PRESS RELEASE

1 August 2014

CAPITAL & COUNTIES PROPERTIES PLC ("Capco")

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2014

Ian Hawksworth, Chief Executive of Capco, commented:

"Capco has had a positive start to the year which is demonstrated in our strong results today. At Covent Garden, rigorous asset management and tactical investment activity continues to drive value growth and enhance our presence across the estate. The successful launch of Lillie Square has established positive pricing evidence for the area around Earls Court which, along with detailed consents and the establishment of the venture with TfL, has created further value from our interests in the area. As we enter the second half of the year, our balance sheet is significantly strengthened and our strategy remains clear and focused to deliver long-term value creation for our shareholders."

Highlights

Strong valuation performance
- 9.5 per cent increase in EPRA adjusted, diluted NAV to 272 pence per share (Dec 2013: 249 pence)
- 7.5 per cent (like-for-like) increase in total property market value to £2.6 billion (Dec 2013: £2.3 billion)
- 9.9 per cent total return in the period
- Proposed interim 2014 dividend of 0.5 pence per share

Value growth through rigorous asset management and investment activity at Covent Garden
- Total property market value of £1.3 billion up 6.2 per cent (like-for-like) (Dec 2013: £1.2 billion)
- 4.2 per cent (like-for-like) growth in ERV to £65.7 million
- Adjusted ERV target of £85 million by December 2016 following acquisition activity
- £76 million cash invested in acquisitions enhancing presence on the estate

Value creation through achievement of key milestones at Earls Court
- Market value of Earls Court interests £1.1 billion, up 10.1 per cent (like-for-like) (Dec 2013: £0.9 billion)
- Earls Court Partnership, the venture with TfL in relation to EC1 & EC2 established (Capco share 63 per cent)
- Detailed planning consents granted for Earls Court Village and the Empress State Building

Positive pricing evidence of £1,400 – £1,500 per square foot at Lillie Square
- Over 90 per cent of phase 1 reserved or exchanged, including premium units
- £130 million (Capco share: £65 million) construction facility completed for Lillie Square

Strong financial position
- Group LTV nine per cent (Dec 2013: 15 per cent)
- Cash and available facilities of £641 million (Dec 2013: £287 million)
- 9.99 per cent equity placing raised £258 million to accelerate value creation at Covent Garden and Earls Court
- £665 million unsecured revolving credit facility completed for Covent Garden

FINANCIAL HIGHLIGHTS

	Comprising	30 June 2014	31 December 2013
9.9% Total return for six months to 30 June 2014 (full year 2013: 23.1%)			
EPRA adjusted net asset value		**£2,307m**	£1,912m
EPRA adjusted, diluted net asset value per share	9.5%	**272p**	249p
Dividend per share	0.4%	**1.0p**	1.5p
8.5% Total property return for six months to 30 June 2014 (full year 2013: 21.9%)			
Property Market Value	6.9%	**£2,552m**	£2,251m
Profits on disposal	–	**£1m**	£13m
Net rental income	1.6%	**£37.4m**	£64.8m
Underlying earnings per share[1]		**1.0p**	1.0p

1 Underlying earnings per share is a non-IFRS measure. See Financial Review for more details.

Outlook

Capco has had a positive start to the year, which is demonstrated in our results today. EPRA adjusted NAV has grown to £2.3 billion following strong performance at both our estates underpinned by a clear and focused strategy for value growth and creation.

Covent Garden has re-established itself as a vibrant district where people can shop, eat, live and work within a unique cultural and historic setting. Our tenant mix continues to evolve as brands are attracted to the energy and quality footfall on the estate. In addition, a rigorous asset management strategy, with a plan for every street means our offering at Covent Garden is exciting and creative for visitors and attractive to retailers. This is reflected in the recent letting activity we have seen from both new and existing tenants.

It has been an active period for investment activity at Covent Garden and we have expanded our footprint having acquired six properties with potential for repositioning and conversion. Accordingly, the ERV target has been adjusted to £85 million by December 2016. We have a solid pipeline of opportunities ahead of us with the Kings Court and Carriage Hall schemes, our largest development to date, redeveloping over 100,000 square feet, including 22,000 square feet of new space on the estate.

At Earls Court, our land interests in this part of central London have increased in value through the achievement of significant milestones.

The Earls Court Masterplan is moving forward. At EC1 & EC2, the venture with TfL has now been established, providing Capco with a 63 per cent share in Earls Court Partnership. Detailed planning consent has been granted for Earls Court Village and pre-enabling works have started on site to prepare for demolition next year. The Empress State Building has also achieved detailed planning consent for a conversion to residential and will bring a further 610,000 square feet into the overall Masterplan area.

The positive launch of Lillie Square has set a new pricing benchmark for the area around Earls Court and demonstrated the breadth and depth of demand for well-located premium residential product in central London. Our focus is now set on the construction of phase 1 and the launch of subsequent phases.

London is a thriving global city and with the population expected to grow significantly, it needs more housing. The Earls Court Masterplan is a significant opportunity to create a dynamic new neighbourhood and underpins the delivery of new homes, jobs, and investment in infrastructure for an important part of London.

The balance sheet, strengthened by the recent equity raise, provides Capco with the financial flexibility it needs to continue to grow and create value. We remain alert to political risk which may arise from the uncertainty ahead of the upcoming elections. However, we are confident that with two unique central London assets and a clear and focused strategy we are well positioned to deliver long-term value for our shareholders.

ENQUIRIES

Capital & Counties Properties PLC:

Ian Hawksworth	Chief Executive	+44 (0)20 3214 9188
Soumen Das	Finance Director	+44 (0)20 3214 9183
Michelle McGrath	Head of Investor Relations	+44 (0)20 7297 6093

Media enquiries:

Sarah Hagan	Director of Communications	+44 (0)20 3214 9185
UK: Hudson Sandler	Michael Sandler, Wendy Baker	+44 (0)20 7796 4133
SA: Instinctif	Frederic Cornet	+27 (0) 11 447 3030

A presentation to analysts and investors will take place today at 9:00am 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 announcement 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 (feedback@capitalandcounties.com or telephone +44 (0)20 3214 9153).

OPERATING REVIEW

Overview

Capco's strategy is focused on growing and creating value at its two major central London assets. Through rigorous asset management and investment activity at Covent Garden and through the planning and assembly of land at Earls Court, Capco unlocks the potential within both of its estates, creating long-term value for shareholders.

Capco is focused on the retail and residential markets of central London. London is a thriving global city and its attraction remains strong to those who want to invest, live and work in the city. According to The London Plan, the Mayor of London's strategic plan for the Capital, the population of London is growing and it needs more housing. Against this backdrop and with a focused strategy, both Covent Garden and Earls Court are well positioned to continue to grow and create value.

Valuations

	Market Value 30 June 2014 £m	Market Value 31 December 2013 £m	Market Value Change [1,2]	ERV Change [1]	Initial Yield (EPRA)	Nominal Equivalent Yield
Covent Garden	1,325	1,156	6.2%	4.2%	2.98%	4.09%
Earls Court Properties						
EC1 & EC2	522	453	13.1%			
Empress State	274	265	3.3%			
Lillie Square[3]	170	153	8.4%			
Other Earls Court property	89	63	20.8%			
Venues	167	161	2.0%			
Other	5	–				
Total property	**2,552**	**2,251**	**7.5%**			

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.

COVENT GARDEN

Covent Garden has re-established itself as a world class destination. The estate's vibrancy and energy continues to attract strong tenant demand from both retailers and restaurants and a premium residential offering is restoring the estate's residential heritage. Occupancy on the estate remains high at 99 per cent and footfall remains strong with 43 million customer visits annually.

Covent Garden's value growth strategy is underpinned by place-making, creative asset management, tactical acquisitions and strategic development, positioning the estate for growth in capital and rental values. In the six months to 30 June 2014, Covent Garden has shown solid growth with the estate valued at £1.3 billion, an increase of 6.2 per cent on a like-for-like basis.

ERV has grown to £65.7 million following good letting and acquisition activity, a like-for-like increase of 4.2 per cent. The December 2016 ERV target has been adjusted to £85 million reflecting acquisition activity. Annual gross income as at 30 June 2014 was £42.9 million.

In the year to date, 38 letting transactions including new leases, renewals and rent reviews representing £5.8 million of rental income per annum were executed at 6.0 per cent above 31 December 2013 ERV.

Retail

Demand for space from retailers is strong from both existing and new tenants. Vintage menswear brand Nigel Cabourn and Fred Perry, who will be relocating from its current location in the Royal Opera House Arcade, have both taken up space on Henrietta Street. This is in line with the 'Street to Suit' strategy for Henrietta Street which aims to refocus its offering to premium menswear.

Orlebar Brown opened a pop up store on Floral Street as part of the Floral Street Goes Pop initiative to introduce new pop up brands to the street ahead of the development at Kings Court and Carriage Hall. Premium swimwear brand Heidi Klein, Stylist Magazine and online retailer My-Wardrobe have all taken up temporary pop up space.

Lululemon athletica opened its flagship store on Long Acre and Moleskine has opened its doors on King Street. Parisian shoe brand, Bobbies, opened a 12 month pop up, its first store in the UK in the Royal Opera House Arcade.

Dining

This year has seen increased momentum in the dining quality and choice provided at Covent Garden, further enhancing the estate's reputation for destination dining.

Lima Floral, located on the corner of Floral Street, recently opened its doors and will offer Peruvian cuisine in a contemporary style as well as a dedicated cocktail and tapas bar.

Caprice Holdings, the team behind The Ivy, one of the most famous and successful restaurants in Covent Garden, is currently fitting-out One South Piazza for its new flagship restaurant which will offer all-day dining from breakfast until after theatre.

Residential

Covent Garden continues to restore the estate's residential heritage through the development and refurbishment of premium residential apartments.

The Beecham will provide nine luxury apartments for sale or for rent and there has been a high level of interest in the development. Contracts have been exchanged for one apartment at a sales price of £2,850 per square foot ahead of practical completion. The Southampton will provide a further seven luxury apartments for rental. Both developments are on track for delivery in autumn this year.

The final apartment in The Russell, which comprised of five apartments, was sold in May 2014. The average sales price for the entire development was in excess of £2,400 per square foot.

Refurbishment of 7 Garrick Street has been completed following its acquisition to create three new apartments. The apartments are for rental and all have been let achieving an average rent of £65 per square foot. 4 Henrietta Street, an office to residential conversion overlooking the Piazza, has also been let at £65 per square foot.

Acquisitions

It has been an active period for acquisitions. Six new properties were acquired (one by way of a property swap), for a total cash consideration of £76 million, as the business has taken advantage of further opportunities on the estate as referenced in the May 2014 capital raise. The ERV attributable to these acquisitions at 30 June 2014 is £3.5 million.

In addition to 7 Garrick Street, 23-24 Henrietta Street and 26-27 Southampton Street add to the office to residential conversion pipeline, and present the opportunity to activate the ground floor frontages for retail use. 21 and 22-23 James Street expand Capco's presence on this prime street.

The freehold of 32-33 Long Acre was swapped for that of 16-18 King Street. The property, further consolidating Capco's position on this key street, anchors the southwest corner of King Street.

Future developments

Kings Court and Carriage Hall is Capco's largest development to date at Covent Garden and the team is working towards starting on site in autumn this year.

The development will transform the area between Floral Street and King Street, creating a new connecting passage between the two streets improving pedestrian flow around the estate. Providing over 100,000 square feet, including 22,000 square feet of new space, the development will provide high quality residential and retail product through 45 premium apartments and 10 retail units. The total development cost of the scheme is expected to be in the order of £85-£90 million. Within the 30 June 2014 valuation, an additional £2.6 million of ERV was attributable to Kings Court and Carriage Hall. Taking this into account, the like-for-like ERV growth for the period would have been 8.5%.

EARLS COURT PROPERTIES

The Earls Court Masterplan is one of the largest development opportunities in central London. Comprising over 70 acres of consented land and over 10.1 million square feet of new space, the mixed-use, primarily residential scheme will provide 7,500 new homes (including Lillie Square), 10,000 jobs, and over £450 million of community benefits. The Earls Court Masterplan is one of the Greater London Authority's ("GLA") designated Opportunity Areas making it a key strategic scheme for London.

The Earls Court Masterplan is located in two London boroughs, The Royal Borough of Kensington and Chelsea ("RBKC") and The London Borough of Hammersmith & Fulham ("LBHF"), which has recently changed from a Conservative to a Labour administration. Capco remains committed to working constructively with all of its stakeholders to deliver this important scheme for London.

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 performed well over the period, reflecting the successful launch of the first phase of the Lillie Square scheme together with a strong central London residential sales market. The total valuation increased to £1.1 billion, up 10.1 per cent on a like-for-like basis.

The Earls Court Masterplan is moving forward and several milestones have been achieved in the context of the scheme.

Planning

Two detailed planning consents were granted over the period.

Earls Court Village, which represents the majority of the EC1 & EC2 area, covers 16 acres and provides for 2.4 million square feet of residential-led, mixed-use space. The consent provides for over 1,200 new homes, over three acres of publicly accessible park and the first phase of the new High Street.

The Empress State Building achieved a change of use from commercial to residential. The consent provides for the creation of 340 private new homes, as well as improvements to the facade of the existing building. The Section 106 agreement has also been signed which will provide 102 affordable units as well as other community benefits. The consent adds a further 610,000 square feet of residential floor space to the overall Masterplan area.

Land Assembly

Earls Court Partnership Limited, the venture with Transport for London ("TfL") in respect of EC1 & EC2, was established (Capco share 63 per cent). It is anticipated that the venture arrangements will complete in full once vacant possession is available, which will result in new 999 year leases over EC1 & EC2 being granted to the venture. Capco is appointed exclusive Business and Development Manager and is leading the venture. Pre-enabling works for EC1 & EC2 have commenced to prepare for demolition which is expected to commence in 2015. Demolition is expected to take 18 months due to the complexity of the site at a cost of £50-£60 million.

A number of small acquisitions have been made around the Earls Court Masterplan area totalling £18 million with further acquisitions identified around the site. The business is well placed to maximise opportunities following the May 2014 capital raise. The acquisitions provide the opportunity to enhance the implementation of the early stages of the scheme.

As stated in the full year results released in February 2014, Capco has exercised its option under the Conditional Land Sale Agreement ("CLSA") and to date has paid £30 million of the £105 million cash consideration, the remainder of which is payable in five annual instalments of £15 million, beginning on 31 December 2015. Further details are contained within the Financial Review.

No applications for judicial review are currently outstanding, however the risk of future judicial review challenges on planning decisions or land assembly transactions cannot be discounted.

LILLIE SQUARE

Lillie Square is an exciting new residential development delivering modern garden-square living in central London. The development will create over 600 private and 200 affordable homes across three phases.

The valuation of Capco's 50 per cent interest in Lillie Square, which is held in a joint venture with the Kwok Family Interests ("KFI"), increased to £170 million as at 30 June 2014, a like-for-like increase of 8.4 per cent since December 2013.

The first phase, which comprises 237 apartments, was launched in March 2014 to strong demand. Marketing was initially focused on the 213 standard units which were predominately all sold within a few weeks. The 24 premium units were released in July, of which 10 are already reserved with pricing on individual units achieving over £2,000 per square foot.

Over 90% of phase 1 is now exchanged or reserved, totalling over £200 million of sales, demonstrating the depth of demand for this well located premium residential development. The average sales price for phase 1 is expected to be between £1,400-£1,500 per square foot setting a record pricing benchmark for the immediate vicinity.

Construction is expected to cost £360 million with a peak capital requirement of £130 million due to the phasing of the project. A £130 million revolving credit facility was signed in May 2014 (Capco share: £65 million) to finance the development. Enabling works for phase 1 have started and construction is expected to begin shortly.

Capco notes the on-going legal situation in Hong Kong regarding certain members of the Kwok Family however the operation of the joint venture continues to be unaffected.

VENUES

The Venues business has performed ahead of expectations with EBITDA at £7.7 million, up 17 per cent compared to the first half of 2013.

The transition of activities to Olympia London has progressed very well. Over 80 per cent of Earls Court's 2014 exhibitions (by licence fee) are to move to Olympia London in 2015, including major shows such as The London Book Fair and the Ideal Home Show. This is reflected in the valuation performance, which has increased by 2.0 per cent to £167 million.

The Earls Court venue is currently taking bookings until December 2014.

DIVIDENDS

The Board has proposed an interim dividend of 0.5 pence per share to be paid on 26 September 2014 to shareholders on the register at 5 September 2014. Subject to SARB approval, a scrip dividend alternative will be offered.

FINANCIAL REVIEW

The first half of 2014 has seen EPRA adjusted, diluted net assets per share rise by 9.5 per cent during the period, increasing from 249 pence at 31 December 2013 to 272 pence. This 23 pence increase together with the 1 pence dividend paid in June represents a total return of 9.9 per cent.

At Covent Garden continued growth in rental values as well as some yield compression have increased the value of the estate by 5.5 per cent (6.2 per cent like-for-like) following a number of rent reviews, lease re-gears, new lettings and progress made on developments.

The market value of Earls Court Properties, which comprises the Group's interests at Earls Court, has increased by 9.6 per cent (10.1 per cent like-for-like), primarily the result of the successful launch of the first phase of the Lillie Square scheme together with 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 £36.5 million per acre (31 December 2013: £31.7 million) for the combined freehold and leasehold interest.

Re-presentation of prior year comparatives

Following the adoption of IFRS 11 'Joint Arrangements' the Group is required to represent its joint ventures as though the standard had been in effect at 1 January 2013. The standard removed the proportional consolidation option that was previously available under IAS 31 'Interests in Joint Ventures'. Under the equity method, rather than proportionally consolidating the Group's share of assets, liabilities, income and expenses on a line-by-line basis, the Group's net equity interest in the joint venture is now disclosed as a single line item in both the consolidated balance sheet and consolidated income statement. Loans between the Group and its joint ventures, as well as interest thereon, are no longer eliminated on consolidation. There has been no change in the net asset position or profit after tax as a result of adoption.

Internally the Board focuses on and reviews information and reports prepared on a proportionately consolidated basis, which includes the Group's share of joint ventures. Therefore to align with the way the Group is managed, this financial review presents the financial position and performance analysis on a proportionately consolidated basis. Continuing and discontinuing operations have also been combined.

FINANCIAL POSITION

At 30 June 2014 the Group's EPRA adjusted net assets were £2.3 billion representing 272 pence per share adjusted and diluted, an increase of 23 pence per share since 31 December 2013.

	As at 30 June 2014			As at 31 December 2013		
	IFRS £m	Joint Ventures £m	Proportionately Consolidated £m	IFRS £m	Joint Ventures £m	Proportionately Consolidated £m
Investment, development and trading property	**2,346.3**	**88.7**	**2,435.0**	2,081.4	84.9	2,166.3
Net debt	**(231.5)**	**13.1**	**(218.4)**	(331.2)	2.0	(329.2)
Other assets and liabilities	**81.2**	**(101.8)**	**(20.6)**	61.9	(86.9)	(25.0)
Net assets	**2,196.0**	**–**	**2,196.0**	1,812.1	–	1,812.1
Fair value of derivative financial instruments	**(3.0)**	**–**	**(3.0)**	14.1	–	14.1
Unrecognised surplus on trading properties	**96.9**	**–**	**96.9**	69.2	–	69.2
Deferred tax liabilities on exceptional items and other	**16.9**	**–**	**16.9**	16.2	–	16.2
EPRA adjusted net assets	**2,306.8**	**–**	**2,306.8**	1,911.6	–	1,911.6
EPRA adjusted, diluted net assets per share (pence)	**272**	**–**	**272**	249	–	249

Investment, development and trading property

A revaluation surplus on the Group's property portfolio of £163.4 million was recorded during the period, up 7.5 per cent on a like-for-like basis compared to IPD Capital Return for the equivalent period of 5.8 per cent.

Total property return for the period was 8.5 per cent which compares to the IPD Total Return index which recorded a 9.1 per cent return for the corresponding period.

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

At 30 June 2014, the unrecognised surplus on trading property was £96.9 million, up from £69.2 million at 31 December 2013. This primarily arises on property assets at Lillie Square.

Property acquisitions in the period were £112.7 million, the majority of which were acquisitions at Covent Garden of £89.7 million. Net of a property swap, cash invested in expanding the footprint at Covent Garden was £76.4 million. The last residential apartment at The Russell was also sold during the period.

In March the Group established Earls Court Partnership Limited ("ECPL"), an investment vehicle between the Group (63 per cent controlling interest) and TfL (37 per cent interest) to enable the development of EC1 & EC2 in line with the Earls Court Masterplan. The completion of the transfer of the Group's leasehold interests will occur in conjunction with the grant of a 999 year lease to ECPL by TfL. However, as at 30 June 2014 the Group's leasehold interests in Earls Court 1 & 2 are held outside of ECPL. ECPL will recognise the leasehold interests when investment property recognition criteria have been met. At 30 June 2014 ECPL was in receipt of £12.4 million in advances from the Group and TfL, to fund pre-enabling work and other activities currently being undertaken.

As detailed in the 2013 Annual Report & Accounts the Conditional Land Sale Agreement ("CLSA") was value neutral as the underlying asset did not at that time meet the recognition criteria required for investment and development property. This position remains the same at 30 June 2014 and therefore of the £30 million paid to date, £15 million remains held as a prepayment against a future draw of land and the future payments, a total of £75 million, are disclosed as a capital commitment. 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.

Capital raising

In May the Group completed a placing of 75.9 million new ordinary shares at a price of 340 pence per share to fund the acceleration of value creation at Covent Garden and Earls Court. The placing generated net proceeds of £251.6 million. The number of ordinary shares in issue now stands at 835.7 million.

Debt and gearing

In February the Group signed a £665 million five year unsecured revolving credit facility to replace the Group's Covent Garden facilities. An exceptional charge of £4.8 million was incurred relating to the termination of derivatives and a write off of unamortised transaction costs relating to the previous facilities.

In May the Group entered into a £130 million (Capco share £65 million) four year construction facility to fund the Lillie Square development.

Net debt has decreased by £110.8 million in the period principally as a result of the share placing proceeds (£251.6 million net of expenses) less property acquisitions and capital expenditure.

The gearing measure most widely used in the industry is loan-to-value ("LTV"). LTV is calculated on the basis of net debt divided by value of the Group's property portfolio. The Group focuses most on an LTV measure that includes the notional share of joint venture interests but excludes the share of cash, debt and property which is held by the Group on behalf of TfL in respect of ECPL. The LTV of 9.2 per cent remains comfortably within the Group's current limit of no more than 40 per cent.

	As at 30 June 2014	As at 31 December 2013
Loan to value	**9.2%**	15.2%
Interest cover	**225%**	148%
Weighted average debt maturity	**4.5 years**	4.3 years
Weighted average cost of debt	**3.3%**	4.4%
Proportion of gross debt with interest rate protection	**100%**	100%

The Group's policy is to substantially eliminate the medium and long-term risk arising from interest rate volatility. The Group's banking facilities are arranged on a floating rate basis, but swapped to fixed rate or capped using derivative contracts coterminous with the relevant debt facility. At 30 June 2014 the proportion of gross debt with interest rate protection was 100 per cent (31 December 2013: 100 per cent).

The Group remains compliant with all of its debt covenants.

The Group has capital commitments of £91.0 million at 30 June 2014 which compares to £105.9 million at 31 December 2013.

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 on a proportionately consolidated basis. The Group consider this presentation to provide useful information as it removes unrealised, exceptional and other one-off items and therefore represents the recurring, underlying performance of the business.

	Six months ended 30 June 2014 £m	Re-presented Six months ended 30 June 2013 £m
Net rental income	**37.4**	32.2
Profit on sale of trading property and other income	**0.5**	2.6
Gain on revaluation and sale of investment and development property	**134.5**	197.5
Administration expenses	**(19.4)**	(15.5)
Net finance costs	**(8.0)**	(10.7)
Exceptional finance costs	**(5.2)**	–
Change in fair value of derivative financial instruments	**(0.4)**	9.2
Other	**0.4**	(0.4)
Taxation	**(2.3)**	(2.6)
Profit for the period attributable to non-controlling interest	**–**	(0.5)
IFRS profit for the period attributable to owners of the Parent	**137.5**	211.8
Adjustments:		
Profit on sale of trading property and other income	**(0.5)**	(2.6)
Gain on revaluation and sale of investment and development property	**(134.5)**	(197.5)
Exceptional finance costs	**5.2**	–
Change in fair value of derivative financial instruments	**0.4**	(9.2)
Other adjustments	**(0.4)**	0.6
Taxation on exceptional items	**0.1**	1.2
Profit for the period attributable to non-controlling interest	**–**	0.5
Underlying profit after tax	**7.8**	4.8
Underlying earnings per share (pence)	**1.0**	0.6

Income

Net rental income increased by £5.2 million (8.9 per cent like-for-like) in the period when compared to the comparative six month period of 2013, with the acquisition of control of Empress State in May 2013 contributing £3.2 million of the increase. Performance has been strong across the Group, most notably at Olympia London which is benefitting from the transition of exhibitions from Earls Court.

Gain on revaluation and sale of investment and development property

The gain on revaluation and sale of the Group's investment and development property was £134.5 million, £51.7 million arising from the Covent Garden estate and £79.4 million from Earls Court Properties.

Administration expenses

Administration expenses have increased by 25.4 per cent from the first half of 2013, 6.3 per cent when compared to the second half of 2013. This change is due to increased headcount in line with expansion of the Group's activities.

Net finance costs

Net finance costs have decreased by 25.3 per cent due to the combined impact of a reduced weighted average cost of debt and lower average debt as a result of the re-financings over the past 12 months.

Exceptional finance costs

Exceptional finance costs relate primarily to charges incurred on termination of debt facilities in respect of the Covent Garden refinancing, discussed earlier within debt and gearing.

Taxation

The total tax charge for the period was £2.3 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 £2.2 million, which reflects an underlying tax rate of 22 per cent in line with the current rate of UK corporation tax. The UK corporation tax rate will to fall to 20 per cent from April 2015.

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 property at market value would result in a corporation tax charge to the Group of £20.8 million (21.5 per cent of £96.9 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.

CASH FLOW

A summary of the Group's IFRS cash flow for the period to 30 June 2014 is presented below:

	Six months ended 30 June 2014 £m	Re-presented Six months ended 30 June 2013 £m
Recurring cash flows after interest and tax	**0.7**	4.8
Purchase and development of property	**(120.5)**	(52.3)
Sale proceeds of property and investments	**3.2**	9.8
Pension funding	**(0.8)**	–
Net cash flow to joint ventures	**(10.3)**	(14.2)
Net cash flow before financing	**(127.7)**	(51.9)
Issue of shares	**252.5**	–
Other financing	**(102.9)**	(0.8)
Dividends paid	**(7.5)**	(3.9)
Net cash flow	**14.4**	(56.6)

Recurring cash flows were £0.7 million compared to £4.8 million for the equivalent period of 2013, as a result of higher receivables and other assets.

Investing activities mainly comprise acquisitions (£97.9 million), capital expenditure (£22.6 million), offset in part by proceeds received from the disposal of property (£2.8 million).

During the period six properties were acquired in Covent Garden (£76.4 million). The remaining property acquisition and development expenditure was mainly in respect of Earls Court Properties. Proceeds from the sale of property and investments primarily comprise the disposal of the last remaining residential unit at The Russell, Covent Garden.

Issue of shares reflects the Capital raising referred to above and the vesting of equity based compensation awards.

The £665 million five year unsecured revolving credit facility replaced the Group's Covent Garden facilities and has in part been repaid by cash received from the capital raising to reduce cash drag in the short-term until it is invested.

Dividends paid of £7.5 million reflect the final dividend payment made in respect of the 2013 financial year. This was higher than the comparative six month period due to additional ordinary shares in issue at the record date and a lower take up of the scrip dividend alternative, 11 per cent versus 21 per cent in 2013.

As a result of the May 2014 placing and the two new facilities previously discussed, the Group's cash and undrawn committed facilities at 30 June 2014 have increased to £640.5 million (31 December 2013: £287.0 million).

Soumen Das

Finance Director

1 August 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 period. These principal risks are not exhaustive and remain unchanged from 31 December 2013. The Group monitors a number of additional risks and adjusts those considered ‘principal’ as the risk profile of the business changes.

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 and key suppliers.	Reduced profitability, delay or reputational damage.	Appropriate due diligence, procurement and consultation.
Ineffective operation of shared investment vehicles.	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.

CORPORATE RISKS CONTINUED

Risk	Impact potential	Mitigation factors
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.
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 or implement 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 and negotiated processes to select reputable contractors with relevant experience in projects of equivalent scale and complexity, with skilled resources and appropriate insurance. Commercially astute project team to ensure management of costs and delivery of programme. 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 Directors are responsible for preparing the condensed consolidated financial statements, in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:

- the condensed consolidated financial statements on pages 19 to 56 has been prepared in accordance with IAS 34 ’Interim Financial Reporting’, as adopted by the European Union; and
- the condensed consolidated financial statements on pages 19 to 56 includes a true and fair view of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

The operating and financial review on pages 4 to 12 refers to important events which have taken place in the period.

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

Related party transactions are set out in note 27 of the condensed consolidated financial statements.

A list of current Directors is maintained on the Capital & Counties Properties PLC website: www.capitalandcounties.com.

By order of the Board

I D Hawksworth

Chief Executive

S Das

Finance Director

1 August 2014

INDEPENDENT REVIEW REPORT TO CAPITAL & COUNTIES PROPERTIES PLC

Report on the condensed consolidated financial statements

Our conclusion

We have reviewed the condensed consolidated financial statements, defined below, in the Interim Report of Capital & Counties Properties PLC for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated financial statements, which are prepared by Capital & Counties Properties PLC, comprise:

- the Consolidated Balance Sheet as at 30 June 2014;
- the Consolidated Income Statement and Statement of Comprehensive Income for the period then ended;
- the Consolidated Statement of Cash Flows for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the condensed consolidated financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated financial statements included in the Interim Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated financial statements.

INDEPENDENT REVIEW REPORT TO CAPITAL & COUNTIES PROPERTIES PLC CONTINUED

Responsibilities for the condensed consolidated financial statements and the review

Our responsibilities and those of the directors

The Interim Report, including the condensed consolidated financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the Company a conclusion on the condensed consolidated financial statements in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
1 August 2014
London

Notes:

(a) The maintenance and integrity of the Capital & Counties Properties PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT (unaudited)

For the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 £m	Re-presented Six months ended 30 June 2013 £m	Re-presented Year ended 31 December 2013 £m
Continuing operations				
Revenue	2	**54.2**	51.2	115.5
Rental income		**51.4**	42.2	89.4
Rental expenses		**(14.1)**	(14.3)	(29.1)
Net rental income	2	**37.3**	27.9	60.3
Profit on sale of trading property	3	**1.2**	2.4	10.4
Other income		**–**	0.2	0.2
Gain on revaluation and sale of investment and development property	4	**134.4**	187.9	303.7
Profit on sale of available-for-sale investments	5	**–**	–	0.9
Write back/(write down) of trading property		**0.5**	–	(0.5)
Impairment of other receivables	6	**(5.2)**	(0.9)	(4.3)
Other exceptional charges		**(0.1)**	(0.4)	(0.5)
		168.1	217.1	370.2
Administration expenses		**(18.7)**	(14.9)	(32.6)
Operating profit		**149.4**	202.2	337.6
Finance costs	7	**(8.3)**	(9.9)	(20.7)
Finance income		**0.3**	0.6	1.1
Other finance costs and income	7	**(1.2)**	3.5	7.3
Change in fair value of derivative financial instruments		**(0.4)**	8.3	15.6
Net finance (costs)/income		**(9.6)**	2.5	3.3
Share of post-tax profit from joint ventures	14	**–**	6.4	6.3
Profit before tax		**139.8**	211.1	347.2
Current tax		**(2.0)**	(2.5)	(3.3)
Deferred tax		**–**	0.1	(10.2)
Taxation	10	**(2.0)**	(2.4)	(13.5)
Profit for the period from continuing operations		**137.8**	208.7	333.7
Discontinued operation				
(Loss)/profit for the period from discontinued operation	9	**(0.3)**	3.6	4.7
Profit for the period		**137.5**	212.3	338.4
Profit attributable to:				
Owners of the Parent		**137.5**	211.8	337.4
Non-controlling interest	8	**–**	0.5	1.0
Earnings per share from continuing operations attributable to owners of the Parent				
Basic earnings per share	12	**17.8p**	27.6p	44.0p
Diluted earnings per share	12	**17.5p**	27.4p	43.3p
Weighted average number of shares	12	**776.2m**	753.7m	755.4m

Earnings per share from discontinued operation and adjusted earnings per share from continuing and discontinued operations are shown in note 12.

Notes on pages 26 to 56 form part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

For the six months ended 30 June 2014

	Notes	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Profit for the period		**137.5**	212.3	338.4
Other comprehensive income/(expense)				
Items that may or will be reclassified subsequently to the income statement				
Fair value gains/(losses) on available-for-sale investments		**–**	0.3	(0.7)
Realisation of revaluation reserve on disposal of available-for-sale investments		**–**	–	(0.9)
Items that will not be reclassified subsequently to the income statement				
Actuarial gains on defined benefit pension scheme		**–**	–	1.2
Tax relating to items that will not be reclassified	20	**(0.1)**	(0.3)	(0.5)
Total other comprehensive (expense)/income for the period		**(0.1)**	–	(0.9)
Total comprehensive income for the period		**137.4**	212.3	337.5
Attributable to:				
Owners of the Parent		**137.4**	211.8	336.5
Non-controlling interest	8	**–**	0.5	1.0
Arising from:				
Continuing operations		**137.7**	208.7	332.8
Discontinued operation	9	**(0.3)**	3.6	4.7

Notes on pages 26 to 56 form part of these condensed consolidated financial statements.

CONSOLIDATED BALANCE SHEET (unaudited)

As at 30 June 2014

	Notes	**As at 30 June 2014 £m**	Re-presented As at 31 December 2013 £m	Re-presented As at 1 January 2013 £m
Non-current assets				
Investment and development property	13	**2,308.8**	2,049.8	1,427.2
Plant and equipment		**1.2**	0.9	1.0
Investment in joint ventures	14	**0.1**	93.3	179.1
Available-for-sale investments		**0.3**	0.4	3.6
Derivative financial instruments	19	**3.8**	3.5	0.5
Pension asset		**1.6**	0.8	–
Trade and other receivables	15	**120.1**	113.5	107.4
		2,435.9	2,262.2	1,718.8
Current assets				
Trading property	13	**37.5**	31.6	14.9
Trade and other receivables	15	**48.4**	37.7	25.4
Cash and cash equivalents	16	**57.4**	43.0	174.8
		143.3	112.3	215.1
Total assets		**2,579.2**	2,374.5	1,933.9
Non-current liabilities				
Borrowings, including finance leases	18	**(282.4)**	(357.7)	(197.6)
Derivative financial instruments	19	**(0.8)**	(17.6)	(27.3)
Pension liability		**–**	–	(0.4)
Deferred tax	20	**(11.0)**	(9.9)	–
		(294.2)	(385.2)	(225.3)
Current liabilities				
Borrowings, including finance leases	18	**(6.5)**	(16.5)	(78.4)
Derivative financial instruments		**–**	–	(2.0)
Other provisions	21	**(7.2)**	(7.2)	(7.3)
Tax liabilities		**(1.6)**	(0.1)	(2.2)
Trade and other payables	17	**(73.7)**	(153.4)	(140.9)
		(89.0)	(177.2)	(230.8)
Total liabilities		**(383.2)**	(562.4)	(456.1)
Net assets		**2,196.0**	1,812.1	1,477.8
Equity				
Share capital	22	**208.9**	189.5	188.3
Other components of equity		**1,987.1**	1,622.6	1,289.5
Total equity		**2,196.0**	1,812.1	1,477.8

Notes on pages 26 to 56 form part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

For the six months ended 30 June 2014

		Equity attributable to owners of the Parent						
	Notes	Share capital £m	Share premium £m	Merger reserve £m	Revaluation reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2014		**189.5**	**121.0**	**277.8**	**0.1**	**7.4**	**1,216.3**	**1,812.1**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**137.5**	**137.5**
Other comprehensive expense:								
Items that will not be reclassified subsequently to the income statement								
Tax relating to items that will not be reclassified	20	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Total comprehensive income for the period ended 30 June 2014		**–**	**–**	**–**	**–**	**–**	**137.4**	**137.4**
Transactions with owners								
Ordinary shares issued	22	**19.4**	**85.8**	**148.0**	**–**	**–**	**–**	**253.2**
Dividend expense	11	**–**	**–**	**–**	**–**	**–**	**(8.4)**	**(8.4)**
Realisation of share-based payment reserve on issue of shares		**–**	**–**	**–**	**–**	**(0.6)**	**0.6**	**–**
Fair value of share-based payment		**–**	**–**	**–**	**–**	**2.4**	**–**	**2.4**
Tax relating to share-based payment	20	**–**	**–**	**–**	**–**	**–**	**(0.7)**	**(0.7)**
Total transactions with owners		**19.4**	**85.8**	**148.0**	**–**	**1.8**	**(8.5)**	**246.5**
Balance at 30 June 2014		**208.9**	**206.8**	**425.8**	**0.1**	**9.2**	**1,345.2**	**2,196.0**

Notes on pages 26 to 56 form part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED
(unaudited)

For the six months ended 30 June 2014

		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 period		–	–	–	–	–	–	211.8	211.8	0.5	212.3
Other comprehensive income/(expense):											
Items that may or will be reclassified subsequently to the income statement											
Fair value gains on available-for-sale investments		–	–	–	–	0.3	–	–	0.3	–	0.3
Items that will not be reclassified subsequently to the income statement											
Tax relating to items that will not be reclassified		–	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)
Total comprehensive income for the period ended 30 June 2013		–	–	–	–	0.3	–	211.5	211.8	0.5	212.3
Transactions with owners:											
Ordinary shares issued		0.3	3.3	–	–	–	–	–	3.6	–	3.6
Dividends expense	11	–	–	–	–	–	–	(7.5)	(7.5)	–	(7.5)
Fair value of share-based payment		–	–	–	–	–	1.6	(1.1)	0.5	–	0.5
Tax relating to share-based payment		–	–	–	–	–	–	0.2	0.2	–	0.2
Non-controlling interest		–	–	–	–	–	–	–	–	43.9	43.9
Total transactions with owners		0.3	3.3	–	–	–	1.6	(8.4)	(3.2)	43.9	40.7
Balance at 30 June 2013		188.6	121.0	(1.0)	277.8	2.0	6.8	1,091.2	1,686.4	44.4	1,730.8

Notes on pages 26 to 56 form part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED
(unaudited)

For the six months ended 30 June 2014

		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	20	–	–	–	–	–	–	(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	22	1.2	3.3	–	–	–	–	–	4.5	–	4.5
Dividend expense	11	–	–	–	–	–	–	(11.3)	(11.3)	–	(11.3)
Adjustment for bonus issue	11	–	–	–	–	–	–	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	20	–	–	–	–	–	–	0.9	0.9	–	0.9
Non-controlling interest	8	–	–	–	–	–	–	–	–	43.9	43.9
Acquisition of non-controlling interest	8	–	–	–	–	–	–	–	–	(44.9)	(44.9)
Disposal of treasury shares[1]	23	–	–	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.

Notes on pages 26 to 56 form part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

For the six months ended 30 June 2014

Continuing operations	Notes	**Six months ended 30 June 2014 £m**	Re-presented Six months ended 30 June 2013 £m	Re-presented Year ended 31 December 2013 £m
Cash flows from operating activities				
Cash generated from operations	26	**9.9**	16.0	37.5
Interest paid		**(8.9)**	(9.5)	(18.5)
Interest received		**0.3**	0.6	1.2
Taxation paid		**(0.6)**	(2.3)	(4.4)
Cash flows from operating activities		**0.7**	4.8	15.8
Cash flows from investing activities				
Purchase and development of property[1]		**(120.5)**	(52.3)	(114.4)
Sale of property[1]		**2.8**	8.9	26.5
Sale of available-for-sale investments		**–**	–	2.6
Pension funding		**(0.8)**	–	–
Control acquired of former joint venture	8	**–**	–	(50.3)
Cash acquired on acquisition of former joint venture		**–**	0.3	0.2
Sale of subsidiary companies		**0.4**	0.6	0.6
Loan advances to joint ventures		**(10.4)**	(9.4)	(17.7)
Cash flows from investing activities		**(128.5)**	(51.9)	(152.5)
Cash flows from financing activities				
Issue of shares		**252.5**	–	–
Borrowings drawn		**430.0**	–	138.5
Borrowings repaid		**(510.2)**	(0.8)	(172.1)
Purchase of derivative financial instruments		**(1.8)**	–	(1.5)
Other finance costs		**(25.5)**	–	(0.2)
Cash dividends paid	11	**(7.5)**	(3.9)	(6.9)
Contribution from non-controlling interest		**4.6**	–	–
Cash flows from financing activities		**142.1**	(4.7)	(42.2)
Net increase/(decrease) in unrestricted cash and cash equivalents from continuing operations		**14.3**	(51.8)	(178.9)
Cash flows from discontinued operation				
Investing activities		**0.1**	(4.8)	47.1
Net increase/(decrease) in cash and cash equivalents from discontinued operation		**0.1**	(4.8)	47.1
Net increase/(decrease) in cash and cash equivalents		**14.4**	(56.6)	(131.8)
Unrestricted cash and cash equivalents at 1 January		**37.0**	168.8	168.8
Unrestricted cash and cash equivalents at period end	16	**51.4**	112.2	37.0

1 Includes purchase and sale of plant and equipment.

Notes on pages 26 to 56 form part of these condensed consolidated financial statements.

NOTES (unaudited)

1 PRINCIPAL ACCOUNTING POLICIES

General information

The Capital & Counties Properties PLC Group's assets principally comprise investment and development property at Covent Garden, Earls Court and the exhibition halls at Olympia London. The condensed consolidated financial statements are prepared in British pounds sterling.

Basis of preparation

The Group's condensed consolidated financial statements are prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union . The condensed consolidated financial statements should be read in conjunction with the Annual Report & Accounts for the year ended 31 December 2013, which have been prepared in accordance with IFRSs as adopted by the European Union.

The condensed consolidated financial statements for the six months ended 30 June 2014 are reviewed, not audited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 were approved by the Board of Directors on 25 February 2014 and delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement made under Section 498 of the Companies Act 2006.

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

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

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

These condensed consolidated financial statements were approved by the Board of Directors on 1 August 2014.

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

During the six months to 30 June 2014, the following accounting standards and guidance were adopted by the Group:

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)

These pronouncements had no significant impact on the condensed consolidated financial statements and resulted in changes to presentation and disclosure only with the exception of IFRS 11 'Joint Arrangements' ("IFRS 11").

Impact of transition to IFRS 11 on prior period comparatives

IFRS 11, which has been endorsed by the European Union, removes the proportional consolidation option which was available under IAS 31 'Interests in Joint Ventures'. This impacted the Group's published accounting policy in respect of joint ventures. The Group's net interest in joint ventures is now disclosed as a single line item on both the consolidated balance sheet and the consolidated income statement using the equity method rather than proportionally consolidating the Group's share of assets, liabilities, income and expenses on a line-by-line basis.

This change has increased the total assets and total liabilities as previously presented, but there has been no overall change in net assets. This standard was adopted by the Group from 1 January 2014 with retrospective application. The change in accounting policy has a material impact on the consolidated balance sheet at 1 January 2013; consequently the opening consolidated balance sheet has been presented within the primary statements.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

The tables below show the impact of the change in accounting policy on the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows for all periods presented. There is no impact on the statement of comprehensive income, statement of changes in equity or basic and diluted earnings per share.

Impact of transition to IFRS 11 on prior period comparatives

Impact on the consolidated income statement

Revenue	Year ended 31 December 2013 £m	Six months ended 30 June 2013 £m
Increase/(decrease)		
Revenue for the period from continuing operations as previously reported under proportionate consolidation	118.8	54.5
Adjustment to:		
Revenue	(3.3)	(3.3)
Revenue for the period from continuing operations re-presented under IFRS 11	115.5	51.2

Profit for the period		
Increase/(decrease)		
Profit for the period from continuing operations as previously reported under proportionate consolidation	333.7	208.7
Adjustment to:		
Net rental income	(3.3)	(3.2)
Gain on revaluation of investment and development property	(6.9)	(6.8)
Write down of trading property	1.2	–
Impairment of other receivables	(6.3)	(0.9)
Administration expenses	1.0	0.5
Operating profit	(14.3)	(10.4)
Net finance costs	8.0	4.0
Share of post-tax profit from joint ventures	6.3	6.4
Profit for the period from continuing operations under IFRS 11	333.7	208.7

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Impact on the consolidated balance sheet

Assets	As at 31 December 2013 £m	As at 1 January 2013 £m
Increase/(decrease)		
Total assets as previously reported under proportionate consolidation	2,282.5	1,925.5
Adjustment to:		
Investment and development property	(1.3)	(159.0)
Investment in joint ventures	93.3	179.1
Other non-current assets	68.2	68.0
Trading property	(83.6)	(69.5)
Other current assets	17.4	(0.5)
Cash and cash equivalents	(2.0)	(9.7)
Total assets re-presented under IFRS 11	2,374.5	1,933.9

Liabilities		
(Increase)/decrease		
Total liabilities as previously reported under proportionate consolidation	(470.4)	(447.7)
Adjustment to:		
Borrowings, including finance leases	–	72.0
Derivative financial instruments	–	2.0
Tax liabilities	–	(0.1)
Trade and other payables	(92.0)	(82.3)
Total liabilities re-presented under IFRS 11	(562.4)	(456.1)

Equity		
Total equity under both proportionate consolidation and IFRS 11	1,812.1	1,477.8

Impact on consolidated statement of cash flows

Increase/(decrease)	Year ended 31 December 2013 £m	Six months ended 30 June 2013 £m
Net decrease in cash and cash equivalents from continuing operations as previously reported under proportionate consolidation	(185.5)	(51.7)
Adjustment to:		
Cash flows from operating activities	7.3	(0.4)
Cash flows from investing activities	(2.2)	(1.2)
Cash flows from financing activities	1.5	1.5
Net decrease in cash and cash equivalents from continuing operations re-presented under IFRS 11	(178.9)	(51.8)

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

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

Subsidiaries

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.

Investments in subsidiaries 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.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Interests in joint ventures are accounted for using the equity method of accounting as required by IFRS 11 'Joint Arrangements'. The equity method requires the Group's share of the joint venture's post-tax profit or loss for the period to be presented separately on the income statement and the Group's share of the joint venture's net assets to be presented separately on the balance sheet. Joint ventures with net liabilities are carried at nil value in the balance sheet where there is no commitment to fund the deficit and any distributions are included in the consolidated income statement for the period. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Estimation and uncertainty

The preparation of condensed 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 condensed 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. Revenue arising from the sale of property under construction is recognised when both contracts have been exchanged and the building work is physically complete.

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 period and any adjustment in respect of prior periods. Taxes on income in interim periods are accrued using tax rates expected to be applicable to total annual earnings.

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.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

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.

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.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Investment and development property continued

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.

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 constructed, 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.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Investments continued

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.

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 cashflows 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.

Deposits

Property deposits and on account receipts are held within trade and other payables.

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. Any transaction costs, premiums or discounts are capitalised and recognised over the contractual life of the loan using the effective interest rate method; or on a straight line basis where it is impractical to do so. In the event of early repayment, transaction costs, premiums or discounts paid or unamortised costs are recognised immediately in the income statement.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

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.

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.

For management and reporting purposes the Group is organised into four operating divisions being:

- Covent Garden
- Earls Court Properties which comprises the Group's interests at Earls Court, predominantly EC1 & EC2, the Empress State Building and 50 per cent of the Lillie Square joint venture
- Venues comprises the exhibitions business including the Olympia London 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.

Management information is prepared on a proportionally consolidated basis. Segmental reporting has been presented in line with management information with a reconciliation to the IFRS total.

The Group's operating segments derive their revenue primarily from rental income from lessees, with the exception of Venues which generates revenue principally from its exhibitions business.

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

2 SEGMENTAL REPORTING CONTINUED

Reportable segments

	Six months ended 30 June 2014						
Continuing operations	**Covent Garden £m**	**Earls Court Properties £m**	**Venues £m**	**Other £m**	**Group total £m**	**Joint venture adjustment £m**	**IFRS total £m**
Revenue	**25.1**	**9.9**	**19.3**	**–**	**54.3**	**(0.1)**	**54.2**
Rent receivable and exhibition income	20.9	9.9	19.3	–	50.1	(0.1)	50.0
Service charge income	1.4	–	–	–	1.4	–	1.4
Rental income	22.3	9.9	19.3	–	51.5	(0.1)	51.4
Rental expenses[1]	(3.4)	(0.3)	(10.4)	–	(14.1)	–	(14.1)
Net rental income	**18.9**	**9.6**	**8.9**	**–**	**37.4**	**(0.1)**	**37.3**
Profit on sale of trading property	1.2	(0.7)	–	–	0.5	0.7	1.2
Gain on revaluation and sale of investment and development property	51.7	79.4	3.4	–	134.5	(0.1)	134.4
Write back of trading property	0.5	–	–	–	0.5	–	0.5
Impairment of other receivables	–	–	–	–	–	(5.2)	(5.2)
Other exceptional charges	–	(0.1)	–	–	(0.1)	–	(0.1)
Segment result	**72.3**	**88.2**	**12.3**	**–**	**172.8**	**(4.7)**	**168.1**
Unallocated costs							
Administration expenses					(19.4)	0.7	(18.7)
Operating profit					**153.4**	**(4.0)**	**149.4**
Net finance (costs)/income[2]					(13.6)	4.0	(9.6)
Profit before tax					**139.8**	**–**	**139.8**
Taxation					(2.0)	–	(2.0)
Profit for the period from continuing operations					**137.8**	**–**	**137.8**
Discontinued operation							
Loss for the period from discontinued operation	–	–	–	(0.3)	(0.3)	–	(0.3)
Profit for the period					**137.5**	**–**	**137.5**
Profit attributable to:							
Owners of the Parent					137.5	–	137.5
Summary balance sheet							
Total segment assets[3]	1,325.8	1,029.8	182.0	27.3	2,564.9	(10.3)	2,554.6
Total segment liabilities[3]	(212.3)	(149.2)	(36.3)	(7.4)	(405.2)	10.3	(394.9)
Segmental net assets	1,113.5	880.6	145.7	19.9	2,159.7	–	2,159.7
Unallocated net assets[2]					36.3	–	36.3
Net assets					**2,196.0**	**–**	**2,196.0**
Other segment items:							
Depreciation	–	–	(0.1)	–	(0.1)	–	(0.1)
Capital expenditure	(112.5)	(29.1)	(2.7)	(4.5)	(148.8)	3.7	(145.1)

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

Reportable segments

Continuing operations	Six months ended 30 June 2013 Covent Garden £m	Earls Court Properties[1] £m	Venues £m	Other £m	Group total £m	Joint venture adjustment £m	IFRS total £m
Revenue	30.6	6.1	17.6	0.2	54.5	(3.3)	51.2
Rent receivable and exhibition income	20.3	6.1	17.6	–	44.0	(3.2)	40.8
Service charge income	1.4	–	–	–	1.4	–	1.4
Rental income	21.7	6.1	17.6	–	45.4	(3.2)	42.2
Rental expenses[2]	(4.0)	(0.2)	(10.1)	–	(14.3)	–	(14.3)
Net rental income	17.7	5.9	7.5	–	31.1	(3.2)	27.9
Profit on sale of trading property	2.4	–	–	–	2.4	–	2.4
Other income	–	–	–	0.2	0.2	–	0.2
Gain on revaluation and sale of investment and development property	123.4	75.1	(3.8)	–	194.7	(6.8)	187.9
Impairment of other receivables	–	–	–	–	–	(0.9)	(0.9)
Other exceptional charges	–	(0.4)	–	–	(0.4)	–	(0.4)
Segment result	143.5	80.6	3.7	0.2	228.0	(10.9)	217.1
Unallocated costs							
Administration expenses					(15.4)	0.5	(14.9)
Operating profit					212.6	(10.4)	202.2
Net finance (costs)/income[3]					(1.5)	4.0	2.5
Share of joint venture profits					–	6.4	6.4
Profit before tax					211.1	–	211.1
Taxation					(2.4)	–	(2.4)
Profit for the period from continuing operations					208.7	–	208.7
Discontinued operation							
Profit for the period from discontinued operation	–	–	–	3.6	3.6	–	3.6
Profit for the period					212.3	–	212.3
Profit attributable to:							
Owners of the Parent					211.8	–	211.8
Non-controlling interest					0.5	–	0.5
Summary balance sheet							
Total segment assets[4]	1,110.4	807.9	158.8	82.0	2,159.1	90.0	2,249.1
Total segment liabilities[4]	(319.2)	(172.3)	(33.0)	(3.4)	(527.9)	(90.0)	(617.9)
Segmental net assets	791.2	635.6	125.8	78.6	1,631.2	–	1,631.2
Unallocated net assets[3]					99.6	–	99.6
Net assets					1,730.8	–	1,730.8
Other segment items:							
Depreciation	(0.1)	–	–	–	(0.1)	–	(0.1)
Capital expenditure	(21.7)	(156.1)	(4.0)	(0.8)	(182.6)	(113.8)	(296.4)

1 Included in the net rental income from Earls Court Properties is £3.7 million attributable to the Empress State Building, of which £0.6 million represents non-controlling interest.

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

	Year ended 31 December 2013						
Continuing operations	Covent Garden £m	Earls Court Properties[1] £m	Venues £m	Other £m	Group total £m	Joint venture adjustment £m	IFRS total £m
Revenue	70.0	15.0	33.6	0.2	118.8	(3.3)	115.5
Rent receivable and exhibition income	41.3	15.0	33.6	–	89.9	(3.3)	86.6
Service charge income	2.8	–	–	–	2.8	–	2.8
Rental income	44.1	15.0	33.6	–	92.7	(3.3)	89.4
Rental expenses[2]	(8.5)	(0.5)	(20.1)	–	(29.1)	–	(29.1)
Net rental income	35.6	14.5	13.5	–	63.6	(3.3)	60.3
Profit on sale of trading property	10.4	–	–	–	10.4	–	10.4
Other income	–	–	–	0.2	0.2	–	0.2
Gain on revaluation and sale of investment and development property	179.9	121.2	9.5	–	310.6	(6.9)	303.7
Profit on sale of available-for-sale investments	–	–	–	0.9	0.9	–	0.9
Write down of trading property	(0.5)	(1.2)	–	–	(1.7)	1.2	(0.5)
Impairment of other receivables	–	–	–	2.0	2.0	(6.3)	(4.3)
Other exceptional charges	–	(0.5)	–	–	(0.5)	–	(0.5)
Segment result	225.4	134.0	23.0	3.1	385.5	(15.3)	370.2
Unallocated costs							
Administration expenses					(33.6)	1.0	(32.6)
Operating profit					351.9	(14.3)	337.6
Net finance (costs)/income[3]					(4.7)	8.0	3.3
Share of post-tax profit from joint venture					–	6.3	6.3
Profit before tax					347.2	–	347.2
Taxation					(13.5)	–	(13.5)
Profit for the year from continuing operations					333.7	–	333.7
Discontinued operation							
Profit for the year from discontinued operation	–	–	–	4.7	4.7	–	4.7
Profit for the year					338.4	–	338.4
Profit attributable to:							
Owners of the Parent					337.4	–	337.4
Non-controlling interest					1.0	–	1.0
Summary balance sheet							
Total segment assets[4]	1,180.6	897.9	175.1	18.5	2,272.1	92.0	2,364.1
Total segment liabilities[4]	(312.8)	(120.4)	(33.8)	(17.0)	(484.0)	(92.0)	(576.0)
Segmental net assets	867.8	777.5	141.3	1.5	1,788.1	–	1,788.1
Unallocated net assets[3]					24.0	–	24.0
Net assets					1,812.1	–	1,812.1
Other segment items:							
Depreciation	(0.1)	–	(0.2)	–	(0.3)	–	(0.3)
Capital expenditure	(40.0)	(205.6)	(5.1)	(0.8)	(251.5)	(100.0)	(351.5)

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 interest.

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.

3 PROFIT ON SALE OF TRADING PROPERTY

Continuing operations	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Sale of trading property	**2.8**	8.8	25.9
Cost of sale of trading property	**(1.6)**	(6.4)	(15.5)
Profit on sale of trading property	**1.2**	2.4	10.4

4 GAIN ON REVALUATION AND SALE OF INVESTMENT AND DEVELOPMENT PROPERTY

Continuing operations	**Six months ended 30 June 2014 £m**	Re-presented Six months ended 30 June 2013 £m	Re-presented Year ended 31 December 2013 £m
Gain on revaluation of investment and development property	**134.5**	187.9	303.7
Loss on sale of investment and development property	**(0.1)**	–	–
Gain on revaluation and sale of investment and development property	**134.4**	187.9	303.7

5 PROFIT ON SALE OF AVAILABLE-FOR-SALE INVESTMENTS

Continuing operations	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Profit on sale of available-for-sale investments	**–**	–	0.9

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 IMPAIRMENT OF OTHER RECEIVABLES

Following an impairment review of amounts receivable from joint ventures by the Group, an impairment of £5.2 million has been recognised (30 June 2013: £0.9 million). The impairment was calculated with reference to the Group's share of the net liability position of the Lillie Square joint venture (also see note 14).

Following an impairment review of loan notes receivable by the Group, a write back of £2.0 million was recognised in 2013.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.

7 FINANCE COSTS

Continuing operations	**Six months ended 30 June 2014 £m**	Re-presented Six months ended 30 June 2013 £m	Re-presented Year ended 31 December 2013 £m
Finance costs:			
On bank overdrafts, loans and other	**8.4**	10.1	21.1
On obligations under finance leases	**0.2**	0.1	0.4
Gross finance costs	**8.6**	10.2	21.5
Interest capitalised on developments	**(0.3)**	(0.3)	(0.8)
Finance costs	**8.3**	9.9	20.7
Costs of termination of derivative financial instruments	**1.3**	–	0.2
Other exceptional finance income	**(0.1)**	(3.5)	(7.5)
Other finance costs and income[1]	**1.2**	(3.5)	(7.3)

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 3.3 per cent (31 December 2013: 4.4 per cent) applied to the cost of developments during the period.

8 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 ("ESLP"), 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 an index-linked lease to the Metropolitan Police Authority is in place until 2019. ESLP was accounted for as a joint venture under the equity method to the date that control of the partnership was acquired by the Group.

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 the non-controlling interest. A net profit of £1.0 million was attributable to the non-controlling interest 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.

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 consolidated 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 Group on acquisition of control were as follows:

	£m
Non-current assets	234.0
Current assets	5.6
Current liabilities	(151.8)
Net assets of ESLP on acquisition of control	87.8
Disposal of investment in ESLP as joint venture	(43.9)
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. ESLP is now consolidated as a subsidiary of the Group.

9 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 was presented as a discontinued operation. 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 using the equity method in accordance with the Group's accounting policy.

The Group's share of results of GCP for the period which have been presented separately in the consolidated income statement were as follows:

Summarised income statement	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Revenue	**–**	1.1	1.2
Net rental income	**–**	1.1	1.2
Gain on revaluation and sale of investment and development property	**–**	2.8	2.8
Administration expenses	**–**	(0.1)	(0.2)
Profit before tax	**–**	3.8	3.8
Taxation	**(0.3)**	(0.2)	0.9
Post-tax (loss)/profit for the period from discontinued operation	**(0.3)**	3.6	4.7

In 2013 profit of £2.8 million arose on disposal of the assets of GCP, being the proceeds of disposal less the carrying amount of the assets.

10 TAXATION

Continuing operations	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Current income tax:			
Current income tax charge	**2.3**	0.7	2.2
Current income tax on profits excluding exceptional items	**2.3**	0.7	2.2
Deferred income tax:			
On accelerated capital allowances	**–**	0.5	(0.6)
On investment and development property	**0.6**	1.1	1.3
On derivative financial instruments	**(0.2)**	4.4	6.3
On Group losses	**0.5**	(0.6)	0.5
On non-exceptional items	**(1.0)**	0.7	0.5
On exceptional items	**0.1**	(6.2)	–
Deferred income tax on profits	**–**	(0.1)	8.0
Current income tax charge on exceptional items	**(0.2)**	1.8	2.5
Adjustments in respect of previous years - current tax	**(0.1)**	–	(1.4)
Adjustments in respect of previous years - deferred tax	**–**	–	2.2
Total tax expense reported in the consolidated income statement	**2.0**	2.4	13.5

The main rate of corporation tax decreased from 23 per cent to 21 per cent from 1 April 2014. A further reduction in the main rate of corporation tax from 21 per cent to 20 per cent will occur on 1 April 2015.

11 DIVIDENDS

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Ordinary shares			
Prior period final dividend of 1.0p per share	**8.4**	7.5	7.5
Interim dividend of 0.5p per share	**–**	–	3.8
Dividend expense	**8.4**	7.5	11.3
Shares issued in lieu of cash[1]	**(0.9)**	(3.6)	(3.6)
Adjustment for bonus issue[2]	**–**	–	(0.8)
Cash dividends paid	**7.5**	3.9	6.9
Proposed interim dividend of 0.5p per share	**4.2**	3.8	–
Proposed final dividend of 1.0p per share	**–**	–	7.6

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.

2 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.

12 EARNINGS PER SHARE AND NET ASSETS PER SHARE

a) Earnings per share

	Six months ended 30 June 2014[1] Millions	Re-presented Six months ended 30 June 2013[1,2] Millions	Re-presented Year ended 31 December 2013[1,2] Millions
Weighted average ordinary shares in issue for calculation of basic earnings per share	**776.2**	753.7	755.4
Dilutive effect of share option awards	**5.4**	8.3	6.1
Dilutive effect of contingently issuable shares	**–**	1.3	0.9
Dilutive effect of matching nil cost options	**5.0**	3.6	4.3
Dilutive effect of deferred shares	**1.9**	0.6	1.0
Weighted average ordinary shares in issue for calculation of diluted earnings per share	**788.5**	767.5	767.7

1 Weighted average number of shares in issue during the period to June 2014 have been adjusted for issue of bonus shares issued in connection with the 2013 interim scrip dividend (0.2 million) and shares issued at a discount as part of capital raise (0.7 million).

2 Weighted average number of shares in issue during the prior periods has been adjusted for shares held in Treasury.

	Six months ended 30 June 2014 £m	Re-presented Six months ended 30 June 2013 £m	Re-presented Year ended 31 December 2013 £m
Continuing and discontinued operations attributable to the Parent			
Profit used for calculation of basic earnings per share	**137.5**	211.8	337.4
Dilutive effect of share option awards	**–**	2.2	–
Profit used for calculation of diluted earnings per share	**137.5**	214.0	337.4
Basic earnings per share (pence)	**17.7**	28.1	44.7
Diluted earnings per share (pence)	**17.4**	27.9	44.0
Continuing operations attributable to the Parent			
Profit used for calculation of basic earnings per share	**137.8**	208.2	332.7
Dilutive effect of share option awards	**–**	2.2	–
Profit used for calculation of diluted earnings per share	**137.8**	210.4	332.7
Basic earnings per share (pence)	**17.8**	27.6	44.0
Diluted earnings per share (pence)	**17.5**	27.4	43.3
Discontinued operations attributable to the Parent			
(Loss)/profit used for calculation of basic and diluted earnings per share	**(0.3)**	3.6	4.7
Basic earnings per share (pence)	**–**	0.5	0.6
Diluted earnings per share (pence)	**–**	0.5	0.6

12 EARNINGS PER SHARE AND NET ASSETS PER SHARE CONTINUED

	Six months ended 30 June 2014 £m	Re-presented Six months ended 30 June 2013 £m	Re-presented Year ended 31 December 2013 £m
Basic earnings	**137.8**	208.2	332.7
Adjustments:			
Profit on sale of trading property	**(1.2)**	(2.4)	(10.4)
Gain on revaluation and sale of investment and development property – Group	**(134.4)**	(187.9)	(303.7)
Gain on revaluation of investment and development property – Joint ventures	**(0.1)**	(6.8)	(6.9)
(Write back)/write down of trading property – Group	**(0.5)**	–	0.5
Write down of trading property – Joint ventures	**–**	–	1.2
Other exceptional charges	**0.1**	0.4	0.5
Costs of termination of derivative financial instruments	**1.3**	–	0.2
Change in fair value of derivative financial instruments – Group	**0.4**	(8.3)	(15.6)
Change in fair value of derivative financial instruments – Joint ventures	**–**	(0.9)	(0.8)
Current tax adjustments	**–**	1.8	2.0
Deferred tax adjustments	**0.4**	6.0	9.2
Less amounts above due to non-controlling interest	**–**	0.7	0.5
EPRA adjusted earnings on continuing operations	**3.8**	10.8	9.4
Other income	**–**	(0.2)	(0.2)
Impairment of other receivables	**5.2**	0.9	4.3
Profit on sale of available-for-sale investments	**–**	–	(0.9)
Exceptional share of post-tax profit from joint ventures	**(0.6)**	(0.9)	(6.3)
Exceptional other finance costs and income	**(0.1)**	–	–
Current tax adjustments	**(0.3)**	–	0.5
Deferred tax adjustments	**0.1**	(6.7)	(1.5)
Discontinued operation	**(0.3)**	0.9	2.0
Underlying earnings	**7.8**	4.8	7.3
Underlying earnings per share (pence)	**1.0**	0.6	1.0
EPRA adjusted earnings per share (pence)	**0.5**	1.4	1.2

12 EARNINGS PER SHARE AND NET ASSETS PER SHARE CONTINUED

	Six months ended 30 June 2014 £m	Re-presented Six months ended 30 June 2013 £m	Re-presented Year ended 31 December 2013 £m
Profit attributable to the Parent used for calculation of basic earnings per share	**137.5**	211.8	337.4
Adjustments:			
Gain on revaluation and sale of investment and development property	**(134.4)**	(197.5)	(313.4)
Profit on sale of available-for-sale investments	**–**	–	(0.9)
Post-tax profit from joint ventures	**–**	(0.9)	(6.3)
Impairment of other receivables	**5.2**	0.9	4.3
Deferred tax adjustments	**0.6**	1.1	1.3
Headline earnings used for calculation of headline earnings per share attributable to the Parent	**8.9**	15.4	22.4
Dilutive effect of share options awards	**–**	2.2	–
Diluted headline earnings used for calculation of diluted headline earnings per share	**8.9**	17.6	22.4
Headline earnings per share (pence)	**1.1**	2.0	3.0
Diluted headline earnings per share (pence)	**1.1**	2.3	2.9

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.

b) Net assets per share

	As at 30 June 2014 Millions	As at 31 December 2013 Millions
Shares in issue	**835.7**	757.9
Effect of dilution:		
On exercise of options	**5.4**	6.2
On issue of matching nil cost options	**5.0**	4.3
On issue of deferred shares	**1.9**	1.0
Adjusted, diluted number of shares	**848.0**	769.4

	As at 30 June 2014 £m	As at 31 December 2013 £m
Basic net asset value attributable to the Parent used for calculation of basic net assets per share	**2,196.0**	1,812.1
Fair value of derivative financial instruments	**(3.0)**	14.1
Unrecognised surplus on trading property – Group	**15.2**	1.0
Unrecognised surplus on trading property – Joint ventures	**81.7**	68.2
Deferred tax adjustments	**16.9**	16.2
EPRA adjusted NAV	**2,306.8**	1,911.6
Fair value of derivative financial instruments	**3.0**	(14.1)
Deferred tax adjustments	**(13.2)**	(13.1)
EPRA adjusted NNNAV	**2,296.6**	1,884.4
Basic net assets per share (pence)	**262.8**	239.1
EPRA adjusted, diluted NAV per share (pence)	**272.0**	248.5
Diluted EPRA NNNAV per share (pence)	**270.8**	244.9

13 PROPERTY PORTFOLIO

a) Investment and development property

	Property portfolio					Tenure	
Re-presented[1]	Covent Garden £m	Earls Court Properties £m	Venues £m	Other £m	Total £m	Freehold £m	Leasehold £m
At 1 January 2013	920.9	359.8	146.5	–	1,427.2	644.8	782.4
Additions from acquisitions	17.9	37.5	–	–	55.4	38.9	16.5
Additions from subsequent expenditure	10.5	30.0	5.1	–	45.6	16.0	29.6
Control acquired of former joint venture	–	238.7	–	–	238.7	238.7	–
Transfers to trading property	(20.8)	–	–	–	(20.8)	(20.8)	–
Gain on valuation[2]	179.9	114.3	9.5	–	303.7	131.7	172.0
At 31 December 2013	1,108.4	780.3	161.1	–	2,049.8	1,049.3	1,000.5
Additions from acquisitions	**89.7**	**18.2**	**–**	**4.5**	**112.4**	**107.5**	**4.9**
Additions from subsequent expenditure	**15.2**	**7.2**	**2.7**	**–**	**25.1**	**12.8**	**12.3**
Disposals	**(13.0)**	**–**	**–**	**–**	**(13.0)**	**(13.0)**	**–**
Gain on valuation[2]	**51.8**	**79.3**	**3.4**	**–**	**134.5**	**47.8**	**86.7**
At 30 June 2014	**1,252.1**	**885.0**	**167.2**	**4.5**	**2,308.8**	**1,204.4**	**1,104.4**

b) Trading property

	Property portfolio					Tenure	
Re-presented[1]	Covent Garden £m	Earls Court Properties £m	Venues £m	Other £m	Total £m	Freehold £m	Leasehold £m
At 1 January 2013	14.6	0.3	–	–	14.9	3.6	11.3
Transfers from investment and development property	20.8	–	–	–	20.8	20.8	–
Additions from subsequent expenditure	11.6	0.3	–	–	11.9	9.7	2.2
Disposals	(15.5)	–	–	–	(15.5)	(3.5)	(12.0)
Write down of trading property[3]	(0.5)	–	–	–	(0.5)	(0.5)	–
At 31 December 2013	31.0	0.6	–	–	31.6	30.1	1.5
Additions from subsequent expenditure	**7.6**	**–**	**–**	**–**	**7.6**	**7.5**	**0.1**
Disposals	**(1.6)**	**–**	**–**	**–**	**(1.6)**	**–**	**(1.6)**
Write back/(write down) of trading property and other[3]	**0.5**	**(0.6)**	**–**	**–**	**(0.1)**	**(0.1)**	**–**
At 30 June 2014	**37.5**	**–**	**–**	**–**	**37.5**	**37.5**	**–**

13 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 30 June 2014[4]	**1,289.6**	**885.0**	**167.2**	**4.5**	**2,346.3**
Adjustment in respect of head leases	**(3.7)**	**–**	**–**	**–**	**(3.7)**
Adjustment in respect of tenant incentives	**23.4**	**–**	**–**	**–**	**23.4**
Unrecognised surplus on trading property[5]	**15.2**	**–**	**–**	**–**	**15.2**
Market value of investment, development and trading property at 30 June 2014	**1,324.5**	**885.0**	**167.2**	**4.5**	**2,381.2**
Joint ventures:					
Carrying value of joint venture investment, development and trading property at 30 June 2014	**–**	**88.8**	**–**	**–**	**88.8**
Unrecognised surplus of joint venture trading property[5]	**–**	**81.7**	**–**	**–**	**81.7**
Market value of Group on a proportionate basis at 30 June 2014	**1,324.5**	**1,055.5**	**167.2**	**4.5**	**2,551.7**

Re-presented[1]	Covent Garden £m	Earls Court Properties £m	Venues £m	Other £m	Total £m
Carrying value of investment, development and trading property at 31 December 2013[4]	1,139.4	780.9	161.1	–	2,081.4
Adjustment in respect of head leases	(3.8)	–	–	–	(3.8)
Adjustment in respect of tenant incentives	19.7	–	–	–	19.7
Unrecognised surplus on trading property[5]	1.0	–	–	–	1.0
Market value of investment, development and trading property at 31 December 2013	1,156.3	780.9	161.1	–	2,098.3
Joint ventures:					
Carrying value of joint venture investment, development and trading property at 31 December 2013	–	84.9	–	–	84.9
Unrecognised surplus of joint venture trading property[5]	–	68.2	–	–	68.2
Market value of Group on a proportionate basis at 31 December 2013	1,156.3	934.0	161.1	–	2,251.4

1 The 2013 numbers disclosed in Earls Court Properties and Other have been re-presented following the adoption of IFRS 11. Property held by joint ventures are included in investment in joint ventures in the consolidated balance sheet. Refer to note 14 for further details.

2 Gain on valuation is recognised in the consolidated 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 period.

3 The value of trading property carried at net realisable value was £nil at 30 June 2014 (31 December 2013 re-presented: £29.6 million).

4 Included within investment, development and trading property is £0.3 million (31 December 2013: £0.8 million) of interest capitalised during the period on developments in progress.

5 The unrecognised 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 condensed consolidated financial statements.

At 30 June 2014, the Group was contractually committed to £86.9 million (31 December 2013 re-presented: £103.9 million) of future expenditure for the purchase, construction, development and enhancement of investment, development and trading property. Refer to note 24 for further information on capital commitments. The fair value of the Group's investment, development and trading property as at 30 June 2014 was determined by independent, appropriately qualified external valuers Jones Lang LaSalle for Earls Court Properties (excluding the Empress State Building) and Venues; and CBRE 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.

13 PROPERTY PORTFOLIO CONTINUED

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.

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.

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 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 15.

14 JOINT VENTURES

Investment in joint ventures are measured using the equity method. All joint ventures are held with other joint venture investors on a 50:50 basis.

At 30 June 2014, joint ventures comprise the Lillie Square Joint Venture ("LSJV") and The Great Capital Partnership ("GCP") which is disclosed as a discontinued operation. Refer to note 9 'Discontinued Operations' for further information regarding GCP. Until May 2013, The Empress State Limited Partnership ("ESLP") was also accounted for as a joint venture of the Group. Following acquisition of control the partnership has been fully consolidated. Refer to note 8 for further information regarding ESLP.

LSJV was established as a joint venture arrangement with the Kwok Family Interests, in August 2012. The joint venture was established to own, manage and develop land interests at Lillie Square. LSJV comprises Lillie Square LP, Lillie Square GP Limited and its subsidiaries. All major decisions regarding LSJV are taken by the Board of the General Partner, through which the Group shares in its strategic control.

The summarised income statement and balance sheet of LSJV is presented below.

LSJV	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Summarised income statement			
Revenue	**0.2**	0.4	0.4
Net rental income	**0.1**	0.2	0.4
Gain/(loss) on revaluation of investment and development property	**0.2**	(0.4)	(0.2)
Agents and selling fees	**(1.4)**	–	–
Write down of trading property	**–**	–	(2.4)
Administration expenses	**(1.4)**	(1.0)	(2.0)
Net finance costs	**(7.9)**	(7.0)	(15.0)
Loss for the period	**(10.4)**	(8.2)	(19.2)

14 JOINT VENTURES CONTINUED

LSJV	**As at 30 June 2014 £m**	As at 31 December 2013 £m
Summarised balance sheet		
Investment and development property	**2.8**	2.6
Other non-current assets	**7.1**	2.6
Trading property	**174.7**	167.2
Cash and cash equivalents	**26.0**	3.4
Other current assets	**1.5**	1.6
Partners' loans	**(66.1)**	(48.0)
Current liabilities	**(22.0)**	(3.0)
Non-current liabilities – deep discount bonds	**(147.0)**	(139.0)
Net liabilities	**(23.0)**	(12.6)
Capital commitments	8.3	1.9

A summarised income statement for ESLP is presented below illustrating performance of the Partnership to the date control was acquired. No summarised balance sheet is included below as ESLP was fully consolidated at 31 December 2013. Refer to note 8 for disclosure of the assets and liabilities acquired.

ESLP	Period ended 29 May 2013 £m
Summarised income statement	
Revenue	6.2
Net rental income	6.2
Gain on revaluation of investment and development property	14.0
Net finance costs	(1.0)
Profit for the period	19.2

The summarised income statement and balance sheet of GCP is presented below.

GCP	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Summarised income statement			
Revenue	**–**	2.2	2.4
Net rental income	**–**	2.2	2.4
Gain on revaluation and sale of investment and development property	**–**	5.6	5.6
Administration expenses	**–**	(0.2)	(0.4)
Profit for the period	**–**	7.6	7.6

14 JOINT VENTURES CONTINUED

GCP	As at 30 June 2014 £m	As at 31 December 2013 £m
Summarised balance sheet		
Cash and cash equivalents	**0.2**	0.5
Other current assets	**–**	0.1
Partners loans	**–**	186.0
Net assets	**0.2**	186.6

Reconciliation of summarised financial information:

The table below reconciles the summarised financial information presented above to the carrying value of investment in joint ventures presented on the consolidated balance sheet.

	GCP £m	LSJV £m	Total £m
Net assets/(liabilities) of joint ventures at 31 December 2013	186.6	(12.6)	174.0
Elimination of joint venture partners' interest	(93.3)	6.3	(87.0)
Cumulative losses restricted	–	6.3	6.3
Carrying value at 31 December 2013	93.3	–	93.3
Net assets/(liabilities) of joint ventures at 30 June 2014	**0.2**	**(23.0)**	**(22.8)**
Elimination of joint venture partners' interest	**(0.1)**	**11.5**	**11.4**
Cumulative losses restricted	**–**	**11.5**	**11.5**
Carrying value at 30 June 2014	**0.1**	**–**	**0.1**

Reconciliation of investment in joint ventures:

The table below reconciles the opening to closing carrying value of investment in joint ventures presented on the consolidated balance sheet.

	GCP £m	LSJV £m	ESLP £m	Total £m
Investment in joint ventures				
At 1 January 2013	141.5	3.3	34.3	179.1
Capital distribution	(51.9)	–	–	(51.9)
Acquisition of control	–	–	(43.9)	(43.9)
Change in working capital	(0.1)	–	–	(0.1)
(Loss)/profit for the period[1]	–	(9.6)	9.6	–
Loss restricted[1]	–	6.3	–	6.3
Profit attributable to discontinued operations	3.8	–	–	3.8
At 31 December 2013	**93.3**	**–**	**–**	**93.3**
Income distribution	**(10.8)**	**–**	**–**	**(10.8)**
Capital distribution	**(82.4)**	**–**	**–**	**(82.4)**
Loss for the period[1]	**–**	**(5.2)**	**–**	**(5.2)**
Loss restricted[1]	**–**	**5.2**	**–**	**5.2**
At 30 June 2014	**0.1**	**–**	**–**	**0.1**

1 Share of post-tax profit from joint ventures on the consolidated income statement comprises of loss for the period of £5.2 million (31 December 2013: £nil) and loss restricted totalling £5.2 million (31 December 2013: £6.3 million). Losses restricted represent the Group's share of losses in LSJV which exceed its investment in the joint venture.

15 TRADE AND OTHER RECEIVABLES

	As at 30 June 2014 £m	Re-presented As at 31 December 2013 £m
Non-current		
Loan notes receivable	**6.0**	6.0
Other receivables[1]	**17.7**	18.6
Prepayments and accrued income[2]	**22.9**	19.4
Amounts receivable from joint ventures	**73.5**	69.5
Trade and other receivables	**120.1**	113.5
Current		
Rent receivable[3]	**6.7**	5.8
Other receivables	**5.7**	1.7
Prepayments and accrued income[2]	**12.4**	11.8
Amounts receivable from joint ventures[4]	**23.6**	18.4
Trade and other receivables	**48.4**	37.7

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 £23.4 million (31 December 2013: £19.7 million).
3 Includes exhibition trade receivables from Venues.
4 Amounts receivable from joint ventures at 30 June 2014 have been impaired by £11.5 million (31 December 2013: £6.3 million).

16 CASH AND CASH EQUIVALENTS

	As at 30 June 2014 £m	Re-presented As at 31 December 2013 £m
Cash at hand	**21.4**	20.0
Cash on short-term deposit	**30.0**	17.0
Unrestricted cash and cash equivalents	**51.4**	37.0
Restricted cash[1]	**6.0**	6.0
Cash and cash equivalents	**57.4**	43.0

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

17 TRADE AND OTHER PAYABLES

	As at 30 June 2014 £m	Re-presented As at 31 December 2013 £m
Current		
Rent received in advance	**18.7**	18.0
Accruals and deferred income	**39.6**	27.8
Trade payables	**4.0**	4.4
Other payables[1]	**5.9**	7.9
Other taxes and social security	**0.9**	2.3
Amounts payable to TfL	**4.6**	–
Amounts payable to joint ventures	**–**	93.0
Trade and other payables	**73.7**	153.4

1 Includes sundry payables.

18 BORROWINGS, INCLUDING FINANCE LEASES

	As at 30 June 2014					
	Carrying value £m	**Secured £m**	**Unsecured £m**	**Fixed rate £m**	**Floating rate £m**	**Fair value £m**
Current						
Loan notes	**6.0**	**6.0**	**–**	**–**	**6.0**	**6.0**
Borrowings, excluding finance leases	**6.0**	**6.0**	**–**	**–**	**6.0**	**6.0**
Finance lease obligations	**0.5**	**0.5**	**–**	**0.5**	**–**	**0.5**
Borrowings, including finance leases	**6.5**	**6.5**	**–**	**0.5**	**6.0**	**6.5**
Non-current						
Bank loan 2018	**107.3**	**107.3**	**–**	**–**	**107.3**	**107.3**
Bank loan 2019	**171.9**	**–**	**171.9**	**–**	**171.9**	**171.9**
Borrowings, excluding finance leases	**279.2**	**107.3**	**171.9**	**–**	**279.2**	**279.2**
Finance lease obligations	**3.2**	**3.2**	**–**	**3.2**	**–**	**3.2**
Borrowings, including finance leases	**282.4**	**110.5**	**171.9**	**3.2**	**279.2**	**282.4**
Total borrowings, including finance leases	**288.9**	**117.0**	**171.9**	**3.7**	**285.2**	**288.9**
Cash and cash equivalents	**(57.4)**					
Net debt	**231.5**					

	As at 31 December 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 (re-presented)	(43.0)					
Net debt (re-presented)	331.2					

19 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The tables below set out the Group's accounting classification of each class of financial assets and liabilities, and their fair values at 30 June 2014 and 31 December 2013.

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

30 June 2014	**Carrying value £m**	**Fair value £m**	**Gain/(loss) to income statement £m**	**Gain/(loss) to other comprehensive income £m**
Derivative financial assets	**3.8**	**3.8**	**0.3**	**–**
Total held for trading assets	**3.8**	**3.8**	**0.3**	**–**
Cash and cash equivalents	**57.4**	**57.4**	**–**	**–**
Other financial assets	**170.1**	**170.1**	**(5.2)**	**–**
Total cash and other financial assets	**227.5**	**227.5**	**(5.2)**	**–**
Available-for-sale investments	**0.3**	**0.3**	**–**	**–**
Total available-for-sale investments	**0.3**	**0.3**	**–**	**–**
Derivative financial liabilities	**(0.8)**	**(0.8)**	**(0.7)**	**–**
Total held for trading liabilities	**(0.8)**	**(0.8)**	**(0.7)**	**–**
Borrowings, including finance leases	**(288.9)**	**(288.9)**	**–**	**–**
Other financial liabilities	**(82.5)**	**(82.5)**	**–**	**–**
Total loans and other financial liabilities	**(371.4)**	**(371.4)**	**–**	**–**

31 December 2013 (Re-presented)	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m	Loss to other comprehensive income £m
Derivative financial assets	3.5	3.5	–	–
Total held for trading assets	3.5	3.5	–	–
Cash and cash equivalents	43.0	43.0	–	–
Other financial assets	152.0	152.0	(4.3)	–
Total cash and other financial assets	195.0	195.0	(4.3)	–
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	(160.7)	(160.7)	–	–
Total loans and other financial liabilities	(534.9)	(534.9)	–	–

Fair value estimation

Derivative financial instruments are carried at fair value by the valuation method. The different levels are defined as follows:

Level 1: valuation based on quoted market prices traded in active markets.

Level 2: valuation based on inputs other than quoted prices included within Level 1 that maximise the use of observable data either directly or from market prices or indirectly derived from market prices.

Level 3: where one or more inputs to valuation are not based on observable market data. Valuations at this level are more subjective and therefore more closely managed, including sensitivity analysis of inputs to valuation models. Such testing has not indicated that any material difference would arise due to a change input variables.

19 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES CONTINUED

At 30 June 2014, all derivative financial instrument asset and liability measurements are classified as Level 2.

When the degree of subjectivity or nature of the measurement inputs changes, consideration is given as to whether a transfer between fair value levels is deemed to have occurred. At 30 June 2014, neither the degree of subjectivity nor nature of the measurement inputs is deemed to have changed.

20 DEFERRED TAX

The decrease in corporation tax rate to 20 per cent (referred to in note 10) has been substantively enacted for the purposes of IAS 12 'Income Taxes' ("IAS 12") and therefore has been reflected in these condensed 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 and the Group's holding structure. The Group's recognised deferred tax liability on investment and development property as calculated under IAS 12 is £3.7 million as at 30 June 2014 (31 December 2013: £3.1 million). The Group's contingent tax liability is £nil (31 December 2013: £nil) after allowing for loss relief.

A disposal of the Group's trading property including Lillie Square at its market value would result in a corporation tax charge to the Group of £20.8 million (21.5 per cent of £96.9 million).

	Accelerated capital allowances £m	Fair value of investment & development property £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 2013	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
Recognised in income	**0.8**	**0.7**	**(0.2)**	**(1.1)**	**0.4**	**0.6**
Recognised in other comprehensive income	**–**	**–**	**–**	**0.1**	**–**	**0.1**
Recognised directly in equity	**–**	**–**	**–**	**0.7**	**–**	**0.7**
Reduction due to rate change	**(0.5)**	**(0.1)**	**–**	**0.2**	**0.1**	**(0.3)**
At 30 June 2014	**13.2**	**3.7**	**–**	**(4.1)**	**(1.8)**	**11.0**
Unprovided deferred tax asset:						
At 1 January 2013	–	–	(4.6)	–	(11.5)	(16.1)
Movement in the period	**–**	**–**	**4.6**	**–**	**(4.4)**	**0.2**
At 30 June 2014	**–**	**–**	**–**	**–**	**(15.9)**	**(15.9)**

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

21 OTHER PROVISIONS

	£m
Current	
At 1 January 2014	7.2
Re-measurement of deferred consideration	**–**
At 30 June 2014	**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 million.

22 SHARE CAPITAL AND SHARE PREMIUM

Issue type	Transaction date	Issue price (pence)	Gross proceeds £m	Number of shares	Share capital £m	Share premium £m
At 1 January 2013				753,127,803	188.3	117.7
Scrip dividend - 2012 final	June	318	–	1,130,749	0.2	3.4
Scrip dividend - 2013 interim	September	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
Placing	**May**	**340**	**258.1**	**75,900,000**	**18.9**	**84.7**
Scrip dividend - 2013 final	**June**	**347**	**–**	**254,158**	**0.1**	**0.8**
Share-based payment [2]	**–**	**–**	**–**	**1,667,606**	**0.4**	**0.3**
At 30 June 2014				**835,724,922**	**208.9**	**206.8**

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.

2 Between January and June 2014 a total of 1,667,606 new shares were issued 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.

23 TREASURY SHARES

	Number of shares	£m
Ordinary shares of 25 pence:		
At 1 January 2013	431,450	1.0
Disposal of shares	(431,450)	(1.0)
At 31 December 2013	–	–
At 30 June 2014	**–**	**–**

Treasury shares were used to satisfy part of the employee share awards that were exercised during 2013.

24 CAPITAL COMMITMENTS

At 30 June 2014, the Group was contractually committed to £86.9 million (31 December 2013: £103.9 million) of future expenditure for the purchase, construction, development and enhancement of investment, development and trading property. Of the £86.9 million committed, £15.7 million is committed 2014 expenditure. At 30 June 2014, joint venture capital commitments arising on the LSJV amount to £8.3 million (31 December 2013: £1.9 million).

In November 2013 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.

25 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 24 'Capital Commitments' above).

In March 2014, 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.

26 CASH GENERATED FROM OPERATIONS

Continuing operations	Notes	**Six months ended 30 June 2014 £m**	Re-presented Six months ended 30 June 2013 £m	Re-presented Year ended 31 December 2013 £m
Profit before tax attributable to the owners of the Parent		**139.8**	210.6	346.2
Adjustment to:				
Profit on sale of trading property	3	**(1.2)**	(2.4)	(10.4)
Other income		**–**	(0.2)	(0.2)
Gain on revaluation and sale of investment and development property	4	**(134.4)**	(187.9)	(303.7)
Profit on sale of available-for-sale investments	5	**–**	–	(0.9)
(Write back)/write down of trading property		**(0.5)**	–	0.5
Impairment of other receivables	6	**5.2**	0.9	4.3
Other exceptional charges		**0.1**	0.4	0.5
Depreciation		**0.1**	0.1	0.3
Amortisation of lease incentives and other direct costs		**(0.8)**	2.5	2.4
Share-based payment		**2.7**	–	3.7
Finance costs	7	**8.3**	9.9	20.7
Finance income		**(0.3)**	(0.6)	(1.1)
Other finance costs and income	7	**1.2**	(3.5)	(7.3)
Change in fair value of derivative financial instruments		**0.4**	(8.3)	(15.6)
Share of post-tax profit from joint ventures		**–**	(6.4)	(6.3)
Change in working capital:				
Change in trade and other receivables		**(4.9)**	(3.8)	(1.8)
Change in trade and other payables		**(5.8)**	4.7	6.2
Cash generated from operations		**9.9**	16.0	37.5

27 RELATED PARTY TRANSACTIONS

Key management compensation[1]	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Salaries and short-term employee benefits	**1.2**	1.1	3.1
Share-based payment	**1.5**	1.8	4.0
	2.7	2.9	7.1

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.

Property purchased by Directors of Capital & Counties Properties PLC

During the period a related party of the Group, Lillie Square GP Limited, entered into the following related party transactions as defined by IAS 24:

- In April 2014 Ian Durant, Chairman of Capital & Counties Properties PLC, together with his spouse exchanged contracts to acquire an apartment for a purchase price of £725,000. As at 30 June 2014 an initial deposit of £72,500 has been received with £652,500 not yet due for payment. In April 2015 a further £72,500 will become due with the balance due upon legal completion.

- In April 2014 Andrew Strang, a non-executive Director of Capital & Counties Properties PLC exchanged contracts to acquire an apartment for a purchase price of £855,000. As at 30 June 2014 an initial deposit of £85,500 has been received with £769,500 not yet due for payment. In April 2015 a further £85,500 will become due with the balance due upon legal completion.

- In April 2014 Henry Staunton, a non-executive Director of Capital & Counties Properties PLC, together with his spouse exchanged contracts to acquire an apartment for a purchase price of £1,999,000. As at 30 June 2014 an initial deposit of £199,900 has been received with £1,799,100 not yet due for payment. In April 2015 a further £199,900 will become due with the balance due upon legal completion.

The above transactions with Directors were conducted at fair and reasonable market price based upon similar comparable transactions at that time. Where applicable, appropriate approval has been provided.

Lillie Square GP Limited acts in the capacity of general partner to Lillie Square LP, a joint venture between the Group and the Kwok Family Interests.

ANALYSIS OF PROPERTY PORTFOLIO (unaudited)

1. PROPERTY DATA AS AT 30 JUNE 2014

	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 sq ft[1]
Covent Garden	**1,324.5**	**100%**	**2.98%**	**4.09%**		**65.7**	**98.6%**	**7.4**	**1.0**
Earls Court Properties [2,3]	**1,055.5**					**17.9**			**2.1**
Venues [2]	**167.2**	**100%**				**–**			**0.6**
Other [2]	**4.5**	**100%**				**0.3**			
Total property	**2,551.7**				**59.7**	**83.9**			**3.7**
Investment property	***2,329.9***				***59.5***	***82.4***			***3.3***
Trading property	***221.8***				***0.2***	***1.5***			***0.4***

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

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

3 Represents the Group's interests at Earls Court, predominantly comprising EC1 & EC2, the Empress State Building and 50 per cent of LSJV.

2. ANALYSIS OF CAPITAL RETURN FOR THE PERIOD

Like-for-like capital	**Market value 30 June 2014 £m**	Market value 31 December 2013 £m	**Revaluation surplus/ (deficit)[1] 30 June 2014 £m**	Increase
Covent Garden	**1,238.3**	1,140.6	**71.2**	6.2%
Earls Court Properties	**1,043.5**	934.0	**95.7**	10.1%
Venues	**167.2**	161.1	**3.4**	2.0%
Total like-for-like capital	**2,449.0**	2,235.7	**170.3**	7.5%
Investment property	***2,227.6***	*2,053.8*	***141.4***	*6.8%*
Trading property[2]	***221.4***	*181.9*	***28.9***	*15.0%*
Non like-for-like capital				
Acquisitions	**102.7**	–	**(6.9)**	
Disposals	**–**	15.7	–	
Total property	**2,551.7**	2,251.4	**163.4**	6.9%
Investment property	***2,329.9***	*2,067.0*	***134.6***	*6.2%*
Trading property	***221.8***	*184.4*	***28.8[3]***	*14.9%*

All property				
Covent Garden	**1,324.5**	1,156.3	**67.5**	5.5%
Earls Court Properties	**1,055.5**	934.0	**92.5**	9.6%
Venues	**167.2**	161.1	**3.4**	2.0%
Other	**4.5**	–	**–**	–
Total property	**2,551.7**	2,251.4	**163.4**	6.9%

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

2 Property transferred to trading during the period is included as like-for-like capital in current and the comparative period 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 PERIOD

Like-for-like income	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Change
Covent Garden	**18.5**	17.6	5.4%
Earls Court Properties	**6.3**	5.9	8.0%
Venues	**8.9**	7.5	17.9%
Total like-for-like income	**33.7**	31.0	8.9%
Like-for-like investment property	***33.6***	*30.9*	*9.0%*
Like-for-like trading property	***0.1***	*0.1*	
Non like-for-like income			
Acquisitions	**0.3**	–	
Control acquired of former joint venture	**3.2**	–	
Disposals	**0.2**	1.2	
Total property income	**37.4**	32.2	15.8%
Investment property income	***37.3***	*32.2*	*15.8%*
Trading property income	***0.1***	–	

All property	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Change
Covent Garden	**18.9**	17.7	6.7%
Earls Court Properties	**9.6**	5.9	62.6%
Venues	**8.9**	7.5	17.9%
Other	**–**	1.1	
Total property income	**37.4**	32.2	15.8%

4. ANALYSIS OF PROPERTY BY USE

	30 June 2014					
Market value	**Retail £m**	**Office £m**	**Exhibition £m**	**Residential £m**	**Other[1] £m**	**Total £m**
Covent Garden	**946.5**	**146.5**	**–**	**36.8**	**194.7**	**1,324.5**
Earls Court Properties	**7.5**	**16.0**	**–**	**17.6**	**1,014.4**	**1,055.5**
Venues	**–**	**–**	**167.2**	**–**	**–**	**167.2**
Other	**–**	**–**	**–**	**–**	**4.5**	**4.5**
	954.0	**162.5**	**167.2**	**54.4**	**1,213.6**	**2,551.7**

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

	30 June 2014					
ERV	**Retail £m**	**Office £m**	**Exhibition £m**	**Residential £m**	**Other £m**	**Total £m**
Covent Garden	**46.1**	**8.6**	**–**	**1.0**	**10.0**	**65.7**
Earls Court Properties	**0.4**	**0.7**	**–**	**0.6**	**16.2**	**17.9**
Venues	**–**	**–**	**–**	**–**	**–**	**–**
Other	**–**	**–**	**–**	**–**	**0.3**	**0.3**
	46.5	**9.3**	**–**	**1.6**	**26.5**	**83.9**

CONSOLIDATED UNDERLYING PROFIT STATEMENT (unaudited)

For the period ended 30 June 2014

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Net rental income	**37.4**	32.2	64.8
Administration expenses	**(19.4)**	(15.5)	(33.8)
Operating profit	**18.0**	16.7	31.0
Finance costs	**(8.3)**	(11.3)	(22.0)
Finance income	**0.3**	0.6	1.1
Net finance costs and income	**(8.0)**	(10.7)	(20.9)
Profit before tax	**10.0**	6.0	10.1
Tax on adjusted profit	**(2.2)**	(1.4)	(2.3)
Non-controlling interest	**–**	0.2	(0.5)
Underlying earnings (used for calculation of underlying earnings per share)	**7.8**	4.8	7.3
Underlying earnings per share (pence)	**1.0**	0.6	1.0

DIVIDENDS

THE DIRECTORS OF CAPITAL & COUNTIES PROPERTIES PLC HAVE PROPOSED AN INTERIM DIVIDEND PER ORDINARY SHARE (ISIN GB00B62G9D36) OF 0.5 PENCE PAYABLE ON 26 SEPTEMBER 2014.

Dates

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

Sterling/Rand exchange rate struck:	21 August 2014
Sterling/Rand exchange rate and dividend amount in Rand announced:	22 August 2014
Ordinary shares listed ex-dividend on the JSE, Johannesburg:	1 September 2014
Ordinary shares listed ex-dividend on the London Stock Exchange:	3 September 2014
Record date for interim dividend in UK and South Africa:	5 September 2014
Dividend payment date for shareholders:	**26 September 2014**

South African shareholders should note that, in accordance with the requirements of Strate, the last day to trade cum-dividend will be 29 August 2014 and that no dematerialisation of shares will be possible from 1 September 2014 to 5 September 2014 inclusive. No transfers between the UK and South Africa registers may take place from 22 August 2014 to 5 September 2014 inclusive.

Subject to SARB approval, the Board intends to offer an optional scrip dividend alternative in respect of the 2014 interim dividend.

The above dates are proposed and subject to change and any changes will be published accordingly.

Important Information for South African Shareholders:

The 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 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.

GLOSSARY

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 venture with TfL (Capco share is 63 per cent) relates to these interests.

ECOA

The Earls Court and West Kensington Opportunity Area.

Earls Court Partnership or ECPL

Earls Court Partnership Limited; an investment vehicle between the Group (63 per cent controlling interest) and Transport for London (37 per cent interest) to enable the development of EC1 & EC2 in line with the Earls Court Masterplan.

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

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. 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 periods without significant capital expenditure in either period, so income can be compared on a like-for-like basis. For the purposes of comparison of capital values, this will also include assets owned at the previous balance sheet date but not necessarily throughout the prior period.

Loan-to-value (LTV)

LTV is the ratio of attributable 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.

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 period.

Total shareholder return

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

Underlying earnings

Profit for the period 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 shared investment vehicles are valued at £2.6 billion.

Covent Garden

The Covent Garden estate represents 52 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 48 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.

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