

# PRESS RELEASE



31 July 2009

## LIBERTY INTERNATIONAL PLC

### INTERIM REPORT FOR THE HALF YEAR ENDED 30 JUNE 2009

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#### Patrick Burgess, Chairman of Liberty International, commented:

*"Liberty International's growth over the years has come as much from active management and redevelopment as other factors, and we already have within our existing asset base a number of opportunities of this kind, awaiting appropriate market conditions. Beside the prime nature of our assets, we are recognised as having a highly effective management, the worth of which the last few months have more than proven. We are alive to the changing market and investor environment and in our properties and management team have what we need to answer successfully to new opportunities to the benefit of shareholders. We have positioned the group for market recovery in due course, and believe retail, and thereby prime retail property, is likely to be at the forefront of such recovery."*

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A presentation to analysts and investors will take place today at 9.30am GMT at UBS, 1 Finsbury Avenue, London EC2. The presentation will also be available to international analysts and investors through a live audio call and web cast and after the event on the group's website [www.liberty-international.co.uk](http://www.liberty-international.co.uk).

A copy of this press release is available for download from our website at [www.liberty-international.co.uk](http://www.liberty-international.co.uk), and hard copies can be requested via the website or by contacting the company (email [feedback@lib-int.com](mailto:feedback@lib-int.com) or telephone +44 (0)20 7960 1406).

*This press release includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Liberty International PLC to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Any information contained in this press release on the price at which shares or other securities in Liberty International PLC have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.*

## HIGHLIGHTS

	<b>30 June</b>	30 June	31 December
	<b>2009</b>	2008	2008
	<b>£m</b>	£m	£m
Net rental income	<b>190</b>	194	384
Underlying earnings excluding valuation items*	<b>47</b>	50	105
Deficit on revaluation of investment and development property	<b>(855)</b>	(635)	(2,051)
Change in fair value of derivative financial instruments	<b>417</b>	140	(665)
Loss before tax	<b>(452)</b>	(458)	(2,662)
Total investment and trading properties	<b>6,087</b>	7,987	7,108
Net external debt	<b>(3,390)</b>	(3,740)	(4,100)
Net assets (diluted, adjusted)	<b>2,585</b>	4,122	2,798
Adjusted earnings per share	<b>11.6p</b>	13.9p	29.0p
Net assets per share (diluted, adjusted)	<b>448p</b>	1095p	745p
Debt to asset ratio	<b>56%</b>	46%	58%

\* Appendix 2 provides an analysis of underlying profit

### Financial highlights

- Resilient group net rental income of £190 million, 2 per cent below 2008 first half of £194 million; UK regional shopping centres like-for-like 5 per cent below 2008 first half due to tenant failures
- Investment property valuation decline moderated in the second quarter to 4.3 per cent after approximately 8.5 per cent in the first quarter. Combined 12.4 per cent decline for the six month period and aggregate 36.2 per cent from the peak at 30 June 2007 compare favourably to the IPD monthly index (13.2 per cent and 44.1 per cent respectively)
- 86 per cent of the group's investment properties are prime retail, while UK regional shopping centres comprise 73 per cent
- £592 million new equity raised has increased cash and available facilities to £928 million
- Predominantly non-recourse debt structure – in compliance with all loan covenants. No major secured debt refinancing until 2011 (Lakeside CMBS)
- Net assets per share (diluted, adjusted) 448p (31 March 2009 pro forma adjusted for Capital Raising – 493p)
- 5.0p per share interim dividend declared, intended full year dividend of 16.5p (2008 – 16.5p)

### Operational highlights

- CSC's UK regional shopping centre occupancy maintained at 98.3 per cent (31 December 2008 – 98.7 per cent). Improved occupancy excluding tenants in administration at 96.3 per cent (31 March 2009 – 95.4 per cent, 31 December 2008 – 93.6 per cent) due to re-letting activity and fewer retailer failures in the second quarter
- Remaining capital commitments £172 million. St David's 2, Cardiff, opening Autumn 2009, now 64 per cent committed by area, 53 per cent by income with a further 8 per cent in advanced negotiation
- Covent Garden, London, occupancy up to 99 per cent (31 December 2008 – 97 per cent), with Bedford Chambers handed over for refurbishment for a major new flagship store opening in 2010
- Cash proceeds of £187 million from disposals largely complete the non-core asset disposal programme commenced when Liberty International became a REIT on 1 January 2007

## OPERATING AND FINANCIAL REVIEW

### OPERATING REVIEW

#### INTRODUCTION AND GROUP OVERVIEW

After a two year period of exceptional turmoil, with the real estate downturn reaching its greatest intensity in the last quarter of 2008 and early months of 2009, we can, with some relief, report to shareholders welcome signs of at least a measure of stability, if not yet recovery, in property and economic market conditions.

Since early March 2009, Liberty International's share price rallied strongly. This provided the platform for a successful placing and open offer of new ordinary shares raising £592 million net of expenses (the "Capital Raising"), through a structure which took account of the particular nature of our share register including the listing in Johannesburg. The extra capital has substantially improved the group's financial position in the face of sharp reductions in investment property values. The Board appreciates the support for the company and its strategy demonstrated by our shareholders.

The fall in investment property values decelerated in the second quarter as yields, at least for prime assets, began to stabilise with the valuation focus now shifting from yields to rental values. In Liberty International's case, the second quarter saw the property valuation fall reduce to 4.3 per cent from 8.5 per cent in the first quarter amounting to 12.4 per cent overall.

The property investment market even began to strengthen in certain sectors. In particular, quality assets of smaller lot size have proved attractive to equity-based investors. This improvement facilitated the disposal by Liberty International of a further £187 million of non-core assets, virtually completing the disposal programme which Liberty International started on becoming a UK Real Estate Investment Trust ('REIT') in January 2007.

However, market liquidity remains thin for assets of larger lot size as debt markets remain difficult with few active providers of new real estate loans. We are however pleased to be close to concluding on acceptable terms a new loan facility secured on St David's Cardiff, the joint venture development with Land Securities PLC.

Liberty International is the most specialised of the major UK REITs with prime retail comprising 86 per cent of the group's assets. We are encouraged by the resilience of the business with group net rental income only reduced by 2 per cent from £194 million to £190 million in the first half of 2009 compared with 2008. Non-food retail sales, excluding the household goods sector where the group has no significant exposure, have held up well year-on-year in the first six months of 2009, with government statistics showing only a small overall decline.

Footfall at CSC's centres has increased by over 3 per cent, indicative of the continuing attractiveness to the public of our quality centres in strong locations.

Central London retail has been particularly robust with the Covent Garden estate now 99 per cent let and trading well.

In terms of the tenant market we encountered an exceptional level of tenant failures in CSC's regional shopping centres in the last quarter of 2008 and first quarter of 2009 amounting in aggregate to over 10 per cent of CSC's rent roll. The failure rate slowed down in the second quarter of 2009 and we have made steady re-letting progress. Occupancy excluding tenants in administration has increased from 93.6 per cent at 31 December 2008 to 96.3 per cent at 30 June 2009. The majority of re-lettings have been short term lettings of less than five years at some cost in terms of rental levels achieved but providing flexibility to benefit from market recovery.

#### Property Market Conditions

According to the IPD UK monthly property index, UK property capital values, which started to decline two years ago in the second half of 2007, fell by a further 13.2 per cent in the first half of 2009 (retail property – minus 14.0 per cent) with the greater part of the decline, 8.9 per cent, occurring in the first quarter and a lesser 4.7 per cent in the second quarter.

Market values of the group's investment properties declined overall by 12.4 per cent as summarised below.

	Market value		Revaluation deficit six months ended	Nominal equivalent yield	
	30 June 2009			30 June 2009	31 December 2008
	£m	%	%	2009	2008
UK regional shopping centres	4,439	73%	(12.8)%	7.37%	6.67%
Capco Covent Garden	529	9%	(8.8)%	5.59%	5.14%
Capco Earls Court	524	8%	(8.2)%		
Capco GCP	224	4%	(15.8)%	6.53%	6.32%
Capco Opportunities	10	–	(23.5)%	12.13%	11.30%
Capco USA	368	6%	(14.8)%		
<b>Total investment properties</b>	<b>6,094</b>	<b>100%</b>	<b>(12.4)%</b>		

The cumulative decline from peak for Liberty International's investment properties has amounted to 27.2 per cent at 31 December 2008 and 36.2 per cent at 30 June 2009 outperforming the comparable IPD UK all-property monthly index declines of 35.6 per cent and 44.1 per cent respectively.

In the six month period, CSC's UK regional shopping centres saw a further 70 basis points increase in the average equivalent yields applied by the valuers to 7.37 per cent, a level which is now at the higher end of the historical trading range for prime centres. Indication from the valuers are that prime retail yields have now stabilised while more secondary assets may continue to weaken. The overall estimated rental values ('ERV') of CSC's centres reduced by around 3.5 per cent. The expectation from the valuers is that changes in ERV, which will be driven by retail market conditions, are likely to be the significant determinant in forthcoming valuation outcomes in the short term.

#### **Dividend**

The directors have resolved to pay an interim dividend of 5.0p per share on 27 October 2009 to shareholders on the register on 2 October 2009. This dividend will be a property income distribution ('PID') subject to applicable withholding tax. In line with the statement made at the time of the Capital Raising, the directors intend, subject to available resources, to pay a dividend in respect of 2009 on the enlarged share capital amounting to 16.5p per share in aggregate (2008 – 16.5p per share).

The dividend policy for future years will be kept under review.

#### **Group Prospects**

As noted above, the signs of stability, if not yet recovery, in property and economic conditions are welcome. However, the scale of the public sector deficit and the measures required to bring government finances into reasonable balance are likely to represent a constraining factor on UK growth prospects for some years to come. Nevertheless, Liberty International has a high quality and defensive UK regional shopping centre and retail property business, which includes 9 of the top 30 UK centres and prime Central London sites such as Covent Garden. Relatively our properties have performed well in capital value terms since the downturn which began two years ago in the second half of 2007.

We have already taken a number of steps, including over £1 billion of asset sales since we became a UK REIT in January 2007, to improve liquidity and financial strength. This year's Capital Raising was an important additional measure.

Our predominantly non-recourse and asset-specific debt structure as described in the accompanying Financial Review provides considerable financial flexibility.

Tenant failures amounting to over £30 million of CSC's passing rent in the last three quarters will adversely impact underlying earnings, notwithstanding the satisfactory re-letting progress this year. Furthermore, earnings per share will be negatively impacted in the short term as the proceeds of the Capital Raising are for the present largely held in cash earning a low return pending their most effective deployment, which will depend on property and debt market conditions, and secondly as the group is now temporarily over-hedged against interest rate risk.

Growth avenues for the group remain considerable with numerous active management and development opportunities within existing CSC centres and our Central London assets to be undertaken when market conditions are appropriate.

In the meantime, our rental income prospects have benefited as the difficult property and economic conditions have sharply curbed further supply of retail space in the UK. The group's larger scale and attractive quality retail destinations continue to outperform inferior locations.

We have positioned the group for market recovery in due course, and believe retail, and thereby prime retail property, is likely to be at the forefront of such recovery.

## **CAPITAL SHOPPING CENTRES**

(investment properties of £4.4 billion at 30 June 2009, 73 per cent of the group total)

The benefit of CSC's focus on retail assets of the highest quality becomes most obvious in more difficult periods, with occupancy at high levels and CSC's assets performing well operationally compared with retail assets of lower quality.

CSC's retailer tenant mix is diverse. The top 20 tenants account for 40 per cent of CSC's rent roll with the top 3 (Arcadia, Boots and Next) accounting for 11 per cent. National or international multiple retailers represent over 90 per cent of the rent roll.

The current winning retailer formats are value brands and trusted names with a strong complementary online presence. The second quarter of 2009 saw a slow down in the level of retailer failures to 33 units, out of CSC's 2,028 units in aggregate, involving passing rent of £4.8 million (first quarter of 2009, 92 units, £14.5 million; last quarter of 2008, 59 units, £16.1 million).

While the retail failures in 2008 and 2009 to date have negatively impacted CSC's net rental income, CSC's focus on quality centres in strong locations has enabled the group to be successful in retaining high profile retailers entering into and emerging from the administration process who are keen to maintain their representation in CSC centres.

### **Key CSC indicators**

Key indicators of CSC's performance in the year to date are as follows:

- Estimated footfall at CSC's centres in 2009 has continued to show encouraging strength with our 12 completed centres recording an increase of over 3 per cent in the year to date.
- Headline occupancy levels at 30 June 2009 have remained high at 98.3 per cent (31 December 2008 – 98.7 per cent).
- As a result of the positive re-letting activity in the period the occupancy level, adjusted for units affected by administrations still to be re-let, has increased to 96.3 per cent compared with 95.4 per cent at 31 March 2009 and 93.6 per cent at 31 December 2008.

CSC has made 142 re-lettings in 2009 to date involving £11.5 million of new annual passing rent, compared with £14.2 million previously. These tenancy changes in the period included 45 long term lettings, 75 short term lettings, 13 lettings by our commercialisation business, CSC Enterprises, and nine turnover-only transactions, with the short term lettings accounting for the entire rent reduction.

Also included in the adjusted occupancy percentages are 104 units at 30 June 2009 under offer or where terms are agreed.

Short term lettings have generally been agreed below previous rental levels, but are an important part of the current strategy to manage for occupancy, maintaining attractiveness of the centres and minimising exposure to void costs, while providing flexibility for CSC to benefit from market recovery by longer-term lettings in due course.

- Rent review settlements have continued to be agreed in line with expectations. Rent reviews prior to 2008 are now mostly agreed while good progress has been made with the 15 per cent of CSC's income which was subject to review in 2008, particularly at The Mall, Cribbs Causeway.
- CSC has only 2 and 3 per cent by rental income of leases expiring in 2009 and 2010 respectively. The first major round of lease expiries is at MetroCentre in 2011 which management is already addressing pro-actively.
- Excluding tenants in administration, and adjusted for payment plans granted on the grounds of proven hardship, 98 per cent of the June quarter rent, the third quarter income for 2009, was collected within 28 days of the quarter date (March 2009 and December 2008 quarter dates – 98 and 97 per cent respectively within 28 days). Payment plans, mostly involving monthly rental payments, represent a small percentage of overall income.
- Net rental income for the six months ended 30 June 2009 reduced by 5.1 per cent on a like-for-like basis from £132.4 million to £125.6 million mostly as a result of tenant failures and associated void costs.

### **CSC's development and investment activities**

During the period, the group has invested £84 million on major developments, principally St David's 2, CSC's joint venture with Land Securities in Cardiff. Other significant extensions and refurbishments are underway at two existing centres Eldon Square, Newcastle and MetroCentre, Gateshead. Details of construction and letting progress are outlined below.

	Cumulative expenditure 31 Dec 2008 £m	Expenditure 2009 £m	Market value 30 June 2009 £m	Revaluation deficit six months 30 June 2009 £m	Further committed expenditure 30 June 2009 £m	Expected rent £m
<b>Major developments</b>						
St David's 2, Cardiff	215	51	93	47	104	15
Eldon Square, Newcastle (60% interest)	45	17	*	*	22	6
MetroCentre yellow quadrant (54% interest)	12	16	*	*	10	2

\* Market value and revaluation movement included in aggregate with existing centre.

- CSC's largest development project, St David's, Cardiff, is on programme to open in October this year.

The project will extend the existing St David's centre by 967,500 sq.ft. to 1.4 million sq.ft. overall. Overall around 125 new shops and restaurants are being developed which, when added to the existing centre, will enlarge St David's into one of the UK's largest city centre retail schemes.

We are confident of the future prospects for the enlarged St David's centre with the existing centre already attracting 22 million customer visits each year.

Cardiff is expected to rise to 8th place in the UK retail rankings on completion of the St David's development which has already attracted several new retailers to Wales.

The new library was handed over to Cardiff Council on schedule in December and John Lewis is currently fitting out its 260,000 sq.ft. store. Cardiff will be its largest store outside London.

64 per cent of the area and 53 per cent of anticipated rental income is currently either exchanged or in solicitors' hands (27 April 2009 – 57 per cent and 47 per cent). A further 8 per cent by income is in active negotiations or at heads of terms stage.

In 2008 a significant number of new shopping centres opened during the year adding over 10 million sq.ft. of retail space, generally well let. In 2009, only a small number of large retail schemes are due to open including St David's Cardiff. Following this, supply will be curtailed sharply, as the current economic environment has halted many projects in the pipeline. However, we anticipate the letting market to continue to be challenging as retailers approach expansion with caution.

- Notable investment initiatives are:
  - the upgrade of leisure and dining facilities in the Yellow and Blue Quadrants at MetroCentre, Gateshead. The first phase of construction is now complete and several of the restaurants are now open. The new Odeon Cinema and family entertainment centre are on programme for opening this Autumn with Phase 3, reconfiguration of the Blue Quadrant, due to complete in Autumn 2010. Letting progress continues to be encouraging with 70 per cent by income and 81 per cent by area now committed, and a further 11 per cent by income under negotiation;
  - the third and largest stage of the redevelopment of Eldon Square, Newcastle, St Andrew's Way Mall at the southern end of the centre, which when complete will increase the overall size of the centre to 1.3 million sq.ft. The new mall due to open in Spring 2010 is 83 per cent let or in solicitors' hands by income and 85 per cent by area, with a further 9 per cent of income in detailed negotiation.

## **CAPITAL & COUNTIES**

(investment properties of £1.7 billion, 27 per cent of the group total, and £93 million of investments at 30 June 2009)

Capital & Counties has focused on creating large business units in London, the disposal of non-core assets in the UK, predominantly assets outside Central London, and the management of overseas investments.

The strategy has enabled Capital & Counties to position itself for a market recovery and to outperform IPD consistently with UK assets reducing in capital value by 10.0 per cent in the six months to 30 June 2009 and 26.9 per cent since 30 June 2007 (IPD – 13.2 per cent and 44.1 per cent respectively).

Total net rental income for the first half of 2009 was £57.5 million, an increase of £3.4 million compared with the first half of 2008. Acquisition activity at Earls Court less asset disposals comprised £1.8 million of the favourable variance. The US business recorded a £2.8 million increase due to positive exchange rate movements offset by a tenant failure.

Capital & Counties will continue to focus on London whilst seeking over time to reduce aggregate exposure elsewhere. Our three London estates each have the potential to generate significant value. In the short term, we expect some downward pressure on rents but the quality and diversity of the properties will continue to attract demand. The London investment market has shown strong signs of life in recent months and market consensus is for an improvement in valuation yields rather than a deterioration.

We intend the China and India investments to run their course with no additional funding currently envisaged beyond existing commitments and steps will be taken to reduce exposure to the USA over time if a tax efficient solution can be found. The strategic direction adopted in 2006 has proved to be defensive in the downturn and has positioned Capital & Counties to benefit from a future improvement in market conditions, particularly in London.

### **Covent Garden**

The estate valued at £529 million at 30 June 2009 comprises 750,000 sq.ft. of accommodation in 44 properties and generated net rental income of £12.3 million in the first half of 2009, in line with 2008. We concluded 15 new lettings and 9 lease renewals in the period. As at 30 June 2009, portfolio occupancy including units under offer and excluding those subject to refurbishment was 99 per cent. In the first half of the year, the portfolio recorded a valuation deficit of 8.8 per cent as equivalent yields increased 45 basis points, while ERV registered a 2 per cent reduction. The medium term strategy is to drive income through the introduction of an enhanced retail and hospitality mix with particular focus on locations with low existing rental levels. In the longer term, numerous refurbishment and enhancement opportunities exist to drive value further.

### **Earls Court & Olympia**

The underlying operational business performed ahead of expectation with EBITDA of £15.0 million (2008 £14.2 million). The property valuation declined 8.8 per cent to £335 million during the first half of the year.

Plans for a renovation of Olympia are being considered in the context of a possible long term redevelopment of Earls Court which sits as the gateway to an area being considered for comprehensive redevelopment by the local authority and the GLA.

The Empress State office building adjacent to Earls Court, acquired in the second half of 2008, generated £6.4 million in net rental income in the first half of 2009 and registered a valuation fall of 6.0 per cent to £189 million.

Capital & Counties holds a controlling interest in the Earls Court and Olympia Group and the Empress State building, therefore the above figures represent 100 per cent whereas the group's economic interest is 50 per cent.

### **The Great Capital Partnership ('GCP')**

GCP, the 50 per cent joint venture with Great Portland Estates PLC, comprises approximately 1 million sq.ft. in 34 buildings in Central London. Two disposals were completed during the period for a combined value of £14 million. As at 30 June 2009, portfolio occupancy was 97 per cent of ERV including 4 per cent by ERV attributable to areas under development, refurbishment or contracted.

Capital values have reduced by 15.8 per cent to £224 million for our 50 per cent share, ERV by 14.8 per cent, and the average nominal equivalent yield increased by 21 basis points since 31 December 2008.

### **International**

No new capital has been committed to international investments for 18 months.

In the USA, trading conditions worsened as the recession took hold with tenant sales in our predominantly retail portfolio falling by an estimated 6 per cent. As at 30 June 2009, the total portfolio comprising 2.5 million sq.ft. was 93 per cent occupied by area, against 90 per cent at end 2008. Net rental income increased to £12.4 million due to favourable currency translation with local currency income slightly lower than 2008. The portfolio value fell by 14.8 per cent to £368 million. The US portfolio recorded a fall of 6.8 per cent in the first quarter which is comparable to the NCREIF TBI index which shows a first quarter decline in property values of 5.8 per cent. We expect further rental and valuation deterioration over the coming 18 months and are exploring methods to mitigate our exposure.

In China, our £33 million investment in Harvest Capital's first fund is performing positively with investment property held within the fund showing a 14 per cent gain on cost. Our investment in the second fund is being used to develop a new mall in Chongqing which is on target to open by the end of next year. In India, our 25 per cent share of Prozone and 5 per cent interest in the listed parent company, Provogue, is carried at £29 million. Prozone's first regional mall in Aurangabad is 60 per cent reserved and is scheduled to open by end 2010 providing a first phase of 680,000 sq.ft. and ultimately 850,000 sq.ft.

**Capco Opportunities**

At the end of 2006, a substantial pool of non-core assets was identified for sale, with disposals of £437 million achieved to date, of which sale proceeds of £162 million have been realised in 2009. The remaining assets valued at £10 million will be sold in due course.

## FINANCIAL REVIEW

### Results for the six months ended 30 June 2009

The results for the six months ended 30 June 2009 reflect a continuation of a very difficult retail environment and significant reductions in property values.

Underlying profit before tax fell by 13.7 per cent from £57.1 million to £49.3 million, and adjusted earnings per share fell by 16.5 per cent to 11.6p.

As in 2008, the 30 June 2009 revaluation to market value of the group's investment and development properties resulted in a significant non-cash charge to the income statement. This charge was in part offset by a surplus on the mark-to-market of the group's interest rate swaps, as medium term UK interest rates increased over the first six months of the year.

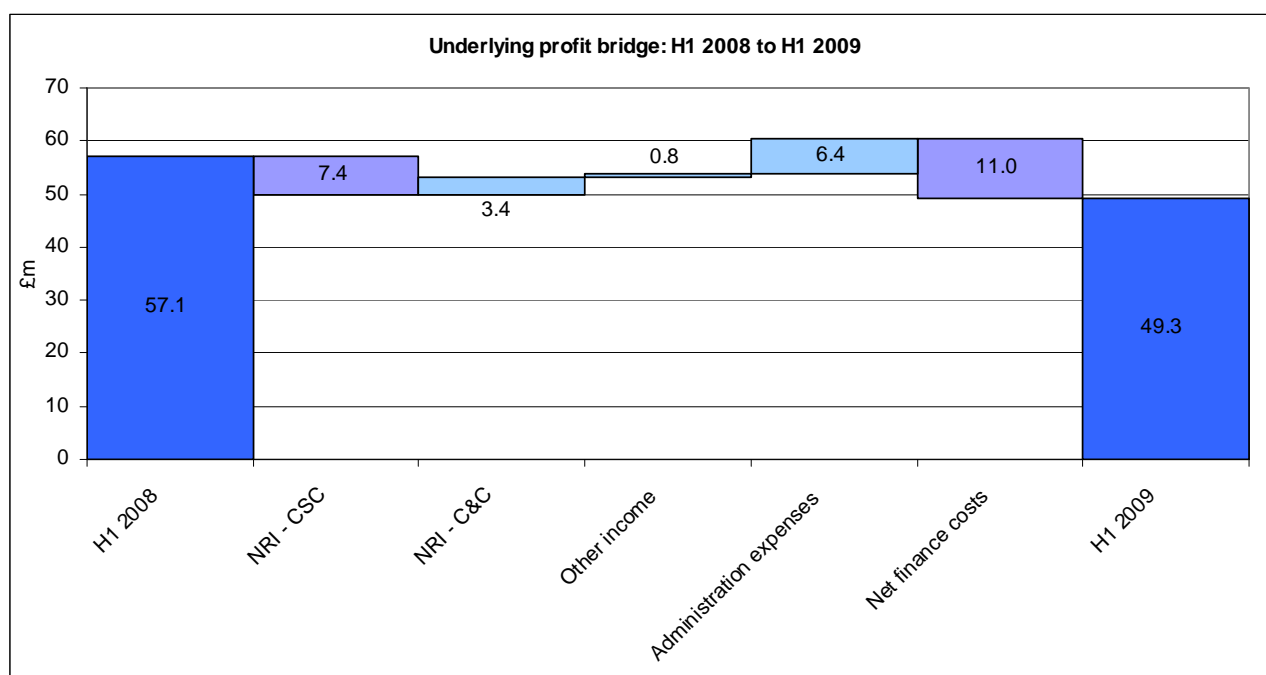
### Capital Raising

On 27 April 2009 the group announced its intention to raise £592 million, net of expenses, by way of a Firm Placing of 104,839,061 new ordinary shares and a Placing and Open Offer of 95,161,642 new ordinary shares at 310 pence per new ordinary share. The Capital Raising was approved by shareholders at the Extraordinary General Meeting on 22 May 2009 and the cash proceeds were received at the end of May 2009.

The proceeds were initially used to repay the group's outstanding revolving credit facility with the balance currently held as cash on deposit. At 30 June 2009 the group had a total cash balance of £568 million. At 30 June these funds were earning interest at a rate of approximately 0.5 per cent.

### Income statement and earnings per share

The reduction in underlying profit is illustrated as follows:



The group's net rental income reduced by 2.1 per cent to £190.2 million. CSC's net rental income reduced by £7.4 million due to lower underlying rent. Capital & Counties net rental income increased by £3.4 million. This increase reflects the acquisition of the Empress State property in the second half of 2008 (£6.4 million in 2009, £nil in 2008), partially offset by the impact of disposals.

Administration expenses reduced by £6.4 million to £21.8 million in the first half of 2009. In addition to the absence of the "one-off" reorganisation costs incurred in the first half of 2008, actions taken in the second half of 2008 have contributed to headcount related costs being £4.6 million lower than the first half of 2008.

Underlying net finance costs increased by £11.0 million reflecting increased average debt compared to the comparable period in 2008, with the proceeds from the Capital Raising having a minimal impact in the first half of 2009 as they were received at the end of May 2009.

## Balance sheet

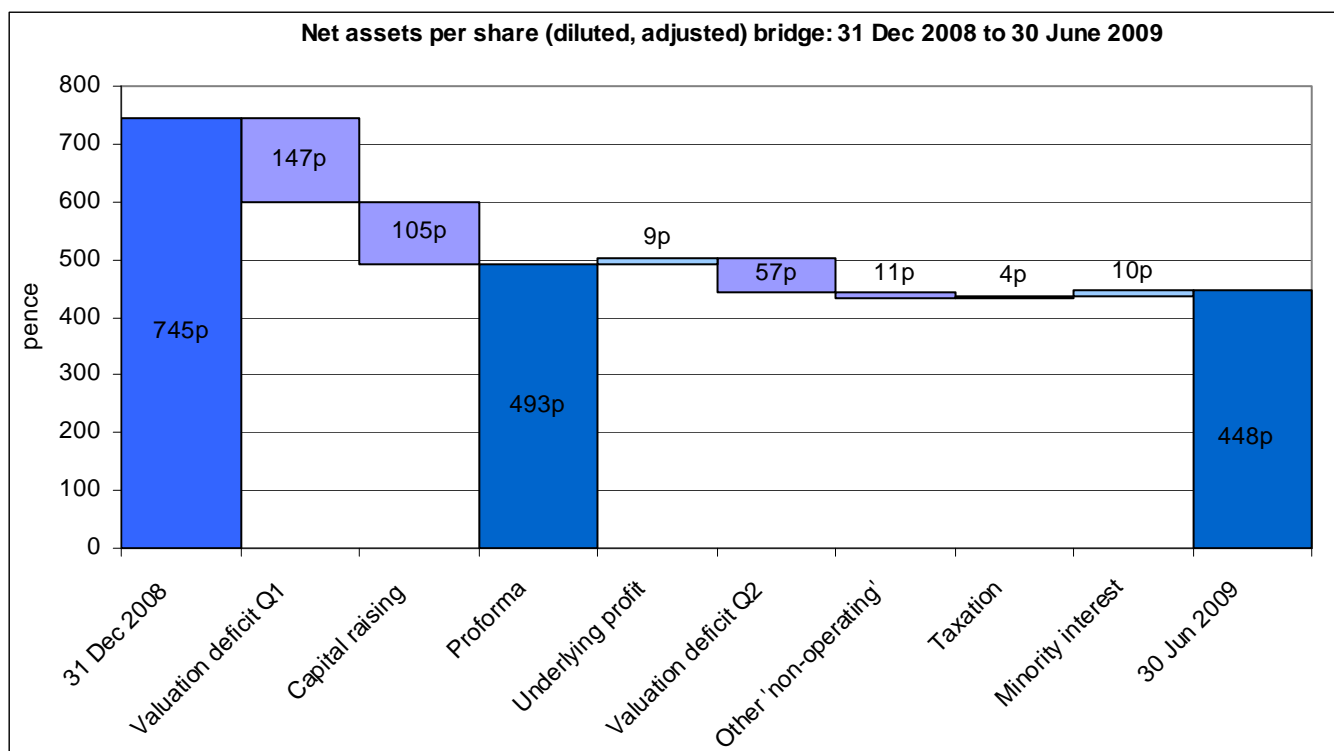
	30 June 2009 £m	31 December 2008 £m
Investment, development and trading properties	6,087.3	7,107.7
Investments	93.3	128.6
Net external debt	(3,389.5)	(4,099.5)
Other assets and liabilities	(690.6)	(1,151.0)
Net assets	2,100.5	1,985.8
Minority interest	(10.2)	(27.8)
<b>Attributable to equity shareholders</b>	<b>2,090.3</b>	1,958.0
Fair value of derivative financial instruments (net of tax)	322.5	659.0
Other adjustments	86.8	78.1
Adjusted net assets	2,499.6	2,695.1
Effect of dilution	85.1	102.8
<b>Net assets (diluted, adjusted)</b>	<b>2,584.7</b>	<b>2,797.9</b>

The first half reduction in property on the balance sheet is largely due to the revaluation deficit of £855 million, plus the disposal of properties with a book value of £202 million, partially offset by capital expenditure of £101 million.

Net external debt has fallen as a result of the group's Capital Raising of £592 million, net of expenses, which was completed in May 2009.

The fair value provision for financial derivatives, principally interest rate swaps, included in other assets and liabilities above, fell by £431 million largely as a consequence of the increase in UK interest rates, in particular interest swap rates for periods greater than two years. The residual provision for interest rate swaps, net of tax, of £323 million is added-back to arrive at adjusted net assets.

## Adjusted net assets per share



When the Capital Raising was announced it was indicated that the pro-forma net assets per share, diluted adjusted, was 493 pence per share as shown above. The reduction from the 31 December 2008 value of 745 pence per share being attributable to the property valuation deficit to 31 March 2009 (147 pence) and the impact of the Capital Raising (105 pence).

The most significant factor in the subsequent fall to 30 June 2009 net assets per share of 448 pence was the property valuation deficit arising from the 30 June 2009 valuations of 57 pence per share.

## Cash flow

The cash flow summary below shows a net inflow of £76.5 million in 2009. The net inflow largely reflects the disposal of non-core property assets during 2009.

	2009 £m	2008 £m
Underlying operating cash generated	181.1	176.9
Net finance charges paid	(141.1)	(119.6)
Net movement in working capital	(26.7)	(11.0)
	<hr/>	<hr/>
<b>Recurring cash flow from operations</b>	<b>13.3</b>	<b>46.3</b>
Property development/investments	(122.6)	(212.2)
Sale proceeds of property/investments	187.1	111.1
REIT entry charge and other tax	(1.3)	(33.1)
Dividends	–	(63.5)
	<hr/>	<hr/>
<b>Cash flow before financing</b>	<b>76.5</b>	<b>(151.4)</b>

Recurring cash flow from operations has fallen from the comparable period in 2008 largely due to higher finance charges and an adverse movement in the net working capital balance resulting from a reduction in trade and other payable balances. The higher finance charges include a loan facility arrangement fee (£5.4 million) and the termination of forward starting interest rates swap contracts (£9.9 million).

As announced in the 2008 annual results the group completed the £40 million acquisition of the remaining 50 per cent interest in Westgate, Oxford in February 2009. Additionally, cash expenditure on the group's development at Cardiff in the period amounted to £40.2 million, with the balance of capital expenditure being at CSC's MetroCentre and Eldon Square.

The cash proceeds from the disposal of properties and investments resulted in a cash inflow of £187.1 million, with the largest single item being the £63.8 million received for the Broadgate development in Leeds. Sales of third party CMBS notes generated cash proceeds of £18.7 million.

## Capital commitments

The group has an aggregate commitment to capital projects of £172 million. These commitments will be funded by the group's cash and available facilities of £928 million.

## Financial position

The vast majority, over 90 per cent, of the group's debt has been arranged on a non-recourse, asset-specific basis. This structure permits the group a higher degree of financial flexibility in dealing with individual property issues than a financing structure based on a single group-wide borrowing facility.

In addition to the non-recourse debt, the group has a corporate revolving credit facility of £360 million, which can be utilised to fund development and investment opportunities before they reach the stage that they can support their own financing arrangements. This facility, which is committed to June 2011, was undrawn at 30 June 2009.

Net external debt reduced from £4,100 million at 31 December 2008 to £3,390 million at 30 June 2009. The Capital Raising, which resulted in an inflow of £592 million, was the major factor in the reduced level of net debt.

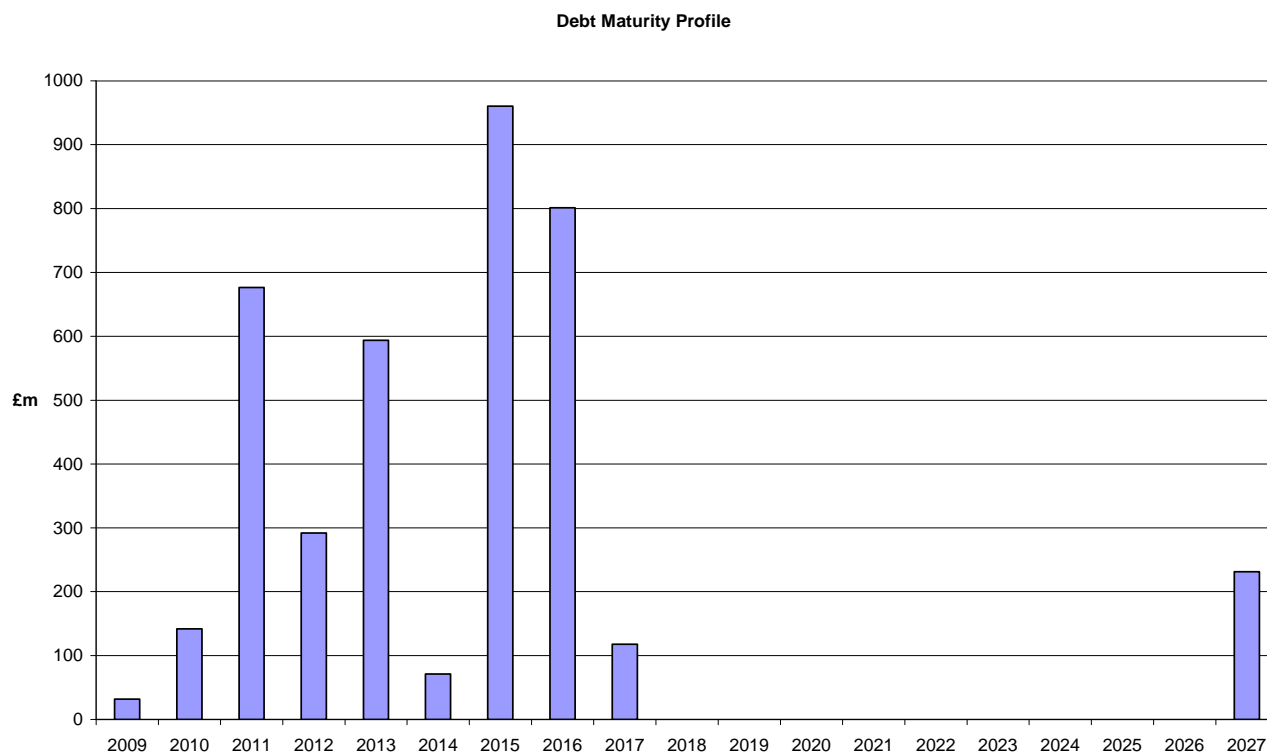
The debt to assets ratio was 56 per cent, slightly lower than the 58 per cent at 31 December 2008 with the reduced debt level compensating for the impact of the revaluation deficit on the value of the group's property assets.

The group had cash and available facilities of £928 million and is in compliance with all of its corporate and non-recourse asset-specific loan covenants.

Group debt ratios were as follows:

	30 June 2009	31 December 2008
Debt to assets	56%	58%
Interest cover	147%	145%
Weighted average debt maturity	5.5 years	5.8 years
Weighted average cost of gross debt	6.0%	6.0%
Proportion of gross debt with interest rate protection	106%	103%

## Debt structure and maturity



There are no significant debt repayments due in 2009. £32 million of unsecured bonds were redeemed at their scheduled maturity in March 2009. The largest element in the balance of the current year is £24 million loan amortisation of non-recourse secured debt.

In 2010, £142 million of debt falls due for repayment, including the outstanding £79 million of convertible bonds. The first significant maturity of secured debt, the Lakeside CMBS, occurs in July 2011. A detailed breakdown of the group's debt maturity is shown in note 11 of the condensed financial statements.

### Financial Covenants

Full details of the loan financial covenants are shown in Appendix 1.

Financial covenants apply to £3.1 billion of secured non-recourse debt. The two main covenants are Loan to Value (LTV) and Interest Cover (IC). The actual requirements vary and are specific to each loan. At 30 June 2009 £853 million of non-recourse loans had no loan to value requirement.

As noted previously the group's debt structure gives a degree of flexibility to deal with issues on a loan-by-loan basis as they arise. Due to the continued fall in property valuations certain loan principal prepayments and cash deposits have been made during July 2009 to ensure that the group's loans continue to remain in compliance with specific financial covenants. These include:

- Loan principal prepayments of £10 million and £5 million were made on loans secured on the Bromley and Uxbridge assets respectively. A further cash payment of approximately £1.4 million will be required to cancel interest rate swap contracts that were used to hedge the £15 million of loans prepaid.
- £26.3 million CMBS notes secured on the Watford asset were prepaid. However, these notes were owned by another group company at cancellation resulting in the cash outflow from the group being restricted to the £2.0 million that was required to cancel the interest rate swap contracts relating to the £26.3 million notes.
- A cash deposit of £0.2 million was made to ensure that the interest cover covenant on the loan secured on the Chapelfield, Norwich shopping centre continued to be met. This cash will be released when the interest cover covenant is met for two consecutive test periods.
- Discussions are on-going with lenders relating to the Nottingham shopping centre and it is anticipated that, based on the 30 June 2009 property valuation, a cash deposit of approximately £17 million may be lodged with the lenders later in 2009. This cash deposit may be released back to the group on a pro-rata basis should the value of the property recover.

There are LTV and IC tests that apply to the group's £515 million of joint venture borrowing. The joint ventures are in compliance with their financial covenants.

There are three financial covenant tests that apply to the £360 million secured term and revolving credit bank loan to Liberty International PLC. These are net worth, interest cover and a borrowings to net worth test. These are tested semi-annually on a number of the group's companies, defined as the Borrower Group, and all tests are currently satisfied.

There is a minimum capital cover and interest cover condition applicable to the £231 million mortgage debenture tested semi-annually. Both tests are currently satisfied.

Compliance with financial covenants is and will continue to be constantly monitored.

The table below illustrates the approximate cash payments that could be required to partially repay certain non-recourse loans in order to remain within covenant limits, for a range of falls in property valuations from the 30 June 2009 valuations. The potential payments below would be in addition to the actions listed above in relation to Bromley, Uxbridge, Watford, Norwich and Nottingham. In certain circumstances, this analysis assumes that a potential breach would be remedied through granting the lender additional security rather than partial loan repayment.

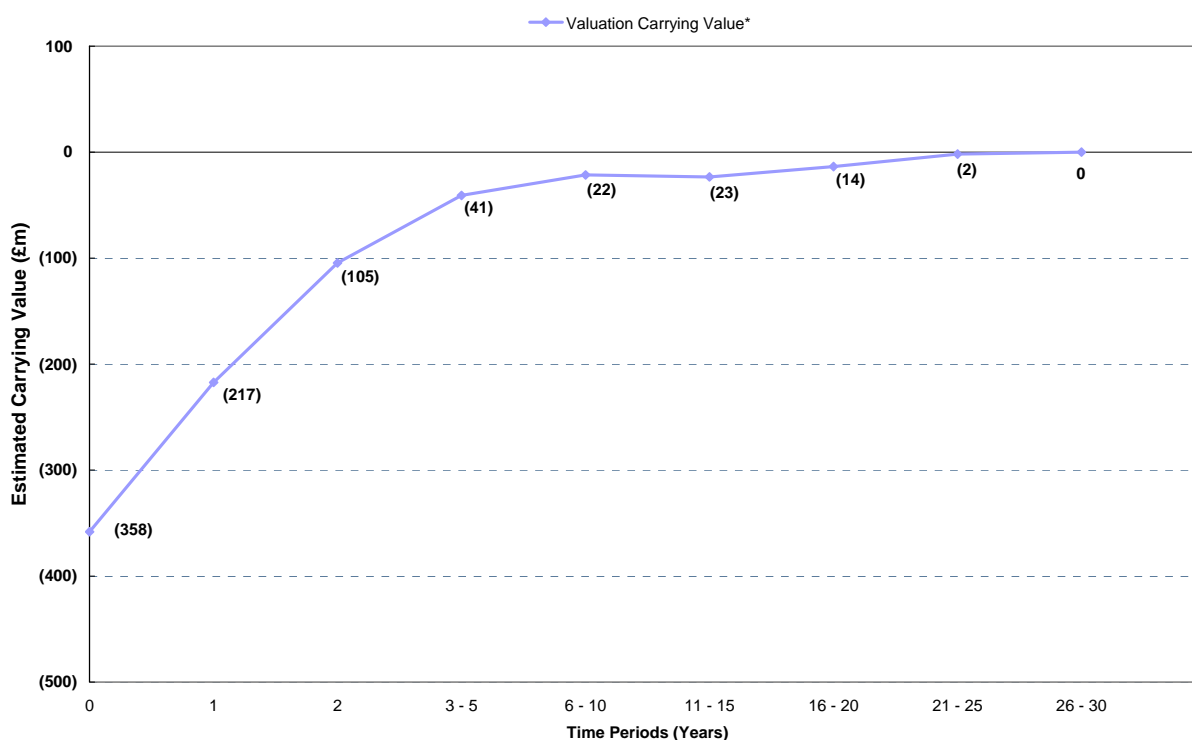
Fall in property values from 30 June 2009 %	LTV cash cure requirement in non-recourse facilities £m
5	30
10	90
15	200

### Interest rate hedging and fair value of financial instruments

During the first half of 2009 the movement in sterling interest rates diverged around the three year maturity date, with rates relating to shorter maturities reducing and those greater than three years increasing. The 10-year sterling swap rate has increased by 0.75 per cent from 31 December 2008.

This increase in long term interest rates was the major factor in the reduction in the group's mark-to-market liability for interest rate derivatives. At 30 June 2009 the value of the derivative financial instruments liability was £358 million. This liability includes all derivatives entered to hedge both interest rate and currency risk exposures. Should market rates remain unaltered from their level recorded at 30 June 2009 the following chart illustrates how the value would reduce over time, with £254 million of the decrease occurring within 2 years.

**Financial Derivatives - Carrying Value Time Profile**  
30th June 2009 Valuation of £(358)m



\* assumes no change in the underlying derivatives valuation other than the lapse of time

The group's policy is to eliminate the short and medium term risk arising on interest rate volatility. This is generally achieved through companies within the group entering into interest rate swap contracts to hedge the size and maturity profile of their borrowings. Additionally, the group also holds a portfolio of forward starting interest rate swaps to provide some certainty around the market rate applicable on future financings. When re-financings are undertaken the interest rate swaps would be transferred to the specific group company undertaking the borrowing. Furthermore, with the sterling interest rate curve having been predominately negatively sloped, it was possible to fix forward starting swap contracts at substantially lower levels than the rate on spot or immediately effective interest rate swaps.

However, as a consequence of the crisis in the financial services sector, the use of a forward starting interest rate hedging strategy has become less attractive. Previously, lenders were willing to transfer interest rate swap contracts from one bank counterparty to another for minimal cost. This position has radically altered with lenders either unwilling to accept interest rate swap contracts from another counterparty or only willing to do so at a substantial cost.

Due to this change in market practice, the group has adjusted its policy on the level of required forward starting swaps. Therefore, during May and June the group terminated £1.6 billion of forward starting interest rate swaps, which were not attached to specific debt, for a net payment of £10 million, which represented the market liability value of the swaps at the point of termination. This net cost has been treated as an exceptional cost in the current period and excluded from underlying profit.

#### Interest rates

The group's current net debt is fully hedged through a combination of fixed rate debt and interest rate swaps. The following interest rate swap summary table details the amount of forward hedging in place both in nominal amount and average rate payable under the swap contract. The group's cost of debt will equate to the swap rate payable plus the margin payable to the lender. The table highlights the reduction in the nominal value of outstanding contracts as described above:

Interest rate swap summary In effect on or after:	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	Net amount £m	Net amount £m	Average rate %	Average rate %
1 year	3,599	3,595	5.27	5.28
2 years	3,590	3,575	5.27	5.27
5 years	2,442	3,184	5.27	5.16
10 years	725	2,425	5.02	4.69
15 years	600	2,100	4.83	4.58
20 years	600	2,100	4.83	4.58
25 years	400	1,615	4.59	4.40

#### Disposals

The principal transactions during the six month period have been the disposals of a number of the group's non-core properties and investments, principally third party CMBS notes. The book value of investment property sold was £202 million for cash proceeds of £168 million recording a book loss of £36 million. Third party CMBS investment disposals in the period raised cash proceeds of £19 million, resulting in a loss against cost of £10 million.

#### Taxation

Since the group became a UK REIT on 1 January 2007 it has benefited from the tax savings that being a REIT provides. The financial benefits to date have amounted to £153 million, comprising net rental income and capital gains sheltered from UK tax.

To retain its REIT status, the group is required to comply with a number of obligations, which it has continued to do throughout the period to 30 June 2009. REIT entry charge payments of £1 million have been made in 2009, bringing the total paid to £65 million, with £103 million remaining to be settled in instalments to 2011.

Income and gains from the non-REIT qualifying parts of the group continue to be subject to taxation, with a net tax charge of £43.2 million in the period to 30 June 2009. This is principally due to a £42.1 million deferred tax charge arising in respect of fair value deficits arising on property valuations; fair value gains arising on derivative financial instruments; and tax depreciation, all in non-REIT qualifying parts of the group.

#### Related parties

Related party disclosures are given in note 18.

## Key Risks and uncertainties

The key risks and uncertainties facing the group are as set out in the table below:

<b>Risk</b>	<b>Description</b>	<b>Impact</b>	<b>Mitigation</b>
<b>Financing</b>			
Liquidity	Reduced availability	Insufficient funds to meet operational and financing needs	Capital Raising has enhanced liquidity position Regular reporting of current and projected position to the Board Efficient treasury management and strict credit control
Economic and property market downturn	Property values decrease Reduction in rental Income	Impact on covenants	Regular monitoring of LTV and ICR covenants Covenant headroom monitored and maintained; regular market valuations; focus on quality assets
Interest cover	Interest rates fluctuate	Lack of certainty over interest costs	Hedging to establish long term certainty
Market price risk of fixed rate derivatives	Interest rates fluctuate resulting in significant assets and or liabilities on derivative contracts	Potential cash outflow if derivative contract contains break clause	Manage derivative contracts to achieve a balance between hedging interest rate exposure and minimising potential cash calls
REIT	Breach REIT conditions	Tax penalty or be forced to leave the REIT regime	Regular monitoring of compliance and tolerances
Foreign exchange	Certain group investments are not denominated in sterling	Value of investments is adversely affected by movements in impacted exchange rates	Borrowings in local currency and cross currency interest rate swaps to partially hedge exposure
Joint Ventures	Reliance on JV partners' performance and reporting	Partners under - perform or provide incorrect information	Agreements in place and regular communication with partners
<b>Asset Management</b>			
Tenants	Tenant failure	Financial loss	Initial assessment of tenant covenant strength. Regular reporting and modelling of tenant covenant Active credit control process
Voids	Increased voids, failure to let developments	Financial loss	Policy of active tenant mix management
<b>Reputation</b>			
Responsibility for visitors to shopping centres	Failure of Health & Safety	Impact on reputation or potential criminal/ civil proceedings	Annual audits carried out by external consultants. Heath & Safety policies in place
Business interruption	Lost access to centres or head office	Impact on footfall and tenant income Adverse publicity	Documented Business Recovery Plans in place Security team training and procedure in shopping centres Terrorist Insurance is in place Security and Health & Safety policies and procedures in shopping centres/offices Flu pandemic recovery plan documented
<b>People/HR</b>			
Staff	Key staff	Loss of key members of the management team could impact adversely on the group's success	Succession planning; performance evaluation; training and development; incentive reward
<b>Developments</b>			
Time	Planning	Securing planning consent for developments	Policy of sustainable development and regeneration of brownfield sites Constructive dialogue with planning authorities
Cost and letting risk	Construction cost overrun, low occupancy levels	Returns reduced by increased costs or delay in securing tenants	Approval process based on detailed project costs; regular monitoring and forecasting of project costs and rental income; and fixed cost contracts

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors are responsible for preparing the condensed set of financial statements, in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:

- the condensed set of financial statements on pages 18 to 35 has been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union; and
- the condensed set of financial statements on pages 18 to 35 includes a true and fair review of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

The operating and financial review on pages 3 to 15 refers to important events which have taken place in the period.

The principal risks and uncertainties facing the business are referred to on page 15 of the operating and financial review.

Related party transactions are set out in note 18 of the condensed set of financial statements.

A list of current Directors is maintained on the Liberty International PLC website: [www.liberty-international.co.uk](http://www.liberty-international.co.uk).

By order of the Board

D A Fischel  
Chief Executive

I C Durant  
Finance Director

31 July 2009

# INDEPENDENT REVIEW REPORT TO LIBERTY INTERNATIONAL 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 June 2009, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows 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 June 2009 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  
London

31 July 2009

## Notes:

- a) The maintenance and integrity of the Liberty International 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 financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**CONSOLIDATED INCOME STATEMENT (unaudited)**  
**For the six months ended 30 June 2009**

		Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
<b>Revenue</b>	2	<b>306.2</b>	308.3	618.2
Rental income		<b>295.9</b>	296.9	607.4
Rental expenses		<b>(105.7)</b>	(102.7)	(223.9)
<b>Net rental income</b>	2	<b>190.2</b>	194.2	383.5
Other income		<b>6.8</b>	1.4	0.5
Deficit on revaluation and sale of investment and development property	3	<b>(890.8)</b>	(638.5)	(2,057.0)
Profit on sale of subsidiary		–	0.8	0.8
Loss on sale of investment		<b>(10.1)</b>	–	–
Write down of trading property		<b>(3.0)</b>	–	(5.8)
		<b>(706.9)</b>	(442.1)	(1,678.0)
<b>Administration expenses</b>				
Ongoing expenses		<b>(21.8)</b>	(28.2)	(63.2)
Impairment of goodwill		–	(21.6)	(35.0)
<b>Operating loss</b>		<b>(728.7)</b>	(491.9)	(1,776.2)
Interest payable	4	<b>(119.2)</b>	(115.4)	(230.3)
Interest receivable		<b>3.3</b>	6.0	8.6
Other finance (costs)/income	4	<b>(24.1)</b>	3.5	0.9
Change in fair value of derivative financial instruments		<b>416.8</b>	140.1	(665.1)
Net finance income/(costs)		<b>276.8</b>	34.2	(885.9)
<b>Loss before tax</b>		<b>(451.9)</b>	(457.7)	(2,662.1)
Current tax		<b>0.2</b>	(1.9)	7.0
Deferred tax		<b>(42.1)</b>	7.5	82.2
REIT entry charge		<b>(1.3)</b>	(1.6)	(3.6)
Taxation	5	<b>(43.2)</b>	4.0	85.6
Loss for the period		<b>(495.1)</b>	(453.7)	(2,576.5)
Loss attributable to minority interests		<b>25.0</b>	27.5	125.2
<b>Loss for the period attributable to equity shareholders</b>		<b>(470.1)</b>	(426.2)	(2,451.3)
<b>Basic loss per share</b>	15	<b>(117.0)p</b>	(117.9)p	(678.1)p
<b>Diluted loss per share</b>	15	<b>(113.5)p</b>	(112.9)p	(651.1)p

Adjusted earnings per share are shown in note 15.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)**  
**For the six months ended 30 June 2009**

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
<b>Loss for the period</b>	<b>(495.1)</b>	<b>(453.7)</b>	<b>(2,576.5)</b>
<b>Other comprehensive income</b>			
Actuarial losses on defined benefit pension schemes	–	–	(8.1)
(Loss)/gain on revaluation of investments, net exchange translation differences and other movements	<b>(3.4)</b>	<b>(3.4)</b>	3.9
Net loss recognised in equity due to minority interests	–	–	(0.5)
Tax on items taken directly to equity	–	–	7.6
Net (loss)/gain recognised in equity	<b>(3.4)</b>	<b>(3.4)</b>	2.9
Total comprehensive income for the period	<b>(498.5)</b>	<b>(457.1)</b>	<b>(2,573.6)</b>
Total comprehensive income attributable to minority interests	<b>25.0</b>	<b>27.5</b>	<b>125.7</b>
<b>Total comprehensive income attributable to equity shareholders</b>	<b>(473.5)</b>	<b>(429.6)</b>	<b>(2,447.9)</b>

**CONSOLIDATED BALANCE SHEET (unaudited)**  
**As at 30 June 2009**

		As at 30 June 2009 £m	As at 31 December 2008 £m	As at 30 June 2008 £m
	Notes			
<b>Non-current assets</b>				
Goodwill		–	–	5.3
Investment and development property	7	6,062.1	7,074.4	7,948.9
Plant and equipment		1.6	1.3	0.7
Investments		63.7	96.3	99.0
Investments in associate companies		29.6	32.3	28.4
Trade and other receivables	9	80.8	95.6	84.6
		<b>6,237.8</b>	<b>7,299.9</b>	<b>8,166.9</b>
<b>Current assets</b>				
Trading property	8	25.2	33.3	38.3
Derivative financial instruments	13	18.7	29.6	114.7
Trade and other receivables	9	83.3	97.2	128.4
Cash and cash equivalents		568.4	70.9	117.8
		<b>695.6</b>	<b>231.0</b>	<b>399.2</b>
<b>Total assets</b>		<b>6,933.4</b>	<b>7,530.9</b>	<b>8,566.1</b>
<b>Current liabilities</b>				
Trade and other payables	10	(287.4)	(364.9)	(274.8)
Tax liabilities		(1.4)	(1.9)	(5.0)
Borrowings, including finance leases	11	(61.7)	(95.2)	(52.1)
Derivative financial instruments	13	(376.9)	(818.5)	(42.6)
		<b>(727.4)</b>	<b>(1,280.5)</b>	<b>(374.5)</b>
<b>Non-current liabilities</b>				
Borrowings, including finance leases	11	(4,021.0)	(4,195.5)	(3,805.7)
Deferred tax provision	5	(34.9)	–	(60.6)
Other provisions		(7.3)	(7.3)	(1.4)
Other payables		(42.3)	(61.8)	(95.0)
		<b>(4,105.5)</b>	<b>(4,264.6)</b>	<b>(3,962.7)</b>
<b>Total liabilities</b>		<b>(4,832.9)</b>	<b>(5,545.1)</b>	<b>(4,337.2)</b>
<b>Net assets</b>		<b>2,100.5</b>	<b>1,985.8</b>	<b>4,228.9</b>
<b>Equity</b>				
Called up ordinary share capital	16	283.3	182.6	181.4
Share premium account	16	1,005.7	993.4	975.6
Treasury shares	17	(9.8)	(10.8)	(11.7)
Convertible bond reserve		7.6	7.6	9.1
Other reserves		775.7	287.3	274.2
Retained earnings		27.8	497.9	2,583.2
<b>Amounts attributable to equity shareholders</b>		<b>2,090.3</b>	<b>1,958.0</b>	<b>4,011.8</b>
Minority interests		10.2	27.8	217.1
<b>Total equity</b>		<b>2,100.5</b>	<b>1,985.8</b>	<b>4,228.9</b>
Basic net assets per share	15	370p	538p	1110p
Diluted, adjusted net assets per share	15	448p	745p	1095p

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)**  
**For the six months ended 30 June 2009**

	Attributable to equity holders of the company							Minority interest	Total equity
	Share Capital	Share premium	Treasury shares	Bond reserve	Other reserves *	Retained earnings	Total		
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2009	182.6	993.4	(10.8)	7.6	287.3	497.9	1,958.0	27.8	1,985.8
Loss for the period	–	–	–	–	–	(470.1)	(470.1)	(25.0)	(495.1)
Other comprehensive income:									
Fair value gains on available for sale financial assets	–	–	–	–	(3.4)	–	(3.4)	–	(3.4)
<b>Total comprehensive income for the period ended 30 June 2009</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(3.4)</b>	<b>(470.1)</b>	<b>(473.5)</b>	<b>(25.0)</b>	<b>(498.5)</b>
Ordinary shares issued	100.7	–	–	–	504.0	–	604.7	–	604.7
Increase in minority interest (GIC)	–	–	–	–	–	–	–	7.4	7.4
Inducement for conversion of bonds	–	12.2	–	–	(12.2)	–	–	–	–
Acquisition of own shares	–	–	(0.2)	–	–	–	(0.2)	–	(0.2)
Disposal of own shares	–	0.1	1.2	–	–	–	1.3	–	1.3
	100.7	12.3	1.0	–	491.8	–	605.8	7.4	613.2
<b>Balance at 30 June 2009</b>	<b>283.3</b>	<b>1,005.7</b>	<b>(9.8)</b>	<b>7.6</b>	<b>775.7</b>	<b>27.8</b>	<b>2,090.3</b>	<b>10.2</b>	<b>2,100.5</b>

\* Included within other reserves at 30 June 2009 is £492 million which has been transferred to a merger reserve following the 2009 Capital Raising.

	Attributable to equity holders of the company							Minority interest	Total equity
	Share capital	Share premium	Treasury shares	Bond Reserve	Other reserves	Retained earnings	Total		
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2008	181.4	975.6	(9.6)	9.1	275.4	3,075.1	4,507.0	201.9	4,708.9
Loss for the period	–	–	–	–	–	(426.2)	(426.2)	(27.5)	(453.7)
Other comprehensive income:									
Fair value gains on available for sale financial assets	–	–	–	–	(3.4)	–	(3.4)	–	(3.4)
<b>Total comprehensive income for the period ended 30 June 2008</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(3.4)</b>	<b>(426.2)</b>	<b>(429.6)</b>	<b>(27.5)</b>	<b>(457.1)</b>
Dividends paid	–	–	–	–	–	(63.5)	(63.5)	–	(63.5)
Purchase of treasury shares	–	–	(3.5)	–	–	–	(3.5)	–	(3.5)
Sale of treasury shares	–	–	1.4	–	–	–	1.4	–	1.4
Minority interest additions	–	–	–	–	–	–	–	2.5	2.5
Minority interest disposals	–	–	–	–	–	–	–	(2.8)	(2.8)
Compound financial instruments	–	–	–	–	–	–	–	43.0	43.0
Movement between reserves	–	–	–	–	2.2	(2.2)	–	–	–
	–	–	(2.1)	–	2.2	(65.7)	(65.6)	42.7	(22.9)
<b>Balance at 30 June 2008</b>	<b>181.4</b>	<b>975.6</b>	<b>(11.7)</b>	<b>9.1</b>	<b>274.2</b>	<b>2,583.2</b>	<b>4,011.8</b>	<b>217.1</b>	<b>4,228.9</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)**  
**For the six months ended 30 June 2009**

	Note	Six months ended 30 June 2009 £m	Year ended 31 December 2008 £m	Restated Six months ended 30 June 2008 £m
<b>Cash generated from operations</b>	12	<b>154.4</b>	362.4	165.9
Interest paid		<b>(145.6)</b>	(241.6)	(125.6)
Interest received		<b>4.5</b>	8.6	6.0
Taxation		–	1.8	(3.4)
REIT entry charge paid		<b>(1.3)</b>	(48.4)	(29.7)
<b>Cash flows from operating activities</b>		<b>12.0</b>	82.8	13.2
<b>Cash flows from investing activities</b>				
Purchase and development of property		<b>(122.5)</b>	(270.6)	(129.5)
Sale of property		<b>168.4</b>	101.6	106.1
Purchase of subsidiary companies		–	(41.3)	–
Sale of subsidiary companies		–	5.0	5.0
Sale of investment		<b>18.7</b>	–	–
Purchase of non-current asset investments		<b>(0.1)</b>	(86.2)	(79.9)
Purchase of associate companies		–	(2.8)	(2.8)
<b>Cash flows from investing activities</b>		<b>64.5</b>	(294.3)	(101.1)
<b>Cash flows from financing activities</b>				
Partnership equity introduced		<b>7.4</b>	6.5	–
Acquisition of own shares		<b>(0.2)</b>	(3.8)	(3.7)
Issue of shares		<b>591.7</b>	2.5	1.6
Borrowings drawn		<b>210.7</b>	439.0	292.0
Borrowings repaid		<b>(387.2)</b>	(230.8)	(209.1)
Equity dividends paid		–	(123.0)	(63.5)
<b>Cash flows from financing activities</b>		<b>422.4</b>	90.4	17.3
Effect of exchange rate changes on cash and cash equivalents		<b>(1.4)</b>	3.6	–
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>497.5</b>	(117.5)	(70.6)
Cash and cash equivalents at beginning of period		<b>70.9</b>	188.4	188.4
<b>Cash and cash equivalents at end of period</b>		<b>568.4</b>	70.9	117.8

## NOTES (unaudited)

### 1 Basis of preparation

The condensed set of financial statements for the six months ended 30 June 2009 is unaudited and does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The condensed set of financial statements has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 as adopted by the European Union.

The financial statements for the year ended 31 December 2008 have been filed with the Registrar of Companies and were prepared in accordance with International Financial Reporting standards as endorsed by the European Union ("IFRS"), IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The auditors' opinion on these accounts was unqualified and did not contain an emphasis of matter paragraph or a statement made under Section 237(2) or Section 237(3) of the Companies Act 1985.

The condensed set of financial statements should be read in conjunction with the financial statements for the year ended 31 December 2008. The accounting policies set out in pages 45 to 47 of the 2008 Annual Report have been consistently applied in the preparation of this financial information, except where stated below.

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of properties, available-for-sale investments, financial assets held for trading.

The condensed financial statements have been reviewed, not audited.

The largest area of estimation and uncertainty in the condensed set of financial statements is in respect of the valuation of the property portfolio and investments, where external valuations were obtained. Other areas of estimation and uncertainty are referred to in the group's annual financial statements.

There is no material seasonal impact on the group's financial performance.

Taxes on income in interim periods are accrued using tax rates expected to be applicable to total annual earnings.

Except as described below, the condensed set of financial statements has been prepared using the accounting policies consistent with those set out in pages 45 to 47 of the 2008 Annual Report.

Standards and guidelines relevant to the group that were in issue at the date of approval of the condensed financial statements but not yet effective for the current accounting period were:

IFRS 3 (amendment) 'Business Combinations', and IFRS 5 (amendment) 'Non Current Assets held for sale and discontinued operations', both effective for annual periods beginning on or after 1 July 2009.

These pronouncements, when applied, are not expected to have a material impact on the condensed financial statements, but will result in changes to presentation and/or disclosure.

The assessment of new standards, amendments and interpretations issued but not effective, not included above are not anticipated to have a material impact on the financial statements.

During 2009, the following accounting standards and guidance were adopted by the group:

IAS 1 (amendment) 'Presentation of Financial Statements';

IAS 16 (amendment) 'Property, Plant and Equipment';

IAS 23 (revised) 'Borrowing Costs';

IAS 27 (amendment) 'Consolidated and Separate Financial Statements';

IAS 32 (amendment) 'Financial Instruments: Presentation';

IAS 39 (amendment) 'Financial Instruments: Recognition and Measurement';

IAS 40 (amendment) 'Investment Property';

IFRS 2 (amendment) 'Share-based payment';

IFRS 8, 'Operating Segments';

IAS 7 (amendment) 'Statement of Cash Flows'; and

IAS 34 (amendment) 'Interim Financial Reporting';

All of the above were effective for accounting periods beginning on or after 1 January 2009.

These pronouncements either had no impact on the condensed financial statements or resulted in changes to presentation and disclosure only.

### Going concern basis

The Directors are satisfied that the group has the resources to continue in operational existence for the foreseeable future, for this reason the financial statements continue to be prepared on the going concern basis.

### Restatement of the prior year comparatives

On the face of the cash flow statement, purchase of associate companies and purchase of non-current investments are shown separately for the period ended 30 June 2008 whereas previously they were aggregated together as purchase of non-current investments.

There has been a reallocation between change in trade and other payables and borrowings of £39.0 million. This is to correct the cash flow treatment of the sale of a subsidiary entity for the period ended 30 June 2008. As a result cash generated from operations has decreased by £39.0 million and cash flow from financing activities has increased by £39.0 million.

## NOTES (unaudited) (continued)

### 2 Segmental reporting

For management and reporting purposes the group is organised into two operating divisions, CSC, representing the group's investments in UK shopping centres, and C&C, representing the group's other commercial property investments. Exhibition as a segment forms part of the C&C division but is shown separately due to its size, business sector and income stream differing to other C&C investments.

	Six months ended 30 June 2009			Group
	CSC	C&C	Exhibition	total
	£m	£m	£m	£m
<b>Revenue</b>	<b>205.6</b>	<b>68.1</b>	<b>32.5</b>	<b>306.2</b>
Rent receivable	171.1	55.8	32.5	259.4
Service charge income	29.4	7.1	–	36.5
	200.5	62.9	32.5	295.9
Rent payable	(10.2)	(0.7)	–	(10.9)
Service charge and other non-recoverable costs	(57.6)	(22.1)	(15.1)	(94.8)
	132.7	40.1	17.4	190.2
Net rental income	132.7	40.1	17.4	190.2
Other income	5.0	1.8	–	6.8
Deficit on revaluation and sale of investment and development property	(650.8)	(205.2)	(34.8)	(890.8)
Write down of trading property	–	(3.0)	–	(3.0)
Loss on sale of investment	–	(10.1)	–	(10.1)
<b>Segment result</b>	<b>(513.1)</b>	<b>(176.4)</b>	<b>(17.4)</b>	<b>(706.9)</b>
Unallocated administration costs				(21.8)
<b>Operating loss</b>				<b>(728.7)</b>
Total assets*	4,569.1	1,474.6	352.9	6,396.6
Total liabilities*	(3,367.3)	(1,239.9)	(270.9)	(4,878.1)
	1,201.8	234.7	82.0	1,518.5
Unallocated net assets				582.0
<b>Net assets</b>				<b>2,100.5</b>
<b>Other segment items:</b>				
Capital expenditure	87.7	11.3	2.2	101.2
Depreciation	–	0.2	–	0.2

\* Total assets and total liabilities exclude loans between group companies.

## NOTES (unaudited) (continued)

### 2 Segmental reporting (continued)

	Six months ended 30 June 2008			
	CSC	C&C	Exhibition	Group
	£m	£m	£m	total £m
<b>Revenue</b>	207.4	65.0	35.9	308.3
Rent receivable	166.7	47.6	35.9	250.2
Service charge income	36.1	4.0	–	40.1
Other rental income	–	6.6	–	6.6
	202.8	58.2	35.9	296.9
Rent payable	(10.7)	(0.1)	–	(10.8)
Service charge and other non-recoverable costs	(52.0)	(22.6)	(17.3)	(91.9)
	140.1	35.5	18.6	194.2
Net rental income	0.3	0.6	–	0.9
Property trading profits	–	0.5	–	0.5
Other income	–	–	–	–
Deficit on revaluation and sale of investment and development property	(518.9)	(96.6)	(23.0)	(638.5)
Profit on sale of subsidiary	–	0.8	–	0.8
Impairment of goodwill	–	(21.6)	–	(21.6)
<b>Segment result</b>	<b>(378.5)</b>	<b>(80.8)</b>	<b>(4.4)</b>	<b>(463.7)</b>
Unallocated administration costs				(28.2)
<b>Operating loss</b>				<b>(491.9)</b>
Total assets*	6,292.8	1,744.4	420.5	8,457.7
Total liabilities*	(3,151.0)	(1,023.7)	(266.7)	(4,441.4)
	3,141.8	720.7	153.8	4,016.3
Unallocated net assets				212.6
<b>Net assets</b>				<b>4,228.9</b>
<b>Other segment items:</b>				
Capital expenditure	65.7	68.0	26.5	160.2
Depreciation	–	0.2	–	0.2

	Year ended 31 December 2008			
	CSC	C&C	Exhibition	Group
	£m	£m	£m	total £m
<b>Revenue</b>	423.6	131.8	62.8	618.2
Rent receivable	338.8	98.8	62.8	500.4
Service charge income	57.8	13.8	–	71.6
Other rental income	21.1	14.3	–	35.4
	417.7	126.9	62.8	607.4
Rent payable	(23.5)	(0.8)	–	(24.3)
Service charge and other non-recoverable costs	(113.4)	(52.0)	(34.2)	(199.6)
	280.8	74.1	28.6	383.5
Net rental income	0.3	–	–	0.3
Property trading profits	–	0.2	–	0.2
Other income	–	–	–	–
Deficit on revaluation and sale of investment and development property	(1,693.5)	(301.7)	(61.8)	(2,057.0)
Profit on sale of subsidiary	–	0.8	–	0.8
Write down of trading property	–	(5.8)	–	(5.8)
Impairment of goodwill	–	(26.6)	(8.4)	(35.0)
<b>Segment result</b>	<b>(1,412.4)</b>	<b>(259.0)</b>	<b>(41.6)</b>	<b>(1,713.0)</b>
Unallocated administration costs				(63.2)
<b>Operating loss</b>				<b>(1,776.2)</b>
Total assets*	5,149.9	1,918.8	381.0	7,449.7
Total liabilities*	(3,539.0)	(1,333.9)	(278.0)	(5,150.9)
	1,610.9	584.9	103.0	2,298.8
Unallocated net liabilities				(313.0)
<b>Net assets</b>				<b>1,985.8</b>
<b>Other segment items:</b>				
Capital expenditure	208.0	326.3	31.6	565.9
Depreciation	–	0.3	–	0.3

\* Total assets and total liabilities exclude loans between group companies.

## NOTES (unaudited) (continued)

### 3 Deficit on revaluation and sale of investment and development property

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Deficit on revaluation of investment and development property	(855.1)	(634.5)	(2,051.1)
Deficit on sale of investment and development property	(35.7)	(4.0)	(5.9)
<b>Deficit on revaluation and sale of investment and development property</b>	<b>(890.8)</b>	<b>(638.5)</b>	<b>(2,057.0)</b>

### 4 Finance costs

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Gross interest payable – recurring	130.5	124.4	248.8
Interest capitalised on developments	(11.3)	(9.0)	(18.5)
<b>Total interest payable</b>	<b>119.2</b>	<b>115.4</b>	<b>230.3</b>
Interest payable to partner	(1.4)	–	(5.7)
External interest payable	117.8	115.4	224.6
Loss/(profit) on sales/repurchase of CMBS notes	4.3	(13.2)	(13.1)
MetroCentre amortisation of compound financial instrument	4.5	–	2.0
Exceptional finance costs:			
- inducement payments on conversion of 3.95% convertible bond	–	–	3.6
- loan facility arrangement fee	5.4	–	–
- costs of termination of financial instruments	9.9	9.7	6.6
<b>Other finance costs/(income)</b>	<b>24.1</b>	<b>(3.5)</b>	<b>(0.9)</b>

### 5 Taxation

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Current tax on profits excluding exceptional items and property disposals	(0.2)	1.9	(6.5)
Deferred tax:			
On investment and development property	(26.3)	(12.5)	(25.5)
On derivative financial instruments	68.8	4.4	(59.5)
On other temporary differences	(0.4)	0.6	2.8
Deferred tax on profits excluding exceptional items and property disposals	42.1	(7.5)	(82.2)
Tax charge/(credit) excluding exceptional items and property disposals	41.9	(5.6)	(88.7)
REIT entry charge	1.3	1.6	3.6
Tax credit on exceptional items and property disposals	–	–	(0.5)
<b>Taxation charge/(credit)</b>	<b>43.2</b>	<b>(4.0)</b>	<b>(85.6)</b>

Under IAS 12 'Income Taxes', provision is made for the deferred tax assets and liabilities associated with the revaluation of investment properties at the corporate tax rate expected to apply to the group at the time of use. For those UK properties qualifying as REIT properties the relevant tax rate will be 0 per cent, for other UK properties the relevant tax rate will be 28 per cent and for overseas properties the relevant tax rate will be the prevailing corporate tax rate in that country.

Where gains such as revaluation of development properties and other assets and actuarial movements on pension funds are dealt with in reserves, any deferred tax is also dealt with in reserves.

## NOTES (unaudited) (continued)

### 5 Taxation (continued)

The deferred tax asset on the revaluation of investment properties calculated under IAS 12 is £3.8 million at 30 June 2009 (31 December 2008 – provision of £18.3 million, 30 June 2008 – provision of £24.2 million). This IAS 12 calculation does not reflect the expected amount of tax that would be payable if the assets were sold. The group estimates that, calculated on a disposal basis, the liability is £28.6 million at 30 June 2009 (31 December 2008 – £65.5 million, 30 June 2008 – £77.0 million). If upon sale the group retained all the capital allowances, which are within the control of the group, the deferred tax provision in respect of capital allowances of £44.5 million may also be released.

	Revaluation investment properties £m	Capital allowances £m	Derivative financial instruments £m	Other temporary differences £m	Total £m
<i>Provided deferred tax provision:</i>					
At 31 December 2008	18.3	57.6	(79.4)	3.5	–
Recognised in income	(18.7)	(7.6)	68.8	(0.4)	42.1
Recognised in equity	(3.4)	(5.5)	1.7	–	(7.2)
<b>At 30 June 2009</b>	<b>(3.8)</b>	<b>44.5</b>	<b>(8.9)</b>	<b>3.1</b>	<b>34.9</b>
<i>Unprovided deferred tax asset:</i>					
At 31 December 2008	(2.9)	–	(37.4)	(5.7)	(46.0)
Income statement items	(9.7)	–	20.7	(3.1)	7.9
Equity items	–	–	–	–	–
<b>At 30 June 2009</b>	<b>(12.6)</b>	<b>–</b>	<b>(16.7)</b>	<b>(8.8)</b>	<b>(38.1)</b>

### 6 Dividends

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Ordinary shares			
Prior period final dividend paid of nil per share (2008 – 17.6p)	–	63.5	63.5
Interim dividend paid of nil per share (31 December 2008 – 16.5p)	–	–	59.5
<b>Dividends paid</b>	<b>–</b>	<b>63.5</b>	<b>123.0</b>

The Board has proposed an interim dividend of 5.0p per share (interim dividend 30 June 2008 16.5p per share) to be paid on 27 October 2009.

### 7 Investment and development property

	UK shopping centres £m	Other commercial properties £m	Total £m
At 1 January 2009	4,982.7	2,091.7	7,074.4
Additions	87.7	13.5	101.2
Disposals	(5.7)	(196.5)	(202.2)
Foreign exchange fluctuations	–	(56.2)	(56.2)
Deficit on valuation	(649.7)	(205.4)	(855.1)
<b>At 30 June 2009</b>	<b>4,415.0</b>	<b>1,647.1</b>	<b>6,062.1</b>
	UK shopping centres £m	Other commercial properties £m	Total £m
At 1 January 2008	6,466.0	2,156.8	8,622.8
Additions	207.9	358.0	565.9
Disposals	(3.4)	(202.4)	(205.8)
Foreign exchange fluctuations	–	137.7	137.7
Deficit on valuation	(1,692.7)	(358.4)	(2,051.1)
Transfers from trading properties	4.9	–	4.9
At 31 December 2008	4,982.7	2,091.7	7,074.4

## NOTES (unaudited) (continued)

### 7 Investment and development property (continued)

	As at 30 June 2009 £m	As at 31 December 2008 £m
Balance sheet carrying value of investment and development property	6,062.1	7,074.4
Adjustment in respect of tenant incentives	80.7	88.9
Adjustment in respect of head leases	(48.9)	(50.5)
<b>Market value of investment and development property</b>	<b>6,093.9</b>	<b>7,112.8</b>

The group's interests in investment and development properties were valued as at 30 June 2009 and 31 December 2008 by independent external valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards 6<sup>th</sup> Edition, on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller.

### 8 Trading property

The estimated replacement cost of trading properties based on market value amounted to £25.7 million (31 December 2008 – £33.9 million).

### 9 Trade and other receivables

	As at 30 June 2009 £m	As at 31 December 2008 £m
<b>Amounts falling due within one year</b>		
Rents receivable	20.7	16.0
Other receivables	19.8	37.2
Prepayments and accrued income	42.8	44.0
	<b>83.3</b>	<b>97.2</b>
<b>Amounts falling due after more than one year</b>		
Other receivables	27.2	33.4
Prepayments and accrued income	53.6	62.2
	<b>80.8</b>	<b>95.6</b>

### 10 Trade and other payables

	As at 30 June 2009 £m	As at 31 December 2008 £m
<b>Amounts falling due within one year</b>		
Rents received in advance	94.3	105.2
Accruals and deferred income	94.8	156.0
Other payables	33.0	57.9
Other taxes and social security	65.3	45.8
	<b>287.4</b>	<b>364.9</b>

## NOTES (unaudited) (continued)

### 11 Borrowings, including finance leases

	As at 30 June 2009					
	Carrying value £m	Secured £m	Unsecured £m	Fixed rate £m	Floating rate £m	Fair value £m
<b>Amounts falling due within one year</b>						
Bank loans and overdrafts	20.9	20.9	–	3.2	17.7	20.9
Commercial mortgage backed securities (“CMBS”) notes	34.3	34.3	–	–	34.3	22.3
Borrowings, excluding finance leases	55.2	55.2	–	3.2	52.0	43.2
Finance lease obligations	6.5	6.5	–	6.5	–	6.5
<b>Amounts falling due within one year</b>	<b>61.7</b>	<b>61.7</b>	<b>–</b>	<b>9.7</b>	<b>52.0</b>	<b>49.7</b>
<b>Amounts falling due after more than one year</b>						
CMBS notes 2011	479.7	479.7	–	–	479.7	323.4
CMBS notes 2015	1,043.1	1,043.1	–	–	1,043.1	640.0
Bank loan 2011	100.0	100.0	–	–	100.0	100.0
Bank loan 2012	216.1	216.1	–	–	216.1	216.1
Bank loans 2013	715.2	715.2	–	197.2	518.0	715.5
Bank loan 2014	24.4	24.4	–	–	24.4	24.4
Bank loans 2016	825.6	825.6	–	–	825.6	825.6
Bank loan 2017	117.4	117.4	–	–	117.4	117.4
Debentures 2027	226.4	226.4	–	226.4	–	169.5
CSC bonds 2013	26.7	–	26.7	26.7	–	24.1
3.95% convertible bonds due 2010	79.2	–	79.2	79.2	–	72.5
Borrowings excluding MetroCentre compound financial instrument and finance leases	3,853.8	3,747.9	105.9	529.5	3,324.3	3,228.5
MetroCentre compound financial instrument	124.8	–	124.8	–	124.8	124.8
Finance lease obligations	42.4	42.4	–	42.4	–	42.4
<b>Amounts falling due after more than one year</b>	<b>4,021.0</b>	<b>3,790.3</b>	<b>230.7</b>	<b>571.9</b>	<b>3,449.1</b>	<b>3,395.7</b>
<b>Total borrowings</b>	<b>4,082.7</b>	<b>3,852.0</b>	<b>230.7</b>	<b>581.6</b>	<b>3,501.1</b>	<b>3,445.4</b>
Cash and cash equivalents	(568.4)					
<b>Net debt</b>	<b>3,514.3</b>					

Net external debt (adjusted for MetroCentre compound financial instrument) at 30 June 2009 was £3,389.5 million.

## NOTES (unaudited) (continued)

### 11 Borrowings, including finance leases (continued)

	As at 31 December 2008					
	Carrying value £m	Secured £m	Unsecured £m	Fixed rate £m	Floating rate £m	Fair value £m
Amounts falling due within one year						
Bank loans and overdrafts	23.3	21.4	1.9	5.4	17.9	23.3
Commercial mortgage backed securities ("CMBS") notes	34.3	34.3	–	–	34.3	24.6
CSC bonds 2009	31.5	–	31.5	31.5	–	32.2
Borrowings, excluding finance leases	89.1	55.7	33.4	36.9	52.2	80.1
Finance lease obligations	6.1	6.1	–	6.1	–	6.1
Amounts falling due within one year	95.2	61.8	33.4	43.0	52.2	86.2
Amounts falling due after more than one year						
CMBS notes 2011	483.4	483.4	–	–	483.4	387.2
CMBS notes 2015	1,038.4	1,038.4	–	–	1,038.4	703.9
Bank loan 2011	100.0	100.0	–	–	100.0	100.0
Bank loan 2012	217.2	217.2	–	–	217.2	217.2
Bank loans 2013	737.2	737.2	–	218.0	519.2	735.1
Bank loan 2014	24.5	24.5	–	–	24.5	24.5
Bank loans 2016	827.6	827.6	–	–	827.6	827.6
Bank loan 2017	117.3	117.3	–	–	117.3	117.3
Debentures 2027	226.3	226.3	–	226.3	–	204.0
CSC bonds 2013	26.6	–	26.6	26.6	–	23.5
Other loans	140.0	–	140.0	–	140.0	140.0
3.95% convertible bonds due 2010	92.3	–	92.3	92.3	–	60.2
Borrowings excluding MetroCentre compound financial instrument and finance leases	4,030.8	3,771.9	258.9	563.2	3,467.6	3,540.5
MetroCentre compound financial instrument	120.3	–	120.3	–	120.3	120.3
Finance lease obligations	44.4	44.4	–	44.4	–	44.4
Amounts falling due after more than one year	4,195.5	3,816.3	379.2	607.6	3,587.9	3,705.2
Total borrowings	4,290.7	3,878.1	412.6	650.6	3,640.1	3,791.4
Cash and cash equivalents	(70.9)					
Net debt	4,219.8					

Net external debt (adjusted for MetroCentre compound financial instrument) at 31 December 2008 was £4,099.5 million.

## NOTES (unaudited) (continued)

### 12 Cash generated from operations

		Six months ended 30 June 2009 £m	Year ended 31 December 2008 £m	Restated Six months ended 30 June 2008 £m
<b>Loss before tax</b>		<b>(451.9)</b>	(2,662.1)	(457.7)
Adjustments for:				
Deficit on revaluation of investment and development property	3	855.1	2,051.1	634.5
Deficit on sale of investment property	3	35.7	5.9	4.0
Profit on sale of subsidiary		–	(0.8)	(0.8)
Loss on sale of investment		10.1	–	–
Write down of trading property		3.0	5.8	–
Depreciation		0.2	0.3	0.2
Profit on sale of trading properties		(0.2)	–	–
Amortisation of lease incentives and other direct costs		5.9	15.0	9.3
Impairment of goodwill		–	35.0	21.6
Interest payable	4	119.2	230.3	115.4
Interest receivable		(3.3)	(8.6)	(6.0)
Other finance costs/(income)	4	24.1	(0.9)	(3.5)
Change in fair value of derivative financial instruments		(416.8)	665.1	(140.1)
Changes in working capital				
Change in trading properties		3.5	5.9	5.4
Change in trade and other receivables		4.2	22.1	(5.9)
Change in trade and other payables		(34.4)	(1.7)	(10.5)
Cash generated from operations		154.4	362.4	165.9

### 13 Classification of financial assets and liabilities

The table below sets out the group's accounting classification of each class of financial assets and liabilities, and their fair values at 30 June 2009 and 31 December 2008.

The fair values of quoted borrowings are based on the asking price. The fair values of derivative financial instruments are determined from observable market prices or estimated using appropriate yield curves at 30 June and 31 December each year by discounting the future contractual cash flows to the net present values.

	Carrying value £m	Fair value £m	To income statement £m	To equity £m
<b>30 June 2009</b>				
Derivative financial instrument asset	18.7	18.7	–	–
<b>Total held for trading assets</b>	<b>18.7</b>	<b>18.7</b>	–	–
Trade and other receivables	164.1	164.1	–	–
Cash and cash equivalents	568.4	568.4	–	–
<b>Total loans and receivables</b>	<b>732.5</b>	<b>732.5</b>	–	–
Investments	63.7	63.7	–	9.3
<b>Total available-for-sale investments</b>	<b>63.7</b>	<b>63.7</b>	–	<b>9.3</b>
Derivative financial instrument liabilities	(376.9)	(376.9)	416.8	26.4
<b>Total held for trading liabilities</b>	<b>(376.9)</b>	<b>(376.9)</b>	<b>416.8</b>	<b>26.4</b>
Trade and other payables	(329.7)	(329.7)	–	–
Borrowings	(4,082.7)	(3,445.4)	–	–
<b>Total loans and payables</b>	<b>(4,412.4)</b>	<b>(3,775.1)</b>	–	–

## NOTES (unaudited) (continued)

### 13 Classification of financial assets and liabilities (continued)

	Carrying value £m	Fair value £m	To income statement £m	To equity £m
31 December 2008				
Derivative financial instrument asset	29.6	29.6	–	–
Total held for trading assets	29.6	29.6	–	–
Trade and other receivables	192.8	192.8	–	–
Cash and cash equivalents	70.9	70.9	–	–
Total loans and receivables	263.7	263.7	–	–
Investments	96.3	99.5	–	(15.1)
Total available-for-sale investments	96.3	99.5	–	(15.1)
Derivative financial instrument liabilities	(818.5)	(818.5)	(665.1)	4.3
Total held for trading liabilities	(818.5)	(818.5)	(665.1)	4.3
Trade and other payables	(420.6)	(420.6)	–	–
Borrowings	(4,290.7)	(3,791.4)	–	–
Total loans and payables	(4,711.3)	(4,212.0)	–	–

### 14 Capital commitments and contingent liabilities

At 30 June 2009, the group was contractually committed to £172.4 million (31 December 2008 - £238.8 million) of future expenditure for the purchase, construction, development and enhancement of investment property.

At 30 June 2009, the group has a contingent commitment to provide a future investment of £52.8 million (31 December 2008 – £60.5 million), into the Harvest Capital Funds. The conditions include a resolution by the fund manager to make an investment decision. The group has two representatives on the board of the fund manager.

The group's joint venture with Land Securities, the St David's Limited Partnership, has currently been operating on the assumption of making a £2.5 million per annum rental payment in respect of land to be used for car parking space. If this assumption of making rental payments were proved incorrect, the partnership would be liable to compulsorily purchase the land. The group has a 50 per cent interest in the partnership.

### 15 Per share details

#### (a) (Loss)/earnings per share

	Six months ended 30 June 2009 millions	Six months ended 30 June 2008 millions	Year ended 31 December 2008 millions
<b>Weighted average ordinary shares in issue for calculation of basic (loss)/earnings per share</b>	<b>401.8</b>	361.6	361.5
Weighted average ordinary shares to be issued on conversion of bonds and under employee incentive arrangements	11.8	14.6	14.5
<b>Weighted average ordinary shares in issue for calculation of diluted (loss)/earnings per share</b>	<b>413.6</b>	376.2	376.0

## NOTES (unaudited) (continued)

### 15 Per share details (continued)

#### (a) (Loss)/earnings per share (continued)

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
<b>Loss used for calculation of basic loss per share</b>	<b>(470.1)</b>	(426.2)	(2,451.3)
Reduction in interest charge from conversion of bonds, net of tax	0.8	1.5	3.1
<b>Loss used for calculation of diluted loss per share</b>	<b>(469.3)</b>	(424.7)	(2,448.2)
<b>Basic loss per share (pence)</b>	<b>(117.0)p</b>	(117.9)p	(678.1)p
<b>Diluted loss per share (pence)</b>	<b>(113.5)p</b>	(112.9)p	(651.1)p
<b>Loss used for calculation of basic loss per share</b>	<b>(470.1)</b>	(426.2)	(2,451.3)
Add back deficit on revaluation and sale of investment and development property	890.8	638.5	2,057.0
Less profit on sale of subsidiary	–	(0.8)	(0.8)
Less exceptional other income	(5.3)	–	–
Add back loss on sale of investment	10.1	–	–
Add back impairment of goodwill	–	21.6	35.0
Add back/(less) other finance costs/(income)	19.6	(3.5)	3.6
(Less)/add back change in fair value of derivative financial instruments	(416.8)	(140.1)	665.1
Less deferred tax in respect of investment and development property	(18.7)	(6.6)	(22.4)
Add back/(less) deferred tax in respect of derivative financial instruments	68.8	4.4	(59.5)
Less deferred tax on capital allowances	(7.6)	(5.9)	(3.6)
Add back REIT entry charge	1.3	1.6	3.6
Less amounts above due from minority interests	(25.3)	(32.8)	(121.8)
<b>Earnings used for calculation of adjusted earnings per share</b>	<b>46.8</b>	50.2	104.9
<b>Adjusted earnings per share (pence)</b>	<b>11.6p</b>	13.9p	29.0p
<b>Earnings used for calculation of adjusted earnings per share</b>	<b>46.8</b>	50.2	104.9
Reduction in interest charge from conversion of bonds, net of tax	0.8	1.5	3.1
<b>Earnings used for calculation of adjusted, diluted earnings per share</b>	<b>47.6</b>	51.7	108.0
<b>Adjusted, diluted earnings per share (pence)</b>	<b>11.5p</b>	13.7p	28.7p
<b>(b) Net assets</b>			
	As at 30 June 2009 £m	As at 31 December 2008 £m	As at 30 June 2008 £m
<b>Basic net asset value used for calculation of basic net assets per share</b>	<b>2,090.3</b>	1,958.0	4,011.8
Fair value of derivative financial instruments (net of tax)	322.6	659.0	(82.4)
Deferred tax on revaluation surpluses	(3.8)	18.3	24.2
Deferred tax on capital allowances	44.5	57.7	43.4
Unrecognised surplus on trading properties (net of tax)	0.6	0.6	(0.1)
Minority interests on the above	(38.4)	(46.9)	1.8
Add back minority interest recoverable balance not recognised	83.8	48.4	–
<b>Adjusted net asset value</b>	<b>2,499.6</b>	2,695.1	3,998.7
Effect of dilution:			
On conversion of bonds	79.2	92.3	111.3
On exercise of options	5.9	10.5	11.6
<b>Diluted, adjusted net asset value used for calculation of diluted, adjusted net assets per share</b>	<b>2,584.7</b>	2,797.9	4,121.6
Basic net assets per share (pence)	370p	538p	1110p
Diluted, adjusted net assets per share (pence)	448p	745p	1095p

## NOTES (unaudited) (continued)

### 15 Per share details (continued)

#### (c) Shares in issue

	As at 30 June 2009 millions	As at 31 December 2008 millions	As at 30 June 2008 millions
Shares in issue, excluding treasury shares and shares held by ESOP trust and treated as cancelled	565.4	363.7	361.3
Effect of dilution:			
On conversion of bonds	11.1	11.5	13.9
On exercise of options	0.8	0.5	1.2
Diluted, adjusted, number of shares	577.3	375.7	376.4

#### (d) Convertible debt

##### 3.95 per cent convertible bonds due 2010

At 30 June 2009, 3.95 per cent convertible bonds with a nominal value of £79.2 million were in issue (31 December 2008 – £92.3 million, 30 June 2008 – £111.3 million).

The holders of the 3.95 per cent bonds have the option to convert their bonds into ordinary shares at any time on or up to 23 September 2010 at 716p per ordinary share. The conversion price of the bonds was adjusted from 800p per ordinary share with effect from 28 May 2009. The 3.95 per cent bonds may be redeemed at par at the company's option, subject to Liberty International PLC ordinary share price having traded at 120 per cent of the conversion price for a specified period, or at any time once 85 per cent by nominal value of the bonds originally issued have been converted or cancelled. Unless otherwise converted, cancelled or redeemed the 3.95 per cent bonds will be redeemed by Liberty International PLC at par on 30 September 2010.

#### 16 Share capital and share premium

	Six months ended 30 June 2009 £m	Year ended 31 December 2008 £m
Authorised 900,000,000 ordinary shares of 50p each (2008 – 500,000,000 ordinary shares of 50p each)	450.0	250.0
	Share capital £m	Share premium £m
<b>Issued and fully paid</b>		
At 30 June 2008 – 362,772,673 ordinary shares of 50p each	181.4	975.6
Shares issued	1.2	17.8
At 31 December 2008 – 365,147,798 ordinary shares of 50p each	182.6	993.4
Shares issued	100.7	12.3
<b>At 30 June 2009 – 566,778,501 ordinary shares of 50p each</b>	<b>283.3</b>	<b>1,005.7</b>

On 27 April 2009 the group announced its intention to raise £592 million, net of expenses, by way of a Firm Placing of 104,839,061 new ordinary shares and a Placing and Open Offer of 95,161,642 new ordinary shares at 310 pence per new ordinary share (the "Capital Raising"). The Capital Raising was approved by shareholders at the Extraordinary General Meeting on 22 May 2009 and the cash proceeds were received at the end of May 2009. As a result, share capital increased by £100.0 million with the balance of the proceeds being transferred to a merger reserve.

Full details of the rights and obligations attaching to the ordinary shares are contained in the company's Articles of Association. These rights include an entitlement to receive the company's report and accounts, to attend and speak at General Meetings of the company, to appoint proxies and to exercise voting rights. Holders of ordinary shares may also receive dividends and may receive a share of the company's assets on the company's liquidation. There are no restrictions on the transfer of the ordinary shares.

At 31 July 2009, the company had an unexpired authority to repurchase shares up to a maximum of 56,572,850 shares with a nominal value of £28.3 million, and the Directors have an unexpired authority to allot up to a maximum of 188,576,167 shares with a nominal value of £94.3 million.

## NOTES (unaudited) (continued)

### 16 Share capital and share premium (continued)

Included within the issued share capital as at 30 June 2009 are 289,448 ordinary shares (31 December 2008 – 364,327, 30 June 2008 – 418,003, held by the Trustee of the Employee Share Ownership Plan (“ESOP”) which is operated by the company (note 18) and 1,050,000 treasury shares (31 December 2008 – 1,050,000, 30 June 2008 – 1,050,000). The nominal value of these shares is £0.7 million (31 December 2008 – £0.7 million).

### 17 Treasury shares and Employee Share Ownership Plan (ESOP)

No shares were purchased by the Company during the period.

The cost of shares in Liberty International purchased in the market and held by the Trustee of the Employee Share Ownership Plan (“ESOP”) operated by the Company is also accounted for as treasury shares.

The purpose of the ESOP is to acquire and hold shares which will be transferred to employees in the future under the group’s employee incentive arrangements.

	Six months ended		Year ended	
	30 June 2009		31 December 2008	
	Number	£m	Number	£m
At 1 January	1.4	(10.8)	1.3	(9.6)
Acquired in the year	0.1	(0.2)	0.4	(3.8)
Disposed of on exercise of options	(0.2)	1.2	(0.3)	2.6
At 30 June 2009 and 31 December 2008	1.3	(9.8)	1.4	(10.8)

### 18 Related party transactions

Key management\* compensation

	Six months	Year ended
	ended	ended
	30 June	31 December
	2009	2008
	£m	£m
Salaries and short term employee benefits	2.4	6.0
Pensions and other post-employment benefits	0.3	0.7
Share-based payment	–	0.4
Other long term payments	–	0.2
Termination benefits	–	1.7
	2.7	9.0

\* Key management comprises the Directors of Liberty International, and those group employees who have been designated as Persons Discharging Managerial Responsibilities (“PDMR”).

## SUMMARY OF INVESTMENT AND DEVELOPMENT PROPERTIES

### UK investment property valuation data

	Market value	Nominal equivalent yield		Initial yield
	30 June 2009 £m	30 June 2009	31 December 2008	30 June 2009
<b>UK regional shopping centres</b>				
Lakeside, Thurrock	877.0	7.00%	6.45%	6.21%
MetroCentre, Gateshead (including Retail Park)	733.4	7.35%	6.58%	6.74%
Braehead, Glasgow	487.2	7.39%	6.59%	5.48%
The Harlequin, Watford	327.0	7.35%	6.60%	6.10%
Victoria Centre, Nottingham	315.0	7.15%	6.55%	6.06%
Arndale, Manchester	281.2	7.41%	6.61%	7.06%
Chapelfield, Norwich	209.6	7.60%	6.75%	6.35%
Eldon Square, Newcastle upon Tyne	201.6	7.65%	6.91%	4.46%
Cribbs Causeway, Bristol	194.5	7.32%	6.62%	6.08%
The Chimes, Uxbridge	192.8	7.45%	6.95%	7.15%
The Potteries, Stoke-on-Trent	191.3	8.10%	7.30%	7.45%
The Glades, Bromley	170.2	7.85%	7.15%	6.01%
St David's, Cardiff	58.5	7.55%	6.88%	7.28%
Xscape, Braehead	27.5	9.00%	8.00%	8.54%
<b>Like-for-like capital</b>	<b>4,266.8</b>	<b>7.37%</b>	<b>6.67%</b>	<b>6.30%</b>
<b>Other</b>	<b>172.1</b>			
<b>Total UK regional shopping centres</b>	<b>4,438.9</b>			
<b>UK non-shopping centre properties</b>				
Capco Covent Garden	528.7	5.59%	5.14%	5.01%
Capco GCP	217.8	6.53%	6.32%	6.39%
Capco Opportunities	9.8	12.13%	11.30%	9.84%
	756.3	5.95%	5.58%	5.47%
Capco Earls Court	524.2			
<b>Like-for-like capital</b>	<b>1,280.5</b>			
<b>Other</b>	<b>6.3</b>			
<b>Total UK non-shopping centre properties</b>	<b>1,286.8</b>			

\* All market values given above reflect the percentage interest included in the condensed financial statements.

## SUMMARY OF INVESTMENT AND DEVELOPMENT PROPERTIES (continued)

### Property analysis by use and type

	Market value		% of total properties	Passing rent £m	ERV £m	Net rental income £m	Revaluation
	30 June	31 December					Deficit
	2009 £m	2008 £m					Decrease
<b>Regional shopping centres and other retail</b>							
UK regional shopping centres	4,438.9	5,009.6	72.9%	264.2	351.6	132.7	(12.8)%
UK other retail	518.4	665.0	8.5%	26.4	33.1	13.3	(9.1)%
US regional shopping centres	124.5	173.9	2.0%	10.0	11.3	4.2	(20.0)%
US other retail	135.9	169.4	2.2%	10.1	13.2	4.5	(9.7)%
<b>Total regional shopping centres and other retail</b>	<b>5,217.7</b>	<b>6,017.9</b>	<b>85.6%</b>	<b>310.7</b>	<b>409.2</b>	<b>154.7</b>	<b>(12.6)%</b>
<b>Office</b>							
UK business space	433.0	584.4	7.1%	28.0	31.1	14.3	(11.5)%
US business space	79.2	104.2	1.3%	8.3	9.9	3.0	(14.0)%
<b>Total office</b>	<b>512.2</b>	<b>688.6</b>	<b>8.4%</b>	<b>36.3</b>	<b>41.0</b>	<b>17.3</b>	<b>(11.9)%</b>
<b>Exhibition</b>							
UK exhibition	335.4	367.9	5.5%	–	–	17.5	(9.4)%
<b>Residential</b>							
US residential	28.6	38.4	0.5%	2.4	2.5	0.7	(15.7)%
<b>Total investment properties</b>	<b>6,093.9</b>	<b>7,112.8</b>	<b>100.0%</b>	<b>349.4</b>	<b>452.7</b>	<b>190.2</b>	<b>(12.4)%</b>

## SUMMARY OF INVESTMENT AND DEVELOPMENT PROPERTIES (continued)

### Investment property like-for-like income and revaluation analysis

	Market value		Revaluation deficit		Net rental income		
	30 June	31 December	30 June		30 June	30 June	
	2009	2008	2009	Decrease	2009	2008	Increase/ (Decrease)
	£m	£m	£m		£m	£m	
<b>UK regional shopping centres</b>							
Like-for-like capital and income	4,065.2	4,591.9	(544.2)	(11.9)%	125.6	132.4	(5.1)%
Other	201.6	223.4	(38.2)	(16.0)%	5.0	5.8	
<b>Like-for-like capital</b>	<b>4,266.8</b>	<b>4,815.3</b>	<b>(582.4)</b>	<b>(12.1)%</b>	<b>130.6</b>	<b>138.2</b>	<b>(5.5)%</b>
Redevelopments and developments	172.1	194.3	(67.3)	(28.1)%	2.1	1.9	
<b>Total UK regional shopping centres</b>	<b>4,438.9</b>	<b>5,009.6</b>	<b>(649.7)</b>	<b>(12.8)%</b>	<b>132.7</b>	<b>140.1</b>	<b>(5.3)%</b>
<b>UK non-shopping centre properties</b>							
Like-for-like capital and income	1,066.8	1,151.1	(126.3)	(10.6)%	36.3	37.7	(3.7)%
Like-for-like capital only	213.7	227.4	(13.9)	(6.1)%	6.7	0.5	
<b>Like-for-like capital</b>	<b>1,280.5</b>	<b>1,378.5</b>	<b>(140.2)</b>	<b>(9.8)%</b>	<b>43.0</b>	<b>38.2</b>	
Redevelopments and developments	6.3	45.2	(2.9)	(31.5)%	0.4	0.3	
Disposals	–	193.6	–	–	1.7	5.9	
<b>Total UK non-shopping centre properties</b>	<b>1,286.8</b>	<b>1,617.3</b>	<b>(143.1)</b>	<b>(10.0)%</b>	<b>45.1</b>	<b>44.4</b>	<b>1.6%</b>
<b>US properties*</b>							
Like-for-like capital and income	368.2	485.9	(62.3)	(14.8)%	12.4	9.7	(2.7)%
<b>Total US properties</b>	<b>368.2</b>	<b>485.9</b>	<b>(62.3)</b>	<b>(14.8)%</b>	<b>12.4</b>	<b>9.7</b>	<b>(2.7)%</b>
<b>Total investment properties</b>	<b>6,093.9</b>	<b>7,112.8</b>	<b>(855.1)</b>	<b>(12.4)%</b>	<b>190.2</b>	<b>194.2</b>	<b>(2.1)%</b>

\* Like-for-like percentage changes are in local currency.

### Analysis of UK non-shopping centres and US properties by location and type

	Market value		Revaluation deficit		Net rental income	
	30 June	31 December	30 June		30 June	30 June
	2009	2008	2009	Decrease	2009	2008
	£m	£m	£m		£m	£m
<b>UK non-shopping centre properties</b>						
Capco Covent Garden	528.7	590.3	(50.9)	(8.8)%	12.3	12.7
Capco Earls Court	524.2	568.9	(47.0)	(8.2)%	23.9	18.6
Capco GCP	224.1	275.4	(43.2)	(15.8)%	6.8	6.7
<b>Total Capco London</b>	<b>1,277.0</b>	<b>1,434.6</b>	<b>(141.1)</b>	<b>(9.9)%</b>	<b>43.0</b>	<b>38.0</b>
Capco Opportunities	9.8	182.7	(2.0)	(23.5)%	2.1	6.4
<b>Total UK non-shopping centre properties</b>	<b>1,286.8</b>	<b>1,617.3</b>	<b>(143.1)</b>	<b>(10.0)%</b>	<b>45.1</b>	<b>44.4</b>
<b>Capco USA</b>						
Retail	260.4	343.3	(44.4)	(15.0)%	8.7	6.6
Business space	79.2	104.2	(12.6)	(14.0)%	3.0	2.5
Residential	28.6	38.4	(5.3)	(15.7)%	0.7	0.6
<b>Total Capco USA</b>	<b>368.2</b>	<b>485.9</b>	<b>(62.3)</b>	<b>(14.8)%</b>	<b>12.4</b>	<b>9.7</b>
	<b>1,655.0</b>	<b>2,103.2</b>	<b>(205.4)</b>	<b>(11.1)%</b>	<b>57.5</b>	<b>54.1</b>

## FINANCIAL COVENANTS

## Financial covenants on non-recourse debt excluding joint ventures

	Maturity	Loan		LTV covenant	Loan to 30 June 2009 Market value	Interest cover covenant	Interest cover actual	(3)
		outstanding at 31 July 2009	£m					
Lakeside	2011	628.4	(1)	90%	72%	120.0%	142.8%	
Covent Garden <sup>(10)</sup>	2013	252.5		75%	74%	115.0%	119.3%	(4)
MetroCentre	2015	566.7	(8)	90%	82%	120.0%	133.3%	
Braehead	2015	380.5		N/A	N/A	120.0%	139.6%	
Watford	2015	260.1		N/A	N/A	120.0%	133.8%	(5)
Nottingham	2016	300.0		90%	95%	110.0%	132.2%	(7)
Chapelfield	2016	212.6		N/A	N/A	110.0%	110.8%	(6)
Uxbridge	2016	163.1		85%	85%	120.0%	151.8%	(6)
Bromley	2016	140.8		85%	83%	120.0%	125.2%	(6)
Covent Garden <sup>(10)</sup>	2017	118.0		70%	63%	100.0%	159.3%	(4)
<b>Total</b>		<b>3,022.7</b>						

## Financial covenants on joint ventures non-recourse debt

	Maturity	Loan		LTV covenant	Loan to 30 June 2009 Market value	Interest cover covenant	Interest cover actual	(3)
		outstanding at 31 July 2009	£m					
EC&O Venues	2012	221.3	(8)	75%	69%	140.0%	175.0%	
Empress State	2013	156.8	(8)	N/A	N/A	110.0%	126.8%	
GCP	2013	112.5	(9)	70%	52%	130.0%	221.4%	
Xscape	2014	24.5	(9)	85%	89%	120.0%	163.1%	(11)
<b>Total</b>		<b>515.1</b>						

## Financial covenant on corporate facilities at 30 June 2009

	Net worth covenant*	Actual	Interest cover covenant*		Borrowings/ Net worth*	Actual
			Interest cover actual	Interest cover actual		
	£850m	£1,734m	120%	135.8%	110%	8.6%

\* Tested on the Borrower group which excludes, at the group's election, specific subsidiaries with non-recourse finance. The facility is secured on the group's investments in the Manchester, Arndale and Cribbs Causeway centres. The facility matures in June 2011.

## C&amp;C Mortgage Debenture PLC at 30 June 2009

Maturity	Loan £m	Capital cover covenant	Capital cover actual	Interest cover covenant	Interest cover actual

The debenture is currently secured on the group's interests in The Potteries and Eldon Square centres.

Should the capital cover or interest cover test be breached C&C Debenture PLC (the issuer) has three months from the date of delivery of the valuation or the latest certificate to the Trustees to make good any deficiencies. The issuer may withdraw property secured on the debenture by paying a sum of money or through the substitution of alternative property provided that the loan to value and income tests are satisfied immediately following the substitution.

There are currently no financial covenant tests on \$330 million (£200 million equivalent) of borrowings entered into by the group's US subsidiary.

- (1) The loan values are the actual principal balances outstanding at 31 July 2009, which take into account any principal repayments made in July 2009. The accounting/balance sheet value of the loans includes any unamortised fees.
- (2) The Loan to 30 June 2009 Market Value provides an indication of the impact the 30 June 2009 property valuations undertaken for inclusion in the condensed financial statements could have on the LTV covenants. The actual timing and manner of testing LTV covenants varies and is loan specific.
- (3) Based on latest certified figures, calculated in accordance with loan agreements, which have been submitted between 30 June 2009 and 31 July 2009. The calculations are loan specific and include a variety of historic, forecast and in certain instances a combined historic and forecast basis.
- (4) Covenant cover has increased from the December 2008 requirement in accordance with loan agreement.
- (5) Includes the impact of the cancellation of £26.25m CMBS notes on 27 July 2009 that were owned by a group company.
- (6) Includes principal prepayments or cash deposits made to ensure continued compliance with covenants. Details are included in financial review.
- (7) Discussions are on-going with lenders and it is anticipated that a cash deposit of approximately £17 million may be lodged with the lenders later in 2009.
- (8) 100 per cent of the debt is shown which is consistent with accounting treatment, however the group's economic interest is 50 per cent, except for MetroCentre where the group's economic interest is 60 per cent.
- (9) 50 per cent of the debt is shown which is consistent with accounting treatment and the group's economic interest.
- (10) There are two separate loans on the Covent Garden properties.
- (11) Discussions are ongoing with lenders.

**UNDERLYING PROFIT STATEMENT (unaudited)**  
**For the six months ended 30 June 2009**

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Six months ended 31 December 2008 £m	Year ended 31 December 2008 £m
UK shopping centres	132.7	140.1	140.7	280.8
Other commercial properties	57.5	54.1	48.6	102.7
Net rental income	190.2	194.2	189.3	383.5
Other income/(expense)	1.3	0.5	(0.3)	0.2
	191.5	194.7	189.0	383.7
Administration expenses	(21.8)	(28.2)	(35.0)	(63.2)
<b>Operating profit (underlying*)</b>	<b>169.7</b>	<b>166.5</b>	<b>154.0</b>	<b>320.5</b>
Interest payable	(119.2)	(115.4)	(114.9)	(230.3)
Interest receivable	3.3	6.0	2.6	8.6
Other finance (costs)/income	(4.5)	–	4.5	4.5
Net finance costs (underlying*)	(120.4)	(109.4)	(107.8)	(217.2)
<b>Profit before tax (underlying*)</b>	<b>49.3</b>	<b>57.1</b>	<b>46.2</b>	<b>103.3</b>
Write down of trading properties	(3.0)	–	(5.8)	(5.8)
Property trading profit/(loss)	0.2	0.9	(0.6)	0.3
Tax on adjusted profit	0.6	(2.5)	6.2	3.7
Minority interest	(0.3)	(5.3)	8.7	3.4
<b>Underlying earnings (used for calculation of adjusted earnings per share)</b>	<b>46.8</b>	<b>50.2</b>	<b>54.7</b>	<b>104.9</b>
<b>Adjusted earnings per share (pence)</b>	<b>11.6</b>	<b>13.9</b>	<b>15.1</b>	<b>29.0</b>

\* Before property trading and valuation items.

## DIVIDENDS

The Directors of Liberty International PLC have announced an interim dividend per ordinary share (ISIN GB0006834344) of 5.0p (2008 –16.5p) payable on 27 October 2009 (see salient dates below). This dividend will be paid totally as a Property Income Distribution (“PID”) and will be wholly subject to a 20 per cent withholding tax unless exemptions apply (please refer to the SPECIAL NOTE below).

### Dates

The following are the salient dates for the payment of the interim dividend:

Wednesday, 16 September 2009	Sterling/Rand exchange rate struck.
Thursday, 17 September 2009	Sterling/Rand exchange rate and dividend amount in SA currency announced.
Monday, 28 September 2009	Ordinary shares listed ex-dividend on the JSE, Johannesburg
Wednesday, 30 September 2009	Ordinary shares listed ex-dividend on the London Stock Exchange.
Friday, 2 October 2009	Record date for interim dividend in London and Johannesburg.
Friday, 2 October 2009	<i>UK shareholders only:</i> Last date for receipt of Tax Exemption Declaration forms to permit dividends to be paid gross.

### **Tuesday, 27 October 2009**      **Dividend payment day for shareholders**

(Note: Payment to ADR holders will be made on 25 September 2009).

South African shareholders should note that, in accordance with the requirements of Strate, the last day to trade cum-dividend will be Friday, 25 September 2009 and that no dematerialisation or rematerialisation of shares will be possible from Monday, 28 September to Friday, 2 October 2009 inclusive. No transfers between the UK and South African registers may take place from Wednesday, 16 September to Sunday, 4 October 2009 inclusive.

### PID SPECIAL NOTE:

*UK shareholders:* For those who are eligible for exemption from the 20 per cent withholding tax **and have not previously registered for exemption**, an HM Revenue & Customs (“HMRC”) Tax Exemption Declaration is available for download from the “Investors” section of the Liberty International website ([www.liberty-international.co.uk](http://www.liberty-international.co.uk)), or on request to our UK registrars, Capita Registrars. Validly completed forms must be received by Capita Registrars no later than the Record Date, Friday 2 October 2009, otherwise the dividend will be paid after deduction of tax.

*South African and other non-UK shareholders:* South African shareholders may apply to HMRC after payment of the dividend for a refund of the difference between the 20 per cent withholding tax and the UK/ South African double taxation treaty rate of 15%. Other non-UK shareholders may be able to make similar claims. Refund application forms for all non-UK shareholders are available for download from the “Investors” section of the Liberty International website ([www.liberty-international.co.uk](http://www.liberty-international.co.uk)), or on request to our SA registrars, Computershare, or HMRC. Refunds are not claimable from Liberty International, the South African Revenue Service or other national authorities, only from the UK’s HMRC.

For South African shareholders, a helpline for questions relating to the withholding tax is available until 11 December 2009 on 0800 006 497 (+27 11 870 8218 if calling from outside South Africa). Calls from within South Africa are toll-free.

*The above does not constitute advice and shareholders should seek their own professional guidance. Liberty International does not accept liability for any loss suffered arising from reliance on the above.*

## GLOSSARY

### **ERV (Estimated Rental Value)**

The external valuers' estimates of the group's share of the current annual market rent of all lettable space net of any non-recoverable charges, before bad debt provision and adjustments required by International Accounting Standards regarding tenant lease incentives.

### **Interest Cover Ratio (ICR)**

Net rental income less administration costs divided by the net finance cost excluding the change in fair value of derivatives and any exceptional finance costs

### **IPD (Investment Property Databank Ltd)**

IPD is the producer of an independent benchmark of property returns.

### **Interest rate swap**

A derivative financial instrument where two parties agree to exchange an interest rate obligation for a predetermined amount of time. These are used by the group to convert floating rate debt to fixed rates.

### **Initial Yield**

Annualised net rent (after deduction of revenue costs such as head rent, running void, service charge after shortfalls, empty rates and merchant association contribution) on investment properties expressed as a percentage of the net market value.

### **Like-for-like capital and income**

The category of investment properties which have been owned throughout both periods without significant capital expenditure in either period, so both income and capital can be compared on a like-for-like basis.

### **Like-for-like capital**

The category of investment properties which have been owned throughout the current period but not the whole of the prior period, without significant capital expenditure in the current period, so capital values but not income can be compared on a like-for-like basis.

### **Loan-to-value (LTV)**

LTV is the ratio of attributable debt to the market value of an investment property.

### **Net asset value (NAV) per share**

Net assets of the group attributable to equity shareholders of the Company divided by the number of ordinary shares in issue at the period end.

### **Net rental income**

The group's share of net rents receivable as shown in the income statement, having taken due account of non-recoverable charges, bad debt provisions and adjustments to comply with International Accounting Standards regarding tenant lease incentives.

### **Nominal equivalent yield**

Effective annual yield to a purchaser from the assets individually at market value after taking account of notional acquisition costs assuming rent is receivable annually in arrears, reflecting estimated rental values (ERV) but disregarding potential changes in market rents.

### **Occupancy rate**

The estimated rental value of let and under offer units expressed as a percentage of the total estimated rental value of the portfolio, excluding development properties.

### **Passing rent**

The group's share of contracted annual rents receivable at the balance sheet date. This takes no account of accounting adjustments made in respect of rent free periods or tenant incentives, the reclassification of certain lease payments as finance charges or any irrecoverable costs and expenses, and does not include excess turnover rent, additional rent in respect of unsettled rent reviews or sundry income such as from car parks etc. Contracted annual rents in respect of tenants in administration are excluded.

### **Property Income Distribution (PID)**

A dividend by a REIT to its shareholders which is paid from the tax exempt profits of its property rental business. These are generally subject to UK withholding tax at the basic rate of income tax, although certain classes of shareholder may qualify to receive the dividend gross. The group can in addition make normal (non-PID) dividend payments which are not subject to UK withholding tax.

### **Adjusted earnings per share (EPS)**

EPS consists of underlying profit after tax divided by the weighted average number of shares in issue during the period.

### **Underlying profit before tax**

Profit before taxation after excluding amortisation of intangible assets and impairment charges, net valuation gains/losses (including profits/losses on disposals), net refinancing charges and swap close out costs.

### **Real Estate Investment Trust (REIT)**

A listed property company which qualifies for and has elected into a tax regime, which exempts qualifying UK property rental income and gains on investment property disposals from corporation tax.

### **Tenant (or lease) incentives**

Any incentives offered to occupiers to enter into a lease. Typically the incentive will be an initial rent-free period, or a cash contribution to fit-out or similar costs. Under accounting rules the value of incentives granted to tenants is amortised through the income statement on a straight-line basis to the earliest lease termination date.

### **Trading properties**

Properties held for trading purposes and shown as current assets in the balance sheet.

### **Yield shift**

A movement (usually expressed in basis points) in the equivalent yield of a property asset.

## **NOTE FOR EDITORS: BACKGROUND ON LIBERTY INTERNATIONAL**

**LIBERTY INTERNATIONAL PLC** is one of the UK's largest listed property companies and a constituent of the FTSE-100 Index of the UK's leading listed companies. Liberty International converted into a UK Real Estate Investment Trust (REIT) on 1 January 2007.

Liberty International owns 100 per cent of Capital Shopping Centres ("CSC"), the premier UK regional shopping centre business, and of Capital & Counties, a retail and commercial property investment and development company.

At 30 June 2009, Liberty International owned £6.1 billion of properties of which UK regional shopping centres comprised 73 per cent and retail property in aggregate 86 per cent. Adjusted, diluted shareholders' funds amounted to £2.6 billion.

**CAPITAL SHOPPING CENTRES** has interests in 14 UK regional shopping centres amounting to some 13 million sq.ft. in aggregate including 9 of the UK's top 30 regional shopping centres with a market value of £4.4 billion at 30 June 2009. CSC's largest centres are Lakeside, Thurrock; MetroCentre, Gateshead; Braehead, Glasgow; The Harlequin, Watford; and Arndale, Manchester. CSC has a 50 per cent share in the extension of St David's, Cardiff, which is due to complete in Autumn 2009.

**CAPITAL & COUNTIES** held assets of £1.7 billion at 30 June 2009, amounting to 7.4 million sq.ft. in aggregate, of which £1,277 million was invested in Central London. Capital & Counties had £529 million invested in the Covent Garden area including the historic Covent Garden Market, and a further £224 million in London's West End, primarily through the Great Capital Partnership, a joint venture with Great Portland Estates plc. Capital & Counties owns 50 per cent of the Earls Court and Olympia Group and of the Empress State building in Earls Court amounting to aggregate assets of £524 million. In addition, Capital & Counties has interests in the USA amounting to £368 million (2.6 million sq.ft.), predominantly comprising retail assets in California, including the 856,000 sq.ft. Serramonte Shopping Centre, Daly City, San Francisco.