PRESS RELEASE

capco

31 July 2012

CAPITAL & COUNTIES PROPERTIES PLC ("Capco")

INTERIM REPORT FOR THE HALF YEAR ENDED 30 JUNE 2012

Ian Hawksworth, Chief Executive of Capco, commented: *"This is another strong set of results from Capco as we work to unlock value from our prime central London assets. The creative regeneration of Covent Garden is driving growth, there is positive momentum at Earls Court and Seagrave Road, and our successful recycling of capital gives us a strong balance sheet and the ability to capitalise on future opportunities across our estates".*

Performance highlights

- Good valuation performance across all three estates
- 6.8% increase in EPRA adjusted, diluted NAV to 177 pence per share (Dec 2011 - 166 pence)
- 4.8% increase in total property value (on a like-for-like basis) to £1.6 billion (Dec 2011 - £1.6 billion)
- Proposed 2012 interim dividend of 0.5 pence per share (2011 interim - 0.5 pence)
- 7.4% total return in the period

Strong performance at Covent Garden as transformation continues

- 4.5% increase in valuation (on a like-for-like basis) to £856 million (Dec 2011 - £808 million) driven by retail, F&B and residential repositioning
- New lettings at 9.4% above December ERV
- 34 leasing transactions year to date with net rental income of £4.7 million
- 9 new retailers and restaurant have taken space in the first 6 months of the year, including Jo Malone, Melissa Shoes, Jamie's Union Jacks and Brasserie Blanc
- ERV currently £47.1 million (Dec 2011 - £45.8 million); on track to deliver £50 million target in 2013

Further progress at Earls Court and Olympia

- 4.6% increase in valuation (on a like-for-like basis) to £620 million (Dec 2011 - £574 million) driven by Earls Court and Seagrave Road land valuations and Empress State
- Earls Court land now valued at £9.5 million per acre (Dec 2011 - £8.6 million per acre)
- Seagrave Road granted formal planning consent. JV with Kwok family to complete in coming months
- Draft terms of Conditional Land Sale Agreement published and to go to future LBHF Cabinet for decision

Momentum in capital recycling

- £125 million of disposals in the first half of 2012, principally from investments in The Great Capital Partnership and China, to reinvest in core estates
- £60 million further disposal from GCP in July

Financial

- £70 million revolving credit facility arranged giving increased financial flexibility
- Net debt reduced by £67 million to £397 million. Cash and undrawn committed facilities increased to £248 million (Dec 2011 - £245 million)
- Loan-to-value ratio of 24% (Dec 2011 - 29%)
- Weighted average cost of debt 4.5% on a pro forma basis (Dec 2011 - 5.8%)

Outlook

Capco has continued to drive performance across its estates during 2012, and this has been reflected in the financial results. The balance sheet remains strong and liquid through continued recycling of capital and further debt refinancing.

The Covent Garden estate offers the potential for continued growth through the further evolution of the retail and F&B tenant mix, together with the residential opportunity on the upper floors. Given the performance over the past two years, long-term plans for more significant intervention in certain parts of the estate are being evaluated and planning applications may be submitted in due course.

The first formal planning consent in the Earls Court area at Seagrave Road was an important milestone for the Group. We remain hopeful that further positive decisions will be made by the local authorities over the remainder of 2012.

Whilst mindful of the continued uncertain macroeconomic environment, Capco's estates are strongly positioned within central London which is firmly established as an important global city. We continue to make good progress towards realising our longer term goals.

Enquiries

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A presentation to analysts and investors will take place today at 9:00am BST at UBS, 100 Liverpool Street, London, EC2M 2RH. 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@capitalandcounties.com or telephone +44 (0)20 3214 9153).

COMPANY OVERVIEW

Capco is one of the largest listed investment and development companies in central London. Our landmark estates, held directly or through joint ventures, are valued at £1.6 billion. We aim to unlock the potential for significant value creation through entrepreneurial asset management and to deliver superior, long-term returns to our shareholders.

Our assets are concentrated around three main estates in central London:

Covent Garden London
This vibrant and historic location is globally recognised as a shopping, dining and leisure destination. It is valued at £856 million.

Earls Court and Olympia
Including one of London's most important opportunity areas and a leading exhibition business, the EC&O estate has property assets totalling £620 million, including Capco's share of the Empress State Building.

The Great Capital Partnership
A 50/50 joint venture with Great Portland Estates plc (GPE) which includes properties in prime locations around London's West End worth £159 million (Capco share).

FINANCIAL SUMMARY

	30 June 2012	30 June 2011	31 December 2011
	£m	£m	£m
Net rental income	**34.1**	36.7	69.0
Underlying earnings after tax*	**6.1**	6.2	9.5
Gain on revaluation of investment property	**70.4**	39.5	119.4
Profit after tax	**95.2**	68.5	153.7
Total investment and trading properties	**1,621**	1,502	1,617
Net debt	**397**	452	464
Net assets (EPRA adjusted)	**1,232**	1,064	1,145
Underlying earnings per share	**0.9p**	1.0p	1.4p
Net assets per share (EPRA adjusted, diluted)	**177p**	154p	166p
Loan-to-value ratio	**24%**	30%	29%

* Appendix 2 provides an analysis of underlying earnings

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 REVIEW

Overview

Capco is a central London property company with a focus on delivering market-leading total returns. Capco unlocks the potential of its assets through an entrepreneurial and active asset management strategy creating sustainable long-term value for shareholders.

Capco is well positioned in the central London property market particularly across the retail and residential sectors, both of which continue to perform strongly. The strategy of creative regeneration in its Covent Garden estate has seen a transformation of the retail and restaurant offering in the area, whilst also enhancing and improving the public realm and the fabric of the historic district, retaining its character and attracting a new customer demographic into the area.

The Earls Court Masterplan for the Earls Court & West Kensington Opportunity Area (ECOA) is centred around Sir Terry Farrell's concept of 'Four Villages and a 21st Century High Street', and will create 7,500 new homes and 12,000 new jobs in the area. In March, Seagrave Road received planning consent and work is likely to begin on site in 2013 creating 808 new homes and a new garden square for London.

Market overview

London continues to outperform the UK and further cement its reputation as a global city and a destination for international investment. Whilst the macroeconomic climate continues to be uncertain, the London property market remains robust in both the retail and residential sectors. The Olympic Games place a spotlight on London this summer, showcasing the city to an international audience and increasing exposure and awareness that is likely to have a long lasting positive effect on the capital.

The central London retail market remains strong, continuing the differentiation from the rest of the UK, and new international retailers continue to be attracted to the capital. London as a world city remains a flagship destination, where retailers are prepared to pay substantial premiums and rents for stores on the best prime streets. In continuation of the trend established in late 2011, demand continues to outweigh supply in all of the major West End shopping streets.

In terms of the residential market, London continues to outperform the rest of the UK and is an attractive and stable option for international investment. On average residential prices currently exceed the September 2007 peak in all prime central London markets and international purchasers still make up a large portion of buyers in prime locations in London.

Valuations

A revaluation surplus of £75.9 million was achieved on the Group's property portfolio in the first half of 2012, spread across all three estates.

	Market value Jun 12 [1] £m	Market value Dec 11 [1] £m	Value change [2], [3] %	ERV Change [3] %	Initial yield %	Equivalent yield %
Covent Garden	855.6	808.0	4.5	2.3	3.7	5.2
GCP	158.8	241.3	7.1	9.2	3.4	5.2
EC&O	620.0	573.5	4.6	14.6		
Other	3.0	1.2				
Total properties	**1,637.4**	**1,624.0**	**4.8**	**5.3**		

(1) Represents Capco's 50% share where applicable.

(2) Valuation change takes account of amortisation of lease incentives, capital expenditure and fixed head leases

(3) Like-for-like including both investment and trading properties.

Covent Garden's revaluation was driven by the higher rental levels for the retail and food & beverage (F&B) mix together with the residential conversion potential on certain buildings. At Earls Court the valuer has increased the land valuation to £9.5 million per acre from £8.6 million per acre, due to the continued positive progress in the planning process. Seagrave Road has been revalued to the contracted price for the joint venture following receipt of formal planning consent.

In addition to the revaluation surplus, profits of £10.8 million on the sale of investment and trading properties in the period contributed to a total property return of 8.0 per cent.

Covent Garden

- Capital value of £856 million as at 30 June 2012, up 4.5 per cent on a like-for-like basis
- Net rental income of £15.7 million
- ERV of £47.1 million

The Covent Garden estate has continued to perform well with a capital value of £856 million, up 4.5 per cent on a like-for-like basis. Occupancy remains high at 99.3 per cent. Year to date, 34 leasing transactions have taken place on the estate securing rental income of £4.7 million, with new lettings at 9.4 per cent over the December 2011 ERV. Nine new retailers and restaurants have taken space in Covent Garden in the first half of the year. ERV is currently £47.1 million and Capco remains on track to achieve the target of £50 million in 2013. Footfall remains consistently strong at 44 million with 89 per cent of UK visitors classified ABC1 and we expect the Olympic Games to bring even more visitors into Covent Garden's historic, traffic-free Piazza.

Following the purchase of Kings Court in 2011, three new properties were acquired on Bedford Street and Henrietta Street in March and contracts have been exchanged on 14 Garrick Street for £7.7 million in July 2012. Long and mid-term development opportunities are being considered to unlock further significant value in the Covent Garden estate.

Retail activity

Demand remains strong and the estate is now attracting a series of new premium retailers to the area. In July Chanel opened its only fragrance and beauty pop-up store in the UK in the Market Building and the American fashion multi-brand concept, Opening Ceremony, opened its first European store on King Street. This continues the significant changes to the street, with Jo Malone, 7 for All Mankind and Melissa Shoes' pop-up boutique opening in the past three months. Hackett has agreed terms to move to 37 King Street setting a new Zone A of £600 per sq ft on King Street. Since 2009, 47 per cent of the brands on King Street have changed. Public realm improvements on King Street were completed in May further enhancing its appearance in line with its emergence as the destination for contemporary luxury in the West End.

Food & beverage

The strategy to enhance and improve the quality of Covent Garden has resulted in it becoming a destination for new restaurants in London, and demand for space remains high across the estate. Jamie Oliver's new concept, Jamie's Union Jacks, opened in the Market Building in July and is a popular option for both locals and visitors. Tuttons reopened its doors in June following a renovation and MEATmarket, the take-away burger bar from the team behind MEATliquor, opened in Jubilee Hall in May. Raymond Blanc opened Brasserie Blanc on the east terrace of the Market Building in the spring and Keith McNally's Balthazar and Balthazar Bakery are fitting out premises in the former Flower Cellars building next to the recently opened London Film Museum.

Residential

Earlier this year Capco launched the first of its residential projects at Covent Garden, The Henrietta, bringing the area back to its residential roots. Positioned on the historic Piazza, The Henrietta offers three lateral luxury apartments and a duplex penthouse which was sold in February, setting a record price in excess of £2,500 per sq ft for the area. As part of the ongoing strategy to create value through office to residential conversions, work began on The Russell in January to create a further five luxury apartments and work will begin on The Beecham later this year. Planning consent was also achieved on 30-32 Southampton Street earlier this year to deliver a further seven apartments.

Earls Court & Olympia

- Capital value of £620 million as at 30 June 2012, up 4.6 per cent on a like-for-like basis; comprising:
    - Earls Court — £213 million, an increase of 4.8 per cent on 31 December 2011
    - Olympia — £121 million, value unchanged since 31 December 2011
    - Seagrave Road — £135 million, an increase of 11.1 per cent on 31 December 2011
    - Empress State — £110 million, an increase of 7.3 per cent on 31 December 2011
    - Other peripheral assets — £ 41 million, an increase of 4.7 per cent on 31 December 2011
- Net rental income of £14.4 million
- EC&O Venues EBITDA £8.0 million down 26 per cent on a like-for-like basis

EC&O Venues

EC&O Venues has contracted 95.4 per cent of its budgeted business for 2012, however due to ongoing uncertainty surrounding Earls Court, EBITDA of the business was £8 million, 26 per cent behind the first half of 2011 on a like-for-like basis, a performance which is in line with expectations. Olympia continues to perform well and ahead of expectations, up 3.8 per cent on a like-for-like basis. Properties representing £1 million of net rental income in the first half of 2012 were moved out of the Venues business in 2011 and are no longer reported within the Venues EBITDA. The Brewery, which was operated by EC&O Venues, was sold in February 2012.

To date the venues have hosted a number of new events including Toy Fair and Marketing Week Live. Olympia also hosted the 40th International Fine Art & Antiques Fair in June, attracting over 32,000 visitors to the event. Following the completion of the West Hall the next phase of improvement works to Olympia Two and the conference centre continues on schedule and on budget. In June EC&O Venues became the first exhibition venues to be certified to ISO 20121, the new international standard for event sustainability. Earls Court is an official Olympics venue and is currently hosting the volleyball tournament.

Earls Court Masterplan

The Earls Court Masterplan is the vision of Sir Terry Farrell to create 'Four New Villages and a 21st Century High Street' in the Earls Court & West Kensington Opportunity Area (ECOA), as identified in the Mayor's London Plan, covering 77 acres of land (including Seagrave Road) in west London. The development will deliver 7,500 new homes as well as 12,000 new jobs to the area.

The planning applications in respect of the Earls Court Masterplan were submitted in June 2011. The Royal Borough of Kensington & Chelsea (RBKC) recently made observations on the London Borough of Hammersmith & Fulham (LBHF) outline planning application and made no objections to the scheme. LBHF has indicated that it will hold a planning committee meeting in September and it is anticipated that RBKC will follow during the second half of the year. Negotiations on the Section 106 agreement have been progressing well, and Heads of Terms should be agreed in the coming weeks, but the detailed agreement will take time to finalise and therefore is unlikely to be completed until early 2013.

Draft terms of the Conditional Land Sale Agreement (CLSA) were published by LBHF in April with the agreement to make a decision to include LBHF's land in the development at a future full Cabinet meeting. Under the draft terms, Capco would be entitled to acquire the Council's 22 acres of land in the Opportunity Area on a phased basis for a total cash consideration of £105 million, plus reprovision (as part of the future development) of the 760 homes currently on the estates, which reflects the prevailing property prices in this part of the Opportunity Area.

The Supplementary Planning Document (SPD) was adopted by both LBHF and RBKC in March. Capco has been informed as an interested party that an application for judicial review has been received by LBHF and RBKC in regards to the SPD. The Earls Court Masterplan planning applications are in line with the Core Strategies of both RBKC and LBHF. The previous judicial review application, in respect of the exclusivity agreement, has been withdrawn.

In March, Capco agreed with LBHF to acquire any private residential units on the West Kensington and Gibbs Green Estates in the unlikely event that LBHF is required to purchase these properties if an owner brings forward a valid claim under certain provisions of the Town and Country Planning Act 1990. These provisions relate to statutory blight suffered as a result of the adoption of the SPD, up to a maximum of £50 million, including certain other related costs. It is intended that costs incurred would be offset against the consideration relating to any future land purchase agreement in respect of the LBHF land. The exclusivity agreement with LBHF has been extended to 29 January 2013.

Discussions continue with Transport for London (TfL) on the lease regear and its land within the Earls Court Masterplan.

Seagrave Road

The Seagrave Road development to create 808 high-quality new homes and a new garden square for London received formal planning consent in March, following the signing of the Section 106 agreement. The joint venture agreement with the Kwok Family Interests is expected to complete in the coming months as the conditions precedent have been substantially satisfied and Capco will receive £67 million in cash on closing.

Acquisitions of small adjacent sites have been completed to enhance connectivity between the Seagrave Road site and Lillie Road. Following ongoing detailed design work on the scheme, work is expected to commence on site in 2013.

Empress State

Capco's 50 per cent stake in this landmark 31 storey office tower adjacent to the ECOA was valued at £110 million, up 7.3 per cent on a like-for-like basis.

The entire building is let to the Metropolitan Police Authority on a long lease which expires in June 2019. The lease is subject to annual RPI increases subject to a collar. Capco's share of net rental income was £3.6 million.

The Great Capital Partnership

- £102 million raised from disposals in the first half of 2012, further £60 million in July 2012
- Net rental income of £4.0 million
- ERV of £9.3 million

Following the sale of five properties in April together with Old Court Place and Park Crescent East earlier in the year, the Group has sold the Jermyn Street Estate to GPE for £120 million (Capco share £60 million), a 3 per cent premium to the June valuation. Proceeds net of debt paydown were £38 million.

So far in 2012 61 per cent of the December book value of properties have been sold out of GCP, including the Jermyn Street estate sold in July. These asset sales have generated £162 million (Capco share).

China

The Group continues to receive capital from its remaining investments in China to recycle into the core business. £16 million has been received during 2012 to date, and the value of the remaining investments is £5.6 million as at 30 June 2012.

Corporate Governance

The Board is pleased to welcome Demetra Pinsent who joined as a Non-Executive Director in May. Demetra is a former partner of McKinsey & Co and was leader of McKinsey's European Apparel, Fashion and Luxury Goods Practice for five years, advising leading high street, aspirational and luxury retailers and brands. Demetra has also acted as an adviser to emerging British luxury businesses.

Dividends

The Board has proposed an interim dividend of 0.5 pence per share to be paid on 18 September 2012 to shareholders on the register at 24 August 2012. Subject to SARB approval, a scrip dividend alternative will be offered.

Outlook

Capco has continued to drive performance across its estates during 2012, and this has been reflected in the financial results. The balance sheet remains strong and liquid through continued recycling of capital and further debt refinancing.

The Covent Garden estate offers the potential for continued growth through the further evolution of the retail and F&B tenant mix, together with the residential opportunity on the upper floors. Given the performance over the past two years, long-term plans for more significant intervention in certain parts of the estate are being evaluated and planning applications may be submitted in due course.

The first formal planning consent in the Earls Court area at Seagrave Road was an important milestone for the Group. We remain hopeful that further positive decisions will be made by the local authorities over the remainder of 2012.

Whilst mindful of the continued uncertain economic environment, Capco's estates are strongly positioned within central London which is firmly established as an important global city. We continue to make good progress towards realising our longer-term goals.

FINANCIAL REVIEW

During the first half of 2012 the retail and residential sectors of the London property market continued to perform well with strong tenant and investor demand for well managed properties in prime central London locations.

The Group's investment property portfolio recognised a like-for-like valuation increase of £70.1 million, a 4.6 per cent increase (4.8 per cent when adjusted for unrecognised valuation gains on the Group's trading property portfolio). This valuation increase helped deliver a pre-tax profit of £99.0 million compared to £70.2 million for the first half of 2011.

Capital recycling has continued apace with £125 million released, principally from investments in The Great Capital Partnership and China, for use in the Group's core estates.

EPRA adjusted, diluted net assets per share rose 6.8 per cent during the period increasing from 166 pence at 31 December 2011 to 177 pence. The 11 pence increase together with the 1.0 pence dividend paid during the period represents a 7.4 per cent total return for the period.

Underlying earnings of £6.1 million remain consistent with that achieved in the first half of 2011. The anticipated reduction in net rental income has been offset by a reduction in underlying finance costs. An increase in the weighted average shares on issue, the result of the capital raising in May 2011, accounts for the slightly lower per share earnings for the first half of 2012 of 0.9 pence.

In May 2012 the Group secured its first revolving credit facility, providing increased financial flexibility and allowing its cash reserves to be utilised more efficiently. Weighted average debt maturity has been extended to 4.5 years from 3.6 years at 31 December 2011.

Financial Position

At 30 June 2012 the Group's EPRA adjusted net assets stand at £1.2 billion representing 177 pence per share adjusted and diluted, an increase of 11 pence during the first half of 2012.

This increase has been driven by the revaluation of the Group's property portfolio which lifted net asset value per share by 10.9 pence. The valuation surplus on a like-for-like basis of 4.6 per cent (4.9 per cent overall) was the result of a solid valuation performance across all three estates.

At Covent Garden higher rental levels were achieved on retail and F&B assets together with the residential conversion potential on certain buildings.This was a good performance against the backdrop of macroeconomic uncertainty, illustrated by the IPD Capital Growth index for the corresponding six month period which fell 2 per cent.

The Group's valuer at Earls Court & Olympia, Jones Lang LaSalle, continues to recognise the redevelopment potential of the Group's land interests at Earls Court to exceed that of its existing use as an exhibition centre. This step change in valuation basis, first achieved in the second half of 2011, reflects the progress made towards achieving planning consents on the ECOA. The valuation at 30 June 2012 attributed a land value of £9.5 million per acre to the site which compared to £8.6 million at 31 December 2011.

	30 June 2012 £m	31 December 2011 £m
Investment and trading property	**1,621.1**	1,617.0
Investments	**5.6**	19.5
Net debt	**(397.1)**	(463.7)
Other assets and liabilities	**(43.1)**	(69.7)
IFRS net assets	**1,186.5**	1,103.1
Fair value of derivative financial instruments	**32.1**	36.4
Deferred tax liabilities on exceptional items	**6.7**	4.9
Unrecognised surplus on trading properties	**6.5**	1.0
EPRA adjusted net assets	**1,231.8**	1,145.4
EPRA adjusted, diluted net assets per share (pence)	**177**	166

Capital recycling

The first half of 2012 saw continued momentum towards unlocking liquidity from non-core assets in support of the Group's core strategy.

	30 June 2012 £m	31 December 2011 £m
Acquisitions	**11.9**	96.5
Redevelopment expenditure	**20.8**	64.6
Less: Divestment	**(124.9)**	(103.2)
Net liquidity (generated) / invested	**(92.2)**	57.9

In December 2011 the Group entered into a conditional agreement with the Kwok Family Interests to acquire a 50 per cent stake in the Group's interests at Seagrave Road for £67 million. The agreement was subject to certain conditions, including obtaining planning consent free from challenge. The conditions were substantially fulfilled in July 2012, and the joint venture is now scheduled to complete as planned during the second half of the year.

During the period £102 million of assets were sold from The Great Capital Partnership at an 8.5 per cent premium to the December 2011 valuation. As outlined in note 20, a further sale from The Great Capital Partnership has been completed in July 2012.

Neither transaction is yet reflected in the table above.

Future capital commitments at 30 June 2012 amount to £17.7 million (31 December 2011 £14.0 million).

Debt & Gearing

The first half of 2012 saw net debt reduce by £67 million to £397 million, gross debt by £103 million to £450 million and cash and undrawn committed facilities increase to £248 million.

In May 2012 the Group signed a £70 million revolving credit facility secured over certain assets within the Covent Garden estate, therefore retaining the Group's non-recourse debt structure. This facility provided sufficient financial flexibility and liquidity to allow the Group to repay in full the remaining debt of £93 million secured over Earls Court & Olympia, reducing the cash drag created by unrestricted cash reserves. At 30 June 2012 the revolving credit facility was drawn to £30 million.

Further debt prepayments totalling £37 million reduced the Group's joint venture debt, primarily following the sale of non-core properties from within The Great Capital Partnership.

The gearing measure most widely used in the industry is loan-to-value ("LTV"). As a result of the debt repayments described above together with the increase in value of the Group's property assets, LTV has continued to improve. Given the current economic climate, the modest level of LTV at 24 per cent is considered prudent.

	30 June 2012	31 December 2011
Loan-to-value	**24%**	29%
Interest cover	**158%**	134%
Weighted average debt maturity	**4.5 years**	3.6 years
Weighted average cost of debt	**5.0%**	5.8%
Proportion of gross debt with interest rate protection	**100%**	95%

Debt prepayment and repayment have been targeted at shorter dated maturities, helping to extend the weighted average debt maturity to 4.5 years and reduce refinancing risk. Following the latest GCP prepayment of £21 million in July 2012, the Group now has £128 million of debt maturing in 2013 relating to its two joint ventures, and refinancing discussions are underway. A detailed breakdown of debt by maturity together with the latest covenant test results is shown in appendix 3.

The cost of debt at 30 June 2012 has fallen significantly since December 2011 to 5.0 per cent. Re-profiling of the interest rate swaps in The Great Capital Partnership in July has lowered this further to 4.5 per cent on a pro forma basis.

Derivatives

The Group's policy is to substantially eliminate the short and medium-term risk arising from interest rate volatility. The Group's banking facilities are arranged on a floating-rate basis, but swapped to fixed-rate or capped using derivative contracts coterminous with the relevant debt facility. At 30 June 2012 the proportion of gross debt with interest rate protection was 100 per cent.

During the period, to take advantage of the low interest rate environment, the Group re-profiled certain derivative contracts lowering the overall fixed rate coupon paid on certain interest rate swaps.

Investments in China

Divestment has continued as planned with £16 million returned during the first half of 2012. The final asset, a retail development in Beijing, is expected to go under contract during the second half of the year.

Cash flow

A summary of the Group's cash flow for the half year ended 30 June 2012 is set out below.

	30 June 2012 £m	30 June 2011 £m
Recurring cash flows after interest and tax	**6.1**	2.7
Property investment and developments	**(32.7)**	(109.0)
Sale proceeds of property and investments	**125.1**	47.1
Demerger costs	**–**	(0.7)
Pension funding	**–**	(3.6)
VAT paid on internal restructure	**(22.2)**	–
Cash flow before financing	**76.3**	(63.5)
Financing	**(106.9)**	72.4
Dividends paid	**(5.7)**	(6.2)
Net cash flow	**(36.3)**	2.7

Typically the main cash flow items are operating cash flows, dividends paid and capital transactions undertaken.

Recurring cash inflows were £6.1 million compared to £2.7 million for the first half of 2011, due mainly to the lower interest costs.

Capital transactions comprise property acquisitions and disposals, together with investment and divestment in other long-term assets.

During the first half of 2012, sale proceeds of property and investments comprised £102 million received from the sale of assets within The Great Capital Partnership, £16 million returned from investments in China and £7 million from smaller disposals from both the Covent Garden and Earls Court estates.

Property investments and development comprise acquisitions of £12 million, £8 million of which was invested in strategic acquisitions within the Covent Garden estate. Development expenditure totalled £21 million in the first half of 2012, £16 million of which was towards the redevelopment of Earls Court and Seagrave Road and improving the Olympia exhibition halls.

With disposal proceeds exceeding acquisition costs and development expenditure in the first half of 2012, the flexibility provided to the Group from the recently agreed revolving credit facility has allowed this cash to be used for repayment of shorter-term debt, reducing cash drag and refinancing risk.

To align the corporate structure to long-term strategy an internal reorganisation was undertaken in November 2011 to segregate the operating business at Earls Court and Olympia from the development opportunity. As a result an internal sale and purchase was determined to constitute a VAT supply between two internal VAT groups. During the six months to December 2011 input VAT of £22 million had been received from HMRC but, due to the timing of returns, the equal and offsetting output VAT was not settled until January 2012.

Dividends paid of £5.7 million reflect the final dividend payment made in respect of the 2011 financial year. This is slightly lower than the previous corresponding period due to the scrip dividend alternative offered to shareholders.

Financial Performance

The Group has presented an underlying calculation of profit after tax and adjusted earnings per share figures in addition to the amounts reported under IFRS. The Directors consider this presentation to provide useful information on the underlying performance of the business as it removes exceptional and other one-off items.

	30 June 2012 £m	30 June 2011 £m
Net rental income	**34.1**	36.7
Other income	**2.1**	0.3
Gain on revaluation and sale of investment property	**79.1**	42.4
Administration expenses	**(12.4)**	(11.0)
Net finance costs	**(14.3)**	(12.8)
Profit on sale of investments	**10.4**	18.8
Remeasurement of deferred consideration	**–**	(4.2)
Taxation	**(3.8)**	(1.7)
IFRS profit for the period attributable to owners of the Parent	**95.2**	68.5
Adjustments:		
Gain on revaluation and sale of property	**(81.2)**	(42.4)
Change in fair value of derivative financial instruments	**(1.2)**	(5.7)
Exceptional finance costs	**1.8**	0.8
Profit on sale of investments	**(10.4)**	(18.8)
Remeasurement of deferred consideration	**–**	4.2
Other adjustments	**1.9**	(0.4)
Underlying profit after tax	**6.1**	6.2
Underlying earnings per share (pence)	**0.9**	1.0

Exceptional items

In addition to revaluation surpluses on investment and development property and fair value movements on derivative financial instruments, exceptional items which have been removed from the calculation of underlying profit include:

- Profit on sale of trading property of £2.1 million;
- Finance charges of £1.8 million relating to the termination of interest rate swaps following debt prepayments and arrangement fees for the Group's revolving credit facility;
- Profit on sale of investments of £10.4 million: £8.7 million following further divestment of China investments and £1.7 million relating to profits on disposal of two operating businesses completed in February 2012.

Income

Like-for-like net rental income fell 4.9 per cent to £34.1 million, a reduction of £2.6 million on the first half of 2011.

The Great Capital Partnership fell £0.5 million on a like-for-like basis. Asset sales completed to date in 2012 contributed £2.3 million to net rental income during the six months to 30 June 2012.

The continued uncertainty surrounding the venues business at Earls Court resulted in lost shows and a reduction in the size of certain exhibitions retained. This was offset in part by a good performance at Olympia and the RPI-linked rental uplift at Empress State, resulting in a 15 per cent fall in like-for-like net income for the EC&O segment.

Net rental income at Covent Garden has increased 12.1 per cent on a like-for-like basis on the previous corresponding six month period, most notably from new letting activity and acquisitions completed during the first half of 2011.

Other income of £2.1 million comprises trading property profits achieved on the sale of residential developments at Covent Garden.

Property valuation and sales

As outlined earlier the value of the Group's property portfolio has increased the net asset value per share by 10.9 pence, a rise of £75.9 million in the first half of 2012. During the period investment properties of £19 million were transferred to trading property following commencement of development with a view to sale. The unrecognised valuation surplus during the period of £5.5 million on the Group's trading properties will not be recognised in income until disposal although this is included within adjusted net asset value per share.

Profits of £8.7 million were realised on the sale of investment properties during the period, notably from The Great Capital Partnership where sales in the first half of 2012 were achieved at an average of 8.5 per cent above 31 December 2011 market values. In total since demerger the Group has realised valuation gains of £56 million from this Estate.

Administration expenses

Underlying administration expenses increased 13 per cent to £12.4 million. This is the result of becoming a standalone business in May 2010 and the expiration of transitional services provided by the Group's former parent in June 2011. This increase is in line with expectation and broadly indicative of normalised operating costs.

Net finance costs

Excluding gains and losses on the change in fair value of derivatives, one-off costs incurred on the termination of interest rate swaps and arrangement fees relating to the Group's revolving credit facility, underlying net finance costs for the period fell to £13.7 million from £17.7m for the six months ending 30 June 2011.

This reduction reflects the impact of debt prepayments and repayments together with the benefit of refinancing during a period of historically low interest rates.

Taxation

The net tax charge for the period is £3.8 million, £1.9 million arising on underlying income. This represents an underlying tax rate of 24 per cent.

Although not included in underlying tax, a charge of £0.5 million was incurred on the disposal of residential properties at Covent Garden.

Contingent tax, the amount of tax that would become payable on a theoretical disposal of all investment properties held by the Group, is nil. The contingent tax position is arrived at after allowing for Group loss relief and indexation.

Dividends

At the Company's Annual General Meeting in April 2012, the proposed scrip dividend scheme was approved by shareholders and a scrip dividend alternative was offered to shareholders in respect of the final 2011 dividend. Take-up was relatively low (circa 16 per cent) with 541,709 new ordinary shares issued.

The Board has proposed an interim dividend of 0.5 pence per share to be paid on 18 September 2012 to shareholders on the register at 24 August 2012. Subject to SARB approval, the Board again intends to offer a scrip dividend alternative.

PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management is integral to delivering Capco's strategic priorities.

The Board has delegated responsibility for assurance for the risk management process and the review of mitigating controls to the Audit Committee.

Executive Directors together with Senior Management from every division and corporate function of the business complete a Group risk register. Risks are considered in terms of their impact and likelihood from both a financial and reputational perspective. Risks are assessed both gross and net of mitigating controls. Review meetings are held to ensure consistency of response and adequacy of grading. Detailed risk registers are reviewed twice yearly and upon any material change in the business with a full risk review undertaken annually, at which point it is also reviewed in detail by the Audit Committee with new or emerging risk considered by the Committee as appropriate. This allows the Audit Committee to monitor the most important controls and prioritise risk management and internal audit activities accordingly.

The Board has reviewed the principal risks in the context of the second half of current financial year. There has been no significant changes to the principal risks and uncertainties as disclosed in the annual report and accounts for the year ended 31 December 2011. What follows are the principal risks and uncertainties from across the business. These are not exhaustive, the Group monitors a number of additional risks and adjusts those considered 'principal' as the risk profile across the business changes.

1. Corporate Risks		
Impact: The Group's ability to maintain its reputation, revenue and value could be damaged by corporate risks		
Risk	**Impact potential**	**Mitigation factors**
Responding to regulatory and legislative challenges.	Reduced flexibility and increased cost base.	Sound governance and internal policies with appropriately skilled resource and support from external advisers as appropriate.
Responding to reputational, communication and governance challenges.	Reputational damage and increased costs.	Appointment of experienced individuals with clear responsibility and accountability. Clear statements of corporate and social responsibility, skilled Executive and Non-executive Directors, with support from external advisors as appropriate.
Inability to implement strategy or correctly allocate capital.	Constraints on growth and reduced profitability.	Regular strategic reviews and monitoring of performance indicators. Corporate level oversight of capital allocation. Detailed capital planning and financial modelling. Maintain adequate cash and available facilities together with conservative leverage.
Adequacy of partner evaluation and management of key suppliers.	Reduced profitability and reputational damage.	Appropriate due diligence and consultation.
Non-REIT status brings heightened tax exposure and a potential competitive disadvantage when bidding for new assets.	Competitive disadvantage.	Focus on assets and estates where skills can be applied to create enhanced value.
Risk associated with attracting and retaining staff.	Inability to execute business plan.	Succession planning, performance evaluations, training & development, long-term incentive rewards. Sound systems and processes to effectively capture and manage information.
Failure to comply with health and safety or other statutory regulations or notices.	Loss or injury to employees, tenants or contractors and resultant reputational damage.	Comprehensive health and safety procedures in place across the Group and monitored regularly. External consultants undertake annual audits in all locations. Safe working practices well established, including staff communication and training.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

2. Financing Risks

Impact: Reduced or limited availability of debt or equity finance may threaten the Group's ability to meet its financial commitments or objectives and potentially to operate as a going concern

Risk	Impact potential	Mitigation factors
Decline in market conditions or a general rise in interest rates could impact the availability and cost of debt financing.	Reduced financial and operational flexibility.	Maintain appropriate liquidity to cover commitments. Target longer and staggered debt maturities to avoid refinancing concentration and consideration of early refinancing. Derivative contracts to provide interest rate protection.
Covenants breached.	Cash reserves required to prepay debt facilities.	Regular monitoring of covenants with headroom maintained.
Reduced availability of equity capital.	Constrained growth, lost opportunities, higher finance costs.	Maintain appropriate liquidity to cover commitments. Target conservative overall leverage levels.

3. Economic Risks

Impact: Economic factors may threaten the Group's ability to meet its strategic objectives

Risk	Impact potential	Mitigation factors
Rents decline as a result of lower demand from occupiers due to increased competition, changes in social behaviour or deteriorating profitability and confidence during a period of economic uncertainty.	Declining profitability.	Focus on quality tenants with initial assessment of credit risk and active credit control. Diversity of occupier mix with limited exposure to any single tenant. Strategic focus on creating retail destinations and residential districts with unique attributes.
Decline in UK commercial or residential real estate market.	Declining valuations.	Focus on prime assets. Regular assessment of investment market conditions including bi-annual external valuations.
Restricted availability of credit and higher tax rates and macroeconomic factors may lead to reduced consumer spending and higher levels of business failure.	Decline in demand for the Group's rental properties, reduced profitability.	Regular monitoring of covenants with headroom maintained.

4. Concentration of Investments

Impact: Heightened exposure to events that threaten or disrupt central London

Risk	Impact potential	Mitigation factors
Events which damage or diminish London's status as a global financial, business and tourist centre could affect the Group's ability to let vacant space, reduce the value of the Group's properties and potentially disrupt access or operations at the Group's head office. Changes to or failure of infrastructure. Concentration of higher profile events in central London (e.g. Olympics).	Significant business disruption.	Terrorist insurance in place. Security and health & safety policies and procedures in offices. Close liaison with police & National Counter Terrorism Security Office (NaCTSO). Disaster recovery and business continuity planning. Active involvement in organisations and industry bodies promoting London.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

5. Development Risks		
Impact: Inability to deliver against development plans, particularly regarding ECOA		
Risk	**Impact potential**	**Mitigation factors**
Unable to secure planning consent due to political, legislative or other risks inherent in the planning environment. Risk of delay due to Secretary of State call-in or judicial review. Inability to gain the support of influential stakeholders.	Delayed implementation.	Pre-application consultation and involvement with key stakeholders and landowners. Engagement with relevant authorities at a local and national level to ensure development proposals are in accordance with current and emerging policy. Project team of internal staff and external consultants with capabilities across all relevant areas. Technical studies with regular review. Responsive consultation with evidence based information and focus on agreed statements of common ground.
Failure to demonstrate or implement viable development due to environmental, transportation and affordable housing impact or other technical factors. Punitive cost, design or other implications. Inability to reach agreement on lease extension or land deals with adjacent landowners (including risk of Section 34A of the Housing Act 1985 in relation to LBHF land in ECOA).	Higher volatility in valuations and Group’s returns.	Extensive consultation, design and technical work undertaken along with informed market valuation and open dialogue with adjacent landowners. Properly tendered processes to select contractors and manage costs. ECOA Masterplan design allows the development of each landowner’s site individually.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- the condensed set of financial statements on pages 18 to 39 has been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union; and
- the condensed set of financial statements on pages 18 to 39 includes a true and fair view 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 4 to 12 refers to important events which have taken place in the period.

The principal risks and uncertainties facing the business are referred to on pages 13 to 15.

Related party transactions are set out in note 19 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

31 July 2012

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 interim report for the half year ended 30 June 2012, 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 interim report for the half year and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report for the half year is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report for the half year 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 interim report for the half year 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 interim report for the half year based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the half year ended 30 June 2012 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
31 July 2012
London

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 2012

	Note	**Six months ended 30 June 2012 £m**	Six months ended 30 June 2011 £m	Year ended 31 December 2011 £m
Revenue	2	**56.5**	58.4	108.4
Rental income		**50.2**	58.4	108.4
Rental expenses		**(16.1)**	(21.7)	(39.4)
Net rental income	2	**34.1**	36.7	69.0
Other income	3	**2.1**	0.3	0.8
Gain on revaluation and sale of investment and development property	4	**79.1**	42.4	123.3
Profit on sale of available for sale investments		**8.7**	18.8	30.5
Profit on sale of subsidiaries		**1.7**	–	–
Remeasurement of deferred consideration	15	**–**	(4.2)	(4.2)
Write down of trading property		**–**	–	(0.1)
		125.7	94.0	219.3
Administration expenses				
Ongoing expenses		**(12.4)**	(11.0)	(22.2)
Operating profit		**113.3**	83.0	197.1
Finance costs	5	**(14.1)**	(18.5)	(36.5)
Finance income		**0.4**	0.8	1.7
Other finance costs	5	**(1.8)**	(0.8)	(14.5)
Change in fair value of derivative financial instruments		**1.2**	5.7	14.1
Net finance costs		**(14.3)**	(12.8)	(35.2)
Profit before tax		**99.0**	70.2	161.9
Current tax		**(1.8)**	(1.7)	(2.5)
Deferred tax		**(2.0)**	–	(5.7)
Taxation	6	**(3.8)**	(1.7)	(8.2)
Profit for the period		**95.2**	68.5	153.7
Earnings per share from continuing operations				
Basic earnings per share	17	**13.9p**	10.7p	23.2p
Diluted earnings per share	17	**13.9p**	10.7p	23.3p
Weighted average number of shares	17	**684.0m**	639.3m	661.8m

Adjusted earnings per share are shown in note 17.

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 2012

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m	Year ended 31 December 2011 £m
Profit for the period	**95.2**	68.5	153.7
Other comprehensive income			
Actuarial losses on defined benefit pension schemes	**–**	–	(1.4)
Fair value gains on available for sale investments	**0.1**	1.8	6.3
Tax on items taken directly to equity	**0.4**	–	0.9
Other comprehensive income for the period	**0.5**	1.8	5.8
Total comprehensive income for the period	**95.7**	70.3	159.5

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

CONSOLIDATED BALANCE SHEET (unaudited)

As at 30 June 2012

	Note	**As at 30 June 2012 £m**	As at 31 December 2011 £m
Non-current assets			
Investment and development property	8	**1,604.1**	1,616.8
Plant and equipment		**0.6**	1.2
Available for sale investments		**5.6**	19.5
Derivative financial instruments	14	**1.3**	0.4
Pension asset		**1.0**	1.0
Trade and other receivables	9	**39.6**	34.2
		1,652.2	1,673.1
Current assets			
Trading property	8	**17.0**	0.2
Derivative financial instruments	14	**0.3**	0.6
Trade and other receivables	9	**24.1**	26.7
Cash and cash equivalents	10	**53.3**	89.6
		94.7	117.1
Total assets		**1,746.9**	1,790.2
Non-current liabilities			
Borrowings, including finance leases	12	**(330.8)**	(534.6)
Derivative financial instruments	14	**(32.2)**	(36.9)
Deferred tax provision	6	**(6.4)**	(4.8)
Other payables		**(1.2)**	–
		(370.6)	(576.3)
Current liabilities			
Borrowings, including finance leases	12	**(119.6)**	(18.7)
Derivative financial instruments	14	**(1.5)**	(0.5)
Other provisions	15	**(7.3)**	(7.3)
Trade and other payables	11	**(58.6)**	(82.4)
Tax liabilities		**(2.8)**	(1.9)
		(189.8)	(110.8)
Total liabilities		**(560.4)**	(687.1)
Net assets		**1,186.5**	1,103.1
Equity			
Share capital	18	**171.1**	170.9
Other components of equity		**1,015.4**	932.2
Capital and reserves		**1,186.5**	1,103.1

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 2012

	Share capital £m	Share premium £m	Merger reserve £m	Revaluation reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2012	**170.9**	**95.1**	**196.2**	**10.8**	**2.2**	**627.9**	**1,103.1**
Profit for the period	–	–	–	–	–	**95.2**	**95.2**
Other comprehensive income:							
Fair value gains on available for sale financial assets	–	–	–	**0.1**	–	–	**0.1**
Tax on items taken directly to equity	–	–	–	–	–	**0.4**	**0.4**
Total comprehensive income for the period ended 30 June 2012	–	–	–	**0.1**	–	**95.6**	**95.7**
Transactions with owners							
Ordinary shares issued	**0.2**	**0.9**	–	–	–	–	**1.1**
Realise revaluation reserves on disposal of available for sale investments	–	–	–	**(7.9)**	–	–	**(7.9)**
Fair value of share-based payments	–	–	–	–	**1.3**	–	**1.3**
Dividends paid	–	–	–	–	–	**(6.8)**	**(6.8)**
Total transactions with owners	**0.2**	**0.9**	–	**(7.9)**	**1.3**	**(6.8)**	**(12.3)**
Balance at 30 June 2012	**171.1**	**96.0**	**196.2**	**3.0**	**3.5**	**716.7**	**1,186.5**

	Share capital £m	Share premium £m	Merger reserve £m	Revaluation reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2011	155.4	89.1	141.4	33.0	0.5	464.0	883.4
Profit for the period	–	–	–	–	–	68.5	68.5
Other comprehensive income:							
Fair value gains on available for sale financial assets	–	–	–	1.8	–	–	1.8
Total comprehensive income for the period ended 30 June 2011	–	–	–	1.8	–	68.5	70.3
Transactions with owners							
Ordinary shares issued	15.5	6.0	75.1	–	–	–	96.6
Realise revaluation reserves on disposal of available for sale investments	–	–	–	(18.2)	–	–	(18.2)
Fair value of share-based payments	–	–	–	–	0.6	–	0.6
Dividends paid	–	–	–	–	–	(6.2)	(6.2)
Total transactions with owners	15.5	6.0	75.1	(18.2)	0.6	(6.2)	72.8
Balance at 30 June 2011	170.9	95.1	216.5	16.6	1.1	526.3	1,026.5

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 2012

	Share capital £m	Share premium £m	Merger reserve £m	Revaluation reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2011	155.4	89.1	141.4	33.0	0.5	464.0	883.4
Profit for the year	–	–	–	–	–	153.7	153.7
Other comprehensive income:							
Fair value gains on available for sale investments	–	–	–	6.3	–	–	6.3
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	(1.4)	(1.4)
Tax on items taken directly to equity	–	–	–	–	–	0.9	0.9
Total comprehensive income for the year ended 31 December 2011	–	–	–	6.3	–	153.2	159.5
Transactions with owners							
Ordinary shares issued	15.5	6.0	75.1	–	–	–	96.6
Merger reserve realised[1]	–	–	(20.3)	–	–	20.3	–
Realise revaluation reserves on disposal of available for sale investments	–	–	–	(28.5)	–	–	(28.5)
Fair value of share-based payments	–	–	–	–	1.7	–	1.7
Dividends paid	–	–	–	–	–	(9.6)	(9.6)
Total transactions with owners	15.5	6.0	54.8	(28.5)	1.7	10.7	60.2
Balance at 31 December 2011	170.9	95.1	196.2	10.8	2.2	627.9	1,103.1

(1) Represents qualifying consideration received by the company following capital raising in May 2011. The residual balance taken to the merger reserve does not currently meet the criteria for qualifying consideration as it forms part of a linked transaction.

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

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

For the six months ended 30 June 2012

	Note	**Six months ended 30 June 2012 £m**	Year ended 31 December 2011 £m	Six months ended 30 June 2011 £m
Cash generated from operations	13	**21.0**	38.0	21.0
Interest paid		**(14.4)**	(38.4)	(19.1)
Interest received		**0.4**	1.7	0.8
Taxation		**(0.9)**	(1.3)	(0.6)
Cash flows from operating activities		**6.1**	–	2.1
Cash flows from investing activities				
Purchase and development of property		**(32.7)**	(161.1)	(109.0)
Sale of property		**109.4**	48.2	8.7
REIT entry charge paid		**–**	(0.1)	(0.1)
Sale of available for sale investments		**15.5**	55.0	38.4
Sale of subsidiary companies		**0.2**	–	–
Pension funding		**–**	(3.6)	(3.6)
Exclusivity agreement with LBHF		**–**	(15.0)	–
VAT (paid)/received on internal restructure[1]		**(22.2)**	22.2	–
Cash flows from investing activities		**70.2**	(54.4)	(65.6)
Cash flows from financing activities				
Issue of shares		**–**	96.6	96.6
Borrowings drawn		**30.0**	145.8	–
Borrowings repaid		**(132.0)**	(259.4)	(23.4)
Purchase of derivatives		**(1.6)**	(3.4)	–
Other finance costs		**(3.3)**	(14.5)	(0.8)
Equity dividends paid		**(5.7)**	(9.6)	(6.2)
Cash flows from financing activities		**(112.6)**	(44.5)	66.2
Net (decrease)/increase in unrestricted cash and cash		**(36.3)**	(98.9)	2.7
Unrestricted cash and cash equivalents at beginning of period		**83.6**	182.5	182.5
Unrestricted cash and cash equivalents at end of period	10	**47.3**	83.6	185.2

(1) VAT received on an internal property transfer was deemed to be a VAT supply. Input VAT was received prior to 31 December 2011 whilst output VAT was not settled until January 2012.

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

NOTES (unaudited)

1 Principal accounting policies

Basis of preparation

The Group's condensed consolidated financial statements are prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union (EU). The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with IFRSs as adopted by the EU.

The condensed consolidated financial statements for the six months ended 30 June 2012 are reviewed, not audited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2011 were approved by the Board of Directors on 29 February 2012 and delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified did not contain an emphasis of matter paragraph and did not contain a statement made under Section 498 of the Companies Act 2006.

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 which are held at fair value.

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

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

These condensed consolidated financial statements were approved by the Board of Directors on 31 July 2012.

Except as described below, the condensed set of financial statements has been prepared using the accounting policies, significant judgements, key assumptions and estimates set out on pages 78 to 81 of the Group's financial statements for 2011.

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

There were no standards and guidelines relevant to the Group that were in issue and endorsed by the European Union but not yet effective at the date of approval of the condensed consolidated financial statements.

During the six months to 30 June 2012, the following accounting standards and guidance were adopted by the Group:

IFRS 7 'Financial Instruments: Disclosures' (amendment)

IAS 32 'Financial Instruments: Presentation' (amendment)

Collectively, together with the International Accounting Standards Board's annual improvements, these pronouncements either had no impact on the condensed consolidated Financial Statements or resulted in changes to presentation and disclosure only.

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. The principal performance measures have been identified as net rental income and net asset value.

For management and reporting purposes the Group is organised into five operating divisions being The Great Capital Partnership, Earls Court & Olympia, Covent Garden, China and Other. The Other segment primarily constitutes the business unit historically known as Opportunities and other head office companies. Due to actions taken by the fund manager who controls the divestment decisions pertaining to the Group's interests in China, this segment has been presented separately as the segment's results exceeds the quantitative threshold requiring separate disclosure. 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.

Unallocated expenses are costs incurred centrally which are neither directly nor reasonably attributable to individual segments.

Reportable segments

	Six months ended 30 June 2012					
	The Great Capital Partnership £m	**Earls Court & Olympia[1] £m**	**Covent Garden £m**	**China £m**	**Other £m**	**Group total £m**
Revenue	4.5	25.7	26.3	–	–	**56.5**
Rent receivable and exhibition income	4.2	25.7	18.7	–	–	**48.6**
Service charge income	0.3	–	1.3	–	–	**1.6**
Rental income	4.5	25.7	20.0	–	–	**50.2**
Service charge and other non-recoverable costs	(0.5)	(11.3)	(4.3)	–	–	**(16.1)**
Net rental income	4.0	14.4	15.7	–	–	**34.1**
Other income	–	–	2.1	–	–	**2.1**
Gain on revaluation and sale of investment and development property	18.0	27.5	33.5	–	0.1	**79.1**
Profit on sale of available for sale investments	–	–	–	8.7	–	**8.7**
Profit on sale of subsidiary	–	1.1	0.6	–	–	**1.7**
Segment result	22.0	43.0	51.9	8.7	0.1	**125.7**
Unallocated costs						
Administration expenses						**(12.4)**
Operating profit						**113.3**
Net finance costs[2]						**(14.3)**
Profit before tax						**99.0**
Taxation						**(3.8)**
Profit for the period						**95.2**
Summary balance sheet						
Total segmental assets[3]	170.0	659.4	871.8	5.6	11.8	**1,718.6**
Total segmental liabilities[3]	(93.5)	(124.8)	(339.3)	–	(2.8)	**(560.4)**
	76.5	534.6	532.5	5.6	9.0	**1,158.2**
Unallocated net assets[2]						**28.3**
Net assets						**1,186.5**
Other segment items:						
Capital expenditure	(0.9)	(20.4)	(14.5)	–	–	**(35.8)**

(1) Empress State represents £3.6 million of the £14.4 million net rental income for Earls Court & Olympia.

(2) The Group operates a central treasury function which manages and monitors the Group's finance income and costs on a net basis and a majority of Group's cash balances.

(3) Total assets and liabilities exclude loans and investments between Group companies.

NOTES (unaudited) (continued)

2 Segmental reporting (continued)

	Six months ended 30 June 2011					
	The Great Capital Partnership £m	Earls Court & Olympia[1] £m	Covent Garden £m	China £m	Other £m	Group total £m
Revenue	7.4	31.5	19.5	–	–	58.4
Rent receivable and exhibition income	6.9	31.5	17.9	–	–	56.3
Service charge income	0.5	–	1.6	–	–	2.1
Rental income	7.4	31.5	19.5	–	–	58.4
Service charge and other non-recoverable costs	(1.2)	(14.1)	(6.4)	–	–	(21.7)
Net rental income	6.2	17.4	13.1	–	–	36.7
Other income	–	–	–	–	0.3	0.3
Gain on revaluation and sale of investment and development property	16.9	(12.2)	37.6	–	0.1	42.4
Profit on sale of available for sale investments	–	–	–	18.8	–	18.8
Remeasurement of deferred consideration	–	(4.2)	–	–	–	(4.2)
Segment result	23.1	1.0	50.7	18.8	0.4	94.0
Unallocated costs						
Administration expenses						(11.0)
Operating profit						83.0
Net finance costs[2]						(12.8)
Profit before tax						70.2
Taxation						(1.7)
Profit for the period						68.5
Summary balance sheet						
Total segmental assets[3]	283.7	515.9	789.8	30.4	5.6	1,625.4
Total segmental liabilities[3]	(128.7)	(244.5)	(391.1)	–	(5.2)	(769.5)
	155.0	271.4	398.7	30.4	0.4	855.9
Unallocated net assets[2]						170.6
Net assets						1,026.5
Other segment items:						
Capital expenditure	(0.6)	(19.3)	(117.3)	–	–	(137.2)
Depreciation	–	–	(0.1)	–	–	(0.1)

(1) Empress State represented £3.6 million of the £17.4 million net rental income for Earls Court & Olympia.

(2) The Group operates a central treasury function which manages and monitors the Group's finance income and costs on a net basis and a majority of Group's cash balances.

(3) Total assets and liabilities exclude loans and investments between Group companies.

NOTES (unaudited) (continued)

2 Segmental reporting (continued)

	Year ended 31 December 2011					
	The Great Capital Partnership £m	Earls Court & Olympia[1] £m	Covent Garden £m	China £m	Other £m	Group total £m
Revenue	13.3	59.2	35.9	–	–	108.4
Rent receivable and exhibition income	12.5	59.2	32.8	–	–	104.5
Service charge income	0.8	–	3.1	–	–	3.9
Rental Income	13.3	59.2	35.9	–	–	108.4
Service charge and other non-recoverable costs	(2.3)	(29.0)	(8.1)	–	–	(39.4)
Net rental income	11.0	30.2	27.8	–	–	69.0
Other income	–	0.4	–	–	0.4	0.8
Gain on revaluation and sale of investment and development property	25.3	46.3	51.2	–	0.5	123.3
Profit on sale of available for sale investments	–	–	–	30.5	–	30.5
Remeasurement of deferred consideration	–	(4.2)	–	–	–	(4.2)
Write down of trading property	–	–	–	–	(0.1)	(0.1)
Segment result	36.3	72.7	79.0	30.5	0.8	219.3
Unallocated costs						
Administration expenses						(22.2)
Operating profit						197.1
Net finance costs[2]						(35.2)
Profit before tax						161.9
Taxation						(8.2)
Profit for the year						153.7
Summary balance sheet						
Total segmental assets[3]	253.5	616.4	827.6	19.6	5.7	1,722.8
Total segmental liabilities[3]	(130.2)	(248.8)	(302.2)	–	(5.9)	(687.1)
	123.3	367.6	525.4	19.6	(0.2)	1,035.7
Unallocated net assets[2]						67.4
Net assets						1,103.1
Other segment items:						
Capital expenditure	(1.4)	(46.4)	(131.7)	–	–	(179.5)
Depreciation	–	–	(0.2)	–	–	(0.2)

(1) Empress State represents £7.1 million of the £30.2 million net rental income for Earls Court & Olympia.

(2) The Group operates a central treasury function which manages and monitors the Group's finance income and costs on a net basis and a majority of Group's cash balances

(3) Total assets and liabilities exclude loans between and investments in Group companies.

NOTES (unaudited) (continued)

3 Other income

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m	Year ended 31 December 2011 £m
Sale of trading property	**6.3**	–	–
Cost of sales	**(4.2)**	–	–
Profit on sale of trading property	**2.1**	–	–
Non-recurring income	**–**	0.3	0.8
Other income	**2.1**	0.3	0.8

4 Gain on revaluation and sale of investment and development property

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m	Year ended 31 December 2011 £m
Gain on revaluation of investment and development property	**70.4**	39.5	119.4
Gain on sale of investment and development property	**8.7**	2.9	3.9
Gain on revaluation and sale of investment and development property	**79.1**	42.4	123.3

5 Finance costs

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m	Year ended 31 December 2011 £m
Finance costs			
On bank overdrafts and loans	**14.5**	18.7	36.6
Amortisation of issue costs	**0.6**	0.2	0.8
On obligations under finance leases	**0.2**	0.2	0.8
Gross finance costs	**15.3**	19.1	38.2
Interest capitalised on developments	**(1.2)**	(0.6)	(1.7)
Finance costs	**14.1**	18.5	36.5
Costs of termination of derivative financial instruments	**0.7**	0.8	14.5
Revolving Credit Facility arrangement fee	**1.1**	–	–
Other finance costs[1]	**1.8**	0.8	14.5

(1) Treated as exceptional and therefore excluded from the calculation of underlying earnings

Interest is capitalised, before tax relief, on the basis of the average rate of interest paid of 5.0 per cent (2011 – 5.9 per cent) on the relevant debt, applied to the cost of developments during the year.

NOTES (unaudited) (continued)

6 Taxation

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m	Year ended 31 December 2011 £m
Current income tax charge	**2.1**	1.8	2.5
Deferred income tax:			
On investment and development property	**0.9**	16.9	14.1
On accelerated capital allowances	**0.8**	(0.4)	0.4
On exceptional losses	**0.4**	(18.2)	(11.6)
On derivative financial instruments	**0.9**	0.4	3.3
On non-exceptional items	**(1.0)**	–	(0.5)
On exceptional items	**–**	1.3	–
Deferred tax on profits	**2.0**	–	5.7
Current tax charge/(credit) on exceptional items	**0.8**	(0.1)	–
Adjustment in respect of previous years	**(1.1)**	–	–
Total tax expense reported in the income statement	**3.8**	1.7	8.2

Further amendments to the UK Corporation Tax system were announced in the March 2012 Budget which included changes to the main rates of UK Corporation Tax. The main rate of corporation tax decreased from 26% to 24% from 1 April 2012. The Budget will reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 with a further 1% reduction in rate proposed from 1 April 2014 resulting in a final corporation tax rate of 22%.

Under IAS12 "Income Taxes", provision is made for the deferred tax assets and liabilities at the corporation tax rate expected to apply to the Group at the time of use. The decrease in tax rate to 24% has been substantively enacted for the purposes of IAS 12 and therefore has been reflected in these financial statements.

	Accelerated capital allowances £m	**Fair value of investment and development properties £m**	**Fair value of derivative financial instruments £m**	**Other temporary differences £m**	**Group losses £m**	**Total £m**
Provided deferred tax provision:						
At 31 December 2011	13.2	14.1	(9.2)	(1.7)	(11.6)	4.8
Recognised in income	0.8	0.9	0.9	(1.0)	0.4	2.0
Taken to equity	–	–	–	(0.4)	–	(0.4)
At 30 June 2012	**14.0**	**15.0**	**(8.3)**	**(3.1)**	**(11.2)**	**6.4**
Unrecognised deferred tax asset:	–	–	–	–	–	–
At 31 December 2011	–	–	–	–	–	–
At 30 June 2012	–	–	–	–	–	–

NOTES (unaudited) (continued)

6 Taxation (continued)

The recognised deferred tax liability on investment properties calculated under IAS 12 is £15.0 million at 30 June 2012 (2011 - £14.1 million). This IAS 12 calculation does not necessarily reflect the expected amount of tax that would be payable if the assets were sold. The Group estimates that calculated on a disposal basis, by reference to the properties' original historic tax base costs, the tax liability on a sale at 30 June 2012 would be nil (31 December 2011 - nil). This is due to a number of factors including the REIT exit tax rebasing, availability of losses, indexation relief and the Group holding structure for certain properties.

The tax base of properties formerly within the REIT regime was revised in May 2012 (the second anniversary of the demerger) from the original historic tax base cost to the value at the time of exit – 7 May 2010.

7 Dividends

	As at 30 June 2012 £m	As at 30 June 2011 £m	As at 31 December 2011 £m
Ordinary shares			
Prior period final dividend paid of 1.0p per share	**6.8**	6.2	6.2
Interim dividend paid of nil per share (December 2011 – 0.5p)	**–**	–	3.4
Dividends paid	**6.8**	6.2	9.6
Proposed dividend of 0.5p per share (June 2011 – 0.5p; December 2011 - 1.0p)	**3.4**	3.2	6.8

Details of the shares in issue are given in note 18.

8 Property Portfolio

(a) Investment and development property

	Total £m
At 1 January 2012	**1,616.8**
Additions from acquisitions	**14.4**
Additions from subsequent expenditure	**19.4**
Disposals	**(98.0)**
Transfers to trading property	**(18.9)**
Gain on valuation	**70.4**
At 30 June 2012	**1,604.1**

	Total £m
At 1 January 2011	1,377.6
Additions from acquisitions	114.5
Additions from subsequent expenditure	65.0
Disposals	(59.7)
Gain on valuation	119.4
At 31 December 2011	1,616.8

NOTES (unaudited) (continued)

8 Property Portfolio (continued)

	As at 30 June 2012 £m	As at 31 December 2011 £m
Balance sheet carrying value of investment and development property	**1,604.1**	1,616.8
Adjustment in respect of tenant incentives	**17.0**	14.9
Adjustment in respect of head leases	**(7.2)**	(8.9)
Market value of investment and development property	**1,613.9**	1,622.8

Included within investment and development properties is £1.2 million (2011 – £1.7 million) of interest capitalised on developments and redevelopments in progress.

The fair value of the Group's investment properties as at 30 June 2012 was determined by independent external valuers Jones Lang LaSalle for Earls Court & Olympia, and CB Richard Ellis for the remainder of the Group's investment and development property. The valuation conforms with the Royal Institution of Chartered Surveyors ("RICS") Valuations - Professional Standards, and was arrived at by reference to market transactions for similar properties. Fees paid to valuers are based on fixed price contracts.

The main assumptions underlying the valuations are in relation to market rent or business profitability, taking into account forecast growth rates and yields based on known transactions for similar properties and likely incentives offered to tenants.

Valuations are based on what is determined to be the highest and best use. The Group's investments at Earls Court and Seagrave Road, a car park supporting Earls Court, have been valued as sites with development potential.

There are certain restrictions on the realisability of investment property when a credit facility is in place. See financial covenant disclosures in Appendix 3.

(b) Trading property

	Total £m
At 1 January 2012	**0.2**
Transfers from investment and development property	**18.9**
Additional from subsequent expenditure	**2.0**
Disposals	**(4.1)**
Impairment charges	**–**
At 30 June 2012	**17.0**
Unrecognised revaluation surplus	6.5
Market value of trading property(1)	23.5

	Total £m
At 1 January 2011	0.3
Impairment charges	(0.1)
At 31 December 2011	0.2
Unrecognised revaluation surplus	1.0
Market value of trading property(1)	1.2

(1) The market value of trading property is shown for information purposes only and it is not a requirement of IFRS. Trading property continues to be measured at the lower of cost and net realisable value in the financial statements.

NOTES (unaudited) (continued)

9 Trade and other receivables

	As at 30 June 2012 £m	As at 31 December 2011 £m
Amounts falling due after more than one year		
Loan notes receivable	**3.4**	3.4
Other receivables[(1)]	**18.5**	15.4
Prepayments and accrued income	**17.7**	15.4
Trade and other receivables	**39.6**	34.2
Amounts falling due within one year		
Rents receivable	**8.1**	15.2
Other receivables[(2)]	**5.0**	2.9
Prepayments and accrued income	**11.0**	8.6
Trade and other receivables	**24.1**	26.7

(1) Includes £15 million exclusivity payment with LBHF.

(2) Includes exhibition and trade receivables.

Included within prepayments and accrued income are tenant lease incentives of £17.0 million (2011 - £14.9 million).

10 Cash and cash equivalents

	As at 30 June 2012 £m	As at 31 December 2011 £m
Cash at hand	**22.2**	20.6
Cash on short-term deposit	**25.1**	63.0
Unrestricted cash and cash equivalents	**47.3**	83.6
Restricted cash	**6.0**	6.0
Cash and cash equivalents	**53.3**	89.6

Restricted cash relates to amounts placed on deposit in accounts which are subject to withdrawal conditions.

11 Trade and other payables

	As at 30 June 2012 £m	As at 31 December 2011 £m
Amounts falling due within one year		
Rents received in advance	**20.0**	21.9
Accruals and deferred income	**22.1**	28.0
Trade payables	**0.7**	0.4
Other payables[(1)]	**13.2**	9.3
Other taxes and social security	**2.6**	22.8
Trade and other payables	**58.6**	82.4

(1) Includes sundry payables and amounts due to joint venture partners

NOTES (unaudited) (continued)

12 Borrowings, including finance leases

	As at 30 June 2012					
	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	**112.8**	112.8	–	–	112.8	112.8
Loan notes 2017	**6.0**	6.0	–	–	6.0	6.0
Borrowings, excluding finance leases	**118.8**	118.8	–	–	118.8	118.8
Finance lease obligations	**0.8**	0.8	–	0.8	–	0.8
Amounts falling due within one year	**119.6**	119.6	–	0.8	118.8	119.6
Amounts falling due after more than one year						
Bank loan 2013	**66.7**	66.7	–	–	66.7	66.7
Bank loan 2016	**146.1**	146.1	–	–	146.1	146.1
Bank loan 2017	**111.6**	111.6	–	–	111.6	111.6
Borrowings excluding finance leases	**324.4**	324.4	–	–	324.4	324.4
Finance lease obligations	**6.4**	6.4	–	6.4	–	6.4
Amounts falling due after more than one year	**330.8**	330.8	–	6.4	324.4	330.8
Total borrowings	**450.4**	450.4	–	7.2	443.2	450.4
Cash and cash equivalents	**(53.3)**					
Net debt	**397.1**					

	As at 31 December 2011					
	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	11.5	11.5	–	–	11.5	11.5
Loan notes 2017	6.0	6.0	–	–	6.0	6.0
Borrowings, excluding finance leases	17.5	17.5	–	–	17.5	17.5
Finance lease obligations	1.2	1.2	–	1.2	–	1.2
Amounts falling due within one year	18.7	18.7	–	1.2	17.5	18.7
Amounts falling due after more than one year						
Bank loans 2013	270.0	270.0	–	–	270.0	270.0
Bank loan 2016	145.3	145.3	–	–	145.3	145.3
Bank loan 2017	111.6	111.6	–	–	111.6	111.6
Borrowings excluding finance leases	526.9	526.9	–	–	526.9	526.9
Finance lease obligations	7.7	7.7	–	7.7	–	7.7
Amounts falling due after more than one year	534.6	534.6	–	7.7	526.9	534.6
Total borrowings	553.3	553.3	–	8.9	544.4	553.3
Cash and cash equivalents	(89.6)					
Net debt	463.7					

NOTES (unaudited) (continued)

13 Cash generated from operations

	Notes	**Six months ended 30 June 2012 £m**	Year ended 31 December 2011 £m	Six months ended 30 June 2011 £m
Profit before tax		**99.0**	161.9	70.2
Adjustments for:				
Profit on sale of trading properties		**(2.1)**	–	–
Gain on revaluation of investment and development property	4	**(70.4)**	(119.4)	(39.5)
Gain on sale of investment property	4	**(8.7)**	(3.9)	(2.9)
Profit on sale of available for sale investments		**(8.7)**	(30.5)	(18.8)
Profit on sale of subsidiary		**(1.7)**	–	–
Remeasurement of deferred consideration		**–**	4.2	4.2
Write down of trading property		**–**	0.1	–
Depreciation		**–**	0.2	0.1
Amortisation of lease incentives and other direct costs		**(1.0)**	0.5	(1.4)
Finance costs	5	**14.1**	36.5	18.5
Finance income		**(0.4)**	(1.7)	(0.8)
Other finance costs	5	**1.8**	14.5	0.8
Change in fair value of derivative financial instruments		**(1.2)**	(14.1)	(5.7)
Changes in working capital:				
Change in trade and other receivables		**(0.7)**	(7.2)	(1.3)
Change in trade and other payables		**1.0**	(3.1)	(2.4)
Cash generated from operations		**21.0**	38.0	21.0

NOTES (unaudited) (continued)

14 Classification of financial assets and liabilities

The tables below set out the Group's accounting classification of each class of financial assets and liabilities, and their fair values at 30 June 2012 and 31 December 2011.

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.

30 June 2012	**Carrying value £m**	**Fair value £m**	**(Loss)/gain to income statement £m**	**Gain to other comprehensive income £m**
Derivative financial instrument asset	**1.6**	**1.6**	**(1.0)**	–
Total held for trading assets	**1.6**	**1.6**	**(1.0)**	–
Cash and cash equivalents	**53.3**	**53.3**	–	–
Other financial assets	**64.7**	**64.7**	–	–
Total cash and receivables	**118.0**	**118.0**	–	–
Available for sale investments	**5.6**	**5.6**	–	**0.1**
Total available for sale investments	**5.6**	**5.6**	–	**0.1**
Derivative financial instrument liabilities	**(33.7)**	**(33.7)**	**2.2**	–
Total held for trading liabilities	**(33.7)**	**(33.7)**	**2.2**	–
Borrowings	**(450.4)**	**(450.4)**	–	–
Other financial liabilities	**(76.3)**	**(76.3)**	–	–
Total loans and payables	**(526.7)**	**(526.7)**	–	–

31 December 2011	Carrying value £m	Fair value £m	(Loss)/gain to income statement £m	Gain to other comprehensive income £m
Derivative financial instrument asset	1.0	1.0	(2.4)	–
Total held for trading assets	1.0	1.0	(2.4)	–
Cash and cash equivalents	89.6	89.6	–	–
Other financial assets	61.9	61.9	–	–
Total cash and receivables	151.5	151.5	–	–
Available for sale investments	19.5	19.5	–	6.3
Total available for sale investments	19.5	19.5	–	6.3
Derivative financial instrument liabilities	(37.4)	(37.4)	16.5	–
Total held for trading liabilities	(37.4)	(37.4)	16.5	–
Borrowings	(553.3)	(553.3)	–	–
Other financial liabilities	(96.4)	(96.4)	–	–
Total loans and payables	(649.7)	(649.7)	–	–

NOTES (unaudited) (continued)

15 Other provisions

	Deferred consideration £m	Other £m	Total £m
Amounts falling due after more than one year			
At 1 January 2011	3.1	0.2	3.3
Extinguished during the year	–	(0.2)	(0.2)
Reclassified to current liabilities	(3.1)	–	(3.1)
At 31 December 2011	–	–	–
At 30 June 2012	**–**	**–**	**–**
Amounts falling due with one year			
At 1 January 2011	–	–	–
Reclassified from non-current liabilities	3.1	–	3.1
Charged to income statement			
- remeasurement of deferred consideration	4.2	–	4.2
At 31 December 2011	7.3	–	7.3
At 30 June 2012	**7.3**	**–**	**7.3**

Deferred consideration is the amount payable on the 2009 acquisition of the non-controlling interests' share in Earls Court & Olympia. The amount of deferred consideration payable is based on a number of factors including a potential redevelopment of the Earls Court & Olympia site, with the final details of such a redevelopment 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.

16 Capital commitments and contingent liabilities

At 30 June 2012, the Group was contractually committed to £17.7 million (31 December 2011 - £14.0 million) of future expenditure for the purchase, construction, development and enhancement of investment property.

The Group's share of joint venture commitments included within this amount was £nil (31 December 2011 - £0.4 million).

In March 2012 a subsidiary of the Group entered into an agreement with LBHF to acquire any private residential units on the West Kensington or Gibbs Green estates in the event that LBHF is required to purchase these properties if an owner brings forward a valid claim under certain provisions of the Town and Country Planning Act 1990 which relate to Statutory Blight suffered as a result of the adoption of the Strategic Planning Document, up to a maximum of £50 million including certain other related costs. It is intended that costs incurred would be offset against the consideration relating to any future land purchase agreement in respect of the LBHF land. The Group can give notice to terminate the agreement if a Conditional Land Sale Agreement is not entered into by the end of the exclusivity period in January 2013.

17 Per share details

Earnings per share

	Six months ended 30 June 2012 millions	Six months ended 30 June 2011 millions	Year ended 31 December 2011 millions
Weighted average ordinary shares in issue for calculation of basic earnings per share	**684.0**	639.3	661.8
Dilutive effect of share option awards	**5.6**	3.8	4.0
Dilutive effect of contingently issuable shares	**1.6**	0.6	0.6
Dilutive effect of matching nil cost options	**3.0**	1.1	1.9
Dilutive effect of deferred shares	**0.3**	–	–
Weighted average ordinary shares in issue for calculation of diluted earnings per share	**694.5**	644.8	668.3

NOTES (unaudited) (continued)

17 Per share details (continued)

Earnings per share (continued)

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m	Year ended 31 December 2011 £m
Profit used for calculation of basic earnings per share	**95.2**	68.5	153.7
Dilutive effect of share option awards	**1.3**	0.6	1.7
Profit used for calculation of diluted earnings per share	**96.5**	69.1	155.4
Basic earnings per share (pence)	**13.9**	10.7	23.2
Diluted earnings per share (pence)	**13.9**	10.7	23.3
Profit used for calculation of basic earnings per share	**95.2**	68.5	153.7
Adjustments:			
Other income	**(2.1)**	–	–
Gain on revaluation and sale of investment and development property	**(79.1)**	(42.4)	(123.3)
Profit on sale of subsidiary	**(1.7)**	–	–
Write down of trading property	**–**	–	0.1
Fair value movement on derivative financial instruments	**(1.2)**	(5.7)	(14.1)
Costs of termination of derivative financial instruments	**0.7**	0.8	14.5
Current tax adjustments	**0.8**	(0.2)	(0.3)
Deferred tax adjustments	**1.8**	0.4	17.4
EPRA adjusted earnings	**14.4**	21.4	48.0
Exceptional other income	**–**	(0.3)	(0.8)
Profit on sale of available for sale investments	**(8.7)**	(18.8)	(30.5)
Remeasurement of deferred consideration	**–**	4.2	4.2
Write down of trading property	**–**	–	(0.1)
Refinancing fees	**1.1**	–	–
Current tax adjustments	**(1.1)**	0.1	0.3
Deferred tax adjustments	**0.4**	(0.4)	(11.6)
Underlying earnings	**6.1**	6.2	9.5
Underlying earnings per share (pence)	**0.9**	1.0	1.4
EPRA adjusted earnings per share (pence)	**2.1**	3.3	7.3

NOTES (unaudited) (continued)

17 Per share details (continued)

Earnings per share (continued)

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 Million	Year ended 31 December 2011 £m
Profit used for calculation of basic earnings per share	**95.2**	68.5	153.7
Adjustments:			
Gain on revaluation and sale of investment and development property	**(79.1)**	(42.4)	(123.3)
Profit on sale of available for sale investments	**(8.7)**	(18.8)	(30.5)
Profit on sale of subsidiary	**(1.7)**	–	–
Deferred tax adjustments	**1.7**	(0.2)	–
Current tax adjustments	**–**	0.1	13.1
Headline earnings used for calculation of headline earnings per share	**7.4**	7.2	13.0
Dilutive effect of share options awards	**1.3**	0.6	1.7
Diluted headline earnings used for calculation of diluted headline earnings per share	**8.7**	7.8	14.7
Headline earnings per share (pence)[1]	**1.1**	1.1	2.0
Diluted headline earnings per share (pence)[1]	**1.3**	1.2	2.2

(1) Headline earnings per share is calculated in accordance with Circular 3/2012 issued by the South African Institute of Chartered Accountants (SAICA), a requirement of the Group's JSE listing. This measure is not a requirement of IFRS.

Net assets per share

	As at 30 June 2012 £m	As at 31 December 2011 £m
Basic net asset value used for calculation of basic net assets per share	**1,186.5**	1,103.1
Fair value of derivative financial instruments	**32.1**	36.4
Unrecognised surplus on trading properties	**6.5**	1.0
Deferred tax adjustments	**6.7**	4.9
EPRA adjusted net asset value	**1,231.8**	1,145.4
Effect of dilution:		
On exercise of options	**–**	–
EPRA adjusted, diluted NAV used for calculation of EPRA adjusted, diluted NAV per share	**1,231.8**	1,145.4
Fair value of derivative financial instruments	**(32.1)**	(36.4)
Deferred tax adjustments	**8.3**	9.2
Diluted EPRA NNNAV	**1,208.0**	1,118.2
Basic net assets per share (pence)	**173.3**	161.3
EPRA adjusted, diluted NAV per share (pence)	**177.1**	165.8
Diluted EPRA NNNAV per share (pence)	**173.7**	161.9

NOTES (unaudited) (continued)

17 Per share details (continued)

Shares in issue

	As at 30 June 2012 millions	As at 31 December 2011 millions
Shares in issue	**684.5**	683.9
Effect of dilution:		
On exercise of options	**6.0**	4.4
On issue of contingently issuable shares	**1.6**	0.6
On issue of matching nil cost options	**3.0**	1.9
On issue of deferred shares	**0.3**	–
Diluted number of shares	**695.4**	690.8

18 Share capital and share premium

	Share capital £m	**Share premium £m**
Issued and fully paid		
At 31 December 2011 – 683,928,502 ordinary shares of 25p each	170.9	95.1
Shares issued - 541,709 ordinary shares of 25p each	0.2	0.9
At 30 June 2012 – 684,470,211 ordinary shares of 25p each	**171.1**	**96.0**

19 Related party transactions

Key management compensation[1]

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m	Year ended ended 31 December 2011 £m
Salaries and short term employee benefits	**1.0**	0.9	2.8
Pensions and other post-employment benefits	**–**	0.1	0.1
Share based payments	**1.3**	0.5	1.4
	2.3	1.5	4.3

(1) The Directors of Capital & Counties Properties PLC have been determined to be the only individuals with authority and responsibility for planning, directing and controlling the activities of the Company.

20 Events occurring after the reporting period

On 23 July 2012, The Great Capital Partnership announced it had exchanged contracts to sell the Jermyn Street Estate to GPE for £120 million (£60 million Capco's share). The sale subsequently completed on 27 July 2012.

On 24 July 2012, the Group exchanged contracts to acquire the freehold interest in 14 Garrick Street, Covent Garden for £7.7 million.

On the 25 July 2012, an extension to the exclusivity agreement between Capco and LBHF was agreed. The agreement, originally due to expire on 29 July 2012, gives both parties exclusivity in relation to discussions around the inclusion of LBHF's land interests in the ECOA Masterplan and time to secure the necessary statutory consents to progress with comprehensive regeneration. The agreement will now expire on 29 January 2013.

ANALYSIS OF PROPERTY PORTFOLIO (unaudited)

1. Property data as at 30 June 2012

	Market value £m	Owner	Initial yield (EPRA)	Nominal equivalent yield[1]	Passing rent[1] £m	ERV[1] £m	Occupancy rate (EPRA)[1]	Weighted average unexpired lease[1] years	Gross area million [3] sq ft
Covent Garden	**855.6**	**100%**	**3.66%**	**5.17%**		**47.1**			**0.8**
Investment property	*835.1*	*100%*	*3.75%*	*5.23%*		*46.3*	*99.3%*	*7.7*	*0.8*
Trading property	*20.5*	*100%*				*0.8*			*–*
Earls Court & Olympia[2]	**620.0**	**100%**				**8.8**			**1.8**
The Great Capital Partnership	**158.8**	**50%**	**3.44%**	**5.22%**		**9.3**	**82.0%**	**8.3**	**0.4**
Other trading property	**3.0**	**100%**							**–**
Total investment properties	**1,613.9**				**48.3**	**64.4**			**3.0**
Total trading properties	**23.5**					**0.8**			**–**
Total properties	**1,637.4**				**48.3**	**65.2**			**3.0**

(1) As defined in the glossary.

(2) Includes the Group's 50 per cent economic interest in the Empress State Building (£110 million). Earls Court & Olympia does not report a passing rent, ERV, occupancy or lease maturity due to the nature of its exhibition business.

(3) Area shown is gross area of the portfolio, not adjusted for proportional ownership.

2. Analysis of capital return in the period

Like-for-like properties

	Market value		Revaluation surplus[1]	
	30 June 2012 £m	31 December 2011 £m	**30 June 2012 £m**	**Increase**
Covent Garden	**824.0**	786.9	**32.4**	4.2%
Earls Court & Olympia	**616.3**	573.5	**27.0**	4.6% (2)
The Great Capital Partnership	**158.8**	147.3	**10.7**	7.1%
Like-for-like investment properties	**1,599.1**	1,507.7	**70.1**	4.6%
Acquisitions	**14.8**	–	**0.3**	–
Disposals	**–**	96.3	**–**	–
Transfers to trading properties	**–**	18.8	**–**	–
Total investment properties	**1,613.9**	1,622.8	70.4	4.6%
Total trading properties	**23.5**	1.2	5.5 (3)	–
Total properties	**1,637.4**	1,624.0	**75.9**	4.9%

All properties

	Market value 30 June 2012 £m	Market value 31 December 2011 £m	Revaluation surplus 30 June 2012 £m	Increase
Covent Garden	**855.6**	808.0	**37.1**	4.6%
Investment property	*835.1*	*808.0*	*33.3*	*4.2%*
Trading property	*20.5*	*–*	*3.8* (3)	*22.7%*
Earls Court & Olympia	**620.0**	573.5	**26.4**	4.4%
The Great Capital Partnership	**158.8**	241.3	**10.7**	7.1%
Other trading property	**3.0**	1.2	**1.7** (3)	–
Total properties	**1,637.4**	1,624.0	**75.9**	4.9%

(1) Revaluation surplus includes amortisation of lease incentives and fixed head leases.

(2) Increase comprises EC&O Venues 3.7% and non-exhibition 7.8%.

(3) Unrecognised revaluation surplus on trading properties is presented for information only.

ANALYSIS OF PROPERTY PORTFOLIO (unaudited) (continued)

3. Analysis of income in the period

Like-for-like properties

	30 June 2012 £m	30 June 2011 £m	Change
Covent Garden	**13.9**	12.4	12.1%
Earls Court & Olympia	**14.5**	17.1	(15.2)%
The Great Capital Partnership	**2.8**	3.3	(15.2)%
Like-for-like investment properties	**31.2**	32.8	(4.9)%
Acquisitions	**0.1**	–	–
Disposals	**1.0**	3.6	–
Like-for-like capital	**1.8**	0.3	–
Transfers to trading properties	**–**	–	–
Total investment properties	**34.1**	36.7	(7.0)%
Total trading properties	**–**	–	–
Total properties	**34.1**	36.7	(7.0)%

All properties

	30 June 2012 £m	30 June 2011 £m	Change
Covent Garden	**15.7**	13.1	19.8%
Earls Court & Olympia	**14.4**	17.4	(17.2)%
The Great Capital Partnership	**4.0**	6.2	(35.5)%
Total properties	**34.1**	36.7	(7.0)%

4. Analysis of property by use

	30 June 2012 Market value					**30 June 2012 ERV**				
	Retail £m	**Office £m**	**Exhibition £m**	**Residential £m**	**Total £m**	**Retail £m**	**Office £m**	**Exhibition £m**	**Residential £m**	**Total £m**
Covent Garden	714.6	107.8	–	33.2	**855.6**	37.8	8.2	–	1.1	**47.1**
Earls Court & Olympia	20.6	117.4	479.7	2.3	**620.0**	1.4	7.3	–	0.1	**8.8**
The Great Capital Partnership	41.5	108.6	–	8.7	**158.8**	2.5	6.5	–	0.3	**9.3**
Other trading property	–	–	–	3.0	**3.0**	–	–	–	–	–
	776.7	**333.8**	**479.7**	**47.2**	**1,637.4**	**41.7**	**22.0**	**–**	**1.5**	**65.2**

UNDERLYING PROFIT STATEMENT (unaudited)

For the six months ended 30 June 2012

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m	Year ended 31 December 2011 £m
Net rental income	**34.1**	36.7	69.0
Administration expenses	**(12.4)**	(11.0)	(22.2)
Operating profit	**21.7**	25.7	46.8
Finance costs	**(14.1)**	(18.5)	(36.5)
Finance income	**0.4**	0.8	1.7
Net finance costs	**(13.7)**	(17.7)	(34.8)
Write down of trading properties	**–**	–	(0.1)
Profit before tax	**8.0**	8.0	11.9
Tax on adjusted profit	**(1.9)**	(1.8)	(2.4)
Underlying earnings used for calculation of underlying earnings per share	**6.1**	6.2	9.5
Underlying earnings per share (pence)	**0.9**	1.0	1.4

FINANCIAL COVENANTS (unaudited)

Financial covenants on non-recourse debt excluding joint ventures

	Maturity	Loan outstanding at 30 June 2012 £m [1]	LTV covenant	Loan to 30 June 2012 market value [2]	Interest cover covenant	Interest cover reported [3]
Covent Garden [5],[6]	2016	150.0	70%	36%	130%	238%
Covent Garden [5],[7]	2017	112.0	70%	45%	120%	170%
Covent Garden (RCF)[5],[10]	2017	30.0	65%	14%	130%	312%
Total		**292.0**				

Financial covenants on joint ventures' non-recourse debt

	Maturity	Loan outstanding at 30 June 2012 £m [1] [4]	LTV covenant	Loan to 30 June 2012 market value [2]	Interest cover covenant	Interest cover reported [3]
The Empress State Partnership [8]	2013	68.5	N/A	N/A	120%	164%
The Great Capital Partnership[9]	2013	81.0	70%	60%	120%	285%
Total		**149.5**				

Notes:

(1) The loan values are the actual principal balances outstanding at 30 June 2012. The balance sheet value of the loans includes any unamortised fees.

(2) The loan to 30 June 2012 market value provides an indication of the impact the 30 June 2012 property valuations 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 during June 2012 and July 2012. 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 three separate loans secured against Covent Garden properties

(6) Loan facility provided by a consortium of six banks with BNP Paribas acting as agent.

(7) Loan facility provided by NyKredit Realkredit A/s.

(8) Loan facility provided by a consortium of three banks with Eurohypo AG acting as agent, LTV covenant removed until maturity.

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

(10) Loan facility provided by a consortium of two banks with BNP Paribas acting as agent.

DIVIDENDS

INTERIM DIVIDEND

The Directors of Capital & Counties Properties PLC have announced an interim dividend of 0.5 pence per ordinary share (ISIN GB00B62G9D36) payable on 18 September 2012. Subject to SARB approval, it is intended that a scrip dividend alternative will be offered to eligible shareholders who wish to elect to receive new ordinary shares in the Company in lieu of cash in respect of the interim dividend.

Dates

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

8 August 2012	Sterling/Rand exchange rate struck
10 August 2012	Sterling/Rand exchange rate, dividend amount in Rand, scrip price and scrip ratio announced
20 August 2012	Ordinary shares listed ex-dividend on the JSE, Johannesburg
22 August 2012	Ordinary shares listed ex-dividend on the London Stock Exchange
24 August 2012	Record date for interim dividend in London and Johannesburg
24 August 2012	Election date for scrip dividend alternative (SA) (by noon)
3 September 2012	Election date for scrip dividend alternative (UK) (by 5.30pm)
18 September 2012	**Dividend payment date for shareholders / Issue date for new ordinary shares under the scrip dividend scheme**

South African shareholders should note that, in accordance with the requirements of Strate, the last day to trade cum-dividend will be 17 August 2012 and that no dematerialisation or rematerialisation of shares will be possible from 20 August 2012 to 24 August 2012 inclusive. No transfers between the UK and South African registers may take place from 9 August 2012 to 24 August 2012 inclusive.

The full terms of the scrip dividend alternative are contained in a Scrip Dividend Scheme booklet which is available (along with the related mandate forms) on the Company's website at www.capitalandcounties.com or from the Company's registrars.

Important Information for South African Shareholders:

Holders of the Company's shares in South Africa should note that National Treasury introduced a new Dividends Tax with effect from 1 April 2012, at a rate of 15 per cent.

The interim cash dividend received by a South African shareholder will constitute a foreign dividend and will therefore be subject to Dividends Tax. Dividends Tax will be withheld from the amount of the interim dividend at a rate of 15 per cent, unless a shareholder qualifies for an exemption or a reduced rate of Dividends Tax and the prescribed requirements for effecting the exemption or reduction, as set out in the Scrip Dividend Scheme booklet, are in place.

It is the Company's understanding that a receipt of shares pursuant to the scrip dividend alternative will also constitute a foreign dividend in terms of current legislation. Under the current legislation, the scrip dividend will not be subject to Dividends Tax, but will instead be subject to income tax at a rate of 15 per cent. The new shares which are acquired under the scrip dividend alternative will also be treated as having been acquired for nil consideration.

This information is included only as a general guide to taxation for Shareholders resident in South Africa based on Capco's understanding of the law and the practice currently in force. Any Shareholder who is in any doubt as to their tax position should seek independent professional advice.

Further disclosures required in terms of the JSE Listings Requirements will be detailed in the finalisation announcement to be published on 10 August 2012.

GLOSSARY

Capco

Capco represents Capital & Counties Properties PLC (also referred to as “the Company”) and all its subsidiary companies, together referred to as “the Group”.

Diluted figures

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

ECOA

The Earls Court and West Kensington Opportunity Area.

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.

EPRA adjusted, diluted NAV

The net assets as at the end of the period including the excess of the fair value of trading property over its cost and excluding the fair value of financial instruments, deferred taxation on revaluations and diluting for the effect of those shares potentially issuable under employee share schemes divided by the diluted number of shares at period end.

EPRA adjusted, diluted NNNAV

EPRA adjusted, diluted NAV adjusted to reflect the fair value of derivatives and to include deferred taxation on revaluations.

EPRA adjusted earnings per share

Profit for the period excluding gains or losses on the revaluation and sale of investment and development property, write down on trading property, changes in fair value of financial instruments and associated close-out costs and the related taxation on these items divided by the weighted average number of shares in issue during the period.

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.

F&B

Food & Beverage

GPE

Great Portland Estates plc

Gross income

The Group’s share of passing rent plus sundry non-lease income.

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.

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.

IPD

Investment Property Databank Ltd, producer of an independent benchmark of property returns.

LBHF

The London Borough of Hammersmith and Fulham

Like-for-like properties

Investment properties which have been owned throughout both periods without significant capital expenditure in either period, so income 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 balance sheet date but not necessarily throughout the prior period.

GLOSSARY (continued)

Loan-to-value (LTV)

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

Net Debt

Total borrowings less cash and cash equivalents.

Net rental income

The Group's share of gross rental income less ground rents payable, service charge expenses and other non-recoverable charges, having taken due account of 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, and that the property becomes fully occupied and that all rents revert to the current market level (ERV) at the next review date or lease expiry.

Occupancy rate (EPRA)

The ERV of let and under offer units expressed as a percentage of the ERV of let and under offer units plus ERV of un-let units, excluding units under development.

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. Contracted annual rents in respect of tenants in administration are excluded.

SARB

South African Reserve Bank.

Section 34A of the Housing Act 1985

The Government are consulting on a proposed amendment to the 1985 Housing Act that could enable social tenants to take control of the management of their properties. The proposed amendment could establish a procedure enabling an organised group of tenants to require a local authority to transfer their homes to a housing association or similar body registered with the Tenant Services Authority (the social housing regulator). Tenants may form such a body and seek the transfer of the property to that body. The legislation would only apply to social rented tenants of local authorities. It would not apply to tenants of housing associations even where the ultimate owner may be a local authority. Section 34A requires implementation by regulations yet to come into effect. These regulations will be enacted by the Department of Communities and Local Government. No regulations have yet been made.

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 over the lease term.

Underlying earnings

Profit for the period excluding impairment charges, net valuation gains/losses (including profits/losses on disposals), net refinancing charges, swap termination costs, remeasurement of deferred consideration and the related tax on these items.

Weighted average unexpired lease

The unexpired lease term to lease expiry weighted by ERV for each lease.

Zone A

A means of analysing and comparing the rental value of retail space by dividing it into zones parallel with the main frontage. The most valuable zone, Zone A, falls within a 6m depth of the shop frontage. Each successive zone is valued at half the rate of the zone in front of it. The blend is referred to as being 'ITZA' ('In Terms of Zone A').