

**Half Year Report and Accounts
for the six months ended
30 September 2007**

HIGHLIGHTS

Financial Highlights

- Adjusted net asset value per share 766p (March 2007: 800p)⁽ⁱ⁾
- Net asset value per share 752p (March 2007: 774p)⁽ⁱⁱ⁾
- Total annualised adjusted negative return 4.3% (September 2006: positive 23.7%)
- Operating profit before net gain on investments £9.9million (September 2006: £9.4million)
- Realised profits £11.2million (September 2006: £7.9million)⁽ⁱⁱⁱ⁾
- £6.4million capital profits on property disposals – 13% over March 2007 values
- Earnings per share excluding fair value movements 22.1p (September 2006: 15.0p)
- Losses per share 10.7p (September 2006: earnings 73.3p)
- Interim dividend up 12.5% to 11.25p

Business Highlights

- Property owned and under management £3.3billion
- Commercial rent roll owned and under management up 3% to £180million per annum
- Completion of development at Bouverie Place, Folkestone in November 2007

- (i) Adjusted for deferred tax on on assets not within the REIT election and the proposed interim dividend
- (ii) The NAV includes deferred tax on assets not within the REIT election and is before the proposed interim dividend
- (iii) This excludes fair value movements, Group and joint ventures' tax

CHAIRMAN'S STATEMENT

The property market has been heavily influenced over the last few months by turmoil in the financial markets. Although our results reflect that negative influence, there is much from which shareholders can draw encouragement both in the results and in the actions flowing from the strategy pursued in recent years in anticipation of more difficult times. In particular the Group's property performance has beaten the relevant IPD benchmark, one of our key measurements.

RESULTS OVERVIEW

In the six months to September 2007 adjusted net asset value per share fell by 4% from 800p to 766p and net asset value per share by 3% from 774p to 752p. Nevertheless, there is further value both in the Apia and AIF asset management businesses, which generated a recurring operating profit of £2.5million (September 2006: £2.2million), and in the development pipeline wherein expenditure is held at cost until completion.

The Group made a loss for the period after tax of £6.0million (September 2006: £39.0million profit). Realised profit before tax, excluding share of joint ventures' tax credit, rose by £3.3million to £11.2million (September 2006: £7.9million) but due to the reduction in property values the Group made a loss of £9.7million (September 2006: £48.3million profit) before tax. The property revaluation deficit of £20.9million (September 2006: £24.5million surplus) is unrealised and actual sales of £45million of property (March 2007 values) were made at an average profit of 13% during the six months to September 2007. However the effect of the deficit, albeit mitigated by a tax saving of at least £2.4million due to our REIT status, was to produce a negative total return of 4.3% (September 2006: positive 23.7%).

A more detailed analysis of the half year will be found in the Reports from the Property Director and the Finance Director which follow this statement.

The Board has increased the interim dividend to 11.25p against 10p last year, a rise of 12.5%. Although the dividend is not covered by recurring earnings, it is covered twice by realised profits after tax and will be paid on 22 February 2008 to shareholders on the register at close of business on 25 January 2008.

STRATEGY AND OUTLOOK

The Group's focus is on income, the generating, improving and increasing of revenue. The move into fund management was made with that in mind and so too was the build up of a development capability. Development not only creates new income but improves the quality of that already flowing. The Group's 200,000 sq ft shopping centre in Folkestone completed this month, 92% pre-let, and will be valued at 31 March 2008. In joint venture with Bank of Scotland, construction started on 100,000 sq ft of retail in Bolton, already 70% pre-let and scheduled for completion in the next financial year. More development is in the pipeline and the sales and purchases made over the last few years and continuing have further upgraded the quality of the portfolio as a whole.

The Group pursues a prudent approach to borrowing and has little exposure to current credit market conditions. We have a number of long term banking relationships, which include joint ventures with our banks, and all the Group's borrowings are on bank balance sheets and not exposed to the commercial mortgage backed securities (CMBS) market. Although gearing at 86% (currently 83%) was higher than anticipated at 30 September, following more acquisitions on balance sheet than in joint venture, the properties purchased have been in the best performing sector, London offices, and the Group's loan to value ratio (LTV) is a comfortable 58%. Income cover is, arguably even more important than LTV and the Group's quantity and quality of rental income have continued to increase. Only 7% of the Group's revolving facilities are scheduled for renewal during the current financial year and gearing is expected to reduce following more budgeted sales.

Yields have moved out across most sectors and the investment market is opaque and uncertain; this is a reflection of financial markets and limited transactional evidence, not of the occupational market. Our underlying income stream has increased on a like for like basis during the period with reduced void levels and improved rental values. Although we expect further outward movement in yields, the current share price represents a substantial discount both to today's NAV and to that which might follow reasonable expectations of yield shift. Furthermore, the effect on the Group will be ameliorated by the absence of tax, consequent upon our REIT status, by the improvements in quality and quantity of income brought about by asset management and by the prospect of lower interest rates in 2008.

PROPERTY REPORT

The Group manages a total portfolio of £3.3billion of property for itself and external investors. Of the property managed, some £1.2billion represents the Group's equity commitment which is broken down as directly owned property (42%), share of investment in joint ventures (40%) and share of investment in funds (18%). It is this equity portfolio which drives the Group's NAV and generates the majority of its income. The element that is not owned produces management fee income and the potential for performance fees which supplement the Group's overall profit performance. In the six months to September 2007 this income stream produced a profit before tax of £1.5million (September 2006: £1.0million) for a minimal capital investment.

Across the total managed portfolio, annual rental income for the first six months increased by £4.8million to £179.9million and income from standing investments, those managed throughout the period, rose by £1.8million. The main drivers have been a reduction in void rate which, excluding the Ashtenne Industrial Fund (which has a deliberate void rate of 10% to 14%), now stands at 4.9% representing £6.4million pa, down from 6.3% at March 2007, and our aggressive asset management programme. The same core income improvement philosophy is at the heart of our management strategy. Our target void rate at the start of the year was 5.0% and this has already been achieved.

Total return from our equity portfolio for the first six months was 2.1% (on the total managed portfolio of £3.3billion it was 2.2%) compared with 1.1% from the IPD benchmark, with income returns of 2.7% (total managed portfolio 2.8%) against 2.4% from IPD.

Occupational markets continue to be robust in the face of rising yields, the opposite of the situation 12 to 24 months ago, and there is now net disinvestment as opposed to considerable demand. The equity portfolio's ERV increased by £5.5million over the first six months to £80.2million pa, representing growth of 7% which provides plenty of opportunity for continuing income improvement.

The hard work put in over the last three years to bring our development pipeline forward is now coming to fruition with £1.88million of new contracted income to come through in the second half of this year following November 2007 completions at Folkestone and Bardon of which £1.74million is the Group's share. The table below details the schemes completed and underway during this year.

Business Area	Project	Size sq ft	Anticipated Practical Completion	Cost of scheme to completion	ERV (at commencement of works)	Rent achieved to date in total (and as % of ERV)	Group Interest	Comments & Timing
Wholly Owned	Folkestone, Bouverie Place Shopping Centre	200,000	Second half 07/08	£27million	£1.9million	£1.6million (85%)	100%	Centre opened 26.11.07
Joint Ventures	Bardon, Leics, Interlink Park	54,000	Second half 07/08	£4.4million	£0.275million	£275,225 (100%)	50%	Practical completion achieved 02.11.07
	Bolton Shopping Centre – The Market Hall	100,000	Second half 08/09	£35million	£3.2million	£1.9million (59.5%)	50%	Under construction

In addition, the Ashtenne Industrial Fund, which the Group asset manages and has a 6.5% investment in, has an active ongoing development programme with two projects currently underway at Optima Park in Kent and at Tameside Business Park in Manchester, which totals 170,000 sq ft.

The autumn credit crunch has brought illiquidity rather than, as yet, market deals generating comparable evidence of capital value decline; valuations are at present falling on sentiment and lower volumes.

The IPD Quarterly index recorded a fall in value over the six months to September 2007 of 1.3%, its first decline since 2001, and the IPD Universe net initial yield rose by 6 bps to 4.64%. Our own wholly owned portfolio followed a similar trend with its net initial yield rising by 7bps to 5.09% whilst the overall managed portfolio of £3.3billion saw its net initial yield rise by 10bps to 5.24% with a similar rise on the standing investments. A table showing the complete analysis of the All Property Returns against IPD can be found at the end of the Property Review. We believe there will be greater falls across the market in the value of

secondary assets, whilst prime investments should remain more resilient. Our own properties increasingly lean towards prime, as reported in June 2007, and this trend has continued in the first half year with £45million of property realising £55million before costs from disposals of secondary and ex-growth assets at a net 13% above their March 2007 values which have been replaced by £93million of Central London offices with significant asset management potential.

KEY STATISTICS

	Total under management		Warner equity investment	
	30 September 2007	31 March 2007	30 September 2007	31 March 2007
Capital Value	£3,252million	£3,221million	£1,215million	£1,172million
Annualised rent roll	£179.9million	£175.1million	£65.8million	£62.6million
Initial Yield	5.24%	5.14%	5.15%	5.06%
Equivalent Yield	6.26%	6.24%	5.95%	5.99%
Average Unexpired Lease Term	6.80 years	7.16 years	8.63 years	6.96 years
Void Rate	8.6%	10.8%	5.9%	7.5%
Number of Properties	542	562	n/a	n/a
Average Lot Size	£6.00million	£5.73million	n/a	n/a

*Investment properties and properties under the course of development, where the capital value is before the accounting adjustment for ground lease interest for leasehold properties and certain properties treated as finance lease assets of £4.5million (2006: £1.1million).

WARNER EQUITY PORTFOLIO

Property Type	Ownership				Annualised Rent Roll £million	ERV £million	Net Initial Yield	Equivalent Yield	Weighting
	Wholly Owned £million	Share of Joint Ventures £million	Share of Funds £million	Total £million					
Shopping Centres	85	289	-	374	19.2	26.6	4.75%	5.89%	30.8%
Shopping Centre Development	25	-	-	25	n/a	n/a	n/a	n/a	2.1%
Other Retail	116	-	-	116	6.0	6.8	4.99%	5.43%	9.5%
Total Retail	226	289	-	515	25.2	33.4	4.78%	5.82%	42.4%
Offices	205	51	137	393	22.4	26.7	5.20%	5.97%	32.3%
Distribution	18	148	-	166	10.7	10.7	5.95%	5.95%	13.7%
Industrial	44	-	83	127	7.0	8.9	5.41%	6.68%	10.5%
Other	14	-	-	14	0.5	0.5	n/a	n/a	1.1%
Total Equity	507	488	220	1,215	65.8	80.2	5.15%	5.95%	100.0%

UNDER MANAGEMENT

	Number of properties	Capital value £million	Annualised rent roll £million	ERV £million	Net initial yield %
Aggregate of all properties					
Wholly Owned*	78	506.7	27.3	31.6	5.09%
Joint Ventures (50% owned)					
• Agora / Agora Max Shopping Centres*	11	577.7	29.2	42.2	4.60%
• Radial Distribution*	14	296.6	18.3	18.4	5.90%
• Greater London Offices*	2	102.4	4.6	6.1	4.26%
Funds asset managed by the Group					
Apia Regional Offices	22	501.0	28.2	32.7	5.27%
Ashtenne Industrial**	415	1,267.3	72.3	94.7	5.42%
Total under management	542	3,251.7	179.9	225.7	5.24%

*Capital value is before accounting adjustments for ground lease interest for leasehold properties, and certain properties treated as finance lease assets

**Includes 100% of the Space Northwest JV portfolio

Wholly Owned Portfolio

Value: £506.7million (Cushman & Wakefield and Directors)

Rental Income: £27.3million pa

Acquisition activity has been almost exclusively focused on Central London with close to £100million of acquisitions across three office buildings: America House, America Square, London EC3 (£26.0million); 16 Upper Woburn Place London WC1 (£22.6million) and Cable House, New Broad Street, London EC2 (£44.0million). 85% of the Wholly Owned properties are located in London and the South East.

The strategy for selling out of smaller ex-growth properties has continued with the realisation of approximately £55million, a net surplus of 13% on March 2007 valuations, from the sale of 11 assets.

Rental income has increased by £2.81million pa (11.5%) over the half year.

Development

Within our Wholly Owned portfolio the new 200,000 sq ft Bouverie Place Shopping Centre, Folkestone reached practical completion in November 2007, 92% pre-let (by floor area) and in Aylesbury, where we are working with Aylesbury Vale District Council on the 265,000 sq ft (24,628 sq m) extension to the Hale Leys Centre, a planning application is expected to be made in early 2008. The acquisition of JS Real Estate plc in March 2007 included a number of potential new development opportunities most notably Herluin Way, Weston-Super-Mare, 40,000 sq ft of out-of-town retail.

In our joint ventures the 54,000 sq ft extension by Radial to Interlink Park, Bardon, Leicestershire, also reached practical completion in November and is 100% pre-let. Works on the 100,000 sq ft (9,294 sq m) extension to Agora's shopping centre in Bolton are continuing to programme and budget, 70% pre-let (by floor area) including the two anchor stores leased to H&M Hennes and Zara. Recent new pre-lets at £164 and £172 per sq ft headline Zone A are ahead of the initial estimated rental value at the start of the scheme. The project is on course for opening in autumn 2008.

In the Funds, AIF completed its 85,500 sq ft (7,946 sq m) industrial scheme of 15 units at Quadrant Centre, Gloucester in April 2007. Construction started in May 2007 on the redevelopment of Tameside Business Centre, Manchester consisting of 78,000 sq ft (7,249 sq m) of new office/industrial space. Phase 2 of Optima Park, Crayford, Kent a six unit 93,000 sq ft (8,643 sq m) industrial park, was completed in August 2007 with 45% of the space pre-let or pre-sold at practical completion.

PROPERTY JOINT VENTURES (ALL 50% OWNED)

Agora / Agora Max Shopping Centres

Value: £577.7million (DTZ and Directors)

Rental Income: £29.2million pa

In June 2007 planning consent was granted for a new 1,400 sq ft (130 sq m) café in The Grange Shopping Centre, Birkenhead which will be a flagship sustainability project. Work is due to commence on site in early 2008. Recent lettings in The Grange and Pyramids Shopping Centres include Caffé Nero and Republic, improving both the food and fashion offer.

At The Pallasades in Birmingham discussions continue with Network Rail regarding their Gateway proposals for New Street Station. The scheme proposes extensive changes to the station and the shopping centre. We continue to improve the retail offer at the centre with six new lettings completed since March including a new letting to Prêt à Manger, who have introduced the first of their new concept 'Prêt Pod'.

Improvement works are planned in Cavern, Liverpool and early phases of the extension to Fishergate in Preston are being pursued with retailer attitude to the centre continuing to be encouraging.

In both Preston and Bolton we have extended the joint ventures' ownerships with the acquisition of Victoria and Albert Buildings in Preston for £1.25million and 32-34 Corporation Chambers, in Bolton, for £0.35million. Both provide significant asset management opportunities. At Middleton, through active management we have increased the rental level in the main mall from £72 per sq ft Zone A (ITZA) to £78 per sq ft ITZA.

Total income in Agora and Agora Max increased over the period by £500,000 pa.

Radial Distribution

Value: £296.6million (DTZ and Directors)

Rental Income: £18.3million pa

Following the purchase of a fourth 222,000 sq ft warehouse at DIRFT, Daventry for £17.9million in January of this year, Radial now has 14 UK assets with a total floor space of 3.2million sq ft under management. The new unit at DIRFT is vacant but has the benefit of a full rental cover until July 2008.

A bespoke 54,000 sq ft extension and lease re-gear was completed to the Antalis warehouse at Interlink Park, Bardonia, Leicestershire in November.

Radial is now focusing on its stated strategy to extend growth further into Europe and hopes to purchase at least two European warehouses within the next six to nine months.

Total income in Radial increased over the period by £33,000 pa.

Greater London Offices

Value: £102.4million (CBRE)

Rental Income: £4.6million pa

Assets owned by the joint venture continue to perform well on the back of strong market conditions. We completed the refurbishment of vacant space at 55 Old Broad Street and let all 27,100 sq ft to MWB Business Exchange at £40 per sq ft against ERV of £37.50 per sq ft.

Total income fell over the period by £312,000 pa (6.8%).

MULTI-INVESTOR PROPERTY FUNDS

Apia Regional Office Fund

Value: £501.0million (DTZ)

Rental Income: £28.2million pa

The Fund remains one of the few specialists investing exclusively in city centre offices outside Central London.

Over the six month period ending September 2007 there has been a total of c. 35,000 sq ft of lettings representing new contracted income of £273,000 pa and helping to reduce the overall void rate from 6.4% at March 2007 to a historical low level of 5.4%.

Notable letting successes have been achieved in the Scottish properties with a further floor (14,253 sq ft) letting in 225 Bath Street, Glasgow to WA Fairhurst and a total of 10,000 sq ft in Apex 123, Edinburgh to EC Harris and Cyril Sweet, all ahead of ERV, and each following completed refurbishment projects.

Ashtenne Industrial Fund (AIF)

Value: £1.27billion (King Sturge and DTZ)

Rental Income: £72.3million pa

There has been little transactional activity in 2007 due to market conditions and uncertainty over pricing. This change in the market was foreseen so the team has been focused on the large number of value enhancing opportunities inherent in the Fund. As a result of this activity the void level of AIF has fallen from 11.14% in March 2007 to 10.1% in September 2007 (200,000 sq ft reduction). Rental income has increased by £1.62million pa (2.3%).

Over the last two years AIF has acquired £130million of assets (held at existing use value) which have potential for either residential, office or retail alternative use. If planning applications for better use are achieved these properties will supplement the returns of the Fund in the short to medium term.

The most noticeable transaction in the period was the sale of four vacant estates in the northwest for £8.2million which represented a 30% return on costs.

With the healthy occupier market throughout the UK for good quality industrial units under 10,000 sq ft, AIF is well placed due to the size of units it owns to minimise the effects of the present correction which is taking place in industrial values.

All Property

	Value		6 Month Returns				Spot measures as at 30 September 2007		
	% WEH Equity	100% Value	Equity Invested	Total Return	Capital Growth	Income Return	Initial Yield	Equivalent Yield	Void Rate
		£million	£million						
Wholly Owned	100%	506.7	506.7	3.0%	0.4%	2.7%	5.09%	5.93%	6.0%
Joint Ventures									
• Agora / Agora Max (Shopping Centres)	50%	577.7	288.8	0.5%	(1.9)%	2.5%	4.60%	5.90%	6.9%
• Radial (Distribution)	50%	296.6	148.3	0.0%	(3.0)%	3.1%	5.90%	5.87%	0.0%
• Greater London Offices	50%	102.4	51.2	6.2%	3.5%	2.5%	4.26%	5.31%	0.0%
Funds asset managed by the Group									
• Apia (Regional Offices)	27%	501.0	137.4	2.8%	0.0%	2.8%	5.27%	5.88%	5.4%
• AIF (Industrial)	7%	1,267.3	82.6	2.6%	(0.2)%	2.8%	5.42%	6.88%	n/a
Total (excl. AIF from voids)		3,251.7	1,215.0	2.2%	(0.6)%	2.8%	5.24%	6.3%	4.9%
							AIF included in void rate		8.6%
IPD Monthly Index Industrials				0.6%	(2.1)%	2.8%	5.38%	6.28%	11.1%
IPD Monthly Index Offices				3.4%	1.0%	2.4%	4.51%	5.57%	10.4%
IPD Monthly Index Retails				(0.4)%	(2.7)%	2.3%	4.45%	5.31%	7.2%
IPD Monthly Index Shopping Centre				0.3%	(2.3)%	2.6%	4.93%	5.90%	8.8%
IPD All Property (excl. Industrials from voids)				1.1%	(1.3)%	2.4%	4.64%	5.56%	8.5%
							IPD Industrials included in void rate		8.9%

FINANCIAL REPORT

The information contained in this review is extracted or calculated from the attached income statement, balance sheet, cashflow statement, statement of recognised income and expense, statement of changes in equity and notes, as has the information included in the presentation on these results that has been posted on the Group's website together with these results. The presentation contains some additional analysis of the results, particularly in respect of the analysis of the Group's REIT and non-REIT income. It should also be noted that this is the first period in which the Group has announced its results as a REIT whereas the comparatives for September 2006 covered a period when the Group was not a REIT and therefore comparable REIT information is not available. In addition the Group's results include £2.0 million of tax credits in the pre tax profit line as required under IFRS accounting for the profits of joint ventures which have been reallocated to the tax line in the following commentary.

RESULTS

For the six months to 30 September 2007, the Group made a loss before tax of £9.7million, which includes property revaluation deficits of £20.9million compared to a £24.5million surplus in 2006.

	30 September 2007	30 September 2006
	£million	£million
Recurring profit before taxation	5.1	6.5
Non-recurring profits	6.1	1.4
Realised profits	11.2	7.9
Fair value movements	(20.9)	40.4
(Loss) / profit before tax	(9.7)	48.3
Joint ventures' tax	2.0	(5.8)
	(7.7)	42.5
Group tax	1.7	(3.5)
(Loss) / profit after tax	(6.0)	39.0

The realised profit before tax rose by £3.3million to £11.2million compared to the equivalent period in 2006. This increase was due to capital profits in the period of £6.4million compared to £1.8million in the comparable period and represented a 13% profit over the 31 March 2007 values.

The Group's recurring profits fell by £1.4million to £5.1million. The main reason for the reduction, accounting for £1.1million of the adverse variance, is the disposal of higher yielding properties and their replacement with Central London properties at lower yields with potential for significant growth. The other main constituents are increased void costs of £0.5million arising mainly due to development works and additional administration costs which have been partly offset by an increase in asset management fees.

Recurring profit before tax is analysed below and, as noted above, due to the Group's conversion to a REIT best estimates have been used to reallocate head office costs for the period to 30 September 2006.

Recurring Profit	30 September 2007	30 September 2006
	£million	£million
Net income from property investment activities	10.1	9.3
Net income from asset management activities	1.0	0.6
Share of joint ventures' profits	0.7	0.6
Unallocated head office costs	(0.9)	(0.8)
Income from investment in funds	2.8	2.5
Net interest payable	(8.6)	(5.7)
	5.1	6.5

The average cost of debt during the period was 5.6% compared to 6.8% last year. The reduction in the cost of debt, despite a significant increase in interest rates, is due to last year's repayment of £65.5million of expensive debt coupled with a reduction in the Group's borrowing margins.

The reduction in property asset values of £20.9million includes £3.2million relating to three assets purchased in the last six months, two of which have increased in value although not sufficiently to totally offset the costs of acquisition. The most recent purchase, Cable House, London for £44million, exchanged in August, completed on the 24 September and had its £2.5million of purchase costs written off. Given the purchase of a property within a month of the period end the impact of costs being written off is particularly acute in these results.

Fair Value Movements	30 September 2007	30 September 2006
	£million	£million
Property		
- Wholly Owned	(11.4)	8.2
- Share of Joint Ventures	(9.5)	16.3
	(20.9)	24.5
Investments in Funds		
- AIF	(0.7)	4.2
- Apia	(0.3)	7.9
Other Investments	(0.2)	1.1
Swaps & Caps Marked to Market		
- Wholly Owned	0.5	0.7
- Share of Joint Ventures	0.7	2.0
	(20.9)	40.4

Due to the reduction in property values in the half year, the Group's total adjusted return was a negative 4.3% compared to a positive 23.7% in the comparable period last year.

Return	30 September 2007	30 September 2006
	£million	£million
(Loss) / profit for the period	(6.0)	39.0
(Less) / add back deferred tax movement on revaluations during the period	(3.0)	1.7
Change in fair value of fixed rate debt, net of tax	(0.2)	0.9
Total adjusted return for the period	(9.2)	41.6
Equity shareholders' funds at start of period	432.7	350.6
Annualised return on shareholders' funds	-2.8%	22.2%
Annualised adjusted return on shareholders' funds	-4.3%	23.7%

REIT Analysis

The profit before tax has been analysed in the table below between profits falling within the REIT regime and therefore not taxable and those which remain taxable. This shows that the Group made a loss in the period on its non-REIT business which was exacerbated by the fact that under the REIT rules all costs are apportioned against profits leaving no unallocated head office costs. The period does not include any income from performance fees that might be receivable by the Group as, whilst both funds managed by the Group have performed well in their year to date, they have December year ends and it is too early to say whether any performance fees will be earned this year.

	REIT	Non-REIT			Capital	Fair Value Movement	Head Office Costs**	Total
		Asset Management	Other	Total				
	£million	£million	£million	£million	£million	£million	£million	£million
Profit/(loss) before reallocated costs*	6.2	0.8	(1.1)	(0.3)	6.7	(20.9)	(1.4)	(9.7)
Reallocated costs**	(0.3)	(1.1)	-	(1.1)	-	-	1.4	-
Profit/(loss) before tax*	5.9	(0.3)	(1.1)	(1.4)	6.7	(20.9)	-	(9.7)
Current tax	-	0.1	1.0	1.1	-	(0.1)	-	1.0
Deferred tax	-	-	-	-	-	2.7	-	2.7
Profit/(loss) after tax	5.9	(0.2)	(0.1)	(0.3)	6.7	(18.3)	-	(6.0)

*This excludes tax credits in the joint ventures of £2.0million

**These are pure head office costs which are reallocated to arrive at the REIT profit

TAX

This is the first year in which the Group has operated as a REIT. All profits, whether revenue or capital, that arise within the REIT part of the Group are not taxable and, as the non-REIT element of the business in total made a loss, there is no corporation tax payable in the period. The Group will continue to show deferred tax on its listed and unlisted investments as these do not fall within the REIT although any distribution income from the Funds is not subject to tax. Movements on the value of interest rate swaps are also subject to deferred tax. During the period the income statement includes a credit of £0.8million due to a reduction in the value of the Group's investments. In addition, our share of joint venture results will show deferred tax movements on the valuation of properties within Agora Max and Greater London Offices as these have not been elected for REIT status. Our share of joint venture results includes a deferred tax credit of £2.2million as the decrease in the value of the properties owned by Agora Max exceeded the increase in those owned by Greater London Offices and this is offset by a charge of £0.2million on our share of the positive fair value movement of the joint venture interest rate swaps.

In terms of the impact of the REIT the Group paid no corporation tax on its REIT income and would have paid £2.4million in capital gains tax on the capital profits made in the period if we had not converted to a REIT. This represents 15% of the REIT conversion charge paid by the Group excluding the joint ventures.

FUND MANAGEMENT

This business manages £1.8billion (March 2007: £1.8billion) of assets and has seven regional offices which employ 130 people of which 29 are service charge recoverable. The Ashtenne Industrial Fund and Apia Regional Office Fund have four and fourteen years respectively to run.

Summary Fund Management Income Statement

	30 September 2007	30 September 2006
	£million	£million
Asset management and other fees	6.2	5.3
Direct expenditure	(3.7)	(3.1)
Operating profit	2.5	2.2
Head office recharges	(0.8)	(1.0)
	1.7	1.2
Performance fees	-	-
Reallocated net interest	(0.2)	(0.2)
Profit before reallocated costs	1.5	1.0
Operating margin	40%	41%

AIF Asset Management

	30 September 2007	30 September 2006
	£million	£million
Asset management fees	3.2	2.6
Letting and other fees	2.0	1.8
Total fees	5.2	4.4
Direct expenditure	(3.2)	(2.7)
Operating profit	2.0	1.7
Head office recharges	(0.7)	(0.8)
	1.3	0.9
Performance fees	-	-
Reallocated net interest	(0.2)	(0.2)
Profit before reallocated costs	1.1	0.7
Operating margin	38%	38%

Group investment in AIF

Distributions from fund	0.8	1.1
Value of units at 30 September 2007	44.1	42.9
% share of fund	6.52%	6.52%
Annualised yield on holding	3.87%	5.24%

Total fees earned by this business increased by 18% year-on-year as a result of the expansion of AIF in the period with the profit before performance fees and reallocated net interest being 44% higher at £1.3million. Negotiations to review the formulae for the performance fee assessment and to extend the life of the Fund, which currently has four years to run, have been scheduled for 2008.

This business is carried in the Group's accounts at £11million being the acquisition goodwill net of surpluses made on the disposal of assets purchased as part of the acquisition. An interest element of £0.2million (September 2006: £0.2million) relating to the carrying value of this goodwill has been reallocated to this business unit and profit before tax and reallocated group costs has risen by 57% to £1.1million.

Apia Asset Management

Income statement

	30 September 2007	30 September 2006
	£million	£million
Asset management fees	1.0	0.9
Direct expenditure	(0.5)	(0.4)
Operating profit	0.5	0.5
Head office recharges	(0.1)	(0.2)
	0.4	0.3
Performance fees	-	-
Profit before reallocated costs	0.4	0.3
Operating margin	50%	55%
Group investment in Apia		
Distributions from fund	2.0	1.4
Value of units at 30 September 2007	74.5	71.8
% share of fund	27.43%	28.59%
Annualised yield on holding	5.43%	3.77%

In the period to 30 September 2007 the business earned £1.0million in management fees, an increase of 11% from September 2006. This increase resulted in profit in the period of £0.4million. The Group's accounts and therefore the NAV do not include any value for the Apia fund management business which was set up two years ago and established in-house rather than purchased from a third party.

Management Fees

The table below briefly summarises the main terms on which the Group received its management fee income from each of the funds.

Name	Year End	Management Fee %		Other Fees	Performance Fees	Property Valuation 30 September 2007	Rent Roll 30 September 2007
		Property	Asset Value				
AIF	31/12 ^(a)	0.5%		Lettings, rent reviews, disposals, additions, etc	Based on outperforming the IPD all industrial index on a 3-year rolling basis	£1,267.3million	£72.3million
Apia	31/12 ^(a)	0.4% ^(b)	n/a		Based on outperforming the IPD regional office index (excluding business parks) on a 3-year rolling basis and a minimum 10% total return.	£501.0million	£28.2million

(a): The performance fees in these Funds are receivable in the second half of the Group's financial year to 31 March as the fees are calculated on the results of the Funds for the year to 31 December.

(b): The Apia management fee reduces to 0.35% on the property assets managed between £0.5billion and £1.0billion and to 0.3% on the property assets managed over £1.0billion.

EARNINGS PER SHARE

Losses per share were 10.7p (September 2006: earnings 73.3p). Earnings per share excluding valuation movements were 22.1p (September 2006: 15.0p). The earnings per share figures are not strictly comparable as those for 2006 include a full tax charge on realised profits and deferred tax on properties which are now within the REIT and this reduced the earnings per share by 6.5p per share. This period's earnings are further analysed as follows:

	£million	Pence per share
REIT profits	5.9	10.6
Capital profits	6.7	12.0
Non-REIT losses	(0.3)	(0.5)
	12.3	22.1
Revaluation movements (properties, investments and derivative financial instruments)	(18.3)	(32.8)
	(6.0)	(10.7)

DIVIDENDS

Under the REIT rules, 90% of the profits of the property rental business (the REIT profits) for the year must be distributed by way of a dividend known as a Property Income Distribution ("PID"). This distribution will be made net of 22% withholding tax unless shareholders have filled in the appropriate forms allowing the dividend to be paid gross, details of which were circulated to shareholders earlier this month and are contained on the Group's website.

The Group has made the decision to declare an interim dividend of 11.25p, the whole of which will be distributed as a PID. As seen in the table above, 10.6p relates to REIT profits which will be 100% distributed. The remaining 0.65p of the interim dividend relates to capital profits made on the disposal of the Group's investment properties. These profits are not liable to tax and any distributions are treated as part of the PID.

CASHFLOW

The cashflow from operations in the period shows an outflow of £16.2million. This outflow includes some £18.1million in respect of the JS Real Estate PLC ("JSRE") acquisition; the bulk of which was the £13.6million redemption of loan notes that have been refinanced by equivalent bank debt and the purchase of £4.5million of JSRE shares and related costs in April, the funding of which was put in place prior to 31 March 2007. The operation's cashflow also does not include dividends received from the Group's investments in the Funds of £2.75million which are received quarterly and the Group would treat as part of its operations cashflow. These items have been adjusted for in the following cashflow:

	Six months ended 30 September 2007
	£million
Operating cashflow	4.7
Dividends	(6.2)
	(1.5)
Capital Movements	
- Net property acquisitions	(60.4)
- Net purchases of own shares	(1.7)
- Net loan repayments	(20.6)
- Other movements	(4.6)*
	(87.3)
Net cash outflow	(88.8)

*This mainly relates to the JSRE share purchases and related costs referred to above

BALANCE SHEET

As at 30 September 2007, shareholders' funds were £418.4million (March 2007: £432.7million), a decrease of 3%. The underlying elements of the movement in equity shareholders' funds are analysed in the table below.

	£million	Pence per share
Equity shareholders' funds at 31 March 2007	432.7	773.8
Change in number of shares in issue		3.8
		777.6
Movement in the period to 30 September 2007 (Group and share of joint ventures)		
Profit before fair value losses	11.2	20.1
Net fair value losses	(20.9)	(37.5)
Taxation – current	1.0	1.8
Taxation – deferred	2.7	4.9
Loss for the period	(6.0)	(10.7)
Other equity movements		
Shares issued	0.1	0.2
Dividends paid	(6.1)	(11.0)
Investment in own shares	(1.7)	(3.1)
Share based payments reserve	(0.6)	(1.1)
Equity shareholders' funds at 30 September 2007	418.4	751.9

As shown in the table below, the equity shareholders' funds have been adjusted for the remaining deferred tax on fair value gains on the Group's investment in Apia and AIF along with our share of the fair value gains in Agora Max and Greater London Offices which have not been elected for REIT status. The Group does not anticipate this deferred tax will materialise. In addition, we have adjusted for the fair value on fixed rate debt which is not included on the balance sheet along with the interim proposed dividend which is also excluded.

The Group's net asset value per share at 30 September 2007 was 751.9p; the adjustments result in an adjusted net asset value per share of 766.3p.

	30 September 2007		31 March 2007	
	£million	Pence per share	£million	Pence per share
Equity shareholders' funds	418.4	751.9	432.7	773.8
Add back deferred tax on revaluation gains (including JVs)	13.8	24.8	19.0	34.0
Less proposed dividend	(6.3)	(11.3)	(6.2)	(11.0)
Add fair value adjustments on derivative financial instruments	0.5	0.9	0.7	1.3
Add fair value gain on Folkestone	-	-	1.2	2.1
Adjusted equity shareholders' funds	426.4	766.3	447.4	800.2

FINANCING

The Group is cognisant of the various difficulties that the current financial and credit market conditions could present. However, the potential impact on the Group's funding is limited for the following reasons:

1. Although the commercial mortgage backed securities ("CMBS") market is effectively closed, the Group's borrowings are on balance sheet and therefore not exposed to the CMBS market. There are two tranches of funding in the joint ventures where the financing was sold by the banks onto the CMBS market in 2006 but these are not due for renewal until 2011.

2. The disparity between the bank base rate and 3-month LIBOR is currently around 50bps compared to a norm of 15 to 20bps. This problem has been avoided by rolling any unhedged debt either on the overnight money market or at 1-week LIBOR depending on the rates available. This has recently meant rolling at a rate of 7bps or 8bps above the bank base rate of 5.75%.
3. The margins currently being charged by banks for new debt facilities have increased by 30bps to 40bps compared to the position before August 2007. Over the next twelve months the Group only has one facility, representing less than one fifth of the Group's total facilities, which is due for renewal in 2008. There is also one facility in the Agora joint venture with Bank of Scotland which is due for renewal in April 2008. The other joint venture facilities are not due for renewal until 2009 or 2011 whilst the facilities in the funds are in place until 2010 and 2011.

Debt

Total net borrowings for the Group as at 30 September 2007 were £365.6million (March 2007: £296.6million) including loan notes of £6.2million. The increase in net debt of £69.0million was mainly utilised to fund the acquisition, net of disposals, of three properties with a combined value of over £90million for the wholly owned portfolio. Net gearing on adjusted equity shareholders' funds has risen from 66% at the year end to 86% at 30 September 2007. The breakdown of debt at 30 September 2007, compared with 31 March 2007, is set out below.

	On balance sheet	Share of joint ventures	Share of funds	Total
	£million	£million	£million	£million
Net short-term debt / (cash)	69.1	64.3	(6.0)	127.4
Long term debt	296.5	260.3	94.6	651.4
Total net debt at 30 September 2007	365.6	324.6	88.6	778.8
Of which:				
Total net recourse debt	340.1	-	-	340.1
Long-term non-recourse debt	25.5	324.6	88.6	438.7
Gearing (on adjusted shareholders' funds)	86%			183%
Recourse gearing	80%			80%
Total net debt at 31 March 2007	296.6	321.8	90.7	709.1
Gearing (on adjusted shareholders' funds)	66%			158%
Recourse gearing	61%			61%

Since 30 September 2007, cash received from two properties sold before the period end totalling £10.6million has reduced net debt to £355million and reduced gearing to 83%.

The Group debt of £366million is secured by £579million of assets which represents a loan to value (LTV) of 63%. The Group has additional assets that can be used as chargeable security in excess of £50million which, if taken into account, reduces the LTV to 58%.

The Group's average cost of debt at 30 September 2007 was 6.48% (March 2007: 6.18%). The increase of 30bps is due to the increase in interest rates from 5.25% at 31 March 2007 to 5.75% at 30 September 2007 on the unhedged portion of debt. The Group's Rental Income to Interest cover was 1.5 times (March 2007: 1.8 times). The reduction is due to the purchase of low yield properties during the period, along with the increase in bank base rate on the unhedged portion of the Group debt.

At 30 September 2007, the Group had £468million of borrowing facilities of which £415million were revolving credit facilities and the balance, term debt facilities (see table below). Since the period end the Group has refinanced £27million of term debt facility to fund the Folkestone development through utilisation of its existing revolving credit facilities. As a result, the Group now has £441million of borrowing facilities, more than half of which roll on an ongoing basis. Of these facilities, the amount unutilised was £102million at 30 September 2007 (March 2007: £171million) and £39million (March 2007: £54million) can be utilised without the provision of any additional security. This is sufficient to meet our working capital requirements.

Debt Analysis

	Committed Facilities	Drawn Debt	Amount Hedged
	£million	£million	£million
Group	468	366	196
Joint Ventures			
Agora	160	148	143
Agora Max	235	235	234
Radial	260	218	154
GLO	72	72	72
Managed Funds			
Apia	240	237	195
AIF	480	455	335

With regard to the joint ventures discussions have commenced with the bank with a view to extending the Agora Shopping Centres' borrowing facility for a further five years from April 2008. The development at Market Hall, Bolton, within the Agora Shopping Centre joint venture, has bank funding in place until the completion of this development in September 2008.

At 30 September 2007, the Group held investments in the Apia Regional Office Fund and the Ashtenne Industrial Fund amounting to 27.4% and 6.5% respectively. At this date Apia had debt of £237million with property under management of more than £500million and AIF had debt of £455million with property under management of more than £1.2billion. The Funds have loan to value ratios of 47% and 41% and rental income to interest cover ratios of 2.2 and 2.4 times respectively.

Hedging

The interest rate exposure on the Group's debt is managed to ensure that there is a balance between flexibility and certainty. The Group has put in place a strategy to build up 80% to 90% of cover on the floating rate debt over a period of time so that the hedging instruments will have different maturity and call dates, in order to ensure that at any given time there will be more than 75% of cover on the floating rate debt. The exact timing of these additional hedges is dependent on the ability to obtain rates which are at competitive levels.

Proportion of Floating Rate Debt Hedged as at 30 September 2007

	Group on Balance Sheet	Share of Joint Ventures
	£million	£million
Fixed Rate debt	25.5	-
Floating Rate debt	340.1	324.6
	365.6	324.6

Percentage of floating rate loans at 30 September 2007

Covered by swaps	14%	70%
Covered by caps	44%	23%
	58%	93%

Percentage of floating rate loans at 31 March 2007

Covered by swaps	18%	70%
Covered by caps	39%	23%
	57%	93%

Against Group debt, there is now £25.5million of fixed rate debt together with swaps of £47million and a cap of £150million which provide coverage of 58% of the floating rate debt. When combined, the total amount of hedging and fixed rate debt comprises 61% of the total Group debt. With effect from 1 April next year a further £25million swap becomes effective at a rate of 4.16% at which point the coverage rises to 68%.

The Group's share of the £649.2million of net debt in the joint ventures is hedged by caps amounting to £151million and swaps of £451million which comprises 93% of the total joint venture net debt.

Both of the Funds, Apia and AIF, were 82% and 74% covered by a combination of swaps and caps as at 30 September 2007.

POST BALANCE SHEET EVENTS

The developments at Folkestone and Bardon (owned by Radial Distribution), which are included in these results at cost, completed in November 2007. Any valuation movements will be included in the results for the year ending 31 March 2008.

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and that the Interim Announcement herein includes a fair review of the information as required by 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules.

The Directors of Warner Estate Holdings PLC are stated in the Group's Annual Report for the year ended 31 March 2007.

By the order of the Board

D J Lanchester

Secretary

30 November 2007

INDEPENDENT REVIEW REPORT TO WARNER ESTATE HOLDINGS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007, which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of recognised income and expense, consolidated statement of changes in equity, consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

30 November 2007

Notes:

(a) The maintenance and integrity of the Warner Estate Holdings PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

SIGNIFICANT EVENTS DURING SIX MONTH PERIOD TO 30 SEPTEMBER 2007

Date	Detail	Category
April 2007	Company converts to a Real Estate Investment Trust (REIT)	Group
April 2007	Purchase of St Magnus House, Aberdeen by Apia Regional Office Fund for £23.7million	Funds
May 2007	Purchase of 2 America Square, London EC3 for £25.1million and 16 Upper Woburn Place, London WC1 for £21.75million	Group Investment Property
August 2007	Purchase of Cable House, 56 – 62 New Broad Street, London EC2 for £44million	Group Investment Property
August 2007	250,000 Ordinary shares purchased as Treasury shares	Group

SIGNIFICANT EVENTS POST 30 SEPTEMBER 2007

Date	Detail	Category
November 2007	Completion of development at Bouverie Place, Folkestone	Group
November 2007	Completion of extension at Interlink Park, Bardon	Joint Ventures

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	Notes	Unaudited 6 months ended 30 September 2007	Unaudited 6 months ended 30 September 2006	Audited Year ended 31 March 2007
		£000	£000	£000
Revenue		21,950	21,349	53,424
Rental and similar income		13,013	10,936	21,604
Revenue from property trading activities		-	1,731	5,225
Cost of sales of property trading activities		-	(1,346)	(4,170)
Service charge and similar income		1,710	2,329	4,172
Service charge expense and similar charges		(2,277)	(2,710)	(4,703)
Net rental and trading income	2	12,446	10,940	22,128
Revenue from asset management activities		7,227	6,353	22,423
Cost of sales of asset management activities		(6,217)	(4,124)	(12,215)
Net income from asset management activities	2	1,010	2,229	10,208
Administrative expenses		(1,334)	(1,713)	(3,757)
Property expenses		(2,220)	(2,045)	(3,778)
Operating profit before net gains on investments	2	9,902	9,411	24,801
Net (loss) / gain from fair value adjustments on investment properties		(11,410)	8,169	11,198
Net (loss) / gain from fair value adjustment on investments		(1,277)	13,230	14,124
Profit on sale of investment properties	4	6,306	1,738	1,751
Profit on sale of finance lease assets		133	-	-
Profit on sale of investments	5	-	28	987
Operating profit		3,654	32,576	52,861
Finance income	6	3,695	3,281	8,185
Finance expense	7	(9,451)	(7,129)	(21,460)
Change in fair value of derivative financial instruments		513	710	1,011
Share of associates' post tax profits		-	19	-
Share of joint ventures' post tax (losses) / profits	13	(6,148)	13,069	27,157
(Loss) / profit before income tax		(7,737)	42,526	67,754
Taxation - current	8	979	(3,617)	(5,182)
Taxation - deferred	8	798	98	17,787
REIT conversion charge		-	-	(10,917)
(Loss) / profit for the period		(5,960)	39,007	69,442
Attributable to:				
Equity holders		(5,960)	39,004	69,425
Minority interests		-	3	17
		p	p	p
Basic (losses) / earnings per share	10	(10.67)	73.28	129.26
Fully diluted (losses) / earnings per share	10	(10.52)	72.33	127.69

UNAUDITED CONSOLIDATED BALANCE SHEET

		Unaudited At 30 September 2007 £000	Unaudited At 30 September 2006 £000	Audited At 31 March 2007 £000
ASSETS				
Non-current assets				
Goodwill	11	11,279	11,205	11,279
Investment properties	12	482,586	305,768	437,832
Properties under the course of development	12	24,896	14,414	19,658
Plant and equipment		550	527	539
Investments in joint ventures	13	145,420	132,798	151,568
Investments in funds	14	119,465	115,766	120,622
Investments in listed and unlisted shares	15	13,140	21,406	13,260
Investments in associates	16	24	155	24
Net investment in finance leases		3,761	-	5,283
Deferred income tax assets	17	553	383	1,343
Derivative financial assets		1,144	-	810
Trade and other receivables		16	97	33
		802,834	602,519	762,251
Current assets				
Inventories		-	9,819	-
Net investment in finance leases		9	-	9
Trade and other receivables		36,109	24,417	29,754
Current income tax assets		-	358	384
Cash and cash equivalents		25,187	30,813	34,333
		61,305	65,407	64,480
Total assets		864,139	667,926	826,731
LIABILITIES				
Non-current liabilities				
Borrowings, including finance leases		(300,162)	(223,203)	(286,725)
Trade and other payables		(12,197)	-	(14,238)
Derivative financial liabilities		(317)	(720)	(451)
Deferred income tax liabilities	17	(10,931)	(29,274)	(11,814)
Retirement benefit obligations	3	(201)	(556)	(378)
Provisions for other liabilities and charges	18	(3,306)	(8,829)	(5,334)
		(327,114)	(262,582)	(318,940)
Current liabilities				
Borrowings, including finance leases		(88,109)	(417)	(25,803)
Trade and other payables		(27,046)	(17,410)	(46,754)
Current income tax liabilities		(939)	-	-
		(116,094)	(17,827)	(72,557)
Total liabilities		(443,208)	(280,409)	(391,497)
Net assets		420,931	387,517	435,234
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	20	2,806	2,675	2,805
Reserves	20	416,668	382,413	430,661
Investment in own shares	20	(1,051)	(908)	(740)
Equity shareholders' funds		418,423	384,180	432,726
Minority interest	23	2,508	3,337	2,508
Total equity		420,931	387,517	435,234

UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the six months ended 30 September 2007

	Unaudited 6 months ended 30 September 2007	Unaudited 6 months ended 30 September 2006	Audited Year ended 31 March 2007
	£000	£000	£000
(Loss) / profit for the period attributable to equity shareholders	(5,960)	39,004	69,425
Actuarial profits / (losses) on retirement benefit obligations	134	(109)	22
Deferred tax arising on retirement benefit obligations	(53)	23	(31)
Total recognised income and expense for the period	(5,879)	38,918	69,416

UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Unaudited 6 months ended 30 September 2007	Unaudited 6 months ended 30 September 2006	Audited Year ended 31 March 2007
	£000	£000	£000
Opening equity in shareholders' funds	432,726	350,586	350,586
Shares issued	1	-	130
Share premium on shares issued	82	-	21,311
Acquisition of investment in own shares	(330)	(341)	(386)
Disposal of investment in own shares	19	359	572
Cost of share based payments	72	-	1,004
Deferred tax arising on share based payments	(652)	-	784
Acquisition of treasury shares	(1,454)	-	-
	430,464	350,604	374,001
Total recognised income and expense for the period	(5,879)	38,918	69,416
Dividend paid in period	(6,162)	(5,342)	(10,691)
Closing equity shareholders funds	418,423	384,180	432,726

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2007

	Notes	Unaudited 30 September 2007 £000	Unaudited 30 September 2006 £000	Audited 31 March 2007 £000
Cash flows from operating activities				
Cash (outflows) / inflows from operations	21	(10,283)	(6,240)	6,105
Interest paid		(9,228)	(6,445)	(21,601)
Interest received		1,008	186	2,330
UK Corporation tax received / (paid)		2,282	(9,400)	(11,249)
Net cash outflow from operating activities		(16,221)	(21,899)	(24,415)
Cash flows from investing activities				
Purchase of investment properties and related capital expenditure		(106,526)	(12,771)	(15,336)
Sale of investment properties		46,136	48,289	51,812
Purchase of plant and equipment		(103)	(134)	(225)
Purchase of investments in listed shares		-	(209)	(209)
Sale of investments in listed shares		-	-	5,242
Sale of investments in funds		-	438	500
Purchase of investments in unlisted shares		-	-	(5,000)
Net cash acquired from purchase of shares in subsidiary company		-	137	(82,984)
Purchase of shares in joint ventures		-	(11,072)	(11,062)
Loans to joint ventures		-	(6,724)	(13,299)
Loans repaid by joint ventures		-	-	1,883
Dividends received from listed investments		-	79	123
Dividends received from unlisted investments		-	-	87
Dividends received from funds		2,750	3,153	6,340
Dividends received from joint ventures		-	1,274	1,274
Dividends received from associates		-	373	373
Net cash (outflow) / inflow from investing activities		(57,743)	22,833	(60,481)
Cash flows from financing activities				
Issue of shares		83	-	21,441
Purchase of own shares for AESOP scheme		(330)	(341)	(386)
Disposal of own shares for share option scheme		-	352	456
Purchase of treasury shares		(1,454)	-	-
Dividends paid		(6,162)	(5,342)	(10,691)
Purchase of derivative financial instruments		-	-	(882)
Increase in bank loans		7,429	1,548	3,549
Repayment of bank loans		(14,431)	(5,339)	(71,200)
Repayment of mortgages and other loans		-	-	(384)
Net cash outflow from financing activities		(14,865)	(9,122)	(58,097)
Net decrease in cash and cash equivalents*		(88,829)	(8,188)	(142,993)
Cash and cash equivalents at beginning of period		(220,665)	(77,672)	(77,672)
Cash and cash equivalents at end of period		(309,494)	(85,860)	(220,665)

* Includes overdraft facility balances shown in borrowings

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The unaudited interim consolidated financial statements of the Group for the six months to 30 September 2007 have been prepared in accordance with Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 Interim Financial Reporting, as adopted by the EU, and on the basis of accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 March 2007.

These Interim Financial Statements do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The statutory accounts for the year ended 31 March 2007 have been delivered to the Registrar of Companies and include an audit report which was unqualified and did not contain a statement under either Section 237(2) or 237(3) of the Companies Act 1985.

2. SEGMENTAL REPORTING

BUSINESS SEGMENTS

For management purposes the Group is organised into two operating divisions, Property Investment and Asset Management:

	Property Investment	Asset Management	Unallocated and other activities	Total
	£000	£000	£000	£000
Six months to 30 September 2007 (unaudited)				
Revenue	14,723	7,227	-	21,950
Rental and similar income	13,013	-	-	13,013
Service charge and similar income	1,710	-	-	1,710
Service charge expense and similar charges	(2,277)	-	-	(2,277)
Net rental and trading income	12,446	-	-	12,446
Turnover from asset management activities	-	-	-	-
Management fee income	-	7,227	-	7,227
Performance fee income	-	-	-	-
	-	7,227	-	7,227
Asset management expenses	-	(6,217)	-	(6,217)
Administrative expenses	-	-	(1,334)	(1,334)
Property management expenses	(2,220)	-	-	(2,220)
Operating profit / (loss) before net gain on investments	10,226	1,010	(1,334)	9,902
Net loss from fair value adjustments on investment properties	(11,410)	-	-	(11,410)
Net loss from fair value adjustments on investments	-	-	(1,277)	(1,277)
Profit on sale of investment properties	6,306	-	-	6,306
Profit on sale of finance lease assets	133	-	-	133
Operating profit / (loss)	5,255	1,010	(2,611)	3,654
Total assets	531,599	23,149	309,391	864,139
Liabilities net of borrowings	(28,026)	(6,775)	(20,136)	(54,937)
Borrowing, including finance leases	(3,735)	-	(384,536)	(388,271)
Net assets / (liabilities)	499,838	16,374	(95,281)	420,931
Other segment items:				
Capital expenditure	7,845	-	-	7,845
Depreciation	16	65	11	92

2. SEGMENTAL REPORTING (CONT.)

	Property Investment	Asset Management	Unallocated and other activities	Total
	£000	£000	£000	£000
Six months to 30 September 2006 (unaudited)				
Revenue	14,996	6,353	-	21,349
Rental and similar income	10,936	-	-	10,936
Turnover from property trading activities	1,731	-	-	1,731
Cost of sales of property trading activities	(1,346)	-	-	(1,346)
Service charge and similar income	2,329	-	-	2,329
Service charge expense and similar charges	(2,710)	-	-	(2,710)
Net rental and trading income	10,940	-	-	10,940
Turnover from asset management activities				
Management fee income	-	6,353	-	6,353
Performance fee income	-	-	-	-
	-	6,353	-	6,353
Asset management expenses	-	(4,124)	-	(4,124)
Administrative expenses (restated) ⁱ	-	-	(1,713)	(1,713)
Property management expenses	(2,045)	-	-	(2,045)
Operating profit / (loss) before net gain on investments	8,895	2,229	(1,713)	9,411
Net gain from fair value adjustments on investment properties	8,169	-	-	8,169
Net gain from fair value adjustments on investments (restated) ⁱⁱ	-	-	13,230	13,230
Profit on sale of investment properties	1,738	-	-	1,738
Profit on sale of investments	-	28	-	28
Operating profit	18,802	2,257	11,517	32,576
Total assets	349,643	263,346	54,937	667,926
Total liabilities	(28,897)	(20,019)	(7,873)	(56,789)
Borrowing, including finance leases	(1,501)	-	(222,119)	(223,620)
Net assets / (liabilities)	319,245	243,327	(175,055)	387,517
Other segment items:				
Capital expenditure	2,244	-	-	2,244
Depreciation	-	-	72	72

2. SEGMENTAL REPORTING (CONT.)

	Property Investment	Asset Management	Unallocated and other activities	Total
	£000	£000	£000	£000
Year ended 31 March 2007 (audited)				
Revenue	31,001	22,423	-	53,424
Rental and similar income	21,604	-	-	21,604
Turnover from property trading activities	5,225	-	-	5,225
Cost of sales of property trading activities	(4,170)	-	-	(4,170)
Service charge and similar income	4,172	-	-	4,172
Service charge expense and similar charges	(4,703)	-	-	(4,703)
Net rental and trading income	22,128	-	-	22,128
Turnover from asset management activities				
Management fee income	-	13,939	-	13,939
Performance fee income	-	8,484	-	8,484
	-	22,423	-	22,423
Asset management expenses	-	(12,215)	-	(12,215)
Administrative expenses (restated) ¹	-	-	(3,757)	(3,757)
Property management expenses	(3,778)	-	-	(3,778)
Operating profit / (loss) before net gain on investments	18,350	10,208	(3,757)	24,801
Net gain from fair value adjustments on investment properties	11,198	-	-	11,198
Net gain from fair value adjustments on investments	-	-	14,124	14,124
Profit on sale of investment properties	1,751	-	-	1,751
Profit on sale of investments	-	-	987	987
Operating profit	31,299	10,208	11,354	52,861
Total assets	469,078	20,617	337,036	826,731
Total liabilities	(29,817)	(1,620)	(47,532)	(78,969)
Borrowing, including finance leases	(1,500)	-	(311,028)	(312,528)
Net assets / (liabilities)	437,761	18,997	(21,524)	435,234
Other segment items:				
Capital expenditure	7,988	-	-	7,988
Depreciation	-	-	151	151

All turnover and operating profit has arisen from continuing operations.

As the property investment and asset management segments have developed, the following adjustments are required:

- i. Administrative expenses have been reallocated from property investment to unallocated and other activities.
- ii. Net gain from fair value adjustments on investments have been reallocated from asset management to unallocated and other activities.

3. RETIREMENT BENEFIT OBLIGATIONS

The Group operates and contributes to pension schemes for certain Directors and employees and makes some discretionary allowances. The costs charged to the income statement for the six months to 30 September 2007 in respect of these amounted to £457,000 (September 2006: £386,000; March 2007: £762,000). Pension premiums paid in advance were £66,000 (September 2006: £306,000; March 2007: £181,000).

The Group operated a defined benefit scheme in the UK, The Warner Estate Group Retirement Benefits Scheme. The costs charged to the income statement for the six months to 30 September 2007 in respect of these amounted to £31,000 (September 2006: £32,000; March 2007: £62,000). A full valuation was carried out at 1 April 2005. The values at 30 September 2007, 30 September 2006, and 31 March 2007 were updates of the 1 April 2005 valuation carried out by a qualified independent actuary.

3. RETIREMENT BENEFIT OBLIGATIONS (CONT.)

It has been agreed with the Trustees that the Group contributes 26.8% of pensionable salary plus £68,000 per annum.

The value of the assets and liabilities of the Scheme were as follows:

	Unaudited	Unaudited	Audited
	At	At	At
	30 September	30 September	31 March
	2007	2006	2007
	£000	£000	£000
Total market value of assets	5,816	5,791	5,845
Present value of scheme liabilities	(6,017)	(6,347)	(6,223)
Retirement benefit obligations	(201)	(556)	(378)

Analysis of amount charged to operating profit:

	Unaudited	Unaudited	Audited
	6 months	6 months	Year
	ended	ended	ended
	30 September	30 September	31 March
	2007	2006	2007
	£000	£000	£000
Current service cost	31	32	62

4. PROFIT ON SALE OF INVESTMENT PROPERTIES

	Unaudited	Unaudited	Audited
	6 months	6 months	Year
	ended	ended	ended
	30 September	30 September	31 March
	2007	2006	2007
	£000	£000	£000
Surplus over carrying value:			
Investment properties	6,306	1,738	1,751

5. PROFIT ON SALE OF INVESTMENTS

	Unaudited	Unaudited	Audited
	6 months	6 months	Year
	ended	ended	ended
	30 September	30 September	31 March
	2007	2006	2007
	£000	£000	£000
Surplus over carrying value:			
Listed investments	-	-	959
Unlisted investments	-	28	28
	-	28	987

6. FINANCE INCOME

	Unaudited 6 months ended 30 September 2007	Unaudited 6 months ended 30 September 2006	Audited Year ended 31 March 2007
	£000	£000	£000
Income from investments			
Dividends from listed investments	-	79	123
Dividends from unlisted investments	-	-	87
Distributions from funds (see note 14)	2,877	2,505	5,989
	2,877	2,584	6,199
Interest receivable and similar income:			
From joint ventures	271	530	1,466
Other interest	538	161	506
Other finance income			
Expected return on pension scheme assets	173	157	316
Interest on pension scheme liabilities	(164)	(151)	(302)
	9	6	14
	3,695	3,281	8,185

7. FINANCE EXPENSE

	Unaudited 6 months ended 30 September 2007	Unaudited 6 months ended 30 September 2006	Audited Year ended 31 March 2007
	£000	£000	£000
Interest payable on loans and overdrafts	9,974	7,309	14,002
Charges in respect of cost of raising finance	266	310	8,626
	10,240	7,619	22,628
Less: Interest capitalised	(860)	(551)	(1,300)
	9,380	7,068	21,328
Interest payable under finance leases	71	61	132
	9,451	7,129	21,460

8. TAXATION

The taxation credit / (charge) for the period has been estimated from the expected taxable profits of the Group after taking account of capital allowances available.

9. DIVIDENDS

	Unaudited	Unaudited	Audited
	6 months	6 months	Year
	ended	ended	ended
	30 September	30 September	31 March
	2007	2006	2007
	£000	£000	£000
On Ordinary 5p shares			
Final 11.0p at 31 March 2007 paid 21 September 2007	6,162	-	-
Final 10.0p at 31 March 2006 paid 15 September 2006	-	5,343	5,343
Interim 10.0p at 30 September 2006 paid 23 February 2007	-	-	5,348
	6,162	5,343	10,691

10. EARNINGS PER SHARE

Basic losses per share of 10.67p (half year to 30 September 2006: earnings 73.28p; year to 31 March 2007: earnings 129.26p) are calculated on the loss for the period of £5,960,000 (half year to 30 September 2006: profit £39,004,000; year to 31 March 2007: profit £69,425,000) and the weighted average of 55,840,016 (half year to 30 September 2006: 53,224,590; year to 31 March 2007: 53,709,342) shares in issue throughout the period.

Fully diluted losses per share of 10.52p (half year to 30 September 2006: earnings 72.33p; year to 31 March 2007: earnings 127.69p) are based on the loss for the period as above divided by the weighted average number of shares in issue, being 56,678,166 (half year to 30 September 2006: 53,926,052; year to 31 March 2007: 54,369,516) after the dilutive impact of share options granted.

A reconciliation of the weighted average number of shares used to calculate earnings per share and to that used to calculate diluted earnings per share is shown below:

	Unaudited	Unaudited	Audited
	6 months	6 months	Year
	ended	ended	ended
	30 September	30 September	31 March
	2007	2006	2007
Earnings per share: weighted average number of shares	55,840,016	53,224,590	53,709,342
Weighted average ordinary shares to be issued under employee incentive arrangements	838,150	701,462	660,174
Diluted earnings per share: weighted average number of shares	56,678,166	53,926,052	54,369,516

11. GOODWILL

	£000
Cost	
At 31 March 2007 (audited) and 30 September 2007 (unaudited)	11,279
Impairments	
At 31 March 2007 (audited) and 30 September 2007 (unaudited)	-
Net book value at 31 March 2007 (audited) and 30 September 2007 (unaudited)	11,279

Goodwill is not amortised but is subject to an annual impairment test. Goodwill of £11,205,000 is allocated to the cash generating unit ("CGU") defined as the fund management business owned by Industrial Funds Limited. The remaining goodwill of £74,000 is allocated to the CGU defined as the property investment business owned by JS Real Estate Limited. The recoverable amount of the CGU has been calculated based on the value-in-use calculations. These calculations use cash flow projections based on financial projections approved by management covering a five year period.

12. INVESTMENT PROPERTIES AND PROPERTIES UNDER THE COURSE OF DEVELOPMENT

	Freehold £000	Leasehold with over 50 years unexpired £000	Total Investment Properties £000	Properties Under the Course of Development £000
At 1 April 2007 (audited)	397,206	40,626	437,832	19,658
Acquisitions	25,010	75,200	100,210	-
Capital expenditure	2,534	73	2,607	5,238
Disposals	(46,751)	(14)	(46,765)	-
Exchange differences	112	-	112	-
Net loss from fair value adjustments on investment property	(7,432)	(3,978)	(11,410)	-
At 30 September 2007 (unaudited)	370,679	111,907	482,586	24,896

13. JOINT VENTURES

	Unaudited At 30 September 2007 £000	Unaudited At 30 September 2006 £000	Audited At 31 March 2007 £000
Share of joint ventures			
At 1 April	151,568	103,372	103,372
Share of (loss) / profit for the period	(6,148)	13,069	27,157
Net equity movements	-	9,633	39,910
Net loan movements	-	6,724	(18,871)
At 30 September / 31 March	145,420	132,798	151,568
Unlisted shares at cost less amounts written off	72,834	37,798	72,834
Group's share of post acquisition retained profits and reserves	53,646	50,465	59,794
	126,480	88,263	132,628
Amounts owed by joint ventures	18,940	44,535	18,940
	145,420	132,798	151,568

13. JOINT VENTURES (CONT.)

Included in share of joint ventures' gross assets and liabilities are:

	Agora Shopping Centres (a)	Radial Distribution Limited (b)	Agora Max Limited (d)	Greater London Offices Limited (e)	Others (f)	Total
	£000	£000	£000	£000	£000	£000
Period to 30 September 2007 (unaudited)						
Group share of results						
Revenue	4,209	4,304	5,711	1,559	-	15,783
Operating profit before net gains on investments	2,421	4,038	3,371	1,274	6	11,110
Net (loss) / gain from fair value adjustments on investment properties	(1,050)	(4,548)	(5,535)	1,636	-	(9,497)
Operating profit / (loss)	1,371	(510)	(2,164)	2,910	6	1,613
Net finance (expense) / income	(2,104)	(3,508)	(3,588)	(1,242)	7	(10,435)
Change in fair value of derivative financial instruments	(408)	(267)	1,492	(96)	-	721
(Loss) / profit before income tax	(1,141)	(4,285)	(4,260)	1,572	13	(8,101)
Taxation – current	22	-	-	-	(5)	17
Taxation – deferred	141	95	2,150	(452)	-	1,934
(Loss) / profit after income tax	(978)	(4,190)	(2,110)	1,120	8	(6,150)
Minority interests	-	-	2	-	-	2
(Loss) / profit for the period	(978)	(4,190)	(2,108)	1,120	8	(6,148)
Amounts received and receivable by Group						
Asset management fees	157	277	477	33	-	944
Performance fees	-	-	-	-	-	-
Interest receivable	-	-	-	271	-	271
Group share of						
Non-current assets						
Investment properties	133,808	140,326	173,879	51,200	-	499,213
Investments in unlisted shares	-	-	-	-	25	25
Finance lease assets	-	3,282	-	-	-	3,282
Derivative financial assets	749	934	8,046	615	-	10,344
Other non-current assets	850	-	-	-	-	850
	135,407	144,542	181,925	51,815	25	513,714
Current assets						
Finance lease assets	-	249	-	-	-	249
Other current assets	3,797	4,954	4,413	1,350	1,585	16,099
	3,797	5,203	4,413	1,350	1,585	16,348
Total assets	139,204	149,745	186,338	53,165	1,610	530,062

13. JOINT VENTURES (CONT.)

	Agora Shopping Centres (a)	Radial Distribution Limited (b)	Agora Max Limited (d)	Greater London Offices Limited (e)	Others (f)	Total
Non-current liabilities						
Deferred income tax liabilities	(225)	(280)	(4,753)	(776)	-	(6,034)
Borrowings, including finance leases	(4,515)	(107,728)	(132,005)	(39,425)	-	(283,673)
Other non-current liabilities	(960)	(1,137)	-	-	-	(2,097)
	(5,700)	(109,145)	(136,758)	(40,201)	-	(291,804)
Current liabilities						
Borrowings, including finance leases	(74,806)	-	-	-	-	(74,806)
Other current liabilities	(6,072)	(4,162)	(24,378)	(1,560)	(800)	(36,972)
	(80,878)	(4,162)	(24,378)	(1,560)	(800)	(111,778)
Total liabilities	(86,578)	(113,307)	(161,136)	(41,761)	(800)	(403,582)
Share of net assets	52,626	36,438	25,202	11,404	810	126,480

	Agora Shopping Centres (a)	Radial Distribution Limited (b)	Bareway Industrial Properties Limited (c)	Agora Max Limited (d)	Greater London Offices Limited (e)	Others (f)	Total
	£000	£000	£000	£000	£000	£000	£000
Period to 30 September 2006 (unaudited)							
Group share of results							
Revenue	4,332	2,802	-	5,464	-	-	12,598
Operating profit / (loss) before net gains on investments	2,643	2,568	(6)	3,825	-	4	9,034
Net gain from fair value adjustments on investment properties	4,966	5,711	-	5,675	-	-	16,352
Operating profit / (loss)	7,609	8,279	(6)	9,500	-	4	25,386
Net finance (expense) / income	(2,398)	(2,563)	-	(3,535)	-	21	(8,475)
Change in fair value of derivative financial instruments	234	534	-	1,877	(648)	-	1,997
Profit / (loss) before income tax	5,445	6,250	(6)	7,842	(648)	25	18,908
Taxation – current	(2)	(17)	-	-	-	(6)	(25)
Taxation – deferred	(1,668)	(2,054)	-	(2,283)	194	-	(5,811)
Profit / (loss) after income tax	3,775	4,179	(6)	5,559	(454)	19	13,072
Minority interests	-	-	-	(3)	-	-	(3)
Profit / (loss) for the period	3,775	4,179	(6)	5,556	(454)	19	13,069

13. JOINT VENTURES (CONT.)

	Agora Shopping Centres (a)	Radial Distribution Limited (b)	Bareway Industrial Properties Limited (c)	Agora Max Limited (d)	Greater London Offices Limited (e)	Others (f)	Total
	£000	£000	£000	£000	£000	£000	£000
Amounts received and receivable by Group							
Asset management fees	300	302	-	432	-	-	1,034
Performance fees	-	-	-	-	-	-	-
Interest receivable	272	258	-	-	-	-	530
Group share of							
Non-current assets							
Investment properties	130,338	118,203	-	177,542	48,792	-	474,875
Investments in unlisted shares	-	-	-	-	-	25	25
Finance lease assets	-	3,954	-	-	-	-	3,954
Deferred income tax assets	-	-	-	-	194	-	194
Derivative financial assets	1,381	245	-	1,928	-	-	3,554
Other non-current assets	418	-	-	-	-	-	418
	132,137	122,402	-	179,470	48,986	25	483,020
Current assets							
Finance lease assets	-	257	-	-	-	-	257
Other current assets	23,109	3,116	-	5,171	946	3,854	36,196
	23,109	3,373	-	5,171	946	3,854	36,453
Total assets	155,246	125,775	-	184,641	49,932	3,879	519,473
Non-current liabilities							
Deferred income tax liabilities	(9,755)	(5,486)	-	(4,462)	-	-	(19,703)
Borrowings, including finance leases	(86,669)	(103,583)	-	(131,489)	(39,392)	-	(361,133)
Derivative financial liabilities	-	-	-	-	(648)	-	(648)
	(96,424)	(109,069)	-	(135,951)	(40,040)	-	(381,484)
Current liabilities							
Borrowings, including finance leases	(4,860)	-	-	(7)	-	-	(4,867)
Other current liabilities	(14,802)	(4,140)	-	(22,682)	(861)	(2,374)	(44,859)
	(19,662)	(4,140)	-	(22,689)	(861)	(2,374)	(49,726)
Total liabilities	(116,086)	(113,209)	-	(158,640)	(40,901)	(2,374)	(431,210)
Share of net assets	39,160	12,566	-	26,001	9,031	1,505	88,263

13. JOINT VENTURES (CONT.)

	Agora Shopping Centres (a)	Radial Distribution Limited (b)	Bareway Industrial Properties Limited (c)	Agora Max Limited (d)	Greater London Offices Limited (e)	Others (f)	Total
	£000	£000	£000	£000	£000	£000	£000
Year to 31 March 2007 (audited)							
Group share of results							
Revenue	8,497	7,017	-	11,307	1,454	-	28,275
Operating profit / (loss) before net gains on investments	3,626	6,312	(5)	5,330	1,179	16	16,458
Net gain from fair value adjustments on investment properties	3,621	7,155	-	6,558	373	-	17,707
Profit on sale of investment properties	-	374	-	-	-	-	374
Operating profit / (loss)	7,247	13,841	(5)	11,888	1,552	16	34,539
Net finance (expense) / income	(4,967)	(6,354)	-	(7,049)	(1,247)	92	(19,525)
Change in fair value of derivative financial instruments	10	1,490	-	6,502	711	-	8,713
Profit / (loss) before income tax	2,290	8,977	(5)	11,341	1,016	108	23,727
Taxation – current	567	8	-	-	-	(92)	483
Taxation – deferred	7,722	3,053	-	(4,722)	(325)	-	5,728
Profit / (loss) after income tax	10,579	12,038	(5)	6,619	691	16	29,938
REIT conversion charge	(1,281)	(1,515)	-	-	-	-	(2,796)
Minority interests	-	-	-	15	-	-	15
Profit / (loss) for the year	9,298	10,523	(5)	6,634	691	16	27,157
Amounts received and receivable by Group							
Asset management fees	692	758	-	974	34	-	2,458
Performance fees	2,986	-	-	3,722	-	-	6,708
Interest receivable	543	649	-	-	274	-	1,466
Group share of							
Non-current assets							
Investment properties	132,143	143,742	-	179,029	49,445	-	504,359
Investments in unlisted shares	-	-	-	-	-	25	25
Finance lease assets	-	3,408	-	-	-	-	3,408
Derivative financial assets	1,157	1,200	-	6,554	711	-	9,622
Other non-current assets	402	-	-	-	-	-	402
	133,702	148,350	-	185,583	50,156	25	517,816
Current assets							
Finance lease assets	-	243	-	-	-	-	243
Other current assets	5,244	7,337	-	4,845	1,222	3,048	21,696
	5,244	7,580	-	4,845	1,222	3,048	21,939
Total assets	138,946	155,930	-	190,428	51,378	3,073	539,755

13. JOINT VENTURES (CONT.)

	Agora Shopping Centres (a)	Radial Distribution Limited (b)	Bareway Industrial Properties Limited (c)	Agora Max Limited (d)	Greater London Offices Limited (e)	Others (f)	Total
	£000	£000	£000	£000	£000	£000	£000
Non-current liabilities							
Deferred income tax liabilities	(366)	(378)	-	(6,902)	(324)	-	(7,970)
Borrowings, including finance leases	(4,515)	(109,975)	-	(131,907)	(39,391)	-	(285,788)
Derivative financial liabilities	(1,121)	(1,326)	-	-	-	-	(2,447)
	(6,002)	(111,679)	-	(138,809)	(39,715)	-	(296,205)
Current liabilities							
Borrowings, including finance leases	(72,861)	-	-	-	-	-	(72,861)
Other current liabilities	(6,140)	(3,626)	-	(24,538)	(1,486)	(2,271)	(38,061)
	(79,001)	(3,626)	-	(24,538)	(1,486)	(2,271)	(110,922)
Total liabilities	(85,003)	(115,305)	-	(163,347)	(41,201)	(2,271)	(407,127)
Share of net assets	53,943	40,625	-	27,081	10,177	802	132,628

- (a) Agora Shopping Centres was set up on 5 March 2003 and subsequently acquired the Pyramids, Birkenhead on 25 June 2003 and The Grange, Birkenhead on 30 September 2004. On 7 March 2006, The Pyramids, Birkenhead and The Grange, Birkenhead were disposed of into the Agora Max joint venture group.
- (b) Fairway Industrial Limited was set up on 29 August 2003 and changed its name to Radial Distribution Limited on 14 October 2004.
- (c) Bareway Industrial Properties Limited was set up on 29 August 2003. In November 2005, the properties were disposed of into the Ashtenne Industrial Fund. On 11 September 2006 the Group acquired the remaining 50% interest of Bareway Industrial Properties Limited.
- (d) Agora Max Limited was set up on 16 September 2005 and subsequently acquired The Pallasades, Birmingham on 25 October 2005. The Pyramids and The Grange, both in Birkenhead, were acquired from Agora Shopping Centres on 7 March 2006.
- (e) Greater London Offices Limited was set up and subsequently acquired Old Broad Street and Central House, London on 28 September 2006.
- (f) Net assets relate to a £25k investment in the general partner of Apia Regional Office Fund and net assets of £785k which is the investment in smaller joint ventures acquired through Ashtenne.

Amounts owed by / (due to) joint ventures comprise:

	Unaudited	Unaudited	Audited
	At	At	At
	30 September	30 September	31 March
	2007	2006	2007
	£000	£000	£000
Agora Shopping Centres Limited	2,600	27,085	2,940
Radial Distribution Limited	57	17,074	429
Agora Max Limited	21,447	279	21,573
Greater London Offices Limited	4,160	2,654	3,907
Others	(1,074)	-	(1,074)
	27,190	47,092	27,775

14. INVESTMENTS IN FUNDS

	£000			
As at 31 March 2007 (audited)	120,622			
Net loss from fair value adjustments	(1,157)			
At 30 September 2007 (unaudited)	119,465			
Fund information:				
	AIF	Apia	Others	Total
	(a)	(b)	(c)	
	£000	£000	£000	£000
Period to 30 September 2007 (unaudited)				
Distributions receivable	854	2,023	-	2,877
Net assets at 30 September 2007	676,902	271,462	-	
Percentage share at 30 September 2007	6.52%	27.43%	-	
Group share of net assets	44,134	74,462	869	119,465
	AIF	Apia	Others	Total
	(a)	(b)	(c)	
	£000	£000	£000	£000
Period to 30 September 2006 (unaudited)				
Distributions receivable	1,126	1,356	23	2,505
Net assets at 30 September 2006	658,328	251,287	-	
Percentage share at 30 September 2006	6.52%	28.59%	-	
Group share of net assets	42,923	71,843	1,000	115,766
	AIF	Apia	Others	Total
	(a)	(b)	(c)	
	£000	£000	£000	£000
Year to 31 March 2007 (audited)				
Distributions receivable	2,838	3,130	21	5,989
Net assets at 31 March 2007	687,546	266,537	-	
Percentage share at 31 March 2007	6.52%	28.07%	-	
Group share of net assets	44,828	74,817	977	120,622

- (a) The Group invested £12,000,000 in the Ashtenne Industrial Fund in August 2005. A £23,105,000 investment was acquired on the purchase of the remaining 50% of Industrial Funds Limited.
- (b) The Apia Regional Office Fund was set-up on 7 June 2005 and the Group invested an initial £44,088,000. A further £10,000,000 was invested in December 2005, of which £902,000 was disposed of in March 2006. A further £472,000 was disposed of in April 2006. It is treated as an investment rather than an associate as the Group does not exert significant influence as a Trustee which is independent of the Group is responsible for the strategic decisions of the unit trust and the Group's investment holding in the unit trust will continue to reduce over the short-term.
- (c) This relates to minority interest holdings in Agora Max Unit Trust, Agora Max Birkenhead Unit Trust and The Pallasades Birmingham Unit Trust which were acquired during the year to 31 March 2006.

15. INVESTMENTS IN LISTED AND UNLISTED SHARES

	Unaudited At 30 September 2007	Unaudited At 30 September 2006	Audited At 31 March 2007
	£000	£000	£000
Listed investments	843	6,397	1,045
Unlisted investments	12,297	15,009	12,215
	13,140	21,406	13,260

16. INVESTMENTS IN ASSOCIATES

	Total £000
Cost	
At 31 March 2007 (audited) and 30 September 2007 (unaudited)	24
Goodwill arising on acquisition	
At 31 March 2007 (audited) and 30 September 2007 (unaudited)	-
Net book value at 31 March 2007 (audited) and 30 September 2007 (unaudited)	24

17. DEFERRED TAXATION

	Unaudited At 30 September 2007	Unaudited At 30 September 2006	Audited At 31 March 2007
	£000	£000	£000
Deferred taxation assets			
Deferred taxation arising from unrealised derivative financial instruments valuations	95	216	135
Deferred taxation arising from retirement benefit obligations	60	167	113
Deferred taxation arising from share based payments	398	-	1,095
	553	383	1,343
Deferred taxation liabilities			
Deferred taxation arising from the temporary differences noted below:			
Short term temporary differences	(51)	-	(31)
Capital and industrial buildings allowances claimed on investment properties	-	(1,813)	-
Unrealised property and investment valuations	(10,880)	(27,461)	(11,783)
	(10,931)	(29,274)	(11,814)

18. PROVISIONS FOR OTHER LIABILITIES AND CHARGES**Onerous contracts**

	£000
At 31 March 2007 (audited)	5,334
Utilised during the period	(2,028)
At 30 September 2007 (unaudited)	3,306

Provisions have been analysed between current and non-current as follows:

	Unaudited At 30 September 2007 £000	Unaudited At 30 September 2006 £000	Audited At 31 March 2007 £000
Non-current	3,306	8,829	5,334
Current	-	-	-
	3,306	8,829	5,334

The onerous lease provision is made in relation to onerous leases on properties which are vacant or sublet at a level which renders the properties loss-making over the remaining life of the lease. The provision represents the Directors' estimate of the net cash flows on the properties.

19. FINANCIAL INSTRUMENTS**Financial Liabilities**

The interest rate profile of the Group's financial liabilities at 30 September 2007, after taking account of interest rate instruments taken out by the Group was:

	Unaudited At 30 September 2007 £000	Unaudited At 30 September 2006 £000	Audited At 31 March 2007 £000
Floating financial rate liabilities	143,454	-	110,975
Capped rate financial liabilities	150,000	12,731	100,000
Fixed rate financial liabilities	70,852	194,153	85,643
	364,306	206,884	296,618

The above balances are net of cash balances of £20,230,000 (half year to 30 September 2006: £15,657,000; year to 31 March 2007: £14,410,000) which can be offset under the Group's borrowing arrangements.

The benchmark rate for determining interest payments for the floating rate financial liabilities was LIBOR / base rate depending upon the facility.

19. FINANCIAL INSTRUMENTS (CONT.)

The weighted average interest rate on the fixed rate debt and the average maturity of that debt was as follows:

	Unaudited	Unaudited	Audited
	At	At	At
	30 September	30 September	31 March
	2007	2006	2007
	%	%	%
Weighted average interest rate			
Group	5.62	5.90	6.52
Joint Ventures	5.84	5.81	5.74
Weighted average period for which interest rate is fixed	Years	Years	Years
Group	2.39	6.60	4.50
Joint Ventures	6.26	5.87	1.24

	Unaudited	Unaudited	Audited
	At	At	At
	30 September	30 September	31 March
	2007	2006	2007
	£000	£000	£000
Maturity of financial liabilities			
Group			
Within one year or on demand	88,226	417	25,824
Between one and two years	441	14,214	429
Between two and five years	296,976	185,410	285,972
In five years or more	-	22,500	-
	385,643	222,541	312,225

Borrowing facilities

The Group has various borrowing facilities that were not fully utilised at the period end and for which the conditions for utilising those facilities were met.

	Unaudited	Unaudited	Audited
	At	At	At
	30 September	30 September	31 March
	2007	2006	2007
	£000	£000	£000
Expiring in one year or less:			
Total facilities	67,500	-	-
Unutilised	9,188	-	-
Expiring between two and five years:			
Total facilities	286,000	123,388	263,400
Unutilised	29,861	19,120	54,383

19. FINANCIAL INSTRUMENTS (CONT.)

Fair values of financial assets and liabilities

The table below sets out by category the changes to the balance sheet values on fixed rate debt that would occur if fair values were applied.

	Unaudited At 30 September 2007	Unaudited At 30 September 2006	Audited At 31 March 2007
	Difference between book and fair values £000	Difference between book and fair values £000	Difference between book and fair values £000
Group			
Primary financial instruments			
Liabilities			
Long term debt (over one year)	757	(6,052)	1,011
Assets			
Long term loan notes (over one year)	(63)	(935)	(227)
Joint Ventures			
Primary financial instruments			
Long term loan notes	63	935	227
	757	(6,052)	1,011

The effect on net assets per share of the total fair value adjustment (£757,000 less tax £227,000) would be an increase of 0.9p (half year to 30 September 2006: decrease 8.0p; year to 31 March 2007: increase 1.3p)

The calculation of the fair values has been arrived at as follows:

Debt has been calculated by discounting cash flows at prevailing rates of interest for instruments with a similar risk profile.

20. CAPITAL AND RESERVES

	Reserves			Investment in own shares	Total
	Share Capital	Non- distributable reserves	Distributable reserves		
	£000	£000	£000	£000	£000
At 31 March 2007 (audited)	2,805	193,109	237,552	(740)	432,726
Shares issued	1	-	-	-	1
Premium on shares issued	-	82	-	-	82
Retained loss for the period	-	-	(5,960)	-	(5,960)
Realised on disposal of investment properties	-	(11,202)	11,202	-	-
Net loss from fair value adjustment on investment properties	-	(11,410)	11,410	-	-
Share of joint ventures' net loss from fair value adjustment on investment properties	-	(9,497)	9,497	-	-
Net loss from fair value adjustment on listed investments	-	(202)	202	-	-
Net loss from fair value adjustment on unlisted investments	-	(1,075)	1,075	-	-
Change in fair value of derivative financial instruments	-	513	(513)	-	-
Share of change in fair value of joint ventures' derivative financial instruments	-	721	(721)	-	-
Acquisition of investments in own shares	-	-	-	(330)	(330)
Disposal of investment in own shares	-	-	-	19	19
Acquisition of treasury shares	-	-	(1,454)	-	(1,454)
Dividends paid	-	-	(6,162)	-	(6,162)
Actuarial gain on pensions scheme assets	-	-	134	-	134
Deferred tax movement on pension assets	-	-	(53)	-	(53)
Cost of share based payments	-	72	-	-	72
Deferred tax movement on share based payments	-	(652)	-	-	(652)
At 30 September 2007 (unaudited)	2,806	160,459	256,209	(1,051)	418,423

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW

	Unaudited At 30 September 2007 £000	Unaudited At 30 September 2006 £000	Audited At 31 March 2007 £000
Operating profit before net gains on investments	9,902	9,411	24,801
Depreciation of plant and equipment	92	72	151
Decrease in inventories	-	1,120	3,514
Decrease / (increase) in trade and other receivables	2,034	(1,163)	(8,284)
Decrease in trade and other payables	(22,311)	(15,680)	(14,077)
Cash (outflows) /inflows from operations	(10,283)	(6,240)	6,105

22. CONTINGENT ASSETS

	Unaudited At 30 September 2007 £000	Unaudited At 30 September 2006 £000	Audited At 31 March 2007 £000
Potential performance fees arising under joint venture agreements			
Agora Shopping Centres	-	8,800	-
Radial Distribution	-	1,800	-
	-	10,600	-

These assets have not been recognised on the balance sheet.

23. MINORITY INTEREST

This represents investments held by The F15 Partnership in Balmcrest Estates Limited.

24. RELATED PARTY TRANSACTIONS

In accordance with IAS 27 "Consolidated and Separate Financial Statements," transactions between the company and subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Details of transactions and balances between the Group and joint ventures are set out in note 13.

Remuneration of key management personnel:

	Unaudited Six months ended 30 September 2007 £000	Unaudited Six months ended 30 September 2006 £000	Audited Year ended 31 March 2007 £000
Short-term employee benefits	986	857	1,665
Post-employee benefits	49	277	340
Share based payments	49	67	226
	1,084	1,201	2,231

25. EVENTS AFTER THE BALANCE SHEET DATE

The developments at Folkestone and Bardon (owned by Radial Distribution), which are included in these results at cost, completed in November 2007. Any valuation movements will be included in the results for the year ending 31 March 2008.