PRESS RELEASE

capco

3 August 2010

CAPITAL & COUNTIES PROPERTIES PLC

INTERIM REPORT FOR THE HALF YEAR ENDED 30 JUNE 2010

Highlights

- Capco now established as a standalone independent business following demerger
- Market value of properties of £1,313 million, up 5.3% in H1 2010 benefitting from central London focus
- Net rental income £38.3 million for H1 2010
- Adjusted, diluted net assets per share of 138p up 9% versus December 2009 pro forma
- Adjusted, diluted net assets of £861 million
- Proposed interim dividend of 0.5p
- Loan-to-value of 36% with substantial cash resources of £187 million
- New openings at Covent Garden including Kurt Geiger and Apple
- New letting to the Burberry Group at 42 King Street, Covent Garden
- Farrells appointed masterplanner for Earls Court redevelopment area
- Improvement works on Olympia underway

Ian Durant, Chairman of Capital & Counties Properties PLC, commented:

"These are the first set of results from Capital & Counties Properties PLC as an independent company following its demerger from Liberty International and its successful listing on the London and Johannesburg Stock Exchanges in May this year. Capco is a specialist central London property company, and I am confident that our entrepreneurial and experienced management team is well placed to unlock the potential of our prime investment properties in strategic locations across the capital."

Ian Hawksworth, Chief Executive of Capital & Counties Properties PLC, added:

"*The strength and potential of the UK's capital city has been illustrated by the valuation growth and recurrent income in the Group's prime West End properties over the first half of this year. The exhibition business has demonstrated a resilient performance and momentum is building towards obtaining planning consents for a long term development of Earls Court. The Group's business is supported by a conservative balance sheet and is now poised to deliver considerable growth to our shareholders."*

Enquiries:

Capital & Counties Properties PLC:

Ian Hawksworth	Chief Executive	+44 (0)20 7887 7041
Soumen Das	Finance Director	+44 (0)20 7960 1210

Public relations:

UK:	Michael Sandler/Wendy Baker, Hudson Sandler	+44 (0)20 7796 4133
SA:	Nicholas Williams, College Hill Associates	+27 (0)11 447 3030

A presentation to analysts and investors will take place today at 9.00am BST at Bank of America Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ. The presentation will also be available to international analysts and investors through a live audio call and webcast and after the event on the Group's website www.capitalandcounties.com.

A copy of this press release is available for download from our website at www.capitalandcounties.com and hard copies can be requested via the website or by contacting the company (email feedback@capcount.com or telephone +44 (0)20 7960 1299).

COMPANY OVERVIEW
Following the recent demerger from Liberty International, Capital & Counties Properties PLC is one of the largest listed investment and development companies in central London. Our landmark estates, held directly or through joint ventures, are worth £1.3 billion, and offer the potential for significant value unlock through entrepreneurial asset management to deliver superior, long-term returns to our shareholders.

Our three estates are located in West London and the West End:

Covent Garden London
This historic location is globally recognised as a retail and leisure destination. It is valued at £592 million.

Earls Court and Olympia
One of London's leading exhibition businesses, EC&O has property assets totalling £443 million, including our share of the Empress State Partnership.

Great Capital Partnership
A 50/50 joint venture with Great Portland Estates which includes properties in prime locations around Regent Street and Piccadilly worth £270 million.

FINANCIAL SUMMARY

	30 June 2010 £m	30 June 2009[1] £m	31 December 2009[1] £m	
Net rental income	**38.3**	43.9	78.1	
Underlying earnings after tax excluding valuation items*	**10.1**	12.6	15.2	
Gain/(deficit) on revaluation of investment and development property	**65.7**	(143.1)	(105.6)	
Change in fair value of derivative financial instruments	**(10.2)**	20.3	16.9	
Profit/(loss) before tax	**54.8**	(138.7)	(150.0)	
Total investment and trading properties	**1,310**		1,241	
Net debt	**476**		463	2
Net assets (adjusted, diluted)	**861**		791	2
Adjusted earnings per share	**1.6p**	2.0p	2.4p	2
Net assets per share (adjusted, diluted)	**138p**		127p	2
Debt to asset ratio	**36%**		37%	2

* Appendix 2 provides an analysis of underlying earnings

[1] See note 1 Basis of preparation

[2] On a pro forma basis

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 Capital & Counties Properties 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 Capital & Counties Properties 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.

OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

These are the first set of results from Capital & Counties Properties PLC ("Capco") as an independent company following its demerger from Liberty International PLC. It is testament to the considerable efforts of our employees that the business has continued to perform well during a period of significant internal restructuring. We are now operating as a standalone company, and can look ahead with confidence to delivering on our asset plans across our business to create substantial value for our shareholders.

The first half of 2010 has seen confidence return to the real estate market, with the central London investment market performing particularly well. This decoupling of the London real estate market from the rest of the UK is a continuation of a trend that has been observed for a number of years, and was the reason that the strategy for Capco was focused on central London in 2006.

Capco benefits from a strong presence in the West End of London, through Covent Garden and the Great Capital Partnership which together represent 66 per cent of the business by value. Each is a unique portfolio which would be exceptionally difficult to reassemble, such is the demand for investment properties in the West End. There are 78 individual assets within these two estates, with average individual lot sizes of £14 million. These estates deliver passing rent to Capco of £40.7 million and have maintained near-full occupancy even during the downturn of the past three years.

These prime locations attract both London residents and visitors from the UK and abroad. We are seeing strong demand from a diverse range of occupiers across our estates, either to expand existing units or to establish a new presence.

The exhibitions business at Earls Court & Olympia ("EC&O") has had a resilient first-half. Although EBITDA has fallen, it performed ahead of expectations despite the economic climate. We would like to congratulate the team on winning the Association of Event Organisers' "Venue Team of the Year" award last month, a timely reminder that the business is a leader in its industry.

The planning process for the Earls Court site continues, and 2010 has seen positive progress to date. This is a unique opportunity to transform a district of London, and we are pleased to be working alongside Transport for London and the London Borough of Hammersmith & Fulham, and engaged with the Greater London Authority and the Royal Borough of Kensington & Chelsea, to create a vision to benefit all stakeholders.

Valuations

There is continued appetite for central London investment properties from both domestic and non-sterling denominated investors. This is in part driven by the lack of supply of Grade A space for occupiers and the associated forecasts of medium term rental growth creating competition among assets. This investor demand has, through the first half of 2010, been met by increased levels of supply, although to date there is little evidence that this has undermined prices which continue to be supported by the weight of money available. However there are now signs that there is less urgency amongst investors and purchasers.

UK investment yields have fallen during the first half, leading to capital values rising by 5.8 per cent as measured by the IPD all property monthly index. Against this backdrop, Capco's properties have increased in value by 5.3 per cent in the first half of 2010, due to a mixture of yield shift and rental growth. Since June 2007, Capco's properties have outperformed the IPD all property monthly index, with a cumulative revaluation movement of -19.2 per cent versus -35.7 per cent for the index.

	Market Value Jun-10 £m	Market Value Dec-09 £m	Market Value Change [2] %	ERV Change %	Initial Yield %	Equivalent Yield %
Covent Garden	592	549	7.3%	3.5%	4.3%	5.1%
Great Capital Partnership	270 [1]	247 [1]	8.7%	1.4%	5.4%	5.0%
Empress State	103 [1]	94 [1]	8.6%	-	6.4%	6.1%
Other	8	9	-			
Total non-exhibition properties	973	899	7.8%	2.5%		
Earls Court & Olympia	340	340	(1.3%)			
Total investment properties	1,313	1,239	5.3%	2.5%		

[1] Represents Capco's 50 per cent share
[2] Valuation change takes account of amortisation of lease incentives, capital expenditure and fixed head leases

Occupier market background

The central London office market has bounced back strongly in the first half of 2010, with take-up levels at their highest since 2007, a rapid reversal of the situation 12 months ago when it was experiencing its lowest level of tenant activity since the early 1990s. In the West End, as existing stock continues to be absorbed and supply becomes more constrained, the potential for rental growth looks slightly more positive for better quality accommodation that offers good value to occupiers.

Availability levels have fallen significantly during H1 2010 as occupiers have pushed ahead with transactions and space released by existing tenants has been withdrawn from the market, whilst development activity fell for the 8th consecutive quarter as the lack of readily available development funding continued to constrain new schemes. However a lot of occupier demand is still being driven by lease events rather than expansion or new entrants coming into the market and further macro-economic uncertainties may well have an adverse impact through H2 2010.

In the retail sector, central London, and particularly the West End, has defied the UK recession due to a variety of reasons, not least of which has been the weakness of sterling over the past two years. This has not only encouraged overseas tourists to visit the UK capital but has also encouraged overseas retailers to consider London as a preferred destination to trade from. In terms of the range and quality of shopping only New York and Tokyo are comparable to central London.

Many notable retailers have opened flagship stores in the West End within the last two years, and other brands, including a number of leading international retailers, are continuing to actively seek accommodation in London's key retail locations to open flagship stores. They are adopting an increasingly discerning attitude, focusing only on prime positions and in consequence, there is an increasing discrepancy between the terms achievable for the very best buildings in the best locations and those which are less prime. Nevertheless, this level of demand, coupled with a shortage of supply, has helped to sustain rental levels in 2010 to date and there are good prospects for future rental growth in the prime section of the market.

Covent Garden

- Capital value £592 million as at 30 June 2010, up 7% (31 Dec 2009: £549 million)
- Net rental income £12.9 million H1 2010, up 4.0% (H1 2009: £12.4 million)
- Passing rent £25.7 million as at 30 June 2010, down 3.0% (31 Dec 2009: £26.5 million) plus £2.8 million from rent free periods on contracted leases
- ERV £34.4 million as at 30 June 2010, up 3.5% (31 Dec 2009: £33.2 million)

The Covent Garden estate, situated in the heart of London's West End and Theatreland, represents 45 per cent of Capco's property assets with its 92 shops and 41 restaurants contributing 77 per cent of its £27.1 million current gross income, with the remainder split between offices contributing 17 per cent, leisure 5 per cent and residential 1 per cent. It is globally recognised attracting over 46 million visitors per annum. We intend to re-energise the Covent Garden estate as a leading retail and leisure destination within central London, and have allocated capital of £75 million across a series of projects to achieve this repositioning.

Since 30 June 2010, we have agreed a new conditional letting to the Burberry Group, the global luxury company, at 42 King Street which we took a surrender of in May 2010. This letting is a further step in implementing our rezoning strategy for this part of the estate, and demonstrates the appeal of Covent Garden to international retailers.

Our current goal is to increase the ERV to £40 million over three years, capturing as much of this within the passing rent as possible. Since year end, we have negotiated 25 rent reviews and lettings totalling £2.9 million, approximately 6 per cent over the prevailing ERV. The expected opening later this month of Bedford Chambers let to Apple clearly signifies our aspirations, and should serve as a catalyst to attract further occupiers of this quality to the estate.

At near-full occupancy within the estate, this repositioning requires a proactive approach from our on site management team. The occupancy rate at 30 June 2010 was 96.4 per cent (December 2009: 99.0 per cent) adjusted for units under offer and held for development. This increased level of vacancy comes as a result of our interventions to secure control of key units.

Recent progress in improving the diversity and range of retail includes:

- opening of well known brands such as Kurt Geiger and Sketchers on James Street;
- introduction of smaller niche retailers such as L'Artisan Parfumeur and Erno Laszlo into the Market Building; and
- strong competition for 3 units on Long Acre opposite the Longmartin scheme, which we expect will be available in the Autumn.

We are expanding and improving the dining experience available on the estate throughout the day by establishing a diverse Food & Beverage offer. The opening of Andronicas and Le Pain Quotidien, offering casual all day dining, complements the brasserie dining concept that Caprice Holdings (in place of Rex Restaurants) intends to introduce in the former Theatre Museum. We were disappointed to have our initial planning application for this project turned down in May of this year, but intend to submit shortly a revised proposal following further consultation with Westminster City Council which we believe better addresses their requirements.

Our strategy for Covent Garden also includes the enhancement of the residential offer through the creation of Covent Garden Living, aimed at converting some of the more inefficient office areas within the estate to residential use. We believe there is strong demand in this area from the premium end of the market on both a sales and letting basis, and are aiming to commence by year end our first major refurbishment at 34 Henrietta Street where we hope to establish a new level of sales value per square foot for the area.

Earls Court & Olympia

- EC&O capital value stable at £340 million as at 30 June 2010 (31 Dec 2009: £340 million)
- Empress State capital value £103 million as at 30 June 2010, up 9% (31 Dec 2009: £94 million) (Capco 50 per cent share)
- EC&O EBITDA £13.2 million H1 2010, down 15.4% (H1 2009: £15.6 million)

EC&O Venues
The Earls Court & Olympia exhibition business, EC&O Venues, comprises 1.7 million square feet of exhibition and conference floor space in three internationally recognised central London venues. Although a robust and resilient business, the economic downturn has impacted the business this year as well as the industry globally. Turnover was £27.8 million (down 15 per cent) and EBITDA was £13.2 million (down 15 per cent) for the first half of the year (comprising net rental income of £14.6 million less related administration expenses of £1.4 million).

EC&O Venues earns the majority of its revenues from renting space to exhibition and conference organisers, and is therefore a natural extension of the traditional investment real estate business.

- Over the past three years, EBITDA has been generated primarily from the Earls Court (51%) and Olympia (42%) venues, with the Brewery (1%) and other properties representing the remainder.
- Lettings are for six days on average, which includes the time to set up and take down shows, as well as the event itself.
- A small proportion of the overall revenues (approximately 10% on average over the past three years) is earned during the show itself, for example from car parking, catering concessions and eForce (IT services).
- The business is seasonal, with typically 65-75% of EBITDA earned in the first half of the year.

The highlight of the year so far at Earls Court was a revitalised Ideal Home Show (which saw the Earls Court façade turn green, covered in astro turf for a month!) with over 250,000 visitors. New shows at Olympia include the Toy Fair and the redesigned London International Fine Art & Antiques Fair, pushing utilisation rates to over 40 per cent with the ground floor of the Olympia Grand Hall running at 59 per cent.

Olympia currently hosts over 70 shows a year, and is particularly competitive in the segment of the market seeking mid-sized space close to the West End. In a market where the average size of show is falling (we estimate that 80 per cent of shows are now less than 100,000 square feet), Olympia has the potential to become the focal point for both consumer and trade-based exhibitions and shows in central London, continuing its 124 year tradition of fulfilling this vital role for the capital.

The initial reaction from the industry and our customers to our proposals to enhance and improve Olympia has been encouraging. The EC&O Venues team has closely engaged with its core customer base to discuss their future business requirements and how this fits with the future of the Earls Court and Olympia venues. On this basis, a detailed analysis has been undertaken to map business from Earls Court to Olympia on a show-by-show basis. This indicates that the transfer of a significant proportion of the existing Earls Court business could be achieved at a 70 per cent utilisation rate within the new Olympia building format. This would sustain approximately 65-75 per cent of the existing EBITDA of the business. This work will continue to be refined, but we are confident that our proposals for Olympia will prove to be a great improvement for the business, its customers and our neighbours in the future.

Works are currently underway to infill the atrium space of the first floor of the Olympia 2 building, which we expect to complete in early autumn. We have recently submitted a planning application for Olympia to improve its flexibility as a venue capable of hosting a number of events simultaneously. Our proposals include the rebuild of the West Hall into a two-storey 90,000 square feet exhibition facility, and the conversion of the ground floor of the Olympia 2 building to a vehicle marshalling facility.

Subject to planning, we expect construction of the West Hall to commence in the early part of 2011 and to continue into H1 2012, scheduled around the shows due to run at Olympia. The anticipated cost of these works remains at £20 million.

The Earls Court site
Earls Court is one of the most important sites in London that offers the potential for significant regeneration, and is possibly the most deliverable given its location and transport infrastructure. Its location in central London with prime residential districts on every border means that it offers an attractive redevelopment opportunity for the future. As a result, since Capco's initial acquisition in 2007, we have been working with a range of public bodies to gain general acceptance of this potential.

- The Earls Court site has secured recognition in the draft London Plan as an Opportunity Area given its excellent public transport and communication links.
- We are currently making representations to the Examination in Public process for the London Plan to support this designation and the potential scale of development.
- In addition, we have recently renewed our collaboration agreement with our adjoining land owners, Transport for London (TfL) and the London Borough of Hammersmith & Fulham (LBHF), to work together in considering the wider Earls Court Redevelopment Area (ECRA).

From a planning perspective we are working alongside not only LBHF, but also with the Greater London Authority (GLA) and the Royal Borough of Kensington & Chelsea, to establish a local development framework which we hope will eventually form the basis of an Opportunity Area Planning Framework (OAPF). It is envisaged this planning policy framework will be incorporated within each borough's local development plans and the GLA's formally adopted London Plan by mid-2011, and will set the backdrop for any planning application made.

The recent appointment of Farrells as masterplanner for the ECRA has done much to assist this process. We hope that a joint vision for the site based on Sir Terry Farrell's masterplan principles will be agreed in the autumn, in consultation with all relevant stakeholders.

Alongside our activities regarding the planning process, we are in continued negotiations with TfL in relation to the regearing of our leasehold interest in respect of Earls Court 1 & 2. Both sides' interests in this regard are aligned, and we are therefore confident of a mutually acceptable conclusion to these negotiations.

Valuation
The valuation for the EC&O business has remained unchanged from December 2009 at £340 million given the performance of the exhibitions business and the current status of the planning process. This is made up of the following elements:

Earls Court	£135m	Valued on an existing use basis reflecting their use as exhibitions venues. No upside from any future development or planning permission is recognised.
Olympia	£97m	
Seagrave Road	£71m	Currently a car park supporting Earls Court, valued as a site with the potential for residential consent.
Other peripheral assets	£37m	A mixture of small assets and sites.
Total	£340m	

Empress State increased by £9 million to £103 million (9 per cent uplift) (Capco 50 per cent share), reflecting the secure income profile with a RPI-index linked lease to the Metropolitan Police until 2019.

Great Capital Partnership

- Capital value £270 million as at 30 June 2010, up 9% (31 Dec 2009: £247 million)
- Net rental income £6.8 million H1 2010 up 1.5% (H1 2009: £6.7 million)
- Passing rent £15.0 million as at 30 June 2010, up 0.7%, (31 Dec 2009: £14.9 million) plus £0.3 million from rent free periods on contracted leases
- ERV £16.4 million as at 30 June 2010, up 1.4% (31 Dec 2009: £16.2 million)

(all amounts being Capco's 50% share)

The Great Capital Partnership ("GCP") is a 50/50 joint venture with Great Portland Estates plc, with all major decisions taken by the GCP board. Through the board, Capco shares in the overall strategic control of the estate, which sets policy on new lettings, investments, sales, financings and other asset management duties.

GCP's properties are located in central London's prime property markets, with the largest concentration being in the West End around Piccadilly and Regent Street. Aside from delivering robust recurrent income, the portfolio has a number of asset management, refurbishment and redevelopment opportunities to deliver further value to shareholders. These opportunities are kept under constant review and, given the current market background, we will look to grow both rents and values through selective implementation of initiatives.

Recent portfolio activity has seen 38 letting transactions concluded totalling £3.9 million of rent per annum, 5.0 per cent ahead of December ERV. As at 30 June 2010, 2.7 per cent of the portfolio by rental value was vacant, adjusting for properties held for development and under offer. The principal voids are 43 Fetter Lane and 24 Britton Street.

An aggregate sum of £2 million (Capco's share) has been committed to working up more detailed development proposals on Britton Street, Walmar House and Fetter Lane. However no final decision has yet been taken by the Partnership to commit to the actual developments.

Other
The majority of the Opportunities portfolio has been disposed over the past three years, with only £7.7 million remaining, which will be sold in due course.

Our investments in two Chinese real estate funds have performed well, rising in value to £52.3 million as at 30 June 2010 (31 December 2009: £46.0 million) due to an uplift in the underlying valuation of the funds' assets as well as a favourable movement in the exchange rate. Our remaining commitment to the funds is limited at £14 million on the first fund, as we do not anticipate any further capital calls on the second fund. We expect to see further distributions from these investments as we move towards maturity of the funds (in 2013 and 2015).

Board changes
We are pleased to welcome Henry Staunton as a new non-executive Director and Chairman of the Audit Committee.

Interim dividend
We propose to pay an interim dividend of 0.5 pence per share. This is in line with the indication given during the demerger process of a full year 2010 dividend of 1.5 pence per share. It remains our intention to grow the dividend as the success of our asset plans is reflected in underlying profitability.

Outlook
The business has performed well in the first half of the year, as conditions in the real estate market have stabilised. We are cautious regarding the outlook for the central London investment market in the second half. Whilst it should remain active, valuations will now be driven more by rental growth captured from active asset management rather than any further downward yield shift.

In this regard, our business is well placed. Our strategic focus on key estates within central London means that our experienced, entrepreneurial team have the opportunity to unlock considerable latent value through delivery of our asset plans. We will look to release value from particular assets where we believe there is limited upside and a strong investment market to execute an exit.

In assessing the outlook for underlying profits for the full year, it should be recognised that the first half performance will be eroded due to Earls Court & Olympia's business being seasonally biased towards the first half, whilst the impact of being a standalone public company will be more fully reflected in administration costs in the second half.

Nevertheless, recent successes at Covent Garden, re-letting units to target retailers and gaining vacant possession of others, gives us confidence to achieve our target ERV of £40 million. The exhibition business has responded well to the economic

climate; whilst profitability has fallen, it has performed better than expected and the outlook is stable. The second half sees a continuation of the planning process at Earls Court, and we expect the publication of the London Plan by year end.

The business has demonstrated its defensive qualities over the past three years, and is now poised to deliver considerable growth to our shareholders going forward.

FINANCIAL REVIEW

Introduction
The Capital & Counties Properties PLC Group ("the Group") demerged from its parent company, Liberty International PLC (subsequently renamed Capital Shopping Centres Group PLC), with effect from 7 May 2010. Capital & Counties Properties PLC has a premium listing on the official list of the UKLA, and a secondary inward listing on the JSE Limited, with South African institutional shareholders given two years until May 2012 to realign their portfolios. Shares in Capital & Counties Properties PLC were admitted to dealings on the London and Johannesburg Stock Exchanges in May 2010.

2009 historic financial information
The demerger documents and pro forma information were prepared (as is required in such situations) to illustrate the Group's financial performance and its position as if the demerged group and capital structure had existed at 31 December 2009. On such pro forma basis, regarding intercompany debt due to Liberty International as invested capital and taking account of the £244 million cash transfer from Liberty International, the Group's net assets as at 31 December 2009 were £731 million. This represented an adjusted pro forma net asset value per share of 127 pence.

Therefore, for the purposes of preparing such pro forma financial statements, net finance costs were adjusted to exclude those charges arising on intercompany debt due to Liberty International and included a pro forma allocation of administration costs which were likely to be incurred by the Group once operating on a standalone basis. Likewise, intercompany balances due to Liberty International were disclosed as a component of invested capital rather than third party debt.

These adjustments were made for comparability in the demerger documents. However they lead to certain differences when applying the principles of merger accounting as outlined in Note 1 Basis of preparation, and after taking into account the change in the Group's capital structure on demerger.

A reconciliation at 31 December 2009 between the balance sheet and income statement reported within the Group's demerger documents with that reported within these condensed financial statements prepared under International Financial Reporting Standards has been included in Appendix 4 to this announcement.

Within this financial review, where more meaningful, comparison has been made to 2009 pro forma financial information as disclosed in the demerger documents.

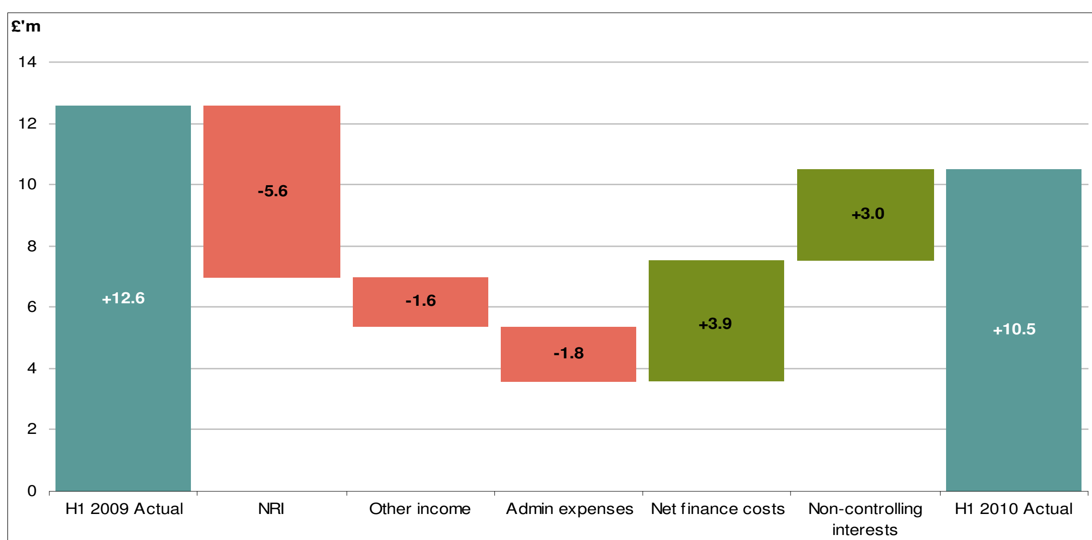
Results for the six months ended 30 June 2010
The first half of 2010 has seen a strong valuation uplift for the Group's investment properties, offset in part by a contraction in the yield curve for medium term UK interest rates leading to an unrealised mark to market charge on derivative revaluation. Net rental income has been generally in line with expectations, other than a more resilient performance than anticipated at Earls Court & Olympia.

Summary consolidated income statement:

	Actual 30 June 2010 £m	Actual 30 June 2009 £m
Net rental income	**38.3**	43.9
Other income	**-**	1.6
Gain/(deficit) on revaluation and sale of investment and development property	**65.7**	(165.0)
Administration expenses (including £4.1m of demerger costs)	**(11.8)**	(5.9)
Net finance costs	**(37.4)**	(13.3)
Taxation	**(0.5)**	0.4
Non-controlling interests	**-**	17.5
Loss attributable to profit/(loss) for the period	**54.3**	(120.8)
Adjustments:		
(Gain)/deficit on revaluation and sale of investment and development property	**(65.7)**	165.0
Change in fair value of derivative financial instruments	**10.2**	(20.3)
Exceptional finance costs (see note 4)	**7.1**	9.6
Demerger costs	**4.1**	-
Other adjustments (see note 6)	**0.5**	(20.9)
Underlying profit before tax after non-controlling interests	**10.5**	12.6
Adjusted earnings per share (pence)	**1.6**	2.0

Underlying profit before tax after non-controlling interests fell by 17 per cent from £12.6 million to £10.5 million and adjusted earnings per share fell by 20 per cent to 1.6 pence.

The reduction in underlying profit is illustrated as follows:



The Group's net rental income reduced by 4.8 per cent on a like-for-like basis since 30 June 2009 to £38.3 million. Net rental income for Covent Garden (£12.9 million) and the Great Capital Partnership (£6.8 million) increased by 3.2 per cent and 3.0 per cent respectively. This was offset by EC&O which fell by £2.8 million or 13.6 per cent to £17.9 million. Although this reflects the slowdown in exhibition income, the first half performance (which typically represents 65-75 per cent of profits) illustrated a degree of resilience against both budget and forecast. Of the reduction in net rental income of £5.6 million, £3.2 million can be attributed to the deconsolidation of Empress State (as explained below) and a further £0.4 million due to the sale of non-core assets during 2009.

Net rental income for the period included £0.9 million relating to lease incentives.

Underlying administration expenses increased by £1.8 million to £7.7 million in the first half of 2010. This increase can be attributed to a higher overhead cost base largely as a result of becoming a standalone business with the full impact to be felt in the second half of 2010.

Underlying net finance costs which exclude exceptional items totalled £20.1 million, a decrease of £3.9 million on the prior year. This reduction reflects decreased average debt following a number of prepayments made in both the second half of 2009 and first half of 2010.

Exceptional items include demerger-related administration costs of £4.1 million. Within net financing costs, exceptional finance charges of £7.1 million were recorded in relation to the termination of interest rate swaps arising principally from debt prepayment on demerger.

Pre-demerger the Group benefited from the tax savings provided by Liberty International's REIT status. Following demerger, the Directors believed that the business would have greater operating flexibility as a listed non-REIT property company, hence from 7 May 2010 the Group is again subject to UK corporation tax and will pay ordinary dividends with no requirement to withhold tax at source when paying a dividend. The Group is still required to settle the outstanding REIT liability due in respect of subsidiaries formerly within Liberty International's REIT business.

The net tax charge for the six months to 30 June 2010 was £0.5 million, lower than would be expected because of capital allowances and certain exceptional items. The effective rate of tax on underlying recurring profit is expected to be approximately 25 per cent.

Empress State

As outlined in Note 12, the accounting treatment for the Group's 50 per cent interest in the Empress State Limited Partnership changed from full to proportional consolidation in August 2009. This resulted in a deemed disposal of £94 million of investment property, reduced the Group's gross debt by £78 million and accounts for a £3.2 million reduction in net rental income in the six months to 30 June 2010 over the comparative period of 2009.

Balance sheet

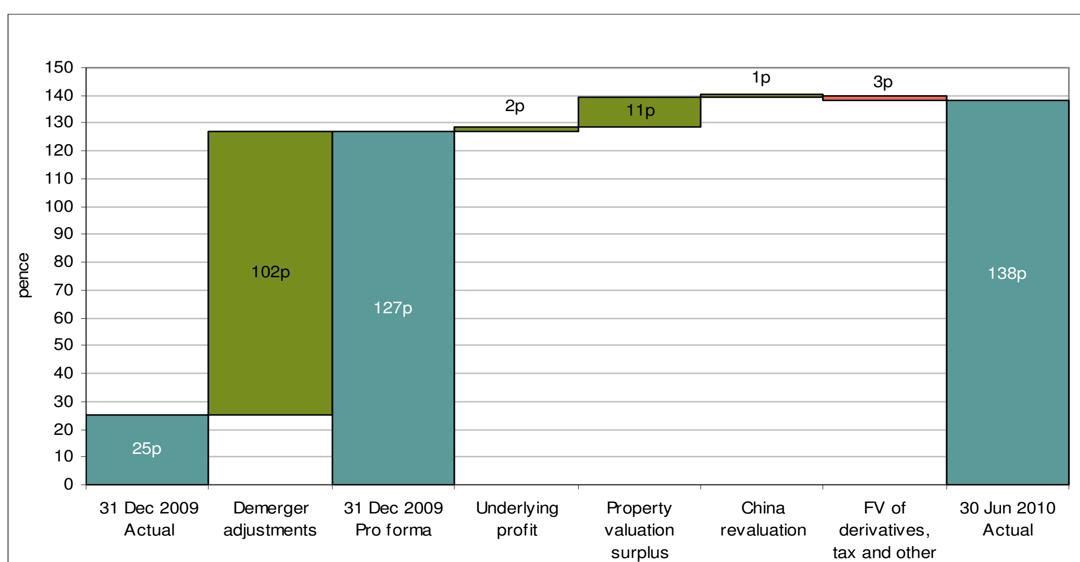
As detailed in the tables below net assets (adjusted, diluted) have increased, on a pro forma basis, by £70 million or 11 pence per share since 31 December 2009.

Summary consolidated balance sheet:

	Actual 30 June 2010 £m	Actual 31 December 2009 £m	Pro forma 31 December 2009 £m
Investment and development property	**1,309.9**	1,240.5	1,240.5
Investments	**52.3**	46.0	46.0
Net debt	**(476.3)**	(707.1)	(463.1)
Other assets and liabilities	**(92.5)**	(486.7)	(92.5)
Net assets	**793.4**	92.7	730.9
Adjustments:			
Fair value of derivative financial instruments (net of recognised deferred tax)	**52.8**	53.3	53.3
Other adjustments (see note 16)	**14.4**	7.0	7.0
Adjusted net assets	**860.6**	153.0	791.2
Effect of dilution	**0.1**	–	–
Net assets (adjusted, diluted)	**860.7**	153.0	791.2
Net assets per share (pence per share adjusted, diluted)	**138**	25	127

The fair value provision for financial derivatives (interest rate swaps) increased by £10 million in the six months to June 2010. The resulting balance sheet provision, net of deferred taxes, of £53 million is added back to arrive at adjusted net assets.

Adjusted net assets per share



The significant contributing factors in this growth were the property valuation surplus arising at 30 June 2010 of £66 million (11 pence per share), together with a £7 million revaluation surplus arising from the Group's investments in China, of which approximately £3.5 million was due to favourable exchange rate movements.

Cash flow

The cash flow summary below shows a net cash inflow of £167.5 million in the six months to 30 June 2010. When adjusted for the cash allocation from Liberty International of £244.0 million, an outflow of £76.5 million can principally be attributed to debt prepaid and repaid during the period of £63.4 million.

Summary consolidated cash flow summary:

	30 June 2010 £m	30 June 2009 £m
Underlying operating cash generated	**29.9**	40.6
Net finance charges paid	**(21.5)**	(37.7)
Net movement in working capital	**(4.4)**	(87.8)
Recurring cashflow from operations	**4.0**	(84.9)
Property development/investments	**(5.2)**	(10.0)
Sale proceeds of property/investments	**0.5**	106.3
Demerger costs	**(3.0)**	–
REIT entry charge and other tax	**(2.0)**	(1.0)
Cash flow before financing	**(5.7)**	10.4
Financing	**180.6**	(2.7)
Termination of interest rate swaps	**(7.4)**	–
Net Cash flow	**167.5**	7.7

Recurring cash flow from operations has improved from the comparable period in 2009 largely due to a favourable movement in working capital. In the comparative period when the Group still formed part of Liberty International, cash reserves generated from the sale of property and investments were transferred from the Group and managed centrally by Liberty International.

The adverse movement in recurring underlying cash flows is the result of falling net rental income together with higher recurring administration expenses, both of which have been discussed above. Additionally, in the comparative period to 30 June 2009 the Group received a distribution from its investment in China of £1.5 million whereas in the six months to 30 June 2010 no such distribution was received.

Cash utilised for finance costs has fallen due to the prepayment of external debt since 30 June 2009.

Cash applied to the development of property and investments in the period is principally due to ongoing planning activity at Earls Court & Olympia of £4 million. REIT entry charges of £1.6 million were paid during the six months with the remaining liability of £2.1 million principally scheduled for payment during the second half of 2010.

Capital commitments

The Group has an aggregate commitment to capital projects of £22 million. This includes £14 million in relation to one of the China real estate investment funds in which the Group invests. The investment period for this fund has now closed but this capital is reserved in the event the fund's manager pursues certain specified new projects as agreed by the fund's investment committee.

These commitments will be funded by the Group's cash and available facilities at 30 June 2010 of £191 million.

Debt

The Group's debt is arranged on an asset specific basis, with limited or no recourse to the Group. This structure permits the Group a higher degree of financial flexibility in dealing with individual property issues compared to a financing structure based on a single Group-wide borrowing facility.

In the six months to 30 June 2010, the Group made partial asset specific loan prepayments of £56 million of which £20 million was prepaid on facilities secured against Earls Court & Olympia and £36 million on facilities secured over Covent Garden as well as the repayment on maturity of a smaller facility. The associated swap termination costs totalled £7.1 million.

Net debt reduced from £707 million at 31 December 2009 to £476 million at 30 June 2010, a decrease of £231 million, with the cash allocation received from Liberty International prior to demerger being the driving factor behind the reduction in net debt.

A loan to value ratio of 36 per cent is slightly lower than the 37 per cent at 31 December 2009 (calculated on a pro forma basis), with the marginally higher debt level being compensated by the revaluation surplus on the value of the Group's property assets. The Group's interest cover ratio significantly improved following the debt prepayments.

The Group had cash and available facilities of £191 million and is in compliance with all of its asset specific loan covenants.

Group debt ratios were as follows:

	Actual 30 June 2010	Actual 31 December 2009	Pro forma 31 December 2009
Loan to value	**36%**	57%	37%
Interest cover	**152%**	126%	126%
Weighted average debt maturity	**3.5 years**	4 years	4 years
Weighted average cost of debt	**5.9%**	5.8%	5.8%
Proportion of gross debt with interest rate production	**96%**	95%	95%

The Group's average debt maturity is 3.5 years. The first significant maturity of secured debt is the Earls Court & Olympia facility which matures in February 2012.

A detailed breakdown of the Group's debt maturity is shown in note 10 of the condensed financial statements.

Financial Covenants
Full details of the loan financial covenants are shown in Appendix 3.

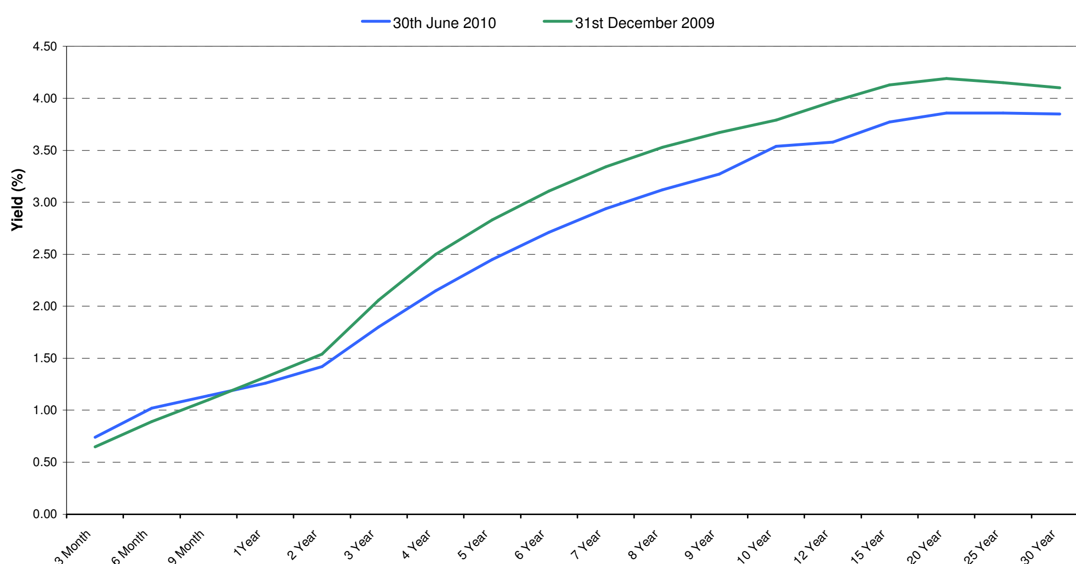
Financial covenants apply to £657 million of asset specific debt. The two main covenants are Loan to Value ("LTV") and Interest Cover ("IC"). The actual requirements vary and are specific to each loan. At 30 June 2010 £210 million of non-recourse loans had no loan to value requirement.

A LTV covenant of 75 per cent will become effective on 18 August 2010 in the loan facility secured against Empress State. As at the 30 June 2010 valuation the actual LTV was 75.2 per cent, and hence a modest prepayment may be required on this facility.

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

Interest rate hedging and fair value of financial instruments
The Group's policy is to eliminate the short and medium term risk arising on interest rate volatility. This is generally achieved by entering into interest rate swap contracts to hedge both the size and maturity profile of borrowings. At 30 June 2010, the proportion of gross debt with interest rate protection was 100 per cent of borrowings on the Group's wholly owned properties, 85 per cent of borrowings on joint venture properties and 96 per cent overall.

As illustrated below, during the first half of 2010 short term rates marginally increased whilst longer term rates reduced. This led to an income statement charge of £10.2 million for the six months to 30 June 2010.



Principal risks and uncertainties

The principal risks and uncertainties facing the Group are as set out in the table below:

Risk	Description	Impact	Mitigation
Financing			
Liquidity	Reduced availability	Insufficient funds to meet operational and financing needs	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
Foreign exchange	Certain Group investments are not denominated in sterling	Value of investments is adversely affected by movements in impacted exchange rates	Monitor exposure within specified limits and consider usage of cross currency interest rate swaps if appropriate
Joint Ventures	Reliance on JV partners' performance and reporting	Partners under - perform or provide incorrect information	Agreements in place and regular communication with partners
Asset Management			
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
Reputation			
Concentration	Concentration of the Group's properties in central London	Exposure to events that threaten visitor security, health & safety or public transport in central London	Terrorist insurance in place Security and health & safety policies and procedures in offices
Business interruption	Lost access to sites or head office	Impact on footfall and tenant income Adverse publicity	Documented business recovery plans in place
People/HR			
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
Developments			
Time	Planning	Securing planning consent for developments	Policy of sustainable development Constructive dialogue with planning authorities Managerial experience
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
Opportunities	Failure to identify and acquire suitable development and investment properties	Limited future development opportunities	Maintain adequate liquidity and facilities Pro-active and experienced management team

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 15 to 34 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 15 to 34 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 11 refers to important events which have taken place in the period.

The principal risks and uncertainties facing the business are referred to on page 12 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 Capital & Counties Properties PLC website: www.capitalandcounties.com.

By order of the Board

I D Hawksworth
Chief Executive

S Das
Finance Director

3 August 2010

INDEPENDENT REVIEW REPORT TO CAPITAL & COUNTIES PROPERTIES PLC

Introduction
We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2010, 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 the 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 2010 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

3 August 2010

Notes:

a) The maintenance and integrity of the Capital & Counties Properties 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 2010

	Notes	**Six months ended 30 June 2010 £m**	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Revenue	2	**59.2**	69.8	127.7
Rental income		**59.2**	68.4	126.4
Rental expenses		**(20.9)**	(24.5)	(48.3)
Net rental income	2	**38.3**	43.9	78.1
Other income		**–**	1.6	1.5
Gain/(deficit) on revaluation and sale of investment and development property	3	**65.7**	(165.0)	(128.8)
Profit on sale of investment		**–**	–	3.6
Write down of trading property		**–**	–	(0.1)
		104.0	(119.5)	(45.7)
Administration expenses				
Ongoing expenses		**(7.7)**	(5.9)	(14.5)
Impairment of other receivables		**–**	–	(12.0)
Demerger costs		**(4.1)**	–	–
Operating profit/(loss)		**92.2**	(125.4)	(72.2)
Finance costs	4	**(20.7)**	(25.1)	(50.1)
Finance income		**0.6**	1.1	2.6
Other finance costs	4	**(7.1)**	(9.6)	(47.2)
Change in fair value of derivative financial instruments		**(10.2)**	20.3	16.9
Net finance costs		**(37.4)**	(13.3)	(77.8)
Profit/(loss) before tax		**54.8**	(138.7)	(150.0)
Current tax		**(0.4)**	–	(1.3)
Deferred tax		**–**	–	(0.1)
REIT entry charge		**(0.1)**	0.4	0.3
Taxation	5	**(0.5)**	0.4	(1.1)
Profit/(loss) for the period		**54.3**	(138.3)	(151.1)
Loss attributable to non-controlling interests		**–**	17.5	19.6
Profit/(loss) for the period attributable to owners of the Group		**54.3**	(120.8)	(131.5)
Basic earnings/(loss) per share	16	**8.7p**	(19.4)p	(21.1)p
Diluted earnings/(loss) per share	16	**8.7p**	(19.4)p	(21.1)p

Adjusted earnings per share are shown in Note 16.

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
For the six months ended 30 June 2010

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Profit/(loss) for the period	**54.3**	(138.3)	(151.1)
Other comprehensive income			
Actuarial losses on defined benefit pension schemes	**–**	–	(0.3)
Profit/(loss) on revaluation of investments and other movements	**7.1**	(8.2)	(5.2)
Tax on items taken directly to equity	**–**	–	0.1
Net loss recognised in equity due to non-controlling interests	**–**	–	(0.2)
Other comprehensive income for the half year, net of tax	**7.1**	(8.2)	(5.6)
Total comprehensive income for the period	**61.4**	(146.5)	(156.7)
Total comprehensive income for the period is attributable to:			
Owners of the group	**61.4**	(129.0)	(136.9)
Non-controlling interests	**–**	(17.5)	(19.8)
	61.4	(146.5)	(156.7)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET (unaudited)
As at 30 June 2010

	Notes	**As at 30 June 2010 £m**	As at 31 December 2009 £m
Non-current assets			
Investment and development property	6	**1,309.9**	1,240.5
Plant and equipment		**0.8**	1.0
Investments		**52.3**	46.0
Trade and other receivables	8	**14.7**	14.5
		1,377.7	1,302.0
Current assets			
Trading property	7	**0.3**	0.3
Trade and other receivables	8	**23.1**	22.1
Cash and cash equivalents		**186.8**	19.3
		210.2	41.7
Total assets		**1,587.9**	1,343.7
Non-current liabilities			
Borrowings, including finance leases	10	**(655.7)**	(655.4)
Derivative financial instruments	13	**(66.0)**	(56.2)
Other provisions	14	**(7.1)**	(7.4)
Other payables		**–**	(0.9)
		(728.8)	(719.9)
Current liabilities			
Borrowings, including finance leases	10	**(7.4)**	(71.0)
Trade and other payables	9	**(58.3)**	(460.1)
		(65.7)	(531.1)
Total liabilities		**(794.5)**	(1,251.0)
Net assets		**793.4**	92.7
Equity			
Share capital	17	**155.5**	497.5
Other components of equity		**637.9**	(404.8)
Capital and reserves attributable to owners of the Group		**793.4**	92.7
Non-controlling interests		**–**	–
Total equity		**793.4**	92.7
Basic net assets per share	16	127.6p	14.9p
Adjusted, diluted net assets per share	16	138.3p	24.6p

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
For the six months ended 30 June 2010

		Non-distributable reserves (2)			Distributable reserves (2)		
	Share capital £m	**Share premium £m**	**Merger reserve £m**	**Revaluation reserve £m**	**Capital contribution £m**	**Retained earnings £m**	**Total Equity £m**
Balance at 1 January 2010	**497.5**	**89.1**	**87.6**	**15.7**	**–**	**(597.2)**	**92.7**
Profit for the period	–	–	–	–	–	54.3	54.3
Other comprehensive income:							
Fair value gains on available for sale financial assets	–	–	–	7.1	–	–	7.1
Total comprehensive income for the period ended 30 June 2010	**–**	**–**	**–**	**7.1**	**–**	**54.3**	**61.4**
Capital reduction	(342.0)	–	–	–	–	342.0	–
Capital reorganisation and pro forma restatement (1)	–	–	53.8	(4.2)	696.7	(107.0)	639.3
Total transactions with owners	**(342.0)**	–	**53.8**	**(4.2)**	**696.7**	**235.0**	**639.3**
Balance at 30 June 2010	**155.5**	**89.1**	**141.4**	**18.6**	**696.7**	**(307.9)**	**793.4**

		Non-distributable reserves (2)			Distributable reserves (2)			
	Share capital £m	Share premium £m	Merger reserve £m	Revaluation reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2009	497.5	89.1	87.6	20.9	(431.2)	263.9	27.8	291.7
Loss for the period	–	–	–	–	(120.8)	(120.8)	(17.5)	(138.3)
Other comprehensive income:								
Fair value gains on available for sale financial assets	–	–	–	(8.2)	–	(8.2)	–	(8.2)
Total comprehensive income for the period ended 30 June 2009	–	–	–	(8.2)	(120.8)	(129.0)	(17.5)	(146.5)
Balance at 30 June 2009	497.5	89.1	87.6	12.7	(552.0)	134.9	10.3	145.2

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
For the six months ended 30 June 2010

		Non-distributable reserves [2]			Distributable reserves [2]			
	Share capital £m	Share premium £m	Merger reserve £m	Revaluation reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2009	497.5	89.1	87.6	20.9	(431.2)	263.9	27.8	291.7
Loss for the period	–	–	–	–	(131.5)	(131.5)	(19.6)	(151.1)
Other comprehensive income:								
Actuarial losses on defined benefit pension schemes	–	–	–	–	(0.3)	(0.3)	(0.2)	(0.5)
Fair value gains on available for sale financial assets	–	–	–	(5.2)	–	(5.2)	–	(5.2)
Tax on items taken directly to equity	–	–	–	–	0.1	0.1	–	0.1
Total comprehensive income for the year ended 31 December 2009	–	–	–	(5.2)	(131.7)	(136.9)	(19.8)	(156.7)
Loss of deemed control of former subsidiary	–	–	–	–	–	–	(8.0)	(8.0)
Purchase of non-controlling interests	–	–	–	–	(34.3)	(34.3)	–	(34.3)
Total transactions with owners	–	–	–	–	(34.3)	(34.3)	(8.0)	(42.3)
Balance at 31 December 2009	497.5	89.1	87.6	15.7	(597.2)	92.7	–	92.7

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

(1) On demerger from Liberty International a number of reserves were realised and pro forma adjustments (made in the comparative periods to reflect the application of merger accounting principles) released. Debt waivers granted to the Group by Liberty International have been reflected as a capital contribution reserve.

(2) Presented for indicative purposes only

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)
For the six months ended 30 June 2010

	Note	**Six months ended 30 June 2010 £m**	Year ended 31 December 2009 £m	Six months ended 30 June 2009 £m
Cash generated from operations	11	**22.5**	81.4	(47.2)
Interest paid		**(21.5)**	(71.0)	(38.1)
Interest received		**–**	1.9	0.4
Taxation		**(0.4)**	–	–
Cash flows from operating activities		**0.6**	12.3	(84.9)
Cash flows from investing activities				
Purchase and development of property		**(5.2)**	(32.2)	(10.0)
Sale of property		**0.1**	118.8	106.3
Sale of investment		**0.4**	11.4	–
Purchase of non-current asset investments		**–**	(0.9)	–
Loss of deemed control of former subsidiary		**–**	(3.7)	–
Purchase of non-controlling interests		**–**	(25.0)	–
REIT entry charge paid		**(1.6)**	(2.7)	(1.0)
Cash flows from investing activities		**(6.3)**	65.7	95.3
Cash flows from financing activities				
Borrowings repaid		**(63.4)**	(69.7)	(2.7)
Funding from Capital Shopping Centres Group		**244.0**	–	–
Termination of swaps		**(7.4)**	(5.5)	–
Cash flows from financing activities		**173.2**	(75.2)	(2.7)
Net increase in cash and cash equivalents		**167.5**	2.8	7.7
Cash and cash equivalents at beginning of period		**19.3**	16.5	16.5
Cash and cash equivalents at end of period		**186.8**	19.3	24.2

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES (unaudited)

1 Principal accounting policies

The Capital & Counties Properties PLC Group demerged from its parent company, Liberty International PLC (subsequently renamed Capital Shopping Centres Group PLC), with effect from 7 May 2010. Shares in Capital & Counties Properties PLC were admitted to dealings on the London and Johannesburg Stock Exchanges in May 2010. The Group's assets principally comprise investment properties at Covent Garden; Earls Court & Olympia; a 50 per cent interest in the Empress State building; and a 50 per cent interest in the Great Capital Partnership, a joint venture focused predominantly on London's West End.

Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2010 is reviewed, not audited and does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The condensed consolidated financial statements has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting'.

These condensed consolidated financial statements were approved by the Board of Directors on 3 August 2010.

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

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.

Standards and guidelines relevant to the Group that were in issue at the date of approval of the condensed consolidated financial statements but not yet effective for the current accounting period and have not been adopted early:

IAS 24 'Related Party Disclosures' (revised)

IAS 32 'Financial Instruments: Presentation' (amendment)

IFRS 9 'Financial Instruments'

IFRIC 14 'Prepayments of a Minimum Funding Requirement' (amendment)

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

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

During 2010, the following accounting standards and guidance were adopted by the Group:

IAS 1 'Presentation of Financial Statements' (amendment)

IAS 27 'Consolidated and Separate Financial Statements' (revised)

IAS 39 'Financial Instruments: Recognition and Measurement; Eligible Hedged Items'

IFRS 2 'Share-based Payment' (revised)

IFRS 3 'Business Combinations' (revised)

IFRIC 17 'Distribution of Non-cash Assets to Owners'

These pronouncements either had no impact on the condensed consolidated Financial Statements or resulted in changes to presentation and disclosure only.

Group reorganisation

All Capital & Counties Properties PLC Group companies which were owned and controlled by Liberty International PLC prior to the demerger were transferred under the new ultimate parent company, Capital & Counties Properties PLC prior to 10 May 2010. The introduction of this new ultimate holding company constitutes a group reconstruction.

The transaction falls outside the scope of IFRS 3 'Business Combinations'. Accordingly, following the guidance regarding the selection of an appropriate accounting policy provided in IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the transaction has been accounted for in these condensed financial statements using the principles of merger accounting with reference to UK Generally Accepted Accounting Practice (UK GAAP). This policy, which does not conflict with IFRS, reflects the economic substance of the transaction.

Therefore, although the Group reconstruction did not become unconditional until 10 May 2010, these condensed financial statements are presented as if the Group structure has always been in place.

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 condensed consolidated financial statements are prepared on a going concern basis.

Basis of consolidation

The Group's condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The condensed consolidated financial statements are to be prepared in British pounds sterling which is determined to be the functional currency of the Group.

Subsidiaries

Subsidiary undertakings are fully consolidated from the date on which the Group is deemed to govern the financial and operating policies of an entity, whether through a majority of the voting rights or otherwise; they cease to be consolidated from the date this control is lost.

1 Principal accounting policies (continued)

Joint Ventures

The Group's interest in jointly controlled entities is accounted for using proportional consolidation. The Group's share of the assets, liabilities, income and expenses are combined with the equivalent items in the condensed consolidated financial statements on a line-by-line basis.

Investments in subsidiaries and joint ventures are reviewed at least annually for impairment. Where there exists an indication of impairment an assessment of the recoverable amount is performed. The recoverable amount is based on the higher of the investments' continued value in use or its fair value less cost to sell; fair value is derived from the entities' net asset value at the balance sheet date.

Estimation & uncertainty

The preparation of condensed consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The most significant area of estimation and uncertainty in the condensed consolidated set of financial statements is in respect of the valuation of the property portfolio and investments, where external valuations are obtained. Other areas of estimation and uncertainty are included within the accounting policies below. The more significant being:

Revenue recognition

Share-based payments

Provisions

Pensions

Contingent liabilities & capital commitments

Operating segments

Segmental information is disclosed in the notes to the condensed consolidated financial statements reflecting management reporting of divisional financial performance and position as used in operational decision making.

Foreign currencies

Transactions in currencies other than the Group's functional currency are recorded at the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from settlement of these transactions and from retranslation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when qualifying as hedges, in which case they are dealt with in reserves.

Revenue recognition

Property rental income and exhibition income consists of gross income calculated on an accruals basis, together with services where the Group acts as principal in the ordinary course of business, excluding sales of investment properties. Rental income receivable is spread evenly over the period from lease commencement to lease expiry. Lease incentives and other directly attributable contributions are recognised within net rental income on the same straight-line basis as rental income.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example increases arising on rent reviews, are recorded as income in the periods in which they are earned.

Rent reviews are recognised as income, based on management's estimates, when it is reasonable to assume they will be received. Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations.

Where revenue is obtained by the sale of properties, it is recognised when the significant risks and returns have been transferred to the buyer. This will normally take place on exchange of contracts unless there are conditions attached. For conditional exchanges, sales are recognised when these conditions are satisfied.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

Dividend income is recognised when the relevant Group company's right to receive payment has been established.

Exceptional items

Exceptional items are those items that in the Directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Income taxes

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used in computation of taxable profit, with the exception of deferred tax on revaluation surpluses where the tax basis used is the accounts' historic cost.

Temporary differences are not provided on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that management believe it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset only when they relate to taxes levied by the same authority and the Group intends to settle them on a net basis.

Tax is included in the income statement except when it relates to items recognised in other comprehensive income, or directly in equity, in which case the related tax is also recognised in other comprehensive income or directly in equity.

NOTES (unaudited) (continued)

1 Principal accounting policies (continued)

Share-based payments

The cost of granting share options and other share-based remuneration to employees and Directors is recognised through the income statement with reference to the fair value of the options at the date of grant. The income statement is charged over the vesting period of the options.

An option pricing model is used applying assumptions around expected yields, forfeiture rates, exercise price and volatility.

Own shares held in connection with employee share plans and other share-based payment arrangements are treated as treasury shares and deducted from equity.

Impairment of financial assets

An annual review is conducted for financial assets to determine whether there is any evidence of a loss event as described by IAS 39. Where there is objective evidence of impairment the amount of any loss is calculated by estimating future cash flows or by using fair value where this is available through observable market prices.

Investment and development property

Investment and development properties are owned or leased by the Group and held for long term rental income and capital appreciation.

The Group has chosen to use the fair value model. Properties are initially recognised at cost and subsequently revalued at the balance sheet date to fair value as determined by professionally qualified external valuers on the basis of market value. The valuation is based upon assumptions including market rent or business profitability, future growth, anticipated maintenance costs, development costs and an appropriate discount rate where possible applying yields based on known transactions for similar properties and likely incentives offered to tenants. These assumptions conform with RICS valuation standards.

Incentive assets are adjusted for against the fair value of properties to which they are directly attributable.

Properties held under leases are stated gross of the recognised finance lease liability.

The cost of development properties includes capitalised interest and other directly attributable outgoings, except in the case of properties and land where no development is imminent, in which case no interest is included. Interest is capitalised (before tax relief) on the basis of the average rate of interest paid on the relevant debt outstanding, until the date of practical completion.

When the Group redevelops an existing investment property for continued future use as an investment property, the property remains an investment property measured at fair value.

Gains or losses arising from changes in the fair value of investment and development property are recognised in the income statement of the period in which they arise. Depreciation is not provided in respect of investment properties including plant and equipment integral to such investment properties.

When the use of a property changes from that of trading property to investment property, such property is transferred at fair value, with any resulting gain being recognised as property trading profit.

Investment properties cease recognition as investment property either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Where the Group disposes of a property at fair value in an arm's length transaction the carrying value immediately prior to the sale is adjusted to the transaction price, offset by any directly attributable costs, and the adjustment is recorded in the income statement.

Leases

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are normally classified as operating leases.

Group as a lessee:

In accordance with IAS 40, finance and operating leases of investment property are accounted for as finance leases and recognised as an asset and an obligation to pay future minimum lease payments. The investment property asset is included in the balance sheet at fair value, gross of the recognised finance lease liability. Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate.

Other finance-leased assets are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments and depreciated over the shorter of the lease term and the useful life of the asset.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

Group as lessor:

Assets leased out under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant rate of return on the net investment.

Assets leased out under operating leases are included in investment property, with rental income recognised on a straight-line basis over the lease term.

Trading property

Trading property comprise those properties that in the Directors' view are expected to be disposed of within one year of the balance sheet date. Such properties are transferred from investment property at fair value which forms its deemed cost. Subsequently it is carried at the lower of cost and net realisable value.

NOTES (unaudited) (continued)

1 Principal accounting policies (continued)

Plant and equipment

Plant and equipment consists of vehicles, fixtures, fittings and other equipment. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over an asset's estimated useful life to a maximum of five years.

Investments

Available-for-sale investments, being investments intended to be held for an indefinite period, are initially recognised and subsequently measured at fair value. For listed investments, fair value is the current bid market value at the reporting date.

Gains or losses arising from changes in the fair value of available-for-sale investments are included in other comprehensive income, except to the extent that losses are determined to be attributable to impairment, in which case they are recognised in the income statement.

Upon disposal accumulated fair value adjustments are recycled from reserves to the income statement.

Trade receivables

Trade receivables are initially recognised and subsequently measured at amortised cost. The Directors exercise judgement as to the collectability of the Group's trade receivables and determine when it is appropriate to impair these assets. Factors such as days past due, credit status of the counterparty and historical evidence of collection are considered.

Cash and cash equivalents

Cash and cash equivalents are recognised at fair value. Cash and cash equivalents comprise cash on hand, deposits with banks and other short term highly liquid investments with original maturities of three months or less.

Derivatives financial instruments

The Group uses derivative financial instruments to manage exposure to interest rate risk. They are initially recognised on the trade date at fair value and subsequently remeasured at fair value based on market price.

Changes in fair value are recognised directly in the income statement.

Trade payables

Trade payables are recognised and subsequently measured at amortised cost until settled.

Dividend distribution

Dividend distributions to shareholders are recognised as a liability once approved by shareholders.

Provisions

Provisions are recognised when the Group has a current obligation arising from a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle that obligation at the balance sheet date.

Borrowings

Borrowings are recognised initially at their net proceeds on issue and subsequently carried at amortised cost. Any transaction costs and premiums or discounts are recognised over the contractual life using the effective interest method. In the event of early repayment all unamortised transaction costs are recognised immediately in the income statement.

Pensions

The costs of defined contribution schemes and Group's personal pension plans are charged against profits in the year in which they are incurred.

Past service costs and current service costs of defined benefit schemes are recognised immediately in income. While actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income for the period in which they arise. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method and applying assumptions which are agreed between the Group and its actuaries.

Contingent liabilities and capital commitments

Contingent liabilities are not recognised due to lack of certainty with respect to measurement of the potential future liability. A description of the nature and, where possible, an estimate of the financial effect of contingent liabilities is disclosed.

Capital commitments are disclosed when the Group has a contractual future obligation which has not been provided for at the balance sheet date.

NOTES (unaudited) (continued)

2 Segmental reporting

Management has determined the operating segments based on reports reviewed by the Chief Executive, who is deemed to be the chief operating decision maker.

For management and reporting purposes the Group is organised into four operating divisions being Great Capital Partnership, Earls Court & Olympia, Covent Garden and Other. The Other segment primarily constitutes the business unit historically known as Opportunities. This segment included a number of smaller assets located primarily in central London and the south east of England which were sold during 2009. The Earls Court & Olympia segment also includes the Group's interest in the Empress State Limited Partnership which holds the Empress State Building adjacent to the Group's property at Earls Court.

The Group's operating segments derive their revenue primarily from rental income from lessees, with the exception of Earls Court & Olympia whose revenue primarily represents exhibition income. Net rental income is the principal performance measure.

	Six months ended 30 June 2010				
	Great Capital Partnership £m	Earls Court & Olympia * £m	Covent Garden £m	Other £m	Group total £m
Revenue	**8.1**	**31.1**	**19.4**	**0.6**	**59.2**
Rent receivable and exhibition income	7.5	31.1	17.7	0.4	56.7
Service charge income	0.6	–	1.7	0.2	2.5
	8.1	31.1	19.4	0.6	59.2
Rent payable	–	–	(0.6)	–	(0.6)
Service charge and other non-recoverable costs	(1.3)	(13.2)	(5.9)	0.1	(20.3)
Net rental income	**6.8**	**17.9**	**12.9**	**0.7**	**38.3**
Gain on revaluation of investment and development property	21.8	3.5	40.1	0.3	65.7
Segment result	**28.6**	**21.4**	**53.0**	**1.0**	**104.0**
Unallocated administration costs					(11.8)
Operating profit					**92.2**
Net finance costs[1]					(37.4)
Profit before tax					**54.8**
Taxation					(0.5)
Profit for the period					**54.3**
Total assets[2]	289.3	463.8	610.1	224.7	1,587.9
Total liabilities[2]	(131.0)	(276.2)	(379.7)	(7.6)	(794.5)
Net assets	**158.3**	**187.6**	**230.4**	**217.1**	**793.4**
Other segment items:					
Capital expenditure	(0.3)	(4.5)	(0.4)	–	(5.2)
Depreciation	–	–	(0.1)	–	(0.1)

* Includes the Group's interest in the Empress State Limited Partnership which holds the Empress State Building adjacent to the Group's property at Earls Court. Empress State represented £3.3 million of the £17.9 million net rental income for Earls Court & Olympia.

1 The Group operates a central treasury function which manages and monitors the Group's finance income/(costs) on a net basis.

2 Total assets and liabilities exclude loans and investments between Group companies.

NOTES (unaudited) (continued)

2 Segmental reporting (continued)

	Six months ended 30 June 2009				
	Great Capital Partnership £m	Earls Court & Olympia* £m	Covent Garden £m	Other £m	Group total £m
Revenue	8.4	38.9	19.5	3.0	69.8
Rent receivable and exhibition income	7.7	38.9	17.3	1.6	65.5
Service charge income	0.7	–	2.2	–	2.9
	8.4	38.9	19.5	1.6	68.4
Service charge and other non-recoverable costs	(1.7)	(15.1)	(7.1)	(0.6)	(24.5)
Net rental income	6.7	23.8	12.4	1.0	43.9
Property trading profits	–	–	–	0.2	0.2
Other income	–	–	–	1.4	1.4
Deficit on revaluation and sale of investment and development property	(43.8)	(47.0)	(50.9)	(23.3)	(165.0)
Segment result	(37.1)	(23.2)	(38.5)	(20.7)	(119.5)
Unallocated administration costs					(5.9)
Operating loss					(125.4)
Net finance costs[1]					(13.3)
Loss before tax					(138.7)
Taxation					0.4
Loss for the period					(138.3)
Total assets[2]	237.4	554.9	544.7	79.0	1,416.0
Total liabilities[2]	(131.5)	(446.0)	(406.1)	(9.5)	(993.1)
	105.9	108.9	138.6	69.5	422.9
Unallocated net assets					(277.7)
Net assets					145.2
Other segment items:					
Capital expenditure	(0.4)	(2.3)	(3.4)	(4.8)	(10.9)

* Includes the Group's interest in the Empress State Limited Partnership which holds the Empress State Building adjacent to the Group's property at Earls Court. Empress State represented £6.4 million of the £23.8 million net rental income for Earls Court & Olympia.

1 The Group operates a central treasury function which manages and monitors the Group's finance income/(costs) on a net basis.

2 Total assets and liabilities exclude loans and investments between Group companies.

NOTES (unaudited) (continued)

2 Segmental reporting (continued)

	Year ended 31 December 2009				
	Great Capital Partnership £m	Earls Court & Olympia* £m	Covent Garden £m	Other £m	Group total £m
Revenue	16.9	66.2	41.1	3.5	127.7
Rent receivable and exhibition income	15.3	66.2	37.5	2.2	121.2
Service charge income	1.6	–	3.6	–	5.2
	16.9	66.2	41.1	2.2	126.4
Service charge and other non-recoverable costs	(3.1)	(29.4)	(14.5)	(1.3)	(48.3)
Net rental income	13.8	36.8	26.6	0.9	78.1
Other income/(expense)	(0.1)	–	1.2	0.4	1.5
Deficit on revaluation and sale of investment and development property	(21.3)	(47.7)	(35.8)	(24.0)	(128.8)
Write down of trading property	–	–	–	(0.1)	(0.1)
Profit on sale of investments	–	–	–	3.6	3.6
Impairment of other receivables	–	–	–	(12.0)	(12.0)
Segment result	(7.6)	(10.9)	(8.0)	(31.2)	(57.7)
Unallocated administration costs					(14.5)
Operating loss					(72.2)
Net finance costs[1]					(77.8)
Loss before tax					(150.0)
Taxation					(1.1)
Loss for the year					(151.1)
Total assets[2]	262.9	453.6	557.2	70.0	1,343.7
Total liabilities[2]	(130.8)	(294.2)	(417.6)	(7.2)	(849.8)
	132.1	159.4	139.6	62.8	493.9
Unallocated net liabilities					(401.2)
Net assets					92.7
Other segment items:					
Capital expenditure	(18.1)	(8.0)	(6.7)	(5.6)	(38.4)
Depreciation	–	–	(0.2)	–	(0.2)

* Includes the Group's interest in the Empress State Limited Partnership which holds the Empress State Building adjacent to the Group's property at Earls Court. Empress State represented £10.4 million of the £36.8 million net rental income for Earls Court & Olympia.

1 The Group operates a central treasury function which manages and monitors the Group's finance income/(costs) on a net basis.

2 Total assets and liabilities exclude loans and investments between Group companies.

3 Gain/(deficit) on revaluation and sale of investment and development property

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Gain/(deficit) on revaluation of investment and development property	**65.7**	(143.1)	(105.6)
Deficit on sale of investment and development property	**–**	(21.9)	(23.2)
Gain/(deficit) on revaluation and sale of investment and development property	**65.7**	(165.0)	(128.8)

NOTES (unaudited) (continued)

4 Finance costs

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Gross finance costs – recurring	**21.1**	27.0	52.0
Interest capitalised on developments	**(0.4)**	(1.9)	(1.9)
Total finance costs	**20.7**	25.1	50.1
Exceptional finance costs:			
- costs of termination of financial instruments	**7.1**	–	5.4
- interest due to Capital Shopping Centres Group	**–**	9.6	41.8
Other finance costs	**7.1**	9.6	47.2

Interest is capitalised, before tax relief, on the basis of the average rate of interest paid of 5.9 per cent (2009: 6.25 per cent) on the relevant debt, applied to the cost of developments during the year.

5 Taxation

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Current tax on profits excluding exceptional items and property disposals	**0.4**	–	1.3
Deferred tax:			
On investment and development property	**7.2**	–	–
On derivative financial instruments	**(10.3)**	–	0.5
On other temporary differences	–	–	(0.4)
On exceptional items	**3.1**	–	–
Deferred tax on profits excluding exceptional items and property disposals	–	–	0.1
Tax charge excluding exceptional items and property disposals	**0.4**	–	1.4
REIT entry charge/(credit)	**0.1**	(0.4)	(0.3)
Taxation charge/(credit)	**0.5**	(0.4)	1.1

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 UK properties the relevant tax rate will be 28 per cent (2009 – 0 per cent).

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.

The recognised deferred tax asset on the revaluation of investment properties calculated under IAS 12 is nil at 30 June 2010 (31 December 2009 – £8.4 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 tax liability would be £1.7 million at 30 June 2010. If upon sale the group retained all its capital allowances, which is within the control of the group, the deferred tax provision in respect of capital allowances of £13.3 million at 30 June 2010 may also be released.

	Accelerated capital allowances £m	Fair value of investment and development properties £m	Fair value of derivative financial instruments £m	Other temporary differences £m	Total £m
Provided deferred tax provision:					
At 31 December 2009	14.5	(8.4)	(2.9)	(3.2)	–
Recognised in income	(1.2)	8.4	(10.3)	3.1	–
At 30 June 2010	**13.3**	**–**	**(13.2)**	**(0.1)**	–
Unrecognised deferred tax asset:					
At 31 December 2009	–	(12.6)	**–**	(5.4)	(18.0)
Income statement items	–	(67.4)	(5.4)	1.1	(71.7)
At 30 June 2010	**–**	**(80.0)**	**(5.4)**	**(4.3)**	**(89.7)**

In accordance with the requirement of IAS 12 "Income Taxes", the deferred tax asset has not been recognised in the Group financial statements due to uncertainty on the level of profits that will be available in future periods.

NOTES (unaudited) (continued)

6 Investment and development property

	Total
	£m
At 1 January 2010	1,240.5
Additions	5.2
Disposals	(1.5)
Gain on valuation	65.7
At 30 June 2010	**1,309.9**

	Total
	£m
At 1 January 2009	1,552.5
Additions	38.4
Disposals	(150.4)
Loss of deemed control of former subsidiary	(94.4)
Deficit on valuation	(105.6)
At 31 December 2009	1,240.5

	As at 30 June 2010	As at 31 December 2009
	£m	£m
Balance sheet carrying value of investment and development property	**1,309.9**	1,240.5
Adjustment in respect of tenant incentives	**9.6**	6.0
Adjustment in respect of head leases	**(6.9)**	(7.0)
Market value of investment and development property	**1,312.6**	1,239.5

The Group's interests in investment and development properties were valued as at 30 June 2010 and 31 December 2009 by independent external valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards 6th 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.

7 Trading property

The estimated replacement cost of trading property based on market value amounted to £1.4 million (31 December 2009 – £1.1 million).

8 Trade and other receivables

	As at 30 June 2010	As at 31 December 2009
	£m	£m
Amounts falling due within one year		
Rents receivable	**7.2**	7.8
Other receivables	**12.1**	10.4
Prepayments and accrued income	**3.4**	2.6
Corporation tax recoverable	**0.4**	1.3
	23.1	22.1
Amounts falling due after more than one year		
Other receivables	**7.8**	8.6
Prepayments and accrued income	**6.9**	5.9
	14.7	14.5

NOTES (unaudited) (continued)

9 Trade and other payables

	As at 30 June 2010 £m	As at 31 December 2009 £m
Amounts falling due within one year		
Rents received in advance	**18.2**	21.9
Accruals and deferred income	**23.4**	22.2
Other payables	**12.2**	11.0
Other taxes and social security	**4.5**	3.8
Amounts payable to Capital Shopping Centres Group	**–**	401.2
	58.3	460.1

10 Borrowings, including finance leases

	As at 30 June 2010					
	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	**6.5**	6.5	–	–	6.5	6.5
Borrowings, excluding finance leases	**6.5**	6.5	–	–	6.5	6.5
Finance lease obligations	**0.9**	0.9	–	0.9	–	0.9
Amounts falling due within one year	**7.4**	7.4	–	0.9	6.5	7.4
Amounts falling due after more than one year						
Bank loan 2012	**128.0**	128.0	–	–	128.0	128.0
Bank loans 2013	**410.1**	410.1	–	–	410.1	410.1
Bank loan 2017	**111.6**	111.6	–	–	111.6	111.6
Borrowings excluding finance leases	**649.7**	649.7	–	–	649.7	649.7
Finance lease obligations	**6.0**	6.0	–	6.0	–	6.0
Amounts falling due after more than one year	**655.7**	655.7	–	6.0	649.7	655.7
Total borrowings	**663.1**	663.1	–	6.9	656.2	663.1
Cash and cash equivalents	**(186.8)**					
Net debt	**476.3**					

	As at 31 December 2009					
	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	70.2	70.2	–	–	70.2	70.2
Borrowings, excluding finance leases	70.2	70.2	–	–	70.2	70.2
Finance lease obligations	0.8	0.8	–	0.8	–	0.8
Amounts falling due within one year	71.0	71.0	–	0.8	70.2	71.0
Amounts falling due after more than one year						
Bank loan 2012	127.0	127.0	–	–	127.0	127.0
Bank loans 2013	410.7	410.7	–	–	410.7	410.7
Bank loan 2017	111.5	111.5	–	–	111.5	111.5
Borrowings excluding finance leases	649.2	649.2	–	–	649.2	649.2
Finance lease obligations	6.2	6.2	–	6.2	–	6.2
Amounts falling due after more than one year	655.4	655.4	–	6.2	649.2	655.4
Total borrowings	726.4	726.4	–	7.0	719.4	726.4
Cash and cash equivalents	(19.3)					
Net debt	707.1					

NOTES (unaudited) (continued)

11 Cash generated from operations

	Notes	**Six months ended 30 June 2010 £m**	Year ended 31 December 2009 £m	Six months ended 30 June 2009 £m
Profit/(loss) before tax		**54.8**	(150.0)	(138.7)
Adjustments for:				
Gain/(deficit) on revaluation of investment and development property	3	**(65.7)**	105.6	143.1
Deficit on sale of investment property	3	**–**	23.2	21.9
Profit on sale of investment		**–**	(3.6)	–
Impairment of other receivables		**–**	12.0	–
Write down of trading property		**–**	0.1	–
Depreciation		**–**	0.2	–
Profit on sale of trading properties		**–**	(0.2)	(0.2)
Amortisation of lease incentives and other direct costs		**(0.7)**	0.8	1.2
Finance costs	4	**20.7**	50.1	25.1
Finance income		**(0.6)**	(2.6)	(1.1)
Exceptional finance costs	4	**7.1**	47.2	9.6
Change in fair value of derivative financial instruments		**10.2**	(16.9)	(20.3)
Changes in working capital				
Change in trading properties		**–**	4.0	4.0
Change in trade and other receivables		**0.8**	3.1	6.4
Change in trade and other payables		**(4.1)**	8.4	(98.2)
Cash generated from operations		**22.5**	81.4	(47.2)

12 Business combinations

On 18 August 2009 the call option the Group held against the residual 50 per cent of Empress State Limited Partnership expired. This call option was deemed to give the Group control and therefore, up to the date of expiry, Empress State Limited Partnership was consolidated as a subsidiary.

No consideration was received relating to the loss of control and no gain or loss was recognised. The consolidated assets and liabilities of Empress State Limited Partnership were derecognised and the remaining interest in Empress State Limited Partnership was accounted for as a joint venture in accordance with the Group's published accounting policy.

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 2010 and 31 December 2009.

The fair values of quoted borrowings are based on the bid 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 comprehensive income £m**
30 June 2010				
Trade and other receivables	37.8	37.8	–	–
Cash and cash equivalents	186.8	186.8	–	–
Total loans and receivables	224.6	224.6	–	–
Investments	52.3	52.3	–	7.1
Total available-for-sale investments	52.3	52.3	–	7.1
Derivative financial instrument liabilities	(66.0)	(66.0)	(10.2)	–
Total held for trading liabilities	(66.0)	(66.0)	(10.2)	–
Trade and other payables	(65.4)	(65.4)	–	–
Borrowings	(663.1)	(663.1)	–	–
Total loans and payables	(728.5)	(728.5)	–	–

NOTES (unaudited) (continued)

13 Classification of financial assets and liabilities (continued)

	Carrying value £m	Fair value £m	To income statement £m	To comprehensive income £m
31 December 2009				
Trade and other receivables	36.6	36.6	–	–
Cash and cash equivalents	19.3	19.3	–	–
Total loans and receivables	55.9	55.9	–	–
Investments	46.0	46.0	–	(5.2)
Total available-for-sale investments	46.0	46.0	–	(5.2)
Derivative financial instrument liabilities	(56.2)	(56.2)	16.9	–
Total held for trading liabilities	(56.2)	(56.2)	16.9	–
Trade and other payables	(468.4)	(468.4)	–	–
Borrowings	(726.4)	(726.4)	–	–
Total loans and payables	(1,194.8)	(1,194.8)	–	–

14 Other provisions for liabilities and charges

	Six months ended 30 June 2010 £m	Year ended 31 December 2009 £m
Deferred consideration payable*	**(3.8)**	(3.8)
Provisions for pension	**(3.3)**	(3.3)
Other provisions	**–**	(0.3)
Total other provisions	**(7.1)**	(7.4)

* Included within provisions charged during the year is £3.8 million relating to deferred consideration payable on the acquisition of the minority interest share in Earls Court & Olympia. The provision has been discounted as it considered that no payment will be required until 2012. The amount of deferred consideration payable is based on a number of factors including a potential re-development of the Earls Court & Olympia site with the final details of such a re-development dependent on discussions with the owners of the adjacent land and the outcome of the planning permission process. The maximum potential payment is £20.0 million.

15 Capital commitments and contingent liabilities

At 30 June 2010, the Group was contractually committed to £22.1 million (31 December 2009 - £18.3 million) of future expenditure for the purchase, construction, development and enhancement of investment property.

At 30 June 2010, the Group has a contingent commitment to provide a future investment of £42.0 million (31 December 2009 – £39 million), into one of the real estate investment funds in which the Group has previously invested. The Directors' current expectation, following discussions with Harvest Capital Partners, the manager of the fund, is that this further investment will not be required as the fund's managers have wound down marketing efforts in relation to the specific fund that the Group has committed investment funds.

16 Per share details

(a) Earnings/(loss) per share

	Six months ended 30 June 2010 millions	Six months ended 30 June 2009 millions	Year ended 31 December 2009 millions
Weighted average ordinary shares in issue for calculation of basic earnings/(loss) per share	**621.9**	621.9	621.9
Weighted average ordinary shares to be issued under employee incentive arrangements	**0.1**	–	–
Weighted average ordinary shares in issue for calculation of diluted earnings/(loss) per share	**622.0**	621.9	621.9

NOTES (unaudited) (continued)

16 Per share details (continued)

(a) Earnings/(loss) per share (continued)

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Profit/(loss) used for calculation of basic and diluted earnings/(loss) per share	**54.3**	(120.8)	(131.5)
Basic earnings/(loss) per share (pence)	**8.7p**	(19.4)p	(21.1)p
Diluted earnings/(loss) per share (pence)	**8.7p**	(19.4)p	(21.1)p
Profit/(loss) used for calculation of basic loss per share	**54.3**	(120.8)	(131.5)
(Less)/add back (gain)/deficit on revaluation and sale of investment and development property	**(65.7)**	165.0	128.8
Add back profit on sale of investment	**–**	–	(3.6)
Add back impairment of other receivables	**–**	–	12.0
Add back demerger costs	**4.1**	–	–
Add back deferred tax in respect of investment and development property	**8.4**	–	–
Less deferred tax on capital allowances	**(1.2)**	–	(0.1)
Add back exceptional deferred tax	**3.1**	–	–
Less amounts above due from non-controlling interests	–	(23.5)	(22.1)
Headline earnings	**3.0**	20.7	(16.5)
Add back other finance costs	**7.1**	9.6	47.2
Add back/(less) change in fair value of derivative financial instruments	**10.2**	(20.3)	(16.9)
Add back/(less) deferred tax in respect of derivative financial instruments	**(10.3)**	–	0.5
Add back/(less) REIT entry charge	**0.1**	(0.4)	(0.3)
Less amounts above due from non-controlling interests	**–**	3.0	1.2
Earnings used for calculation of adjusted earnings per share	**10.1**	12.6	15.2
Adjusted earnings per share (pence)	**1.6p**	2.0p	2.4p
Headline earnings per share (pence)	**0.5p**	3.3p	(2.7)p
Earnings used for calculation of adjusted, diluted earnings per share	**10.1**	12.6	15.2
Adjusted, diluted earnings per share (pence)	**1.6p**	2.0p	2.4p

(b) Net assets

	As at 30 June 2010 £m	As at 31 December 2009 £m
Basic net asset value used for calculation of basic net assets per share	**793.4**	92.7
Fair value of derivative financial instruments (net of deferred tax)	**52.8**	53.3
Deferred tax on revaluation surpluses	**–**	(8.4)
Deferred tax on capital allowances	**13.3**	14.5
Unrecognised surplus on trading properties (net of tax)	**1.1**	0.9
Adjusted net asset value	**860.6**	153.0
Effect of dilution:		
On exercise of options	**0.1**	–
Adjusted, diluted net asset value used for calculation of diluted, adjusted net assets per share	**860.7**	153.0
Fair value of derivative financial instruments (net of deferred tax)	**(52.8)**	(53.3)
Diluted EPRA NNNAV	**807.9**	99.7
Basic net assets per share (pence)	**127.6p**	14.9p
Adjusted, diluted net assets per share (pence)	**138.3p**	24.6p
Diluted EPRA NNNAV per share (pence)	**129.8p**	16.0p

NOTES (unaudited) (continued)

16 Per share details (continued)

(c) Shares in issue

	As at 30 June 2010 millions	As at 31 December 2009 millions
Shares in issue	**621.9**	621.9
Effect of dilution:		
On exercise of options	**0.3**	–
Adjusted, diluted number of shares	**622.2**	621.9

17 Share capital and share premium

The Companies Act 2006 removed the concept of authorised share capital from 1 October 2009.

	Share capital £m	**Share premium £m**
Issued and fully paid		
At 30 June 2009 - 621,828,502 ordinary shares of 80p each	497.4	89.1
- 50,000 redeemable ordinary shares of £1 each	0.1	–
At 31 December 2009 - 621,828,502 ordinary shares of 80p each	497.4	89.1
- 50,000 redeemable ordinary shares of £1 each	0.1	–
Capital reduction on ordinary shares of 55p each	(342.0)	–
At 30 June 2010 - 621,828,502 ordinary shares of 25p each	**155.4**	**89.1**
- 50,000 redeemable ordinary shares of £1 each	**0.1**	**–**

18 Related party transactions

Key management* compensation

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended ended 31 December 2009 £m
Salaries and short term employee benefits	**1.0**	0.5	0.6
Pensions and other post-employment benefits	**0.1**	0.1	0.2
	1.1	0.6	0.8

* Key management comprises the Directors of Capital & Counties Properties PLC, and those group employees who have been designated as Persons Discharging Managerial Responsibilities ("PDMR").

Those who have been newly defined as key management in the demerged Group have had their disclosures made prospectively with no comparatives in prior periods where they did not meet the definition of related parties. To the extent that those who were regarded as key management prior to the demerger had their costs reflected directly in the subsidiaries of the entities forming part of the demerged Group or that those costs were recharged to one of these entities, the details of these comparative figures are disclosed.

19 Events occurring after the reporting period

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.
The effect of the reduction in the corporation tax rate from 28 per cent to 27 per cent with effect from 1 April 2011 (substantially enacted on 20 July 2010) would be to reduce the unrecognised deferred tax asset at 30 June 2010 by £3.2 million. This decrease in the unrecognised deferred tax asset would have no effect on the profit for the year.

APPENDIX 1

SUMMARY OF INVESTMENT AND DEVELOPMENT PROPERTY (unaudited).

1. Property data as at 30 June 2010

	Market value £m	Ownership	Initial* yield (EPRA)	Nominal* equivalent yield	Passing* rent £m	ERV* £m	Occupancy*	Weighted average unexpired lease years*	Gross area million sq ft [C]
Covent Garden	**592.2**	**100%**	**4.30%**	**5.14%**		**34.4**	**96.4%**	**7.4**	**0.7**
Earls Court	**442.9**	**100%** [A]				**5.9**			**1.7**
Great Capital Partnership	**269.8**	**50%**	**5.36%**	**5.04%**		**16.4**	**97.3%**	**7.9**	**1.0**
Other	**7.7**	**100%**				**1.2**			**0.1**
Total investment and development properties	**1,312.6**				**48.0**	**57.9** [B]			**3.5**

* As defined in glossary.

[A] Includes Earls Court, which as from December 2009 is 100 per cent owned and also the Group's 50 per cent economic interest in the Empress State building (£102.5 million).

[B] Earls Court Exhibition Centre does not report a passing rent, ERV, occupancy, or lease maturity due to the nature of its Exhibition business.

[C] Area shown is gross area of the property, this is not adjusted for proportional ownership.

2. Analysis of property by use

	30 June 2010 Market Value					30 June 2010 ERV				
	Retail £m	Office £m	Exhibition £m	Residential £m	Total £m	Retail £m	Office £m	Exhibition £m	Residential £m	Total £m
Covent Garden	**513.2**	**67.4**	**-**	**11.6**	**592.2**	**28.8**	**4.9**	**-**	**0.7**	**34.4**
Earls Court	**-**	**102.5**	**340.4**	**-**	**442.9**	**-**	**5.9**	**-**	**-**	**5.9**
Great Capital Partnership	**90.4**	**164.0**	**-**	**15.4**	**269.8**	**5.1**	**10.7**	**-**	**0.6**	**16.4**
Other	**-**	**7.7**	**-**	**-**	**7.7**	**-**	**1.2**	**-**	**-**	**1.2**
	603.6	**341.6**	**340.4**	**27.0**	**1,312.6**	**33.9**	**22.7**	**-**	**1.3**	**57.9**

3. Analysis of capital return in the period

Like–for–like properties

	Market value 30 June 2010 £m	Market value 31 December 2009 £m	Revaluation surplus* 30 June 2010 £m	Increase
Covent Garden	**592.2**	548.4	**40.1**	7.3%
Earls Court	**442.9**	434.8	**3.5**	0.8% [A]
Great Capital Partnership	**269.8**	247.3	**22.1**	8.7%
Other	**7.7**	7.5	**–**	–
Total like–for–like properties	**1,312.6**	1,238.0	**65.7**	5.3%
Disposals	**–**	1.5	**–**	–
Total investment properties	**1,312.6**	1,239.5	**65.7**	5.3%
All properties				
Covent Garden	**592.2**	548.4	**40.1**	7.3%
Earls Court	**442.9**	434.8	**3.5**	0.8%
Great Capital Partnership	**269.8**	247.3	**22.1**	8.7%
Other	**7.7**	9.0	**–**	–
Total investment properties	**1,312.6**	1,239.5	**65.7**	5.3%

* Revaluation surplus includes amortisation of lease incentives and fixed head leases.

A Revaluation increase comprises Earls Court (down 1.3%) and Empress State (up 8.6%)

SUMMARY OF INVESTMENT AND DEVELOPMENT PROPERTY (unaudited) (continued)

4 Analysis of income in the period

Like–for–like properties

	30 June 2010 £m	30 June 2009 £m	Change %
Covent Garden	**12.9**	12.2	5.0%
Earls Court	**17.9**	20.7	(13.5)%
Great Capital Partnership	**6.8**	6.5	5.1%
Other	**0.2**	0.3	(42.0)%
Like–for–like properties	**37.8**	39.7	(4.8)%
Disposals	**0.5**	4.2[A]	–
Total investment properties	**38.3**	43.9	(12.8)%
All properties			
Covent Garden	**12.9**	12.4	4.0%
Earls Court	**17.9**	23.8	(24.8)%
Great Capital Partnership	**6.8**	6.7	1.5%
Other	**0.7**	1.0	(30.0)%
Total investment properties	**38.3**	43.9	(12.8)%

[A] Includes loss of deemed control of former subsidiary and conversion to proportional consolidation of the Empress State building of £3.2 million

UNDERLYING PROFIT STATEMENT
For the six months ended 30 June 2010

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Twelve months ended 31 December 2009 £m
Net rental income	**38.3**	43.9	78.1
Other income	**–**	1.6	1.5
	38.3	45.5	79.6
Administration expenses	**(7.7)**	(5.9)	(14.5)
Operating profit (underlying*)	**30.6**	39.6	65.1
Finance costs	**(20.7)**	(25.1)	(50.1)
Finance income	**0.6**	1.1	2.6
Net finance costs (underlying*)	**(20.1)**	(24.0)	(47.5)
Profit before tax (underlying*)	**10.5**	15.6	17.6
Write down of trading properties	**–**	–	(0.1)
Tax on adjusted profit	**(0.4)**	–	(1.0)
Non-controlling interest	**–**	(3.0)	(1.3)
Earnings used for calculation of adjusted earnings per share	**10.1**	12.6	15.2
Adjusted earnings per share (pence)	**1.6**	2.0	2.4

* before property trading, valuation and exceptional items

FINANCIAL COVENANTS

Financial covenants on asset–specific debt excluding joint ventures

	Maturity	Loan outstanding at 31 July 2010 £m [1]	LTV covenant	Loan to 30 June 2010 Market value [2]	Interest cover covenant	Interest Cover reported [3]
EC&O[7]	2012	133.0	N/A	N/A	125%	180%
Covent Garden London [8]	2013	222.5 [5]	75%	57%	120%	146%
Covent Garden London [9]	2017	112.0 [5]	70%	55%	120%	147%
Total		**467.5**				

Financial covenants on joint ventures asset–specific debt

	Maturity	Loan outstanding at 31 July 2010 £m [1]	LTV covenant	Loan to 30 June 2010 Market value [2]	Interest cover covenant	Interest cover reported
Empress State Partnership [10]	2013	77.1 [4]	N/A [6]	75% [6]	115%	130%
Great Capital Partnership[11]	2013	112.5 [4]	70%	44%	120%	206%
Total		**189.6**				

Notes:

(1) The loan values are the actual principal balances outstanding at 31 July 2010, which take into account any principal repayments made in July 2010. The accounting/balance sheet value of the loans includes any unamortised fees.

(2) The loan to 30 June 2010 market values provides an indication of the impact the 30 June 2010 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 the latest certified figures, calculated in accordance with loan agreements, which have been submitted between 30 June 2010 and 31 July 2010. The calculations are loan specific and include a variety of historic, forecast and in certain instances a combined historic and forecast basis.

(4) 50 per cent of the debt is shown which is consistent with accounting treatment and the Group's economic interest.

(5) There are two separate loans on the Covent Garden London properties.

(6) Empress State LTV applies from 18 August 2010

(7) Loan facility provided by Anglo Irish Bank Corporation PLC.

(8) Loan facility provided by a consortium of six banks with Lloyds TSB Bank PLC acting as agent.

(9) Loan facility provided by NyKredit RealKredit A/s.

(10) Loan facility provided by a consortium of three banks with Eurohypo AG acting as agent.

(11) Loan facility provided by a consortium of four banks with Eurohypo AG acting as agent.

RECONCILIATION OF PRO FORMA TO INTERIMS

Balance Sheet	As at 31 December 2009			
	Prospectus Pro forma	**Cash allocation (1)**	**Demerger costs (2)**	**Prospectus**
Investment and development property	1,240.5	–	–	1,240.5
Cash and cash equivalents	263.3	(244.0)	–	19.3
Trade and other receivables	36.6	–	–	36.6
Investments	46.0	–	–	46.0
Other assets	1.3	–	–	1.3
Total assets	1,587.7	(244.0)	–	1,343.7
Liabilities				
Borrowings	(726.4)	–	–	(726.4)
Trade and other payables	(66.8)	–	2.8	(64.0)
Derivative financial instruments	(56.2)	–	–	(56.2)
Other liabilities	(7.4)	–	–	(7.4)
Total liabilities	(856.8)	–	2.8	(854.0)
Net assets	730.9	(244.0)	2.8	489.7
Net assets per share (pence per share adjusted, diluted)	**127**	(39)	–	**88**

	Prospectus	**Remove non-demerged entities (3)**	**Reclassify amounts due to CSC Group (4)**	**Remove proforma recharges (5)**	**Demerger capital (6)**	**Interim comparatives**
Assets						
Investment and development property	1,240.5	–	–	–	–	1,240.5
Cash and cash equivalents	19.3	–	–	–	–	19.3
Trade and other receivables	36.6	–	–	–	–	36.6
Investments	46.0	–	–	–	–	46.0
Other assets	1.3	–	–	–	–	1.3
Total assets	1,343.7	–	–	–	–	1,343.7
Liabilities						
Borrowings	(726.4)	–	–	–	–	(726.4)
Trade and other payables	(64.0)	(185.5)	(953.5)	14.0	728.0	(461.0)
Derivative financial instruments	(56.2)	–	–	–	–	(56.2)
Other liabilities	(7.4)	–	–	–	–	(7.4)
Total liabilities	(854.0)	(185.5)	(953.5)	14.0	728.0	(1,251.0)
Net assets	489.7	(185.5)	(953.5)	14.0	728.0	92.7
Net assets per share (pence per share adjusted, diluted)	**88**	(30)	(153)	2	117	**25**

Income Statement	Year ended 31 December 2009			
	Prospectus Pro forma	Cash allocation (1)	Demerger costs (2)	Prospectus
Net rental income	79.2	–	–	79.2
Deficit on revaluation and sale of investment and development property	(140.7)	–	–	(140.7)
Impairment of investment in associate company	(3.9)	–	–	(3.9)
Administration expenses	(21.3)	–	2.8	(18.5)
Other income, expense and charges	(7.0)	–	–	(7.0)
Operating profit/(loss)	(93.7)	–	2.8	(90.9)
Net finance costs	(36.1)	–	–	(36.1)
Taxation	(1.4)	–	–	(1.4)
Attributable to non-controlling interest	19.6	–	–	19.6
Loss for the year	(111.6)	–	2.8	(108.8)

	Prospectus	Remove non-demerged entities (3)	Reclassify amounts due to CSC Group (4)	Remove proforma recharges (5)	Demerger capital (6)	Interim comparatives
Net rental income	79.2	(1.1)	–	–	–	78.1
Deficit on revaluation and sale of investment and development property	(140.7)	11.9	–	–	–	(128.8)
Impairment of investment in associate company	(3.9)	3.9	–	–	–	–
Administration expenses	(18.5)	–	–	4.0	–	(14.5)
Other income, expense and charges	(7.0)	–	–	–	–	(7.0)
Operating profit/(loss)	(90.9)	14.7	–	4.0	–	(72.2)
Net finance costs	(36.1)	–	(41.7)	–	–	(77.8)
Taxation	(1.4)	0.3	–	–	–	(1.1)
Attributable to non-controlling interest	19.6	–	–	–	–	19.6
Loss for the year	(108.8)	15.0	(41.7)	4.0	–	(131.5)

1. Cash which was transferred from Capital Shopping Centres Group to the Group prior to completion of the demerger.
2. Represents demerger and related costs which were allocated to the Group by Capital Shopping Centres Group.
3. Information in the prospectus was prepared using conventions commonly adopted for preparation of financial information for inclusion in investment circulars. This resulted in certain departures from IFRS; the most significant being IAS 27. The prospectus included assets under 'control' of Capco management whereas the interim comparatives only Include assets demerged from Capital Shopping Centres Group. This was outlined on page 80 of the prospectus.
4. Debt due to Capital Shopping Centres Group was classified as Equity in the prospectus as these assets were to be demerged and form part of Capco equity. On a comparative basis however these legally took the form of debt and are disclosed as such for the comparative period. This was highlighted on page 80 of the prospectus.
5. Included in the prospectus was a pro forma allocation of overhead costs which had not historically been recharged by Capital Shopping Centres Group. For the interim comparatives this pro forma allocation falls away. This was highlighted on page 81 of the prospectus.
6. The objective of merger accounting is to report the consolidated financial position of the Group as if it had always been combined. Consequently, the share capital issued for the purposes of the transaction is shown as if it has always been on issue.

DIVIDENDS

The Directors of Capital & Counties Properties PLC have proposed an interim dividend per ordinary share (ISIN GB00B62G9D36) of 0.5p payable on 27 October 2010.

Dates

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

Wednesday, 22 September 2010	Sterling/Rand exchange rate struck
Thursday, 23 September 2010	Sterling/Rand exchange rate and dividend amount in SA currency announced
Monday, 4 October 2010	Ordinary shares listed ex-dividend on the JSE, Johannesburg
Wednesday, 6 October 2010	Ordinary shares listed ex-dividend on the London Stock Exchange
Friday, 8 October 2010	Record date for interim dividend in London and Johannesburg
Wednesday, 27 October 2010	**Dividend payment date for shareholders**

South African shareholders should note that, in accordance with the requirements of Strate, the last day to trade cum-dividend will be Friday, 1 October 2010 and that no dematerialisation or rematerialisation of shares will be possible from Monday, 4 October 2010 to Friday, 8 October 2010 inclusive. No transfers between the UK and South African registers may take place from Wednesday 22 September 2010 to Sunday, 10 October 2010 inclusive.

The above dates are proposed and subject to change.

GLOSSARY

Adjusted earnings per share (EPS)
Earnings per share adjusted to exclude non-recurring and valuation items and related tax.

Adjusted, diluted net asset value per share (NAV)
NAV per share adjusted to exclude the fair value of derivative instruments and related tax and deferred tax on capital allowances and revaluation gains and to include any unrecognised post tax surplus on trading properties.

Annual property income
The Group's share of passing rent plus the external valuers' estimate of annual excess turnover rent, additional rent in respect of unsettled rent reviews and sundry income such as that from car parks.

Capital Shopping Centres Group
Capital Shopping Centres Group represents Capital Shopping Centres Group PLC (formerly Liberty International PLC) and all its subsidiary companies.

Diluted figures
Reported amounts adjusted to include the effects of potential shares issuable under employee incentive arrangements.

Earnings per share
Profit after tax divided by the weighted average number of shares in issue during the period.

EPRA
European Public Real Estate Association, the publisher of Best Practice Recommendations intended to make financial statements of public real estate companies in Europe clearer, more transparent and comparable.

ERV (estimated rental value)
The external valuers' estimate 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 Financial Reporting 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, producer of an independent benchmark of property returns.

Interest rate swap
A derivative financial instrument enabling parties to exchange interest rate obligations for a predetermined period. These are used by the Group to convert floating rate debt to fixed rates.

Initial yield (EPRA)
Annualised net rent (after deduction of revenue costs such as head rent, running void, service charge after shortfalls and empty rates) on investment properties expressed as a percentage of the gross market value before deduction of theoretical acquisition costs, consistent with EPRA's net initial yield.

Liberty International
Liberty International represents Liberty International PLC (subsequently renamed Capital Shopping Centres Group PLC) and all its subsidiary companies.

Like–for–like properties
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. For the purposes of comparison of capital values, this will also include assets owned at the previous reporting period end but not throughout the prior period.

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 attributable to equity shareholders 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 Financial Reporting 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 passing rent of let and under offer units expressed as a percentage of the passing rent of let and under offer units plus ERV of un–let units, excluding development and recently completed properties and treating units let to tenants in administration as un–let.

Pro forma
The pro forma basis as outlined on page 140 of the Group's prospectus dated 12 March 2010.

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.

Underlying profit before tax
Profit before taxation after excluding impairment charges, net valuation gains/losses (including profits/losses on disposals), net refinancing charges and swap termination costs.

Tenant (or lease) incentives
Any incentives offered to occupiers to enter into a lease. Typically incentives are in the form of an initial rent free period and/or a cash contribution to fit-out the premises. Under International Financial Reporting Standards the value of incentives granted to tenants is amortised through the income statement on a straight-line basis to the earliest lease termination date.

Triple net asset vale (NNNAV) per share (EPRA)
Represents fair value of equity and includes fair value adjustments of all material balance sheet items which are not reported at their fair value as part of the NAV per IFRS balance sheet statement

Weighted average unexpired lease
The unexpired lease team to lease expiry weighted by ERV for each lease.