PRESS RELEASE

25 February 2014

CAPITAL & COUNTIES PROPERTIES PLC ("Capco")

AUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

Ian Durant, Chairman of Capco, commented: "This was another year of significant performance for Capco. Our focus on London and our strong financial position will enable us to build on the momentum and continue to deliver market-leading total returns for our shareholders from both our landmark estates."

Ian Hawksworth, Chief Executive of Capco, commented: "Our strategy is clear and focused. The creative place-making strategy at Covent Garden has established the estate as a world-class retail and dining destination. At Earls Court, a number of major planning and land assembly milestones, including the receipt of outline planning consent for the Masterplan, have enabled us to drive further momentum as we progress this exciting scheme."

Key highlights for the year

Strong valuation performance

- 22 per cent increase in EPRA adjusted, diluted NAV to 249 pence per share (2012: 203 pence)
- 20 per cent (like-for-like) increase in total property value to £2.3 billion (2012: £1.7 billion)
- Proposed final 2013 dividend of 1 pence per share giving a full-year dividend of 1.5 pence per share
- 23 per cent total return for the year

Value growth through continued transformation at Covent Garden

- Total property value of £1,156 million, up 19 per cent (like-for-like) (2012: £952 million)
- Strong growth in ERV, up 11 per cent (like-for-like) to £58 million
- Revised ERV target of £75 million by December 2016
- New leases and renewals at 11.6 per cent above December 2012 ERV
- 12 new retailer and restaurants signed including Dior Beauty, Burberry Beauty Box and Shake Shack
- Resolution to grant planning consent for Kings Court and Carriage Hall developments

Value creation through achievement of further milestones at Earls Court Properties

- Earls Court interests valued at £934 million, up 25 per cent (like-for-like) (2012: £574 million)
- Outline planning consent granted for the Earls Court Masterplan
- Submission of detailed planning application for Earls Court Village, progressing the design of the scheme from the outline planning consent
- TfL Board approval received in February 2014 for proposed joint venture (Capco share 63 per cent) in respect of EC1 & EC2
- Exercise of option in relation to the Conditional Land Sale Agreement ("CLSA") with LBHF
- Acquisition of remaining 50 per cent interest at Empress State and proposals submitted for conversion to residential

Lillie Square preparing for sales launch

- Lillie Square valued at £153 million (Capco's share), up 31 per cent (like-for-like) (2012: £104 million)
- Design enhancements to the original scheme consented by LBHF
- Sales and marketing launch expected shortly

Strong financial position

- Group LTV 15 per cent (2012: 10 per cent)
- Cash and available facilities of £287 million (2012: £401 million)
- New £665 million unsecured revolving credit facility agreed for Covent Garden

FINANCIAL HIGHLIGHTS

	Comprising	2013	2012
23% Total return in 2013			
EPRA adjusted net asset value		**£1,912m**	£1,553m
EPRA adjusted diluted net asset value per share	22%	**249p**	203p
Dividend per share	1%	**1.5p**	1.5p
22% Total property return in 2013			
Total property portfolio	18%	**£2,251m**	£1,721m
Profits on disposal	1%	**£13m**	£35m
Net rental income	3%	**£64.8m**	£65.3m
Underlying earnings per share		**1.0p**	1.8p

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A presentation to analysts and investors will take place today at 9:00am GMT at UBS, 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 our website at www.capitalandcounties.com and hard copies can be requested via the website or by contacting the Company (email feedback@capitalandcounties.com or telephone +44 (0)20 3214 9153).

CHAIRMAN'S STATEMENT

I am pleased to report that 2013 was a year of excellent performance for Capco. This is our fourth set of annual results following our establishment as an independent company, a period in which the business has grown in value and capability with a strong focus on its two estates in central London, Covent Garden and Earls Court Properties. In 2013, significant milestones were achieved across the business as Capco continued to execute its strategy to generate market-leading total returns for shareholders.

At Covent Garden, ERV increased by 11 per cent to £58.0 million and we have welcomed a number of luxury brands to the estate, including Dior Beauty, Burberry Beauty Box and Miller Harris. In December 2013, Westminster Council resolved to grant planning consent for a redevelopment of Kings Court and Carriage Hall which will cover over 90,000 square feet, our first major development at Covent Garden.

The Earls Court Masterplan has achieved outline planning consent and a detailed planning application in respect of Earls Court Village to progress the design of the scheme has been submitted. As the development is implemented, the local community will benefit through commitments made under the Section 106 agreement. Discussions with Transport for London ("TfL") regarding a proposed joint venture to enable the development of EC1 & EC2 in line with the Earls Court Masterplan are progressing well. At Lillie Square, our joint venture is preparing to launch the first phase of a residential scheme that will provide over 800 new homes.

Following recent investment to enhance the Olympia venue, the exhibitions business has been re-launched as Olympia London.

In December 2013 the Company became a constituent of the JSE 40 index in South Africa which comprises the largest companies listed on the Johannesburg Stock Exchange. Capco remains a member of the FTSE 250 index in the UK.

Results and Dividends

In 2013, Capco delivered strong performance with a total return of 23 per cent, of which the main component was the increase in EPRA adjusted, diluted NAV per share from 203 pence to 249 pence. The valuation of the Group's property assets increased by 19.9 per cent on a like-for-like basis. Total shareholder return was 37 per cent.

The Directors are proposing a final dividend of 1.0 pence per share, bringing the total dividend paid and payable for 2013 to 1.5 pence per share.

I would like to thank the Executive Directors and all Capco's staff for their hard work and commitment during 2013 which has generated the Group's performance.

The Board and Its Activities

Capco's Board operates openly and transparently, allowing dialogue and debate between the Executive and Non-executive Directors. The effective operation of the Board was endorsed by an external Board evaluation undertaken during the year. I would like to thank the Non-executive Directors for their continued commitment during 2013.

During the year, the Board considered the Group's strategy and confirmed that the focus on central London retail and residential property, with the flexibility to consider non-core opportunities, remained appropriate.

Community

Our corporate strategy is complemented by continued investment and participation in the communities where our estates are based. Many of our staff participated in our Corporate Responsibility ("CR") programme during the year, contributing over 515 hours to supporting projects. In 2013 the CR programme included fund raising events for The Sir Simon Milton Foundation and the Covent Garden charity Mousetrap Theatre Projects, engagement with schools in both Earls Court and Covent Garden and the sponsorship and organisation of a Community Fun Day at Earls Court.

Moving Forward

London continues to thrive as a global city and the value of this remains attractive to investors. As we begin 2014, macroeconomic conditions appear to be improving, but we must not be complacent and we will continue to focus on the delivery of Capco's strategy.

I am confident that this clear strategy, with its focus on London, and Capco's strong financial position will enable the Company to capitalise on the momentum of 2013 and continue to deliver attractive returns for shareholders, whilst embarking on exciting place-making initiatives at both of our landmark estates.

Ian Durant

Chairman

25 February 2014

CHIEF EXECUTIVE'S REVIEW

Capco performed strongly in 2013 as a result of the strategy to grow value at Covent Garden and create value at Earls Court. Adjusted NAV per share grew 22.4 per cent to 249 pence per share, driven by a total property return of 21.9 per cent. Underlying earnings were 1.0 pence per share in 2013.

The central London property market continues to perform strongly, with a deep pool of investors and occupiers. London continues to thrive as a global city, benefitting the retail and residential sectors on which Capco focuses.

The creative place-making strategy at Covent Garden has again enabled the estate to outperform other areas in central London. The Group's vision for Earls Court has led to the outline planning consent for a 10.1 million sq ft scheme, adding further momentum to the project.

Valuations

The Group benefitted from strong valuations across the business. The property portfolio is valued at £2.3 billion as at 31 December 2013, an increase of 19.9 per cent like-for-like over the year.

	Market Value 2013 £m	Market Value 2012 £m	Market Value Change [1,2]	ERV Change [1]	Initial Yield	Equivalent Yield
Covent Garden	1,156	952	19.2%	11.0%	3.3%	4.7%
Earls Court Properties						
EC1 & EC2	453	336	24.0%			
Lillie Square	153[3]	104[3]	31.1%			
Empress State	265	110[3]	19.9%			
Other	63	25	21.8%			
Venues	161	146	6.3%			
Other [4]	-	48				
Total property	**2,251**	**1,721**	**19.9%**			

1 Like-for-Like.

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

3 Represents Capco's 50 per cent share.

4 GCP (Capco's 50 per cent share), in 2013 a discontinued operation.

Covent Garden

The Covent Garden estate has performed strongly in 2013. The neighbourhood is now established as a vibrant and exciting district of central London and is receiving global recognition as a world-class retail destination.

The estate is valued at £1,156 million as at 31 December 2013, a like-for-like increase of 19.2 per cent during 2013. The major component of this increase is the strong growth in ERV, up 11.0 per cent on a like-for-like basis to £58.0 million. The ERV target has been revised to £75.0 million by December 2016.

Over the past four years, since Capco was established as an independent company, the valuation of Covent Garden has grown at an annual like-for-like rate of 12.3 per cent, and ERV has grown at 8.9 per cent.

The arrival of a number of luxury retail and restaurant brands, including Dior Beauty and Burberry Beauty Box, alongside Chanel Beauty Boutique, Ladurée and Balthazar, has made Covent Garden the destination of choice in central London for both Londoners and visitors.

The value creation at Covent Garden has progressed with the resolutions to grant planning consent for the Kings Court and Carriage Hall schemes. This will have a major impact on the area, opening up a new pedestrian route between Long Acre and King Street, and establishing new, high quality retail and restaurant space in and around Floral Street.

Earls Court Properties

The receipt of outline planning consent for the Earls Court Masterplan is a major success and is the culmination of the initial strategy that commenced when Capco acquired its first interest at Earls Court in 2007.

The valuation of Capco's interests at Earls Court, represented by Earls Court Properties, has grown strongly in the year to £934 million. EC1 & EC2, principally the Group's interests in the Earls Court exhibition centres, has benefitted from the strong London residential market and planning consent, increasing by 24.0 per cent to £453 million.

Lillie Square continues to progress towards a formal sales and marketing launch. The project team has focused on creating a high quality product that will be competitive in the current marketplace. The intention remains to commence construction of the scheme later this year.

The remaining interest in the Empress State Building was acquired during 2013, giving Capco 100 per cent ownership of this major office building at the heart of the Earls Court area. Proposals have been submitted for a conversion to residential use.

Venues

The performance of Venues in 2013 reflects the continued uncertainty over the Earls Court venue. The Olympia venue was rebranded Olympia London, following Capco's significant investment over the past three years to prepare it for the full transition of the business to this venue. The team has successfully negotiated the transfer of a number of shows to Olympia from Earls Court for 2015, including the International Book Fair and Top Drawer.

Outlook

Capco remains well positioned to create significant further value for shareholders from its value growth and value creation strategy at Covent Garden and Earls Court. The central London property market remains strong, and expectations for the economy are positive, although the impact of rising interest rates and the withdrawal of central bank liquidity will need to be carefully monitored. The capital structure remains conservative with sufficient levels of liquidity maintained to manage the increased activity across the Group.

At Covent Garden, the focus will continue to be on introducing new retail and restaurant brands across the estate, and implementing residential conversions where appropriate. The Kings Court and Carriage Hall schemes offer the potential to transform the north-western area of the estate and drive rental values. We will continue to redefine global luxury in London and cement the district's status as a thriving dining destination.

At Earls Court, the detailed planning applications start the process of re-imagining the area and creating a new neighbourhood where Kensington, Chelsea and Fulham meet. The team at Lillie Square is focusing on achieving a successful launch shortly.

Ian Hawksworth

Chief Executive

25 February 2014

STRATEGIC REPORT

COVENT GARDEN

London's neighbourhood

Covent Garden is one of the most vibrant and dynamic districts in London. Attracting 44 million visits a year, the estate mixes a unique shopping experience, all day dining, entertainment and culture in a historic, pedestrianised setting.

Overview

The Covent Garden estate represents 51 per cent of Capco's gross assets and showcases its value growth strategy which is realised through place-making, creative asset management, acquisitions, investment and strategic development. In total, Capco owns 64 buildings comprising 378 lettable units and over 912,000 sq ft of lettable space in Covent Garden.

The value of the estate continues to grow with a capital value of £1,156 million, a 19.2 per cent like-for-like uplift year-on-year at 31 December 2013. ERV was £58.0 million, 11.0 per cent higher on a like-for-like basis. In 2013, 49 new lettings and renewals (excluding those with non-standard terms such as development breaks) were negotiated securing £5.9 million of passing rent, an 11.6 per cent increase above the 31 December 2012 ERV level.

Tenant demand remains strong across the estate which is operating at near full occupancy at 99 per cent. Gross income was £40.5 million for the year ended 31 December 2013.

Footfall in Covent Garden continues to be consistently strong at 44 million customer visits per year. Londoners now account for 56 per cent of the total visitor numbers with 27 per cent international and 17 per cent domestic visitors. Of the UK based audience, 93 per cent is classified as ABC1, and 52 per cent AB.

Capco works with stakeholders in the community such as Westminster City Council and the Covent Garden Area Trust to preserve, maintain and celebrate the attributes which make the area unique. In addition, Capco embeds Corporate Responsibility into its strategy in Covent Garden, spearheading initiatives which involve the local community such as the Royal British Legion Poppy Event which returned for the second year and saw a day of fundraising and activity hosted on the Piazza.

Retail

In 2013 Covent Garden attracted a number of new retailers including Dior Beauty, Burberry Beauty Box, Moleskine, Miller Harris, Aesop and Aveda. A luxury beauty hub has been created by working with luxury brands to introduce new concepts to Covent Garden, following on from the success of the Chanel Beauty Boutique in 2012.

The Market Building also saw an influx of premium new tenants with Godiva, Il Papiro and Penhaligon's all taking space.

The contemporary luxury offer on King Street expanded with the arrival of Sandro, the signing of Brazilian brand Galleria Melissa and a pop up store by luxury footwear designer Sophia Webster. Luxury handbag designer Lulu Guinness opened a new concept store on Floral Street in August, whilst luxury sportswear brand Y-3 also opened on Floral Street in September. Reebok chose Long Acre for its new Fit Hub store which opened in September and cult yoga brand lululemon athletica is moving its showroom on Floral Street to Long Acre to create its first official store in the UK which is set to open in March.

Dining

February 2013 saw the opening of Balthazar, one of the most highly anticipated restaurants to open in London. Brought over from New York by Keith McNally in partnership with Caprice Holdings, the restaurant is the only one outside of Manhattan and has been a destination for visitors from the UK and abroad. Balthazar Bakery also opened alongside the brasserie.

Following Balthazar's success, terms were agreed with Caprice Holdings for a new flagship restaurant for One South Piazza. The team behind The Ivy, one of the most famous and successful restaurants in Covent Garden, will develop the unit, which will boost all day dining from breakfast until after theatre. The site, formerly occupied by Lloyds Bank and Pizza Hut, will anchor both The Beecham residences and Henrietta Street.

In July the arrival of Shake Shack, Danny Meyer's New York cult burger concept, transformed the food offering in the south side of the Market Building increasing both footfall and overall dwell time. Shake Shack took over units previously occupied by The Icecreamists and New York Deli to create the first Shake Shack in the UK with al fresco dining within the Market Building and on the South Piazza. In November, Copenhagen and Japanese fusion concept Sticks 'n' Sushi opened on Henrietta Street in a space formerly occupied by Walkabout.

Residential

The residential strategy in Covent Garden complements the value creation from the ground floor retail and dining offer, by capturing the opportunity to extract further value on the upper parts of buildings through residential conversions which bring the area back to its 17th Century residential roots.

Following the successful sale of four apartments in The Henrietta, the second residential building, The Russell, was launched in April. Situated on a corner location on the Piazza and close to the Royal Opera House, The Russell created a further five luxury apartments. Four of the five apartments have been sold, setting a price record in the area with an average sales price of over £2,400 per sq ft. Conversion work for two further residential blocks in The Beecham and The Southampton has started and will create a further 16 apartments which will come to market during 2014.

In addition to the residential property intended for sale, the first premium residential rental product was launched in September at 9 King Street and is fully let, achieving a record rent in the area of £65 per sq ft. Further space that can be converted to residential rental property in due course has been identified.

Kings Court and Carriage Hall

In December, resolutions to grant planning consent for a new mixed-use development that will transform the area between Floral Street and King Street were received from Westminster City Council.

The Kings Court development will enhance the retail offering on Floral Street including a new retail anchor, and will create a new passage with retail and restaurant space between Long Acre and King Street to improve pedestrian movement in the district and open the existing courtyard area to the public. 45 high quality new residential units will be created on the upper levels with views over the courtyard. The development covers approximately 84,000 sq ft, of which 20,000 sq ft is new space. Work is expected to start on site in Autumn 2014.

The Grade II listed Carriage Hall on Floral Street, opposite the Kings Court scheme will also be refurbished, creating a large anchor store. Work is expected to be carried out at the same time as the Kings Court development.

The total development cost of both schemes is expected to be in the order of £85 million.

Future Priorities

Capco's strategy in Covent Garden remains on track to grow and create value through creative asset management, large scale interventions and place-making. Tenant engineering and the curation of the retail and dining mix continue to be the key activities in order to grow rental values in line with those of the wider prime West End retail areas. This will include a targeted increase in the luxury offering within the estate, particularly with the repositioning of the Royal Opera House Arcade and Henrietta Street.

The implementation of the Kings Court and Carriage Hall schemes, as well as an active approach to future development opportunities and acquisitions within and around the boundaries of the existing estate will be areas of focus. Kings Court will be the first major development to be undertaken by Capco at Covent Garden, and the construction of the scheme is being carefully planned to ensure its success and to minimise the disruption to the wider estate. Other future priorities include extending the residential portfolio and continuing to improve the Covent Garden environment through investing in and improving the public realm.

EARLS COURT PROPERTIES

Earls Court is a unique opportunity for urban re-imagination, located where Kensington, Chelsea and Fulham meet.

Earls Court Properties represents Capco's interests in Earls Court, which principally comprise:

- The leasehold interests of the Earls Court Exhibition Centres and the freehold of the Northern Access Road ("EC1 & EC2")
- 100 per cent of the Empress State Building
- 50 per cent interest in the Lillie Square joint venture

The valuation of Earls Court Properties has increased significantly during 2013, reflecting the progress made in planning and land assembly. The total valuation has increased to £934 million up 24.5 per cent on a like-for-like basis. EC1 & EC2 increased to £453 million, up 24.0 per cent like-for-like.

In January Capco entered into the Conditional Land Sale Agreement ("CLSA") with the London Borough of Hammersmith & Fulham ("LBHF") to acquire the West Kensington and Gibbs Green Estates (the "Estates"). This agreement is discussed further below within 'Land Assembly'.

Planning momentum

In November, planning consent was granted for the outline Earls Court Masterplan, marking the culmination of the planning process that has taken several years and has won the support of the Royal Borough of Kensington & Chelsea ("RBKC"), LBHF and the Mayor of London. It provides approval for a 10.1 million sq ft residential led, mixed use scheme which offers the opportunity to create a leading address in central London.

A detailed planning application for Earls Court Village which progresses the design of the scheme beyond the outline consent was submitted in December to RBKC and LBHF. These proposals offer the opportunity for continued value creation for Capco by illustrating the quality of the neighbourhood to be created. Garden squares, sweeping crescents and the Lost River Park will create a new district of London with over 1,300 new homes and the first phase of London's new High Street.

The local community will benefit as the development is implemented through commitments made in the Section 106 agreement. This agreement includes improvements to transport and infrastructure, a new primary school, health facilities and investment in employment and training.

The judicial review hearing in relation to the Supplementary Planning Document was successfully defended by the local authorities in October following the hearing in July. Capco participated in the hearing as an interested party as the challenge was made against LBHF and RBKC. This is the third challenge that the Councils have successfully defended in relation to the Earls Court Masterplan. No application for judicial review has been received in relation to the outline planning consent. However the risk of further judicial review challenges against planning decisions or land assembly cannot be discounted.

Land Assembly

The land assembly process in relation to the Earls Court Masterplan is progressing well. In February 2014, the Boards of TfL and Capco approved terms for a proposed joint venture which would be owned 63 per cent by Capco and 37 per cent by TfL to enable the development of EC1 & EC2 in line with the Earls Court Masterplan. Legal documentation is currently being finalised.

TfL owns the freehold to the Earls Court exhibition centres and Capco is the leaseholder of both sites. The proposed joint venture will establish a joint entity which will own new 999 year leases over the sites, as well as the Northern Access Road and the air rights over the West London Line. The ownership of the joint entity reflects the value created by combining both organisations' respective freehold and leasehold interests. No cash consideration will be payable by either party. Capco will be the business manager of the joint entity, which will enable a comprehensive approach to be taken for the implementation of the Earls Court Masterplan for the wider Earls Court and West Kensington Opportunity Area ("ECOA"). Preparation has commenced within Capco to meet the operational and governance requirements of this role. At this stage, no agreement is in place regarding the Lillie Bridge Depot, however TfL has stated it will form part of the Earls Court Masterplan if and when it is operationally feasible to do so.

In March an agreement with Network Rail was completed regarding the air rights above the West London Line. As part of the agreement, Capco has secured a new 999 year lease to replace the existing lease in respect of the Earls Court 2 site for an initial consideration of £5.3 million. Within the terms of the agreement, Capco can exercise options for a period of 50 years for further 999 year leases over the remainder of the West London Line to allow for development of the Lost River Park within the Earls Court Masterplan. Network Rail is entitled to further payments of 5.55 per cent of the residual land value which will be payable by Capco at the time development or disposal of each phase of the Earls Court Masterplan is initiated.

In November Capco exercised its option under the CLSA which it entered into with LBHF in January 2013 in relation to LBHF's land within the redevelopment area. The CLSA was approved by the Secretary of State for the Department of Communities & Local Government in April and comprises approximately 22 acres including the West Kensington and Gibbs Green estates.

The land relating to the Estates is not currently recognised within these financial statements as the timing and phasing of the land draw down remains subject to a detailed process. No phase can be transferred unless replacement homes for the residents of the relevant phase have been provided and vacant possession is given of the phase. With the option exercised and with the outline planning consent granted, Capco is working closely with LBHF under the detailed mechanisms within the CLSA to identify the requirements for the first tranche of replacement homes which would enable vacant possession of the first phase of land to be provided.

Of the total cash consideration of £105 million, £15 million was originally paid for the Exclusivity Agreement and is now held as a prepayment against a future drawdown of the land; whilst the properties acquired in 2013, at the time of signing the CLSA, are accounted for as investment properties and accordingly were revalued at 31 December 2013. Following exercise of the CLSA in November, the Group has become committed to the payment of the residual £75 million due under the agreement. The £75 million is expected to be paid in five annual instalments of £15 million starting on 31 December 2015 which are independent of the land draw down process.

Empress State

In August Capco completed the acquisition of the 50 per cent of the Empress State Building not already owned for a value of £117 million. The 460,000 sq ft office tower is let to the Metropolitan Police Authority which provides a secure income stream until 2019.

As part of the wider value creation strategy, a planning application was submitted in November to LBHF for a change of use to residential in line with the wider Earls Court Masterplan. This would create over 300 high quality apartments within the structure of the existing 31 storey building.

Future Priorities

Earls Court presents a unique opportunity to create a new district of central London. The focus of activities this year will be to finalise the land assembly and to bring the Masterplan to life through place-making initiatives to create further value.

For Earls Court Village and the Empress State Building, the priority is to obtain approval for the detailed applications that were submitted in late 2013.

For North End Village, a process for drawing down the first phase of land is being developed in conjunction with LBHF under the terms of the CLSA. This is likely to involve the commencement of construction of the first phase of replacement social housing, in order to commence the process of enabling vacant possession of the Estates.

Lillie Square

Overview

Lillie Square is a 1 million sq ft scheme and is owned by a joint venture between Capco and the Kwok Family Interests ("KFI"). The scheme covers over 7.5 acres and will deliver modern garden-square living for future residents, in 608 private and 200 affordable homes.

Project Update

The focus of the Lillie Square development in 2013 has been on finalising the design of the scheme and construction contracts alongside preparing for the sales and marketing launch. Design amendments were submitted to LBHF and approved in August. These amendments included enhancements to the previously consented buildings and an improved landscape strategy.

The changes to the scheme and the enhanced specification have increased the expected total build cost to £360 million. However, due to the phasing of the project, the peak capital requirement is expected to be in the order of £130 million (Capco's share: £65 million). Documentation is currently being agreed for a new loan facility to fund the construction of Lillie Square which will cover this peak capital amount.

Preparations are being made to commence formal sales and marketing with a launch planned shortly. The current intention is to commence work on site later this year.

Capco notes the on-going legal situation in Hong Kong regarding charges against certain members of the Kwok family, but the operation of the joint venture continues to be unaffected.

Future Priorities

Adjacent to the wider Earls Court Masterplan, Lillie Square is one of the largest development projects in West London and offers an exciting opportunity to re-imagine the area creating values in line with established neighbourhoods surrounding the site.

The focus of our activities this year will be a successful sales launch and commencement of the first phase of construction of this project, which is expected to deliver 237 units in 2015 and 2016. The central London residential market is currently positive, and the success of the sales launch will in part depend on these conditions continuing to prevail.

VENUES

Operating Performance

The Venues business continues to perform in line with expectations. Bookings are lower than in previous years reflecting the continued uncertainty around the future of the Earls Court venue. Earnings before interest, tax, depreciation and amortisation ("EBITDA") in 2013 were £10.4 million, down 26 per cent from 2012. Much of the decrease can be attributed to the one-off contribution in 2012 from the Olympic Games.

The enhanced Olympia London venue remains the focus of the future of the Venues business. Several exhibitions have now decided to move to Olympia London in 2015 including Top Drawer and the International Book Fair. This is very positive for London's most historic venue and will enable the transition of the business from the Earls Court venue to commence next year. Olympia London's improved prospects are reflected in the 2013 valuation performance, up 6.3 per cent to £161 million. At this time, the Earls Court venue is taking bookings for 2014.

As part of the on-going investment in improvement works to Olympia London a series of planning applications were submitted in July which aim to re-instate and enhance the entrance to Olympia Grand and improve Olympia Way through cycle lanes, improved surfaces and signage. Consent was also received for a hotel on the G-Gate site.

Future Priorities

The focus for the Venues business is on the successful transition of the business to the enhanced Olympia London. The decision of the larger shows to move to Olympia from the Earls Court venue in 2015 will commence the transition of the business to operate at Olympia on a standalone basis. These shows, together with the existing calendar of shows operating at Olympia, will intensify the use of Olympia and drive value growth of the business.

FINANCIAL REVIEW

EPRA adjusted, diluted net assets per share rose 22.4 per cent during the year, increasing from 203 pence at 31 December 2012 to 249 pence. This 46 pence increase together with the 1.5 pence dividend paid during the year represents a total return of 23.1 per cent.

The London property market has performed well in 2013, in particular the retail and residential sectors to which the Group is exposed. There continues to be strong tenant and investor demand for well managed properties in prime central London locations.

Both yield compression and ERV growth at Covent Garden increased the value of the estate by 18.8 per cent (19.2 per cent like-for-like), reflecting strong letting performance and increased residential sales values achieved.

The value of Earls Court Properties, the Group's interests at Earls Court, has increased by 19.8 per cent (24.5 per cent like-for-like), as a result of the planning and land assembly milestones achieved in respect of the Earls Court Masterplan during the year and the strong central London residential sales market. The valuation of the Group's EC1 & EC2 interests by Jones Lang LaSalle, the Group's external valuers, implies a land value of £31.7 million per acre for the combined freehold and leasehold interest, based on the terms of the proposed arrangement with TfL.

Post year-end, the Group has agreed a new £665 million unsecured revolving credit facility for Covent Garden. This new facility will replace the three existing secured facilities and increases the Group's available liquidity by over £150 million. It will improve operational and financial flexibility to support the strategy for the estate.

Control acquired of former joint venture

In May the Group acquired 100 per cent control of The Empress State Limited Partnership which owns and manages the Empress State Building, a building adjacent to the Group's property interests at Earls Court. The transaction was accounted for as a business combination and from the date of exchange the partnership has been fully consolidated. Completion occurred in August.

A brief summary of the result this transaction has had on the Group's 31 December 2013 balance sheet is set out below:

Balance sheet		**£m**
Investment and development property	Increased by	132.5
Borrowings	Increased by	(48.6)
Other net liabilities	Increased by	(22.6)
Change in net assets		61.3

Conditional Land Sale Agreement ("CLSA")

In November the Group exercised its option under the CLSA, which it entered into with the London Borough of Hammersmith & Fulham ("LBHF") in January, for the purchase of the West Kensington and Gibbs Green housing estates.

The overall consideration payable is expected to be £105 million cash plus the planning requirement to provide up to 760 replacement homes.

Of the consideration, £15 million was originally paid for the Exclusivity Agreement and is now held as a prepayment against a future drawdown of the land; whilst the properties acquired in 2013, at the time of signing the CLSA, are accounted for as investment properties and accordingly were revalued at 31 December 2013.

On exercise in November the Group became committed to payment of the residual £75 million due under the agreement, and is entitled to draw down the land subject to certain conditions as discussed in the Earls Court Properties Operating Review. This £75 million is expected to be paid in five annual instalments of £15 million starting on 31 December 2015 which are independent of the land draw down process. The payment profile could be altered due to certain obligations, primarily compensation related to achieving vacant possession, which are subject to an overall cap of £55 million. Should any payments be made in respect of these obligations they will be deducted from the total consideration due to LBHF.

The option is value neutral as the underlying asset does not currently meet the recognition criteria required for investment and development property. The future payments of £75 million represent a capital commitment towards the purchase of investment and development property that has not yet been received. Where any amounts are paid prior to the transfer of property, they will be carried on the Group's balance sheet as prepayments against future land draw down. A transfer from prepayment to investment and development property will occur once the risks and rewards of ownership have passed to the Group. Once this occurs, in line with the Group's accounting policy, the land will become subject to bi-annual valuation with any uplift reflected in the Group's reported net asset measure.

Discontinued operation

In June, The Great Capital Partnership ("GCP"), the joint venture between the Group and Great Portland Estates plc, announced the sale of its final asset, Park Crescent West, which marked the culmination of its activities.

As GCP has historically represented a separate major line of business, its results and cash flows have been reported for the year ended 31 December 2013 as having arisen from a discontinued operation. The requirement extends to the prior year comparative which has been re-presented in line with reporting requirements. For the purposes of this financial review, continuing and discontinued operations have been combined.

Segmental analysis

With the cessation of GCP and the changes more widely in the business over the past year, the Group has revised its segmental analysis. As a result of these changes the discontinued activity of GCP is now disclosed within 'Other'. The segment previously called Earls Court & Olympia has been split in two: Earls Court Properties and Venues. Earls Court Properties represents the Group's interests at Earls Court, predominantly comprising EC1 & EC2, the Empress State Building and 50 per cent of the Lillie Square joint venture (previously Seagrave Road). Venues comprise the exhibitions business including the Olympia London property interests. Covent Garden remains unchanged.

Financial position

At 31 December 2013 the Group's EPRA adjusted net assets were £1.9 billion representing 249 pence per share adjusted and diluted, an increase of 46 pence per share since 31 December 2012.

	2013 £m	2012 £m
Investment, development and trading property	**2,166.3**	1,670.6
Net debt	**(329.2)**	(163.5)
Other assets and liabilities	**(25.0)**	(29.3)
IFRS net assets	**1,812.1**	1,477.8
Fair value of derivative financial instruments	**14.1**	30.8
Unrecognised surplus on trading property	**69.2**	37.5
Deferred tax liabilities on exceptional items	**16.2**	6.9
EPRA adjusted net assets	**1,911.6**	1,553.0
EPRA adjusted, diluted net assets per share (pence)	**249**	203

Investment, development and trading property

The market value of the Group's property portfolio increased in value by £343.8 million during the year, up 19.9 per cent on a like-for-like basis.

Total property return for the year was 21.9 per cent which compares favourably to the IPD Total Return index for the corresponding period which recorded a 10.9 per cent return.

Valuation surpluses on properties held for trading are not recorded in the income statement and their balance sheet valuation does not reflect market value, but rather the lower of cost and market value. Any unrealised surplus is however reflected within the EPRA adjusted, diluted net asset measure.

At 31 December 2013, the unrecognised surplus on trading property was £69.2 million, up from £37.5 million at 31 December 2012. This principally arises on property assets at Lillie Square, which has been consented for the development of residential units for sale.

Excluding the acquisition of the residual 50 per cent interest in the Empress State Building (discussed above), property acquisitions in the year totalled £65.3 million, mainly being small acquisitions at Earls Court. Property disposals were £64.7 million, primarily relating to the sale of the final asset within GCP, Park Crescent West.

Debt and gearing

In July, the Group entered into a new five year £118.5m facility to refinance the debt facility secured on the Empress State Building.

Excluding the debt assumed on the acquisition of control of Empress State, net debt increased by £50.5 million in the year principally the result of property acquisitions and capital expenditure (£123.1 million) offset by proceeds from the sale of residential units at Covent Garden and the final asset within GCP (£78.4 million) and further distributions from the Group's investments in China.

Other than the refinancing of the Empress State facility discussed above, other debt repayments in the year were £24.8 million which consisted of £20.0 million repayment of funds drawn on the revolving credit facilities and £4.8 million of which was paid on maturity of GCP's debt facility in March.

The gearing measure most widely used in the industry is loan-to-value ("LTV"). LTV at 31 December 2013 was 15 per cent. The LTV remains comfortably within the Group's current limit of no more than 40 per cent.

	2013	2012
Property loan-to-value	**15%**	10%
Interest cover	**148%**	172%
Weighted average debt maturity	**4.3 years**	4.8 years
Weighted average cost of debt	**4.4%**	5.2%
Proportion of gross debt with interest rate protection	**100%**	100%

The new £665 million Covent Garden debt facility was signed in February 2014 and has a five year term. The margin for the loan is 1.65 per cent. It is an unsecured revolving credit facility which will provide improved operational and financial flexibility for the estate. The Group's available liquidity will increase by over £150 million.

Completion of the facility is expected in March 2014 when the existing Covent Garden facilities will be repaid. The Group will incur an exceptional charge of approximately £12 million relating to fees on the new facility and unamortised fees on the existing facilities; as well as approximately £18 million relating to the termination of derivative contracts.

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 2013 the proportion of gross debt with interest rate protection was 100 per cent (2012: 100 per cent).

The Group remains compliant with all of its debt covenants.

The Group has capital commitments of £105.9 million at 31 December 2013 which compares to £21.4 million at 31 December 2012. The increase principally relates to the CLSA as discussed above.

Cash flow

A summary of the Group's cash flow for the year to 31 December 2013 is presented below:

	2013 £m	2012 £m
Recurring cash flows after interest and tax	**8.0**	4.8
Purchase and development of property and investments	**(130.4)**	(134.9)
Control acquired of former joint venture	**(50.3)**	–
Sale proceeds of property and investments	**81.6**	254.6
Loss of control of former subsidiary	**–**	65.4
VAT paid on internal restructure	**–**	(22.2)
Net cash flow before financing	**(91.1)**	167.7
Financing	**(41.5)**	(64.2)
Dividends paid	**(6.9)**	(8.6)
Net cash flow	**(139.5)**	94.9

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

Recurring cash flow was £8.0 million compared to £4.8 million for 2012, mainly due to the lower financing costs.

Investing activities comprise acquisitions (£70.7 million), capital expenditure (£59.7 million) and payments made to acquire full control of the former Empress State joint venture (£50.3 million), offset in part by proceeds received from the disposal of property and investments (£81.6 million).

Property acquisition and development expenditure was mainly in respect of Earls Court Properties. Proceeds from the sale of property and investments comprise the disposal of the last remaining asset within GCP, the sale of residential units at Covent Garden and a further distribution from the Group's investments in China.

Financing cash flows relate to the repayment on maturity of the GCP facility in March, together with the refinancing and scheduled amortisation payments on the Empress State facility.

Dividends paid of £6.9 million reflect the final dividend payment made in respect of the 2012 financial year and the 2013 interim dividend paid in September. This was lower than the previous year due to the scrip dividend alternative, the take up of which was significantly higher at 48 per cent and 21 per cent respectively.

Cash and undrawn committed facilities at 31 December 2013 were £287 million.

Financial performance

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

	2013 £m	2012 £m
Net rental income	**64.8**	65.3
Other income	**10.6**	6.1
Gain on revaluation and sale of investment and development property	**313.4**	213.9
Administration expenses	**(33.8)**	(26.1)
Net finance costs	**(20.9)**	(24.1)
Profit on available-for-sale investments	**0.9**	10.0
Change in fair value of derivative financial instruments	**16.4**	0.7
Other	**(1.4)**	(0.3)
Taxation	**(12.6)**	(5.5)
IFRS profit for the year attributable to owners of the Parent	**337.4**	240.0
Adjustments:		
Other income	**(10.6)**	(6.1)
Gain on revaluation and sale of investment and development property	**(313.4)**	(213.9)
Profit on available-for-sale investments	**(0.9)**	(10.0)
Change in fair value of derivative financial instruments	**(16.4)**	(0.7)
Other adjustments	**0.9**	1.6
Taxation on exceptional items	**10.3**	1.6
Underlying profit after tax	**7.3**	12.5
Underlying earnings per share (pence)	**1.0**	1.8

Income

Net rental income fell by £0.5 million (6.0 per cent like-for-like) in the year. The sale of properties within GCP and the weaker performance of the Venues business, both of which are in line with expectations, reduced net rental income by £9.2 million. This has been offset by increased income at Covent Garden and income arising from Earls Court Properties which includes the Empress State Building and a number of small income producing assets. The acquisition of control of Empress State in May has contributed £4.4 million to the net rental income for the year. Net rental income for Covent Garden in 2014 is likely to be similar to 2013 due to the number of initiatives being pursued to grow the value of the estate but which reduce income in the short-term.

Other income of £10.6 million principally relates to trading property profits of £10.4 million which arose on the sale of residential units at Covent Garden.

Gain on revaluation and sale of investment and development property

The gain on revaluation of the Group's investment and development property was £310.6 million. Profits recorded on the sale of investment and development property were £2.8 million, the result of the sale of the last GCP asset, Park Crescent West.

Administration expenses

Administration expenses increased 30 per cent to £33.8 million. The majority of the increase is attributable to a higher than anticipated charge of £8.3 million relating to costs associated with the Group's equity based compensation schemes, which are linked in part to share price performance. This level of administration expense is now indicative of normalised operating costs. Any further increases will be in line with headcount as the Group's activities expand.

Net finance costs

Excluding gains arising from the change in fair value and one-off costs incurred on the termination of derivative financial instruments, the Group's underlying net finance costs for the year fell to £20.9 million from £22.8 million in 2012, the result of various debt prepayments and repayments during 2012, together with the benefit of refinancing in a historically low interest rate environment.

Exceptional items

In addition to revaluation and sale of 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:

- Other income of £10.6 million of which profit on sale of trading property represented £10.4 million;

- Write back of impairment charges in respect to loan notes receivable of £2.0 million

- Trading property write down of £1.7 million

- Other exceptional items totalling £0.3 million

Taxation

The total tax charge for the year was £12.6 million which is made up of both underlying tax and exceptional tax.

Underlying tax, the amount of tax charged on the underlying profits of the Group was £2.3 million, reflecting an underlying tax rate of 23.3 per cent in line with the current rate of UK corporation tax. The UK corporation tax rate is expected to fall to 21 per cent from April 2014 and again to 20 per cent from April 2015.

The exceptional tax of £10.3 million arises predominantly on disposals of trading properties and gains on the change in fair value of derivative financial instruments.

Contingent tax, the amount of tax that would become payable on a theoretical disposal of all investment properties held by the Group remains £nil. The contingent tax position is arrived at after allowing for indexation relief and Group loss relief. A disposal of the Group's trading properties at their market values as per Note 15 would result in a corporation tax charge to the Group of £16.1 million (23.3 per cent of £69.2 million).

The Group's tax policy, which has been approved by the Board and has been disclosed to HM Revenue & Customs, is aligned with the business strategy. The Group seeks to protect shareholder value by structuring operations in a tax efficient manner, with external advice as appropriate, which complies with all relevant tax law and regulations and does not adversely impact our reputation as a responsible taxpayer. As a Group, we are committed to acting in an open and transparent manner.

Consistent with the Group's policy of complying with relevant tax obligations and its goal in respect of its stakeholders, the Group maintains a constructive and open working relationship with HM Revenue & Customs which regularly includes obtaining advance clearance on key transactions where the tax treatment may be uncertain.

Dividends

The Board has proposed a final dividend of 1.0 pence per share to be paid on 19 June 2014 to shareholders on the register at 23 May 2014. Subject to SARB approval, the Board intends to offer a scrip dividend alternative.

Going Concern

At 31 December 2013 the Group's cash and undrawn committed facilities were £287 million. The agreement to refinance the Group's Covent Garden facilities in February 2014 has expanded the Group's committed undrawn facilities by a further £150 million.

With weighted average debt maturity exceeding 4 years, LTV of 15 per cent and sufficient headroom against all financial covenants, there continues to be a reasonable expectation that the Company and Group will have adequate resources to meet both ongoing and future commitments for the foreseeable future. Accordingly, the Directors have prepared the 2013 Annual Report & Accounts on a going concern basis.

Soumen Das

Finance Director

25 February 2014

PRINCIPAL RISKS AND UNCERTAINTIES

Through risk management and internal control systems the Group is able to identify, assess and prioritise risk within the business and seeks to minimise, control and monitor their impact on profitability whilst maximising the opportunities they present.

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 the 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 risks 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 and these are reflective of where the Board has invested time during the year. These are not exhaustive. The Group monitors a number of additional risks and adjusts those considered 'principal' as the risk profile of the business changes. See also the risks inherent in the compilation of financial information, as disclosed within note 1 to the accounts, 'Estimation and Uncertainty'.

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. Continuous stakeholder communication and consultation.
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 agents.	Reduced profitability, delay or reputational damage.	Appropriate due diligence, procurement and consultation.
Ineffective operation of joint ventures.	Inability to execute business plan.	Appropriate governance structure and documentation. Regular dialogue and reporting.
Risk associated with attracting and retaining staff.	Inability to execute business plan.	Succession planning, performance evaluations, training and development, long-term incentive rewards. Sound systems and processes to effectively capture and manage employee 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.

CORPORATE RISKS CONTINUED

Group structure brings heightened tax exposure. Non-REIT status has a potential competitive disadvantage when bidding for new assets.	Competitive disadvantage. Lower returns.	Group tax policy. Open and transparent engagement with HM Revenue & Customs.
Failure of IT systems / loss of data. Cyber crime compromises data security, websites and applications.	Lack of access to data restricting ability to operate effectively. Loss of data and accessing of commercially sensitive data by unauthorised persons.	Disaster recovery plan in place including frequent replication of data. Extensive testing of security. Staff security training.

ECONOMIC RISKS

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

Risk	Impact potential	Mitigation factors
Increased competition, changes in social behaviour or deteriorating profitability and confidence during a period of economic uncertainty.	Declining profitability. ERV targets not achieved. Reduced rental income and/or capital values.	Focus on prime assets and quality tenants with initial assessment of credit risk and active credit control. Diversity of tenant 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 heightened by continued global macro-economic conditions, currency fluctuations or the political landscape.	Declining valuations.	Focus on prime assets. Regular assessment of investment market conditions including bi-annual external valuations.
Restricted availability of credit and higher tax rates and macroeconomic factors may lead to reduced consumer spending and higher levels of business failure.	Decline in demand for the Group's properties, declining valuations, and reduced profitability.	Regular monitoring of covenants with headroom maintained. Ability to monitor tenants on turnover leases.

FINANCING RISKS

Impact: Reduced or limited availability of debt or equity finance may reduce the Group's profitability or 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 and delay to works.	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. Development phasing to enable flexibility and reduce financial exposure.
Reduced availability of equity capital.	Constrained growth, lost opportunities, higher finance costs.	Maintain appropriate liquidity to cover commitments. Target conservative overall leverage levels.

DEVELOPMENT RISKS

Impact: Inability to deliver against development plans, particularly regarding Earls Court Properties

Risk	Impact potential	Mitigation factors
Unable to secure planning consent due to political, legislative or other risks inherent in the planning environment. Risk of change or delay due to Mayor of London or Secretary of State intervention or judicial reviews. Inability to gain the support of influential stakeholders. Failure to demonstrate or implement viable development due to legal, contractual, environmental, transportation, affordable housing or other technical factors. Complexity of legal agreements relating to planning and land assembly for Earls Court Properties.	Delayed implementation or reduced development opportunity with corresponding impact on valuation.	Pre-application and continued 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. Close monitoring and control over key dates and triggering of obligations.
Inability to achieve lease extension, renegotiation of use or vacant possession. Failure to reach agreement on land deals with adjacent landowners on acceptable terms (including risk of Section 34A of the Housing Act 1985 in relation to land subject to CLSA).	Inability to execute business plan. Likely negative impact on valuations and Group's returns or delay to works. Restricted optionality in delivery of development.	Informed market valuation and open dialogue with adjacent landowners. Earls Court Masterplan designed to allow phased implementation.
Construction costs increase e.g. due to market pricing, unforeseen site issues or longer build period. Punitive cost, design or other implications. Volatility in sales price.	Reduced profitability of development.	Extensive consultation, design and technical work undertaken. Properly tendered or negotiated processes to select contractors and manage costs. Market demand assessments. Pre-sales and marketing.

CONCENTRATION OF INVESTMENTS

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

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

DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibilities

The statement of Directors' responsibilities has been prepared in relation to the Group's full Annual Report & Accounts for the year ended 31 December 2013. Certain parts of the Annual Report & Accounts 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 Strategic Report 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 25 February 2014.

Ian Hawksworth

Chief Executive

Soumen Das

Finance Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Notes	2013 £m	Re-presented 2012 £m
Continuing operations			
Revenue	2	**118.8**	109.4
Rental income		**92.7**	91.6
Rental expenses		**(29.1)**	(31.7)
Net rental income	2	**63.6**	59.9
Other income	3	**10.6**	6.1
Gain on revaluation and sale of investment and development property	4	**310.6**	190.9
Profit on sale of available-for-sale investments	5	**0.9**	10.0
Profit on sale of subsidiaries	6	**–**	1.7
Loss of control of former subsidiary	7	**–**	(1.0)
Write down of trading property		**(1.7)**	(0.9)
Write back of impairment of other receivables	8	**2.0**	0.6
Other exceptional charges		**(0.5)**	–
		385.5	267.3
Administration expenses		**(33.6)**	(26.2)
Operating profit		**351.9**	241.1
Finance costs	9	**(22.0)**	(20.9)
Finance income		**1.1**	0.8
Other finance costs	9	**(0.2)**	(2.0)
Change in fair value of derivative financial instruments		**16.4**	(0.3)
Net finance costs		**(4.7)**	(22.4)
Profit before tax		**347.2**	218.7
Current tax		**(3.3)**	(3.9)
Deferred tax		**(10.2)**	(4.1)
Taxation	12	**(13.5)**	(8.0)
Profit for the year from continuing operations		**333.7**	210.7
Discontinued operation			
Profit for the year from discontinued operation	11	**4.7**	29.3
Profit for the year		**338.4**	240.0
Profit attributable to:			
Owners of the Parent		**337.4**	240.0
Non-controlling interests	10	**1.0**	–
Earnings per share from continuing operations attributable to owners of the Parent			
Basic earnings per share	14	**44.1p**	29.9p
Diluted earnings per share	14	**43.4p**	29.9p
Weighted average number of shares	14	**754.7m**	703.9m

Earnings per share from discontinued operation and adjusted earnings per share from continuing and discontinued operations are shown in note 14.

Notes on pages 27 to 52 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 £m	Re-presented 2012 £m
Profit for the year		**338.4**	240.0
Other comprehensive income/(expense)			
Items that may or will be reclassified subsequently to the income statement			
Fair value losses on available-for-sale investments		**(0.7)**	–
Realisation of revaluation reserves on disposal of available-for-sale investments		**(0.9)**	(9.1)
Tax relating to items that may or will be reclassified	21	**–**	2.0
Items that will not be reclassified subsequently to the income statement			
Actuarial gains/(losses) on defined benefit pension scheme		**1.2**	(1.7)
Tax relating to items that will not be reclassified	21	**(0.5)**	0.4
Total other comprehensive expense for the year		**(0.9)**	(8.4)
Total comprehensive income for the year		**337.5**	231.6
Attributable to:			
Owners of the Parent		**336.5**	231.6
Non-controlling interests	10	**1.0**	–
Arising from:			
Continuing operations		**332.8**	202.3
Discontinued operation	11	**4.7**	29.3

Notes on pages 27 to 52 form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Notes	2013 £m	2012 £m
Non-current assets			
Investment and development property	15	**2,051.1**	1,586.2
Plant and equipment		**0.9**	1.0
Available-for-sale investments		**0.4**	3.6
Derivative financial instruments	20	**3.5**	0.5
Pension asset		**0.8**	–
Trade and other receivables	16	**45.3**	39.4
		2,102.0	1,630.7
Current assets			
Trading property	15	**115.2**	84.4
Trade and other receivables	16	**20.3**	25.9
Cash and cash equivalents	17	**45.0**	184.5
		180.5	294.8
Total assets		**2,282.5**	1,925.5
Non-current liabilities			
Borrowings, including finance leases	19	**(357.7)**	(269.6)
Derivative financial instruments	20	**(17.6)**	(29.3)
Pension liability		**–**	(0.4)
Deferred tax	21	**(9.9)**	–
		(385.2)	(299.3)
Current liabilities			
Borrowings, including finance leases	19	**(16.5)**	(78.4)
Derivative financial instruments	20	**–**	(2.0)
Other provisions	22	**(7.2)**	(7.3)
Tax liabilities		**(0.1)**	(2.1)
Trade and other payables	18	**(61.4)**	(58.6)
		(85.2)	(148.4)
Total liabilities		**(470.4)**	(447.7)
Net assets		**1,812.1**	1,477.8
Equity			
Share capital	23	**189.5**	188.3
Other components of equity		**1,622.6**	1,289.5
Total equity		**1,812.1**	1,477.8

Notes on pages 27 to 52 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

		Equity attributable to owners of the Parent									
	Notes	Share capital £m	Share premium £m	Treasury shares £m	Merger reserve £m	Revaluation reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2013		**188.3**	**117.7**	**(1.0)**	**277.8**	**1.7**	**5.2**	**888.1**	**1,477.8**	**–**	**1,477.8**
Profit for the year		–	–	–	–	–	–	337.4	337.4	1.0	338.4
Other comprehensive income/(expense):											
Items that may or will be reclassified subsequently to the income statement											
Realisation of revaluation reserve on disposal of available-for-sale investments		–	–	–	–	(0.9)	–	–	(0.9)	–	(0.9)
Fair value losses on available-for-sale investments		–	–	–	–	(0.7)	–	–	(0.7)	–	(0.7)
Items that will not be reclassified subsequently to the income statement											
Actuarial gains on defined benefit pension scheme		–	–	–	–	–	–	1.2	1.2	–	1.2
Tax relating to items that will not be reclassified	21	–	–	–	–	–	–	(0.5)	(0.5)	–	(0.5)
Total comprehensive income for the year ended 31 December 2013		–	–	–	–	(1.6)	–	338.1	336.5	1.0	337.5
Transactions with owners											
Ordinary shares issued	23	1.2	3.3	–	–	–	–	–	4.5	–	4.5
Dividend expense	13	–	–	–	–	–	–	(11.3)	(11.3)	–	(11.3)
Adjustment for bonus issue	13	–	–	–	–	–	–	0.8	0.8	–	0.8
Realisation of share-based payment reserve on issue of shares		–	–	–	–	–	(2.5)	0.7	(1.8)	–	(1.8)
Fair value of share-based payment		–	–	–	–	–	4.7	–	4.7	–	4.7
Tax relating to share-based payment	21	–	–	–	–	–	–	0.9	0.9	–	0.9
Non-controlling interests	10	–	–	–	–	–	–	–	–	43.9	43.9
Acquisition of non-controlling interests		–	–	–	–	–	–	–	–	(44.9)	(44.9)
Disposal of treasury shares[1]	24	–	–	1.0	–	–	–	(1.0)	–	–	–
Total transactions with owners		1.2	3.3	1.0	–	–	2.2	(9.9)	(2.2)	(1.0)	(3.2)
Balance at 31 December 2013		**189.5**	**121.0**	**–**	**277.8**	**0.1**	**7.4**	**1,216.3**	**1,812.1**	**–**	**1,812.1**

1 Treasury shares were used to satisfy employee share awards made in August 2013.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

		Equity attributable to owners of the Parent									
	Notes	Share capital £m	Share premium £m	Treasury shares £m	Merger reserve £m	Revaluation reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2012		170.9	95.1	–	196.2	10.8	2.2	632.7	1,107.9	–	1,107.9
Profit for the year		–	–	–	–	–	–	240.0	240.0	–	240.0
Other comprehensive income/(expense):											
Items that may or will be reclassified subsequently to the income statement											
Realisation of revaluation reserves on disposal of available-for-sale investments		–	–	–	–	(9.1)	–	–	(9.1)	–	(9.1)
Tax relating to items that may or will be reclassified	21	–	–	–	–	–	–	2.0	2.0	–	2.0
Items that will not be reclassified subsequently to the income statement											
Actuarial losses on defined benefit pension scheme		–	–	–	–	–	–	(1.7)	(1.7)	–	(1.7)
Tax relating to items that will not be reclassified	21	–	–	–	–	–	–	0.4	0.4	–	0.4
Total comprehensive income for the year ended 31 December 2012		–	–	–	–	(9.1)	–	240.7	231.6	–	231.6
Transactions with owners											
Ordinary shares issued		17.4	22.6	–	106.0	–	–	–	146.0	–	146.0
Dividend expense	13	–	–	–	–	–	–	(10.3)	(10.3)	–	(10.3)
Adjustment for bonus issue	13	–	–	–	–	–	–	0.6	0.6	–	0.6
Merger reserve realised [1]		–	–	–	(24.4)	–	–	24.4	–	–	–
Fair value of share-based payment		–	–	–	–	–	3.0	–	3.0	–	3.0
Purchase of treasury shares[2]	24	–	–	(1.0)	–	–	–	–	(1.0)	–	(1.0)
Total transactions with owners		17.4	22.6	(1.0)	81.6	–	3.0	14.7	138.3	–	138.3
Balance at 31 December 2012		188.3	117.7	(1.0)	277.8	1.7	5.2	888.1	1,477.8	–	1,477.8

1 Represents qualifying consideration received by the Group following a number of capital raises in previous years. 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.

2 Treasury shares reacquired as a result of the odd-lot offer launched in November 2012.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

Continuing operations	Notes	2013 £m	Re-presented 2012 £m
Cash flows from operating activities			
Cash generated from operations	27	**32.4**	28.8
Interest paid		**(20.7)**	(22.1)
Interest received		**1.2**	0.8
Taxation paid		**(4.4)**	(2.9)
Cash flows from operating activities		**8.5**	4.6
Cash flows from investing activities			
Purchase and development of property[1]		**(122.4)**	(132.7)
Sale of property[1]		**26.5**	18.7
Sale of available-for-sale investments		**2.6**	17.6
Loss of control of former subsidiary	7	**–**	65.4
Control acquired of former joint venture	10	**(50.3)**	–
Sale of subsidiary companies		**0.6**	0.2
VAT paid on internal restructure[2]		**–**	(22.2)
Acquisition of company by joint venture	10	**(7.3)**	–
Cash flows from investing activities		**(150.3)**	(53.0)
Cash flows from financing activities			
Issue of shares		**–**	145.0
Treasury shares purchased		**–**	(1.0)
Borrowings drawn		**138.5**	48.2
Borrowings repaid		**(173.6)**	(141.9)
Purchase of derivative financial instruments		**(1.5)**	(1.6)
Other finance costs		**(0.2)**	(1.9)
Cash dividends paid	13	**(6.9)**	(8.6)
Cash flows from financing activities		**(43.7)**	38.2
Net decrease in unrestricted cash and cash equivalents from continuing operations		**(185.5)**	(10.2)
Cash flows from discontinued operation			
Operating activities		**(0.5)**	0.2
Investing activities		**51.2**	215.9
Financing activities		**(4.7)**	(111.0)
Net increase in cash and cash equivalents from discontinued operation		**46.0**	105.1
Net (decrease)/increase in cash and cash equivalents		**(139.5)**	94.9
Unrestricted cash and cash equivalents at 1 January		**178.5**	83.6
Unrestricted cash and cash equivalents at 31 December	17	**39.0**	178.5

1 Includes purchase and sale of plant and equipment.

2 VAT received on an internal property transfer was deemed to be a VAT supply. Input VAT was received in December 2011 whilst output VAT was not settled until January 2012.

Notes on pages 27 to 52 form part of these consolidated financial statements.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES

General information

Capital & Counties Properties PLC was incorporated and registered in England and Wales on 3 February 2010 under the Companies Act as a public company limited by shares, registration number 7145051. The registered office of the Company is 15 Grosvenor Street, London, W1K 4QZ, United Kingdom. The principal activity of the Company is to act as the ultimate parent company of Capital & Counties Properties PLC Group (the "Group"), whose principal activity is the development and management of property.

The Capital & Counties Properties PLC Group's assets principally comprise investment and development properties at Covent Garden, Earls Court and the exhibition halls at Olympia.

Basis of preparation

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 property, available-for-sale investments and financial instruments 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 effective at the balance sheet date and have not been adopted early are:

IFRS 10 'Consolidated Financial Statements'
IFRS 11 'Joint Arrangements'
IFRS 12 'Disclosure of Interests in other Entities'
IAS 27 'Separate Financial Statements' (revised)
IAS 28 'Investment in Associates and Joint Ventures' (revised)
IAS 32 'Financial Instruments: Presentation' (amendment)
IAS 36 'Impairment of Assets' (amendment)
IAS 39 'Financial Instruments: Recognition and Measurement' (amendment)

Revisions and amendments issued but not effective are not anticipated to have a material impact on the consolidated financial statements with the exception of IFRS 11 'Joint Arrangements'. This standard, which has been endorsed by the EU, removes the proportional consolidation option currently available under IAS 31 'Interests in Joint Ventures'. This will impact the Group's published accounting policy in respect of joint ventures. Rather than proportionally consolidating the Group's share of assets, liabilities, income and expenses on a line-by-line basis, the Group's net interest in the joint venture will be disclosed as a single line item in both the consolidated balance sheet and the consolidated income statement. This change will reduce the total assets and total liabilities as currently presented, but there will be no overall change in net assets. This standard will be adopted by the Group from 1 January 2014.

During 2013, the following accounting standards and guidance were adopted by the Group:

IAS 1 'Presentation of Financial Statements' (amendment)
IAS 19 'Employee Benefits' (revised)
IFRS 7 'Financial Instruments: Disclosures' (amendment)
IFRS 13 'Fair Value Measurement'

Collectively these pronouncements had no significant impact on the consolidated financial statements and resulted in changes to presentation and disclosure only.

A summary of the Group's principal accounting policies, which have been applied consistently across the Group is set out below.

Going concern basis

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

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Basis of consolidation

These consolidated financial statements include the consolidation of the following limited partnerships: Capital & Counties CGP, Capital & Counties CGP 9, Capco CGP 2010 LP, Capco CGP 2012 LP, EC Properties LP and The Empress State Limited Partnership. The members of these qualifying partnerships have taken advantage of disclosure exemptions available in Statutory Instrument 2008/569 and therefore will not produce consolidated accounts at the partnership level. The consolidated financial statements are prepared in British pounds sterling, which is also determined to be the functional currency of the Parent.

Subsidiaries and joint ventures

Subsidiaries 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. Subsidiaries cease to be consolidated from the date this control is lost.

All intragroup balances, transactions, income and expenses are eliminated in full.

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

Investments in subsidiaries and joint ventures are reviewed at least annually for impairment. Where an indication of impairment exists, 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 entity's net asset value at the balance sheet date.

Estimation and uncertainty

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income 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 financial statements is in respect of the valuation of the property portfolio and investments, where external valuations are obtained. The valuation of the Group's property portfolio is inherently subjective due to the assumptions as outlined within the property portfolio note. As a result, the valuations the Group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate and could therefore have a material effect on the Group's financial performance and position.

Other areas of estimation and uncertainty are included within the accounting policies below, the more significant being:

Revenue recognition
Share based payment
Provisions
Pensions
Contingent liabilities and capital commitments
Income taxes
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 that 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.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Revenue recognition

Property rental income and exhibition income consist 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 property. Rental income 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 net rental income.

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

Rent reviews are recognised as income, based on management 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 property, it is recognised when the significant risks and rewards have been transferred to the buyer. This will normally take place on exchange of contracts unless there are conditions that suggest insufficient probability of future economic benefits flowing to the Group. 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 undertaking'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 items 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 'Income Taxes', deferred tax is provided for 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 goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss; or are associated with investments in subsidiaries, joint ventures and associates where the timing of the reversal of the temporary difference can be controlled by the parent, venture or investor, respectively, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is determined using tax rates that have been enacted or substantively 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 deferred tax assets can be recovered. Deferred income tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable group or different taxable entities where there is an intention to settle balances 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.

An investment property accounted for at fair value will normally be recovered through sale rather than use.

Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of the business that has been disposed of or meets the criteria for classification as held for sale. Discontinued operations are presented separately from continuing operations in both the income statement and statement of cash flows. The comparative period is also re-presented in line with reporting requirements.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Share-based payment

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 with a corresponding increase in equity.

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

Upon eventual exercise, a reserves transfer occurs with no further charge reflected in the income statement.

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

Investment and development property

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

The Group has chosen to use the fair value model. Property and any related obligations are initially recognised when the significant risks and rewards attached to the property have transferred to the Group. Payments made in respect of the future acquisition of investment and development property, as is the case for the CLSA, are initially recognised as prepayments until the recognition criteria outlined above have been met. Investment and development property are recorded 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 fair value of property is arrived at by adjusting the market value as above for directly attributable lease incentive assets and fixed head leases.

Property held under leases is stated gross of the recognised finance lease liability.

The valuation is based upon assumptions as outlined within the property portfolio note. These assumptions conform with the Royal Institution of Chartered Surveyors (“RICS”) Valuation Professional Standards. The cost of development properties includes capitalised interest and other directly attributable outgoings, with the exception 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 weighted average cost of debt outstanding until the date of practical completion.

When the Group redevelops a property for continued future use, that property is classified as an investment and development property during the redevelopment period and continues to be measured at fair value.

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

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

Investment properties cease to be recognised as investment property 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 resulting gain or loss is recorded in the income statement.

A property ceases to be recognised as investment property and is transferred at its fair value to trading property when, in the Directors’ judgement, development commences with the intention of sale. Criteria considered in this assessment include, the Board’s stated intention, contractual commitments and physical, legal and financial viability.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Trading property

Trading property comprises those properties that in the Directors' view are not held for long-term rental income and capital appreciation and are expected to be disposed of within one year of the balance sheet date or to be developed with the intention to sell.

Such property is either acquired or if transferred from investment property, transferred at fair value which is deemed to represent cost. Subsequently trading property is carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs. In the case of trading property this approximates market value as determined by professionally qualified external valuers at the balance sheet date.

The amount of any write-down of trading property to market value is recognised as an expense in the period the write down occurs. Should a valuation uplift occur in a subsequent period, the amount of any reversal shall be recognised as a reduction in the previous write-down in the period in which the uplift occurs. This may not exceed the property's initial cost.

The sale of trading property is recognised as income when the significant risks and rewards have been transferred to the buyer. Total costs incurred in respect of trading property are recognised simultaneously as an expense.

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 'Investment Property', property held under finance and operating leases may be accounted for as investment property. Finance leases are recognised as both 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 and 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 expenses under operating leases are charged to the income statement on a straight-line basis over the lease term.

Plant and equipment

Plant and equipment consist of fixtures, fittings and other office equipment. Plant and equipment are 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 and may not be reversed in subsequent periods.

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.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

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 'Financial Instruments: Recognition and Measurement'. Factors such as days past due, credit status of the counterparty, historical evidence of collection and probability of deriving future economic benefit are considered to assess whether there is objective evidence of impairment. The amount of any potential loss is calculated by estimating future cash flows or by using fair value where this is available through observable market prices. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the original impairment was recognised, the impairment reversal is recognised in the income statement on a basis consistent with the original charge.

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.

Derivative 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 and are classified as held for trading. 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 and other 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 the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Borrowings

Borrowings are recognised initially at their net proceeds as an approximation of fair value and subsequently carried at amortised cost. When cash flows can be reliably measured, any transaction costs, premiums or discounts are capitalised and recognised over the contractual life of the loan using the effective interest rate method. When cash flows can not be measured reliably, or in the event of early repayment, transaction costs, premiums or discounts paid or unamortised costs are recognised immediately in the income statement.

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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions of the defined benefit scheme are recognised immediately as a charge in other comprehensive income for the period in which they arise with a corresponding increase in the pension surplus or deficit. These re-measurements are not reclassified to the income statement in subsequent periods. Past service costs, current service costs, curtailment or settlement gains or losses and net interest income or expense are recognised immediately in the income statement. Net interest is calculated by applying the discount rate to the opening plan assets and scheme obligation. 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 disclosed where there are present or possible obligations arising from past events, but the economic impact is uncertain in timing, occurrence or amount. A description of the nature and, where possible, an estimate of the financial effect of contingent liabilities are disclosed.

Capital commitments are disclosed when the Group has a contractual future obligation which has not been provided for at the balance sheet date, as is the case for the CLSA. Amounts are only provided for where such obligations are onerous.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

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.

Where the Group's own shares are re-purchased, the consideration paid is classified as treasury shares and deducted from equity. Where such shares are subsequently sold or re-issued, any consideration received is included in equity.

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.

With the cessation of The Great Capital Partnership ("GCP") and the changes more widely in the business over the past twelve months, the chief operating decision maker has revised the segmental analysis. As a result of these changes, the segment previously called Earls Court & Olympia has been split in two: Earls Court Properties and Venues. Outlined below are the operating segments of the Group:

- Covent Garden.
- Earls Court Properties comprises the Group's interests at Earls Court, predominantly EC1 & EC2, the Empress State Building and a 50 per cent of the Lillie Square joint venture (previously Seagrave Road).
- Venues comprises the exhibitions business including the Olympia property assets.
- Other comprises the discontinued activity of GCP, the Group's residual China investments, the business unit historically known as Opportunities and other head office companies.

The Group's operating segments derive their revenue primarily from rental income from lessees, with the exception of Venues whose revenue principally represents exhibition income.

Unallocated expenses consist primarily of costs incurred centrally which are neither directly nor meaningfully attributable to individual segments.

2 SEGMENTAL REPORTING CONTINUED

Reportable segments

Continuing operations	2013 Covent Garden £m	Earls Court Properties[1] £m	Venues £m	Other £m	Group total £m
Revenue	70.0	15.0	33.6	0.2	118.8
Rent receivable and exhibition income	41.3	15.0	33.6	–	89.9
Service charge income	2.8	–	–	–	2.8
Rental income	44.1	15.0	33.6	–	92.7
Rental expenses[2]	(8.5)	(0.5)	(20.1)	–	(29.1)
Net rental income	35.6	14.5	13.5	–	63.6
Other income	10.4	–	–	0.2	10.6
Gain on revaluation and sale of investment and development property	179.9	121.2	9.5	–	310.6
Profit on sale of available-for-sale investments	–	–	–	0.9	0.9
Write down of trading property	(0.5)	(1.2)	–	–	(1.7)
Write back of impairment of other receivables	–	–	–	2.0	2.0
Other exceptional charges	–	(0.5)	–	–	(0.5)
Segment result	225.4	134.0	23.0	3.1	385.5
Unallocated costs					
Administration expenses					(33.6)
Operating profit					351.9
Net finance costs[3]					(4.7)
Profit before tax					347.2
Taxation					(13.5)
Profit for the year from continuing operations					333.7
Discontinued operation					
Profit for the year from discontinued operation	–	–	–	4.7	4.7
Profit for the year					338.4
Profit attributable to:					
Owners of the Parent					337.4
Non-controlling interests					1.0
Summary balance sheet					
Total segment assets[4]	1,180.6	897.9	175.1	18.5	2,272.1
Total segment liabilities[4]	(312.8)	(120.4)	(33.8)	(17.0)	(484.0)
Segmental net assets	867.8	777.5	141.3	1.5	1,788.1
Unallocated net assets[3]					24.0
Net assets					1,812.1
Other segment items:					
Depreciation	(0.1)	–	(0.2)	–	(0.3)
Capital expenditure	(40.0)	(205.6)	(5.1)	(0.8)	(251.5)

1 Included in the net rental income from Earls Court Properties is £11.9 million attributable to the Empress State Building, of which £1.2 million represents non-controlling interests.

2 Comprises service charge and other non-recoverable costs.

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

4 Total assets and total liabilities exclude loans between and investments in Group undertakings.

2 SEGMENTAL REPORTING CONTINUED

Reportable segments

	2012 Re-presented				
Continuing operations	Covent Garden £m	Earls Court Properties £m	Venues £m	Other £m	Group total £m
Revenue	54.8	9.4	41.7	3.5	109.4
Rent receivable and exhibition income	38.0	9.4	41.7	–	89.1
Service charge income	2.5	–	–	–	2.5
Rental income	40.5	9.4	41.7	–	91.6
Rental expenses[1]	(8.4)	(0.1)	(23.2)	–	(31.7)
Net rental income	32.1	9.3	18.5	–	59.9
Other income	2.9	–	–	3.2	6.1
Gain on revaluation and sale of investment and development property	50.7	139.8	0.3	0.1	190.9
Profit on sale of available-for-sale investments	–	–	–	10.0	10.0
Profit on sale of subsidiaries	0.6	–	1.1	–	1.7
Loss of control of former subsidiary	–	(1.0)	–	–	(1.0)
Write down of trading property	–	(0.9)	–	–	(0.9)
Write back of impairment of other receivables	–	–	–	0.6	0.6
Segment result	86.3	147.2	19.9	13.9	267.3
Unallocated costs					
Administration expenses					(26.2)
Operating profit					241.1
Net finance costs[2]					(22.4)
Profit before tax					218.7
Taxation					(8.0)
Profit for the year from continuing operations					210.7
Discontinued operation					
Profit for the year from discontinued operation	–	–	–	29.3	29.3
Profit for the year					240.0
Summary balance sheet					
Total segment assets[3]	977.5	573.4	163.0	70.8	1,784.7
Total segment liabilities[3]	(316.0)	(75.8)	(54.4)	(17.0)	(463.2)
Segmental net assets	661.5	497.6	108.6	53.8	1,321.5
Unallocated net assets[2]					156.3
Net assets					1,477.8
Other segment items:					
Depreciation	(0.1)	–	–	–	(0.1)
Capital expenditure	(100.8)	(32.3)	(10.2)	(2.2)	(145.5)

1 Comprises service charge and other non-recoverable costs.

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

3 Total assets and total liabilities exclude loans between and investments in Group undertakings.

2 SEGMENTAL REPORTING CONTINUED

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

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

	Revenue[1]		Total assets		Capital expenditure	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Central London	**118.8**	109.4	**2,282.1**	1,921.9	**251.5**	145.5
Other [2]	**–**	–	**0.4**	3.6	**–**	–
	118.8	109.4	**2,282.5**	1,925.5	251.5	145.5

1 Represents revenue from continuing operations.

2 Other represents the Group's interest in Harvest China Real Estate Fund I.

3 OTHER INCOME

Continuing operations	**2013 £m**	2012 £m
Sale of trading property	**25.9**	17.8
Cost of sales of trading property	**(15.5)**	(11.7)
Profit on sale of trading property	**10.4**	6.1
Non-recurring income	**0.2**	–
Other income	**10.6**	6.1

4 GAIN ON REVALUATION AND SALE OF INVESTMENT AND DEVELOPMENT PROPERTY

Continuing operations	**2013 £m**	Re-presented 2012 £m
Gain on revaluation of investment and development property	**310.6**	177.7
Gain on loss of control and appropriation to trading property	**–**	12.6
Gain on sale of investment and development property	**–**	0.6
Gain on revaluation and sale of investment and development property	**310.6**	190.9

5 PROFIT ON SALE OF AVAILABLE-FOR-SALE INVESTMENTS

Continuing operations	**2013 £m**	2012 £m
Profit on sale of available-for-sale investments	**0.9**	10.0

Profit on sale of available-for-sale investments represents part divestments from Harvest China Real Estate Fund I following property disposals made by the fund as a result of actions taken by the fund manager.

6 PROFIT ON SALE OF SUBSIDIARIES

On 9 February 2012, the Group disposed of its shareholding in The Brewery by EC&O Limited for a consideration of £2.0 million, resulting in a profit of £1.1 million.

On 29 February 2012, the Group disposed of its shareholding in Covent Garden Restaurants Limited for a consideration of £1.0 million, resulting in a profit of £0.6 million.

7 LOSS OF CONTROL OF FORMER SUBSIDIARY

On 30 August 2012, the Group completed a joint venture arrangement with the Kwok Family Interests. The venture, to develop land interests at Lillie Square, resulted in the loss of control of the former subsidiary Lillie Square GP Limited (formerly Seagrave Road GP Limited), and the disposal of a 50 per cent limited partnership interest in Lillie Square LP (formerly

7 LOSS OF CONTROL OF FORMER SUBSIDIARY CONTINUED

Seagrave Road LP). Consideration received of £7.5 million and associated costs resulted in a net loss of £1.0 million. On the date control was lost, the 50 per cent investment retained was re-measured and reflected at fair value resulting in a gain on appropriation to trading property of £6.3 million.

The disposal of the net assets of the partnership together with reorganisation of internal funding (previously fully provided by the Group and now reorganised to reflect the respective 50:50 partnership interests) resulted in a net cash inflow of £65.4 million.

8 WRITE BACK OF IMPAIRMENT OF OTHER RECEIVABLES

Following an impairment review of loan notes receivable by the Group, a write back of £2.0 million was recognised in 2013 (2012: £0.6 million). The write back was calculated with reference to the market value of certain property assets that the Group would have priority over in the event of default.

9 FINANCE COSTS

Continuing operations	**2013 £m**	Re-presented 2012 £m
Finance costs:		
On bank overdrafts, loans and other	**21.2**	21.9
Amortisation of debt issue costs	**1.2**	1.2
On obligations under finance leases	**0.4**	0.4
Gross finance costs	**22.8**	23.5
Interest capitalised on developments	**(0.8)**	(2.6)
Finance costs	**22.0**	20.9
Costs of termination of derivative financial instruments	**0.2**	0.7
Other exceptional finance costs	**–**	1.3
Other finance costs[1]	**0.2**	2.0

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

Interest is capitalised, before tax relief, on the basis of the weighted average cost of debt of 4.4 per cent (2012: 5.2 per cent) applied to the cost of developments during the year.

10 BUSINESS COMBINATIONS

The Empress State Limited Partnership

On 29 May 2013, the Group acquired control of the 50 per cent interest not already owned in The Empress State Limited Partnership, which owns and manages, through its general partner, the Empress State Building in West London. This 451,000 sq ft 31 storey office building is adjacent to the Group's EC1 & EC2 interests and benefits from an index-linked lease to the Metropolitan Police Authority until 2019.

The partnership contributed revenues of £2.4 million during the period between exchange in May and completion in August, of which £1.2 million is disclosed as being attributable to non-controlling interests. A net profit of £1.0 million was attributable to non-controlling interests during this time. Had the acquisition occurred on 1 January 2013 the Group's revenue and the net profit would have been £3.1 million and £7.9 million higher respectively. The net profit amount includes revaluation gains recognised on exchange of contracts.

10 BUSINESS COMBINATIONS CONTINUED

On the date control was acquired, the assets acquired and liabilities assumed of the business combination were fair valued with resulting gains or losses being taken to the Group's income statement. No deferred tax was recognised on this date because the tax base of the underlying asset was equal to its fair value.

The fair value of assets acquired and liabilities assumed by the business combination were as follows:

	£m
Non-current assets	117.0
Current assets	2.8
Current liabilities	(75.9)
Net assets acquired	**43.9**

Completion of the acquisition occurred on 1 August 2013. Consideration for the net assets acquired, including the non-controlling interest share of profits, was £45 million. Total cash paid was £50.3 million comprising both consideration and the repayment of the joint venture partner's loan account. The Empress State Limited Partnership is now consolidated as a subsidiary of the Group.

A&P Bolding Limited

On 5 September 2013 the Lillie Square joint venture acquired 100 per cent of the share capital of A&P Bolding Limited for the purpose of obtaining a number of properties situated adjacent to the joint venture's land interest at Lillie Square.

The Group's share of the fair value of the assets acquired and liabilities assumed by the business combination, which represents the consideration paid, was as follows:

	£m
Current assets	7.4
Current liabilities	(0.1)
Net assets acquired	**7.3**

Had the acquisition occurred on 1 January 2013, there would have been no material impact on either the Group's revenue or profit.

11 DISCONTINUED OPERATION

On 29 April 2013, the Group exchanged contracts for the disposal of the final asset, Park Crescent West, in The Great Capital Partnership ("GCP"). This was effected as part of the Group's strategy to dispose of non-core assets in support of the Group's core estates and, as a result, the partnership has been presented as a discontinued operation with comparatives re-presented accordingly. GCP was established as a joint venture in 2007 with Great Portland Estates plc, to own, manage and develop a number of central London properties. The partnership has been accounted for as a joint venture of the Group and has been proportionately consolidated in accordance with the Group's published accounting policy.

The Group's share of results and residual net assets of GCP which have been included in the income statement and balance sheet, were as follows:

Summarised income statement	**2013 £m**	2012 £m
Revenue	**1.2**	5.9
Net rental income	**1.2**	5.4
Gain on revaluation and sale of investment and development property	**2.8**	23.0
Administration expenses	**(0.2)**	0.1
Operating profit	**3.8**	28.5
Net finance costs	**–**	(1.7)
Profit before tax	**3.8**	26.8
Taxation	**0.9**	2.5
Profit for the year from discontinued operation	**4.7**	29.3

11 DISCONTINUED OPERATION CONTINUED

Summarised balance sheet	2013 £m	2012 £m
Investment and development property	**–**	48.4
Deferred tax	**0.3**	–
Other current assets	**0.3**	3.7
Partners loans[1]	**93.0**	96.5
Current liabilities	**–**	(7.1)
Net assets	**93.6**	141.5

1 Eliminates on consolidation.

A profit of £2.8 million (2012: £15.8 million) arose on disposal of the assets of GCP, being the proceeds of disposal less the carrying amount of the assets.

12 TAXATION

Continuing operations	2013 £m	Re-presented 2012 £m
Current income tax:		
Current income tax charge	**2.2**	2.6
Current income tax on profits excluding exceptional items	**2.2**	2.6
Deferred income tax:		
On investment and development property	**1.3**	(1.5)
On accelerated capital allowances	**(0.6)**	–
On losses	**0.5**	1.1
On derivative financial instruments	**6.3**	2.8
On non-exceptional items	**0.5**	–
On exceptional items	**–**	1.7
Deferred income tax on profits	**8.0**	4.1
Current income tax charge on exceptional items	**2.5**	1.4
Adjustments in respect of previous years - current tax	**(1.4)**	(0.1)
Adjustments in respect of previous years - deferred tax	**2.2**	–
Total tax expense reported in the income statement	**13.5**	8.0

Factors affecting the tax charge for the year

The tax assessed for the year is £13.5 million which reflects a rate lower than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

Continuing operations	2013 £m	Re-presented 2012 £m
Profit before tax	**347.2**	218.7
Profit on ordinary activities multiplied by the standard rate in the UK of 23.3% (2012: 24.5%)	**80.7**	53.6
UK capital allowances not reversing on sale	**–**	1.6
Revaluation surplus not recognised in deferred tax	**(70.0)**	(41.7)
Prior year corporation tax items	**0.8**	(0.1)
Transfer pricing adjustment	**0.3**	0.4
Expenses disallowed	**1.4**	0.5
Non-taxable items	**(0.8)**	(5.4)
Other timing differences	**2.8**	–
Reduction in deferred tax following change in corporate tax rate	**(1.7)**	(0.9)
Total tax expense reported in the income statement	**13.5**	8.0

12 TAXATION CONTINUED

Tax arising on items recognised in other comprehensive income is also reflected within other comprehensive income. This includes deferred tax on an element of the pension movement. Tax arising on items recognised directly in equity is reflected in equity. This includes deferred tax on an element of the share-based payment.

Further amendments to the UK corporation tax system were announced in the March 2013 Budget which included changes to the main rates of UK corporation tax. The main rate of corporation tax decreased from 24 per cent to 23 per cent from 1 April 2013, and will reduce further to 21 per cent from 1 April 2014, and 20 per cent from 1 April 2015.

13 DIVIDENDS

	2013 £m	2012 £m
Ordinary shares		
Prior year final dividend of 1.0p per share (2012: 1.0p)	**7.5**	6.8
Interim dividend of 0.5p per share (2012: 0.5p)	**3.8**	3.5
Dividend expense	**11.3**	10.3
Shares issued in lieu of cash[1]	**(3.6)**	(1.1)
Adjustment for bonus issue[1]	**(0.8)**	(0.6)
Cash dividends paid	**6.9**	8.6
Proposed final dividend of 1.0p per share (2012: 1.0p)	**7.6**	7.5

1 Shares issued in lieu of cash relates to those shareholders who elect to receive their dividends in scrip form following the declaration of dividend which occurs at the Company's Annual General Meeting. Adjustments for bonus issue arise from those shareholders who elect to receive their dividends in scrip form on an evergreen basis. These shares are treated as a bonus issue and allotted at nominal value.

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14 EARNINGS PER SHARE AND NET ASSETS PER SHARE

(a) Earnings per share	2013 Earnings £m	2013 Shares Million[1,2]	2013 Pence per share	2012 Re-presented Earnings £m	2012 Re-presented Shares Million[1,2]	2012 Re-presented Pence per share
Continuing and discontinued operations attributable to owners of the Parent						
Basic earnings	**337.4**	**754.7**	**44.7**	240.0	703.9	34.1
Dilutive effect of share option awards	**–**	**6.1**		3.1	5.9	
Dilutive effect of contingently issuable shares	**–**	**0.9**		–	1.8	
Dilutive effect of matching nil cost options	**–**	**4.3**		–	3.0	
Dilutive effect of deferred shares	**–**	**1.0**		–	0.4	
Diluted earnings	**337.4**	**767.0**	**44.0**	243.1	715.0	34.0
Continuing operations attributable to owners of the Parent						
Basic earnings	**332.7**	**754.7**	**44.1**	210.7	703.9	29.9
Diluted earnings	**332.7**	**767.0**	**43.4**	213.8	715.0	29.9
Discontinued operation attributable to owners of the Parent						
Basic earnings	**4.7**	**754.7**	**0.6**	29.3	703.9	4.2
Diluted earnings	**4.7**	**767.0**	**0.6**	29.3	715.0	4.1
Continuing operations attributable to owners of the Parent						
Basic earnings	**332.7**			210.7		
Adjustments:						
Gain on sale of trading property	**(10.4)**			(6.1)		
Gain on revaluation and sale of investment and development property	**(310.6)**			(190.9)		
Profit on sale of subsidiaries	**–**			(1.7)		
Loss of control of former subsidiary	**–**			1.0		
Write down of trading property	**1.7**			0.9		
Other exceptional charges	**0.5**			–		
Costs of termination of derivative financial instruments	**0.2**			0.7		
Change in fair value of derivative financial instruments	**(16.4)**			0.3		
Current tax adjustments	**2.0**			1.4		
Deferred tax adjustments	**9.2**			1.2		
Less amounts above due to non-controlling interests	**0.5**			–		
EPRA adjusted earnings on continuing operations	**9.4**	**754.7**	**1.2**	17.5	703.9	2.5
Non-recurring income	**(0.2)**			–		
Profit on sale of available-for-sale investments	**(0.9)**			(10.0)		
Write back of impairment of other receivables	**(2.0)**			(0.6)		
Refinancing fees	**–**			1.3		
Current tax adjustments	**0.5**			(1.1)		
Deferred tax adjustments	**(1.5)**			1.7		
Discontinued operation	**2.0**			3.7		
Underlying earnings	**7.3**	**754.7**	**1.0**	12.5	703.9	1.8

1 Weighted average number of shares in issue has been adjusted by 0.2 million (2012: 0.3 million) for the issue of bonus shares in connection with the scrip dividend scheme.

2 Weighted average number of shares in issue has been adjusted by 0.3 million (2012: nil) for shares held in Treasury.

14 EARNINGS PER SHARE AND NET ASSETS PER SHARE CONTINUED

Headline earnings per share is calculated in accordance with Circular 2/2013 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.

	2013			2012 Re-presented		
	Earnings £m	**Shares Million[1,2]**	**Pence per share**	Earnings £m	Shares Million[1,2]	Pence per share
Profit attributable to owners of the Parent						
Basic earnings	**337.4**	**754.7**	**44.7**	240.0	703.9	34.1
Adjustments:						
Gain on revaluation and sale of investment and development property	**(313.4)**			(213.9)		
Profit on sale of available-for-sale investments	**(0.9)**			(10.0)		
Profit on sale of subsidiaries	**–**			(1.7)		
Loss of control of former subsidiary	**–**			1.0		
Write back of impairment of other receivables	**(2.0)**			(0.6)		
Deferred tax adjustments	**1.3**			(3.6)		
Headline earnings	**22.4**	**754.7**	**3.0**	11.2	703.9	1.6
Dilutive effect of share options awards	**–**	**6.1**		3.1	5.9	
Dilutive effect of contingently issuable shares	**–**	**0.9**		–	1.8	
Dilutive effect of matching nil cost options	**–**	**4.3**		–	3.0	
Dilutive effect of deferred shares	**–**	**1.0**		–	0.4	
Diluted headline earnings	**22.4**	**767.0**	**2.9**	14.3	715.0	2.0

1 Weighted average number of shares in issue has been adjusted for issue of bonus shares in connection with the scrip dividend scheme, 0.2 million (2012: 0.3 million)

2 Weighted average number of shares in issue has been adjusted by 0.3 million (2012: nil) for shares held in Treasury.

	2013			2012		
b) Net assets per share	**Net assets £m**	**Shares million**	**Pence per share**	Net assets £m	Shares million[1]	Pence per share
Net assets attributable to owners of the Group	**1,812.1**	**757.9**	**239.1**	1,477.8	752.7	196.3
Adjustments:						
Effect of dilution on exercise of options	**–**	**6.2**		–	6.7	
Effect of dilution on issue of contingently issuable shares	**–**	**–**		–	1.8	
Effect of dilution on issue of matching nil cost options	**–**	**4.3**		–	3.0	
Effect of dilution on issue of deferred shares	**–**	**1.0**		–	0.4	
Diluted NAV	**1,812.1**	**769.4**	**235.5**	1,477.8	764.6	193.3
Fair value of derivative financial instruments	**14.1**			30.8		
Unrecognised surplus on trading property	**69.2**			37.5		
Deferred tax adjustments	**16.2**			6.9		
EPRA adjusted, diluted NAV	**1,911.6**	**769.4**	**248.5**	1,553.0	764.6	203.1
Fair value of derivative financial instruments	**(14.1)**			(30.8)		
Deferred tax adjustments	**(13.1)**			(5.1)		
EPRA adjusted, diluted NNNAV	**1,884.4**	**769.4**	**244.9**	1,517.1	764.6	198.4

1 The number of shares in issue at the prior year end has been adjusted by 0.4 million for shares held in Treasury.

15 PROPERTY PORTFOLIO

a) Investment and development property

	Property portfolio					Tenure	
	Covent Garden £m	Earls Court Properties £m	Venues £m	Other £m	Total £m	Freehold £m	Leasehold £m
At 1 January 2012	797.5	437.6	135.9	245.8	1,616.8	794.7	822.1
Reclassification	–	–	–	–	–	(0.5)	0.5
Additions from acquisitions	88.6	7.4	–	–	96.0	82.6	13.4
Additions from subsequent expenditure	6.7	21.3	10.2	2.2	40.4	17.6	22.8
Loss of control of former subsidiary	–	(60.8)	–	–	(60.8)	(59.2)	(1.6)
Disposals	(2.4)	(0.9)	–	(206.8)	(210.1)	(54.4)	(155.7)
Transfers to trading property	(20.2)	(60.8)	–	–	(81.0)	(59.1)	(21.9)
Gain on valuation[1]	50.7	126.6	0.4	7.2	184.9	33.7	151.2
At 31 December 2012	920.9	470.4	146.5	48.4	1,586.2	755.4	830.8
Additions from acquisitions	**17.9**	**38.3**	**–**	**–**	**56.2**	**39.7**	**16.5**
Additions from subsequent expenditure	**10.5**	**30.0**	**5.1**	**0.8**	**46.4**	**16.0**	**30.4**
Disposals	**–**	**–**	**–**	**(49.2)**	**(49.2)**	**–**	**(49.2)**
Control acquired of former joint venture	**–**	**121.7**	**–**	**–**	**121.7**	**121.7**	**–**
Transfers to trading property	**(20.8)**	**–**	**–**	**–**	**(20.8)**	**(20.8)**	**–**
Gain on valuation[1]	**179.9**	**121.2**	**9.5**	**–**	**310.6**	**138.6**	**172.0**
At 31 December 2013	**1,108.4**	**781.6**	**161.1**	**–**	**2,051.1**	**1,050.6**	**1,000.5**

b) Trading property

	Property portfolio					Tenure	
	Covent Garden £m	Earls Court Properties £m	Venues £m	Other £m	Total £m	Freehold £m	Leasehold £m
At 1 January 2012	–	–	–	0.2	0.2	0.2	–
Transfers from investment and development property[2]	20.2	67.1	–	–	87.3	65.4	21.9
Additions from acquisitions	–	2.4	–	–	2.4	2.4	–
Additions from subsequent expenditure	5.5	1.2	–	–	6.7	1.6	5.1
Disposals	(11.1)	–	–	(0.2)	(11.3)	(11.3)	–
Write down of trading property[3]	–	(0.9)	–	–	(0.9)	(0.9)	–
At 31 December 2012	14.6	69.8	–	–	84.4	57.4	27.0
Transfers from investment and development property	**20.8**	**–**	**–**	**–**	**20.8**	**20.8**	**–**
Acquisition by joint venture	**–**	**9.1**	**–**	**–**	**9.1**	**9.1**	**–**
Additions from subsequent expenditure	**11.6**	**6.5**	**–**	**–**	**18.1**	**15.9**	**2.2**
Disposals	**(15.5)**	**–**	**–**	**–**	**(15.5)**	**(3.5)**	**(12.0)**
Write down of trading property[3]	**(0.5)**	**(1.2)**	**–**	**–**	**(1.7)**	**(1.7)**	**–**
At 31 December 2013	**31.0**	**84.2**	**–**	**–**	**115.2**	**98.0**	**17.2**

15 PROPERTY PORTFOLIO CONTINUED

c) Market value reconciliation of total property

	Covent Garden £m	Earls Court Properties £m	Venues £m	Other £m	Total £m
Carrying value of investment, development and trading property at 31 December 2012[4]	935.5	540.2	146.5	48.4	1,670.6
Adjustment in respect of head leases	(3.7)	–	–	(0.1)	(3.8)
Adjustment in respect of tenant incentives	17.1	–	–	–	17.1
Unrecognised revaluation surplus on trading property[5]	3.4	34.1	–	–	37.5
Market value of investment, development and trading property at 31 December 2012	952.3	574.3	146.5	48.3	1,721.4
Carrying value of investment, development and trading property at 31 December 2013[4]	**1,139.4**	**865.8**	**161.1**	**–**	**2,166.3**
Adjustment in respect of head leases	**(3.8)**	**–**	**–**	**–**	**(3.8)**
Adjustment in respect of tenant incentives	**19.7**	**–**	**–**	**–**	**19.7**
Unrecognised revaluation surplus on trading property[5]	**1.0**	**68.2**	**–**	**–**	**69.2**
Market value of investment, development and trading property at 31 December 2013	**1,156.3**	**934.0**	**161.1**	**–**	**2,251.4**

1 Gain on valuation recognised in the income statement within gain on revaluation and sale of investment and development property. This gain is unrealised and relates to assets held at the end of the year.

2 In respect of the transfer value of Earls Court Properties, further details are disclosed in note 7.

3 The value of trading property carried at net realisable value was £39.1 million at 31 December 2013 (2012: £1.8 million).

4 Included within investment and development property is £0.8 million (2012: £2.6 million) of interest capitalised during the year on developments in progress.

5 The unrecognised revaluation surplus on trading property is shown for informational purposes only and is not a requirement of IFRS. Trading property continues to be measured at the lower of cost and net realisable value in the consolidated financial statements.

At 31 December 2013, the Group was contractually committed to £105.9 million (2012: £21.4 million) of future expenditure for the purchase, construction, development and enhancement of investment, development and trading property. Refer to note 25 for further information on capital commitments. The fair value of the Group's investment, development and trading property as at 31 December 2013 was determined by independent, appropriately qualified external valuers Jones Lang LaSalle for Earls Court Properties (excluding the Empress State Building) and Venues; and CB Richard Ellis for the remainder of the Group's investment, development and trading property. The valuations conform to the Royal Institution of Chartered Surveyors (RICS) Valuation Professional Standards. Fees paid to valuers are based on fixed price contracts.

Each year the Investment Director, on behalf of the Board, appoints the external valuers. The valuers are selected based upon their knowledge, independence and reputation for valuing assets such as those held by the Group.

Valuations are performed bi-annually and are performed consistently across all properties in the Group's portfolio. At each reporting date appropriately qualified employees of the Group verify all significant inputs and review computational outputs. Valuers submit and present summary reports to the Group's Audit Committee, with the Investment Director reporting to the Board on the outcome of each valuation round.

Valuations take into account tenure, lease terms and structural condition. The inputs underlying the valuations include market rent or business profitability, likely incentives offered to tenants, forecast growth rates, yields, EBITDA, discount rates, construction costs including any site specific costs (for example section 106), professional fees, planning fees, developer's profit including contingencies, planning and construction timelines, lease regear costs, planning risk and sales prices based on known market transactions for similar properties or properties similar to those contemplated for development are considered.

Valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property by property basis, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and the likelihood of achieving and implementing this change in arriving at its valuation.

15 PROPERTY PORTFOLIO CONTINUED

A number of the Group's properties have been valued on the basis of their development potential which differs from their existing use. Most notably, within Earls Court Properties the Group's interests at EC1 & EC2 have been valued on the basis of a mixed use, residential led scheme. The properties are currently used as exhibition venues, generating an income stream for the Group, while the process to achieve the change in use is being implemented. Within the Covent Garden segment, where appropriate, a number of properties have been valued on the basis of their development potential, principally for the conversion of existing use to residential use or for improving the configuration of retail units.

In respect of development valuations, the valuer ordinarily considers the gross development value of the completed scheme based upon assumptions of capital and rental values and yields of the properties which would be created through the implementation of the development. Deductions are then made for anticipated costs, including an allowance for developer's profit before arriving at a valuation. The valuer has applied this methodology to derive a residual land valuation of the Group's interests at EC1 & EC2 on the basis of a standalone development of these interests.

There are often restrictions on both freehold and leasehold property which could have a material impact on the realisation of these assets. The most significant of these occur when planning permission or lease extension and renegotiation of use are required (as is the case currently regarding the Empress State Building and EC1 & EC2 respectively) or when a credit facility is in place. These restrictions are factored into the property's valuation by the external valuer. Also see disclosures surrounding development risks on page 19.

16 TRADE AND OTHER RECEIVABLES

	2013 £m	2012 £m
Non-current		
Loan notes receivable	**6.0**	4.0
Other receivables[1]	**18.6**	18.0
Prepayments and accrued income[2]	**20.7**	17.4
Trade and other receivables	**45.3**	39.4
Current		
Rent receivable[3]	**5.8**	8.8
Other receivables	**2.7**	7.0
Prepayments and accrued income[2]	**11.8**	10.1
Trade and other receivables	**20.3**	25.9

1 Includes £15 million exclusivity payment with LBHF which forms part of the CLSA.

2 Included within prepayments and accrued income are tenant lease incentives of £19.7 million (2012: £17.1 million).

3 Includes exhibition trade receivables.

17 CASH AND CASH EQUIVALENTS

	2013 £m	2012 £m
Cash at hand	**22.0**	28.0
Cash on short-term deposit	**17.0**	150.5
Unrestricted cash and cash equivalents	**39.0**	178.5
Restricted cash	**6.0**	6.0
Cash and cash equivalents	**45.0**	184.5

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

18 TRADE AND OTHER PAYABLES

	2013 £m	2012 £m
Current		
Rent received in advance	**18.0**	17.2
Accruals and deferred income	**29.3**	27.4
Trade payables	**1.3**	1.1
Other payables[1]	**10.0**	12.6
Other taxes and social security	**2.8**	0.3
Trade and other payables	**61.4**	58.6

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

19 BORROWINGS, INCLUDING FINANCE LEASES

	2013					
	Carrying value £m	**Secured £m**	**Unsecured £m**	**Fixed rate £m**	**Floating rate £m**	**Fair value £m**
Current						
Bank loans and overdrafts	**10.0**	**10.0**	**–**	**–**	**10.0**	**10.0**
Loan notes	**6.0**	**6.0**	**–**	**–**	**6.0**	**6.0**
Borrowings, excluding finance leases	**16.0**	**16.0**	**–**	**–**	**16.0**	**16.0**
Finance lease obligations	**0.5**	**0.5**	**–**	**0.5**	**–**	**0.5**
Borrowings, including finance leases	**16.5**	**16.5**	**–**	**0.5**	**16.0**	**16.5**
Non-current						
Bank loan 2016	**155.6**	**155.6**	**–**	**–**	**155.6**	**155.6**
Bank loan 2017	**111.7**	**111.7**	**–**	**–**	**111.7**	**111.7**
Bank loan 2018	**87.1**	**87.1**	**–**	**–**	**87.1**	**87.1**
Borrowings, excluding finance leases	**354.4**	**354.4**	**–**	**–**	**354.4**	**354.4**
Finance lease obligations	**3.3**	**3.3**	**–**	**3.3**	**–**	**3.3**
Borrowings, including finance leases	**357.7**	**357.7**	**–**	**3.3**	**354.4**	**357.7**
Total borrowings, including finance leases	**374.2**	**374.2**	**–**	**3.8**	**370.4**	**374.2**
Cash and cash equivalents	**(45.0)**					
Net debt	**329.2**					

	2012					
	Carrying value £m	Secured £m	Unsecured £m	Fixed rate £m	Floating rate £m	Fair value £m
Current						
Bank loans and overdrafts	71.9	71.9	–	–	71.9	71.9
Loan notes	6.0	6.0	–	–	6.0	6.0
Borrowings, excluding finance leases	77.9	77.9	–	–	77.9	77.9
Finance lease obligations	0.5	0.5	–	0.5	–	0.5
Borrowings, including finance leases	78.4	78.4	–	0.5	77.9	78.4
Non-current						
Bank loan 2016	154.6	154.6	–	–	154.6	154.6
Bank loan 2017	111.7	111.7	–	–	111.7	111.7
Borrowings, excluding finance leases	266.3	266.3	–	–	266.3	266.3
Finance lease obligations	3.3	3.3	–	3.3	–	3.3
Borrowings, including finance leases	269.6	269.6	–	3.3	266.3	269.6
Total borrowings, including finance leases	348.0	348.0	–	3.8	344.2	348.0
Cash and cash equivalents	(184.5)					
Net debt	163.5					

20 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

2013	**Carrying value £m**	**Fair value £m**	**Gain to income statement £m[1]**	**Loss to other comprehensive income £m**
Derivative financial assets	**3.5**	**3.5**	**0.8**	**–**
Total held for trading assets	**3.5**	**3.5**	**0.8**	**–**
Cash and cash equivalents	**45.0**	**45.0**	**–**	**–**
Other financial assets	**66.4**	**66.4**	**2.0**	**–**
Total cash and other financial assets	**111.4**	**111.4**	**2.0**	**–**
Available-for-sale investments	**0.4**	**0.4**	**–**	**(0.7)**
Total available-for-sale investments	**0.4**	**0.4**	**–**	**(0.7)**
Derivative financial liabilities	**(17.6)**	**(17.6)**	**15.6**	**–**
Total held for trading liabilities	**(17.6)**	**(17.6)**	**15.6**	**–**
Borrowings, including finance leases	**(374.2)**	**(374.2)**	**–**	**–**
Other financial liabilities	**(68.7)**	**(68.7)**	**–**	**–**
Total loans and other financial liabilities	**(442.9)**	**(442.9)**	**–**	**–**

2012	Carrying value £m	Fair value £m	(Loss)/gain to income statement £m[1]	Gain to other comprehensive income £m
Derivative financial assets	0.5	0.5	(2.1)	–
Total held for trading assets	0.5	0.5	(2.1)	–
Cash and cash equivalents	184.5	184.5	–	–
Other financial assets	65.3	65.3	0.6	–
Total cash and other financial assets	249.8	249.8	0.6	–
Available-for-sale investments	3.6	3.6	–	–
Total available-for-sale investments	3.6	3.6	–	–
Derivative financial liabilities	(31.3)	(31.3)	2.8	–
Total held for trading liabilities	(31.3)	(31.3)	2.8	–
Borrowings, including finance leases	(348.0)	(348.0)	–	–
Other financial liabilities	(68.4)	(68.4)	–	–
Total loans and other financial liabilities	(416.4)	(416.4)	–	–

1 Includes continuing and discontinued operations

21 DEFERRED TAX

The decreases in corporation tax rate referred to in Note 12 have been substantively enacted for the purposes of IAS 12 'Income Taxes' and therefore have been reflected in these consolidated financial statements based on the expected timing of the realisation of deferred tax. Deferred tax on investment and development property is calculated under IAS 12 provisions on a disposals basis by reference to the properties' original tax base cost. Elements factored into the calculation include indexation relief, the Group's holding structure and the application of the REIT provisions to disposals occurring 2 years or more post exit (7 May 2012). The Group's recognised deferred tax liability on investment and development property as calculated under IAS 12 is £3.1 million as at 31 December 2013 (2012: £1.8 million). The Group's contingent tax liability which is calculated on the same basis as the IAS 12 liability above is £nil (2012: £nil) after allowing for loss relief.

A disposal of the Group's trading property at their market value as per note 15 would result in a corporation tax charge to the Group of £16.1 million (23.3 per cent of £69.2 million).

	Accelerated capital allowances £m	**Fair value of investment & development properties £m**	**Fair value of derivative financial instruments £m**	**Other temporary differences £m**	**Group losses £m**	**Total £m**
Provided deferred tax liabilities/(assets):						
At 1 January 2012	13.2	3.3	(9.2)	(1.7)	(5.6)	–
Recognised in income	(2.0)	(1.5)	3.1	–	2.8	2.4
Recognised in other comprehensive income	–	–	–	(2.4)	–	(2.4)
At 31 December 2012	11.2	1.8	(6.1)	(4.1)	(2.8)	–
Adjustments in respect of previous years	**2.2**	**–**	**–**	**–**	**–**	**2.2**
Recognised in income	**0.7**	**1.8**	**6.2**	**0.5**	**0.5**	**9.7**
Recognised in other comprehensive income	**–**	**–**	**–**	**0.5**	**–**	**0.5**
Recognised directly in equity	**–**	**–**	**–**	**(0.9)**	**–**	**(0.9)**
Reduction due to rate change	**(1.2)**	**(0.5)**	**0.1**	**–**	**–**	**(1.6)**
At 31 December 2013	**12.9**	**3.1**	**0.2**	**(4.0)**	**(2.3)**	**9.9**
Unprovided deferred tax asset:						
At 1 January 2013	–	–	(2.2)	–	(10.3)	(12.5)
Movement in the year	**–**	**–**	**(3.1)**	**–**	**(2.6)**	**(5.7)**
Reduction due to rate change	**–**	**–**	**0.7**	**–**	**1.4**	**2.1**
At 31 December 2013	**–**	**–**	**(4.6)**	**–**	**(11.5)**	**(16.1)**

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

22 OTHER PROVISIONS

	Total £m
Current	
At 1 January 2012 and 2013	7.3
Re-measurement of deferred consideration	**(0.1)**
At 31 December 2013	**7.2**

Other provisions represent deferred consideration relating to the amount payable on the 2009 acquisition of the non-controlling interest in EC Properties Limited. The amount of deferred consideration payable is based on a number of factors including a potential redevelopment of the ECOA, with the final details of such a redevelopment dependent on discussions with the owners of the adjacent land and the outcome of the planning process. The maximum potential payment is £20.0 million.

23 SHARE CAPITAL AND SHARE PREMIUM

Issue type	Transaction date	Issue Price (pence)	Proceeds £m	Number of shares	Share Capital £m	Share Premium £m
At 1 January 2012				683,928,502	170.9	95.1
Scrip dividend - 2011 final	June	198	–	541,709	0.2	0.9
Scrip dividend - 2012 interim	Sept	217	–	257,592	0.1	(0.1)
Placing	Sept	218	149.1	68,400,000	17.1	21.8
At 31 December 2012				753,127,803	188.3	117.7
Scrip dividend - 2012 final	June	318	–	**1,130,749**	**0.2**	**3.4**
Scrip dividend - 2013 interim	Sept	341	–	**239,751**	**0.1**	**(0.1)**
Share-based payment[1]	–	–	–	**3,404,855**	**0.9**	**–**
At 31 December 2013				**757,903,158**	**189.5**	**121.0**

1 Between July and December 2013 a total of 3,404,855 new shares were issued at the nominal share price of 25 pence to satisfy the settlement of employee share scheme awards.

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

At 25 February 2014, the Company had an unexpired authority to repurchase shares up to a maximum of 76,269,635 shares with a nominal value of £18.8 million, and the Directors had an unexpired authority to allot up to a maximum of 500,165,021 shares with a nominal value of £125.0 million of which 249,277,385 with a nominal value of £62.4 million can only be allotted pursuant to a fully pre-emptive rights issue.

24 TREASURY SHARES

	Number of shares	Treasury shares £m
Ordinary shares of 25 pence:		
At 1 January 2012	–	–
Shares purchased	431,450	1.0
At 31 December 2012	431,450	1.0
Disposal of shares	**(431,450)**	**(1.0)**
At 31 December 2013	**–**	**–**

Treasury shares were acquired as a result of the odd-lot offer launched in November 2012 and completed in December 2012. Treasury shares were used to satisfy part of the employee share awards that were exercised during the year.

25 CAPITAL COMMITMENTS

At 31 December 2013, the Group was contractually committed to £105.9 million (2012: £21.4 million) of future expenditure for the purchase, construction, development and enhancement of investment, development and trading property. Of the £105.9 million committed, £29.5 million is committed 2014 expenditure. The Group's share of joint venture commitments included within this amount was £1.9 million (2012: £0.2 million).

In November, the Group exercised its option under the CLSA which it entered into with LBHF in January 2013 in relation to LBHF's land interest within the Earls Court Masterplan. Under the terms of the CLSA, the Group can draw down land in phases but no phase can be transferred unless replacement homes for the residents of the relevant phase have been provided and vacant possession is given of the phase. The Group has already paid £30 million of the £105 million cash consideration payable under the CLSA. Independent of the land draw down process, exercising the option commits the Group to the payment of the residual £75 million which is yet to be paid. This is expected to be settled in five annual instalments of £15 million starting on 31 December 2015.

26 CONTINGENT LIABILITIES

Under the terms of the CLSA the Group has certain compensation obligations relating to achieving vacant possession, which are subject to an overall cap of £55 million. Should any payments be made in respect of these obligations, they will be deducted from the total consideration payable to LBHF (see note 25 'Capital Commitments' above).

In March, an agreement with Network Rail was signed to acquire a 999 year leasehold interest in the air rights above the West London Line where it runs within the ECOA. Within the terms of the agreement, during the next 50 years the Group can exercise options for further 999 year leases over the remainder of the West London Line to allow for development within the Earls Court Masterplan. Network Rail is entitled to further payments of 5.55 per cent of the residual land value which will be payable at the time of development or disposal of each phase of the Earls Court Masterplan. In addition, the Group has certain obligations to Network Rail to make contributions to a sinking fund in respect of the maintenance of the existing platform above the West London Line which would be triggered by any future demolition of the Earls Court exhibition halls.

As at 31 December 2012 the Group had no contingent liabilities.

27 CASH GENERATED FROM OPERATIONS

Continuing operations	Notes	**2013 £m**	Re-presented 2012 £m
Profit before tax attributable to the owners of the Parent		**346.2**	218.7
Adjustments for:			
Profit on sale of trading property	3	**(10.4)**	(6.1)
Non-recurring income	3	**(0.2)**	–
Gain on revaluation of investment and development property	4	**(310.6)**	(177.7)
Gain on sale of investment and development property	4	**–**	(0.6)
Gain on loss of control and appropriation to trading property	4	**–**	(12.6)
Other exceptional charges		**0.5**	–
Profit on sale of available-for-sale investments	5	**(0.9)**	(10.0)
Profit on sale of subsidiaries	6	**–**	(1.7)
Loss of control of former subsidiary	7	**–**	1.0
Write down of trading property		**1.7**	0.9
Write back of impairment of other receivables	8	**(2.0)**	(0.6)
Depreciation		**0.3**	0.1
Amortisation of lease incentives and other direct costs		**2.4**	1.7
Share-based payment		**3.7**	–
Finance costs	9	**22.0**	20.9
Finance income		**(1.1)**	(0.8)
Other finance costs	9	**0.2**	2.0
Change in fair value of derivative financial instruments		**(16.4)**	0.3
Change in working capital:			
Change in trade and other receivables		**(1.8)**	(3.1)
Change in trade and other payables		**(1.2)**	(3.6)
Cash generated from operations		**32.4**	28.8

28 RELATED PARTY TRANSACTIONS

Key management compensation[1]	2013 £m	2012 £m
Salaries and short-term employee benefits	**3.1**	2.9
Share-based payment	**4.0**	2.3
	7.1	5.2

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.

29 EVENTS AFTER THE REPORTING PERIOD

On 5 February 2014, the Board of Transport for London ("TfL") approved a proposed arrangement with the Group relating to the land currently occupied by the Earls Court exhibition centres. The proposed arrangement would establish a venture that would be granted 999 year leases over this land (and certain adjacent interests, the most significant of which is the Northern Access Road), this venture would be owned 63 per cent by the Group and 37 per cent by TfL. Legal documentation is being finalised.

On 21 February 2014, a £665 million five year unsecured revolving credit facility was signed to replace the Group's existing Covent Garden facilities. The Group will incur an exceptional charge of approximately £12 million relating to fees on the new facility and unamortised fees on the existing facilities; as well as approximately £18 million relating to the termination of derivative financial instruments.

ANALYSIS OF PROPERTY PORTFOLIO (UNAUDITED)

1. PROPERTY DATA AS AT 31 DECEMBER 2013

	Market value £m	Ownership	Initial yield (EPRA)	Nominal equivalent yield	Passing rent £m	ERV £m	Occupancy rate (EPRA)	Weighted average unexpired lease years	Gross area million[3] sq ft
Covent Garden	**1,156.3**	**100%**	**3.33%**	**4.68%**		**58.0**	**98.6%**	**7.1**	**0.9**
Earls Court Properties [2]	**934.0**	[1]				**17.7**			**2.1**
Venues [2]	**161.1**	**100%**							**0.6**
Total property	**2,251.4**				**56.8**	**75.7**			**3.6**
Investment property	***2,067.0***				***56.6***	***74.0***			***3.2***
Trading property	***184.4***				***0.2***	***1.7***			***0.4***

1 Represents the Group's interests at Earls Court, predominantly comprising EC1 & EC2, the Empress State Building and 50 per cent of the Lillie Square joint venture (previously Seagrave Road).

2 Due to the nature of properties held in these segments, not all metrics are disclosed.

3 Area shown is current net internal area of the portfolio, not adjusted for proportional ownership.

2. ANALYSIS OF CAPITAL RETURN FOR THE YEAR

Like-for-like capital	**Market value 2013 £m**	Market value 2012 £m	**Revaluation surplus/ (deficit)[1] 2013 £m**	Increase %
Covent Garden	**1,138.8**	935.8	**180.6**	19.2%
Earls Court Properties	**762.4**	574.3	**149.7**	24.5%
Venues	**161.1**	146.5	**9.5**	6.3%
Total like-for-like capital	**2,062.3**	1,656.6	**339.8**	19.9%
Investment property	***1,885.7***	*1,551.2*	***305.3***	*19.5%*
Trading property[2]	***176.6***	*105.4*	***34.5***	*24.4%*
Non like-for-like capital				
Acquisitions	**56.6**	–	(6.4)	
Control acquired of former joint venture	**132.5**	–	10.4	
Disposals	**–**	64.8	–	
Total property	**2,251.4**	1,721.4	**343.8**	18.2%
Investment property	***2,067.0***	*1,599.5*	***310.6***	*17.8%*
Trading property	***184.4***	*121.9*	***33.2[3]***	*21.9%*

All property				
Covent Garden	**1,156.3**	952.3	**180.2**	18.8%
Earls Court Properties	**934.0**	574.3	**154.1**	19.8%
Venues	**161.1**	146.5	**9.5**	6.3%
Other	**–**	48.3	**–**	
Total property	**2,251.4**	1,721.4	**343.8**	18.2%

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

2 Property transferred to trading during the year is included as like-for-like capital in current and the comparative year where appropriate.

3 Represents realised gains, impairment charges and unrecognised surplus on trading property. Presented for information only.

ANALYSIS OF PROPERTY PORTFOLIO (UNAUDITED)

3. ANALYSIS OF NET RENTAL INCOME FOR THE YEAR

Like-for-like income	2013 £m	2012 £m	Change %
Covent Garden	**31.9**	31.3	1.9%
Earls Court Properties	**9.9**	8.7	13.8%
Venues	**13.5**	18.8	(28.2)%
Like-for-like investment property income	**55.3**	58.8	(6.0)%
Like-for-like trading property income	**–**	0.3	
Total like-for-like income	**55.3**	59.1	
Non like-for-like income			
Acquisitions	**0.1**	–	
Control acquired of former joint venture	**4.4**	–	
Disposals	**1.2**	5.2	
Loss of control of former subsidiary	**–**	0.1	
Prior year acquisitions (like-for-like capital)	**3.8**	0.9	
Total property income	**64.8**	65.3	(0.8)%
Investment property income	***64.8***	*65.0*	*(0.3)%*
Trading property income	***–***	*0.3*	

All property	2013 £m	2012 £m	Change %
Covent Garden	**35.6**	32.1	10.9%
Earls Court Properties	**14.5**	9.3	56.0%
Venues	**13.5**	18.5	(27.0)%
Other[1]	**1.2**	5.4	
Total property income	**64.8**	65.3	(0.8)%

1 Net rental income percentage change in Other has not been disclosed as the final asset held by GCP was disposed of during the year.

4. ANALYSIS OF PROPERTY BY USE

	2013					
Market value	**Retail £m**	**Office £m**	**Exhibition £m**	**Residential £m**	**Other[1] £m**	**Total £m**
Covent Garden	**913.3**	**165.8**	**–**	**38.6**	**38.6**	**1,156.3**
Earls Court Properties	**6.4**	**8.1**	**–**	**9.4**	**910.1**	**934.0**
Venues	**–**	**–**	**161.1**	**–**	**–**	**161.1**
	919.7	**173.9**	**161.1**	**48.0**	**948.7**	**2,251.4**

1 Consists of property where the highest and best use valuation differs from the current use

	2013					
ERV	**Retail £m**	**Office £m**	**Exhibition £m**	**Residential £m**	**Other £m**	**Total £m**
Covent Garden	**44.6**	**10.1**	**–**	**1.3**	**2.0**	**58.0**
Earls Court Properties	**0.4**	**0.7**	**–**	**0.3**	**16.3**	**17.7**
Venues	**–**	**–**	**–**	**–**	**–**	**–**
	45.0	**10.8**	**–**	**1.6**	**18.3**	**75.7**

CONSOLIDATED UNDERLYING PROFIT STATEMENT (UNAUDITED)

For the year ended 31 December 2013

	2013 £m	2012 £m
Net rental income	**64.8**	65.3
Administration expenses	**(33.8)**	(26.1)
Operating profit	**31.0**	39.2
Finance costs	**(22.0)**	(23.6)
Finance income	**1.1**	0.8
Net finance costs	**(20.9)**	(22.8)
Profit before tax	**10.1**	16.4
Tax on adjusted profit	**(2.3)**	(3.9)
Non-controlling interests	**(0.5)**	–
Underlying earnings (used for calculation of underlying earnings per share)	**7.3**	12.5
Underlying earnings per share (pence)	**1.0**	1.8

DIVIDENDS

The Directors of Capital & Counties Properties PLC have proposed a final dividend per ordinary share (ISIN GB00B62G9D36) of 1.0 pence payable on 19 June 2014.

Dates

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

Annual General Meeting	2 May 2014
Sterling/Rand exchange rate struck	8 May 2014
Sterling/Rand exchange rate and dividend amount in Rand announced	9 May 2014
Ordinary shares listed ex-dividend on the JSE, Johannesburg	19 May 2014
Ordinary shares listed ex-dividend on the London Stock Exchange	21 May 2014
Record date for final dividend in UK and South Africa	23 May 2014
Dividend payment date for shareholders	19 June 2014

South African shareholders should note that, in accordance with the requirements of Strate, the last day to trade cum-dividend will be 16 May 2014 and that no dematerialisation of shares will be possible from 19 May 2014 to 23 May 2014 inclusive. No transfers between the UK and South Africa registers may take place from 9 May 2014 to 23 May 2014.

Subject to SARB approval, the Board intends to offer an optional scrip dividend alternative in respect of the 2013 final dividend.

The above dates are proposed and subject to change.

Important Information for South African Shareholders:

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

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

It is the Company's understanding that a receipt of shares pursuant to the scrip dividend alternative will not constitute a foreign dividend in terms of current legislation. Under the current legislation, the scrip dividend will not be subject to Dividends Tax, nor income tax on receipt. The new shares which are acquired under the scrip dividend alternative will be treated as having been acquired for nil consideration.

This information is included only as a general guide to taxation for Shareholders resident in South Africa based on Capco's understanding of the law and the practice currently in force.

Any Shareholder who is in any doubt as to their tax position should seek independent professional advice.

Further disclosures required in terms of the JSE Listings Requirements will be detailed in the finalisation announcement to be published on 9 May 2014.

GLOSSARY

AB and ABC1

Demographic classifications in the UK used to describe the professional classes determined by income, earning levels, social grade and lifestyle.

Capco

Capco represents Capital & Counties Properties PLC (also referred to as "the Company") and all its subsidiaries and group undertakings, collectively referred to as "the Group".

CLSA

Conditional Land Sale Agreement, an agreement with LBHF relating to its land in the ECOA.

Diluted figures

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

Earls Court

The London district made up of a series of residential neighbourhoods crossing the boundaries of LBHF and RBKC.

EC1 & EC2

Capco's leasehold interests in the Earls Court 1 and Earls Court 2 exhibition centres (TfL together with Network Rail hold the freehold interests) and Capco's freehold interest in the Northern Access Road which runs from the exhibition centre northwards to Fenelon Place. The proposed joint venture with TfL (Capco share would be 63 per cent) relates to these interests.

ECOA

The Earls Court and West Kensington Opportunity Area.

Earls Court Properties

The Group's interests in the Earls Court area, comprising EC1 & EC2, Lillie Square (a 50:50 joint venture partnership with the Kwok Family Interests), the Empress State Building (Capco ownership 100 per cent) and a number of smaller properties in the Earls Court area.

EBITDA

Earnings before interest, tax, depreciation and amortisation**.**

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 the year end.

EPRA adjusted, diluted NNNAV

EPRA diluted NAV adjusted to reflect the fair value of derivative financial instruments 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 of trading property, changes in fair value of derivative 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 year.

Estimated rental value (ERV)

The external valuers' estimate of the Group's share of the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of the property.

GCP

The Great Capital Partnership, a 50:50 joint venture with Great Portland Estates plc. In 2013 this represents a discontinued operation.

Gross income

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

Interest rate swap (IRS)

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 and development property 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.

Kwok Family Interests (KFI)

Joint venture partner in the Lillie Square development.

LBHF

The London Borough of Hammersmith & Fulham.

LIBOR

London Interbank Offer Rate.

Like-for-like property

Property which has been owned throughout both years without significant capital expenditure in either year, 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 year.

Loan-to-value (LTV)

LTV is the ratio of attributable net debt to the book value of property.

NAV

Net Asset Value.

Net Debt

Total borrowings less cash and cash equivalents.

Net rental income (NRI)

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.

RBKC

The Royal Borough of Kensington & Chelsea.

REIT

Real Estate Investment Trust.

SARB

South African Reserve Bank.

Section 34A Housing Act 1985

An amendment to the 1985 Act enabling an organised group of tenants to require a local authority to transfer their homes to a private registered provider of social housing, where a transfer proves to be the favoured and viable option. The Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations 2013 which brought Section 34A into effect came into force on 5 December 2013.

Section 106

Section 106 of the Town and Country Planning Act 1990, pursuant to which the relevant planning authority can impose planning obligations on a developer to secure contributions to services, infrastructure and amenities in order to support and facilitate a proposed development.

Tenant (or lease) incentives

Any incentives offered to tenants 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.

TfL

Transport for London and any subsidiary of Transport for London including Transport Trading Limited and London Underground Limited.

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 paid during the year.

Total shareholder return

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

Underlying earnings

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

Weighted average unexpired lease term

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

Zone A

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

NOTES TO EDITORS

Capital & Counties Properties PLC is one of the largest listed property investment and development companies in central London. Our landmark estates held directly or through joint ventures are valued at £2.3 billion.

Covent Garden

The Covent Garden estate represents 51 per cent of Capco's property portfolio and showcases its place-making strategy, which is realised through creative asset management, acquisitions, investment, strategic development and creative marketing.

Earls Court Properties & Venues

Earls Court Properties & Venues represents 49 per cent of Capco's property portfolio. Capco's strategy is to maintain a robust exhibitions business at Olympia London whilst unlocking value from its Earls Court interests now that the Mayor of London has endorsed the proposals and the local authorities have granted outline planning consent for the Earls Court Masterplan, Sir Terry Farrell's vision to create 'Four Urban Villages and a 21st Century High Street.'

The Lillie Square project is a joint venture between Capco and KFI to take forward the development of the site. It has planning consent for a residential-led scheme including 808 new homes and a new garden square.