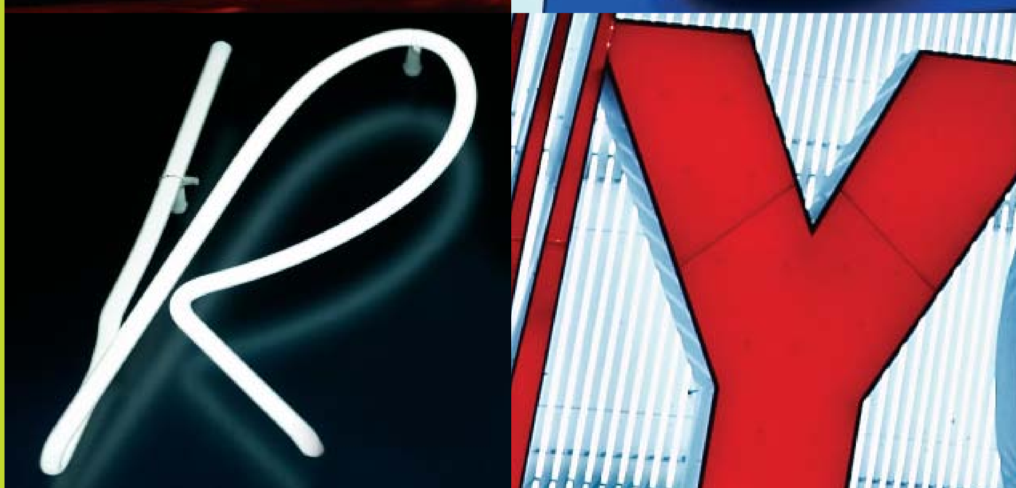
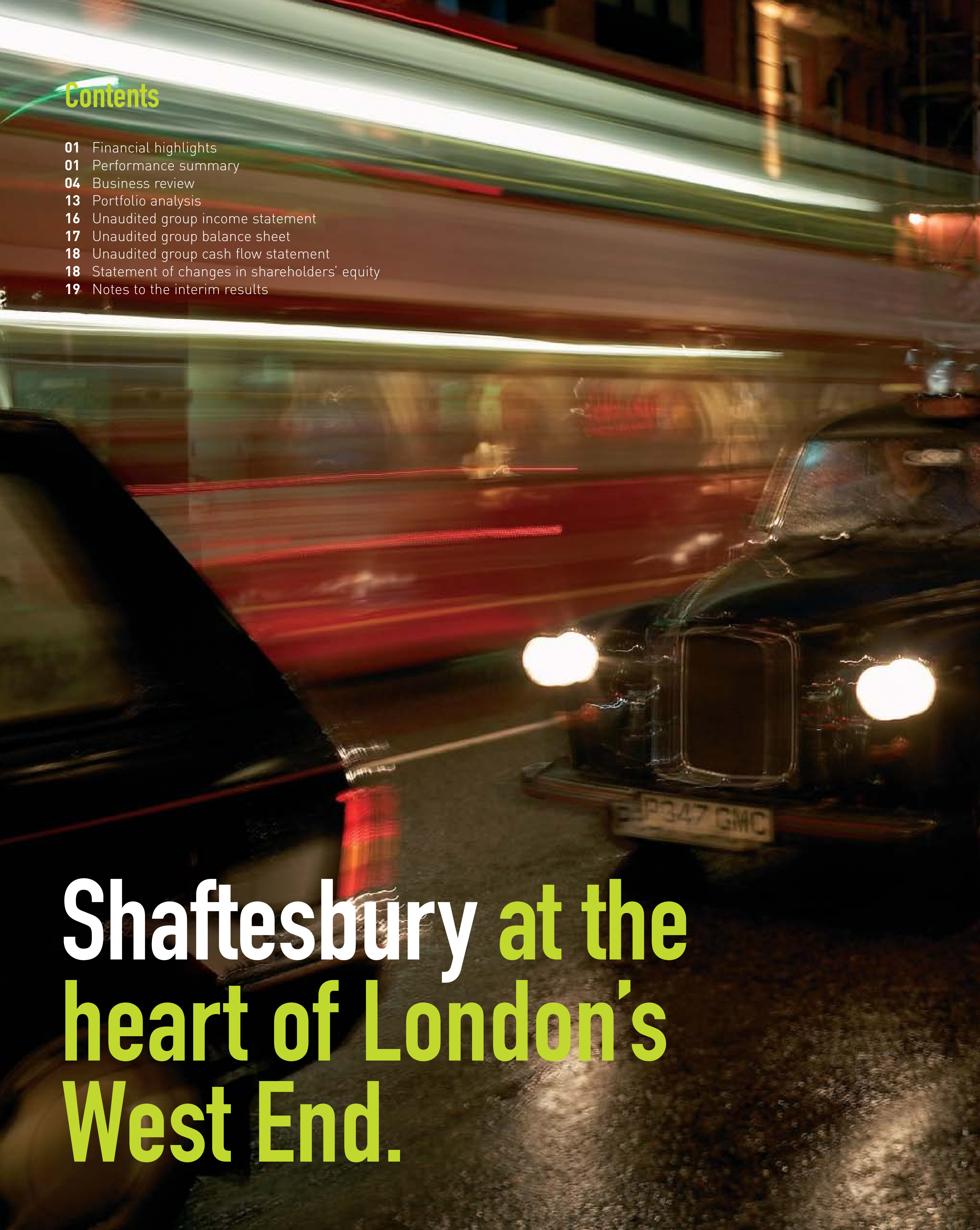


interim report 2007

Shaftesbury PLC



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Shaftesbury at the heart of London's West End.

Financial highlights

		31.3.2007	31.3.2006	30.9.2006
Net property income	£'000	**24,465**	23,459	46,983
Adjusted profit before tax*	£'000	**6,560**	7,934	13,879
Adjusted diluted earnings per share	pence	**3.32**	4.40	7.47
Profit before tax	£'000	**70,083**	** 8,757	187,602
Diluted earnings per share	pence	**158.06**	** 5.14	103.32
Interim dividend per share	pence	**2.16**	1.92	1.92
Final dividend per share	pence	**–**	–	3.73
Property assets at book value	£'000	**1,332,140**	** 1,041,282	1,254,776
Adjusted net assets***	£'000	**822,353**	** 607,414	788,704
Adjusted diluted net assets per share	pence	**609**	** 455	590
Net assets	£'000	**816,118**	** 477,197	606,881
Diluted net asset value per share	pence	**604**	** 358	454

* Adjusted to exclude property and financial derivatives fair valuation movements, gain on sale of investment properties and, loss on purchase of debenture stock
** Based on market value of investment properties at the previous year end
*** Adjusted to exclude fair valuation of financial derivatives and deferred tax in respect of investment property revaluations and financial instrument fair values (see note 19)

Performance Summary
for the six months ended 31 March 2007

	Shaftesbury Group	Benchmark
Portfolio return (the valuation uplift and realised surpluses arising on the Group's investment portfolio expressed as a percentage return on the valuation at the beginning of the period adjusted for acquisitions and capital expenditure)		IPD UK Monthly Index - Capital Values
	+4.6%	**+3.6%**
Year ended 30.9.2006	*+18.1%*	*+14.7%*
Overall portfolio return (a combination of the portfolio return referred to above and the net property revenue from the portfolio for the period expressed as a percentage return on the valuation at the beginning of the period adjusted for acquisitions and capital expenditure)	**+6.5%**	**+6.1%**
Year ended 30.9.2006	*+22.4%*	*+20.7%*
Net asset value return (the growth in diluted net asset value per Ordinary share plus dividends paid per Ordinary share expressed as a percentage of the diluted net asset value per share at the beginning of the period)		
Based on adjusted net assets - before REIT conversion charge	**+7.3%**	
- after REIT conversion charge	**+3.9%**	
Year ended 30.9.2006	*+30.8%*	
Based on reported net assets (reflecting the conversion charge and release of deferred taxation arising on REIT conversion)	**+33.0%**	
Year ended 30.9.2006	*+28.9%*	
Total shareholder return (the growth in the market price of an Ordinary share plus dividends received during the period expressed as a percentage of the share price at the beginning of the period. Share price at 31.3.2007 - £7.60)		FTSE 350 Real Estate Index
	+27.2%	**+14.7%**
Year ended 30.9.2006	*+59.3%*	*+35.3%*

Note: Comparative amounts for the six months ended 31 March 2006 have not been provided as no external valuation was carried out at that date.

Business review

Our clearly defined strategy to invest only in London's West End continues to deliver growth in our net asset value, with the results for the six months ended 31 March 2007 showing further growth in rental income and capital values. The reduction in adjusted profit for the period reflects the impact of increased costs and interest which we are incurring in connection with a number of substantial new projects, which we believe will deliver significant shareholder value in the medium term.

These Interim Results reflect the first interim external valuation of our portfolio together with the costs and release of deferred tax liabilities arising from our conversion to a Real Estate Investment Trust ("REIT"), which became effective on 1 April 2007. In order to give a better indication of the Group's underlying performance, we refer below to adjusted profits, which exclude the one-off effects of REIT conversion, the effects of property and financial derivative valuation movements, and exceptional costs, together with associated tax reported in the Income Statement. The adjusted net asset disclosures referred to below exclude the valuation of financial derivatives and deferred tax in respect of investment property revaluation surpluses and financial derivatives.

Results

Adjusted net assets at 31 March 2007 totalled £822.4 million, equivalent to a diluted net asset value per share of £6.09. These figures include the charge we have incurred on conversion to REIT status of £27.5 million, equivalent to a reduction in diluted net asset value per share of 20 pence. The increase in diluted net asset value per share over the period excluding this one-off charge was 39 pence, an uplift of 6.6%, which reduces to 19 pence, an uplift of 3.2%, once the charge is deducted.

	Six months ended		Year ended
	31.3.2007 £'000	31.3.2006 £'000	30.9.2006 £'000
Net assets reported in the Group Balance Sheet	**816,118**	477,197	606,881
Adjusted for:			
Fair value adjustment in respect of financial derivatives	**2,108**	10,881	9,318
Deferred tax provided in respect of:			
Investment property revaluation gains	**4,127**	122,600	175,300
Financial derivatives	**-**	(3,264)	(2,795)
Adjusted net assets	**822,353**	607,414	788,704
Adjusted diluted net asset value per share	**£6.09**	£4.55	£5.90
Profit before tax reported in the Group Income Statement	**70,083**	8,757	187,602
Profit on disposal of investment properties	**-**	(683)	(748)
(Surplus)/deficit arising on revaluation of investment properties	**(58,670)**	569	(190,933)
Movement in fair value of financial derivatives	**(7,327)**	(709)	(2,051)
Loss on purchase of debenture stock	**2,474**	-	20,009
Adjusted profit before tax	**6,560**	7,934	13,879
Taxation (credit)/charge reported in the Group Income Statement	**(141,817)**	1,938	50,100
Current tax in respect of:			
REIT conversion charge	**(27,512)**	-	-
Loss on purchase of debenture stock	**742**	-	6,002
Deferred tax in respect of:			
Property disposals	**-**	428	5,268
Revaluation of investment properties	**(1,583)**	-	(56,708)
Movements in fair value of financial derivatives	**-**	(263)	(732)
Deferred tax released on REIT conversion	**172,278**	-	-
Adjusted taxation charge on the adjusted profit before tax	**2,108**	2,103	3,930
Profit after tax:			
Reported in the unaudited group Income Statement:	**211,900**	6,819	137,502
Adjusted profit after tax	**4,452**	5,831	9,949


TO LET

Shareholders' funds shown in the unadjusted Group Balance Sheet at 31 March 2007, which totalled £816.2 million, equivalent to £6.04 per share, reflect the release arising on REIT conversion of net deferred taxation liabilities amounting to £172.3 million, less the conversion charge referred to above. The increase in the unadjusted shareholders' funds since the last year end totalled £209.2 million, equivalent to £1.50 per share, an uplift of 33%.

Adjusted profit before tax for the six months ended 31 March 2007 amounted to £6.6 million, compared with £7.9 million in the same period last year. Although we have seen an increase in rental income of £1.7 million compared with last year, property expenses have risen by £0.7 million, reflecting costs incurred ahead of commencement of a number of major new schemes. Finance costs have risen by £2.2 million, in part due to higher interest rates but also as a result of the cost of financing the strategic acquisitions made over the last 18 months. The low initial income from these purchases has been further reduced in the short term as a result of our deliberate policy of securing vacant possession in advance of refurbishment and reletting.

As last year, the National Insurance liability in respect of past grants of share awards and share options has increased as a result of the increase in the Company's share price from £6.00 to £7.60 at the end of the period, giving rise to a charge in the Income Statement of £0.75 million (2006 - £0.7 million).

Profit before tax reported in the Income Statement was £70.1 million and included investment property revaluation surpluses of £58.7 million and a reduction in the fair value deficit of our financial derivatives of £7.3 million (2006 - £0.7 million). The reported profit for the same period last year, which did not include an external revaluation of investment properties, was £8.8 million.

The results also include a loss of £2.5 million on repurchase of £6.5 million (nominal) of 8.5% Debenture Stock 2024, which was completed in October 2006.

This was the final phase of the refinancing of our historic fixed rate long term debt announced in September 2006, which has allowed us to create a useful economic surplus ahead of REIT conversion and provided greater flexibility in future financing.

Provision for current and deferred tax on the adjusted profit for the period amounted to £2.1 million (2006 - £2.1 million). The liability for corporation tax on the wholly owned Group's profits has been eliminated by the utilisation of losses arising from the Debenture refinancing carried out in September and October 2006 and other tax losses arising during the period.

The tax credit reported in the Income Statement of £141.8 million (2006 - charge - £1.9 million) includes both the charge incurred on conversion to REIT status of £27.5 million and a release of net deferred tax liabilities of £172.3 million as a result of conversion. Our interest in the Longmartin joint venture has not been included within our REIT election, so its provisions for corporation and deferred tax remain.

The adjusted profit after tax for the period amounted to £4.5 million (2006 - £5.8 million). The profit after tax reported in the Group Income Statement amounted to £211.9 million (2006 - £6.8 million).

Your Directors are pleased to declare an interim dividend of 2.16 pence per Ordinary Share, a 12.5% increase on last year's interim dividend of 1.92 pence. Future dividends will reflect the distribution obligations contained in REIT legislation, which broadly require distribution of a minimum of 90% of rental profits (calculated by reference to tax rather than accounting rules) arising on that part of our business within the REIT regime. The final dividend for the current year, expected to be announced in December 2007 and paid in February 2008, will include our first Property Income Distribution at a level which will reflect the REIT status of our wholly owned business for the second half of the year only. From next year we expect that interim and final dividends will be more evenly balanced.

Portfolio Valuation

This is the first year in which we have commissioned an external valuation at the half year. As expected, the recent cycle of yield reduction has virtually ended in our predominantly shop and restaurant portfolio. Almost all the increase in value of our properties in this first half has been the result of rental growth and estate management. We are confident of further steady growth in rental values as demand remains healthy for all uses across our villages.

The expectation of higher interest rates has increased uncertainty about the future trend in investment yields. We expect that currently planned and new projects will make an increasing contribution to our growth in coming years.

Our valuers have estimated the rental value of our total portfolio at 31 March 2007 to be £69.0 million per annum (30.9.2006 - £66.0 million), based on proven rental levels. This compares with the portfolio's passing income at that date of £56.0 million per annum (30.9.2006 - £53.9 million).

Once again, DTZ, the valuers of our wholly owned portfolio have noted the concentration of a high proportion of our properties in adjacent or adjoining locations within our principal villages and the dominance of retail and restaurant uses. They continue to advise that, as a consequence of these unusual factors, our wholly owned portfolio as a whole or in parts may have a greater value than that currently reflected in their valuation.

We have acquired properties at a cost of £13.2 million in the first six months of the year, bringing our total investment in the past 18 months to £120.8 million. Most of our acquisitions over that period have been of un-modernised buildings which are either let on very short term leases or are vacant. Since their acquisition, as part of our management strategy, we have obtained vacant possession of further space and are now seeking consents for change of use ahead of reconstruction. Inevitably in the short-term, these preparations reduce our profits as there is little income to off-set interest charges and irrecoverable costs. We expect that future purchases are likely to have similar short term income characteristics.







Portuguese Specialities:
Cheese Bread
Snacks:

JOSEPH
PRADA
Vivienne Westwood
Paul Smith
DOLCE & GABBANA
GUCCI
VERSACE
COMME des GARÇONS
DESIGNER




Business review continued

Our Strategy

Shaftesbury's strategy to invest only in the busiest parts of London's West End is founded on London's position as Europe's major centre of economic and financial activity and on its status as the World's most popular City for overseas visitors. The variety of choice within the West End and the vibrancy that it supports are attractions that no other city can boast. Shaftesbury owns a unique cluster of over 400 mixed use properties in the West End's busiest locations.

Against a background of an unrivalled mix of shops, restaurants, theatres, cinemas, galleries, museums, historic buildings and public spaces, Shaftesbury seeks to create distinctive neighbourhoods such as Carnaby, Seven Dials, the Opera Quarter and Chinatown. These districts are characterised by their combination of alternative shops, individual restaurants, vibrant street life and flourishing business and residential communities. Our villages are also home to a thriving night time economy with long trading hours, seven days a week.

Our strategy is unique amongst UK listed companies and we intend to take full advantage of the flexibility offered by our new REIT status to advance our business both in acquiring and selling properties.

With our extensive local knowledge, we aim to create value through:

- Identifying and securing new investments which offer long term opportunities to create rental and capital growth through the application of our management strategies, skills and experience. Frequently we acquire properties which initially are either vacant or producing low income, but in locations which we believe can be improved by our management initiatives and offer opportunities materially to increase tenant demand and rents;
- Concentrating our ownerships to allow us to create destinations which have a particular identity reflecting the mix of retail and restaurant tenants we introduce to enhance the long term attractiveness of these areas for occupiers and their customers. As our villages are synonymous with fashion and leisure, we are alert to the need continually to introduce new operators and concepts despite the disruption to short term income which may arise from such changes;
- Within our mixed use portfolio, continually identifying and implementing schemes which improve the use of space to meet occupier needs and focus on higher value uses which are less cyclical and suffer minimal obsolescence;
- Selective disposals of assets which are not integral to our village ownerships and which no longer meet our long term investment criteria.

Portfolio Activity

Acquisitions during the first half totalled £13.2 million. Expenditure on existing properties totalled £5.5 million. The timing of future expenditure, particularly on our larger projects, will depend very much on when we obtain planning consents which determine our ability to start on site.

In the first six months we let commercial space with a rental value of £1.5 million comprising £0.5 million of shops, £0.4 million of restaurants and bars and £0.6 million of offices. Whilst lettings of offices have been historically high, those of shops and restaurants have been constrained principally by the lack of supply of larger units as almost all are fully let and we await consent for new schemes.

The rental value of all vacant wholly owned commercial space at 31 March 2007 was £2.5 million (see table below), of which only £850,000 was ready and available to let. The remainder was either under offer or in course of refurbishment.

The current rental value of our vacant residential accommodation was £0.7 million, mostly comprising properties being converted or refurbished.

Our Portfolio

Our wholly owned portfolio at 31 March 2007 included 297 shops with a total of 383,000 sq.ft. producing 41% of contracted income with an average unexpired lease term of six years. As we have had few vacancies during the period of larger shops (over 1,000 sq.ft. net), the first half has seen few new lettings of any size. Consequently, across our portfolio, we are actively looking for opportunities to secure vacant possession of such shops. In contrast, it is in the nature of our smaller shops (with an average size of 500 sq.ft.), that we have a number of vacancies at any one time. However, this does provide us with some welcome flexibility to accommodate tenant movement and to create new rental evidence.

We have 150 wholly owned restaurants, bars and clubs with a total area of 393,000 sq.ft. These provide 30% of contracted income with an average unexpired lease term of 14 years. Of the three units currently vacant, two are under offer. As with our larger shops, we are keen to secure possession of those restaurants which no longer meet our current expectations of quality. This will allow us to introduce experienced caterers with exciting new concepts.

Our wholly owned offices extend to 419,000 sq.ft. across 308 tenancies and account for 23% of our income. We have seen excellent letting activity over the first six months and few new voids. In that period, our office vacancies have reduced by over 40%. However, leases of our predominantly small units (average 1,360 sq.ft.) are mostly short term. Consequently, in spite of present buoyant office demand, we continue our policy of conversion of small office space to other less cyclical commercial and residential uses.

Analysis of Vacant Wholly Owned Commercial Space at 31 March 2007

Estimated Rental Value	Shops £'000	Restaurants and leisure £'000	Offices £'000	Total £'000
Under refurbishment	217	28	212	457
Ready to let	646	-	211	857
Under offer	467	577	149	1,193
Total	**1,330**	**605**	**572**	**2,507**
Total area (sq. ft.)	**20,000**	**15,000**	**25,000**	**60,000**

Business review continued

We now have 254 flats and maisonettes which represent 6% of our income. Currently, we are creating 23 new units in former office space and we expect completion in the coming weeks. We are making planning applications for a further 12 new units.

Carnaby

Carnaby, our largest village, represents 39% of our assets by value and includes 46% of our wholly owned shops and 58% of our wholly owned offices.

Recent lettings of larger shops have included Hugo Boss and Wrangler, international retailers choosing to open new concept stores in Carnaby to complement their main brands located in nearby high streets. There are no shops to let in Carnaby Street. As we have similar applicants eager to open here, we are actively exploring opportunities for taking surrenders of leases from existing tenants who no longer meet our criteria for the area.

Similarly, we have recently secured possession of a number of restaurants which we have re-let with little delay to experienced restaurateurs with distinctive new ideas of high quality.

Prior to completion of our street improvements at Broadwick Street where it meets Carnaby Street, we have agreed to let three of our four new shops to a single tenant, new to the UK. Continuing our partnership with Westminster City Council, we are now exploring the feasibility of extending street and environmental improvements into Kingly Street which forms an important western boundary to Carnaby adjacent to Regent Street.

We have identified a number of substantial mixed use schemes we hope to initiate over the next three years which will increase the retail space we are able to offer. Also, we are investigating a number of interesting acquisition opportunities in and around Carnaby.

Covent Garden

Our holdings in Covent Garden, including our 50% share in the Longmartin Joint Venture, represent 34% of our property assets.

Seven Dials is now a well established destination for alternative fashion and lifestyle, where our holdings are substantially fully let. For the immediate future our greatest refurbishment activity is concentrated on creating two new districts - the Opera Quarter and our Longmartin Joint Venture.

We are making good progress with our schemes to improve and extend our holdings in the Opera Quarter, principally a restaurant district next to some of London's largest and most prestigious theatres. Our strategy is to establish a food and leisure quarter of the highest quality with a mix of uses on the upper floors, which fits in with this central area within Covent Garden.

Following further key purchases, we are securing vacant possession of seven un-modernised restaurants and shops, and are seeking consent to extend others. Currently we have nine projects in hand to convert mostly derelict upper floors to a mix of uses. Subject to obtaining further planning consents and vacancies, we hope to complete improvements to the Opera Quarter over the next two years.

We welcome the investment proposed by the new owner of the Covent Garden Piazza and adjoining areas which, over time, should enhance the diversity of attractions and increase visitor numbers to Covent Garden as a whole.

Longmartin Joint Venture

Our 50% joint venture currently extends to 247,000 sq.ft. of lettable space on virtually an island site with, at present, frontages to four streets including Long Acre. It is also immediately south of our Seven Dials village.

Here, in currently our largest new scheme, we are proposing an entirely new quarter which is designed to complement adjacent areas, with public access leading both north from Long Acre and west from Upper St. Martin's Lane to meet in a large central open courtyard. Lower floors will provide a mix of retail and restaurant accommodation. Our ideas, as well as capitalising on the site's close proximity to Leicester Square and Soho, are intended to enhance the unique character of Covent Garden.

To date, we have made four planning applications, all of which are outstanding. These extend to about 105,000 sq. ft. net and introduce an equal balance of shops, restaurants, offices and residential in place of current historic uses, 80% of which are offices and garaging. All of this space is currently either vacant or let short term. We expect planning decisions by early Autumn. We are now considering further phases which we expect to advance in the coming months.

Concurrently, together with our Joint Venture partner, The Mercers' Company, who own adjacent properties fronting Long Acre, we are supporting Westminster City Council's initiatives to implement environmental and street improvements both to Long Acre and to its busy junction with St. Martin's Lane.

Chinatown

With its 56 restaurants and bars, which provide an increasing variety of Far Eastern food, and 54 shops, our holdings now encompass much of London's Chinatown. They represent 25% of our property assets.All lettable space remains fully occupied, and when vacancies do occur, tenants are found within a few weeks. Whilst Chinatown, with its very central location, is tightly confined we continue to find opportunities for improvement and expansion.

In addition to advancing our phased conversion of Horse and Dolphin Yard to a specialist retail courtyard for Far Eastern food, we are now exploring the potential for creating trading space in Dansey Place. Also we have acquired further buildings in Newport Court, an important pedestrian route into Chinatown from Charing Cross Road. When we obtain possession in 2008, together with our existing holdings, we will create a number of small shop units which we expect will let readily.

Westminster City Council's street and environmental improvements in and around Gerrard Street are now substantially complete. Following current works to replace water mains, improvements are now about to commence in Lisle Street. These schemes, together with our own initiatives which raise quality through bold external treatments as we carry out refurbishments to buildings, are encouraging several of our restaurant tenants to invest in substantial works of modernisation.


NABY STREET
Rugby Scene
020 7287 9628
puma


歡 迎
Welcome

Business review continued

REIT Conversion
The Shaftesbury Group, excluding our Longmartin Joint Venture, completed its conversion to REIT status, which became effective from 1 April 2007. The conversion charge we will be required to pay amounts to £27.5 million and we have elected to pay this charge over a four year period. The first instalment will be due in October 2007 with the final payment due in January 2011. The payment of the conversion charge instalments will be broadly similar to the corporation tax payments we would have expected to pay over this period had we not converted to REIT status.

As a result of conversion, we have been able to release deferred tax liabilities of £172.3 million, as the wholly owned Group will no longer have a liability to corporation tax on its property-derived income so long as it meets the REIT eligibility criteria laid down in tax legislation.

We expect REITs will over time bring greater liquidity into property markets and increase investor interest in corporate investment vehicles which enjoy REIT status. For Shaftesbury, we will have added flexibility when considering selective asset disposals, which in effect will be free of tax and, in certain circumstances, give us a particular advantage in our local market when we are seeking to acquire assets with substantial inherent capital gains.

Finance
Cash generated from revenue operations less interest payments and after net tax receipts for the six months to 31 March 2007 amounted to £7.3 million, which exceeded equity dividend payments of £5.0 million. Cash outflows on acquisitions of properties totalled £13.1 million and on capital expenditure amounted to £5.2 million. There were no property disposals during the period.

The final phase of the partial refinancing of the Group's historic long term Debenture debt was completed in October 2006, with the purchase and cancellation of a further £6.5 million of stock, which resulted in a book loss of £2.5 million. The purchase was funded by further drawing from a 10 year bank facility arranged in September 2006.

The total of Debenture and net bank borrowings increased by £13.4 million in the period. At 31 March 2007, the book value of our Debenture and bank debt totalled £468.8 million, of which 56% was either fixed or hedged at fixed rates and 19% was capped to protect us against LIBOR rates above 6.50%. The weighted average cost of borrowings including margin was 6.10%, compared with 5.93% at 30 September 2006.

Gearing at 31 March 2007, calculated by reference to the nominal value of Debenture and bank debt and adjusted net assets as described above, was 57%, unchanged from the previous year end. The ratio of debt compared with the market value of our portfolio was 35% (30.9.2006 – 36%).

Committed bank facilities at 31 March 2007 totalled £500 million, compared with actual drawings at that date of £406.1 million. The weighted average maturity of our facilities was 8.3 years.

The increase in the general level of interest rates and rate expectations over the period has increased finance costs charged in the Income Statement but has resulted in a reduction of £7.3 million in the fair value deficit of our long term interest rate hedges to a net deficit of £2.1 million at the end of the period. Similarly, the fair value deficit of the Group's remaining Debenture debt has declined to £19.3 million at 31 March 2007, equivalent to 14 pence per share.

Performance and Benchmarking
The table on page 1 summarises our performance for the period against our chosen benchmarks.

Against a background of generally static yields over the period, we have out-performed the IPD Indices for all main commercial property categories for both Portfolio Return and Overall Portfolio Return. The impact of higher property costs reduced the degree of out-performance against the Overall Portfolio Return benchmark.

Eliminating the cost of REIT conversion, our Net Asset Value Return was 7.3% for the half year. Total Shareholder Return, based on a share price of £7.60 at 31 March 2007 was 27.2%, compared with growth of 14.7% for the FTSE 350 Real Estate Index over the same period.

Prospects
Our investment strategy is unique amongst UK listed real estate companies and we intend to take full advantage of the flexibility of our new REIT status to advance our business.

London's importance as a World financial centre and major visitor destination continues to grow and we are actively pursuing new investment opportunities in our chosen locations. Additionally, within our holdings, we continue to identify and implement new schemes which will make an increasing contribution to our progress in the medium term. We believe our unique strategy and portfolio will continue to deliver growth in income and capital value.

Jonathan S Lane
Chief Executive

Brian Bickell
Finance Director

30 May 2007


ODEON
ODEON


Court
Broadwick Str
Carnaby Stre

FARMHOUSE WHITE £1-9
CIABATTA ROLL 50p
BAGEL 50p





A MUST SEE

seven dials
SEVEN DIALS

Portfolio Analysis

at 31 March 2007

		Carnaby	Covent Garden	Chinatown	Charlotte Street	Wholly owned portfolio	Longmartin	Total Portfolio
Market Value (note1)		£525.0m	£366.7m	£335.4m	£29.2m	£1,256.3m	*£76.5m	**£1,332.8m**
% of total Market Value		39%	28%	25%	2%	94%	6%	**100%**
Current gross income (note2)		£21.8m	£15.3m	£14.8m	£1.3m	£53.2m	*£2.8m	**£56.0m**
Estimated rental value (ERV) (note 3)		£27.5m	£19.2m	£17.0m	£1.5m	£65.2m	*£3.8m	**£69.0m**
Shops	Number	138	102	54	3	297	7	
	Area (sq.ft.)	190,000	134,000	55,000	4,000	383,000	16,000	
	% of current gross income	48%	49%	26%	7%	41%	28%	
	% of ERV	50%	50%	28%	9%	43%	22%	
	Vacancy rate by % of ERV	3%	2%	1%	2%	2%	-	
	Average unexpired lease length - years (note 4)	5	9	7	13	6	2	
Restaurants and leisure	Number	34	53	56	7	150	6	
	Area (sq.ft.)	78,000	125,000	170,000	20,000	393,000	35,000	
	% of current gross income	12%	25%	60%	46%	30%	24%	
	% of ERV	13%	22%	58%	42%	28%	19%	
	Vacancy rate by % of ERV	-	-	2%	-	1%	-	
	Average unexpired lease length - years (note 4)	12	13	16	15	14	6	
Offices	Number of tenancies	166	67	66	9	308	37	
	Area (sq.ft.)	245,000	109,000	50,000	15,000	419,000	**159,000	
	% of current gross income	37%	16%	8%	29%	23%	36%	
	% of ERV	33%	17%	8%	33%	22%	50%	
	Vacancy rate by % of ERV	2%	1%	-	6%	1%	18%	
	Average unexpired lease length - years (note 4)	4	4	4	3	4	3	
Residential	Number	58	107	71	18	254	43	
	Area (sq.ft.)	43,000	72,000	45,000	10,000	170,000	37,000	
	% of current gross income	3%	10%	6%	18%	6%	12%	
	% of ERV	4%	11%	6%	16%	7%	9%	
	Vacancy rate by % of ERV	1%	3%	1%	1%	1%	1%	

*Shaftesbury Group's share ** Includes 35,000 sq.ft. of garaging

Basis of Valuation

	Carnaby	Covent Garden	Chinatown	Charlotte Street	Wholly owned portfolio	Longmartin
Overall initial yield (note 6)	3.79%	3.77%	4.16%	3.96%	3.89%	3.16%
Overall equivalent yield (note 7)	4.64%	4.56%	4.77%	4.51%	4.65%	4.40%
Tone of retail equivalent yields	4.35-5.60%	4.00-5.50%	4.75-5.50%	4.25-5.00%		4.15-4.50%
Tone of retail estimated rental values - ITZA £ per sq.ft.	£100 - £315	£70 - £350	£150 - £260	£72.50 - £80		£317 -£390
Tone of restaurant equivalent yields	5.00%	4.00-5.25%	4.75-5.125%	4.25-4.75%		4.00-6.00%
Tone of restaurant estimated rental values - £ per sq.ft.	£55 - £80	£44.25 -£105	£130 -£315 ITZA	£70		£40 -£81
Tone of office equivalent yields	4.50-6.00%	5.00-5.60%	5.25-5.60%	5.00-5.75%		4.15-6.00%
Tone of office estimated rental values - £ per sq.ft	£35 - £50	£27.50 -£45.00	£30 - £40	£35.00 - £37.50		£25 -£37.50
Tone of residential estimated rental values - £ per annum	£9,100 - £32,500	£10,100 -£52,000	£7,800 - £26,700	£8,650 - £17,200		£13,000 -£28,000

Notes

1. The Market Values shown above in respect of the four Villages are, in each case, the aggregate of the market values of several different property interests located within close proximity which, for the purpose of this analysis are combined to create each Village. The different interests in each Village were not valued as a single lot.

2. Current gross income includes total actual and 'estimated income' reserved by leases. Current gross income does not reflect any ground rents, head rents or rent charges and estimated irrecoverable outgoings as at 31 March 2007 (the 'date of valuation'). 'Estimated income' refers to gross estimated rental values in respect of rent reviews outstanding at the date of valuation and, where appropriate estimated rental values in respect of lease renewals outstanding at the date of valuation where the Market Value reflects terms for a renewed lease.

3. Estimated rental value is the respective valuers' opinion of the rental value of the properties, or parts thereof, reflecting the terms of the relevant leases or, if appropriate, reflecting the fact that certain of the properties, or parts thereof, have been valued on the basis of vacant possession and the assumed grant of a new lease. Estimated rental value does not reflect any ground rents, head rents or rent charges and estimated irrecoverable outgoings.

4. Average unexpired lease length has been calculated by weighting the leases in terms of current rent reserved under the relevant leases and, where relevant, by reference to tenants' options to determine leases in advance of expiry through effluxion of time.

5. Where mixed uses occur within single leases, for the purpose of this analysis the majority use by rental value has been adopted.

6. The initial yield is the net initial income at the date of valuation expressed as a percentage of the gross valuation. Yields reflect net income after deduction of any ground rents, head rents and rent charges and estimated irrecoverable outgoings at 31 March 2007.

7. Equivalent yield is the internal rate of return, being the discount rate which needs to be applied to the flow of income expected during the life of the investment so that the total amount of income so discounted at this rate equals the capital outlay at values current at the date of valuation. The Equivalent Yield shown for each Village has been calculated by merging together the cash flows and Market Values of each of the different interests within each Village and represents the average Equivalent Yield attributable to each Village from this approach.

8. The tone of rental values and yields is the range of rental values or yields attributed to the majority of the properties.


CARNABY
CARNABY


TELEPHONE
PUSH

Unaudited group income statement
for the six months ended 31 March 2007

	Note	Six months ended 31.3.2007 £'000	Six months ended 31.3.2006 £'000	Year ended 30.9.2006 £'000
Continuing operations				
Revenue from properties	*2*	**32,518**	29,999	58,792
Property charges	*3*	**(8,053)**	(6,540)	(11,809)
Net property income		**24,465**	23,459	46,983
Administration expenses		**(2,194)**	(2,141)	(5,320)
Charge in respect of equity settled remuneration	*4*	**(1,127)**	(970)	(2,101)
Total administration expenses		**(3,321)**	(3,111)	(7,421)
Operating profit before investment property disposals and valuation movements		**21,144**	20,348	39,562
Profit on disposal of investment properties	*5*	**-**	683	748
Investment property valuation movements		**58,670**	(569)	190,933
Operating profit		**79,814**	20,462	231,243
Interest receivable		**104**	80	130
Interest payable	*6*	**(14,688)**	(12,494)	(25,813)
Change in fair value of financial derivatives		**7,327**	709	2,051
Loss on purchase of debenture stock	*7*	**(2,474)**	-	(20,009)
Profit before tax		**70,083**	8,757	187,602
Current tax	*8*	**(27,978)**	(2,315)	(391)
Deferred tax	*8*	**169,795**	377	(49,709)
Tax credit/(charge) for the period		**141,817**	(1,938)	(50,100)
Profit for the period		**211,900**	6,819	137,502
Earnings per share:	*9*			
Basic		**158.97p**	5.15p	103.75p
Diluted		**158.06p**	5.14p	103.32p

Unaudited group balance sheet
as at 31 March 2007

	Note	31.3.2007 £'000	31.3.2006 £'000	30.9.2006 £'000
Non-current assets				
Investment properties	11	**1,332,140**	1,041,282	1,254,776
Office assets and vehicles		**415**	463	409
Deferred tax	17	**-**	-	7,610
		1,332,555	1,041,745	1,262,795
Current assets				
Trade and other receivables	12	**17,832**	12,532	15,058
Cash		**18**	680	9,090
Total assets		**1,350,405**	1,054,957	1,286,943
Current liabilities				
Trade and other payables	13	**32,515**	23,403	22,633
Non-current liabilities				
Taxation payable	14	**21,231**	-	-
Borrowings	15	**474,306**	420,981	468,341
Financial derivatives	16	**2,108**	10,881	9,318
Deferred tax	17	**4,127**	122,495	179,770
Total liabilities		**534,287**	577,760	680,062
Net assets		**816,118**	477,197	606,881
Equity				
Called up share capital	18	**33,572**	33,108	33,192
Other reserves	18	**125,819**	122,419	123,888
Retained earnings	18	**656,727**	321,670	449,801
Total equity		**816,118**	477,197	606,881
Net assets per share:	19			
Basic		**£6.08**	£3.60	£4.57
Diluted		**£6.04**	£3.58	£4.54

Unaudited group cash flow statement

for the six months ended 31 March 2007

	Note	Six months ended 31.3.2007 £'000	Six months ended 31.3.2006 £'000	Year ended 30.9.2006 £'000
Operating activities				
Cash generated from operations	*20*	**20,509**	21,341	41,564
Interest received		**104**	80	130
Interest paid		**(14,241)**	(13,101)	(27,356)
Tax receipts/(payments) in respect of operating activities		**896**	(695)	(2,182)
Cash flows from operating activities		**7,268**	7,625	12,156
Investing activities				
Property acquisitions		**(13,063)**	(89,226)	(107,389)
Capital expenditure on properties		**(5,243)**	(4,763)	(8,212)
Net proceeds from sales of properties		**-**	60,236	60,262
Net purchase of office assets and vehicles		**(79)**	(173)	(185)
Cash flows from investing activities		**(18,385)**	(33,926)	(55,524)
Financing activities				
Issue of shares		**3,693**	419	1,184
Purchase of debenture stock		**(9,312)**	-	(74,874)
Increase in borrowings		**13,036**	31,091	134,032
Bank loan arrangement costs		**(266)**	(95)	(773)
Payment of finance lease liabilities		**(132)**	(83)	(208)
Equity dividends paid		**(4,974)**	(4,351)	(6,903)
Cash flows from financing activities		**2,045**	26,981	52,458
Net change in cash		**(9,072)**	680	9,090

Statement of changes in shareholders' equity

At 1 October 2006	**606,881**	473,161	473,161
Profit for the period	**211,900**	6,819	137,502
Dividends paid	**(4,974)**	(4,351)	(6,903)
Proceeds of shares issued for cash	**3,693**	419	1,184
Fair value of share based remuneration	**380**	272	539
Deferred tax in respect of share based remuneration (released from)/charged to equity	**(1,762)**	877	1,398
At 31 March 2007	**816,118**	477,197	606,881

Notes to the interim results

for the six months ended 31 March 2007

1. Basis of preparation

The Interim Report is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for the year ended 30 September 2006, which were prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union ("IFRS") and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified and did not contain a statement made under Section 237(2) or Section 237(3) of the Companies Act 1985.

The financial information in this Interim Report comprises the Group balance sheets as at 31 March 2007, 31 March 2006 and 30 September 2006 and related statements of Group income, cash flow and changes in shareholders' equity and the related notes for periods then ended ("financial information"). As permitted under IFRS, the Group has chosen not to adopt IAS 34 "Interim Financial Reporting" in preparing this Interim Report and therefore the financial information is not in full compliance with the presentational and disclosure requirements of IFRS.

The financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority and the Group's principal accounting policies set out in the 2006 Annual Report. It has been prepared under the historical cost convention as modified by the revaluation of investment properties and financial derivatives.

The preparation of financial statements requires management to make judgements, assumptions and estimates that affect the application of accounting policies and amounts reported in the Income Statement and Balance Sheet. Such decisions are made at the time the financial statements are prepared and adopted based on the best information available at the time. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent.

	Six months ended		Year ended
	31.3.2007	31.3.2006	30.9.2006
	£'000	£'000	£'000
2. Revenue from properties			
Rents due from tenants	**27,109**	25,303	51,535
Recognition of lease incentives	**455**	569	696
	27,564	25,872	52,231
Recoverable property expenses	**4,954**	4,127	6,561
	32,518	29,999	58,792
3. Property charges			
Property outgoings	**3,099**	2,413	5,248
Recoverable property expenses	**4,954**	4,127	6,561
	8,053	6,540	11,809
4. Charge in respect of equity settled remuneration			
Charge in respect of share based remuneration	**380**	272	539
Employers' National Insurance in respect of share awards and share options vested or expected to vest	**747**	698	1,562
	1,127	970	2,101
5. Profit on disposal of investment properties			
Net sale proceeds	**-**	48,391	48,338
Book value at date of sale	**-**	(47,708)	(47,590)
	-	683	748

Notes to the interim results continued

	Six months ended 31.3.2007 £'000	Six months ended 31.3.2006 £'000	Year ended 30.9.2006 £'000
6. Interest payable			
Debenture stock interest and amortisation	**2,551**	4,941	9,868
Bank and other interest	**12,005**	7,470	15,737
Amount payable under finance leases	**132**	83	208
	14,688	12,494	25,813
7. Loss on purchase of debenture stock			
Cost of debenture stock purchased:			
Nominal amount - £6.494 million	**9,312**	-	-
Nominal amount - £52.101 million	**-**	-	74,874
Nominal amount of stock purchased	**(6,494)**	-	(52,101)
	2,818	-	22,773
Unamortised net premium written off	**(344)**	-	(2,764)
	2,474	-	20,009
8. Taxation			
Current tax			
UK Corporation tax at 30%	**466**	2,315	754
REIT conversion charge	**27,512**	-	-
Adjustments in respect of prior years	**-**	-	(363)
	27,978	2,315	391
Deferred tax			
Revaluation of investment properties	**1,583**	-	56,708
Revaluation of financial derivatives	**-**	263	732
Provision in respect of capital allowances	**-**	196	-
Properties sold in period	**-**	(428)	(5,268)
Other temporary differences	**900**	(408)	(2,326)
Released on REIT conversion	**(172,278)**	-	-
Adjustments in respect of prior years	**-**	-	(137)
	(169,795)	(377)	49,709
Tax (credit)/charge for the period	**(141,817)**	1,938	50,100
Tax (credited)/charged directly to reserves:			
Deferred tax in respect of share based remuneration	**-**	877	1,398
Deferred tax in respect of share based remuneration released on REIT conversion	**(1,762)**	-	-
	(1,762)	877	1,398

	Six months ended 31.3.2007 £'000	Six months ended 31.3.2006 £'000	Year ended 30.9.2006 £'000
8. Taxation (continued)			
Factors affecting the tax charge:			
Profit before tax	**70,083**	8,757	187,602
UK Corporation tax at 30%	**21,025**	2,627	56,280
Deferred tax not provided in respect of property and financial derivative valuation movements as a result of REIT conversion	**(18,216)**	-	-
Expenses and provisions not deductible for Corporation tax purposes and other timing differences	**140**	(56)	(188)
Difference due to tax treatment of property disposals	**-**	(633)	(5,492)
Adjustments in respect of prior periods	**-**	-	(500)
Effect of REIT conversion:			
REIT conversion charge	**27,512**	-	-
Deferred tax provided in prior years now released	**(172,278)**	-	-
	(141,817)	1,938	50,100

9. Earnings per share

	Six months ended 31.3.2007 £'000	Six months ended 31.3.2006 £'000	Year ended 30.9.2006 £'000
Profit after tax used for calculation of basic earnings per share	**211,900**	6,819	137,502
Adjusted for:			
Gain on sale of investment properties	**-**	(683)	(748)
Investment property valuation movements	**(58,670)**	569	(190,933)
Movement in fair value of financial derivatives	**(7,327)**	(709)	(2,051)
Loss on purchase of debenture stock	**2,474**	-	20,009
Current tax in respect of:			
REIT conversion charge	**27,512**	-	-
Loss on purchase of debenture stock	**(742)**	-	(6,002)
Deferred tax in respect of:			
Investment property revaluation gains	**1,583**	-	56,708
Deferred tax released on REIT conversion	**(172,278)**	-	-
Adjustment in respect of property disposals	**-**	(428)	(5,268)
Movement in the fair value of financial derivatives	**-**	263	732
Profit after tax used for adjusted earnings per share	**4,452**	5,831	9,949
Weighted average number of shares in issue '000	**133,298**	132,320	132,532
Weighted average number of shares in issue for calculation of diluted earnings per share '000	**134,067**	132,595	133,084
Earnings per share (pence):			
Basic	**158.97**	5.15	103.75
Diluted	**158.06**	5.14	103.32
Adjusted basic	**3.34**	4.41	7.51
Adjusted diluted	**3.32**	4.40	7.47

The difference between the weighted average and diluted average number of Ordinary Shares arises from the potentially dilutive effect of outstanding vested options granted over Ordinary Shares.

The adjusted earnings per share is considered to give an indication of the Group's underlying revenue performance, eliminating the effects of property disposals, movements in the valuation of investment properties and financial derivatives, losses on Debenture Stock purchases and the impact of REIT conversion.

Notes to the interim results continued

	Six months ended 31.3.2007 £'000	Six months ended 31.3.2006 £'000	Year ended 30.9.2006 £'000
10. Dividends paid			
Final dividend paid in respect of:			
Year ended 30 September 2006 at 3.73p per share	**4,974**	-	-
Year ended 30 September 2005 at 3.30p per share	**-**	4,351	4,360
Interim dividend paid in respect of:			
Six months ended 31 March 2006 at 1.92p per share	**-**	-	2,543
	4,974	4,351	6,903

An interim dividend in respect of the six months ended 31 March 2007 of 2.16p per Ordinary Share amounting to £2.896 million was declared by the Board on 30 May 2007. The interim dividend will be paid on 29 June 2007 (record date 15 June 2007). The dividend will be accounted for as an appropriation of revenue reserves in the six months ending 30 September 2007.

	31.3.2007 £'000	31.3.2006* £'000	30.9.2006 £'000
11. Investment properties			
At 1 October 2006	**1,249,215**	987,516	987,516
Acquisitions	**13,170**	89,307	107,667
Refurbishment and other capital expenditure	**5,540**	5,302	8,856
Disposals	**-**	(45,851)	(45,757)
Net surplus/(deficit) on revaluation	**58,670**	(569)	190,933
	1,326,595	1,035,705	1,249,215
Add: Head lease liabilities grossed up	**5,545**	5,577	5,561
Book value at 31 March 2007	**1,332,140**	1,041,282	1,254,776
Market value at 31 March 2007:			
Properties valued by DTZ Debenham Tie Leung	**1,256,275**	-	1,184,255
Properties valued by Knight Frank LLP	**76,500**	-	70,685
	1,332,775	-	1,254,940
Add: Head lease liabilities grossed up	**5,545**	-	5,561
Less: Lease incentives recognised to date	**(6,180)**	-	(5,725)
Book value at 31 March 2007	**1,332,140**	-	1,254,776
Historic cost of properties at valuation	**689,096**	-	670,386

*Investment properties were not subject to external revaluation at 31 March 2006

Investment properties were subject to external valuation as at 31 March 2007 by qualified professional valuers, being members of the Royal Institution of Chartered Surveyors, either working for DTZ Debenham Tie Leung, Chartered Surveyors (in respect of the Group's wholly owned portfolio) or Knight Frank LLP, Chartered Surveyors (in respect of properties owned by Longmartin Properties Limited), both firms acting in the capacity of External Valuers. All such properties were valued on the basis of Market Value in accordance with the RICS Appraisal and Valuation Standards.

Investment properties include freehold properties valued at £1,174.2 million, leasehold properties with an unexpired term of over 50 years valued at £83.4 million and a notional apportionment of value in respect of part freehold/part leasehold properties, where the apportionment in respect of the leasehold element with over 50 years unexpired is £74.5 million.

	31.3.2007 £'000	31.3.2006 £'000	30.9.2006 £'000
12. Trade and other receivables			
Amounts due from tenants	**7,696**	6,349	7,616
Lease incentives recognised in the Income Statement	**6,180**	5,596	5,725
Corporation tax recoverable	**-**	-	1,000
Other receivables and prepayments	**3,956**	587	717
	17,832	12,532	15,058
13. Trade and other payables			
Rents invoiced in advance	**11,817**	10,252	11,061
Corporation tax and REIT conversion charge payable (note 14)	**7,008**	2,776	365
Trade payables in respect of capital expenditure	**1,880**	477	1,438
Other trade payables and accruals	**11,810**	9,898	9,769
	32,515	23,403	22,633
14. Taxation payable			
REIT conversion charge	**27,512**	-	-
Less: Payable within one year included in current liabilities	**(6,281)**	-	-
	21,231	-	-
The Group has elected to pay the REIT conversion charge in instalments as follows:			
Between October 2007 and March 2008 in two instalments	**6,281**	-	-
In quarterly instalments:			
Year to 31 March 2009	**6,658**	-	-
Year to 31 March 2010	**7,035**	-	-
Year to 31 March 2011	**7,538**	-	-
	27,512	-	-

15. Borrowings

	Nominal value £'000	Unamortised premium and issue costs £'000	31.3.2007 £'000	31.3.2006 £'000	30.9.2006 £'000
8.5% First Mortgage Debenture Stock 2024	**61,048**	**3,194**	**64,242**	126,073	71,125
Secured bank loans	**406,139**	**(1,620)**	**404,519**	289,331	391,655
	467,187	**1,574**	**468,761**	415,404	462,780
Finance lease obligations	**5,545**	**-**	**5,545**	5,577	5,561
	472,732	**1,574**	**474,306**	420,981	468,341

Notes to the interim results continued

	31.3.2007 £'000	31.3.2006 £'000	30.9.2006 £'000
16. Fair values of financial derivatives			
Interest rate hedges			
At 1 October 2006 - Deficit	**(9,318)**	(11,758)	(11,758)
Fair value movement credited in the Income Statement	**7,327**	709	2,051
Net amounts (received)/paid in respect of interest rate hedges during the period	**(117)**	168	389
At 31 March 2007 - Deficit	**(2,108)**	(10,881)	(9,318)

Changes in the fair value of the Group's financial derivatives, which are not held for speculative purposes, are reflected in the Income Statement. They have been valued by J. C. Rathbone Associates Limited by reference to the mid point of the yield curve at the balance sheet date.

In October 2006 hedging was put in place on £75 million notional principal at a fixed rate of 5.00%. The hedges commenced between November 2006 and January 2007 and expire seven years from commencement.

	31.3.2007 £'000	31.3.2006 £'000	30.9.2006 £'000
8.5% Mortgage Debenture Stock 2024			
Fair value deficit not recognised in the reported results for the period:			
At 31 March 2007 (nominal value of stock in issue £61.042 million)	**(19,271)**	-	-
At 30 September 2006 (nominal value of Stock in issue £67.542 million)	**-**	-	(24,921)
At 31 March 2006 – (nominal value of Stock in issue £119.643 million)	**-**	(41,202)	-

17. Deferred tax

	31.3.2007 £'000	31.3.2006 £'000	30.9.2006 £'000
At 1 October 2006	**172,160**	123,849	123,849
Released on transfer of assets to joint venture	**-**	(100)	-
Recognised in Income Statement	**(169,795)**	(377)	49,709
Recognised in equity:			
Share based payments	**1,762**	(877)	(1,398)
At 31 March 2007	**4,127**	122,495	172,160
Comprising:			
Deferred tax assets	**-**	-	(7,610)
Deferred tax liabilities	**4,127**	122,495	179,770
	4,127	122,495	172,160
Deferred tax provided in respect of:			
Valuation of investment properties	**4,127**	122,600	175,300
Valuation of financial derivatives	**-**	(3,264)	(2,795)
Capital allowances	**-**	4,882	3,494
Other timing differences	**-**	(1,723)	(3,839)
	4,127	122,495	172,160

Notes to the interim results continued

	Ordinary shares £'000	Share premium £'000	Share based payments £'000	Retained earnings £'000	**Total £'000**
18. Shareholders' funds					
At 1 October 2006	33,192	120,734	3,154	449,801	**606,881**
Shares issued on exercise of options	380	3,313	-	-	**3,693**
Fair value of share based payments	-	-	380	-	**380**
Deferred tax in respect of share based remuneration released on REIT conversion	-	-	(1,762)	-	**(1,762)**
Profit for the period	-	-	-	211,900	**211,900**
Dividend paid during the period	-	-	-	(4,974)	**(4,974)**
At 31 March 2007	**33,572**	**124,047**	**1,772**	**656,727**	**816,118**
At 1 October 2005	33,046	119,696	1,217	319,202	473,161
Shares issued on exercise of options	62	357	-	-	419
Fair value of share based payments	-	-	272	-	272
Deferred tax adjusted in equity	-	-	877	-	877
Profit for the period	-	-	-	6,819	6,819
Dividend paid during the period	-	-	-	(4,351)	(4,351)
At 31 March 2006	33,108	120,053	2,366	321,670	477,197
At 1 October 2005	33,046	119,696	1,217	319,202	473,161
Shares issued on exercise of options	146	1,038	-	-	1,184
Fair value of share based payments	-	-	539	-	539
Deferred tax adjusted in equity	-	-	1,398	-	1,398
Profit for the year	-	-	-	137,502	137,502
Dividend paid during the year	-	-	-	(6,903)	(6,903)
At 30 September 2006	33,192	120,734	3,154	449,801	606,881

Notes to the interim results continued

	31.3.2007 £'000	31.3.2006 £'000	30.9.2006 £'000
19. Net assets per share			
Net assets used for calculation of basic net assets per share	**816,118**	477,197	606,881
Adjusted for:			
Cumulative fair value adjustment in respect of financial derivatives	**2,108**	10,881	9,318
Cumulative deferred tax provided in respect of:			
Investment property revaluation gains	**4,127**	122,600	175,300
Financial derivatives	**-**	(3,264)	(2,795)
Adjusted net assets	**822,353**	607,414	788,704
Ordinary shares in issue '000	**134,316**	132,704	132,768
Diluted Ordinary shares '000	**135,619**	134,333	134,425
Net assets per share			
Basic	**£6.08**	£3.60	£4.57
Diluted	**£6.04**	£3.58	£4.54
Adjusted basic	**£6.12**	£4.58	£5.94
Adjusted diluted	**£6.09**	£4.55	£5.90

The calculations of diluted net asset value per share show the potentially dilutive effect of outstanding vested options granted over Ordinary Shares and include the increase in shareholders' equity which would arise on the exercise of those options.

The Group's net assets at 31 March 2007 include the tax charge arising on conversion to REIT status of £27.512 million, equivalent to £0.20 per Ordinary Share.

	Six months ended 31.3.2007 £'000	Six months ended 31.3.2006 £'000	Year ended 30.9.2006 £'000
20. Cash flows from operating activities			
Operating activities			
Operating profit	**79,814**	20,462	231,243
Adjustment for non-cash items:			
Amortisation of lease incentives	**(455)**	(569)	(696)
Share option expense	**380**	272	539
Depreciation and losses on disposals	**73**	73	140
Profit on sale of investment properties	**-**	(683)	(748)
Investment property valuation movements	**(58,670)**	569	(190,933)
Cash flows from operations before changes in working capital	**21,142**	20,124	39,545
Change in trade and other receivables	**(3,319)**	1,151	(249)
Change in trade and other payables	**2,686**	66	2,268
Cash flows from operating activities	**20,509**	21,341	41,564

Notes to the interim results continued

	Six months ended 31.3.2007 £'000	5.12.2005 to 31.3.2006 £'000	5.12.2005 to 30.9.2006 £'000

21. Results of Joint Venture

The Shaftesbury Group's 50% share of the results, assets and liabilities of Longmartin Properties Limited included in the Group results for the period were as follows:

Income Statement

	Six months ended 31.3.2007 £'000	5.12.2005 to 31.3.2006 £'000	5.12.2005 to 30.9.2006 £'000
Rents receivable	**1,464**	1,010	2,485
Recoverable property expenses	**160**	131	272
	1,624	1,141	2,757
Property expenses	**139**	80	275
Recoverable property expenses	**160**	131	272
	299	211	547
Net property income	**1,325**	930	2,210
Administration expenses	**(188)**	(156)	(350)
Operating profit before investment property disposals and valuation movements	**1,137**	774	1,860
Profit on disposal of investment property	**-**	40	40
Investment property valuation movements	**5,276**	-	8,479
Operating profit	**6,413**	814	10,379
Interest receivable	**527**	308	794
Interest payable	**(132)**	(83)	(208)
Profit before tax	**6,808**	1,039	10,965
Current tax	**(466)**	(315)	(746)
Deferred tax	**(1,583)**	-	(2,544)
Tax charge for the period	**(2,049)**	(315)	(3,290)
Period for the period	**4,759**	724	7,675
Dividends paid in period	**(1,050)**	(150)	(1,150)
Retained profit	**3,709**	574	6,525

Balance Sheet	31.3.2007 £'000	31.3.2006 £'000	30.9.2006 £'000
Non-current assets			
Investment properties at market value	**76,500**	61,866	70,685
Head lease liability grossed up	**5,545**	5,577	5,561
	82,045	67,443	76,246
Current assets			
Trade and other receivables	**583**	461	544
Amounts due from shareholders	**19,775**	19,875	19,875
Cash	**18**	680	193
Total assets	**102,421**	88,459	96,858
Current liabilities			
Trade and other payables	**1,583**	1,327	1,296
Non-current liabilities			
Deferred tax	**4,127**	-	2,544
Head lease liability	**5,545**	5,577	5,561
Total liabilities	**11,255**	6,904	9,401
Net assets attributable to the Shaftesbury Group	**91,166**	81,555	87,457

Directors, officers & advisors

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Chairman and non-executive Director

Jonathan S Lane, MA, FRICS
Chief Executive

Brian Bickell, FCA
Finance Director

Simon J Quayle, BSc, MRICS
Director

Thomas J C Welton, MRICS
Director

John R K Emly, FCIS
Senior Independent Director

Alastair W MacDonald
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Nationwide Building Society

Debenture Stock Trustee
Prudential Trustee Company Limited

Auditors
PricewaterhouseCoopers LLP

Solicitors
Lovells LLP
Eversheds LLP

Valuers
DTZ Debenham Tie Leung Limited

Web sites
Corporate: www.shaftesbury.co.uk
Includes Annual and Interim Reports Library from 1999 and recent corporate announcements. News alert service allows registered users to receive e-mail alerts of any new announcements.

Carnaby: www.carnaby.co.uk
Seven Dials: www.sevendials.co.uk
Extensive information on tenants and events in Carnaby and Seven Dials.

Financial calendar

Results

Interim results announced	**30 May 2007**
Interim report posted to shareholders and debenture stockholders	**8 June 2007**
2007 Annual results announced	**December 2007**

Dividends and interest

Declared interim dividend	
Ex dividend	**13 June 2007**
Record date	**15 June 2007**
Payment date	**29 June 2007**
Debenture stock interest payment date	**30 September 2007**

Design **SG Design** | Print **Beacon Press**

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