



26 February 2009

MINERVA PLC – HALF YEAR RESULTS

Minerva plc, the quoted real estate company, today announces its Half Year Results for the six months ended 31 December 2008.

Financial highlights

- Property revaluation deficit in the period of 20.8 per cent.
- Loss before tax and investment property revaluation movements of £1.6 million (2007: £6.4 million).
- Loss after tax of £186.7 million (2007: £90.7 million).
- Adjusted net asset value per share, reflecting trading properties at valuation and excluding the fair value deficit on financial instruments, of 102.8 pence (30 June 2008: 224.9 pence).

Project highlights

Despite the challenging economic environment and the further deterioration in the real estate market, Minerva has achieved a number of key project milestones in the past six months:

- Construction continues on The Walbrook and St Botolphs developments in the City of London and on the Lancaster Gate development overlooking Hyde Park. Building work on all three developments is on track.
- Planning permission for Odeon Kensington was granted in November 2008 for a circa 100,000 sq.ft. all-private residential scheme. This will, once developed, comprise 35 apartments, five town houses, a basement car park, multi-screen cinema and off-site affordable housing.
- A resolution to grant planning consent for in excess of one million sq.ft. of residential and commercial accommodation was achieved for the Ram Brewery in December 2008. However, despite the full backing of the Mayor of London, the Secretary of State last week called in the application and the Group is now focused on addressing the local inquiry process.
- Discussions continue with interested parties regarding a joint venture for the Park Place retail development in Croydon.

Oliver Whitehead, Chairman of Minerva plc said:

“Whilst the last six months have seen the Group continue to make good progress and achieve a number of important project milestones, the economic environment has been exceptionally tough. Like other real estate companies, this has significantly affected the value of our property portfolio and our results have also been impacted by the revaluation of our interest rate hedges in what is now a very low interest rate environment.

Although the market conditions remain very difficult and the outlook is uncertain, we have in place high quality projects and the management team to take us through this difficult period. Our focus going forward will be on continuing the good progress on our landmark developments and ensuring that we can meet the challenges ahead in these unprecedented times.”

- End -

All Enquiries:

Minerva plc

Salmaan Hasan, Chief Executive

Ivan Ezekiel, Finance Director

Tim Garnham, Group Development Director

020 7535 1000

Brunswick Group LLP

Simon Sporborg/Tom Williams

020 7404 5959

CHAIRMAN'S STATEMENT

During the first six months of our financial year Minerva achieved a number of key project milestones as the Group maintained focus on its strategy. While worldwide economic turmoil inevitably affected Minerva's financial results for the period, the steady progress of our projects underlines our commitment to deliver long term value to shareholders.

Operating performance

The Group's landmark developments, concentrated in London, continue to advance. A detailed update on each of these projects is set out in the Business review.

With project finance in place, construction is progressing well on our City of London office projects at The Walbrook and St Botolphs, and at the high-end residential development in Lancaster Gate.

Two important planning milestones were achieved during the period. In November 2008 we concluded the Section 106 agreement with the Royal Borough of Kensington and Chelsea which formally granted planning permission for Odeon Kensington, a landmark development located in one of London's premier residential districts. In December 2008, the planning committee of Wandsworth Council resolved to grant planning consent for the development of our Ram Brewery and Buckhold Road scheme. Even though the scheme has received considerable support, the Secretary of State decided, last week, to call in the decision for a local inquiry, which we will now focus on and will update you in due course.

Discussions progress with possible joint venture partners for the Park Place, Croydon scheme, as well as with its proposed anchor tenant, in order to move this retail project forward.

Financial performance

The real estate and financial markets have deteriorated significantly over the last six months. This has had a consequential effect on the value of our property portfolio and our results have also been impacted by the revaluation of our interest rate hedges in what is now a very low interest rate environment.

The results are reviewed in more detail in the Business review but, in summary, show a loss after investment property revaluation movements and taxation of £186.7 million for the first six months of the financial year (2007: £90.7 million). Basic net asset value per share at 31 December 2008 was 20.2 pence (30 June 2008: 187.7 pence). Adjusted net asset value per share, incorporating the Group's share of the valuation surplus on our trading properties and adding back the fair value deficit on our financial instruments, was 102.8 pence (30 June 2008: 224.9 pence).

Outlook

Minerva has a diverse and high quality portfolio of current and future developments, significant loan facilities in place and a skilled and dedicated team.

Property values are going through a period of significant readjustment as a result of prevailing economic circumstances and, in particular, the scarcity of funding. However, our developments are being delivered over the next few years when we expect the supply of competing high quality new developments will have been curtailed by the lack of availability of development finance to the sector.

Oliver Whitehead

Chairman

26 February 2009

BUSINESS REVIEW

OPERATIONAL REVIEW

CITY OF LONDON OFFICES

The City of London market overview

The second half of 2008 saw a further decline in the City of London office market. Availability increased from 9.9 million sq.ft. in June 2008 to 11.3 million sq.ft. by the year end, partly due to a marked increase in second-hand supply. Availability of new-build and refurbished space rose significantly since its low point in the third quarter of 2007 of 2.0 million sq.ft. to 4.4 million sq.ft. at the end of 2008. This reflected a high level of speculative development schemes coming to the market in 2008 with a strong pipeline also expected in 2009. Importantly however, difficulties obtaining finance, and concern over the near to medium-term market outlook, have resulted in fewer development starts in 2008 or expected while current economic circumstances exist.

There was a marked drop in take-up in the fourth quarter of 2008, when take-up of 1.1 million sq.ft. was recorded, compared to 1.4 million sq.ft. in the previous quarter and 1.3 million sq.ft. in the fourth quarter of 2007. In 2008, take-up averaged 1.3 million sq.ft. per quarter, compared to a ten-year average of 1.7 million sq.ft. per quarter. Clearly this will adversely affect City rental levels, although there are few transactions to evidence this currently.

The Walbrook, London EC4

Designed by Foster & Partners, The Walbrook development is located in the central core of the City of London and when completed will provide some 445,000 sq.ft. of high quality Grade A office and retail accommodation. The building has been planned with sustainability targets in mind and has received an 'Excellent' BREEAM rating.

Skanska are the main contractors employed for the construction of the building under a Design and Build contract entered into in August 2007. Considerable progress has been made on site with all the concrete sub-structure and cores now completed and the steelwork frame nearing completion. The next key phase is the installation of the cladding which will start shortly with a view to enclosing the whole building by the Autumn of this year. The striking new cladding will therefore become evident in the forthcoming months and the building will make an exciting new architectural contribution to this quarter of the City of London. The project is due to complete at the end of 2009.

Although we have received interest in this project, progress is being hampered by the financial turmoil currently being experienced globally. There is a reticence to commit by tenants currently although we believe that when there are signs of an improvement in the market there will be very little new product of similar size, quality or design to choose from.

St Botolphs, London EC3

St Botolphs is a development which will provide some 560,000 sq.ft. of high quality Grade A office and retail accommodation when completed in Summer 2010. The new building has been designed by Grimshaw and is located in the eastern district of the City of London. The building has achieved a BREEAM rating of 'Very Good'.

We have entered into a Design and Build contract with Skanska for the construction of the new building. In terms of progress on site, all piles, walls and slabs up to ground floor level were completed by the end of January 2009. In addition, three of the four concrete cores have been completed and the final core construction has recently commenced. The erection of the steelwork has also begun and this activity will continue until the end of the calendar year. Cladding of the building is due to start in the middle of 2009.

Some 84,000 sq.ft. of the building has been pre-let to the United States' largest private insurance broker, Lockton International, with an option to lease a further 40,000 sq.ft. before practical completion. Over the last six months there has been tenant interest in the building, principally from the insurance, media and professional sectors. Currently the market remains challenging given the turbulence in the global financial markets and in the UK economy.

RETAIL

Market overview

Retailers are experiencing a tough trading environment which has become particularly evident in the last few months. There will remain the continued risk of business failures. Consequently, the focus for property companies and fund managers is to preserve income and work with the better quality retail tenants, to sustain occupancy.

The investment market for prime shopping centres has seen the yield move out to 6.5 per cent. This is 50 basis points above the long-term average. Secondary centres have seen a further movement of yield out to 8.5 per cent. Commentators are forecasting this trend for secondary centres to continue as investors will seek to invest in prime centres for tenant/income security.

Park Place, Croydon

Park Place represents one of the few remaining opportunities to create a new town centre shopping and leisure district in the Greater London area. When completed this 900,000 sq.ft. development will include 100 retail outlets, restaurants and cafés and will be anchored by a full line department store.

Discussions continue with potential joint venture partners to advance the future development of the scheme. These, together with the discussions for the pre-letting of the department store to the John Lewis Partnership, remain focused. Detailed design work is being undertaken to refresh the design of the shopping centre in order to accommodate their requirements and to ensure that the scheme is at the forefront of modern retailing.

Location and quality provides a better opportunity for the retail sector to perform. Croydon with Park Place will be well placed to take advantage of the future expansion of not only Croydon's residential catchment, but London's as a whole.

HIGH-END RESIDENTIAL

Market overview

While prime Central London residential property remains one of the most valuable global urban residential markets, it has historically been sensitive to the success of the financial markets in the City of London. It is no surprise that prime Central London values have fallen by 20 per cent since the September 2007 peak.

The top end of the prime market in Central London (+£10 million) for a time was more resilient, fuelled by strong demand from international buyers for exclusive properties and not reliant on traditional mortgage borrowing. However, this is no longer the situation with this sector having turned down during the last quarter of 2008. To add to this, it is difficult to establish market values with buyers and sellers playing a 'wait and see' game resulting in a low volume of transactions. Despite this, agents are reporting that ultra-prime properties are still triggering serious interest at early 2007 levels.

The current relative weakness in sterling makes UK property very good value to overseas buyers. Whether this will help boost the market is not yet evident and will depend upon the general confidence of purchasers, how long these relative exchange rates continue and of course the availability of funding.

In terms of our schemes, there continues to be a good level of interest for the high quality homes we are developing, even though we are not actively marketing them at the current time. With the skills of the delivery and sales teams employed on our projects, we believe that the projects will generate solid returns.

Odeon Kensington, London W8

This property was acquired towards the end of 2005 for £24 million, in partnership with Northacre. The property is held freehold with a short-term lease to Odeon Cinemas and contains a development break clause. It is located in a prime residential area on the south side of Kensington High Street, just south of Holland Park.

Planning consent was granted in November 2008, for an all-private residential scheme of around 100,000 sq.ft. with 35 apartments, five town houses, a basement car park, multi-screen public cinema and off-site affordable housing. Bearing in mind current market conditions, the Group has decided to explore a sale of this property, providing a potential purchaser with a first-class premier residential development scheme.

Lancaster Gate, London W2

This property was acquired in partnership with Northacre in July 2006 for £67.2 million. Planning permission for 192,000 sq.ft. of ultra-prime residential and affordable accommodation was initially obtained and has recently been finessed to provide 74 private residential apartments with underground parking and 11 affordable residential units.

The private apartments have been designed to cater for the most discerning buyer at the ultra-prime end of the market. There will be a wide range of units, combining the unique features and setting of the building overlooking Hyde Park with modern design. Construction commenced in Autumn 2007 with the first phase due for completion towards the end of 2010.

To date we have achieved pre-sales for circa 27 per cent of the scheme, generating in excess of £100 million of future revenue. Milestone deposits relating to these sales have been received from the purchasers in accordance with the contractual terms. No further sales are planned until the end of 2009, when a marketing suite will be ready and construction has progressed further.

Leinster House Hotel, London W2

This property was acquired in October 2007 and is located directly opposite our Lancaster Gate scheme. An income is derived from the hotel through a block-booking agreement with Westminster City Council. As previously stated we will initiate discussions with the planning authorities regarding the redevelopment in due course and expect a scheme on this site to benefit from the success of the Lancaster Gate development.

MIXED-USE

Ram Brewery, London SW18

The site consists of the Ram Brewery, Buckhold Road and Capital Studios - in all amounting to approximately 7.5 acres. In total the acquisition price for the site amounted to £83.5 million.

In December 2008, Wandsworth Council resolved to grant planning consent for a high quality residential-led mixed-use scheme, using as its signature the heritage buildings which form part of the site. The scheme is for in excess of one million sq.ft. of accommodation, comprising approximately 1,000 apartments and 200,000 sq.ft. of retail, restaurant and office space. In February 2009, the Secretary of State decided to call in the planning application for a local inquiry, likely to be held later in 2009, and we are now working to achieve a successful outcome.

The scheme aims to achieve high sustainability objectives and provide new exciting areas for the public including a riverside walkway, two public squares, dedicated play space and roof gardens. All the key heritage buildings will be retained and adapted for retail and restaurant use and will also include a micro-brewery.

In July 2008, the Group augmented the site with the exchange of contracts for the acquisition of properties at 1-9 Church Row for £8 million, which will be the subject of a future planning application.

FINANCIAL REVIEW

REVIEW OF RESULTS

Introduction

The results for the six month period have been affected by the dramatic events in the financial markets, especially during the last quarter of 2008. Funding markets have behaved without precedent, restricting the supply of finance even to the most established borrowers. This reduced availability of funding has resulted in a considerably reduced number of real estate transactions, despite being priced at attractive long-term levels. This has had consequential effects on property valuations which are based on limited recent transactional evidence, as well as on the valuation of derivative financial instruments, which have been marked-to-market against the currently prevailing low UK interest rate environment.

Headline results

Basic net asset value per share at 31 December 2008 was 20.2 pence (30 June 2008: 187.7 pence). A more relevant measure of the Group's position is Adjusted net asset value, which incorporates the valuation of the Group's total property portfolio (including trading properties) and adds back the non-cash fair value deficit on financial instruments at 31 December 2008. The Adjusted net asset value per share at 31 December 2008 was 102.8 pence (30 June 2008: 224.9 pence).

Income statement

Loss before investment property revaluation movements and tax was £1.6 million (2007: £6.4 million). After incorporating the investment property revaluation movements, the loss before tax was £188.9 million (2007: £114.6 million).

The increase in net property income from £4.1 million in 2007 to £5.0 million in this period was mainly a result of income from new acquisitions as well as rent review increases within the investment portfolio. The Group has also benefitted from a focus on the intensive management of our existing estates in order to minimise void costs.

During the period, net financing costs decreased from £4.2 million to £1.7 million net of interest capitalisation of £15.3 million (2007: £9.2 million) on the Group's development projects. This is principally as a result of the movement in derivative financial instruments not qualifying for hedge accounting.

Administrative expenses for the period increased marginally from £3.5 million to £3.6 million. Excluding the non-cash share-based payment charge required under IFRS 2 of £1.1 million (2007: £0.7 million), administrative expenses have been reduced when compared with the corresponding period last year.

As referred to above, investment property performance has been adversely affected by weakening investment yields, reduced availability of finance and deteriorating sentiment towards the broader real estate sector. This has been reflected in the valuation of our investment properties which has shown a reduction in the period of £187.3 million (2007: £108.2 million) after adjusting for acquisitions and expenditure in the period. The majority of this relates to our investments in the City of London development projects, The Walbrook and St Botolphs, and our retail regeneration scheme, Park Place, Croydon; although other assets have also shown a decline.

The performance of our high-end residential projects at Lancaster Gate and Odeon Kensington, which had remained relatively resilient, have nevertheless shown a valuation decline in the period of £23.8 million after adjusting for costs incurred in the period (2007: increase in value of £92.0 million). These properties are now valued at £287.2 million (30 June 2008: £282.0 million).

The corporation tax credit for the period of £2.2 million (2007: £23.9 million) reflects the release of prior period provisions and recognition of tax losses generated in the half year. The Group has no liability to corporation tax for the period (2007: £nil).

After incorporating the tax credit, the Group's loss for the period was £186.7 million (2007: £90.7 million).

No dividend has been paid or declared during this financial period.

Balance sheet

The Group's property portfolio has been valued by CB Richard Ellis Limited at 31 December 2008. The investment property portfolio has been valued at £520.7 million (30 June 2008: £604.4 million) and the trading property portfolio at £287.2 million (30 June 2008: £282.0 million). In aggregate, after adjusting for acquisitions and expenditure in the period, the portfolio has decreased by 20.8 per cent overall. The investment portfolio has decreased by 26.5 per cent and the trading portfolio has decreased by 7.7 per cent with, as mentioned earlier, only the former revaluation movement being reflected in the income statement.

Lancaster Gate and Odeon Kensington continue to be treated as trading properties at 31 December 2008 and are consequently stated at their historical cost of £162.8 million in aggregate in the balance sheet, in line with the accounting policy of the Group. The valuation of these properties by CB Richard Ellis Limited has therefore not been reflected in the Group's Basic net asset value. We have nevertheless reflected the Group's estimated post-tax share of the revaluation surplus of these properties in the Adjusted net asset value.

The property additions during the period relate to two property acquisitions totalling £14.4 million and expenditure in relation to our development programme of £118.0 million. Two small properties surplus to requirements were sold just before the period end, realising net proceeds of circa £2.0 million (2007: £nil).

Net debt at 31 December 2008 was £544.0 million (30 June 2008: £409.2 million), comprising borrowings of £648.4 million (30 June 2008: £526.6 million) reduced by cash and short-term deposits of £104.4 million (30 June 2008: £117.4 million). The increase in net debt during the period of £134.8 million is principally in relation to the expenditure incurred progressing our developments.

FINANCING

The activities of the Group are financed through a mixture of equity, cash and bank borrowings. As part of its normal activities, the Group finances acquisitions and funds developments with bank debt, whilst maintaining cash in reserve. Loans are arranged with banks with which the Group has long-standing relationships and cash is placed with selected financial institutions with good credit ratings.

The Group has a number of financings in place. The three developments currently under construction have funding commitments to enable the completion of the respective buildings. The other properties are funded by a mix of site and investment loans. At 31 December 2008, the average interest cost of debt for the Group, excluding joint ventures, was 6.6 per cent (30 June 2008: 6.9 per cent).

In terms of loan maturities, this month the Group completed the refinancing of a loan facility totalling £30 million, which was due to expire in March of this year. The replacement loan which totals £25 million is now in place and is not scheduled to expire until December 2010. No other loans are due to mature within this current financial year and we are now focusing on the next financial year, when loans of circa 11 per cent of our current borrowings are scheduled to mature.

In respect of our financial loan covenants, if existing market conditions and property valuations do not improve the Group will not be in compliance when certain covenants are next tested at 30 June 2009. As a result, the Directors are actively engaged with our long-term relationship banks to agree amended terms which would remove the restrictive covenants.

With regard to risk management, the Group's policy is, where possible, to match the revenue profile from the properties with certainty in relation to interest costs. Where there is less certainty of revenue, for example as is the case where properties are being developed, we endeavour to hedge interest costs with swaps, caps and other financial instruments. In terms of interest rate hedging, we use interest rate derivatives to manage the interest rate profile and, as at 31 December 2008, 90 per cent of the Group's bank borrowings were hedged under interest rate swap agreements. In addition, the Group has in place forward-dated interest rate swap agreements to hedge future bank borrowings as we progress and hold our developments. Bearing in mind the recent unprecedented reduction in UK interest rates, the interest rate swap agreements previously put in place are at higher than prevailing interest rates and this position is reflected in the valuation of the Group's derivative financial instruments. Adjusted net asset value adds back the non-cash valuation deficit of £75.4 million on the basis that the swaps are held to maturity.

Net debt as a proportion of the Group's total property portfolio at valuation was 67 per cent at 31 December 2008 (30 June 2008: 46 per cent).

KEY RISKS AND UNCERTAINTIES

The Half Year Report has been prepared on the basis set out in note 1 which also outlines the key risks and material uncertainties facing the Group.

The other risks facing the Group are consistent with those outlined in the Annual Report and Accounts for the year ended 30 June 2008 and, in summary, revolve around the following areas:

Business environment

External economic and market factors may adversely affect the Group's business model. The Board specifically considers the risk these factors pose at an annual strategy review. They are also considered at each Board meeting as well as by management when making decisions.

Property market

The Group's speculative developments may suffer from poor market demand from tenants or buyers. We address this, in accordance with our strategy, by looking to situate our developments in supply-constrained sectors of the market in well-located areas of London. The Group's developments are designed and priced to attract tenants or buyers and leading agents are employed to market them effectively.

Development

To help reduce the risk that planning permission may not be achieved for a development we obtain appropriate expert advice and have detailed consultations with the relevant authorities and stakeholders. Alternative uses and design variations are also considered. In order to guard against delays created by unforeseen environmental and archaeological issues we undertake appropriate assessments and investigations. We carefully monitor our developments to guard against increased costs during construction, and enter into Design and Build contracts where possible and appropriate. We also appoint skilled professionals to help manage the projects and also provide contingencies. Changes in legislation, regulation or best practice, particularly in relation to planning and taxation, may impact the Group's schemes in progress and changes are closely monitored.

Finance

Appropriate financing needs to be in place to fund acquisitions and developments and to meet specific financial obligations and the Group places a strong emphasis on building long-term relationships with lenders. The Group regularly monitors its ongoing cash requirements and its loan facilities for compliance with lenders' covenants. Movements in interest rates are monitored and hedged where appropriate, principally using interest rate swap agreements.

Corporate responsibility

Health and safety is a key issue and procedures are in place to ensure compliance by the Group and its contractors with legislation, regulation and good practice. To address concern about the impact of the business on the environment, local communities and other stakeholders the Group's developments are planned to meet and, wherever possible, exceed the requirements set out in environmental regulation and planning guidelines.

People

The Group addresses the attraction and retention of key management and employees by regularly reviewing salaries and benefits to ensure that their remuneration is competitive. The Group seeks to align the rewards of Directors and other employees with the Group's achievements and performance.

The potential impact on the Group, were any of these risks to materialise, depends on the severity of the event. The Group has in place a control environment that is regularly monitored and which identifies risks to the Group, addressing them with measures to mitigate their impact. The Group seeks to attain the appropriate balance whereby opportunities and their associated risks are identified and explored.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the Chairman's Statement and Business review herein include a fair review of the information required by 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

The Directors are also responsible for maintaining the integrity of the Group's website. Information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements. UK legislation governing preparation and dissemination of financial statements may therefore differ from that in other jurisdictions.

The Directors of Minerva plc are listed in the 2008 Annual Report and Accounts and have been Directors throughout the period with the exceptions of Clive Richards and Christopher Sheridan who both retired from the Board at the Annual General Meeting of the Company on 13 November 2008.

By order of the Board

Salmaan Hasan

Chief Executive

26 February 2009

INDEPENDENT REVIEW REPORT TO MINERVA PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the Half Year Report for the six months ended 31 December 2008, which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes. We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The Half Year Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Year 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 Year Report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half Year Report based on our review. This report, including the review conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 enquiries, 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.

Review 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 Year Report for the six months ended 31 December 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Emphasis of matter

In arriving at our review conclusion, which is not qualified, we have considered the adequacy of the disclosures made by the Directors in the Basis of preparation note concerning the Group's ability to continue as a going concern. These disclosures regarding amendment of financial loan covenants, refinancing certain loans and achieving operating targets indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The condensed set of financial statements in the Half Year Report does not include the adjustments that would result if the Group was unable to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Accountants

26 February 2009

London

CONSOLIDATED INCOME STATEMENT
For the six months ended 31 December 2008

		(Unaudited) Six months to 31 December 2008 £'000	(Unaudited) Six months to 31 December 2007 £'000	(Audited) Year to 30 June 2008 £'000
	<i>Note</i>			
Continuing operations				
Revenue	2	6,949	5,714	12,227
Property outgoings	2	(1,987)	(1,614)	(5,387)
Net property income	2	4,962	4,100	6,840
Administrative expenses		(3,588)	(3,534)	(8,230)
Other income		53	39	1,637
Loss on sale of investment properties		(95)	-	-
Loss on sale of investment in joint venture		-	-	(189)
Impairment of owner occupied property	8	(397)	-	-
Movement on revaluation of investment properties	7	(187,271)	(108,210)	(256,403)
Operating loss		(186,336)	(107,605)	(256,345)
Finance costs	3	(5,989)	(7,958)	(15,976)
Finance income	4	4,265	3,788	7,225
Net finance costs		(1,724)	(4,170)	(8,751)
Share of post-tax loss of joint ventures		(848)	(2,792)	(4,125)
Loss before taxation		(188,908)	(114,567)	(269,221)
Taxation credit	5	2,178	23,882	37,292
Loss for the period		(186,730)	(90,685)	(231,929)
Attributable to:				
Equity shareholders		(186,726)	(90,685)	(231,890)
Minority interest		(4)	-	(39)
Loss for the period		(186,730)	(90,685)	(231,929)
Loss per share				
Basic	6	(115.9)p	(56.3)p	(143.9)p
Diluted	6	(115.9)p	(56.3)p	(143.9)p

CONSOLIDATED BALANCE SHEET
As at 31 December 2008

		(Unaudited) As at 31 December 2008 <u>£'000</u>	(Unaudited) As at 31 December 2007 <u>£'000</u>	(Audited) As at 30 June 2008 <u>£'000</u>
Assets				
Non-current assets				
Investment properties	7	503,148	689,084	589,730
Property, plant and equipment	8	8,711	9,488	9,568
Investment in joint ventures		-	3,773	-
Derivative financial instruments	13	-	1,964	15,370
Trade and other receivables	10	5,200	-	5,200
Other financial assets		230	276	230
		<u>517,289</u>	<u>704,585</u>	<u>620,098</u>
Current assets				
Trading properties	9	162,846	120,115	133,799
Trade and other receivables	10	31,378	13,400	27,613
Derivative financial instruments	13	921	-	-
Cash and cash equivalents	11	104,391	110,077	117,438
		<u>299,536</u>	<u>243,592</u>	<u>278,850</u>
Total assets		<u>816,825</u>	<u>948,177</u>	<u>898,948</u>
Liabilities				
Current liabilities				
Trade and other payables	12	(43,261)	(96,153)	(44,343)
Derivative financial instruments	13	(2,797)	-	(2,144)
Borrowings	13	(60,364)	(47,248)	(30,268)
		<u>(106,422)</u>	<u>(143,401)</u>	<u>(76,755)</u>
Non-current liabilities				
Other payables	14	(15,600)	-	(15,600)
Borrowings	13	(588,041)	(355,207)	(496,399)
Derivative financial instruments	13	(73,563)	(5,897)	(526)
Deferred tax	15	-	(14,296)	(6,458)
		<u>(677,204)</u>	<u>(375,400)</u>	<u>(518,983)</u>
Total liabilities		<u>(783,626)</u>	<u>(518,801)</u>	<u>(595,738)</u>
Net assets		<u>33,199</u>	<u>429,376</u>	<u>303,210</u>
Equity				
Called up share capital	16	40,294	40,294	40,294
Share premium account		198,422	198,422	198,422
Other reserves		(31,531)	38,611	52,800
Retained (deficit)/earnings		(174,653)	151,353	11,023
Total shareholders' equity		<u>32,532</u>	<u>428,680</u>	<u>302,539</u>
Minority interest		<u>667</u>	<u>696</u>	<u>671</u>
Total equity		<u>33,199</u>	<u>429,376</u>	<u>303,210</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2008

	Attributable to equity shareholders					Minority interest £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Other reserves £'000	Retained (deficit)/ earnings £'000	Total £'000		
1 July 2007	40,294	198,422	48,414	241,326	528,456	2,123	530,579
Movement in fair value of derivative financial instruments	-	-	(13,009)	-	(13,009)	-	(13,009)
Share-based payment	-	-	-	712	712	-	712
Share of joint venture's movement in fair value of derivative financial instruments (net of tax)	-	-	(437)	-	(437)	-	(437)
Movement in minority interest	-	-	-	-	-	(1,427)	(1,427)
Tax on items directly taken to equity	-	-	3,643	-	3,643	-	3,643
Loss for the period attributable to equity shareholders	-	-	-	(90,685)	(90,685)	-	(90,685)
1 January 2008	40,294	198,422	38,611	151,353	428,680	696	429,376
Movement in fair value of derivative financial instruments	-	-	19,899	-	19,899	-	19,899
Share-based payment	-	-	-	875	875	-	875
Share of joint venture's movement in fair value of derivative financial instruments (net of tax)	-	-	273	-	273	-	273
Realisation of derivative financial instruments held by joint venture (net of tax)	-	-	(411)	-	(411)	-	(411)
Movement in minority interest	-	-	-	-	-	(25)	(25)
Tax on items directly taken to equity	-	-	(5,572)	-	(5,572)	-	(5,572)
Loss for the period attributable to equity shareholders	-	-	-	(141,205)	(141,205)	-	(141,205)
1 July 2008	40,294	198,422	52,800	11,023	302,539	671	303,210
Movement in fair value of derivative financial instruments	-	-	(88,611)	-	(88,611)	-	(88,611)
Share-based payment	-	-	-	1,050	1,050	-	1,050
Movement in minority interest	-	-	-	-	-	(4)	(4)
Tax on items directly taken to equity	-	-	4,280	-	4,280	-	4,280
Loss for the period attributable to equity shareholders	-	-	-	(186,726)	(186,726)	-	(186,726)
31 December 2008	40,294	198,422	(31,531)	(174,653)	32,532	667	33,199

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 31 December 2008

	(Unaudited) Six months to 31 December 2008 £'000	(Unaudited) Six months to 31 December 2007 £'000	(Audited) Year to 30 June 2008 £'000
<i>Note</i>			
Cash flows from operations	19		
Interest received	(19,981)	(11,487)	(8,867)
Interest paid	3,641	3,879	6,943
Cash flows from operating activities	(7,741)	(5,491)	(16,318)
	(24,081)	(13,099)	(18,242)
Investing activities			
Additions to investment properties	(97,410)	(66,902)	(173,930)
Additions to property, plant and equipment	-	(419)	(827)
Additions to other financial assets	-	-	(20)
Receipts from sale of derivative financial instruments	-	-	850
Receipts from sale of property, plant and equipment	186	80	183
Receipts from sale of other financial assets	-	-	66
Investment in joint ventures	-	(38)	(38)
Receipt from sale of interest in joint venture	-	-	2,300
Cash flows from investing activities	(97,224)	(67,279)	(171,416)
Financing activities			
New loans	109,112	113,196	298,590
Issue costs of loans	(60)	(1,043)	(4,499)
Equity repayment to minority interest	-	(831)	(815)
Repayment of loans	(794)	(46,358)	(111,671)
Cash flows from financing activities	108,258	64,964	181,605
Net decrease in cash and cash equivalents	(13,047)	(15,414)	(8,053)
Cash and cash equivalents at beginning of period	117,438	125,491	125,491
Cash and cash equivalents at end of period	104,391	110,077	117,438

NOTES TO THE ACCOUNTS

1. Accounting policies

Basis of preparation

The condensed consolidated financial information included in the Half Year Report for the six months ended 31 December 2008, has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union ("EU"). The Half Year Report should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 June 2008, which have been prepared in accordance with International Financial Reporting Standards ("IFRS's") as adopted by the EU.

The Half Year Report has been prepared on a going concern basis, which assumes the Group will be able to meet its liabilities as they fall due, for the foreseeable future. The Directors have prepared cash flow forecasts which indicate the Group will continue as a going concern. In preparing those forecasts the Directors have taken into account material risks and uncertainties, including the following:

- The uncertainties facing property valuations in the current difficult economic and financial markets. In the event that property valuations do not improve the Group will be in breach of certain financial loan covenants which as current arrangements stand are next tested at 30 June 2009. If a covenant breach were to occur then the lenders would have the right, if they should choose, to request early repayment of outstanding borrowings.
- The successful conclusion of discussions to amend financial loan covenants. The directors are actively engaged with long-term relationship banks to agree amended terms which would remove the restrictive covenants.
- The ability to refinance loans as they fall due.
- The achievement of operating targets, including property sales and leasings.

The above represents a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In the Directors' view discussions are continuing on the above satisfactorily and they have therefore concluded that it is appropriate to prepare the Half Year Report on a going concern basis. The Half Year Report does not include the adjustments that would result if the Group was unable to continue as a going concern.

The Half Year Report does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2008 have been delivered to the Registrar of Companies and the report of the auditors on these financial statements was unqualified and did not contain a statement under either Section 237(2) or Section 237(3) of the Companies Act 2006.

The accounting policies, methods of computation and presentation adopted are consistent with those of the Group's Annual Report and Accounts for the year ended 30 June 2008, as described in those financial statements.

Accounting standards, amendments and interpretations

The following standards and interpretations, although effective for the year ending 30 June 2009, are not expected to have an impact on the Group:

- IFRIC 12, 'Service concession arrangements';
- IFRIC 13, 'Customer loyalty programmes'; and
- IFRIC 14, 'IAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the year ending 30 June 2009 and have not been adopted early by the Group:

- IFRS 1, (Amendment), 'First time adoption of International Financial Reporting Standards';
- IFRS 2, 'Share-based payments (Amended)';
- IFRS 3, (Amendment), 'Business Combinations';
- IFRS 5, 'Non-current assets held for sale and discontinued operations (Amended)';
- IFRS 8, 'Operating segments';
- IAS 1, (Amendment), 'Presentation of financial statements';
- IAS 16, (Amendment), 'Property, Plant and Equipment';
- IAS 19, (Amendment), 'Employee Benefits';
- IAS 20, (Amendment), 'Accounting for Government Grants and Disclosure of Government Assistance';
- IAS 23, (Amendment), 'Borrowing costs';
- IAS 27, (Amendment), 'Consolidated and separate financial statements';
- IAS 28, (Amendment), 'Investments in Associates';
- IAS 29, (Amendment), 'Financial Reporting in Hyperinflationary Economies';
- IAS 31, (Amendment), 'Interests in Joint Ventures';
- IAS 32, (Amendment), 'Financial instruments: Disclosure and Presentation';
- IAS 36, (Amendment), 'Impairment of assets';

- IAS 38, (Amendment), 'Intangible Assets';
- IAS 39, (Amendment), 'Financial instruments: Recognition and Measurement';
- IAS 40, (Amendment), 'Investment property';
- IAS 41, (Amendment), 'Agriculture';
- IFRIC 15, 'Agreements for the construction of real estate'; and
- IFRIC 16, 'Hedge of net investment in a foreign operation'.

2. Revenue and property outgoings

	(Unaudited) Six months to 31 December 2008 £'000	(Unaudited) Six months to 31 December 2007 £'000	(Audited) Year to 30 June 2008 £'000
Rental income	6,527	5,466	11,675
Recoverable property expenses	422	248	552
Revenue	6,949	5,714	12,227
Property expenses	(1,271)	(1,366)	(2,912)
Recoverable property expenses	(422)	(248)	(552)
Marketing expenses on properties under development	(294)	-	(1,923)
Property outgoings	(1,987)	(1,614)	(5,387)
Net property income	4,962	4,100	6,840

The Group operates in one business segment in Great Britain and as such no segmental information is provided.

3. Finance costs

	(Unaudited) Six months to 31 December 2008 £'000	(Unaudited) Six months to 31 December 2007 £'000	(Audited) Year to 30 June 2008 £'000
Bank interest and charges	20,066	13,424	31,258
Amortisation of loan issue costs	687	1,062	1,911
Fair value loss on derivative financial instruments:			
Ineffectiveness on cash flow hedge	-	37	-
Movement on non-hedging instruments	449	2,527	5,891
Sale proceeds on disposal of non-hedging instruments	-	-	(850)
	449	2,564	5,041
Interest on obligations under finance leases	75	75	151
Capitalised interest and similar charges	(15,288)	(9,167)	(22,385)
	5,989	7,958	15,976

4. Finance income

	(Unaudited) Six months to 31 December 2008 £'000	(Unaudited) Six months to 31 December 2007 £'000	(Audited) Year to 30 June 2008 £'000
Interest on short-term deposits	3,151	3,745	7,106
Other interest receivable	193	43	58
Fair value gain on derivative financial instruments:			
Ineffectiveness on cash flow hedges	-	-	61
Movement on non-hedging instruments	921	-	-
	921	-	61
	4,265	3,788	7,225

5. Taxation

	(Unaudited) Six months to 31 December 2008 <u>£'000</u>	(Unaudited) Six months to 31 December 2007 <u>£'000</u>	(Audited) Year to 30 June 2008 <u>£'000</u>
Corporation tax	-	-	-
Deferred tax credit	<u>(2,178)</u>	<u>(23,882)</u>	<u>(37,292)</u>
	<u>(2,178)</u>	<u>(23,882)</u>	<u>(37,292)</u>

	(Unaudited) Six months to 31 December 2008 <u>£'000</u>	(Unaudited) Six months to 31 December 2007 <u>£'000</u>	(Audited) Year to 30 June 2008 <u>£'000</u>
Loss before taxation	<u>(188,908)</u>	<u>(114,567)</u>	<u>(269,221)</u>
Tax on loss at 28 per cent (31 December 2007: 30 per cent, 30 June 2008: 29.5 per cent)	(52,894)	(34,370)	(79,420)
Expenses not deductible for tax purposes	64	179	626
Accelerated capital allowances	(118)	(58)	(41)
Differences arising from taxation of chargeable gains and property revaluations	52,499	9,358	38,540
Joint ventures' results (net of tax)	-	837	1,221
Tax losses and other temporary differences	<u>(1,729)</u>	<u>172</u>	<u>1,782</u>
Taxation credit for the period	<u>(2,178)</u>	<u>(23,882)</u>	<u>(37,292)</u>

The UK corporation tax rate changed to 28 per cent from 30 per cent from 1 April 2008, following substantive enactment on 26 June 2007. The reduced rate was applied to all temporary differences, which were due to be settled or realised after the change in legislation took effect.

6. Loss per share

Loss per share is calculated on a weighted average of 161,174,373 ordinary shares of 25 pence each in issue throughout the period (year to 30 June 2008: 161,174,373 ordinary shares; six months to 31 December 2007: 161,174,373 ordinary shares) and is based on loss attributable to ordinary shareholders of £186,726,000 (year to 30 June 2008: £231,890,000; six months to 31 December 2007: £90,685,000).

Due to the loss in this and prior periods, share options and incentive awards do not have a dilutive effect.

7. Investment properties

	(Unaudited) As at 31 December 2008 <u>£'000</u>	(Unaudited) As at 31 December 2007 <u>£'000</u>	(Audited) As at 30 June 2008 <u>£'000</u>
At beginning of period: Net book value	589,730	730,763	730,763
Acquisitions	8,395	21,810	21,644
Additions	94,992	44,721	93,726
Disposals	(2,698)	-	-
Revaluation movement	<u>(187,271)</u>	<u>(108,210)</u>	<u>(256,403)</u>
At end of period: Net book value	503,148	689,084	589,730
Recognition of finance lease obligations	(2,130)	(2,132)	(2,131)
Amounts included within prepayments and accrued income	19,642	928	16,841
At the end of period: Valuation	<u>520,660</u>	<u>687,880</u>	<u>604,440</u>

The investment properties were valued at Market Value by CB Richard Ellis Limited, independent external valuers, as at 31 December 2008 in accordance with the current edition of the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. The total amount of interest capitalised as part of the cost of investment properties was £39,269,000 (30 June 2008: £28,251,000; 31 December 2007: £18,810,000).

Investment properties include freehold properties with a net book value of £298,511,000 (30 June 2008: £354,652,000; 31 December 2007: £426,077,000) and long leasehold properties with a net book value of £204,637,000 (30 June 2008: £235,078,000; 31 December 2007: £263,007,000).

8. Property, plant and equipment

	Owner occupied property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Valuation/cost				
At 1 July 2008	9,160	1,573	659	11,392
Additions	-	-	-	-
Disposals	-	(236)	(402)	(638)
At 31 December 2008	<u>9,160</u>	<u>1,337</u>	<u>257</u>	<u>10,754</u>
Depreciation				
At 1 July 2008	207	1,439	178	1,824
Depreciation charge	56	42	73	171
Impairment	397	-	-	397
Disposals	-	(227)	(122)	(349)
At 31 December 2008	<u>660</u>	<u>1,254</u>	<u>129</u>	<u>2,043</u>
Net book value at 31 December 2008	<u>8,500</u>	<u>83</u>	<u>128</u>	<u>8,711</u>
Net book value at 30 June 2008	<u>8,953</u>	<u>134</u>	<u>481</u>	<u>9,568</u>

The owner occupied property was valued at Market Value by CB Richard Ellis Limited, independent external valuers, as at 31 December 2008 in accordance with the current edition of the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. The valuation of owner occupied property at 31 December 2008 was £8,500,000 (30 June 2008: £11,500,000; 31 December 2007: £12,800,000). The owner occupied property is held on a long lease.

9. Trading properties

	(Unaudited) As at 31 December 2008 £'000	(Unaudited) As at 31 December 2007 £'000	(Audited) As at 30 June 2008 £'000
At beginning of period	133,799	107,618	107,618
Acquisitions	5,999	-	-
Additions	23,048	12,497	26,181
At end of period: Book value	<u>162,846</u>	<u>120,115</u>	<u>133,799</u>
At end of period: Valuation	<u>287,200</u>	<u>262,500</u>	<u>282,000</u>

Trading properties comprise Lancaster Gate and Odeon Kensington, which have been stated at cost in the consolidated balance sheet, but were valued at 31 December 2008 at Market Value by CB Richard Ellis Limited, independent external valuers, in accordance with the current edition of the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. The total amount of interest capitalised as part of the cost of the properties was £15,787,000 (30 June 2008: £11,517,000; 31 December 2007: £7,740,000).

Both properties were acquired by the Group, in partnership with residential developer, Northacre plc who act as development manager. The Group holds a 95 per cent interest in both ventures, with Northacre also able to earn a range of returns, of up to 50 per cent in the case of Lancaster Gate and 60 per cent in the case of the Odeon Kensington, on the incremental profits above pre-agreed thresholds.

10. Trade and other receivables

	(Unaudited) As at 31 December 2008 <u>£'000</u>	(Unaudited) As at 31 December 2007 <u>£'000</u>	(Audited) As at 30 June 2008 <u>£'000</u>
Trade receivables	787	1,460	927
Other receivables	14,039	9,066	12,303
Prepayments and accrued income	21,752	2,874	19,583
	<u>36,578</u>	<u>13,400</u>	<u>32,813</u>
Less non-current assets: trade and other receivables	<u>(5,200)</u>	<u>-</u>	<u>(5,200)</u>
Current trade and other receivables	<u>31,378</u>	<u>13,400</u>	<u>27,613</u>

11. Cash and cash equivalents

Cash and cash equivalents include £44,431,000 (30 June 2008: £2,901,000; 31 December 2007: £3,330,000) retained in rent and restricted accounts which is not readily available to the Group for day-to-day commercial purposes.

12. Trade and other payables

	(Unaudited) As at 31 December 2008 <u>£'000</u>	(Unaudited) As at 31 December 2007 <u>£'000</u>	(Audited) As at 30 June 2008 <u>£'000</u>
Trade payables	6,300	2,542	2,324
Taxation and social security	358	295	1,040
Other payables	3,958	2,068	2,944
Amounts payable on property acquisitions	10,061	62,067	12,434
Accruals and deferred income	22,584	29,181	25,601
	<u>43,261</u>	<u>96,153</u>	<u>44,343</u>

13. Borrowings and derivative financial instruments

	(Unaudited) As at 31 December 2008 <u>£'000</u>	(Unaudited) As at 31 December 2007 <u>£'000</u>	(Audited) As at 30 June 2008 <u>£'000</u>
Borrowings			
Current liabilities			
Bank and other borrowings	60,362	47,246	30,266
Finance lease obligations	2	2	2
	<u>60,364</u>	<u>47,248</u>	<u>30,268</u>
Non-current liabilities			
Bank and other borrowings	585,913	353,077	494,270
Finance lease obligations	2,128	2,130	2,129
	<u>588,041</u>	<u>355,207</u>	<u>496,399</u>

The fair value of borrowings approximates to the carrying value, by virtue of all borrowings comprising floating rate liabilities. All bank borrowings are secured on the land and buildings of the Group.

Maturity of bank and other borrowings

	(Unaudited) As at 31 December 2008 <u>£'000</u>	(Unaudited) As at 31 December 2007 <u>£'000</u>	(Audited) As at 30 June 2008 <u>£'000</u>
Less than one year	60,362	47,246	30,266
Between one and two years	136,759	34,870	72,471
Between two and five years	129,459	135,751	173,292
Over five years	319,695	182,456	248,507
	<u>646,275</u>	<u>400,323</u>	<u>524,536</u>

Undrawn facilities

	(Unaudited) As at 31 December 2008 <u>£'000</u>	(Unaudited) As at 31 December 2007 <u>£'000</u>	(Audited) As at 30 June 2008 <u>£'000</u>
Less than one year	-	2,000	2,000
Between one and two years	31,073	-	5,496
Between two and five years	98,586	288,031	164,913
Over five years	309,166	457,750	390,284
	<u>438,825</u>	<u>747,781</u>	<u>562,693</u>

Included within the analysis of undrawn facilities are £57,350,000 of development loan facilities, which, although committed, have conditions that need to be satisfied prior to drawdown.

Derivative financial instruments

	Assets <u>£'000</u>	Liabilities <u>£'000</u>	Total <u>£'000</u>
At 1 July 2007	11,640	-	11,640
Movement in fair value recognised in equity:			
Effectiveness on cash flow hedges	(7,112)	(5,897)	(13,009)
Movement in fair value recognised in income statement:			
Ineffectiveness on cash flow hedges	(37)	-	(37)
Movement on non-hedging instruments	(2,527)	-	(2,527)
At 1 January 2008	1,964	(5,897)	(3,933)
Movement in fair value recognised in equity:			
Effectiveness on cash flow hedges	14,002	5,897	19,899
Movement in fair value recognised in income statement:			
Ineffectiveness on cash flow hedges	98	-	98
Movement on non-hedging instruments	(694)	(2,670)	(3,364)
At 1 July 2008	15,370	(2,670)	12,700
Movement in fair value recognised in equity:			
Effectiveness on cash flow hedges	(15,370)	(73,241)	(88,611)
Movement in fair value recognised in income statement:			
Movement on non-hedging instruments	921	(449)	472
At 31 December 2008	921	(76,360)	(75,439)
Less non-current portion:			
Cash flow hedges	-	73,242	73,242
Non-hedging instruments	-	321	321
	<u>-</u>	<u>73,563</u>	<u>73,563</u>
Current portion	<u>921</u>	<u>(2,797)</u>	<u>(1,876)</u>

Fair values

All derivative financial instruments are carried at fair value following a valuation as at 31 December 2008 by J C Rathbone Associates Limited. Fair value is calculated using the present value of the estimated future cash flows.

14. Other payables

	(Unaudited) As at 31 December 2008 <u>£'000</u>	(Unaudited) As at 31 December 2007 <u>£'000</u>	(Audited) As at 30 June 2008 <u>£'000</u>
Non-current liabilities			
Deferred income on future sales of trading properties	<u>15,600</u>	<u>-</u>	<u>15,600</u>

15. Deferred tax

	At 1 July 2008 <u>£'000</u>	Income statement <u>£'000</u>	Equity <u>£'000</u>	At 31 December 2008 <u>£'000</u>
Accelerated capital allowances	4,454	(6)	-	4,448
Tax losses	(9,424)	(1,403)	-	(10,827)
Temporary differences	7,872	(1,493)	-	6,379
Derivative financial instruments	3,556	724	(4,280)	-
	<u>6,458</u>	<u>(2,178)</u>	<u>(4,280)</u>	<u>-</u>

16. Called up share capital

	(Unaudited) As at 31 December 2008 <u>£'000</u>	(Unaudited) As at 31 December 2007 <u>£'000</u>	(Audited) As at 30 June 2008 <u>£'000</u>
Authorised			
Ordinary shares of 25 pence each	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
Issued and fully paid	<u>40,294</u>	<u>40,294</u>	<u>40,294</u>

17. Net asset value per share

	(Unaudited) As at 31 December 2008 <u>£'000</u>	(Unaudited) As at 31 December 2007 <u>£'000</u>	(Audited) As at 30 June 2008 <u>£'000</u>
Basic net asset value	32,532	428,680	302,539
Share awards	-	70	240
Diluted net asset value	32,532	428,750	302,779
Adjusted for:			
Unrecognised revaluation surplus on owner occupied property	-	3,807	2,547
Group's estimated share of unrecognised revaluation surplus on trading properties	77,761	85,398	90,860
Deferred tax in respect of unrecognised revaluation surplus on owner occupied property	-	(887)	(429)
Deferred tax in respect of Group's estimated share of unrecognised revaluation surplus on trading properties	(20,017)	(23,251)	(23,594)
EPRA triple net asset value	90,276	493,817	372,163
Adjusted for:			
Fair value deficit/(surplus) on derivative financial instruments	75,439	3,933	(12,700)
Deferred tax in respect of fair value (deficit)/surplus on derivative financial instruments	-	(1,296)	3,556
Adjusted net asset value	165,715	496,454	363,019

	Number of shares <u>'000</u>	Number of shares <u>'000</u>	Number of shares <u>'000</u>
Basic	161,174	161,174	161,174
Share awards	-	84	233
Diluted	161,174	161,258	161,407
	<u>Pence</u>	<u>Pence</u>	<u>Pence</u>
Basic net asset value per share	20.2	266.0	187.7
Share awards	-	(0.1)	(0.1)
Diluted net asset value per share	20.2	265.9	187.6
Adjustment for:			
Unrecognised revaluation surplus on owner occupied property	-	2.3	1.6
Group's estimated share of unrecognised revaluation surplus on trading properties	48.2	53.0	56.3
Deferred tax in respect of unrecognised revaluation surplus on owner occupied property	-	(0.6)	(0.3)
Deferred tax in respect of Group's estimated share of unrecognised revaluation surplus on trading properties	(12.4)	(14.4)	(14.6)
EPRA triple net asset value	56.0	306.2	230.6
Adjustment for:			
Fair value deficit/(surplus) on derivative financial instruments	46.8	2.4	(7.9)
Deferred tax in respect of fair value (deficit)/surplus on derivative financial instruments	-	(0.8)	2.2
Adjusted net asset value	102.8	307.8	224.9

Given the Group's significant unrecognised value of trading properties and fair value deficit on derivative financial instruments, a more relevant measure of the Group's financial position is one that adjusts for these items. EPRA triple net asset value incorporates the Group's post-tax share of the unrecognised revaluation surplus of its trading and owner occupied properties, having taken into account the estimated share attributable to minority interest. Adjusted net asset value further adds back the post-tax fair value deficit, or deducts the post-tax fair value surplus, on the Group's derivative financial instruments.

18. Capital commitments

Capital commitments contracted, but not provided for, at 31 December 2008 were £182,826,000 (30 June 2008: £271,402,000; 31 December 2007: £147,620,000).

19. Cash flows from operations

	(Unaudited) Six months to 31 December 2008 £'000	(Unaudited) Six months to 31 December 2007 £'000	(Audited) Year to 30 June 2008 £'000
Loss before taxation	(188,908)	(114,567)	(269,221)
Share of post-tax loss of joint ventures	848	2,792	4,125
Net finance costs	1,724	4,170	8,751
Operating loss	(186,336)	(107,605)	(256,345)
Depreciation	171	146	307
Impairment of owner occupied properties	397	-	-
Movement on revaluation of investment properties	187,271	108,210	256,403
Loss/(profit) on sale of property, plant and equipment	103	(50)	(95)
Loss on sale of investment properties	95	-	-
Loss on sale of investment in joint venture	-	-	189
Amortisation of lease incentives, letting fees and other non-cash items	103	105	215
Share-based payment	1,050	712	1,587
Expenditure on trading properties	(26,398)	(8,692)	(17,367)
Decrease/(increase) in trade and other receivables	740	(1,818)	(10,277)
Increase/(decrease) in trade and other payables	2,823	(2,495)	16,516
	(19,981)	(11,487)	(8,867)

20. Post balance sheet events

Since 31 December 2008, the Group has exchanged contracts to acquire properties for a total consideration of £4.0 million.

21. Related party transactions

The Group has not entered into any material transactions with related parties in the six months to 31 December 2008.

FURTHER INFORMATION

Directors of the Company

Oliver Whitehead CBE – Chairman
Salmaan Hasan BA MBA – Chief Executive
Ivan Ezekiel BSc FCA ATII CF – Finance Director
Tim Garnham BSc – Group Development Director
John Matthews FCA – Non-executive Director
John McNeil BA – Non-executive Director

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire
HD8 0LA

Tel: UK 0871 664 0300
Tel: Overseas: +44 20 8639 3399
Email: shareholder.services@capitaregistrars.com
Website: www.capitaregistrars.com

Shareholders can log onto www.capitashareportal.com to see information on their shareholding.

Registered office

42 Wigmore Street
London
W1U 2RY

Registered in England

2649607

Website

www.minervapl.com