PRESS RELEASE

29 February 2012

CAPITAL & COUNTIES PROPERTIES PLC ("CAPCO")

AUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

Highlights:

- EPRA adjusted, diluted NAV per share up 11.7% to 166 pence per share
- Total property value £1.6 billion, up 9.2% on a like-for-like basis
- Loan-to-value of 29%
- Resolution to grant planning consent for Seagrave Road development in February 2012
- £131 million Seagrave Road conditional JV agreement signed in December
- £100 million placing in May
- £300 million refinancing in Covent Garden
- Covent Garden ERV target raised to £50 million by December 2013
- Planning applications submitted for 10 million square feet Earls Court Masterplan
- £103 million of disposals from GCP and China; £113 million of key property acquisitions at Covent Garden
- Contracts exchanged to sell £75 million (Capco share) of properties from GCP to GPE
- Olympia West Hall redevelopment completed
- Proposed final dividend:1.0 pence per share (total 2011 dividend 1.5 pence per share)

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

"Capco is well positioned to maintain its momentum following a year of progress and value creation in 2011. Strong total returns were generated by energetic and profitable activity in line with the strategy articulated at the time of establishing Capco as an independent company in 2010. Carefully targeted acquisitions and the drive towards creative regeneration have established a solid platform from which to continue to create value from Capco's assets."

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

"The transformation of Covent Garden into one of the most vibrant retail and leisure destinations in London continues to create value and attract new brands, whilst the recent resolution to grant planning consent for our Seagrave Road development is an important milestone in our progress with the Earls Court Masterplan following the submission of our planning applications in June. I am confident that Capco's place-making vision, creative teams and central London-focused assets will provide considerable opportunities in both the retail and residential markets during 2012."

ENQUIRIES

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A presentation to analysts and investors will take place today at 9:00 GMT at UBS, Room 29, 7th Floor, 1 Finsbury Avenue, London EC2M 2PP. 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 the 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).

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.

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 through entrepreneurial asset management and to deliver market-leading total 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 retail and leisure destination. It is valued at £808 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 £574 million, including Capco's share of the Empress State Building.

The Great Capital Partnership
A 50:50 joint venture with Great Portland Estates which includes properties in prime locations around Regent Street and Piccadilly worth £241 million (Capco share).

FINANCIAL SUMMARY AND HIGHLIGHTS

	2011	2010
	£m	£m
Net rental income	**69.0**	69.0
Underlying earnings after tax excluding valuation items	**9.5**	9.2
Gain on revaluation of investment and development property	**119.4**	133.3
Profit before tax	**161.9**	132.5
Total investment and trading properties	**1,617**	1,378
Net debt	**464**	476
Net assets (EPRA adjusted NAV)	**1,145**	926
Underlying earnings per share	**1.4p**	1.5p
EPRA adjusted, diluted NAV per share	**166p**	148p
Property LTV	**29%**	35%

CHAIRMAN'S STATEMENT

A YEAR OF PROGRESS

The Board is committed to delivering market-leading total returns to shareholders. We aim to achieve this by combining value creation through capital value and income growth and adopting an innovative and entrepreneurial approach to managing the Group's assets. The portfolio of high potential, central London estates and a prudent balance sheet provide the platform to deliver this commitment.

Covent Garden

In 2011 we enhanced Covent Garden through a series of tenancy changes and acquisitions in the latest phase of its repositioning, which resulted in a strong increase in the valuation of the estate. This expansion was supported by the successful equity issue in May last year which raised £100 million, together with a £300 million refinancing in November.

Earls Court and Olympia

The exhibition business performed in line with expectations in 2011. The development of Olympia's West Hall, already open for business, has increased the venue's ability to host simultaneous shows.

The proposals for Earls Court reached several milestones, in particular the launch of Sir Terry Farrell's Masterplan and the submission of planning applications for Seagrave Road and the wider scheme. These illustrate Capco's vision for Earls Court which has been formally identified in the Mayor's London Plan as an Opportunity Area with the capacity for large-scale development.

In February 2012 a resolution to grant planning consent for Seagrave Road was received, which followed the agreement of a conditional joint venture in relation to the site with the Kwok Family Interests in December. These successes will allow the Group to pursue, in partnership, the development of more than 800 homes at Seagrave Road.

The Great Capital Partnership and China

The Great Capital Partnership and the Group's investments in China have continued to perform well, allowing us to take the opportunity to realise capital to be recycled into the Group's core activities.

RESULTS AND DIVIDENDS

Capco delivered another year of strong performance in 2011, with a total return of 12.7 per cent underpinned by a rise in EPRA adjusted, diluted NAV per share from 148 pence to 166 pence. This was largely driven by the positive revaluation of the investment properties, which increased 9.2 per cent on a like-for-like basis, outperforming IPD capital values which rose 1.2 per cent. The share price increased 23 per cent in 2011 which compares favourably to the 11 per cent fall in the FTSE Real Estate Index.

The Directors are proposing a final dividend of 1.0 pence per share, bringing the total dividend paid and payable for 2011 to 1.5 pence per share.

FUTURE OPPORTUNITIES

Following considerable progress in 2011, the Covent Garden team continues to implement asset management opportunities whilst considering ways in which to expand the estate's footprint that will enhance long-term value.

Our immediate priorities for the Earls Court Masterplan are to secure planning consents across the wider area and to conclude the commercial transactions with London Borough of Hammersmith & Fulham (LBHF) and Transport for London (TfL). We look forward to working closely with the Kwok Family Interests to take forward the Seagrave Road project.

COMMITMENT TO CORPORATE RESPONSIBILITY (CR)

Capco employs people with a diverse range of experience and expertise. Our entrepreneurial culture encourages a creative and holistic approach to place-making, which takes into consideration our impact on the environment and on the local communities where our estates are based. CR has become embedded into the fabric of our day-to-day work.

GOVERNANCE

The Board has taken particular care to establish an open culture in which debate and management accountability are emphasised. We encourage our people to be passionate about the estates in their stewardship but to maintain a high degree of objectivity about the use of, and the risk-adjusted returns available from, the Group's capital. A strong corporate governance structure underpins this culture.

During the year the Board has increasingly focused on considering the Group's options for evolving its strategy beyond the goals set out at the time of establishing Capco as an independent entity in 2010; and reviewing planning and commercial decisions and critical timelines – all within the context of effective risk management.

Following an external board effectiveness evaluation in 2010, an internal review was undertaken this year. The Board recognises the benefits that increased gender diversity would bring and accordingly a search for an additional non-executive Director is underway.

I am pleased to report that in December, Capco shares were classified as 'domestic' for trading purposes on the Johannesburg Stock Exchange, where the Company has a secondary listing. This means that investors in South Africa are now able to trade shares in Capco on the Johannesburg Stock Exchange without the previous restrictions on foreign holdings under South African exchange control limits.

Regarding shareholder engagement, I remain committed to meeting our shareholders and the executive team has a comprehensive programme of investor briefings.

OUTLOOK

Capco's success in 2011 is the result of our strategy of focusing on specific central London prime assets where the Group has a dominant position. This has allowed the Group to benefit from the distinct, strategic capital and economic characteristics of a specialist central London non-REIT property company.

I am in no doubt that London will benefit enormously from the Queen's Diamond Jubilee celebrations and as the host city for the Olympics this year, and am proud that Earls Court will be an integral part of the Olympics experience having been chosen as an official venue.

I believe the future for Capco is positive, and look ahead to 2012 with optimism tempered by caution regarding the macroeconomic climate. We look forward to making further progress on realising London's most significant urban place-making initiatives for many years at Earls Court and Seagrave Road. We are also confident of seeing further value creation at Covent Garden.

Finally, I would like to thank the Executive Directors and all staff for their hard work and commitment during the past year. I am confident that they are committed to meeting the challenges of the year ahead.

I.C. Durant

Chairman

29 February 2012

CHIEF EXECUTIVE'S REVIEW

Driven by our ambitions to be a creative place-maker, our focused strategy has allowed us to make great progress against our objectives both at Group level and in our estates.

Capco has had an active and successful 2011. We undertook a £100 million equity placing, raised £300 million of new debt facilities to extend the Group's debt maturity profile, acquired £113 million of properties to expand Covent Garden, released £103 million from The Great Capital Partnership and China, submitted planning applications covering over 11 million square feet for the Earls Court Masterplan and Seagrave Road, and agreed a strategic joint venture for Seagrave Road with the shareholders of one of Hong Kong's largest and most reputable real estate companies. Our activities have led to strong value creation for our shareholders, with net asset value per share rising 11.7 per cent and the share price increasing 23 per cent.

This performance reflects the strategic positioning of Capco in dominant estates with particular exposure to the central London retail and residential markets. Central London continues to attract a deep pool of occupiers and investors from around the world, and our strategy is focused on transforming districts to meet this demand.

OPERATING AND FINANCIAL PERFORMANCE

The value of our properties increased strongly over 2011, with a rise of 9.2 per cent in capital values on a like-for-like basis, compared to the UK IPD capital value index which rose 1.2 per cent.

	Market Value Dec-11 £m	Market Value Dec-10 £m	Market Value Change[2,3]	ERV Change[2]	Initial Yield	Equivalent Yield
Covent Garden	808	640	9.2%	8.8%	3.77%	5.25%
The Great Capital Partnership[1]	241	260	9.8%	11.4%	3.93%	5.05%
Empress State[1]	103	103	–	–	6.69%	6.18%
Total non-exhibition properties	1,152	1,003	8.4%	8.4%		
Earls Court & Olympia	471	378	10.9%			
Total investment properties	1,623	1,381	9.2%			

1 Represents Capco's 50 per cent share

2 Like-for-like

3 Valuation change takes account of amortisation of lease incentives, capital expenditure and fixed head leases

Covent Garden

Capco has transformed Covent Garden into one of the most exciting retail, leisure and residential districts in London. The estate is now valued at £808 million, with an increase in like-for-like property values of 9.2 per cent during 2011 driven by like-for-like ERV growth of 8.8 per cent.

We delivered the 2012 ERV target of £40 million 18 months ahead of schedule. On the back of this, we have set a challenging but achievable target of £50 million for 2013, as we aim to close the gap in rental values between Covent Garden and other parts of prime central London.

In May we raised £100 million through an equity issue. The proceeds allowed the Group to extend its footprint in the estate from 750,000 square feet to over 830,000 square feet, with several important new acquisitions.

Alongside the continued focus on the retail and food and beverage mix, Capco is seeking to return the estate to its roots as London's original luxury address. The four high-specification apartments at The Henrietta, located on the corner of Henrietta Street and the Piazza, were recently brought to market and are of a quality consistent with the best high-end residential developments in London.

Earls Court and Olympia

Earls Court and Olympia, excluding Empress State, increased in value by 10.9 per cent during 2011, reflecting the investment in all parts of the estate.

The Group has made significant progress in the past 12 months in respect of its holdings in Earls Court. Sir Terry Farrell's Masterplan, launched in March, based around his vision of "Four Urban Villages and a 21st Century High Street", provides a blueprint for a multi-billion pound investment in both the local community and London as a whole. In June the Group submitted outline planning applications for the whole scheme, and a detailed application for a residential scheme at Seagrave Road – a total of 11 million square feet of new space across 77 acres. The Seagrave Road project received a resolution to grant consent in February 2012.

The Group's interests at Earls Court have been revalued from £138 million to £195 million, implying a valuation of £8.6 million per acre across the Group's 23 acres at Earls Court. The independent valuer has changed the basis of valuation to a land valuation having regard for redevelopment potential in light of the progress through the planning process, and this marks a change from the previous existing use basis. Seagrave Road increased in value during 2011 by £11 million to £116 million and in December a 50:50 conditional joint venture for the site was agreed with Kwok Family Interests at £131 million. Our events business at Earls Court and Olympia performed well in a challenging market, with EBITDA falling only 2 per cent to £18.5 million. We invested £20 million in the West Hall redevelopment at Olympia. Earls Court is an official Olympic venue, hosting the volleyball tournament this summer.

The Great Capital Partnership

The refocusing of The Great Capital Partnership (GCP) into a core of Regent Street and Piccadilly holdings has resulted in strong ERV and valuation growth. The disposal of properties in Kensington and midtown realised £48 million, which the Group has recycled into its core activities at Covent Garden and Earls Court. The sale of further properties this year, together with the transaction announced today, will allow this capital recycling to continue in 2012.

China

The strong domestic economy and continued appreciation of Chinese RMB against the US dollar benefited the Group's investments in China. The fund manager, Harvest Capital Partners, has completed the sale of a number of the funds' underlying investments. A total of £55 million has been realised for the Group from these disposals reflecting a substantial profit.

OPPORTUNITIES AND OUTLOOK

The Queen's Diamond Jubilee celebrations and the Olympics will place a spotlight on London in 2012, allowing it to demonstrate its attractions to a global audience. This should benefit the Group which is focused on landmark locations across the capital, although the operational challenges of these events for a central London business should not be underestimated.

Covent Garden is now a destination of choice for flagship retail brands. The team is focused on capitalising upon this to deliver the £50 million ERV target for the end of 2013. Further conversions of office space to high-quality apartments will unlock additional value.

The immediate focus for the Earls Court Masterplan remains on obtaining planning consents, together with concluding land transactions with TfL and LBHF. The relationship with the Kwok Family Interests will develop during the course of the year as Seagrave Road becomes a development project.

At EC&O Venues, there is likely to be some short-term impact at Earls Court, due to the uncertainty caused by the Masterplan.

Following the successful disposal of properties from GCP and in China, further opportunities for reinvestment and capital recycling back into the core business will be pursued.

Capco is well positioned to maintain its momentum as the strong performance of London real estate is expected to continue. The macroeconomic headwinds demonstrate some of the more visible risks we face, and hence we remain focused on executing our strategy across the business as we believe this will best deliver market-leading total returns to our shareholders. I am confident that our place-making vision, creative teams and central London-focused assets will provide considerable opportunity in both the retail and residential markets during 2012.

I. D. Hawksworth

Chief Executive

29 February 2012

OPERATING REVIEW – COVENT GARDEN

- Capital value £808 million as at 31 December 2011, up 9.2 per cent on a like-for-like basis
- Net rental income £27.8 million, up 5.3 per cent on a like-for-like basis
- ERV £45.8 million, up 8.8 per cent on a like-for-like basis

Covent Garden is one of the most vibrant, well-loved and well-known districts of London. Located in the heart of the West End, it attracts over 44 million customer visits a year who come for a unique shopping experience, al fresco dining and a wide range of entertainment in a historic, traffic-free setting.

The Covent Garden estate represents 50 per cent of Capco's gross assets and showcases its creative place-making strategy, which is realised through focused asset management, investment and development.

Since it acquired the Covent Garden estate in 2006, Capco has transformed the area by introducing 45 new, high-quality retailers and occupiers.

The completion and marketing of four residential apartments at The Henrietta marks the launch of the Covent Garden Living brand and offers the estate the potential to reconnect with its 17th century residential roots.

The opening of Europe's largest Apple store in August 2010 signalled a milestone in the transformation of Covent Garden into a more high-end retail, leisure and residential destination. 2011 has seen a series of acquisitions, a significant shift in consumer demographics and a raft of new innovative brands taking space in and around the Grade-II listed Market Building.

OPERATING PERFORMANCE

In May, the Group raised £100 million through a capital raise which funded the acquisition of Kings Court, a 71,900 square feet portfolio which includes five properties bridging King Street and Floral Street. The estate was further expanded during 2011 through the acquisitions of 35 King Street, 11 James Street and, through an £18 million property swap, 1a Henrietta Street.

Overall, Capco now owns 52 buildings, comprising 334 lettable units and over 830,000 square feet of lettable space in Covent Garden. The overall estate was valued at £808 million as at 31 December 2011, an increase of 9.2 per cent on a like-for-like basis since 31 December 2010.

In 2011, 78 rent reviews and lettings were negotiated which secured £8 million of passing rent, an 8.8 per cent increase above December 2010 ERV. This has driven an 8.8 per cent like-for-like increase in ERV over the year to £45.8 million.

The estate is operating at near-full occupancy – the EPRA occupancy rate at 31 December 2011 was 97.5 per cent (up from 97.1 per cent in December 2010) adjusted for units under offer and held for development. Tenant demand is strong despite a challenging year for retailers and consumers throughout the UK. The Group's proactive, on-site team continues to secure vacant possession of high-profile and strategic units to further reposition Covent Garden as London's most shoppable area. During 2011, 13 retailers opened new stores across the estate, including Rugby Ralph Lauren, Burberry Brit, Vilebrequin, Oliver Sweeney, Links of London and Brora.

The area's food and beverage offering was enhanced by 'restaurant in residence' Canteen which introduced contemporary British cuisine and design during its temporary tenure from September 2011 until February 2012. Upmarket Parisian patisserie Ladurée transformed the high-profile corner unit on the North Piazza facing King Street into its first ever stand-alone tea salon in May.

Footfall on a rolling 12 month basis as at December 2011 was 44 million. Capco's active asset management and leasing strategy to establish a higher end mix of occupiers in the Market Building and surrounding streets has resulted in a shift in consumer demographics, attracting higher spending visitors. In 2011, 89 per cent of domestic visitors to Covent Garden were classified as ABC1, and internal measures of average spend are indicating increases for both domestic and international consumers.

The Henrietta's four residential apartments offer a total of 8,000 square feet of newly converted space for sale. Work has commenced on the second scheme, The Russell, which will create 14,300 square feet of residential space. Planning consent has been granted for a further six apartments, The Beecham, and a flagship unit on the south west corner of the Piazza. A planning application has been submitted for a further seven apartments at 30-32 Southampton Street. It is anticipated that the Covent Garden Living brand will provide over 50 high-end and luxury apartments for sale and rent in the coming years.

Capco, through its Covent Garden team, has actively engaged with, and become part of, the local community since the initial acquisition in 2006. With offices now based in Floral Street, the team has built strong relationships with the Covent Garden Area Trust (CGAT), residents' associations, Westminster City Council and the wider business community, supporting key district initiatives and garnering support for new innovative developments.

FUTURE PRIORITIES

Capco's priority for Covent Garden is to achieve its ERV target of £50m by December 2013 through investment, development and proactive and creative asset management capturing as much of this as soon as possible within passing rent. This will be delivered through expansion of the contemporary luxury retail offer and a transformation of the food and dining mix. The team will focus on securing new lettings across the estate, especially on King Street. Russell Street is set to be transformed by the iconic Balthazar restaurant and bakery from Manhattan.

Looking ahead the aim is to extend the residential portfolio, grow the estate through tactical acquisitions and continue to enhance the Covent Garden environment by investing in improvements to its buildings and the public realm.

OPERATING REVIEW – EC&O VENUES

- West Hall completed creating 97,000 sq ft of modern exhibition space
- EBITDA £18.5 million
- Olympia valuation up 4 per cent to £121 million

EC&O Venues is Capco's world-class conference, exhibitions and events business now comprising Olympia and the two exhibition halls at Earls Court. Following the recent sale of The Brewery, this now represents 1.3 million square feet of prime conference and events space.

OPERATING PERFORMANCE

The EC&O Venues business demonstrated resilience during 2011, particularly in light of the uncertainty caused by the planning process at Earls Court. EBITDA was £18.5 million, down 2 per cent from 2010. 37 new exhibitions were contracted to the venues in 2011 which helped to offset the loss of other shows, and 15 new shows have already been confirmed for 2012. New exhibitions contracted in 2011 included Landscape, the London Pet Show and the Ideal Home Show At Christmas which welcomed more than 80,000 visitors – making it the biggest new UK exhibition in 20 years.

The valuation of Olympia increased 4 per cent during the year to £121 million. This partly reflects the completion of the West Hall in Olympia which provides 97,000 square feet of modern, flexible space to complement the existing Grand and National Halls and the Olympia Two Building. The closure of the weekday District Line service at Olympia has been managed through the retention of services supporting certain exhibitions as well as improvements to the West London Line, now running more frequently. The Brewery, which was operated by EC&O Venues, was sold on 9 February 2012.

A number of shows across both venues have secured substantial increases in visitor figures year-on-year. At Olympia, Top Drawer, the biannual retail trade event, increased its retailer attendance at the autumn 2011 show by 12 per cent year-on-year. Similarly the Speciality & Fine Food Fair attracted over 8,000 visitors, the highest number in its 12-year history and 42 per cent of exhibitors were showcasing their brands for the first time. At Earls Court, the Ideal Home Show continued to impress by attracting 270,000 visitors, more than its award-winning relaunch event in 2010.

Particular highlights from the venues' diverse live events calendar included BT's British Olympic Ball which welcomed Olympians and sporting celebrities to a celebration of Team GB.

In 2011, Earls Court was highly commended at the Event Awards as Exhibition Venue of the Year.

FUTURE PRIORITIES

The priorities for 2012 are to target and attract more new shows, integrate the new West Hall to maximise Olympia's potential, and to showcase the professionalism of the EC&O Venues team to a global audience as Earls Court hosts the Olympic volleyball competition.

In the short term we expect performance across the venues to continue to be impacted due to the uncertainty surrounding the future of the Earls Court venue. However, the Group's investment into Olympia including a further £10 million in 2012, provides opportunities to develop the venues business over the medium term.

OPERATING REVIEW – EARLS COURT MASTERPLAN

- Outline and detailed planning applications submitted in June 2011 for the Earls Court & West Kensington Opportunity Area and Seagrave Road
- £131 million joint venture agreed for Seagrave Road with Kwok Family Interests
- Resolution to grant planning consent for Seagrave Road development in February 2012
- Adoption of London Plan and Core Strategies for LBHF and RBKC identifying Earls Court as an Opportunity Area

Earls Court is a rare opportunity in London: the potential for significant regeneration in a central London location. The site is bordered by established, high-value residential addresses, including Chelsea, Kensington, Holland Park and Fulham. Established transport infrastructure including three tube stations, a London Overground station and access to the A4 provide unrivalled connectivity. The residential developments that benefit most from the regeneration effect are those that create a strong sense of place by investing in areas such as community facilities and the quality of their public realm. Capco's strong focus on place-making, in support of Sir Terry Farrell's Masterplan, offers the potential for substantial long-term value creation in Earls Court.

The valuation of Capco's interests in Earls Court as at December 2011 reflects the progress made towards realising this potential, with the valuation basis now a land valuation having regard for redevelopment potential, a change from the previous basis of existing use as operational assets. As at December 2011, the valuation has increased to £195 million, a rise of 39 per cent, reflecting a value of £8.6 million per acre versus £6.1 million per acre at December 2010.

In June 2011, outline planning applications were submitted for the redevelopment of a 70 acre site, the Earls Court and West Kensington Opportunity Area (ECOA), alongside a detailed application in respect of the 7.5 acre Seagrave Road site. The applications set out the proposals for transforming this huge tract of land into a new London district based on Sir Terry Farrell's Masterplan to create "Four Urban Villages and a 21st Century High Street". Changes to the applications were made earlier this year reflecting comments received from the public consultations and reviews by statutory bodies including the Greater London Authority (GLA). The amendments further embed the development into the existing area and increase sensitivity to the local environment, covering an area of 10.1 million square feet, a reduction of approximately 0.3 million square feet of space from the overall Masterplan.

As the ECOA straddles the boundary between two local authorities, planning applications were submitted to both the Royal Borough of Kensington & Chelsea (RBKC) and the London Borough of Hammersmith & Fulham (LBHF). These outline planning applications are typically used for large-scale, strategic sites, and seek consent for the amount of development, the uses of the development (for example residential, office space, cultural, retail) and guidelines for future architecture and landscaping.

In July, the ECOA was recognised by the Mayor of London's Replacement London Plan as an Opportunity Area with great potential for large-scale urban regeneration, and in February 2012 the Seagrave Road scheme, which will deliver the major residential component of West Brompton Village, was given a resolution to grant consent by LBHF.

Negotiations continue with Transport for London (TfL) in respect of the extension of Capco's existing long leasehold interests at Earls Court, as well as commercial agreements covering TfL and LBHF's land in the ECOA. Capco entered into an exclusivity agreement with LBHF in July, giving the parties 12 months to agree the commercial transaction. A payment of £15 million was made to LBHF, £10 million of which is refundable should a transaction not be concluded.

As an interested party, Capco was notified that LBHF received an application for judicial review of the exclusivity agreement and the Court will hear this application in June. The request for judicial review has no bearing on the planning applications for the Earls Court Masterplan or for Seagrave Road, and should not delay the discussions with LBHF or TfL.

CONSULTATION

The proposals for the ECOA are a result of close collaboration with the other landowners, TfL and LBHF, informed by a collection of world-class architects led by Sir Terry Farrell.

As this is one of the largest and most important developments in London, the local community has been consulted about the proposals for two and a half years through a comprehensive community engagement programme. Over 1,000 people who live in the area attended seven public exhibitions at the Earls Court Exhibition Centre in March and June 2011. Comments and feedback from these exhibitions and from the forum on Capco's innovative, award-winning, community website www.myearlscourt.com have helped shape the evolution of Sir Terry Farrell's Masterplan. The engagement programme and updates to myearlscourt.com will continue through the planning and development process and into the future during construction and through to eventual occupation.

The extensive consultation exercise has led to the ECOA being established across planning policy at regional, local and site-specific levels. As well as the Mayor of London's Replacement London Plan covering regional strategy, both RBKC and LBHF include the area within their Core Strategy plans for development within their boroughs. The Greater London Authority (GLA) and both councils have further considered proposals for comprehensive development within a joint document specific to the ECOA, the Supplementary Planning Document (SPD), for which second round consultation concluded in December. LBHF is undertaking a consultation regarding the inclusion of the estates, which is currently ongoing.

Among the positive reactions to the ECOA Masterplan proposals, there have been concerns voiced by some residents of the West Kensington and Gibbs Green estates. Capco is committed to working with all local residents and stakeholders, and with LBHF, making the area work for everybody.

SEAGRAVE ROAD

The Seagrave Road site is located to the south of the Earls Court exhibition halls and will deliver the major residential component of Sir Terry Farrell's West Brompton Village. In line with aspirations for the wider Earls Court development, the project will be integrated into the surrounding area, revitalising Seagrave Road, Lillie Road and West Brompton station. The scheme, providing 1 million square feet (gross external area) will replace the existing car park, delivers a high-quality, mixed-tenure residential neighbourhood comprising a total of 808 new homes and a range of amenities. The gross development costs (excluding land) for the scheme of approximately £300 million will be spread over three phases, limiting the peak capital requirement (excluding land) to approximately £100 million.

In December 2011 a 50:50 conditional joint venture with the Kwok Family Interests was agreed, signalling an important milestone in Capco's proposals to create new homes and jobs for the area. Completion of the joint venture is primarily conditional upon receipt of an unfettered planning consent following the resolution to grant consent received in February 2012. The site would be acquired by the joint venture at a price of £131 million, which compares to the valuation as at 31 December 2011 of £116 million, unchanged from June 2011, but an increase of 6 per cent from December 2010.

EMPRESS STATE

Capco has a 50 per cent stake in this landmark office which is adjacent to the ECOA. The 31 storey tower is the highest building in LBHF. Fully renovated in 2003, 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, with 5 per cent being applied at the 2011 review. Capco's share of NRI for 2011 was £7.1 million.

In the medium term, opportunities to extend or review the existing lease will be considered or alternatively the property may be suitable for a residential conversion in line with the plans for the ECOA.

FUTURE PRIORITIES

Although the EC&O estate has benefitted from a year of great momentum, the Board remains mindful of the risks surrounding planning processes of this scale, including applications for judicial review. In mitigation, the planning process has been followed scrupulously and an extensive level of consultation with the local community, local authorities and the GLA has been undertaken throughout the process. In terms of Section 34A, no details have at present been brought forward by the Government, however these proposals will continue to be monitored.

During 2012 the key focus remains to secure planning consents for the Earls Court Masterplan. The Group will seek to conclude land transactions with LBHF and TfL consolidating future development rights and take forward the Seagrave Road project in partnership with the Kwok Family Interests.

OPERATING REVIEW - THE GREAT CAPITAL PARTNERSHIP AND CHINA

- £103 million released from sales within GCP and China, capitalising on the demand for prime real estate assets

Capco's other investments principally consist of the Group's share in The Great Capital Partnership (GCP), a 50:50 joint venture with Great Portland Estates plc, and two property investment funds in China. Both portfolios focus on delivering superior, total returns to shareholders and have generated substantial capital for reinvestment back into Capco's core business.

GCP comprises a number of strategically-located properties in London's West End. These provide asset management, refurbishment and development opportunities which deliver strong recurrent income and capital recycling potential.

The Group's Chinese investments, managed by Harvest Capital Partners, have been focused on several mixed use, residential and retail developments in central China.

OPERATING PERFORMANCE

The Great Capital Partnership

Overall, GCP properties have continued to perform well. Compared to the UK as a whole, occupier demand for office and retail accommodation in central London remains robust. For this reason ERV growth has been maintained, increasing by 11.4 per cent like-for-like to £14.0 million. Values also rose, by 9.8 per cent on a like-for-like basis for the same period to £241 million. However, net rental income on a like-for-like basis was down 7.3 per cent to £10.1 million following the disposals.

In line with Capco's strategy to recycle capital from mature property assets back into the Group's core businesses, GCP has continued to dispose of properties, a process that began in 2010. £48 million (Capco's share) has been realised in 2011, with a further £27 million in 2012 to date. All are part of the Group's successful programme of disciplined capital recycling that has taken advantage of continuing investor appetite for central London property assets.

As announced today, contracts have been exchanged to sell a portfolio of properties located on and around Regent Street to Great Portland Estates for a price of £150 million (Capco's share £75 million). This represented a premium of 5.4 per cent to the December 2011 valuation. The sale is subject to consent from the freeholder (The Crown Estate) and the banking syndicate. It will trigger the prepayment of some of the outstanding debt so net proceeds to the Group are expected to be in the range of £30 - £35 million.

China

The Group's investments in China, managed by Harvest Capital Partners, have been highly profitable returning capital to the Group of £55 million during the year. The balance is due to be returned over the next two years. The sale of the China II fund produced a return on capital in excess of 60 per cent.

FUTURE PRIORITIES

Having realised over £100 million from these two portfolios in 2011, the focus will remain on continuing to realise capital profitably to recycle into the core business. The immediate focus will be on closing the GCP transaction announced today.

FINANCIAL REVIEW

The results for the year reflect the Group's asset management strategy supported by the continued strength of the central London property market. As a result, the Group has generated strong returns with a pre-tax profit of £161.9 million, compared to £132.5 million for the previous year.

Like-for-like capital values increased 9.2 per cent. With little movement in yield across the year, this can be attributed to ERV growth and a step change in value achieved in the second half of the year on the Group's investments at Earls Court.

Net rental income remained consistent with that of the prior year at £69 million, although this masks a number of significant acquisitions and disposals.

In May, the Group completed a placing of 62.1 million new ordinary shares at a price of 162 pence per share to fund acquisition opportunities at Covent Garden. This placing generated gross proceeds of £100.6 million, and increased the number of ordinary shares in issue to 683.9 million. As the capital raise was structured as a placing at market value, no adjustment to prior year comparatives has been made.

In November, the Group concluded a refinancing at Covent Garden, securing a £300 million debt facility to refinance an existing loan of £223 million due to mature in 2013. This extended maturity of the debt to October 2016, with a further two year extension available at the Group's option subject to meeting certain financial covenants.

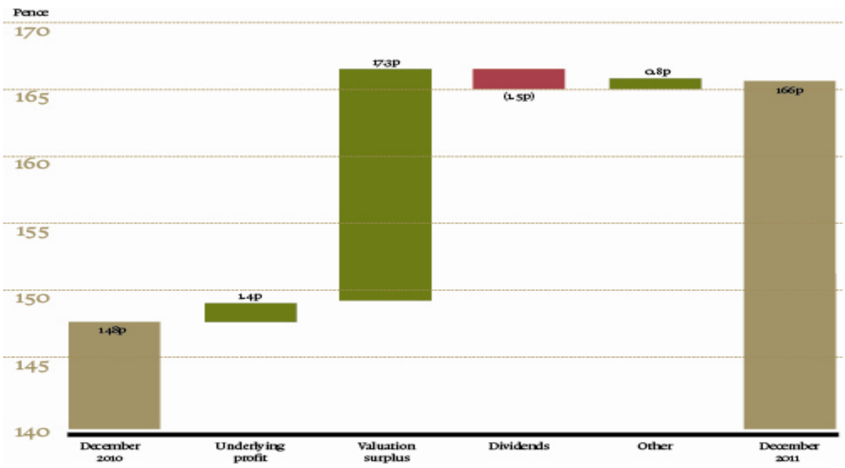
FINANCIAL POSITION

EPRA net assets (adjusted, diluted) increased by £220 million or 18 pence per share since 31 December 2010, a rise of 11.7 per cent. The significant factors were the capital raising completed in May, generating £97 million net of expenses, and the continued revaluation gains recorded on the Group's property portfolio in 2011, most notably at Earls Court which excluding the Empress State building (also reported within this segment) gave rise to a like-for-like return of 10.9 per cent. Covent Garden's like-for-like performance was also strong with property values up 9.2 per cent.

Summary consolidated balance sheet:

	2011 £m	2010 £m
Investment and development property	**1,616.8**	1,377.6
Investments	**19.5**	66.3
Net debt	**(463.7)**	(476.1)
Other assets and liabilities	**(69.5)**	(84.4)
IFRS Net assets	**1,103.1**	883.4
Fair value of derivative financial instruments	**36.4**	53.9
Deferred tax on exceptional items	**4.9**	(12.5)
Unrecognised surplus on trading properties	**1.0**	1.1
EPRA adjusted net assets	**1,145.4**	925.9
EPRA adjusted, diluted net assets per share (pence)	**166**	148

EPRA adjusted, diluted NAV per share at 31 December 2011 increased 11.7 per cent to 166 pence, compared to 148 pence at 31 December 2010. This is largely the result of property valuation movements as illustrated below:



Capital expenditure and divestment

2011 has been an active year. The Group has moved forward on a number of its strategic plans driving significant levels of capital expenditure. This has been funded by the capital raising in May as well as capital recycling from non-core assets.

	2011 **£m**	2010 £m
Acquisitions	**115**	10
Redevelopment expenditure	**65**	21
Less: Divestment	**(118)**	(27)
Net capital expenditure	**62**	4

Sales of non-core assets from within The Great Capital Partnership and the divestment of China funds have contributed £118 million towards supporting the Group to expand its footprint at Covent Garden, continue the redevelopment of the Olympia Exhibition Centre and further the planning process for the Earls Court regeneration area.

Of the £180 million invested, £130 million relates to investments at Covent Garden: £113 million on acquisitions and £17 million on redevelopments.

In December the Group entered into a conditional agreement with the Kwok Family Interests. The agreement, conditional on obtaining planning consent immune from challenge, is to acquire a 50 per cent stake in the Group's interests at Seagrave Road for £66 million, a 13 per cent uplift on the December 2011 valuation. As the agreement remained conditional at the balance sheet date, the divestment is not reflected in the table above.

Future capital commitments at 31 December 2011 amount to £14 million (31 December 2010: £45 million).

China

The Group's investments in China, through two Limited Partnerships managed by Harvest Capital Partners, were substantially realised in 2011. Profits of £30.5 million were realised during the year releasing cash for use elsewhere in the Group of £55 million.

The divestment of Harvest China Real Estate Fund II has completed. Over the three year investment period the fund generated a return in excess of 60 per cent on capital employed, an exceptional performance during a period of economic uncertainty.

The remaining fund, Harvest China Real Estate Fund I, controls two residual assets of meaningful size. One, carried at £15 million, is currently contracted for sale, the proceeds from which are expected in 2012. The last remaining asset is being actively marketed for sale.

Borrowings

Gross debt has reduced by £111 million during 2011. £73 million of this was the result of refinancing at Covent Garden, net of draw down and repayment, and £30 million related to prepayments against the Earls Court & Olympia facility. The associated swap termination costs totalled £14.5 million.

Since year end the Group has prepaid an additional £5 million (our share) on the facility secured over the Empress State Building, a building adjacent to the Group's interest at Earls Court which is held through a joint venture with Land Securities. The LTV covenant on this facility has been waived until maturity.

As part of the November refinancing at Covent Garden, the Group secured a £300 million debt facility to refinance an existing loan of £223 million due to mature in 2013. The Group took the opportunity to utilise its cash reserves more efficiently and reduce the cash drag on earnings, drawing the facility initially to £150 million. A further £90 million is immediately available for use around the Group with the residual £60 million available to finance existing Covent Garden assets not currently secured, or to finance new acquisitions in the Covent Garden area.

As a result there has been little movement in net debt during the period, a reduction of £12 million to £464 million at 31 December 2011.

The Group's debt continues to be arranged on an asset specific basis, with limited or no recourse to the Group.

Group debt ratios were as follows:

	2011	2010
Loan-to-value	**29%**	35%
Interest cover	**136%**	130%
Weighted average debt maturity	**3.6 years**	3.0 years
Weighted average cost of debt	**5.8%**	5.9%
Proportion of gross debt with interest rate protection	**95%**	95%

The capital raising and debt repayments have strengthened the Group's financial position with a loan-to-value ratio of 29 per cent providing a reasonable degree of financial flexibility.

As a result of refinancing, average debt maturity has been extended to 3.6 years with the first significant maturity due in February 2013. The weighted average cost of debt was 5.8 per cent as at 31 December 2011, but has fallen to 5.2 per cent as at the date of this report.

A detailed breakdown of the Group's debt maturity is shown in note 17 of the consolidated financial statements.

Financial covenants apply to £543 million of asset specific debt. The two main covenants are Loan-to-Value ("LTV") and Interest Cover ("IC"). The actual requirements vary and are specific to each loan. Currently £169 million of non-recourse loans have no LTV requirement.

The Group has cash and available facilities of £245 million and is in compliance with all of its asset specific loan covenants.

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 31 December 2011 the proportion of gross debt with interest rate protection was 95 per cent.

During the year, to take advantage of the low interest rate environment, the Group entered into derivative contracts providing interest rate protection on debt with a nominal value of £150 million. The protection starts after the Group's first significant debt maturity in 2013 and extends through until 2016.

The fair value provision for financial derivatives has fallen from £54 million to £36 million during the year, in part due to termination payments made during the year of £14.5 million.

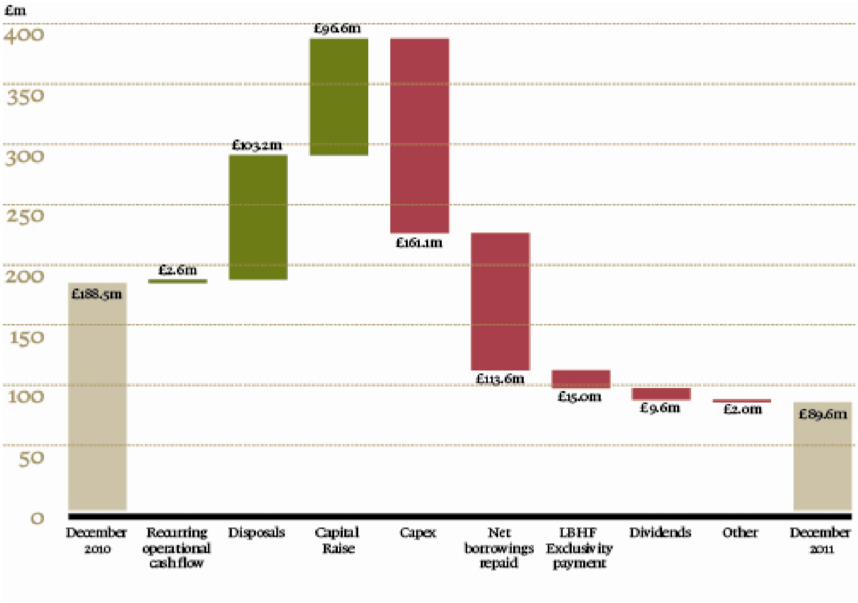
CASH FLOW

As set out in the summary consolidated cash flow below, during the year the Group's unrestricted cash fell by £98.9 million.

	2011 £m	2010 £m
Underlying operating cash generated	**49.6**	51.8
Net finance charges paid	**(36.7)**	(40.1)
Net movement in working capital	**(10.3)**	(9.2)
Recurring cash flow from operations	**2.6**	2.5
Property development/investments	**(161.1)**	(26.8)
Sale proceeds of property/investments	**103.2**	28.6
Demerger costs	**(1.3)**	(4.0)
Exclusivity Agreement with LBHF	**(15.0)**	–
VAT received on internal restructure	**22.2**	–
Pension funding	**(3.6)**	–
Taxes paid	**(1.4)**	(2.6)
Cash flow before financing	**(54.4)**	(2.3)
Financing	**(30.0)**	172.9
Termination of interest rate swaps	**(14.5)**	(7.4)
Net cash flow	**(98.9)**	163.2

Recurring cash flow from operations has remained consistent year-on-year with the reduction in operating cash flow being offset by a fall in finance charges paid. Surrender premiums linked to the Group's repositioning strategy at Covent Garden have principally driven the movement in working capital.

Significant non-recurring cash flows can be summarised as follows:



Proceeds generated from the sale of non-core properties within The Great Capital Partnership generated £48 million while the divestment of China funds returned £55 million to the Group during the year.

Cash applied to the development of property and investments during the period is due principally to the acquisition of investment properties at Covent Garden (£94 million); and development activity at both Earls Court and Olympia (£45 million). Smaller acquisitions and redevelopment activity across the Group's other assets account for the balance.

In July the Group entered into an Exclusivity Agreement with LBHF, the consideration for which resulted in a cash payment of £15 million. The agreement gives both parties one year of exclusivity in relation to discussions around LBHF's land and its inclusion within Sir Terry Farrell's Masterplan.

The Group seeks to optimise its corporate structure to align with its strategy. Due to an internal reorganisation in November to segregate the operating business at Earls Court and Olympia from the development opportunity, an internal sale and purchase was determined to constitute a VAT supply between two internal VAT groups. At the year end input VAT of £22.2 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.

As part of the reorganisation of the EC&O Venues business, the workforces of Earls Court Limited and Olympia Limited were amalgamated into Olympia Limited. As a result, Earls Court Limited ceased to be a participating employer of the EC&O final salary pension scheme which necessitated a payment of £3.6 million to the scheme. On 31 December 2011 the final salary scheme was closed to future benefit accrual. The actuarial valuation of the scheme at 31 December 2011 reflected a surplus of £1 million. As the Group has an unconditional right to refund upon the scheme's closure, the asset has been carried on the Group's balance sheet.

Financing cash flows included the capital raising in May 2011 which generated £97 million, net of expenses. This was offset by the refinancing at Covent Garden, resulting in a cash outflow of £77 million, and Earls Court & Olympia debt prepayments of £30 million.

Dividends paid of £9.6 million reflect the final dividend payment made in respect of 2010 financial year and the interim dividend in respect of 2011. A total of 1.5 pence per share was paid during the year.

FINANCIAL PERFORMANCE

Underlying earnings

The Group has presented an underlying calculation of profit before tax and adjusted earnings per share figures in addition to the amounts reported under IFRS. Like the EPRA adjusted earnings measure, these amounts exclude the effects of gains and losses associated with investment property valuations, fair value movements on financial derivatives, but also exclude certain exceptional items. The Directors regard this presentation to provide useful information on the underlying performance of the business.

Summary consolidated income statement:

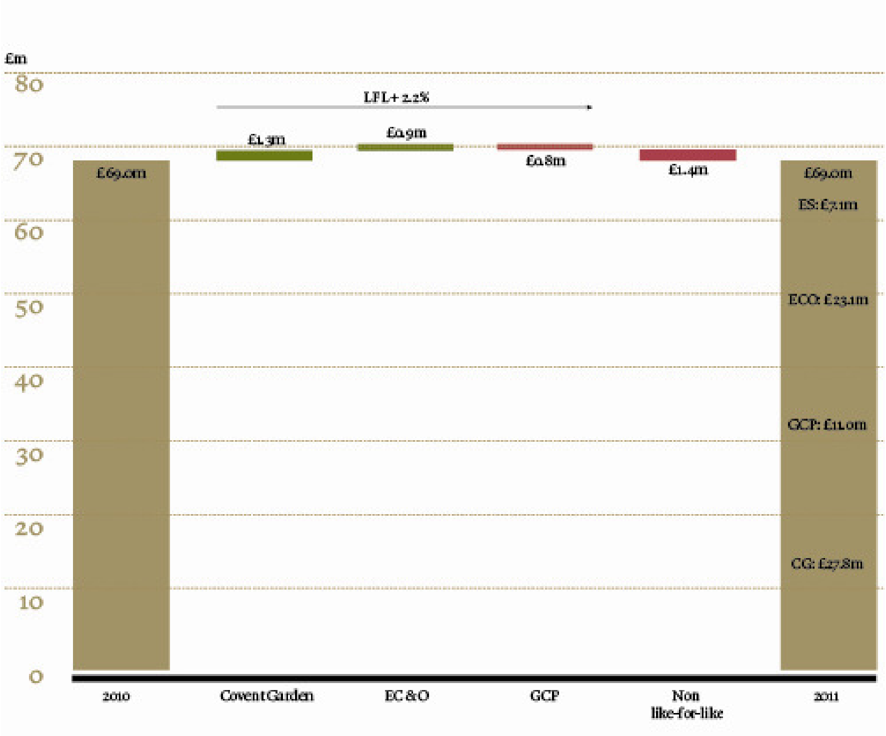
	2011 £m	2010 £m
Net rental income	**69.0**	69.0
Other income	**0.8**	0.1
Gain on revaluation and sale of investment and development property	**123.3**	134.6
Profit on sale of available for sale investments	**30.5**	–
Administration expenses	**(22.2)**	(23.9)
Net finance costs	**(35.2)**	(46.3)
Other items	**(4.3)**	(1.0)
Taxation	**(8.2)**	(0.9)
IFRS profit for the year	**153.7**	131.6
Adjustments:		
Gain on revaluation and sale of investment and development property	**(123.3)**	(134.6)
Profit on sale of available for sale investments	**(30.5)**	–
Change in fair value of derivative financial instruments	**(14.1)**	0.3
Exceptional finance costs	**14.5**	7.1
Demerger costs	**–**	5.3
Remeasurement of deferred consideration	**4.2**	(0.7)
Other adjustments	**(0.8)**	0.6
Taxation on non-underlying items	**5.8**	(0.4)
Underlying profit after tax	**9.5**	9.2
Underlying earnings per share (pence)	**1.4**	1.5

Underlying profit after tax increased from £9.2 million to £9.5 million and underlying earnings per share decreased from 1.5 pence to 1.4 pence.

Net rental income

Like-for-like net rental income was £65.9 million, an increase of 2.2 per cent. At the headline level the Group's net rental income remained consistent with the prior year at £69.0 million. This masks the impact of acquisitions at Covent Garden, an increase of £1.4 million, and disposals within The Great Capital Partnership, a reduction of £1.8 million.

The annualised impact of acquisitions at Covent Garden in 2011 is expected to be £3 million. The annualised impact on net rental income attributable to disposals within The Great Capital Partnership in 2011 is expected to be £2.1 million. The properties contracted for sale from The Great Capital Partnership so far in 2012 represent a further £3.9 million.



At Covent Garden, net rental income increased by £2.1 million to £27.8 million an increase of 5.3 per cent on a like-for-like basis. This increase was largely the result of acquisitions, £1.4 million, and new lettings which achieved an increase of £0.9 million. A property swap completed in February, which comprised the disposal of a property on the periphery of the estate for a strategic piazza facing freehold interest, had an adverse impact of £0.5 million.

The Great Capital Partnership generated net rental income of £11.0 million (our share), a decrease of £2.6 million, 7.3 per cent on a like-for-like basis due to the continued strategy of disposing of non-core mature properties in support of the Group's core investments. Void costs increased by £0.5 million during the year, the result of exercising break clauses to facilitate redevelopment and sale. Disposals achieved in 2010 and 2011 reduced recurring net rental income by £1.8 million.

Earls Court & Olympia, which includes the Group's interest in the Empress State Building, increased by £1.1 million, 3.1 per cent on a like-for-like basis to £30.2 million. This increase is attributable to new shows and increased take-up at Olympia. The index-linked lease on the Empress State Building continues to deliver annual increases linked to RPI which, excluding a one-off adjustment of £0.3 million in 2011, resulted in an increase of five per cent for the year. Subsequent to the balance sheet date, the Group has disposed of its interests in The Brewery, an operating business based in the City of London, which contributed £0.8 million to net rental income in 2011.

Historically the Venues business has controlled a number of properties that were reported within its EBITDA which contributed £1.2 million to net rental income in 2011. As a result of the internal reorganisation and the closure of the Earls Court & Olympia defined benefit pension scheme referred to above, £0.9 million was included within the EC&O segmental result but not the Venues EBITDA. Therefore EBITDA of the Venues business fell by £0.4 million to £18.5 million in the year to 31 December 2011.

Lease incentives of £1.1 million were included within net rental income for the year.

Property valuation

Property valuation gains of £123.3 million (2010: £134.6 million) include unrealised gains of £119.4 million and realised gains of £3.9 million.

With little movement in yields, valuation gains in 2011 have been predominantly income driven. Covent Garden experienced like-for-like ERV growth of 8.8 per cent, while ERV within The Great Capital Partnership increased by 11.4 per cent on a like-for-like basis reflecting the positive sentiment in the central London property market.

Fees and other costs relating to acquisitions account for the majority of the revaluation losses of £7.2 million recorded on acquisitions during the year.

A step change in the valuation basis of the Group's interests at Earls Court was achieved in the second half of the year. Under International Financial Reporting Standards the Group's valuers are required to consider the highest and best use when valuing investment and development properties carried at fair value. The highest and best use valuation of the Earls Court exhibition halls at 31 December 2011 was considered to be a land value having regard for redevelopment potential. This contributed to a like-for-like revaluation surplus of 10.9 per cent recorded on investment properties held at Earls Court & Olympia which attributed a land value of £8.6 million per acre to the site. This reflects the Group's efforts toward achieving planning consents on the ECOA which are discussed further in the Operating Review.

The Group's trading properties were impaired by £0.1 million (2010: £0.1 million) where the fair value was determined to be less than original cost. In aggregate the Group's trading properties have an unrealised valuation surplus of £1 million at 31 December 2011 which has not been recognised in the financial statements.

Administration expenses

Underlying administration expenses increased by £3.6 million to £22.2 million. This was in line with expectation and is attributed to increased head count and establishment costs, the result of becoming a standalone business in May 2010.

Net finance costs

Excluding gains and losses on the change in fair value of derivatives and one-off costs incurred on the termination of interest rate swaps, underlying net finance costs for the year of £34.8 million have decreased by £4.1 million. This reduction reflects the full year impact of prepayments in 2010 together with prepayments of £30 million made during 2011. The November refinancing at Covent Garden further reduced average debt levels during the latter part of the year.

Taxation

The net tax charge for the year ended 31 December 2011 was £8.2 million.

The tax charge on underlying profits is £2.4 million reflecting an underlying tax rate of 20 per cent. The underlying tax rate is lower than the standard rate of UK corporation tax of 26 per cent (28 per cent in 2010) due to capital allowances.

The tax rate on underlying profit is expected to trend toward the UK corporation tax rate in the medium term. The standard rate of corporation tax will be 23 per cent from 2014.

Contingent tax, the amount of tax that would become payable on a theoretical disposal of all investment properties held by the Group, is nil (2010: £10.4 million). The contingent tax position is arrived at after allowing for Group loss relief.

Derivative valuation

Due to the macroeconomic factors during the year, longer term interest rates have fallen in excess of 1 per cent. Shorter term rates however remain reasonably stable year-on-year although LIBOR has risen. With an average debt maturity of 3.6 years the contraction in long term rates has had little overall impact at a Group level.

The valuation movement of £14.1 million arose in part from the termination payments made during the year of £14.5 million.

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:

- Finance charges totalling £14.5 million which were recorded on the termination of interest rate swaps arising on debt repayments and prepayments of £252 million, £222 million in relation to the Group's refinancing at Covent Garden in November and £30 million in relation to the facility secured over Earls Court & Olympia;

- As part of the Group's 2009 acquisition of the non-controlling interest's share in Earls Court & Olympia, a deferred consideration payment becomes due based on a number of factors including a potential redevelopment of the site and the outcome of the planning process. With the Group having submitted its planning application in June relating to the full Earls Court regeneration area, the provision has been re-measured resulting in an exceptional charge of £4.2 million;

- Following divestment of the Group's interests in China, profits of £30.5 million have been realised. These have been treated as exceptional given their non-recurring nature;

- Other income comprises exceptional credits of £0.8 million. These relate to a non-recurring VAT claim settled with HM Revenue & Customs and a non-refundable deposit received by the Group, taken to income as a result of an incompleted transaction.

Financial strategy

Our policy is to optimise the Group's weighted average cost of capital by using an appropriate mix of debt and equity. The Group follows a secured debt strategy as it believes this gives better access to borrowings and at lower overall costs.

The Group's borrowings are secured against large pools of assets. Importantly, the recent refinancing at Covent Garden provides flexibility to fund expenditure elsewhere in the Group.

The Group's financial structure is monitored with reference to guidelines approved by the Board.

Group Treasury operates a formal treasury policy covering all aspects of treasury activity including funding, counterparty exposure limits, management of interest rate risk, currency and liquidity risks. The Board receives regular reports on compliance with these policies, which are reviewed on an annual basis.

South African listing

The Group maintains a secondary listing on the JSE Limited which is classified as an "inward" listing.

Institutional investors who received Capco shares upon demerger were initially given a two year exemption to allow time to realign their portfolios. The exemption was due to expire in May 2012. During 2011 the Group applied to the South African authorities for an extension which was granted for a further 12 month period.

However, in a major new policy on exchange control introduced by the South African National Treasury, as of December 2011 all inward shares have been reclassified as "domestic" shares for trading purposes. This reclassification means that the previous limits on holding Capco shares under exchange control regulations have been removed for South African institutional investors in the Group, if those shares were acquired on the JSE. In addition Capco is now eligible for certain JSE indices.

At 31 December 2011, 21 per cent of the Group's shares were held on the South African register.

Headline earnings per share, a JSE measure, stood at 2 pence per share for the year to 31 December 2011.

Going concern

Economic conditions remain challenging, however the Group has a prudent balance sheet and sufficient cash and available facilities to meet both its ongoing and foreseeable future commitments. The Group recently refinanced a significant amount of its debt secured over Covent Garden, extending its weighted average debt maturity. With sufficient headroom against financial covenants and a significant pool of unsecured assets there continues to be a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Directors continue to adopt the going concern basis in preparing the 2011 annual report and accounts.

Dividends

The Company intends to grow its dividend as the success of its asset plans is reflected in underlying profit, whilst taking into account future commitments and providing for the financial flexibility required to maximise long term shareholder value.

The Board has recommended a final dividend of 1.0 pence per share taking the total dividend for the year to 1.5 pence per share. Subject to approval at the Company's Annual General Meeting the dividend will be paid on 21 June 2012 to shareholders on the register at 18 May 2012.

Subject to approval at the Company's Annual General Meeting, the Board intends to offer an optional scrip dividend scheme which will apply to the 2011 final dividend. The scrip dividend scheme will give shareholders the right to elect to receive new ordinary shares in the Company instead of future cash dividends. At the Directors' discretion, the scrip dividend scheme may also be offered in respect of any future final or interim dividends.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for Group risk management. It reviews principal risks and uncertainties regularly, together with the actions taken to mitigate them.

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.

On the following pages 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 advisers 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.

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 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 existing or planned infrastructure (including transport). Concentration of higher profile events in central London (e.g. Olympics, Queen's Diamond Jubilee).	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.

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 with adjacent landowners (including risk of Section 34A of the Housing Act 1985 in relation to LBHF land in ECOA).	High volatility in valuations and Group's returns.	Extensive design and technical work undertaken along with informed market valuation. Properly tendered processes to select contractors and manage cost. ECOA Masterplan design allows the development of each landowner's site individually.

DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibilities

The statement of Directors' responsibilities has been prepared in relation to the Group's full Annual Report for the year ended 31 December 2011. Certain parts of the Annual Report are not included within this announcement.

We confirm to the best of our knowledge:

– the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

– the Business and Financial Review includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board on 29 February 2012.

I.D. Hawksworth
Chief Executive

S. Das
Finance Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	2011 £m	2010 £m
Revenue	2	**108.4**	113.7
Rental income		**108.4**	113.6
Rental expenses		**(39.4)**	(44.6)
Net rental income	2	**69.0**	69.0
Other income	3	**0.8**	0.1
Gain on revaluation and sale of investment and development property	4	**123.3**	134.6
Profit on sale of available for sale investments	5	**30.5**	–
Remeasurement of deferred consideration	20	**(4.2)**	0.7
Write down of trading property		**(0.1)**	(0.1)
Impairment of other receivables	6	**–**	(1.6)
		219.3	202.7
Administration expenses			
Ongoing expenses		**(22.2)**	(18.6)
Demerger costs	7	**–**	(5.3)
Operating profit		**197.1**	178.8
Finance costs	8	**(36.5)**	(40.3)
Finance income		**1.7**	1.4
Other finance costs	8	**(14.5)**	(7.1)
Change in fair value of derivative financial instruments		**14.1**	(0.3)
Net finance costs		**(35.2)**	(46.3)
Profit before tax		**161.9**	132.5
Current tax		**(2.5)**	(1.2)
Deferred tax		**(5.7)**	0.4
REIT entry charge		**–**	(0.1)
Taxation	9	**(8.2)**	(0.9)
Profit for the year		**153.7**	131.6
Earnings per share from continuing operations			
Basic earnings per share	11	**23.2p**	21.2p
Diluted earnings per share	11	**23.3p**	21.2p
Weighted average number of shares	11	**661.8m**	621.9m

Adjusted earnings per share are shown in note 11.

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	Notes	2011 £m	2010 £m
Profit for the year		**153.7**	131.6
Other comprehensive income			
Actuarial (losses)/gains on defined benefit pension schemes		**(1.4)**	1.4
Fair value gains on available for sale investments and other movements		**6.3**	21.5
Tax on items taken directly to equity	19	**0.9**	(0.4)
Other comprehensive income for the year		**5.8**	22.5
Total comprehensive income for the year		**159.5**	154.1

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2011

	Notes	2011 £m	2010 £m
Non-current assets			
Investment and development property	12	**1,616.8**	1,377.6
Plant and equipment		**1.2**	1.0
Available for sale investments		**19.5**	66.3
Derivative financial instruments		**0.4**	–
Pension asset		**1.0**	–
Trade and other receivables	13	**34.2**	12.4
		1,673.1	1,457.3
Current assets			
Trading property	14	**0.2**	0.3
Derivative financial instruments		**0.6**	–
Trade and other receivables	13	**26.7**	26.8
Cash and cash equivalents	15	**89.6**	188.5
		117.1	215.6
Total assets		**1,790.2**	1,672.9
Non-current liabilities			
Borrowings, including finance leases	17	**(534.6)**	(651.5)
Derivative financial instruments		**(36.9)**	(53.9)
Pension deficit		**–**	(2.0)
Deferred tax provision	19	**(4.8)**	–
Other provisions	20	**–**	(3.3)
		(576.3)	(710.7)
Current liabilities			
Borrowings, including finance leases	17	**(18.7)**	(13.1)
Derivative financial instruments		**(0.5)**	–
Other provisions	20	**(7.3)**	–
Trade and other payables	16	**(82.4)**	(65.0)
Tax liabilities		**(1.9)**	(0.7)
		(110.8)	(78.8)
Total liabilities		**(687.1)**	(789.5)
Net assets		**1,103.1**	883.4
Equity			
Share capital	21	**170.9**	155.4
Other components of equity		**932.2**	728.0
Capital and reserves		**1,103.1**	883.4

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

	Notes	2011 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	19	–	–	–	–	–	**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 available for sale investments		–	–	–	**(28.5)**	–	–	**(28.5)**
Fair value of share-based payments		–	–	–	–	**1.7**	–	**1.7**
Dividends paid	10	–	–	–	–	–	**(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**

The accompanying notes form part of these consolidated financial statements.

(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.

		2010							
	Notes	Share capital £m	Share premium £m	Merger reserve £m	Revaluation reserve £m	Capital contribution £m	Other reserves £m	Retained (losses)/ earnings £m	Total equity £m
Balance at 1 January 2010		497.5	89.1	87.6	15.7	–	–	(597.2)	92.7
Profit for the year		–	–	–	–	–	–	131.6	131.6
Other comprehensive income:									
Fair value gains on available for sale investments and other movements		–	–	–	21.5	–	–	–	21.5
Actuarial gains on defined benefit pension schemes		–	–	–	–	–	–	1.4	1.4
Tax on items taken directly to equity	19	–	–	–	–	–	–	(0.4)	(0.4)
Total comprehensive income for the year ended 31 December 2010		–	–	–	21.5	–	–	132.6	154.1
Transactions with owners									
Capital reduction		(342.0)	–	–	–	–	–	342.0	–
Capital reorganisation and pro forma restatement[1]		–	–	53.8	(4.2)	696.7	–	(107.0)	639.3
Capital contribution realised		–	–	–	–	(696.7)	–	696.7	–
Share redemption		(0.1)	–	–	–	–	–	–	(0.1)
Fair value of share-based payments		–	–	–	–	–	0.5	–	0.5
Dividends paid	10	–	–	–	–	–	–	(3.1)	(3.1)
Total transactions with owners		(342.1)	–	53.8	(4.2)	–	0.5	928.6	636.6
Balance at 31 December 2010		155.4	89.1	141.4	33.0	–	0.5	464.0	883.4

The accompanying notes form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2011

	Notes	2011 £m	2010 £m
Cash generated from operations	24	**38.0**	38.6
Interest paid		**(38.4)**	(41.4)
Interest received		**1.7**	1.3
Taxation		**(1.3)**	1.0
Cash flows from operating activities		**–**	(0.5)
Cash flows from investing activities			
Purchase and development of property		**(161.1)**	(26.8)
Sale of property		**48.2**	28.1
REIT entry charge paid		**(0.1)**	(3.6)
Sale of available for sale investments		**55.0**	0.5
Pension funding		**(3.6)**	–
Exclusivity agreement with LBHF		**(15.0)**	–
VAT received on internal restructure(1)		**22.2**	–
Cash flows from investing activities		**(54.4)**	(1.8)
Cash flows from financing activities			
Issue of shares		**96.6**	–
Issue of redeemable shares		**–**	0.1
Redemption of redeemable shares		**–**	(0.1)
Cash transferred to restricted accounts	15	**–**	(6.0)
Borrowings drawn		**145.8**	6.0
Borrowings repaid		**(259.4)**	(68.0)
Funding from Capital Shopping Centres Group		**–**	244.0
Purchase of derivatives		**(3.4)**	–
Termination of swaps		**(14.5)**	(7.4)
Equity dividends paid	10	**(9.6)**	(3.1)
Cash flows from financing activities		**(44.5)**	165.5
Net (decrease)/increase in unrestricted cash and cash equivalents		**(98.9)**	163.2
Unrestricted cash and cash equivalents at 1 January		**182.5**	19.3
Unrestricted cash and cash equivalents at 31 December	15	**83.6**	182.5

(1) VAT received on an internal property transfer was deemed to be a VAT supply. Input VAT was received prior to the balance sheet date whilst output VAT was not settled until January 2012.

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES

General information

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

Basis of preparation

The financial information does not constitute the Group's statutory accounts for either the year ended 31 December 2011 or the year ended 31 December 2010, but is derived from those accounts. The Group's statutory accounts for 2011 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors' report on the 2011 and 2010 accounts were not qualified or modified; did not draw attention to any matters by way of an emphasis of matter; and did not contain any statements under Section 498 of the Companies Act 2006.

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

The 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.

Standards and guidelines relevant to the Group that were in issue and endorsed at the date of approval of the consolidated financial statements but not yet effective and have not been adopted early:
IFRS 7 'Financial Instruments: Disclosures' (amendment)
IAS 32 'Financial Instruments: Presentation' (amendment)

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

During 2011, the following accounting standards and guidance were adopted by the Group:
IAS 24 'Related Party Disclosures' (revised)
IAS 32 'Financial Instruments: Presentation' (amendment)
IFRS 1 'First-time Adoption of International Financial Reporting Standards' (amendment)
IFRIC 14 'Prepayments of a Minimum Funding Requirement' (amendment)
IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

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

2010 Group reconstruction

All Capital & Counties Properties PLC Group companies which were owned and controlled by Liberty International PLC prior to the demerger were transferred under the new ultimate parent company, Capital & Counties Properties PLC, prior to 7 May 2010. The introduction of this new ultimate holding company constituted a group reconstruction.

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

Amounts due to former subsidiary undertakings of Liberty International PLC which were not demerged, were waived prior to demerger. In order to achieve uniformity, debt waivers received were treated as a capital contribution rather than an extinguishment of debt.

Therefore, although the Group reconstruction did not become unconditional until 7 May 2010, the comparative financial statements have been presented as if the Group structure had always been in place.

Going concern basis

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

Basis of consolidation

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

Subsidiaries

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

All intragroup balances resulting from intragroup transactions are eliminated in full.

Any proportion of a subsidiary's income statement and net assets not held by the Group are presented separately as non-controlling interests within these consolidated financial statements.

Joint ventures

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

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

Estimation and uncertainty

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

Revenue recognition
Share-based payments
Provisions
Pensions
Contingent liabilities and capital commitments
Income tax
Trade and other receivables
Derivative financial instruments

Operating segments

Management has determined the operating segments with reference to reports on divisional financial performance and position which are regularly reviewed by the Chief Executive, who is deemed to be the chief operating decision maker.

Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded at the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from settlement of these transactions and from retranslation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except for differences arising on the retranslation of available for sale investments which are recognised in other comprehensive income.

Revenue recognition

Property rental income and exhibition income consists of gross income calculated on an accruals basis, together with services where the Group acts as principal in the ordinary course of business, excluding sales of investment properties. Rental income receivable is spread evenly over the period from lease commencement to lease expiry.

Lease incentive payments, including surrender premiums paid which can be directly linked to enhanced rental income, are amortised on a straight-line basis over the lease term. Upon receipt of a surrender premium for the early termination of a lease, the profit and non-recoverable outgoings relating to the lease concerned are immediately reflected in income.

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

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

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

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

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

Exceptional items

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

Income taxes

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

In accordance with IAS 12, deferred tax is provided using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of those assets and liabilities. However temporary differences are not recognised to the extent that they arise from the initial recognition of assets and liabilities (other than on a business combination) that at the time of the transaction affect neither accounting nor taxable profit and loss.

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

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

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

Share-based payments

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

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

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

Impairment of financial assets

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

Investment and development property

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

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

The fair value of properties is arrived at by adjusting the market value as above for directly attributable lease incentive assets and fixed head leases.

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

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

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

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

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

Investment properties cease recognition as investment property either when they have been disposed of or when they cease to be held for the purpose of generating rental income or for capital appreciation. Where the Group disposes of a property at fair value in an arm's length transaction the carrying value immediately prior to the sale is adjusted to the transaction price, offset by any directly attributable costs, and the adjustment is recorded in the income statement.

Leases

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

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

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

Rental expense under operating leases is charged to the income statement on a straight-line basis over the lease term.

Group as lessor:
Assets leased out under finance leases are recognised as receivables at the amount of the Group's net investment in the

leases. Finance lease income is allocated to accounting periods so as to reflect a constant rate of return on the net investment.

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

Trading property

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

Plant and equipment

Plant and equipment consists of fixtures, fittings and other office equipment. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset plus any attributable cost in bringing the asset to its working condition for its intended use. Depreciation is charged to the income statement on a straight-line basis over an asset's estimated useful life to a maximum of five years.

Investments

Available for sale investments, being investments intended to be held for an indefinite period, are initially recognised and subsequently measured at fair value.

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

Disposals are recorded upon distribution, at which time accumulated fair value adjustments are recycled from reserves to the income statement.

Trade and other receivables

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

Cash and cash equivalents

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

Derivatives financial instruments

The Group uses non-trading derivative financial instruments to manage exposure to interest rate risk. These instruments have not been designated as qualifying for hedge accounting. They are initially recognised on the trade date at fair value and subsequently remeasured at fair value based on market price. Changes in fair value are recognised directly in the income statement.

Trade payables

Trade payables are obligations for goods or services acquired in the ordinary course of business. Trade payables are recognised at fair value and subsequently measured at amortised cost until settled.

Dividend distribution

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

Provisions

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

Borrowings

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Pensions

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

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

Contingent liabilities and capital commitments

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

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

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 quantitive 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

	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 segment assets(3)	253.5	616.4	827.6	19.6	5.7	1,722.8
Total segment 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 the Group's cash balances.

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

	2010					
	The Great Capital Partnership £m	Earls Court & Olympia[(1)] £m	Covent Garden £m	China £m	Other £m	Group total £m
Revenue	16.1	57.7	38.9	–	1.0	113.7
Rent receivable and exhibition income	14.9	57.7	36.2	–	0.6	109.4
Service charge income	1.2	–	2.7	–	0.3	4.2
Rental income	16.1	57.7	38.9	–	0.9	113.6
Rent payable	–	–	(1.0)	–	–	(1.0)
Service charge and other non-recoverable costs	(2.5)	(28.6)	(12.2)	–	(0.3)	(43.6)
Net rental income	13.6	29.1	25.7	–	0.6	69.0
Other income	–	–	–	–	0.1	0.1
Gain on revaluation and sale of investment and development property	33.5	23.3	77.8	–	–	134.6
Remeasurement of deferred consideration	–	0.7	–	–	–	0.7
Write down of trading property	–	–	–	–	(0.1)	(0.1)
Impairment of other receivables	–	–	–	–	(1.6)	(1.6)
Segment result	47.1	53.1	103.5	–	(1.0)	202.7
Unallocated costs						
Administration expenses						(23.9)
Operating profit						178.8
Net finance costs[(2)]						(46.3)
Profit before tax						132.5
Taxation						(0.9)
Profit for the year						131.6
Summary balance sheet						
Total segment assets[(3)]	273.1	503.2	659.0	66.3	–	1,501.6
Total segment liabilities[(3)]	(128.6)	(273.4)	(382.0)	–	(7.1)	(791.1)
	144.5	229.8	277.0	66.3	(7.1)	710.5
Unallocated net assets[(2)]						172.9
Net assets						883.4
Other segment items:						
Capital expenditure	(1.1)	(22.7)	(7.5)	–	–	(31.3)
Depreciation	–	–	(0.1)	–	–	(0.1)

(1) Empress State represents £6.5 million of the £29.1 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 the Group's cash balances.

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

The Group's geographical segments are set out below. This represents where the Group's assets and revenues are predominantly domiciled.

Revenue represents income from tenants and total assets primarily constitute investment property.

	Revenue		**Total assets**		**Capital expenditure**	
	2011 £m	2010 £m	**2011 £m**	2010 £m	**2011 £m**	2010 £m
Central London	**108.4**	112.7	**1,770.4**	1,606.3	**179.5**	31.3
Other	**–**	1.0	**19.8**	66.6	**–**	–
	108.4	113.7	**1,790.2**	1,672.9	**179.5**	31.3

3 OTHER INCOME

	2011 £m	2010 £m
Dividend income	–	0.1
Non-recurring income	0.8	–
Other income	**0.8**	0.1

4 GAIN ON REVALUATION AND SALE OF INVESTMENT AND DEVELOPMENT PROPERTY

	2011 £m	2010 £m
Gain on revaluation of investment and development property	119.4	133.3
Gain on sale of investment property	3.9	1.3
Gain on revaluation and sale of investment and development property	**123.3**	134.6

5 PROFIT ON SALE OF AVAILABLE FOR SALE INVESTMENTS

	2011 £m	2010 £m
Profit on sale of available for sale investments	**30.5**	–

Profit on sale of available for sale investments represents part divestment from Harvest China Real Estate Fund I and divestment in full from Harvest China Real Estate Fund II following property disposals made by the fund.

6 IMPAIRMENT OF OTHER RECEIVABLES

Impairment of other receivables of £1.6 million arose in 2010 following an impairment review of loan notes receivable by the Group. The impairment charge was calculated with reference to the market value of certain property assets that the Group would have priority over in the event of default. There was no impairment in 2011.

7 DEMERGER COSTS

Demerger costs included within administration expenses in 2010 were those costs and fees that were directly related to the Group's demerger from Liberty International. These included inter alia legal and professional fees, listing fees and costs associated with the establishment of the Company's head office. These were treated as exceptional items and were not included in the calculation of underlying earnings.

8 FINANCE COSTS

	2011 £m	2010 £m
Finance costs:		
On bank overdrafts and loans	36.6	40.7
Amortisation of issue costs	0.8	0.1
On obligations under finance leases	0.8	0.3
Gross finance costs	38.2	41.1
Interest capitalised on developments	(1.7)	(0.8)
Finance costs	**36.5**	40.3
Costs of termination of derivative financial instruments[1]	14.5	7.1
Other finance costs	**14.5**	7.1

(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 5.9 per cent (2010 – 5.9 per cent) on the relevant debt, applied to the cost of developments during the year.

9 Taxation

	2011 £m	2010 £m
Current income tax:		
Current income tax charge	**2.5**	2.2
Adjustments in respect of previous years	**–**	0.1
Current income tax on profits excluding exceptional items	**2.5**	2.3
Deferred income tax:		
On investment and development property	**14.1**	8.4
On accelerated capital allowances	**0.4**	(1.7)
On exceptional losses	**(11.6)**	–
On derivative financial instruments	**3.3**	(9.6)
On non-exceptional items	**(0.5)**	–
On exceptional items	**–**	2.5
Deferred income tax on profits	**5.7**	(0.4)
REIT entry charge	**–**	0.1
Current tax credit on exceptional items	**–**	(1.1)
Total tax expense reported in the income statement	**8.2**	0.9

Factors affecting the tax charge for the year

The tax assessed for the period is £8.2 million which is lower than the standard rate of corporation tax in the United Kingdom.

The differences are explained below:

	2011 £m	2010 £m
Profit before tax	**161.9**	132.5
Profit on ordinary activities multiplied by the standard rate in the UK of 26.5% (2010 – 28%)	**42.9**	37.1
UK capital allowances not reversing on sale	**(0.6)**	(1.5)
Revaluation surplus not recognised in deferred tax	**(15.8)**	(37.7)
Prior year corporation tax items	**–**	0.1
Expenses disallowed, net of capitalised interest	**0.5**	1.5
REIT – corporation tax exemption on qualifying properties pre exit from REIT Regime	**–**	(0.5)
REIT – deferred tax movement in year post exit from REIT Regime	**–**	19.4
REIT – entry charge	**–**	0.1
Utilisation of losses (brought)/carried forward	**(11.0)**	1.9
Non-taxable items	**(8.1)**	–
Deferred tax arising on exit from REIT Regime	**–**	(19.1)
Reduction in deferred tax following cut in corporate tax rate	**0.3**	(0.4)
Total tax expense reported in the income statement	**8.2**	0.9

As a result of exiting the UK REIT Regime, a deferred tax charge of £19.4 million was recognised in 2010 on investment properties and is disclosed in the tax reconciliation above as 'REIT – deferred tax movement in year post exit from REIT Regime'. This charge was offset by a corresponding credit disclosed above under 'Deferred tax arising on exit from REIT Regime'.

Further amendments to the UK Corporation Tax system were announced in the March 2011 Budget which included changes to the main rates of UK Corporation Tax. The main rate of corporation tax decreased from 28 per cent to 26 per cent from 1 April 2011. The Budget will reduce the main rate of corporation tax from 26 per cent to 25 per cent from 1 April 2012. It proposes to make further reductions to the main rate of 1 per cent per annum to 23 per cent by 1 April 2014. The decrease in tax rate to 25 per cent has been substantively enacted for the purposes of the IAS 12 and therefore has been reflected in these financial statements.

10 DIVIDENDS

	2011 £m	2010 £m
Ordinary shares		
Prior year final dividend paid of 1.0p per share (2010 - £nil)	**6.2**	–
Interim dividend paid of 0.5p per share (2010 – 0.5p)	**3.4**	3.1
Dividends paid	**9.6**	3.1
Proposed final dividend of 1.0p per share (2010 – 1.0p)	**6.8**	6.2

11 EARNINGS PER SHARE AND NET ASSETS PER SHARE

	2011			2010		
(a) Earnings per share	**Earnings £m**	**Shares[(1)] million**	**Pence per share**	Earnings £m	Shares[(1)] million	Pence per share
Basic earnings	**153.7**	**661.8**	**23.2**	131.6	621.9	21.2
Dilutive effect of share option awards	**1.7**	**4.0**		0.5	1.2	
Dilutive effect of contingently issuable shares	**–**	**0.6**		–	–	
Dilutive effect of matching nil cost options	**–**	**1.9**		–	–	
Diluted earnings	**155.4**	**668.3**	**23.3**	132.1	623.1	21.2
Basic earnings	**153.7**			131.6		
Adjustments:						
Gain on revaluation and sale of investment and development property	**(123.3)**			(134.6)		
Write down of trading property	**0.1**			0.1		
Fair value movement on derivative financial instruments	**(14.1)**			0.3		
Costs of termination of derivative financial instruments	**14.5**			7.1		
Current tax adjustments	**(0.3)**			(0.3)		
Deferred tax adjustments	**17.4**			(2.9)		
EPRA adjusted earnings	**48.0**	**661.8**	**7.3**	1.3	621.9	0.2
Exceptional other income	**(0.8)**			–		
Profit on sale of available for sale investments	**(30.5)**			–		
Remeasurement of deferred consideration	**4.2**			(0.7)		
Write down of trading property	**(0.1)**			(0.1)		
Impairment of other receivables	**–**			1.6		
Demerger costs	**–**			5.3		
Current tax adjustments	**0.3**			(0.8)		
Deferred tax adjustments	**(11.6)**			2.5		
REIT entry charge	**–**			0.1		
Underlying earnings	**9.5**	**661.8**	**1.4**	9.2	621.9	1.5

(1) Weighted average number of shares in issue during the period.

Headline earnings per share is calculated in accordance with Circular 3/2009 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.

	2011			2010		
	Earnings £m	**Shares[(1)] million**	**Pence per share**	Earnings £m	Shares[(1)] million	Pence per share
Basic earnings per share	**153.7**	**661.8**	**23.2**	131.6	621.9	21.2
Adjustments:						
Gain on revaluation and sale of investment and development property	**(123.3)**			(134.6)		
Profit on sale of available for sale investments	**(30.5)**			–		
Impairment of other receivables	**–**			1.6		
Demerger costs	**–**			5.3		
Current tax adjustments	**–**			(0.7)		
Deferred tax adjustments	**13.1**			9.2		
Headline earnings	**13.0**	**661.8**	**2.0**	12.4	621.9	2.0
Dilutive effect of share options awards	**1.7**	**4.0**		0.5	1.2	
Dilutive effect of contingently issuable shares	**–**	**0.6**		–	–	
Dilutive effect of matching nil cost options	**–**	**1.9**		–	–	
Diluted headline earnings	**14.7**	**668.3**	**2.2**	12.9	623.1	2.1

(1) Weighted average number of shares in issue during the period.

	2011			2010		
b) Net assets per share	**Net assets £m**	**Shares[(1)] million**	**NAV per share (pence)**	Net assets £m	Shares[(1)] million	NAV per share (pence)
Net assets attributable to owners of the Group	**1,103.1**	**683.9**	**161.3**	883.4	621.8	142.1
Adjustments:						
Effect of dilution on exercise of options	**–**	**4.4**		–	2.2	
Effect of dilution on issue of contingently issuable shares	**–**	**0.6**		–	–	
Effect of dilution on issue of matching nil cost options	**–**	**1.9**		–	–	
Diluted NAV	**1,103.1**	**690.8**	**159.7**	883.4	624.0	141.6
Fair value of derivative financial instruments	**36.4**			53.9		
Unrecognised surplus on trading properties	**1.0**			1.1		
Deferred tax adjustments	**4.9**			(12.5)		
EPRA adjusted, diluted NAV	**1,145.4**	**690.8**	**165.8**	925.9	624.0	148.4
Fair value of derivative financial instruments	**(36.4)**			(53.9)		
Deferred tax adjustments	**(9.2)**			12.5		
EPRA adjusted, diluted NNNAV	**1,118.2**	**690.8**	**161.9**	884.5	624.0	141.7

(1) Number of shares in issue at the year end.

12 INVESTMENT AND DEVELOPMENT PROPERTY

	Freehold £m	Leasehold £m	Total £m
At 1 January 2010	623.7	616.8	1,240.5
Additions from acquisitions	10.3	–	10.3
Additions from subsequent expenditure	6.9	14.1	21.0
Disposals	(16.0)	(11.5)	(27.5)
Gain on valuation	72.4	60.9	133.3
At 1 January 2011	**697.3**	**680.3**	**1,377.6**
Reclassification	**(15.0)**	**15.0**	**–**
Additions from acquisitions	**114.5**	**–**	**114.5**
Additions from subsequent expenditure	**28.2**	**36.8**	**65.0**
Disposals	**(59.7)**	**–**	**(59.7)**
Gain on valuation	**29.4**	**90.0**	**119.4**
At 31 December 2011	**794.7**	**822.1**	**1,616.8**

	2011 £m	2010 £m
Balance sheet carrying value of investment and development property	**1,616.8**	1,377.6
Adjustment in respect of tenant incentives	**14.9**	9.6
Adjustment in respect of head leases	**(8.9)**	(6.8)
Market value of investment and development property	**1,622.8**	1,380.4

Included within investment and development properties is £1.7 million (2010 – £0.8 million) of interest capitalised on developments and redevelopments in progress.

The fair value of the Group’s investment and development properties as at 31 December 2011 was determined by independent external valuers Jones Lang LaSalle for Earls Court & Olympia (excluding Empress State), 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”) Valuation 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 investment at Earls Court, and Seagrave Road, a car park supporting Earls Court, have been valued as a site with development potential.

There are certain restrictions on the realisability of investment property when a credit facility is in place.

13 TRADE AND OTHER RECEIVABLES

	2011 £m	2010 £m
Amounts falling due after more than one year		
Loan notes receivable	**3.4**	3.4
Other receivables[1]	**15.4**	–
Prepayments and accrued income	**15.4**	9.0
Trade and other receivables	**34.2**	12.4
Amounts falling due within one year		
Rents receivable	**15.2**	10.2
Loan notes receivable	**–**	2.9
Other receivables[2]	**2.9**	5.2
Prepayments and accrued income	**8.6**	8.5
Trade and other receivables	**26.7**	26.8

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

(2) Includes exhibition trade receivables.

Included within prepayments and accrued income are tenant lease incentives of £14.9 million (2010 – £9.6 million).

14 TRADING PROPERTY

	2011 £m	2010 £m
Undeveloped sites	**0.2**	0.3
Trading property	**0.2**	0.3

The estimated replacement cost of trading properties based on market value amounted to £1.2 million (2010 – £1.4million). During the year impairment charges of £0.1 million (2010 – £0.1 million) were recorded against trading property.

15 CASH AND CASH EQUIVALENTS

	2011 £m	2010 £m
Cash at hand	**20.6**	12.7
Cash on short-term deposit	**63.0**	169.8
Unrestricted cash and cash equivalents	**83.6**	182.5
Restricted cash	**6.0**	6.0
Cash and cash equivalents	**89.6**	188.5

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

16 TRADE AND OTHER PAYABLES

	2011 £m	2010 £m
Amounts falling due within one year		
Rents received in advance	**21.9**	22.0
Accruals and deferred income	**28.0**	26.5
Trade payables	**0.4**	–
Other payables[1]	**9.3**	14.2
Other taxes and social security	**22.8**	2.3
Trade and other payables	**82.4**	65.0

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

17 BORROWINGS, INCLUDING FINANCE LEASES

	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**					

	2010					
	Carrying value £m	Secured £m	Unsecured £m	Fixed rate £m	Floating rate £m	Fair value £m
Amounts falling due within one year						
Bank loans and overdrafts	6.2	6.2	–	–	6.2	6.2
Loan notes 2017	6.0	6.0	–	–	6.0	6.0
Borrowings, excluding finance leases	12.2	12.2	–	–	12.2	12.2
Finance lease obligations	0.9	0.9	–	0.9	–	0.9
Amounts falling due within one year	13.1	13.1	–	0.9	12.2	13.1
Amounts falling due after more than one year						
Bank loan 2012	124.3	124.3	–	–	124.3	124.3
Bank loans 2013	409.7	409.7	–	–	409.7	409.7
Bank loan 2017	111.6	111.6	–	–	111.6	111.6
Borrowings excluding finance leases	645.6	645.6	–	–	645.6	645.6
Finance lease obligations	5.9	5.9	–	5.9	–	5.9
Amounts falling due after more than one year	651.5	651.5	–	5.9	645.6	651.5
Total borrowings	664.6	664.6	–	6.8	657.8	664.6
Cash and cash equivalents	(188.5)					
Net debt	476.1					

18 CLASSICATION 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 31 December 2011 and 31 December 2010.

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 31 December each year by discounting the future contractual cash flows to the net present values.

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)**	**–**	**–**

2010	Carrying value £m	Fair value £m	Loss to income statement £m	Gain to other comprehensive income £m
Cash and cash equivalents	188.5	188.5	–	–
Other financial assets	39.2	39.2	–	–
Total cash and receivables	227.7	227.7	–	–
Available for sale investments	66.3	66.3	–	21.5
Total available for sale investments	66.3	66.3	–	21.5
Derivative financial instrument liabilities	(53.9)	(53.9)	(0.3)	–
Total held for trading liabilities	(53.9)	(53.9)	(0.3)	–
Borrowings	(664.6)	(664.6)	–	–
Other financial liabilities	(71.0)	(71.0)	–	–
Total loans and payables	(735.6)	(735.6)	–	–

19 DEFERRED TAX PROVISION

Under IAS 12 "Income Taxes", provision is made for the deferred tax assets and liabilities associated with the revaluation of investment properties at the corporate tax rate expected to apply to the Group at the time of use. For United Kingdom properties the relevant tax rate will be 25 per cent (2010 – 27 per cent).

The movements in the year in deferred tax (both recognised and unrecognised) mainly reflect the tax effect of property revaluation gains arising in the year as well as availability of group losses previously not recognised. The recognised deferred tax liability on investment properties calculated under IAS 12 was £14.1m at 31 December 2011 (2010 – nil). The 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 31 December 2011 would be nil (2010 - £10.4 million). This is due to a number of factors including the availability of losses and indexation relief, the Group holding structure for certain properties and the application of the REIT provisions to disposals within 2 years of the demerger date (May 2010).

The tax basis of properties formerly within the REIT regime will be revised in May 2012 (the second anniversary of the demerger) from their original historic tax base cost to the value at the time of exit. If this latter tax basis had applied at 31 December 2011, the tax liability on a disposal basis would again have been nil.

	Accelerated capital allowances £m	Fair value of investment & development properties £m	Derivative financial instruments £m	Other temporary differences £m	Group losses £m	Total £m
Provided deferred tax provision:						
At 1 January 2010	14.5	(8.4)	(2.9)	(3.2)	–	–
Recognised in income	(1.7)	8.4	(9.6)	2.5	–	(0.4)
Recognised in other comprehensive income	–	–	–	0.4	–	0.4
At 31 December 2010	12.8	–	(12.5)	(0.3)	–	–
Recognised in income	0.4	14.1	3.3	(0.5)	(11.6)	5.7
Recognised in other comprehensive income	–	–	–	(0.9)	–	(0.9)
At 31 December 2011	**13.2**	**14.1**	**(9.2)**	**(1.7)**	**(11.6)**	**4.8**
Unrecognised deferred tax asset:						
At 1 January 2011	–	(43.3)	(2.2)	(0.1)	(11.0)	(56.6)
Movement in the year	–	43.3	2.2	0.1	11.0	56.6
At 31 December 2011	**–**	**–**	**–**	**–**	**–**	**–**

20 OTHER PROVISIONS

	Deferred consideration £m	Other £m	Total £m
Amounts falling due after more than one year			
At 1 January 2010	3.8	0.2	4.0
Credited to the income statement			
– remeasurement of deferred consideration	(0.7)	–	(0.7)
At 31 December 2010	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	**–**	**–**	**–**
Amounts falling due within one year			
At 1 January 2010	–	–	–
At 31 December 2010	–	–	–
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**

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 re-development 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 which is anticipated to conclude in 2012. The maximum potential payment is £20.0 million.

21 SHARE CAPITAL AND SHARE PREMIUM

	Share capital £m	Share premium £m
Issued and fully paid:		
At 31 December 2010 – 621,828,502 ordinary shares of 25p each	155.4	89.1
Shares issued: 62,100,000 ordinary shares of 25p each	15.5	6.0
At 31 December 2011 – 683,928,502 ordinary shares of 25p each	**170.9**	**95.1**

22 CAPITAL COMMITMENTS

At 31 December 2011, the Group was contractually committed to £14 million (2010 – £45 million) of future expenditure for the purchase, construction, development and enhancement of investment property. Of the £14 million committed, £13.3 million is committed 2012 expenditure. The Group's share of joint venture commitments included within this amount was £0.4 million (2010 – £1.2 million).

23 CONTINGENT LIABILITIES

As at 31 December 2011, the Group has no contingent liabilities (2010 – nil).

24 CASH GENERATED FROM OPERATIONS

	Notes	2011 £m	2010 £m
Profit before tax		**161.9**	132.5
Adjustments for:			
Gain on revaluation of investment and development property	4	**(119.4)**	(133.3)
Gain on sale of investment property	4	**(3.9)**	(1.3)
Profit on sale of available for sale investments	5	**(30.5)**	–
Remeasurement of deferred consideration		**4.2**	(0.7)
Write down of trading property		**0.1**	0.1
Impairment of other receivables		**–**	1.6
Depreciation		**0.2**	0.1
Amortisation of lease incentives and other direct costs		**0.5**	2.5
Finance costs	8	**36.5**	40.3
Finance income		**(1.7)**	(1.4)
Other finance costs	8	**14.5**	7.1
Change in fair value of derivative financial instruments		**(14.1)**	0.3
Change in working capital:			
Change in trading properties		**–**	(0.1)
Change in trade and other receivables		**(7.2)**	(3.9)
Change in trade and other payables		**(3.1)**	(5.2)
Cash generated from operations		**38.0**	38.6

25 RELATED PARTY TRANSACTIONS

Key management compensation(1)	2011 £m	2010 £m
Salaries and short-term employee benefits	**2.8**	2.2
Pensions and other post-employment benefits	**0.1**	0.2
Share-based payments	**1.4**	0.5
	4.3	2.9

(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.

26 EVENTS AFTER THE REPORTING PERIOD

On January 5 2012, the Group prepaid £5 million (our share) on the debt facility secured over the Empress State Building, incurring swap termination charges of £0.3 million.

On 9 February 2012, the Group disposed of its investment in The Brewery by EC&O Limited. Consideration of £2 million was deferred for a period not exceeding 10 years with minimum payments of £0.2 million per year. The net asset value of The Brewery by EC&O Limited at the date of disposal was £0.4 million.

On 17 February 2012 the Council for the London Borough of Hammersmith & Fulham resolved to grant detailed planning permission for the Group's plans to redevelop the Seagrave Road car park in Earls Court, West London. Completion of the conditional joint venture with the Kwok Family Interests is expected to conclude upon expiry of the three month statutory period which follows finalisation of the Section 106 agreement.

Since 31 December 2011 The Great Capital Partnership has sold further non-core properties, raising total proceeds of £54 million (£27 million Capco's share). The market value of these properties at 31 December 2011 was £42.5 million.

On 29 February 2012, The Great Capital Partnership announced it had exchanged contracts to sell £150 million (£75 million Capco's share) of properties to Great Portland Estates plc subject to Crown and banking consent. The market value of these properties as at 31 December 2011 was £142.4 million.

INVESTMENT AND DEVELOPMENT PROPERTIES (UNAUDITED)

1. PROPERTY DATA AS AT 31 DECEMBER 2011

	Market value £m	Ownership	Initial yield (EPRA)[1]	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	**808.0**	**100%**	**3.77%**	**5.25%**		**45.8**	**97.5%**	**8.2**	**0.8**
Earls Court & Olympia[2]	**573.5**	**100%**				**5.9**			**1.8**
The Great Capital Partnership	**241.3**	**50%**	**3.93%**	**5.05%**		**14.0**	**81.9%**	**7.6**	**0.7**
Total investment and development properties	**1,622.8**				**50.2**	**65.7**			**3.3**

(1) As defined in Glossary.

(2) Includes the Group's 50 per cent economic interest in the Empress State building (£102.5 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 PROPERTY BY USE

	31 December 2011 Market Value					31 December 2011 ERV				
	Retail £m	Office £m	Exhibition £m	Residential £m	Total £m	Retail £m	Office £m	Exhibition £m	Residential £m	Total £m
Covent Garden	**683.0**	**92.8**	**–**	**32.2**	**808.0**	**36.9**	**7.8**	**–**	**1.1**	**45.8**
Earls Court & Olympia	**–**	**102.5**	**471.0**	**–**	**573.5**	**–**	**5.9**	**–**	**–**	**5.9**
The Great Capital Partnership	**59.5**	**148.0**	**–**	**33.8**	**241.3**	**3.5**	**10.0**	**–**	**0.5**	**14.0**
	742.5	**343.3**	**471.0**	**66.0**	**1,622.8**	**40.4**	**23.7**	**–**	**1.6**	**65.7**

3. ANALYSIS OF CAPITAL RETURN IN THE PERIOD

Like-for-like properties

	Market Value 2011 £m	Market Value 2010 £m	**Revaluation surplus/ (deficit)[1] 2011 £m**	Increase
Covent Garden	**704.1**	621.8	**58.4**	9.2%
Earls Court & Olympia	**572.3**	480.8	**46.2**	8.8% [2]
The Great Capital Partnership	**241.3**	218.1	**22.0**	9.8%
Total like-for-like properties	**1,517.7**	1,320.7	**126.6**	9.2%
Acquisitions	**105.1**	–	**(7.2)**	–
Disposals	**–**	59.7	**–**	–
Total investment properties	**1,622.8**	1,380.4	**119.4**	8.0%
All properties				
Covent Garden	**808.0**	639.8	**51.2**	6.9%
Earls Court & Olympia	**573.5**	480.8	**46.2**	8.8%
The Great Capital Partnership	**241.3**	259.8	**22.0**	9.8%
Total investment properties	**1,622.8**	1,380.4	**119.4**	8.0%

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

(2) Revaluation increase comprises Earls Court & Olympia (up 10.9%) and Empress State (no movement).

4. ANALYSIS OF INCOME IN THE PERIOD

Like-for-like properties

	2011 £m	2010 £m	Change
Covent Garden	**25.7**	24.4	5.3%
Earls Court & Olympia	**30.1**	29.2	3.1%
The Great Capital Partnership	**10.1**	10.9	(7.3)%
Like-for-like properties	**65.9**	64.5	2.2%
Acquisitions	**2.0**	–	–
Disposals	**0.9**	4.5	–
Like-for-like capital	**0.2**	–	–
Total investment properties	**69.0**	69.0	–

All properties			
Covent Garden	**27.8**	25.7	8.2%
Earls Court & Olympia	**30.2**	29.1	3.8%
The Great Capital Partnership	**11.0**	13.6	(19.1)%
Other	**–**	0.6	–
Total investment properties	**69.0**	69.0	–

CONSOLIDATED UNDERLYING PROFIT STATEMENT (UNAUDITED)

For the year ended 31 December 2011

	2011 £m	2010 £m
Net rental income	**69.0**	69.0
Other income	**–**	0.1
	69.0	69.1
Administration expenses	**(22.2)**	(18.6)
Operating profit	**46.8**	50.5
Finance costs	**(36.5)**	(40.3)
Finance income	**1.7**	1.4
Net finance costs	**(34.8)**	(38.9)
Write down of trading property	**(0.1)**	(0.1)
Profit before tax	**11.9**	11.5
Tax on adjusted profit	**(2.4)**	(2.3)
Underlying earnings (used for calculation of underlying earnings per share)	**9.5**	9.2
Underlying earnings per share (pence)	**1.4**	1.5

FINANCIAL COVENANTS

Financial covenants on non-recourse debt excluding joint ventures

	Maturity	Loan outstanding at 31 January 2012[1] £m	LTV Covenant	Loan to 31 December 2011 Market Value[2]	Interest cover covenant	Interest cover[3] reported
EC&O Venues[6]	2013	94.3	N/A	N/A	150%	214%
Covent Garden London[5],[7]	2016	150.0	70%	36%	130%	212%
Covent Garden London[5],[8]	2017	112.0	70%	45%	120%	165%
Total		**356.3**				

Financial covenants on joint venture non-recourse debt

	Maturity	Loan outstanding at 31 January 2012[1], [4] £m	LTV Covenant	Loan to 31 December 2011 Market Value[2]	Interest cover covenant	Interest cover[3] reported
The Empress State Partnership[9]	2013	69.2	N/A	N/A	120%	148%
The Great Capital Partnership[10]	2013	112.5	70%	47%	120%	132%
Total		**181.7**				

(1) The loan values are the actual principal balances outstanding at 31 January 2012, which take into account any principal repayments made in January 2012. The balance sheet value of the loans includes any unamortised fees.

(2) The loan to 31 December 2011 Market Value provides an indication of the impact of the 31 December 2011 property valuations on the LTV covenants. The actual timing and manner of testing LTV covenants varies and is loan specific.

(3) Based on latest certified figures, calculated in accordance with loan agreements, which have been submitted between 31 December 2011 and 31 January 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 two separate loans on the Covent Garden properties.

(6) Loan facility provided by Irish Bank Resolution Corporation Limited.

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

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

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

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

DIVIDENDS

The Directors of Capital & Counties Properties PLC have proposed a final dividend per ordinary share (ISIN GB00B62G9D36) of 1.0 pence payable on 21 June 2012.

Dates

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

Sterling/Rand exchange rate struck:	2 May 2012
Sterling/Rand exchange rate and dividend amount in Rand announced:	3 May 2012
Ordinary shares listed ex-dividend on the JSE, Johannesburg:	14 May 2012
Ordinary shares listed ex-dividend on the London Stock Exchange:	16 May 2012
Record date for final dividend in UK and South Africa:	18 May 2012
Dividend payment date for shareholders:	**21 June 2012**

South African shareholders should note that, in accordance with the requirements of Strate, the last day to trade cum-dividend will be 11 May 2012 and that no dematerialisation of shares will be possible from 14 May to 18 May 2012 inclusive. No transfers between the UK and South Africa registers may take place from 2 May to 22 May 2012 inclusive.

Subject to approval at the Company's Annual General Meeting, the Board intends to offer an optional scrip dividend scheme which will apply to the 2011 final dividend.

The above dates are proposed and subject to change.

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”.

Capital Shopping Centres Group or CSC

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

Diluted figures

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

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 year 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 year end.

EPRA adjusted, diluted NNNAV

EPRA 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 year 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.

GPE

Great Portland Estates plc. The Group’s joint venture partner in The Great Capital Partnership.

Gross income

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

ITZA
In Terms of Zone A. ITZA is a method of calculating the floor area of a retail unit with relation to the frontage and first 20 feet/6.1 metres of depth and the value relating to that floor area.

Kwok Family Interests
Conditional joint venture partner and major shareholder in a large listed Hong Kong real estate developer.

LBHF
The London Borough of Hammersmith & Fulham.

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

LIBOR
London Interbank Offer Rate

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.

Loan-to-value (LTV)
LTV is the ratio of attributable debt to the market value of an investment property.

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 on the gross market value 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 such as from car parks etc. Contracted annual rents in respect of tenants in administration are excluded.

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

REIT
Real Estate Investment Trust.

Section 34A Housing Act 1985
An amendment to the 1985 Act to enable tenants to take control of the management of their properties. The amendment establishes 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 only applies to social rented tenants of local authorities. It does 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.

Total property return

Capital growth including gains and losses on disposals plus rent received less associated costs, including ground rent.

Total return

The growth in EPRA adjusted, diluted NAV per share plus dividends per share during the period

Total shareholder return

The increase in the price of an ordinary share plus dividends during the period assuming re-investment in ordinary shares.

Underlying profit

Profit for the year excluding impairment charges, net valuation gains/losses (including profits/losses on disposals), net refinancing charges and swap termination costs.

Weighted average unexpired lease term

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