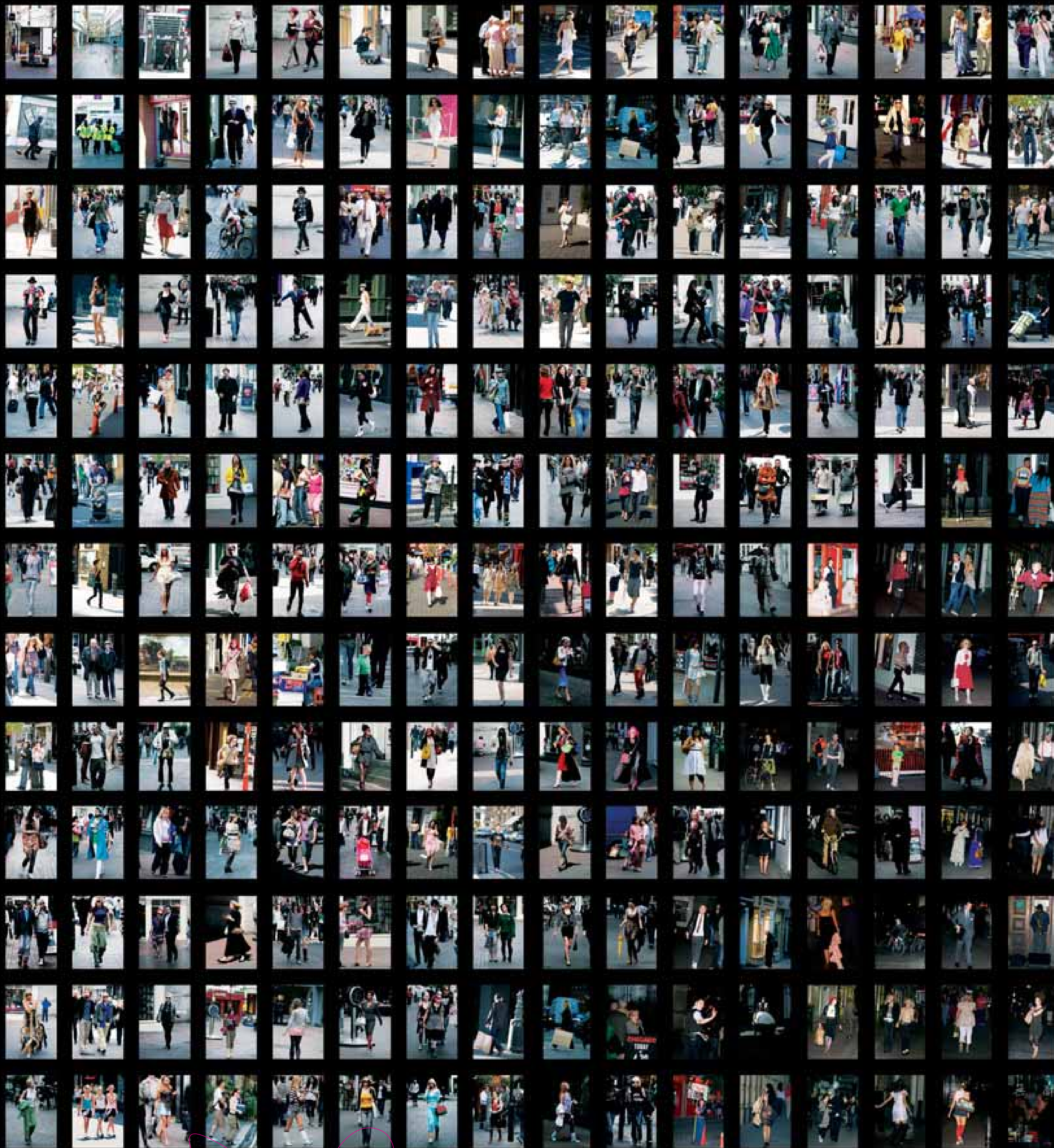
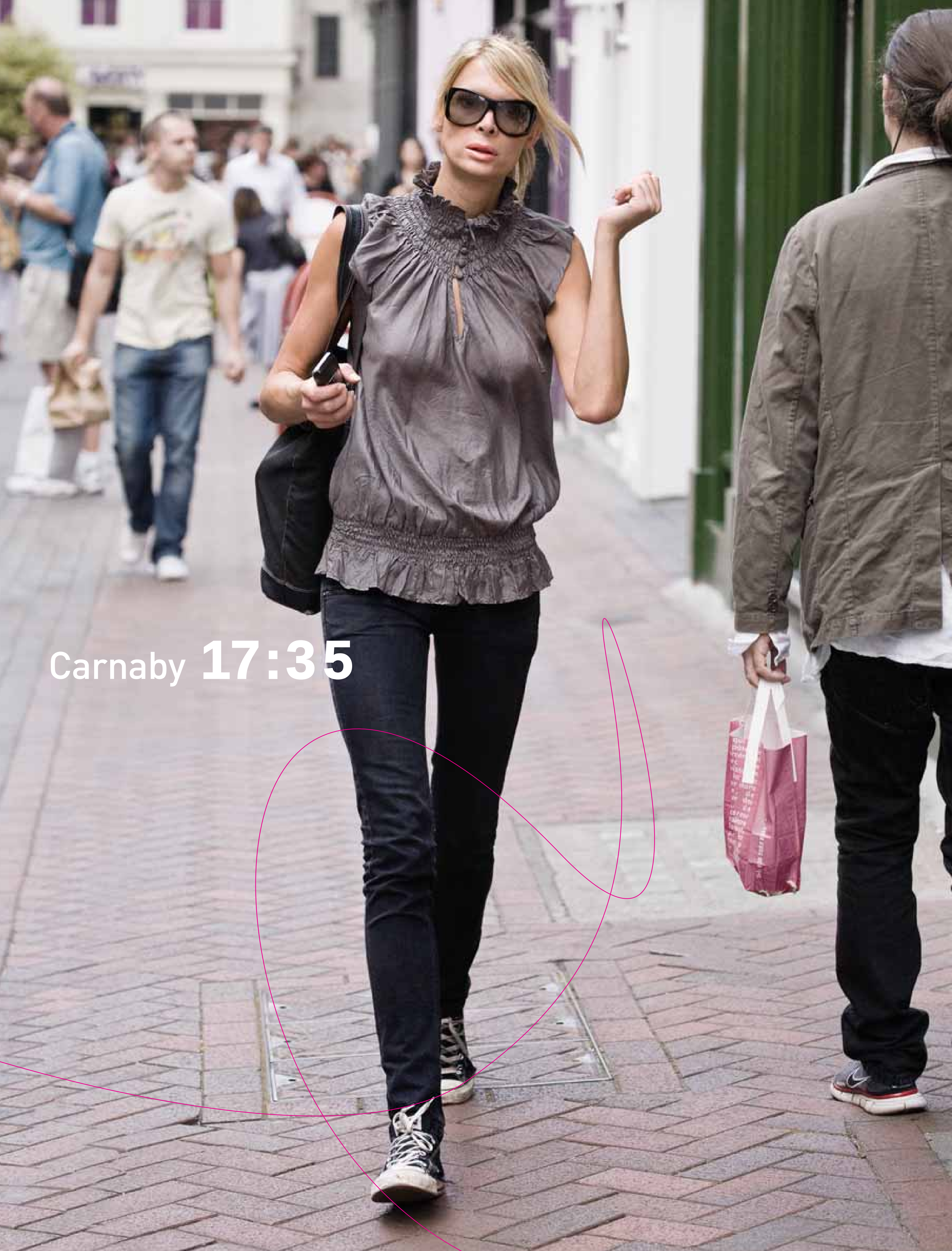


24:7

Shaftesbury PLC Half Year Report 2008


Carnaby 17:35

Financial highlights

		31.3.2008	31.3.2007	30.9.2007
Net property income	£'000	**26,064**	24,465	49,580
Adjusted profit before tax*	£'000	**7,174**	**6,677	12,713
Adjusted diluted earnings per share	pence	**5.06**	**3.41	8.55
(Loss)/profit (including fair value movements in respect of investment properties and financial derivatives) before tax	£'000	**(93,556)**	70,083	124,176
Diluted (loss)/earnings per share	pence	**(67.24)**	158.06	196.92
Interim dividend per share	pence	**5.00**	2.16	2.16
Final dividend per share	pence	**-**	-	5.50
Property assets at book value	£'000	**1,329,722**	1,332,140	1,393,662
Adjusted net assets***	£'000	**788,203**	822,353	872,726
Adjusted diluted net assets per share	pence	**578**	609	646
Net assets	£'000	**774,113**	816,118	866,786
Diluted net asset value per share	pence	**567**	604	641

* Adjusted to exclude property and financial derivatives fair valuation movements and gain on sale of investment properties (2007: and loss on purchase of debenture stock)
** Adjusted to reflect the re-classification of receipts under hedging contracts (see note 6 on page 24)
*** Adjusted to exclude fair valuation of financial derivatives and deferred tax in respect of investment property revaluations and financial derivatives fair values (see note 19 on page 30)

Performance summary

for the six months ended 31 March 2008

	Shaftesbury Group	Benchmark
Capital value return (the valuation movement and realised surpluses arising on the Group's investment portfolio expressed a percentage Valuesreturn on the valuation at the beginning of the period adjusted for acquisitions and capital expenditure)	**-6.3%**	IPD UK Monthly Index Capital **-14.0%**
Six months ended 31.3.2007	*+4.6%*	*+3.6%*
Year ended 30.9.2007	*+8.2%*	*+2.2%*
Total return (a combination of the capital value 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)	**-4.5%**	IPD UK Monthly Index Total Return **-11.6%**
Six months ended 31.3.2007	*+6.5%*	*+6.1%*
Year ended 30.9.2007	*+12.0%*	*+7.2%*
Net asset value return (the change in diluted net asset value per Ordinary share before 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	**-10.5%**	
Six months ended 31.3.2007 (after REIT conversion charge)	*+3.9%*	
Year ended 30.9.2007 (after REIT conversion charge)	*+10.5%*	
Based on reported net assets	**-11.5%**	
Six months ended 31.3.2007	*+33.9%*	
Year ended 30.9.2007	*+42.5%*	
Total shareholder return (the change 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 31.3.2008: £5.77)	**+17.8%**	FTSE 350 Real Estate Index **-12.3%**
Six months ended 31.3.2007(closing share price £7.60)	*+27.2%*	*+14.7%*
Year ended 30.9.2007(closing share price £4.95)	*-16.5%*	*-14.1%*

Contents

Business review

Against a general market decline in property values over the period, our clearly defined strategy to invest only in London's West End continues to deliver growth in rental income and demonstrates resilience in our capital values.

The adjusted results referred to below are calculated in accordance with the guidance issued by the European Public Real Estate Association ("EPRA") in November 2006.

Adjusted net assets at 31 March 2008 totalled £788.2 million, equivalent to a diluted net asset value per share of £5.78. The reduction in adjusted diluted net asset value per share over the period was 68 pence, a decline of 10.5%.

Shareholders' funds shown in the unadjusted Group Balance Sheet at 31 March 2008 totalled £774.1 million, equivalent to a diluted net asset value of £5.67 per share. The reduction in the unadjusted shareholders' funds since the last year end amounted to 74 pence, a decline of 11.5%.

Adjusted profit before tax for the six months ended 31 March 2008 amounted to £7.2 million, compared with £6.7 million in the same period last year.

We have seen an increase in rental income from our wholly owned portfolio of £1.8 million compared with the first half of last year, which has been offset by a reduction on rents from our Longmartin Joint Venture, where we have now secured vacant possession ahead of commencement of major works. Property expenses totalled £2.9 million, a small decline on last year, despite continuing high levels of activity throughout the wholly owned portfolio and in our Longmartin Joint Venture. Interest payable has risen by £1.1 million compared with the same period last year, reflecting

	Six months ended 31.3.2008 £'000	Six months ended 31.3.2007 £'000	Year ended 30.9.2007 £'000
Net assets reported in the Group Balance Sheet	**774,113**	816,118	866,786
Adjusted for:			
Fair value adjustment in respect of financial derivatives	**11,502**	2,108	630
Deferred tax provided in respect of Investment property revaluation gains	**2,588**	4,127	5,310
Adjusted net assets	**788,203**	822,353	872,726
Adjusted diluted net asset value per share	**£5.78**	£6.09	£6.46
(Loss)/profit before tax reported in the Group Income Statement	**(93,556)**	70,083	124,176
Profit on disposal of investment properties	**(61)**	-	(2,215)
Deficit/(surplus) arising on revaluation of investment properties	**89,919**	(58,670)	(103,034)
Movement in fair value of financial derivatives	**10,872**	*(7,210)	(8,688)
Loss on purchase of debenture stock	**-**	2,474	2,474
Adjusted profit before tax	**7,174**	*6,677	12,713

*Adjusted to reflect the re-classification of receipts under hedging contracts (see note 6)

Taxation credit reported in the Group Income Statement	**(2,311)**	(141,817)	(140,632)
Current tax in respect of:			
REIT conversion charges in respect of:			
Group conversion on 1 April 2007	**-**	(27,512)	(27,512)
Company acquired during period	**(98)**	-	-
Loss on purchase of debenture stock	**-**	742	742
Deferred tax in respect of revaluation of investment properties	**2,722**	(1,583)	(2,766)
Deferred tax released on REIT conversion	**-**	172,278	171,378
Adjusted taxation charge on the adjusted profit before tax	**313**	2,108	1,210
(Loss)/profit after tax:			
Reported in the Group Income Statement	**(91,245)**	211,900	264,808
Adjusted	**6,861**	4,452	11,503

2:30
















higher interest rates and the cost of financing recent acquisitions and capital expenditure.

The charge for the Company's National Insurance liability in respect of past grants of share awards and share options amounted to £0.4 million reflecting an increase in the Company's share price from £4.95 to £5.77 at the end of the period and the full vesting during the period of options granted in 2004.

The loss before tax reported in the Income Statement was £93.6 million and included investment property revaluation deficits of £89.9 million (2007: surpluses £58.7 million) and an increase in the fair value deficit of our financial derivatives of £10.9 million (2007: reduction - £7.2 million). The reported profit for the same period last year was £70.1 million.

Provision for current and deferred tax on the adjusted profit for the period amounted to £0.3 million (2007: £2.1 million). We incurred a charge of £0.1 million on electing into our REIT group a company acquired during the period for shares, which owned a property in Carnaby.

Our interest in the Longmartin Joint Venture remains outside our REIT group, so its provisions for corporation and deferred tax continue.

The adjusted profit after tax for the period amounted to £6.9 million (2007: £4.6 million). The loss after tax reported in the Group Income Statement amounted to £91.2 million (2007: profit £211.9 million).

Dividends

This year's interim dividend reflects the distribution obligations contained in REIT legislation, which broadly require distribution of a minimum of 90% of net rental income (calculated by reference to tax rather than accounting rules). Also, as indicated last year, interim and final dividends will now be more evenly balanced.

As a result, your Directors are pleased to recommend a substantially increased interim dividend of 5.00p per share (2007: 2.16p). The interim dividend will be paid entirely as a Property Income Distribution ("PID").

Our interest in Longmartin is not currently within our REIT election, so that our share of its rental income and the cost of financing our investment in the joint venture are excluded from the calculation of taxable rental profits for REIT purposes. During the development stage of this major scheme, Longmartin's net rental income is reduced and is less than the cost of financing our investment. Excluding this deficit from the calculation of taxable profits across the Group means the amount we are required to distribute over the year to meet our REIT obligations may exceed our distributable accounting profits.

We expect to make an election later this year to include our interest in Longmartin in our REIT group, so that from October 2008 this deficit will be included in our REIT distribution calculations, reducing the minimum amount we are required to distribute.

We expect the level of future distributions will reflect the growth in our underlying income, although adherence to the REIT rules and the inclusion of Longmartin in our REIT group may influence the trend in dividend growth in the short term.

Portfolio Valuation

Our property portfolio has been valued at £1,329.8 million at 31 March 2008, resulting in a revaluation deficit of £89.9 million. This represents a reduction of 6.3% over the past six months and compares with a reduction in the IPD UK Monthly Index of capital values for all classes of commercial property of 14.0% over the same period.

The reduction in the value of the wholly owned portfolio amounted to 6.0%. Carnaby, with its larger element of offices, declined in value by 7.1%, Covent Garden by 6.4% and Chinatown, which has our longest leases and smallest element of offices, by 4.0%. The value of Longmartin's properties fell by 10.8%, reflecting the inherent valuation uncertainties at the early stage of this speculative development scheme.

In our case, the reduction in property values is entirely a result of increased investment yields that have adversely affected the values of commercial property across the UK. Depending on village and use, yields have increased from 0.25% up to 0.85% over the period. The overall equivalent yield across the wholly owned portfolio has increased by 0.45%. Clearly, whilst turbulence in financial markets continues and the availability of property finance remains restricted, property yields are expected to continue to increase and values are likely to fall further.

We are confident that the value of our well located properties will continue to out-perform the market as any further adverse yield movement should be mitigated by ongoing rental growth sustained by good tenant demand and our innovative approach to managing our properties.

Our external valuers have estimated the rental value of our portfolio at 31 March 2008 to be £79.0 million (30 September 2007: £72.4 million), based on rental levels proven to date. This compares with the portfolio's current passing income at that date of £58.6 million (30 September 2007: £57.9 million). Of this reversion of £20.4 million, £6.4 million (30 September 2007: £1.4 million) relates to our interest in the Longmartin Joint Venture, where we have now secured the necessary planning consents to proceed with our major scheme. The table below shows the growth in the reversionary potential of our portfolio. 71% of the reversionary potential at 31 March 2008 in the wholly owned portfolio is attributable to retail and restaurant uses.

We are confident that over time we can realise the reversionary potential of our shops and restaurants as we concentrate on locations which have demonstrated resilient tenant demand. As we are rarely involved in substantial redevelopment, we achieve rental growth with relatively little additional capital expenditure.

Notwithstanding current adverse conditions in property markets, DTZ, external valuers of our wholly owned portfolio, have again considered 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 advise that, as a consequence of these unusual factors, some prospective purchasers may consider that, at the date of valuation, parts of or the entire wholly owned portfolio when combined, may have a greater value than that currently reflected in the valuation we have adopted in these results.

Our Strategy

Shaftesbury's strategy, which is unique amongst UK REITs and other listed property companies, is to invest to create clusters of mixed use buildings in the liveliest and busiest areas within London's West End, focussed on retail and restaurant uses.

London is acknowledged to be the World's most popular city for both tourists and businesses, having double the number of visitors than New York and 50% more than Paris. No other city centre has such a combination of world class theatres, galleries, museums, historic places, public spaces as well as shops and restaurants.

London's mix of traditional and youth cultures is a vital element of this vibrancy and contributes to its ability to attract businesses, visitors and students from the UK and across the World. These qualities underwrite the prosperity of the West End. Contrary to the trends seen recently in the UK as a whole, visitor numbers and retail and leisure spending in the West End continue to grow. The strength and resilience of the diverse local economy is stimulating substantial investment to improve shopping in Regent Street and Covent Garden's Piazza as well as the development of major new hotels across the West End. These projects are very beneficial to the prosperity of Shaftesbury's nearby villages.

Shaftesbury's investments include 400 buildings with a wide mix of uses covering almost 13 acres at the heart of the West End. We nurture vibrant districts such as Carnaby, Chinatown and within Covent Garden, Seven Dials, the Opera Quarter and now St. Martin's Courtyard. We combine heritage with innovation and build on the unique cluster of local quarters which together create such a distinctive atmosphere.

With long experience of investing in our locations, we seek to achieve long term out-performance in rental growth by:

- Acquiring over time, groups of properties near to prime retail and leisure destinations in the West End where there is potential to extend existing retail and restaurant uses and where historically rental levels are low:
- Creating interesting and alternative destinations attractive to occupiers by actively encouraging both heritage, through adaptation and reuse of buildings, and innovation, through multi use and encouragement of new concepts and ideas; and
- Working in close co-operation with Westminster City Council and Camden Council to co-ordinate our respective plans to invest in and improve the environment for the benefit of our tenants, their customers and residents.

Estimated Rental Value	Valuers' estimates			Attributable to	
	Current gross income £m	Estimated rental value £m	Reversionary potential £m	Wholly Owned Group £m	Longmartin £m
At 30 September 2005	49.8	60.6	10.8	10.8	-
At 30 September 2006	53.9	66.0	12.1	11.3	0.8
At 31 March 2007	56.0	69.0	13.0	12.0	1.0
At 30 September 2007	57.9	72.4	14.5	13.1	1.4
At 31 March 2008	**58.6**	**79.0**	**20.4**	**14.0**	**6.4**

18:21 Covent Garden

Carnaby 13:37

Portfolio Activity

We have identified exactly where we wish to invest and are extremely selective with our acquisitions. In the first six months of the year, we acquired ten freeholds at a cost of £21.4 million. With the benefit of adjacent holdings that we already own, these acquisitions should provide excellent opportunities for improvement and rental growth. Despite poor general market sentiment, the supply of investments to buy in our chosen areas remains very limited.

Capital expenditure during the period on our £1.33 billion portfolio amounted to £6.4 million, of which £2.1 million related to our share of preliminary works, fees and vacant possession costs in our Longmartin joint venture.

We have disposed of £1.8 million of assets during the period. Whilst we regularly review the merits of continuing to own individual properties or villages, further sales of the relatively few non-core assets that we have identified for disposal will remain restricted until the investment market has stabilised and property finance for purchasers is more available

In the past, at times of financial uncertainty and negative sentiment similar to today's conditions, we have found that in our parts of the West End, whilst demand can moderate and rents remain static for some months, the sustained growth of our shop and restaurant rents remains resilient over the longer term. Indeed, we notice that at times like this, the more experienced and better financed retailers and restaurateurs use the unsettled conditions to secure the very best locations from their weaker competitors. Already, we are seeing evidence of this.

Throughout our portfolio, we continue to experience healthy demand to rent shops, restaurants, offices and apartments. As we have previously reported, we have found that our low level of vacancies, especially of larger shops and restaurants has, over the past year, restricted opportunities for estate management initiatives. However, since January, we have had considerable success in achieving vacant possession of a number of key shops and restaurants, which is allowing us to introduce new trading formats and advance rental growth.

Consequently, at 31 March 2008, wholly owned vacant commercial space had doubled since the last year end to £4.3 million (see table below). Of this total, £2.1 million was under offer, £1.0 million under refurbishment and £1.2 million was ready and available to let.

Conversion of smaller offices to apartments is at record levels with 29 units in hand, of which 22 are in Covent Garden. On completion, this summer, their combined rental value will be approximately £1 million per annum.

In Longmartin, our 50% joint venture, we have taken possession of over 165,000 sq. ft. of unmodernised buildings to enable us to start construction of our St. Martin's Courtyard project.

Analysis of Wholly Owned Vacant Commercial Space at 31 March 2008

Estimated Rental Value	Shops £'000	Restaurants and leisure £'000	Offices £'000	Total £'000
Under refurbishment	457	58	495	**1,010**
Ready to let	915	30	232	**1,177**
Under offer	853	1,033	238	**2,124**
Total	**2,225**	**1,121**	**965**	**4,311**
Area (sq. ft.)	38,000	22,000	29,000	**89,000**

24:7

Business review
continued

Our Wholly Owned Portfolio

Our wholly owned portfolio at 31 March 2008 included 299 shops extending to 377,000 sq. ft. and producing 41% of total income, with an average unexpired lease term of six years. Of the 25 vacant units, seven larger shops represent 60% (£1.4 million) by rental value of our total retail vacancies.

We have 161 restaurants, bars and clubs with a total area of 404,000 sq. ft. They provide 29% of our contracted income with an average unexpired lease term of fourteen years. Six of our eight vacant restaurants, which represent 92% by rental value, are under offer.

Catering ventures are long term projects for both landlord and tenant and require considerable initial investment. Consequently, new leases are usually for at least a 25 year term. Supply of new restaurants, particularly in the West End, is limited by strict planning and licensing regulation. At the same time, there is an ever growing demand from experienced and enterprising operators to open new ventures to satisfy the increasing popularity of "eating out", an important element of any visit to the West End.

Whilst restaurants and cafes are an essential element in all our villages, our main concentrations are in Chinatown (59 units) and the Opera Quarter (18 units). It is no coincidence that these are located next to the London's largest clusters of theatres and cinemas.

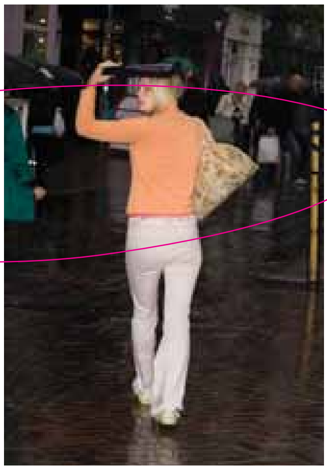
As a result of these factors, restaurants in our central locations are exceptionally secure investments, which have shown and continue to deliver good rental growth with virtually no obsolescence for us as landlord.

Our 417,000 sq. ft. of offices have 327 tenants and produce 23% of current income. Whilst we have yet to experience any reduction in demand and consequent fall in rents, the supply of vacant space is increasing. The office market tends to be cyclical and with small units (an average size of 1,275 sq. ft.) and short leases (average unexpired term four years) our offices are more exposed than our other uses to any downturn. Consequently, we are always looking for opportunities to convert our least valuable offices to other less cyclical commercial and residential uses.

Our 271 apartments represent 7% of our income. Existing units remain effectively fully occupied and, when units become available, they are usually re-let within three to four weeks. The 29 which are under conversion should let readily over the summer months once they are completed.

11:03
Chinatown

23:03
Carnaby



11:03
Carnaby

23:03
Covent Garden

Carnaby

Carnaby is our largest village and represents 40% of our property assets by value. It contains 46% of our shops and 61% of our offices by floor area.

Demand to rent space in the twelve streets that make up the Carnaby village remains strong. We have noticed in particular that several existing retailers with direct knowledge of current trading levels in Carnaby have sought additional units to extend their operations or open new concepts. To meet this demand we have, through a number of transactions, secured possession of several units.

Kingly Court continues to flourish and will benefit from the opening of the new 6,000 sq. ft restaurant, Cha Cha Moon, earlier this month. Several retailers who started with us in Kingly Court have recently extended their business, taking units elsewhere in Carnaby. The space they vacated has been quickly relet.

We are continuing to explore opportunities to relocate existing tenants within the village, to cater for their trading requirements. This can be particularly beneficial where it then allows us to reconfigure or redevelop existing buildings to improve the variety and quality of accommodation we are able to provide.

Westminster City Council's proposed improvements to Kingly Street are expected to start later this year.

Covent Garden

Our holdings in Covent Garden, including our 50% share in the Longmartin Joint Venture represent 33% of our property assets. At Seven Dials, the most eclectic of our villages, our properties are virtually fully let apart from three vacant shops in the Thomas Neals Centre. We have acquired five shops and three restaurants in the area during the period.

We are confident that successful completion of the St. Martin's Courtyard project will complement our holdings in and around Seven Dials.

Our Opera Quarter with its eighteen restaurants and cafes and nine shops is next to seven of London's most famous theatres and close to the Piazza. Our schemes of improvement to restaurants, cafes and shops as well as conversion of upper floors often to apartments are proceeding well. Prospective and new tenants are expected to establish the Opera Quarter as a high quality food quarter.

Chinatown

Chinatown, which comprises 25% of our property assets, now includes 59 restaurants and 63 shops. Restaurants, which represent 59% of Chinatown's income, are let on long leases with an average unexpired term of fifteen years. Shops provide 28% of income. Whilst from time to time the trading businesses change hands, vacancies are rare and when they do occur tenant interest is strong.

The current trend in Chinatown, which we encourage, is for greater diversity and sophistication in its East Asian food offer. We are seeing a high level of investment by new and existing operators in the refurbishment of their premises.

New hotels under construction and planned to the south and west of Chinatown will add to Chinatown's prosperity. We also expect street improvements in Shaftesbury Avenue now underway and Westminster City Council's proposed major scheme to improve Leicester Square and adjoining streets will benefit our areas.

Longmartin – 50% Joint Venture

Our Longmartin Joint Venture owns an island site of buildings covering 1.9 acres in Covent Garden, close to Leicester Square underground station and at the junction of Long Acre and Upper St. Martin's Lane.

Our holdings now comprise two distinct elements:

- St. Martin's Courtyard, a mixed use project to create 25 shops, five restaurants and bars, offices and 33 apartments, totalling 189,000 sq. ft. as detailed below.

  All planning consents have been received and building work has started. The initial phase, which includes three shops fronting Long Acre, will be ready to let this summer. The other 22 shops and five restaurants will be ready to let at the end of 2009. The offices and apartments will be completed in the spring of 2010. Already we have encouraging interest from prospective tenants.

  Currently we estimate that our share of the costs to complete the scheme will be approximately £25 million.

- A number of unmodernised buildings adjacent to the Courtyard project, which have a total of 81,000 sq. ft., as detailed below. We have commenced a programme of phased vacancy and refurbishment which includes a shop on Long Acre which has now been let.

Concurrently with the St Martin's Courtyard project, Westminster City Council is well advanced with its street improvements to Long Acre and St. Martin's Cross, which is at the junction of Long Acre and St. Martin's Lane. These improvements, which will extend along Long Acre to Covent Garden station, should be completed by the end of this summer.

Business review
continued

Longmartin's property holdings

	Shops	Restaurants and leisure	Offices	Residential	Total
St Martin's Courtyard Completed Scheme					
Estimated rental value £'000	4,419	1,325	4,729	1,396	**11,869**
Area - sq. ft	64,000	28,000	72,000	25,000	**189,000**
Number of units	25	5	-	33	**-**
Unmodernised Properties					
Estimated rental value £'000	664	815	923	686	**3,088**
Area - sq. ft	5,000	17,000	30,000	29,000	**81,000**
Number of units	2	3	-	41	**-**


13:06
Covent Garden

9
Carnaby

Finance

Cash generated from operations less interest payments for the six months to 31 March 2008 amounted to £10.9 million, which exceeded equity dividend payments of £7.4 million. Tax payments of £6.5 million during the period included the first two instalments of our REIT conversion charge amounting to £6.3 million. Cash outflows on acquisitions of properties totalled £14.3 million and on capital expenditure amounted to £6.1 million. Property disposal net proceeds of £9.2 million included £7.8 million in respect of disposals contracted prior to 30 September 2007.

The total of Debenture and net bank borrowings increased by £13.8 million in the period. At 31 March 2008, the book value of our Debenture and bank debt totalled £508.5 million, of which 84% was either fixed or hedged at fixed rates. The weighted average cost of borrowings including margin was 6.16%, compared with 6.54% at 30 September 2007.

Gearing at 31 March 2008, calculated by reference to the nominal value of Debenture and bank debt and adjusted net assets as described above, was 63%, compared with 56% at the previous year end. The ratio of debt compared with the market value of our portfolio was 38% (30 September 2007: 35%). These increases are mainly due to the decline in property values during the period.

Committed bank facilities at 31 March 2008 totalled £525 million, compared with actual drawings at that date of £440 million. The weighted average maturity of our facilities was 9.4 years.

Credit markets have remained unsettled throughout the period. In order to provide the Group with better protection against future volatility and to take advantage of attractive long term rates, all of the fixed rate hedges and caps and collars in place at the beginning of the period have now been restructured. We now have in place hedging on a total of £360 million of our floating rate debt at a weighted average fixed rate of 5.14% (excluding margin) for an average term of 15.9 years.

The level of short term LIBOR rates has remained higher than base rate during the period so that interest payable for the half year was largely unchanged from the second half of the previous financial year. At 31 March 2008 markets were predicting substantial further reductions in long term interest rates and as a result the valuation deficit of our restructured hedging portfolio increased to £11.5 million at that date. Long term rate expectations remain volatile and at present, that deficit has reduced substantially as sentiment has changed. Against this background of considerable uncertainty concerning the direction of rates, our recent hedging restructuring will provide us with much greater certainty of future interest costs and at rates which we believe will prove to be attractive.

The fair value deficit of the Group's Debenture debt was £12.0 million at 31 March 2008, equivalent to 9 pence per share, reflecting a substantial widening of credit spreads during the period.

Performance and Benchmarking

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

Against a background of generally falling values over the period, we have out-performed the IPD Indices for all main commercial property categories for both Capital Value Return and Total Return. Although our Total Shareholder Return over the six months to 31 March 2008 has out-performed the FTSE 350 Real Estate Index, which is our chosen benchmark, sentiment and equity prices in the real estate sector remain volatile.

Risks and Uncertainties

The risks facing the Group for the remaining six months of the financial year are consistent with those outlined in the Annual Report for the year ended 30 September 2007.

The St Martin's Courtyard scheme in the Longmartin Joint Venture is now underway. Our share of this scheme, which represents 7.5% of the Group's total estimated rental value, is being developed on a speculative basis. Although there are no current signs of weakening in demand from potential occupiers, there is a risk that letting targets may not be achieved if conditions deteriorate in the future.

Investment markets have not yet stabilised and property values may decline further in the foreseeable future. Adverse sentiment, reflected in widening yields, will be offset to an extent by rental growth which we continue to see in our locations.

Prospects

The diversity of the West End economy and the popularity of our locations underpin the prospects for our portfolio. Tenant demand remains strong although we expect some moderation as general economic uncertainty shows no sign of abating. Our emphasis on retail and restaurant uses, which in our locations have not shown the cyclicality of offices, continues to deliver growth in rental income. Although over the short term values are likely to fall as yields continue to rise, the potential of our portfolio leads us to be optimistic on our prospects for sustained rental growth and net asset value out-performance over the long term.

Jonathan S Lane
Chief Executive

Brian Bickell
Finance Director

28 May 2008

:36

14:37 Chinatown

Chinatown 17:27

Portfolio Analysis

at 31 March 2008

		Note	Carnaby	Covent Garden	Chinatown	Charlotte Street	Wholly Owned Portfolio	Longmartin*	Total Portfolio
Market Value		1	£528.1m	£367.3m	£330.9m	£28.8m	£1,255.1m	**£74.7m	£1,329.8m
% of total Market Value			40%	28%	25%	2%	95%	5%	100%
Current gross income		2	£23.6m	£16.8m	£15.7m	£1.4m	£57.5m	**£1.1m	£58.6m
Estimated rental value (ERV)		3	£31.9m	£20.6m	£17.4m	£1.6m	£71.5m	**£7.5m	£79.0m
Shops	Number		137	104	56	2	299	27	
	Area – sq.ft		192,000	128,000	55,000	2,000	377,000	69,000	
	% of current gross income	4	46%	49%	28%	9%	41%	10%	
	% of ERV	4	49%	52%	27%	8%	44%	34%	
	Vacancy rate by % of ERV	5	9%	7%	4%	-	7%	30%	
	Average unexpired lease length- years	6	5	9	7	13	6	0.5	
Restaurants and leisure	Number		37	58	59	7	161	8	
	Area – sq.ft		82,000	125,000	177,000	20,000	404,000	46,000	
	% of current gross income	4	13%	23%	59%	42%	29%	37%	
	% of ERV	4	12%	22%	58%	40%	27%	14%	
	Vacancy rate by % of ERV	5	5%	8%	4%	-	5%	9%	
	Average unexpired lease length- years	6	13	13	15	15	14	9	
Offices	Number of tenancies		188	66	63	10	327	-	
	Area – sq.ft		253,000	98,000	48,000	18,000	417,000	102,000	
	% of current gross income	4	37%	17%	7%	31%	23%	24%	
	% of ERV	4	35%	17%	9%	36%	23%	38%	
	Vacancy rate by % of ERV	5	7%	1%	14%	18%	7%	33%	
	Average unexpired lease length- years	6	4	4	5	2	4	6	
Residential	Number		64	119	70	18	271	74	
	Area – sq.ft		45,000	86,000	45,000	10,000	186,000	55,000	
	% of current passing rent		4%	11%	6%	18%	7%	29%	
	% of ERV	4	4%	9%	6%	16%	6%	14%	
	Vacancy rate by % of ERV	5	22%	32%	12%	1%	1%	10%	

* Longmartin statistics include space now under construction in the St Martin's Courtyard scheme and unmodernised accommodation not part of current scheme.
** Shaftesbury Group's share.

Basis of valuation

at 31 March 2008

	Note	Carnaby	Covent Garden	Chinatown	Charlotte Street	Wholly Owned Portfolio	Longmartin
Overall initial yield	8	3.98%	4.08%	4.48%	4.45%	4.15%	*2.61%
Overall equivalent yield	9	5.25%	5.04%	4.98%	4.87%	5.11%	*4.78%
Tone of retail equivalent yields	10	5.00 - 6.00%	4.85 - 6.25%	5.00 - 5.75%	4.90 - 5.50%		4.75 - 5.50%
Tone of retail estimated rental values [ITZA £ per sq.ft.]	10	£85 - £355	£63 - £430	£150 - £260	£72.50 - £80		£100 - £440
Tone of restaurant equivalent yields	10	5.50%	4.50 - 6.00%	5.00 - 5.75%	4.90 - 5.15%		5.25 - 6.25%
Tone of restaurant estimated rental values [£ per sq.ft.]	10	£65 - £90	£35 - £105	£135 - £320 ITZA	£70		£38 - £53
Tone of office equivalent yields	10	5.50 - 6.00%	5.50 - 5.75%	5.5 - 5.85%	5.50 - 6.50%		5.25 - 6.25%
Tone of office estimated rental values [£ per sq.ft.]	10	£40 - £59	£29 - £55	£32.50 - £45	£40 - £45.50		£37.50 - £67.50
Tone of residential estimated rental values [£ per annum]	10	£9,100 - £52,000	£10,400 - £52,000	£7,800 - £27,400	£9,350 - £16,600		£20,000 - £50,000

* Unmodernised accommodation only

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 2008 (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 ("ERV") 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 The percentage of current gross income and the percentage of ERV in each of the use sectors are expressed as a percentage of total gross income and total ERV for each village.

5 The vacancy rate by percentage of ERV is the ERV of the vacant accommodation within each use sector, on a village-by-village basis, expressed as a percentage of total ERV of each use sector in each village.

6 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.

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

8 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 2008.

9 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.

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


12:53
Carnaby

Unaudited group income statement

for the six months ended 31 March 2008

	Note	Six months ended 31.3.2008 £'000	Six months ended 31.3.2007 £'000	Year ended 30.9.2007 £'000
Continuing operations				
Revenue from properties	*2*	**34,444**	32,518	62,423
Property charges	*3*	**(8,380)**	(8,053)	(12,843)
Net property income	*2*	**26,064**	24,465	49,580
Administration expenses		**(2,295)**	(2,194)	(5,628)
Charge in respect of equity settled remuneration	*4*	**(1,025)**	(1,127)	(1,140)
Total administration expenses		**(3,320)**	(3,321)	(6,768)
Operating profit before investment property disposals and valuation movements		**22,744**	21,144	42,812
Profit on disposal of investment properties	*5*	**61**	-	2,215
Investment property valuation movements		**(89,919)**	58,670	103,034
Operating (loss)/profit		**(67,114)**	79,814	148,061
Interest receivable		**74**	104	214
Interest payable	*6*	**(15,644)**	*(14,571)	(30,313)
Change in fair value of financial derivatives		**(10,872)**	*7,210	8,688
Loss on purchase of debenture stock	*7*	**-**	(2,474)	(2,474)
Total finance costs		**(26,442)**	(9,731)	(23,885)
(Loss)/profit before tax		**(93,556)**	70,083	124,176
Current tax	*8*	**(411)**	(27,978)	(27,980)
Deferred tax	*8*	**2,722**	169,795	168,612
Tax credit/(charge) for the period		**2,311**	141,817	140,632
(Loss)/profit for the period		**(91,245)**	211,900	264,808
(Loss)/earnings per share:	*9*			
Basic		**(67.61)p**	158.97p	197.90p
Diluted		**(67.24)p**	158.06p	196.92p

* Adjusted to reflect the re-classification of receipts under hedging contracts (see note 6)

Unaudited group balance sheet

as at 31 March 2008

	Note	31.3.2008 £'000	31.3.2007 £'000	30.9.2007 £'000
Non-current assets				
Investment properties	11	**1,329,722**	1,332,140	1,393,662
Office assets and vehicles		**354**	415	387
		1,330,076	1,332,555	1,394,049
Current assets				
Trade and other receivables	12	**16,305**	17,832	24,622
Cash		**182**	18	336
Total assets		**1,346,563**	1,350,405	1,419,007
Current liabilities				
Trade and other payables	13	**35,300**	32,515	33,666
Non-current liabilities				
Taxation payable	14	**14,573**	21,231	17,901
Borrowings	15	**508,487**	474,306	494,714
Financial derivatives	16	**11,502**	2,108	630
Deferred tax	17	**2,588**	4,127	5,310
Total liabilities		**572,450**	534,287	552,221
Net assets		**774,113**	816,118	866,786
Equity				
Called up share capital	18	**33,836**	33,572	33,579
Other reserves	18	**132,201**	125,819	126,468
Retained earnings	18	**608,076**	656,727	706,739
Total equity		**774,113**	816,118	866,786
Net assets per share:	19			
Basic		**£5.72**	£6.08	£6.45
Diluted		**£5.67**	£6.04	£6.41

Unaudited group cash flow statement

for the six months ended 31 March 2008

	Note	**Six months ended 31.3.2008 £'000**	Six months ended 31.3.2007 £'000	Year ended 30.9.2007 £'000
Operating activities				
Cash generated from operations	*20*	**26,607**	20,509	43,032
Interest received		**74**	104	214
Interest paid		**(15,732)**	(14,241)	(30,257)
Tax (payments)/receipts in respect of operating activities		**(6,498)**	896	470
Cash flows from operating activities		**4,451**	7,268	13,459
Investing activities				
Property acquisitions		**(14,298)**	(13,063)	(32,133)
Capital expenditure on properties		**(6,142)**	(5,243)	(10,038)
Net proceeds from sales of properties		**9,195**	-	674
Net purchase of office assets and vehicles		**(38)**	(79)	(116)
Cash flows from investing activities		**(11,283)**	(18,385)	(41,613)
Financing activities				
Issue of shares for cash		**472**	3,693	3,693
Purchase of debenture stock		**-**	(9,312)	(9,312)
Increase in borrowings		**13,753**	13,036	33,562
Bank loan arrangement costs		**-**	(266)	(413)
Payment of finance lease liabilities		**(129)**	(132)	(260)
Equity dividends paid		**(7,418)**	(4,974)	(7,870)
Cash flows from financing activities		**6,678**	2,045	19,400
Net change in cash		**(154)**	(9,072)	(8,754)

Statement of changes in shareholders' equity

At 1 October 2007	**866,786**	606,881	606,881
(Loss)/profit for the period	**(91,245)**	211,900	264,808
Dividends paid	**(7,418)**	(4,974)	(7,870)
Proceeds of share issues	**5,366**	3,693	3,693
Fair value of share based remuneration	**624**	380	1,036
Deferred tax in respect of share based remuneration released from equity	**-**	(1,762)	(1,762)
At 31 March 2008	**774,113**	816,118	866,786

Notes to the half year results

for the six months ended 31 March 2008

1. Basis of preparation

The Half Year 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 2007, 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 Half Year Report comprises the Group balance sheets as at 31 March 2008, 31 March 2007 and 30 September 2007 and related statements of Group income, cash flow and changes in shareholders' equity and the related notes for periods then ended ("financial information"). The financial information has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority, IAS 34 and the Group's principal accounting policies set out in the 2007 Annual Report. It has been prepared under the historical cost convention as modified by the revaluation of investment properties and financial derivatives.

At the date of the approval of this Half Year Report, IFRS 7 'Financial Instruments: Disclosures' and the related amendment to IAS 1 on capital disclosures were in issue. The Group has entered into new interest rate hedges during the period but, as this Half Year Report contains only condensed financial statements, and there is no change in the presentational requirements of these transactions under IFRS 7, full IFRS 7 disclosures are not required at this stage.

The following standards, amendments and interpretations are mandatory for the first time for the current accounting period but are not relevant to the Group's operations:

- IFRIC 10 'Interim financial reporting and impairment'.
- IFRIC 11 'Group and treasury share transactions'.

The revised standard IAS 23 'Borrowing Costs' was issued in March 2007, effective for accounting periods commencing on or after 1 January 2009. Upon adoption, the revised standard will have no impact on the financial statements unless there is a change in the nature of the Group's activities or financing arrangements. IFRS 8 'Segmental Reporting' will become effective for accounting periods commencing on or after 1 January 2009 but is not expected to have any material impact on the format of the Group's reporting.

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.

The measurement of fair value constitutes the principal area of judgement exercised by the Board in the preparation of these financial statements. The fair valuations of investment properties, financial derivatives and share based payments are carried out by external advisors whom the Board considers to be suitably qualified to carry out such valuations.

	Six months ended 31.3.2008 £'000	Six months ended 31.3.2007 £'000	Year ended 30.9.2007 £'000
2. Revenue from properties			
Rents due from tenants	**29,216**	27,109	55,348
Recognition of lease incentives	**(275)**	455	278
	28,941	27,564	55,626
Recoverable property expenses	**5,503**	4,954	6,797
	34,444	32,518	62,423

The Group's revenue is generated entirely from its principal activity of property investment located in London.

	Six months ended 31.3.2008 £'000	Six months ended 31.3.2007 £'000	Year ended 30.9.2007 £'000
3. Property charges			
Property outgoings	**2,877**	3,099	6,046
Recoverable property expenses	**5,503**	4,954	6,797
	8,380	8,053	12,843
4. Charge in respect of equity settled remuneration			
Charge in respect of share based remuneration	**624**	380	1,036
Employers' National Insurance in respect of share awards and share options vested or expected to vest	**401**	747	104
	1,025	1,127	1,140
5. Profit on disposal of investment properties			
Net sale proceeds	**1,851**	-	8,394
Book value at date of sale	**(1,790)**	-	(6,179)
	61	-	2,215

Notes to the half year results

for the six months ended 31 March 2008

	Six months ended 31.3.2008 £'000	Six months ended 31.3.2007 £'000	Year ended 30.9.2007 £'000

6. Interest payable

Debenture stock interest and amortisation	**2,547**	2,551	5,100
Bank and other interest	**12,968**	*11,888	24,954
Amount payable under finance leases	**129**	132	259
	15,644	14,571	30,313

*Comparative amount restated to include receipts under hedging contracts totalling £117,000 previously reported as part of the movement in the fair value of financial derivatives.

7. Loss on purchase of debenture stock

Cost of debenture stock purchased:	**-**	9,312	9,312
Nominal amount of stock purchased	**-**	(6,494)	(6,494)
	-	2,818	2,818
Unamortised net premium written off	**-**	(344)	(344)
	-	2,474	2,474

8. Taxation

Current tax			
UK Corporation tax at 30%	**313**	466	875
REIT conversion charge in respect of:			
Group conversion on 1 April 2007	**-**	27,512	27,512
Company acquired during the period	**98**	-	-
Adjustments in respect of prior years	**-**	-	(407)
	411	27,978	27,980
Deferred tax			
Revaluation of investment properties	**(2,722)**	1,583	2,766
Released on REIT conversion	**-**	(171,378)	(171,378)
	(2,722)	(169,795)	(168,612)
Tax (credit)/charge for the period	**(2,311)**	(141,817)	(140,632)
Tax credited directly to reserves:			
Deferred taxation in respect of share based remuneration released on REIT conversion	**-**	(1,762)	(1,762)
Factors affecting the tax charge:			
(Loss)/profit before tax	**(93,736)**	70,083	124,176
UK Corporation tax at 30%	**(28,120)**	21,025	37,253
Taxable profit for the period not liable to UK Corporation tax due to REIT status	**(1,486)**	-	(1,929)
Deferred tax not provided in respect of property and financial derivative valuation movements and capital allowances due to REIT status	**27,301**	(18,216)	(31,088)
Expenses and provisions not deductible for Corporation tax purposes and other timing differences	**(104)**	(760)	(595)
Adjustments in respect of prior periods	**-**	-	(407)
Effect of REIT conversion:			
REIT conversion charge	**98**	27,512	27,512
Deferred tax provided in prior years now released	**-**	(171,378)	(171,378)
Tax (credit)/charge for the period	**(2,311)**	(141,817)	(140,632)

Notes to the half year results

for the six months ended 31 March 2008

	Six months ended 31.3.2008 £'000	Six months ended 31.3.2007 £'000	Year ended 30.9.2007 £'000

9. (Loss)/earnings per share

(Loss)/Profit after tax used for calculation of basic earnings per share	**(91,245)**	211,900	264,808
Adjusted for:			
Gain on sale of investment properties	**(61)**	-	(2,215)
Investment property valuation movements	**89,919**	(58,670)	(103,034)
Movement in fair value of financial derivatives	**10,872**	*(7,210)	(8,688)
Loss on purchase of debenture stock	**-**	2,474	2,474
Current tax in respect of:			
REIT conversion charge	**98**	27,512	27,512
Loss on purchase of debenture stock	**-**	(742)	(742)
Deferred tax in respect of:			
Investment property revaluation gains	**(2,722)**	1,583	2,766
Deferred tax released on REIT conversion	**-**	(172,278)	(171,378)
Profit after tax used for adjusted earnings per share	**6,861**	*4,569	11,503
Weighted average number of shares in issue '000	**134,957**	133,298	133,808
Weighted average number of shares in issue for calculation of diluted earnings per share '000	**135,692**	134,067	134,475
(Loss)/earnings per share	**Pence**	Pence	Pence
Basic	**(67.61)**	158.97	197.90
Diluted	**(67.24)**	158.06	196.92
Adjusted basic	**5.08**	*3.43	8.60
Adjusted diluted	**5.06**	*3.41	8.55

*Adjusted to reflect the re-classification of payments under hedging contracts (see note 6)

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.

10. Dividends paid

Final dividend paid in respect of:			
Year ended 30 September 2007 at 5.50p per share	**7,418**	-	-
Year ended 30 September 2006 at 3.73p per share	**-**	4,974	4,974
Interim dividend paid in respect of:			
Six months ended 31 March 2007 at 2.16p per share	**-**	-	2,896
	7,418	4,974	7,870

An interim dividend in respect of the six months ended 31 March 2008 of 5.00p per Ordinary Share amounting to £6.77 million was declared by the Board on 28 May 2008. The interim dividend will be paid on 27 June 2008 (record date 13 June 2008). The dividend will be accounted for as an appropriation of revenue reserves in the six months ending 30 September 2008.

Notes to the half year results

for the six months ended 31 March 2008

11. Investment properties

	31.3.2008 £'000	31.3.2007 £'000	30.9.2007 £'000
At 1 October 2007	**1,388,134**	1,249,215	1,249,215
Acquisitions	**21,433**	13,170	32,101
Refurbishment and other capital expenditure	**6,352**	5,540	9,846
Disposals	**(1,790)**	-	(6,062)
Net (deficit)/surplus on revaluation	**(89,919)**	58,670	103,034
	1,324,210	1,326,595	1,388,134
Add: Head lease liabilities grossed up	**5,512**	5,545	5,528
Book value at 31 March 2008	**1,329,722**	1,332,140	1,393,662
Market value at 31 March 2008:			
Properties valued by DTZ Debenham Tie Leung Limited	**1,255,095**	1,256,275	1,312,295
Properties valued by Knight Frank LLP	**74,750**	76,500	81,750
	1,329,845	1,332,775	1,394,045
Add: Head lease liabilities grossed up	**5,512**	5,545	5,528
Less: Lease incentives recognised to date	**(5,635)**	(6,180)	(5,911)
Book value at 31 March 2008	**1,329,722**	1,332,140	1,393,662
Historic cost of properties at valuation	**735,766**	689,096	709,310

Investment properties were subject to external valuation as at 31 March 2008 by qualified professional valuers, being members of the Royal Institution of Chartered Surveyors, either working for DTZ Debenham Tie Leung Limited, 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 Valuation Standards (Sixth Edition) issued by the Royal Institution of Chartered Surveyors.

Investment properties include freehold properties valued at £1,174.6 million, leasehold properties with an unexpired term of over 50 years valued at £81.4 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 £73.7 million.

Notes to the half year results

for the six months ended 31 March 2008

	31.3.2008 £'000	31.3.2007 £'000	30.9.2007 £'000
12. Trade and other receivables			
Amounts due from tenants	**8,739**	7,696	9,346
Lease incentives recognised in the Income Statement	**5,635**	6,180	5,911
Due in respect of property disposals	**356**	-	7,835
Corporation tax recoverable	**-**	-	264
Other receivables and prepayments	**1,575**	3,956	1,266
	16,305	17,832	24,622
13. Trade and other payables			
Rents invoiced in advance	**11,976**	11,817	11,884
Corporation tax and REIT conversion charge payable (note 14)	**7,204**	7,008	10,178
Due in respect of property acquisitions	**4,378**	-	-
Trade payables in respect of capital expenditure	**1,071**	1,880	1,502
Other trade payables and accruals	**10,671**	11,810	10,102
	35,300	32,515	33,666
14. Taxation payable			
The Group has elected to pay its 2007 REIT conversion charge in instalments which fall due as follows:			
Between October 2007 and March 2008 in two instalments	**-**	6,281	6,281
In quarterly instalments:			
Year to 31 March 2009	**6,658**	6,658	6,658
Year to 31 March 2010	**7,035**	7,035	7,035
Year to 31 March 2011	**7,538**	7,538	7,538
	21,231	27,512	27,512
Less: Payable within one year included in trade and other payables (note 13)	**(6,658)**	(6,281)	(9,611)
	14,573	21,231	17,901

15. Borrowings

	Nominal value £'000	Unamortised premium and issue costs £'000	31.3.2008 £'000	31.3.2007 £'000	30.9.2007 £'000
8.5% First Mortgage Debenture Stock 2024	61,048	3,100	**64,148**	64,242	64,196
Secured bank loans	440,418	(1,591)	**438,827**	404,519	424,990
	501,466	1,509	**502,975**	468,761	489,186
Finance lease obligations	5,512	-	**5,512**	5,545	5,528
	506,978	**1,509**	**508,487**	474,306	494,714

Movement in Borrowings during the period:

	1.10.2007 £'000	Cash flows £'000	Non-cash Items £'000	31.3.2008 £'000
8.5% First Mortgage Debenture Stock 2024	(64,196)	-	48	**(64,148)**
Secured bank loans	(424,990)	(13,753)	(84)	**(438,827)**
Finance lease obligations	(5,528)	-	16	**(5,512)**
	(494,714)	**(13,753)**	**(20)**	**(508,487)**
Six months ended 31 March 2007	(468,341)	(3,475)	(2,490)	(474,306)
Year ended 30 September 2007	(468,341)	(23,837)	(2,536)	(494,714)

Notes to the half year results

for the six months ended 31 March 2008

	31.3.2008 £'000	31.3.2007 £'000	30.9.2007 £'000

16. Fair values of financial derivatives

	31.3.2008 £'000	31.3.2007 £'000	30.9.2007 £'000
Interest rate hedges			
At 1 October 2007 – Deficit	**(630)**	(9,318)	(9,318)
Fair value movement (charged)/credited in the Income Statement	**(10,872)**	*7,210	8,688
At 31 March 2008 - Deficit	**(11,502)**	(2,108)	(630)

*Comparative amount restated to exclude receipts under hedging contracts previously reported as part of the movement in the fair value of financial derivatives.

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.

Interest rate hedging at 31 March 2008:

Start date	Notional principal £'000	Fixed rate	End date	Benchmark
December 2007	110,000	5.152%	December 2027	3 month LIBOR
January 2008	110,000	5.155%	January 2028	3 month LIBOR
March 2008	110,000	5.070%	March 2018	3 month LIBOR
April 2008*	30,000	5.293%	April 2015	3 month LIBOR

*Contracted in November 2007

	31.3.2008 £'000	31.3.2007 £'000	30.9.2007 £'000
8.5% Mortgage Debenture Stock 2024			
Fair value deficit not recognised in the reported results for the period	**(11,967)**	(19,271)	(14,464)

17. Deferred tax

	31.3.2008 £'000	31.3.2007 £'000	30.9.2007 £'000
At 1 October 2007	**5,310**	172,160	172,160
Recognised in Income Statement	**(2,722)**	(169,795)	(168,612)
Recognised in equity:			
Share based payments	**-**	1,762	1,762
At 31 March 2008	**2,588**	4,127	5,310
Deferred tax provided in respect of:			
Valuation of investment properties	**2,588**	4,127	5,310

Notes to the half year results

for the six months ended 31 March 2008

18. Shareholder's funds

	Share capital £'000	Share premium £'000	Share based payments £'000	Retained earnings £'000	**Total £'000**
At 1 October 2007	33,579	124,040	2,428	706,739	**866,786**
Share issued	257	5,109	-	-	**5,366**
Fair value of share based payments	-	-	624	-	**624**
Loss for the period	-	-	-	(91,245)	**(91,245)**
Dividend paid during the period	-	-	-	(7,418)	**(7,418)**
At 31 March 2008	**33,836**	**129,149**	**3,052**	**608,076**	**774,113**
At 1 October 2006	33,192	120,734	3,154	449,801	606,881
Share issued	380	3,313	-	-	3,693
Fair value of share based payments	-	-	380	-	380
Deferred tax adjusted in equity	-	-	(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 2006	33,192	120,734	3,154	449,801	606,881
Shares issued	387	3,306	-	-	3,693
Fair value of share based payments	-	-	1,036	-	1,036
Deferred tax adjusted in equity	-	-	(1,762)	-	(1,762)
Profit for the year	-	-	-	264,808	264,808
Dividends paid during the period	-	-	-	(7,870)	(7,870)
At 30 September 2007	33,579	124,040	2,428	706,739	866,786

During the period, 889,422 Ordinary 25p shares were issued at £5.50 in consideration for the purchase of the entire issued share capital of Carnaby Investments Limited, and 138,845 Ordinary 25p shares were issued at £3.40 in connection with the exercise of options granted under the 2001 Discretionary Share Option Scheme.

Notes to the half year results

for the six months ended 31 March 2008

19. Net assets per share

	31.3.2008 £'000	31.3.2007 £'000	30.9.2007 £'000
Net assets used for calculation of basic net assets per share	**774,113**	816,118	866,786
Adjusted for:			
Cumulative fair value adjustment in respect of financial derivatives	**11,502**	2,108	630
Cumulative deferred tax provided in respect of investment property revaluation gains	**2,588**	4,127	5,310
Adjusted net assets	**788,203**	822,353	872,726
Additional equity if all vested share options exercised	**4,418**	3,037	3,159
Net assets used for adjusted diluted net asset calculations	**792,621**	825,390	875,885
Ordinary shares in issue '000	**135,344**	134,316	134,316
Diluted Ordinary shares '000	**137,185**	135,619	135,619
Net assets per share:			
Basic	**£5.72**	£6.08	£6.45
Diluted	**£5.67**	£6.04	£6.41
Adjusted basic	**£5.82**	£6.12	£6.50
Adjusted diluted	**£5.78**	£6.09	£6.46

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.

20. Cash generated from operations

	Six months ended 31.3.2008 £'000	Six months ended 31.3.2007 £'000	Year ended 30.9.2007 £'000
Operating activities			
Operating (loss)/profit	**(67,114)**	79,814	148,061
Adjustment for non-cash items:			
Amortisation of lease incentives	**276**	(455)	(278)
Share option expense	**624**	380	1,036
Depreciation and losses on disposals	**71**	73	138
Profit on sale of investment properties	**(61)**	-	(2,215)
Investment property valuation movements	**89,919**	(58,670)	(103,034)
Cash flows from operations before changes in working capital	**23,715**	21,142	43,708
Change in trade and other receivables	**351**	(3,319)	(2,279)
Change in trade and other payables	**2,541**	2,686	1,603
Cash generated from operations	**26,607**	20,509	43,032

Notes to the half year results

for the six months ended 31 March 2008

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:

	31.3.2008 £'000	31.3.2007 £'000	31.9.2007 £'000
Income Statement			
Rents receivable	**1,066**	1,464	2,841
Recoverable property expenses	**75**	160	176
Revenue from properties	**1,141**	1,624	3,017
Property expenses	**(197)**	(139)	(361)
Recoverable property expenses	**(75)**	(160)	(176)
Property charges	**(272)**	(299)	(537)
Net property income	**869**	1,325	2,480
Administration expenses	**(192)**	(188)	(382)
Operating profit before investment property valuation movements	**677**	1,137	2,098
Investment property valuation movements	**(9,074)**	5,276	9,217
Operating (loss)/profit	**(8,397)**	6,413	11,315
Interest receivable	**495**	527	1,078
Interest payable	**(129)**	(132)	(258)
(Loss)/profit before tax	**(8,031)**	6,808	12,135
Current tax	**(313)**	(466)	(875)
Deferred tax	**2,722**	(1,583)	(2,766)
Tax charge for the period	**2,409**	(2,049)	(3,641)
(Loss)/profit for the period	**(5,622)**	4,759	8,494
Dividends paid in period	**(900)**	(1,050)	(2,050)
Retained (loss)/profit	**(6,522)**	3,709	6,444
Balance Sheet			
Non-current assets			
Investment properties at market value	**74,750**	76,500	81,750
Head lease liability grossed up	**5,512**	5,545	5,529
	80,262	82,045	87,279
Current assets			
Trade and other receivables	**708**	583	715
Amounts due from shareholders	**15,650**	19,775	18,800
Cash	**182**	18	335
Total assets	**96,802**	102,421	107,129
Current liabilities			
Trade and other payables	**1,323**	1,583	2,389
Non-current liabilities			
Deferred tax	**2,588**	4,127	5,310
Head lease liability	**5,512**	5,545	5,529
Total liabilities	**9,423**	11,255	13,228
Net assets attributable to the Shaftesbury Group	**87,379**	91,166	93,901

Responsibility Statement

The Directors confirm to the best of their knowledge:

(a) The condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting"; and

(b) The interim management report includes a fair review of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the UK Financial Services Authority.

On behalf of the Board

Jonathan S Lane Chief Executive

Brian Bickell Finance Director

28 May 2008

Directors, officers and advisors

Directors

P John Manser, CBE, DL, FCA
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
Non-executive Director

W Gordon McQueen, BSc, CA, FCIBS
Non-executive Director

Patience J Wheatcroft
Non-executive Director
(appointed 1.3.2008)

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Registered Number - 1999238

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JPMorgan Cazenove
Merrill Lynch International

Principal Bankers
Bank of Scotland
Bradford & Bingley plc
Clydesdale Bank PLC
Lloyds TSB Bank plc
Nationwide Building Society

Debenture Stock Trustee
Prudential Trustee Company Limited

Auditors
PricewaterhouseCoopers LLP

Solicitors
Lovells LLP
Eversheds LLP
Fosters LLP

Valuers
DTZ Debenham Tie Leung Limited

Web sites
Corporate: www.shaftesbury.co.uk
Includes Annual and Interim Reports Library from 2002 and recent corporate announcements. News alert service allows registered users to receive e-mail alerts of any new announcements.

Villages
www.carnaby.co.uk
www.sevendials.co.uk
www.operaquarter.co.uk
www.chinatownlondon.org
www.stmartinscourtyard.com

Financial calendar

Results

Interim results announced	**28 May 2008**
Interim report posted to shareholders and debenture stockholders	**6 June 2008**
Interim Management Statement	**31 July 2008**
2007 Annual results announced	**3 December 2008**

Dividends and debenture interest

Declared interim dividend	
Ex dividend	**11 June 2008**
Record date	**13 June 2008**
Payment date	**27 June 2008**
Debenture stock interest payment date	**30 September 2008**

Shareholder information

Equiniti Limited maintains the Group's Register of Members. They may be contacted at:

Equiniti Limited,
Aspect House, Spencer Road.
Lancing West Sussex BN99 6DA

Telephone 0871 384 2294
(International +44 121 415 7047)

Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' costs may vary.

Shareholder accounts may be accessed online through www.shareview.co.uk. This gives secure access to account information and permits shareholders to amend address information and payment instructions. There is also a Shareview dealing service which is a simple and convenient way to buy or sell shares in the Group.

Impact of REIT status on payment of dividends
As a REIT, certain categories of shareholder may be able to receive their dividends gross without deduction of withholding tax. Categories which may claim this exemption include: UK companies, chanties, local authorities. UK pension schemes and managers of PEPs, ISAs and Child Trust Funds.

For further information and the forms for completion to apply for dividends to be paid gross, please see the Group's website or contact the Group's Registrar. The deadline for completed forms to be with the Groups Registrar for payment of the interim dividend is 13 June 2008.

Sharegift
The Orr Mackintosh Foundation operates a voluntary charity share donation scheme for retail shareholders who wish to dispose of small numbers of shares whose value makes it uneconomical to sell them. Details are available from www.sharegift.org or the Group's Registrars.

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