3**	–	2.5
Total tax charge	2a	**1.3**	0.7	2.0

£nil (June 2010: £nil) of the tax charge relates to items included in other comprehensive income.

5 Tax continued

5b Tax charge reconciliation

	(Unaudited) Six months to 30 June 2011 £m	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Profit before tax	**21.2**	17.5	46.4
Profit multiplied by the UK corporation tax rate of 26.5% (2010: 28%)	**5.6**	4.9	13.0
Non-allowable expenses and non-taxable items	**(0.9)**	0.1	(1.0)
Utilisation of tax losses	**(0.5)**	(1.1)	(0.7)
Tax on realised gains/(losses)	**(0.1)**	(0.9)	(1.5)
Unrealised (gains)/losses on investment properties not taxable	**(1.4)**	(4.4)	(8.2)
Temporary timing and controlled foreign companies income	**(1.0)**	2.3	1.0
Adjustments in respect of prior years	**(0.4)**	(0.2)	(0.6)
Total tax charge	**1.3**	0.7	2.0

5c Deferred tax assets/(liabilities)

	Capital allowances £m	Other timing differences £m	(Unaudited) 30 June 2011 £m	(Unaudited) 30 June 2010 £m	(Audited) 30 December 2010 £m
At the start of the period	(4.9)	1.2	**(3.7)**	(1.2)	(1.2)
Deferred tax charge	(0.1)	(0.2)	**(0.3)**	–	(2.5)
At the end of the period	(5.0)	1.0	**(4.0)**	(1.2)	(3.7)

The UK corporation tax rate was reduced by 2% to 26% from 1 April 2011 so the rate at which deferred tax is booked in the financial statements is 26% (2010: 27%).

5d Unused tax losses

The Group has £109.5 million (2010: £111.4 million) of unused revenue tax losses, all of which are in the UK. A deferred tax asset of £0.4 million (2010: £0.6 million) has been recognised in respect of £1.4 million (2010: £2.2 million) of these losses, based on future profit forecasts. No deferred tax asset has been recognised in respect of the remainder owing to the unpredictability of future profit streams and other reasons which may restrict the utilisation of the losses. The Group has unused capital losses of £21.5 million (2010: £21.5 million) that are available for offset against future gains but no deferred tax has been recognised in respect of these losses owing to the unpredictability of future capital gains and other reasons which may restrict the utilisation of the losses. The amount of losses available has yet to be agreed with the tax authorities and may therefore be reduced. The losses do not have an expiry date.

5e Factors affecting tax

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. The Group has undertaken a number of other significant transactions in prior years which still need to be agreed with the tax authorities. The Group has assessed the potential exposure in respect of these transactions and maintains a limited provision on the expectation that no material liability will arise. The Group continues to monitor the position together with its advisers and is seeking to agree these outstanding matters with the tax authorities.

The Budget on 23 March 2011 revised the previously announced phased reduction in the UK statutory corporation tax rate. The rate is now proposed to reduce to 23% (previously 24%) by 1 April 2014. The reduction in the UK corporation tax rate at 1 April 2012 from 26% to 25% was substantively enacted on 5 July 2011. This change will not have a significant impact on the Group.

In 2009 agreement was reached with the tax authorities related to tax structuring of previous property disposals by the Group in 2004 and 2005 which resulted in a liability of £19.5 million including interest. During the period £5.0 million was paid and at 30 June 2011 the corporate tax liability related to this was £10.0 million, with £5.0 million classified as current and £5.0 million as non-current.

Notes to the condensed financial statements continued

6 Earnings per share

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

	Note	Basic	Diluted	EPRA diluted
Profits (£m)				
Profit for the period		19.9	19.9	19.9
Revaluation of investment properties	2a	–	–	(5.8)
(Profit)/loss on disposal of investment properties (net of tax)		–	–	(0.3)
Movement in fair value of financial instruments (net of tax)	2a	–	–	(3.8)
Deferred tax charge on capital allowances		–	–	0.1
		19.9	19.9	10.1
Weighted average number of shares (m)				
Ordinary shares in issue		350.6	350.6	350.6
Own shares held		(1.8)	(1.8)	(1.8)
Dilutive contingently issuable shares and share options		–	0.3	0.3
		348.8	349.1	349.1
Earnings per share (pence) for the six months to 30 June 2011 (unaudited)		**6p**	**6p**	**3p**
Earnings per share (pence) for the six months to 30 June 2010 (unaudited)		5p	5p	2p
Earnings per share (pence) for the year to 30 December 2010 (audited)		13p	13p	4p

At the end of the period, the Group had 15,092,490 (December 2010: 14,671,893) share options and contingently issuable shares granted under share-based payment schemes that could potentially have diluted basic earnings per share in the future but which have not been included in the calculation because they are not dilutive or the conditions for vesting have not been met.

7 Property assets

Wholly-owned properties

	Note	Freehold investment properties £m	Leasehold investment properties £m	Sub-total investment properties £m	Freehold trading properties £m	**Total property assets £m**
Cost or valuation						
As at 30 December 2009		0.2	10.0	10.2	70.7	**80.9**
Impairment reversal of trading properties		–	–	–	0.1	**0.1**
Revaluation movement		–	(0.2)	(0.2)	–	**(0.2)**
As at 30 December 2010		0.2	9.8	10.0	70.8	**80.8**
Acquisition	9c	26.1	–	26.1	–	**26.1**
Disposal into a joint venture	9c	(26.1)	–	(26.1)	–	**(26.1)**
Impairment of trading properties	2a, 3	–	–	–	(0.1)	**(0.1)**
Revaluation movement		–	0.2	0.2	–	**0.2**
As at 30 June 2011		**0.2**	**10.0**	**10.2**	**70.7**	**80.9**

Valuations

In addition to the wholly-owned properties shown above, the Group's property assets include its share in the investment properties held by its associates and joint ventures. External valuations at 30 June 2011 were carried out on £2,653.6 million (December 2010: £2,760.5 million) of the property assets held by the Group and its associates and joint ventures, of which the Group's share was £662.8 million (December 2010: £670.0 million).

The valuations were carried out by independent qualified professional valuers from CB Richard Ellis Limited, Cushman & Wakefield LLP, DTZ Debenham Tie Leung Limited and Jones Lang LaSalle Limited. These valuers are not connected with the Group and their fees are charged on a fixed basis that is not dependent on the outcome of the valuations. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties.

Directors' valuations at 30 June 2011 were carried out on £163.0 million (December 2010: £135.7 million) of the property assets of the Group's associates and joint ventures, of which the Group's share was £40.5 million (2010: £27.3 million). The valuations were carried out by Kenneth Ford BSc FRICS and were arrived at by reference to market evidence of transaction prices for similar properties.

8 Non-current receivables

	(Unaudited) 30 June 2011 £m	(Audited) 30 December 2010 £m
Financial assets		
Loans to joint ventures	**32.2**	24.7
	32.2	24.7
Non-financial assets		
Prepayments – tenant incentives	**1.2**	1.2
	33.4	25.9

9 Investment in associates and joint ventures

9a Share of results

	Note	(Unaudited) Six months to 30 June 2011 £m	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Share of results of associates	9b, 9d	**15.6**	16.6	38.4
Share of results of joint ventures	9c, 9e	**4.0**	(0.1)	6.8
	11	**19.6**	16.5	45.2

9b Investment in associates

	Note	(Unaudited) Six months to 30 June 2011 £m	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
At the start of the period		**110.8**	76.4	76.4
Investment in associates		**–**	1.1	2.7
Share of results of associates	9a, 9d	**15.6**	16.6	38.4
Impairments		**–**	(0.6)	(0.4)
Dividends and capital distributions received		**(4.0)**	(0.3)	(6.3)
Foreign exchange differences		**0.4**	–	–
At the end of the period	9d	**122.8**	93.2	110.8

The Group's associates are:

	At the start of the period %	Group interest Average during the period %	At the end of the period %
The Mall Limited Partnership	16.72	16.72	16.72
The Junction Limited Partnership	13.29	13.29	13.29
X-Leisure Limited Partnership	11.93	11.93	11.93
The FIX UK Limited Partnership	20.00	20.00	20.00
Garigal Asset Management GmbH ("Garigal")	30.06	30.06	30.06
Euro B-Note Holding Limited	49.90	49.90	49.90

Whilst the Group holds less than 20% in The Mall Limited Partnership, The Junction Limited Partnership and X-Leisure Limited Partnership, they are accounted for as associates as the Group has significant influence arising from its representation on the General Partner boards. The Group holds 20% of The FIX UK Limited Partnership and exercises significant influence through its representation on the General Partner board and holds 30.06% of Garigal and exercises significant influence through its representation on the advisory board. The Group holds an effective 49.90% of Euro B-Note Holding Limited and exercises significant influence through its ownership interest.

9 Investment in associates and joint ventures continued

9b Investment in associates continued

The Junction Limited Partnership

Under the terms of The Junction Limited Partnership fund's open offer in 2009 the Group's share fell to 13.44% and adjustments could be made to the price at which new units were issued to reflect the recoverability of debtors and the expected costs of certain remedial works. At 30 June 2011, the expected impact of these adjustments would mean the Group's share in the fund would be reduced to 13.29% (2010: 13.29%).

X-Leisure Limited Partnership

On 18 March 2011, Hermes sold their investments in X-Leisure and X-Leisure Limited to AREA which resulted in amendments to management contracts but has no material impact on the Group.

Euro B-Note Holding Limited

As disclosed in note 9d, during the period investment income of £3.9 million was recognised which relates to the Group's share of the fair value uplift on the €18.0 million of junior debt that was acquired by the Group and the German joint venture partner shortly before the 2010 year end. The fair value of the asset at 30 June 2011 was uplifted to €12.9 million following the successful debt extension in one of the German portfolios in July 2011.

Cash distributions

The borrowing arrangements of The Mall, The Junction, X-Leisure and FIX UK include certain terms including cash sweeps that may restrict their ability to make cash distributions to the Group as follows:

- The Mall is unable to make distributions as long as its LTV is above 60% and its debt above £600 million.
- The Junction is able to make distributions and made a distribution to the Group of £3.4 million during the period.
- X-Leisure is able to make distributions and made a distribution to the Group of £0.6 million during the period.
- FIX UK is unable to make distributions until the expiry of its loans in February 2013.

9c Investment in joint ventures

	Note	**(Unaudited) Six months to 30 June 2011 £m**	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
At the start of the period		**25.7**	30.3	30.3
Share of results of joint ventures	9a, 9e	**4.0**	(0.1)	6.8
Dividends and capital distributions received		**(1.8)**	(2.1)	(3.4)
Foreign exchange differences		**1.8**	(2.9)	(1.5)
Share buy backs from joint ventures		**–**	–	(0.6)
Net assets of MEN Arena joint venture disposed of		**–**	(5.9)	(5.9)
At the end of the period	9e	**29.7**	19.3	25.7

9 Investment in associates and joint ventures continued

9c Investment in joint ventures continued

The Group's significant joint ventures are:

	At the start of the period %	Group interest Average during the period %	At the end of the period %
German portfolio	50.00	50.00	50.00
X-Leisure Limited	50.00	50.00	50.00
Xscape Braehead Partnership	50.00	50.00	50.00
The Auchinlea Partnership	50.00	50.00	50.00
Waterside Lincoln Limited Partnership	–	50.00	50.00

The Group's investments in joint ventures include its share of the German portfolio (49.6%), and its investments in X-Leisure Limited (50%), Xscape Braehead Partnership (50%). The Waterside Lincoln Limited Partnership (50%) and The Auchinlea Partnership (50%). The Group's share in the German portfolio is accounted for at 50% as the minority interests are included as a liability on the joint venture balance sheet.

German portfolio

The €162.3 million debt in one of the German portfolios matured in July 2011. As anticipated, as part of the refinancing process a covenant breach was triggered in April 2011 and a standstill agreement was agreed for a period until 14 July 2011. On 15 July 2011 agreement was successfully reached to extend the maturity of the €162.3 million debt by three years. The key terms of the debt extension include no change in the margin, but an extension fee of 10 basis points in year one, 25 basis points in year two and 100 basis points in year three and fixed LTV and ICR targets until July 2013.

During the period the German portfolio made distributions to the Group of £1.5 million.

X-Leisure Limited

On 18 March 2011, Hermes sold their investments in X-Leisure and X-Leisure Limited to AREA which resulted in amendments to management contracts but has no material impact on the Group.

During the period X-Leisure Limited made distributions to the Group of £0.3 million.

Waterside Lincoln Limited Partnership

On 22 February 2011, the Group completed the purchase of The Waterside Shopping Centre ("Waterside") in Lincoln for total cash consideration of £26.1 million, being a property cost of £24.8 million and directly related transaction costs of £1.3 million. The acquisition was completed utilising a new four year £13.6 million facility from Deutsche PostBank, together with existing cash resources.

On 8 March 2011, the Group conditionally exchanged contracts with Karoo Investment Fund II S.C.A SICAV-SIF ("Karoo") to form a joint venture by selling 50% of the Group's interest in Waterside ("the Disposal"). As the Group and Karoo have common significant shareholders the formation of the joint venture was conditional upon shareholder approval which was granted on 1 April 2011.

On 8 April 2011 the Group completed the Disposal. The Group initially acquired the Waterside through an English Limited Partnership consisting of a General Partner and two equal Limited Partners. In order to form the joint venture, the Group sold the entire share capital of one of the Limited Partners and 50% of the share capital of the General Partner to Karoo. Under the terms of the Disposal it was agreed that Karoo would fund half of the total costs and related expenses incurred by the Group in acquiring Waterside. Accordingly, the total amount paid by Karoo was £6.4 million comprising a purchase price for the shares being sold of £58k and £6.37 million of financing that had been provided by the Group to complete the purchase of Waterside. Following the Disposal the Group's remaining 50% interest in Waterside is classified as a loan to joint venture amounting to £6.4 million at 30 June 2011. The profit during the period from the date of purchase on 22 February 2011 to the date of disposal on 8 April 2011 was £0.1 million.

Notes to the condensed financial statements continued

9 Investment in associates and joint ventures continued

9d Analysis of investment in associates

	Note	The Mall £m	The Junction £m	X-Leisure £m	Others £m	**(Unaudited) Six months to 30 June 2011 Total £m**	(Unaudited) Six months to 30 June 2010 Total £m	(Audited) Year to 30 December 2010 Total £m
Income statement (100%)								
Revenue – gross rent		48.6	13.1	21.7	5.4	**88.8**	107.7	197.8
Property and management expenses		(8.8)	(1.3)	(3.1)	(0.6)	**(13.8)**	(18.9)	(34.0)
Void costs		(2.9)	(0.2)	(1.4)	(0.1)	**(4.6)**	(5.5)	(10.3)
Net rent		36.9	11.6	17.2	4.7	**70.4**	83.3	153.5
Net interest payable		(23.9)	(9.3)	(11.5)	(4.6)	**(49.3)**	(63.5)	(119.0)
Contribution		13.0	2.3	5.7	0.1	**21.1**	19.8	34.5
Revenue – management fees		–	–	–	2.1	**2.1**	–	0.9
Management expenses		–	–	–	(1.3)	**(1.3)**	–	(0.8)
Revaluation of investment properties		12.9	13.1	22.1	1.4	**49.5**	113.6	194.4
Profit/(loss) on sale of investment properties		(0.9)	4.2	–	–	**3.3**	10.7	33.5
Fair value of interest rate swaps		3.9	–	0.3	1.9	**6.1**	(28.3)	(13.7)
Investment income	9b	–	–	–	7.8	**7.8**	–	–
Profit before tax		28.9	19.6	28.1	12.0	**88.6**	115.8	248.8
Tax		–	–	–	(0.2)	**(0.2)**	–	–
Profit after tax		28.9	19.6	28.1	11.8	**88.4**	115.8	248.8
Balance sheet (100%)								
Investment properties		1,035.9	270.5	542.6	135.9	**1,984.9**	2,453.1	2,253.0
Investment properties held for sale		107.3	71.2	–	–	**178.5**	–	50.0
Other assets		160.5	60.4	39.1	22.6	**282.6**	421.7	264.3
Current liabilities		(71.7)	(8.9)	(25.3)	(8.5)	**(114.4)**	(257.2)	(203.4)
Non-current liabilities		(858.8)	(219.6)	(316.1)	(126.1)	**(1,520.6)**	(1,958.5)	(1,611.2)
Net assets (100%)		373.2	173.6	240.3	23.9	**811.0**	659.1	752.7
Income statement (Group share)								
Revenue – gross rent		8.1	1.7	2.6	1.1	**13.5**	16.4	30.6
Property and management expenses		(1.5)	(0.3)	(0.3)	(0.1)	**(2.2)**	(2.8)	(5.4)
Void costs		(0.5)	–	(0.2)	–	**(0.7)**	(0.9)	(1.6)
Net rent		6.1	1.4	2.1	1.0	**10.6**	12.7	23.6
Net interest payable	2a	(4.0)	(1.2)	(1.4)	(0.8)	**(7.4)**	(9.6)	(18.1)
Contribution	2a	2.1	0.2	0.7	0.2	**3.2**	3.1	5.5
Revenue – management fees		–	–	–	0.6	**0.6**	–	0.3
Management expenses		–	–	–	(0.4)	**(0.4)**	–	(0.3)
Revaluation of investment properties		2.2	1.8	2.6	0.3	**6.9**	15.5	28.4
Profit/(loss) on sale of investment properties		(0.2)	0.6	–	–	**0.4**	1.6	5.0
Fair value of interest rate swaps		0.7	–	–	0.4	**1.1**	(3.6)	(1.4)
Investment income	9b	–	–	–	3.9	**3.9**	–	–
Gain recognised on investment in Garigal		–	–	–	–	**–**	–	0.9
Profit before tax		4.8	2.6	3.3	5.0	**15.7**	16.6	38.4
Tax		–	–	–	(0.1)	**(0.1)**	–	–
Profit after tax	9a, 9b	4.8	2.6	3.3	4.9	**15.6**	16.6	38.4
Balance sheet (Group share)								
Investment properties		173.2	35.9	64.7	27.2	**301.0**	370.7	340.4
Investment properties held for sale		17.9	9.5	–	–	**27.4**	–	8.4
Other assets		26.9	8.0	4.7	8.5	**48.1**	66.0	42.4
Current liabilities		(12.0)	(1.2)	(3.0)	(1.8)	**(18.0)**	(38.8)	(31.0)
Non-current liabilities		(143.6)	(29.2)	(37.7)	(25.2)	**(235.7)**	(304.7)	(249.4)
Net assets (Group share)	9b	62.4	23.0	28.7	8.7	**122.8**	93.2	110.8

9 Investment in associates and joint ventures continued

9e Analysis of investment in joint ventures

	Note	German portfolio £m	Others £m	**(Unaudited) Six months to 30 June 2011 Total £m**	(Unaudited) Six months to 30 June 2010 Total £m	(Audited) Year to 30 December 2010 Total £m
Income statement (100%)						
Revenue – gross rent		19.1	2.9	**22.0**	25.0	44.2
Property and management expenses		(2.2)	(0.4)	**(2.6)**	(3.6)	(8.0)
Void costs		(0.1)	(0.3)	**(0.4)**	(0.4)	(0.2)
Net rent		16.8	2.2	**19.0**	21.0	36.0
Net interest payable		(10.3)	(2.0)	**(12.3)**	(13.6)	(26.1)
Contribution		6.5	0.2	**6.7**	7.4	9.9
Revenue – management fees		–	2.4	**2.4**	2.3	4.7
Management expenses		–	(1.8)	**(1.8)**	(1.8)	(3.5)
Revaluation of investment properties		(2.8)	0.3	**(2.5)**	(1.4)	3.8
Profit/(loss) on sale of investment properties		–	–	**–**	(0.7)	(0.6)
Fair value of interest rate swaps		5.1	0.1	**5.2**	(1.6)	6.7
Write-off of SNO!zone tenant incentives		–	–	**–**	(2.1)	(2.1)
Profit before tax		8.8	1.2	**10.0**	2.1	18.9
Tax		(1.8)	(0.2)	**(2.0)**	(0.8)	(4.1)
Profit after tax		7.0	1.0	**8.0**	1.3	14.8
Balance sheet (100%)						
Investment properties		517.0	71.6	**588.6**	518.5	540.9
Other assets		24.8	13.1	**37.9**	32.2	36.6
Current liabilities		(182.1)	(5.3)	**(187.4)**	(32.2)	(173.7)
Non-current liabilities		(286.4)	(93.4)	**(379.8)**	(479.9)	(352.7)
Net assets (100%)		73.3	(14.0)	**59.3**	38.6	51.1
Income statement (Group share)						
Revenue – gross rent		9.5	1.5	**11.0**	12.0	21.6
Property and management expenses		(1.1)	(0.2)	**(1.3)**	(1.8)	(3.7)
Void costs		(0.1)	(0.2)	**(0.3)**	(0.1)	(0.1)
Net rent		8.3	1.1	**9.4**	10.1	17.8
Net interest payable		(5.1)	(1.0)	**(6.1)**	(6.6)	(12.8)
Contribution		3.2	0.1	**3.3**	3.5	5.0
Revenue – management fees		–	1.2	**1.2**	1.2	2.4
Management expenses		–	(0.9)	**(0.9)**	(0.9)	(1.8)
Revaluation of investment properties		(1.4)	0.1	**(1.3)**	(1.2)	1.4
Profit/(loss) on sale of investment properties		–	–	**–**	(0.3)	(0.3)
Fair value of interest rate swaps		2.6	0.1	**2.7**	(0.9)	3.2
Write-off of SNO!zone tenant incentives		–	–	**–**	(1.0)	(1.0)
Profit before tax		4.4	0.6	**5.0**	0.4	8.9
Tax		(0.9)	(0.1)	**(1.0)**	(0.5)	(2.1)
Profit/(loss) after tax	9a, 9c	3.5	0.5	**4.0**	(0.1)	6.8
Balance sheet (Group share)						
Investment properties		258.5	35.8	**294.3**	259.3	270.5
Other assets		12.5	6.5	**19.0**	16.2	18.3
Current liabilities		(91.1)	(2.6)	**(93.7)**	(16.2)	(86.8)
Non-current liabilities		(143.2)	(46.7)	**(189.9)**	(240.0)	(176.3)
Net assets (Group share)	9c	36.7	(7.0)	**29.7**	19.3	25.7

Notes to the condensed financial statements continued

10 Borrowings

As disclosed in note 9c, during the period the Group drew down £13.6 million on a new four year facility from Deutsche PostBank to part fund the acquisition of Waterside and capitalised related loan arrangement fees of £0.3 million. On 8 April 2011 a joint venture was formed by selling 50% of the Group's interest in Waterside. At 30 June 2011 the Deutsche PostBank debt is disclosed in see-through debt as part of the Group share of joint venture borrowings.

The movement during the period on the Group balance sheet related to the Deutsche PostBank borrowing was:

Statutory balance sheet – Deutsche PostBank	**30 June 2011 £m**
At the start of period	–
Bank loan drawn down	**13.6**
Loan arrangement costs	**(0.3)**
Borrowing after costs	**13.3**
Disposal into a joint venture	**(13.3)**
At the end of the period	**–**

11 Reconciliation of net cash from operations

		(Unaudited) Six months to 30 June 2011 £m	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Profit on ordinary activities before financing		**22.9**	22.3	52.6
Adjusted for:				
Share of profit in associates and joint ventures	9a	**(19.6)**	(16.5)	(45.2)
(Profit)/loss on revaluation of investment properties	7	**(0.2)**	0.3	0.2
Loss on sale of properties and investments		**–**	0.2	0.2
Impairment of goodwill		**–**	–	0.7
Impairment/(impairment reversal) of trading property	7	**0.1**	(0.1)	(0.1)
Depreciation of other fixed assets		**0.2**	0.3	0.5
Decrease in receivables		**0.5**	1.1	0.4
Decrease in payables		**(0.2)**	(5.4)	(7.1)
Non-cash movement relating to share-based payments		**0.4**	0.2	0.7
Net cash from operations		**4.1**	2.4	2.9

12 Net assets per share

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

	Net assets (£m)	**(Unaudited) 30 June 2011 Number of shares (m)**	**Net assets per share (£)**	(Unaudited) 30 June 2010 Net assets per share (£)	(Audited) 30 December 2010 Net assets per share (£)
Basic net assets	**195.8**	**350.6**	**0.56**	0.42	0.50
Own shares held	**–**	**(1.8)**			
Dilutive contingently issuable shares and share options	**–**	**0.3**			
Fair value of fixed rate loans (net of tax)	**(1.3)**				
EPRA triple net assets	**194.5**	**349.1**	**0.56**	0.42	0.50
Exclude fair value of fixed rate loans (net of tax)	**1.3**				
Exclude fair value of derivatives	**20.8**				
Exclude deferred tax on unrealised gains and capital allowances	**3.1**				
EPRA net assets	**219.7**	**349.1**	**0.63**	0.52	0.57

13 Return on equity

	(Unaudited) **Six months to 30 June 2011 £m**	(Unaudited) Six months to 30 June 2010 £m	(Audited) Year to 30 December 2010 £m
Total comprehensive income attributable to equity shareholders	**20.9**	16.2	44.0
Opening equity shareholders' funds	**174.5**	129.8	129.8
Return on equity	**12.0%**	12.5%	33.9%

14 Disposal of subsidiary

As disclosed in note 9c, on 8 April 2011 the Group disposed of 50% of its interest in the Waterside Lincoln Limited Partnership. The net assets of Waterside Lincoln Limited Partnership at the date of disposal were:

	8 April 2011 £m
Investment property	**26.1**
Non-current liabilities	**(13.3)**
Net assets disposed of	**12.8**
Gain on disposal	**–**
Total consideration	**12.8**
Satisfied by:	
Cash and cash equivalents	**6.4**
Fair value of equity interest and shareholder loan to joint venture	**6.4**
	12.8

15 Contingent liabilities

There are no contingent liabilities at the end of the current period or the preceding year.

16 Events after the balance sheet date

German debt extension

On 15 July 2011 agreement was successfully reached to extend the maturity of the €162.3 million debt by three years as disclosed in note 9c.

Group debt repayment

On 29 July 2011, the Group repaid £0.5 million of the floating rate loan secured on its Hemel Hempstead property in line with the amortisation schedule of the facility.

X-Leisure

On 31 July 2011, the property valuation of the X-Leisure fund (excluding adjustments for tenant incentives and head leases) was £551.5 million. This gave a unit price of 33.8p, meaning the value of the Group's units excluding interest swap and mark-to-market valuations was £31.1 million compared to £31.1 million at 30 June 2011.

Property disposals

On 2 August 2011, The Junction exchanged unconditional contracts for the sale of the South Aylesford Retail Park in Maidstone for £70.6 million (NIY 5.87%) which was in line with its 30 June 2011 valuation.

17 Related party transactions

There have been no material changes to, or material transactions with, related parties as described in note 36 of the annual audited financial statements for the year ended 30 December 2010, except for:

Waterside Lincoln Limited Partnership

During the period the Group formed a joint venture with Karoo Investment Fund II S.C.A SICAV-SIF ("Karoo") by selling 50% of the Group's interest in The Waterside Shopping Centre in Lincoln. As the Group and Karoo have common significant shareholders the formation of the joint venture was conditional upon shareholder approval which was granted on 1 April 2011. Included within loans to joint ventures is an amount of £6.4 million related to the Waterside Lincoln Limited Partnership. The details of this transaction are disclosed in note 9c.

Distributions received from related parties

During the period the Group received cash distributions of £5.8 million from related parties as disclosed in note 9b and 9c.

Management fee income from related parties

During the period the Group received management fee income in the normal course of business of £4.3 million from related parties, primarily from The Mall Limited Partnership as disclosed in note 2b.

Glossary of terms

CRPM is Capital & Regional Property Management Limited, a subsidiary of Capital & Regional plc, which earns management and performance fees from The Mall, The Junction and certain other associates and joint ventures of the Group. It also owns the Group's 50% share in X-Leisure Limited, which earns management and performance fees from the X-Leisure fund.

Contracted rent is passing rent and the first rent reserved under a lease or unconditional agreement for lease but which is not yet payable by a tenant.

Contribution is net rent less net interest, including unhedged foreign exchange movements.

Capital return is the change in value during the period for properties held at the balance sheet date, after taking account of capital expenditure and exchange translation movements, calculated on a time weighted basis

Debt is borrowings, excluding unamortised issue costs.

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

EPRA net assets per share include the dilutive effect of share-based payments but ignore the fair value of derivatives, any deferred tax provisions on unrealised gains and capital allowances, any adjustment to the fair value of borrowings net of tax and any surplus on the fair value of trading properties.

EPRA triple net assets per share include the dilutive effect of share-based payments and adjust all items to market value, including trading properties and fixed rate debt.

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.

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

Garigal is Garigal Asset Management GmbH, an associate of the Group, which earns management and performance fees from the German joint venture.

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

Interest rate cover (ICR) is the ratio of either (i) recurring profit (before interest, tax, depreciation and amortisation); or (ii) net rental income to the interest charge.

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

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

Loan to value (LTV) is the ratio of debt excluding fair value adjustments for debt and derivatives, to the fair value of properties. (excluding adjustments for tenant incentives and head leases)

Market value is an opinion of the best price at which the sale of an interest in a property would complete unconditionally for cash consideration on the date of valuation as determined by the Group's external or internal valuers. In accordance with usual practice, the 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 initial yield (NIY) is the annualised net rent generated by the portfolio expressed as a percentage of the portfolio valuation, excluding development properties, which is in line with EPRA's best practice recommendations.

Net debt to property value is debt less cash and cash equivalents divided by the property value (including adjustments tenant incentives and head leases)

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

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

Nominal equivalent yield is a weighted average of the net initial yield and reversionary yield and represents the return a property will produce based upon the timing of the income received, assuming rent is received annually in arrears on gross values including the prospective purchaser's costs.

Passing rent is gross rent currently payable by tenants including car park profit but excluding income from non-trading administrations and any assumed uplift from outstanding rent reviews.

Property under management (PUM) is the valuation of properties for which CRPM, X-Leisure Limited or Garigal is the asset manager.

Recurring pre-tax profit is the total of Contribution, the Group's share of management fees less fixed management expenses earned by CRPM, X-Leisure Limited and Garigal, the profit from SNO!zone and any central costs and interest.

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

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

Reversionary yield is the anticipated yield to which the net initial yield will rise once the rent reaches the ERV.

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

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

Temporary lettings are those lettings for less than one year.

Topped-up net initial yield is the net initial yield adjusted for the expiration of rent-free periods or other unexpired lease incentives.

Total return is the Group's total recognised income or expense for the year as set out in the consolidated statement of comprehensive income expressed as a percentage of opening equity shareholders' funds.

Total shareholder return (TSR) is a performance measure of the Group's share price over time. It is calculated as the share price movement from the beginning of the period to the end of the period plus dividends paid, divided by share price at the beginning of the period.

Vacancy rate is the ERV of vacant properties expressed as a percentage of the total ERV of the portfolio, excluding development properties, in line with EPRA's best practice recommendations.

Variable overhead includes discretionary bonuses and the costs of awards to directors and employees made under the 2008 LTIP, Matching Share Agreement, COIP and SAYE Scheme, which are spread over the performance period.

Property under management information

At 30 June 2011

Property under management

	30 June 2011 £m	30 June 2010 £m	30 December 2010 £m
Wholly owned	**82**	82	82
Associates	**2,003**	2,261	2,132
Joint ventures	**594**	525	547
Other property	**–**	71	71
Total	**2,679**	2,939	2,832

Figures exclude adjustments to property valuations for tenant incentives and head leases treated as finance leases. Trading properties are included at the lower of cost and net realisable value.

Other property represents the Ilford shopping centre, which was sold by The Mall in June 2010 but which was still managed by CRPM on a short-term contract with the new owners through to 31 January 2011. The property was not valued at 30 December 2010 so is shown at its sale price.

Fund portfolio information (100% figures)

At 30 June 2011

	The Mall	The Junction	X-Leisure	German Portfolio
Physical data				
Number of properties	11	7	16	48
Number of lettable units	1,198	91	311	248
Lettable space (sq feet – '000s)	5,239	1,611	3,071	5,032
Valuation data				
Properties at independent valuation (£m)	1,096	356	551	518
Adjustments for head leases and tenant incentives (£m)	47	(14)	(8)	(1)
Properties as shown in the condensed financial statements (£m)	1,143	342	543	517
Revaluation in the year (£m)	13	13	22	(3)
Initial yield	6.98%	5.65%	6.75%	6.63%
Equivalent yield	7.64%	6.76%	7.56%	n/a
Geared return	6.98%	4.20%	11.82%	6.73%
Property level return	5.25%	7.04%	7.87%	2.69%
IPD benchmark return	3.50%	4.80%	5.90%	n/a
Reversionary	18.6%	11.6%	1.4%	n/a
Loan to value ratio	70.5%	57.3%	54.0%	81.0%
Net debt to value ratio	59.6%	45.2%	49.8%	76.8%
Lease length (years)				
Weighted average lease length to break	9.88	11.25	14.17	6.81
Weighted average lease length to expiry	10.06	11.94	16.62	6.81
Passing rent (£m) of leases expiring in:				
2011	6.16	0.08	0.35	0.65
2012	5.11	0.04	0.39	1.22
2013-2015	21.55	2.04	1.23	14.4
ERV (£m) of leases expiring in:				
2011	6.39	0.56	0.45	n/a
2012	6.14	0.42	0.46	n/a
2013-2015	22.32	2.16	1.43	n/a
Passing rent (£m) subject to review in:				
2011	8.71	1.89	5.35	n/a
2012	8.62	2.12	4.51	n/a
2013-2015	22.56	15.20	16.34	n/a
ERV (£m) of passing rent subject to review in:				
2011	7.71	1.88	5.33	n/a
2012	8.18	2.12	4.54	n/a
2013-2015	21.98	15.16	16.24	n/a
Rental data				
Contracted rent at period end (£m)	93.36	21.89	41.23	n/a
Passing rent at period end (£m)	87.37	21.37	40.95	38.09
ERV at period end (£m per annum)	103.63	24.42	43.69	n/a
Rental increase (ERV) %	0.0%	(0.4)%	0.7%	n/a
Vacancy rate (%)	5.0%	5.3%	5.0%	4.3%
Like for like net rental income under UK GAAP (100%)				
Current year net rental income (£m)				
Properties owned throughout 2010/2011	37.4	9.1	18.3	16.8
Disposals	0.8	3.1	0.1	–
Net rental income	**38.2**	**12.2**	**18.4**	**16.8**
Prior year net rental income (£m)				
Properties owned throughout 2010/2011	37.1	9.0	17.4	16.5
Disposals	11.9	6.5	1.5	1.0
Net rental income	**49.0**	**15.5**	**18.9**	**17.5**
Other data				
Unit price (£1.00 at inception)	£0.4396	£0.2870	£0.3379	n/a
Group share	16.72%	13.29%	11.93%	49.60%

Shareholder information

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2011 financial calendar

Interim management statement	November 2011
2011 annual results	March 2012

3: Other information

The condensed set of financial statements is available for download on the Company's website **www.capreg.com**.

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 the Group's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of government 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 Group 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. The Group 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.

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