

3 August 2011

CAPITAL & COUNTIES PROPERTIES PLC (“Capco”)

INTERIM REPORT FOR THE HALF YEAR ENDED 30 JUNE 2011

Highlights

- EPRA adjusted, diluted NAV up 4% to 154 pence per share
- Total property value £1.5 billion, up 2.9% on a like-for-like basis with non-exhibition properties up 5.4%
- Property LTV 30%
- £100 million placing in May 2011 to fund acquisitions of key properties in Covent Garden
- Covent Garden new ERV target of £50 million, replacing the original ERV target of £40 million reached at June 2011
- £75 million realised from The Great Capital Partnership (“GCP”) and China
- Planning applications submitted for the Earls Court & West Kensington Opportunity Area (“ECO”) and Seagrave Road car park site
- Exclusivity Agreement signed with London Borough of Hammersmith & Fulham
- Proposed interim dividend of 0.5 pence per share

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

“Capco has enjoyed a successful and active first half including its placing in May, new acquisitions at Covent Garden, disposals in GCP and China and the submission of the planning applications for Sir Terry Farrell’s Masterplan for the Earls Court & West Kensington Opportunity Area and Seagrave Road in June. Capco is well positioned in the central London property market, particularly in the retail and residential sectors which continue to perform strongly. Looking forward, we are confident of delivering superior returns across our estates from the continued implementation of our strategy.”

Enquiries:

Capital & Counties Properties PLC:

Ian Hawksworth	Chief Executive	+44 (0)20 3214 9188
Soumen Das	Finance Director	+44 (0)20 3214 9183

Public relations:

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

A presentation to analysts and investors will take place today at 9:00am BST at UBS, Room 25, 7th Floor, 1 Finsbury Avenue, London, EC2M 2PP. The presentation will also be available to analysts and investors through a live audio call and webcast and after the event on the Group’s website: www.capitalandcounties.com.

A copy of this press release is available for download from our website at www.capitalandcounties.com and hard copies can be requested via the website or by contacting the company (email feedback@capitalandcounties.com or telephone +44 (0)20 3214 9153).

COMPANY OVERVIEW

Capital & Counties Properties PLC is one of the largest listed investment and development companies in central London. Our landmark estates, held directly or through joint ventures, are valued at £1.5 billion, and offer the potential for significant value unlock through entrepreneurial asset management to deliver superior, long-term returns to our shareholders.

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

Covent Garden London

This historic location is globally recognised as a retail and leisure destination. It is valued at £780 million.

Earls Court and Olympia

One of London's leading exhibition businesses, EC&O has property assets totalling £488 million, including Capco's share of the Empress State Building.

The Great Capital Partnership

A 50/50 joint venture with Great Portland Estates which includes properties in prime locations around Regent Street and Piccadilly worth £240 million.

FINANCIAL SUMMARY

	30 June 2011	30 June 2010	31 December 2010
	£m	£m	£m
Net rental income	36.7	38.3	69.0
Underlying earnings after tax*	6.2	10.1	9.2
Gain on revaluation of investment and development property	39.5	65.7	133.3
Change in fair value of derivative financial instruments	5.7	(10.2)	(0.3)
Profit before tax	70.2	54.8	132.5
Total investment and trading properties	1,502	1,310	1,378
Net debt	452	476	476
Net assets (EPRA adjusted, diluted)	1,064	861	926
Underlying earnings per share	1.0p	1.6p	1.5p
Net assets per share (EPRA adjusted, diluted)	154p	138p	148p
Debt to asset ratio	30%	36%	35%

* Appendix 2 provides an analysis of underlying earnings

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

OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

Overview

Capco is a property investment company focusing on opportunities in prime locations within central London. The Group's goal is to transform existing areas into more attractive and useful places to live, work and enjoy, benefiting Londoners and visitors as well as the Group's customers and shareholders.

Capco is a total return focused company. It unlocks value through its entrepreneurial approach to generating substantial changes and improvements in rental and capital values.

Capco is well positioned in the central London property market, particularly in the retail and residential sectors which continue to perform strongly. The focus on 'place making', by reinvigorating the historic estate of Covent Garden and transforming a district of London with Sir Terry Farrell's Earls Court Masterplan, offers Capco the potential to outperform the broader market.

In light of these market conditions and confidence in the Group's strategy, Capco undertook a placing in May 2011 of 62.1 million shares, representing 9.99 per cent of its issued share capital, raising gross proceeds of £100.6 million to expand its footprint in the Covent Garden estate. This capital has been invested on £110 million of acquisitions in Covent Garden during the year to date, with a particular focus on consolidating ownership of properties on King Street, the home of contemporary luxury in Covent Garden. The estate continues to benefit from Capco's proactive asset management strategy. The original ERV target of £40 million has been delivered on a like-for-like basis as at 30 June 2011, 18 months ahead of schedule and has been replaced with a new target of £50 million for 31 December 2013.

The submission of the planning applications in June 2011 for the ECOA and Seagrave Road car park was an important milestone for Capco. The development will bring 7,500 new homes and 12,000 new jobs creating 'Four Villages and a new 21st Century High Street'. The next stage of the realisation of this vision has been achieved with the signing of an Exclusivity Agreement with the London Borough of Hammersmith & Fulham ("LBHF") for £15 million, £10 million of which is refundable in the event a deal is not concluded. The agreement gives Capco one year of exclusivity in relation to LBHF's land at ECOA and therefore time to negotiate a land purchase agreement and secure the necessary statutory consents to progress with comprehensive regeneration of the ECOA.

Market overview

London property continues to outperform the rest of the UK and is positioned well within the global market attracting ongoing investor interest, particularly in prime central London assets both in retail and residential markets. Several factors including ongoing economic recovery, low interest rates and a limited supply of product are predicted growth drivers for the London market going forward.

With its position as a major global city, increasing international interest and its unique cultural heritage as well as the upcoming 2012 Olympic Games, London is in a strong position going forward.

Retail market

The last few years have been challenging for retailers and consumers throughout the UK, however London is bucking the trend with 5.8 per cent growth in retail sales since January despite the VAT increase (source: Colliers International, Mid Summer Retail Report 2011). London continues to be a destination for global retailers and is the number one target for American and Asia Pacific retailers. The upcoming Olympics is adding further impetus to the market, with retailers keen to establish a presence in time to capitalise on the expected growth in retail sales during the Games.

The West End in particular is performing well, with Zone A rental levels pushed to new levels in most areas. Quality space is also hard to find in prime central London, so demand is increasing across all streets, particularly for flagship units over 10,000 sq ft.

Residential market

The London residential market continues to perform well, with increasing international investment in prime central London real estate. Over the past two years nearly 50 per cent of buyers in London have been from overseas, driving London growth above the average UK domestic housing market.

The prime central London residential property market is predicted to grow by 8 per cent in 2011. Within that market, new builds tend to be popular with Asian buyers, accounting for 61 per cent of Zone 1 new build sales in the last six months, while European buyers continue to favour existing homes (source: Savills Research).

In addition, the prime central London housing market is spreading outside of the traditional areas of Chelsea and

Knightsbridge and new prime markets are being pulled into the mix. The key drivers for these emerging prime markets are location, connectivity, high-quality amenities, safe environment and strong retail provision.

Valuations

Capco continues to outperform the UK property market, which increased 1.0 per cent in the first six months of 2011 as measured by the IPD all property monthly index. The strong central London occupier and investment markets are reflected in the ERV growth and valuation increases at Covent Garden and within the The Great Capital Partnership. Earls Court & Olympia shows a revaluation deficit due to reduced bookings at Earls Court and the costs of the planning process, partly offset by an 11 per cent increase in the valuation of Seagrave Road.

	Market Value Jun-11 £m	Market Value Dec-10 £m	Market Value Change ^{2,3} %	ERV Change ² %	Initial Yield %	Equivalent Yield %
Covent Garden	780	640	6.0%	6.3%	3.7%	5.2%
The Great Capital Partnership	240 ¹	260 ¹	6.1%	9.8%	4.4%	5.1%
Empress State	103 ¹	103 ¹	-	-	6.4%	6.2%
Total non-exhibition properties	1,123	1,003	5.4%	6.5%		
Earls Court & Olympia	385	378	(3.1)%			
Total investment properties	1,508	1,381	2.9%			

¹ Represents Capco's 50 per cent share

² Like-for-like

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

Covent Garden

- Capital value £780 million as at 30 June 2011, up 6.0% on a like-for-like basis (31 Dec 2010: £640 million)
- Net rental income £13.1 million H1 2011, up 2.3% on a like-for-like basis (H1 2010: £12.9 million)
- Passing rent £30.1 million as at 30 June 2011, up 10.3% on a like-for-like basis (31 Dec 2010: £25.4 million) plus £1.7 million from rent-free periods on contracted leases
- ERV £44.6 million as at 30 June 2011, up 6.3% on a like-for-like basis (31 Dec 2010: £37.5 million)

A key milestone in the repositioning of Covent Garden was the opening of the world's largest Apple store on the Piazza in August 2010. The evolution continues with positive momentum generated through Capco's proactive asset management strategy, which is delivering new tenant signings across the estate.

Capco has acquired a number of properties in the Covent Garden area for £110 million including Kings Court (a 71,900 sq ft portfolio which includes five properties bridging King Street and Floral Street), 35 King Street, 11 James Street and through a £19 million property swap, One South Piazza. These acquisitions extend the overall ownership to 52 buildings, 326 lettable units and over 820,000 sq ft, with the overall estate valued at £780 million as at 30 June 2011, an increase of 6.3 per cent on a like-for-like basis since 31 December 2010.

41 new brands have been introduced to the Covent Garden estate since 2006, improving the line-up of retail and food and beverage tenants. This year has already seen the opening of Burberry Brit, Laduree, Vilebrequin, g-1, The Icecreamists and a flagship Sunglass Hut. Strong retail interest in the area remains from new occupiers and several new brands are expected to launch later this year including a pop-up restaurant concept from Canteen, Rugby Ralph Lauren, G-Shock West, Rabeanco and Brora, further cementing Covent Garden's reputation as a world class retail and dining destination. As at 30 June 2011, occupancy was 97.4 per cent (31 December 2010: 97.1 per cent), footfall for the last 12 months was 45 million, and the estate continues to deliver its target visitor demographic with 89 per cent of domestic visitors classified as ABC1.

Record rental levels have been achieved during the period across the estate on Long Acre (Zone A: £470 psf), in the Market Building (Zone A: £450 psf) and on King Street (Zone A: £440 psf). 39 rent reviews, renewals and new lettings have been agreed during 2011 to date, totalling £5.0 million, approximately 5.5 per cent above the December 2010 ERV. This has underpinned growth in ERV. The original portfolio has met its original target ERV of £40 million at 30 June 2011, 18 months ahead of schedule. Total ERV at Covent Garden, including recent acquisitions and disposals on the estate, is £44.6 million. The ERV target for December 2013 has been revised to £50 million, taking into account the impact of the recent acquisitions. Gross income as at 30 June 2011 was £31.4 million, up 6.8 per cent on a like-for-like basis from December 2010.

ERV Progression	Dec 2009	June 2010	Dec 2010	June 2011
Original ownership	£33 million	£34 million	£38 million	£40 million
Acquisitions and disposals	-	-	-	£ 5 million
Total	£33 million	£34 million	£38 million	£45 million

The residential opportunities under the Covent Garden Living brand are continuing to progress with the first four luxury apartments, totalling 7,815 sq ft, at One West Piazza (34 Henrietta Street) set to be completed by the end of 2011. The planning application for One East Piazza (Russell Chambers) was recently approved and work will begin on site later this year. A second planning application has been prepared for One South Piazza. These developments form the next phase of the 80,000 sq ft of office to residential conversions identified across the estate.

Work has started on site at the Flower Cellars building for the creation of Caprice Holdings' new restaurant concept and the London Film Museum. Public realm works continue in the area as a part of the ongoing programme to enhance and improve the district.

The team at Covent Garden has been strengthened with the appointment of Sarah-Jane Curtis as Director of Covent Garden. She will be joining the business from Grosvenor Estates in September and brings a wealth of experience in the London retail and residential property markets.

Earls Court & Olympia

- EC&O capital value £385 million as at 30 June 2011 (31 Dec 2010: £378 million)

Earls Court	£133m	Valued on existing use reflecting their use as exhibitions venues. No upside from any future development or planning permission is recognised.
Olympia	£97m	
Seagrave Road	£115m	Currently a car park supporting Earls Court, valued as a site with the potential for residential consent.
Other peripheral assets	£40m	A mixture of small assets and sites.
Total	£385m	

- Empress State capital value £103 million as at 30 June 2011 (31 Dec 2010: £103 million) (representing Capco's 50 per cent share)
- EC&O EBITDA £12.0 million H1 2011, down 9% (H1 2010: £13.2 million)

EC&O Venues

EC&O Venues continues to perform in line with expectations, with EBITDA in H1 2011 of £12.0 million, down 9 per cent year-on-year. EBITDA comprises net rental income of £13.9 million, less related administration expenses of £1.9 million.

For 2011 the business has contracted 31 new shows including Landscape, London Pet Show and Retail Business Technology, which has helped offset the loss of certain shows as the exhibitions market remains competitive. Olympia has hosted several successful events including the UK's biggest dance event 'Move It' delivering over 20,000 visitors. Currently 43.2 per cent of budgeted sales have been contracted for 2012.

The EC&O Venues marketing team was recently awarded the Best Venue Team at the Association of Exhibition Organisers ("AEO") Awards. Olympia was also recently recognised and shortlisted at the AEO Awards for Best Venue in the UK, a further testament to its credentials as the premier events space in West London.

Transport for London ("TfL") announced a plan to suspend regular District Line services to Kensington Olympia tube station, whilst retaining services for certain larger exhibitions and increasing capacity of other services including the Overground line which will continue to service Olympia. EC&O Venues is in consultation with TfL regarding the details of these proposed changes.

The works at Olympia for the new 97,000 sq ft exhibition space in the West Hall are continuing on schedule and on budget, with the new space set to be operational in early 2012.

Earls Court & West Kensington Opportunity Area Masterplan

The first planning applications for Sir Terry Farrell's Masterplan for ECOA and the Seagrave Road car park site were submitted in June in line with the project timeline by EC Properties Limited, a wholly-owned subsidiary of Capco, on behalf of the three landowners EC Properties Limited, LBHF and TfL. The submission followed 18 months of extensive community consultation and stakeholder engagement. More than 7,500 new homes and 12,000 new jobs will be created by the Masterplan which, excluding Seagrave Road, comprises 10.4 million sq ft of development. The planning applications have now been registered by the local authorities and a period of public

consultation will commence shortly.

Gross external area	Capco Sq ft	LBHF Sq ft	TfL Sq ft	Total Sq ft
Residential	3.2m	3.0m	1.9m	8.1m
Commercial / Other	1.1m	0.7m	0.5m	2.3m
Total	4.3m	3.7m	2.4m	10.4m

In addition to the new homes, the Masterplan includes offices, leisure, hotel and retail space, as well as a new primary school, library, community facilities, an integrated health centre and 23.5 acres of public open space including the 5 acre 'Lost River Park'. The initial response to the Masterplan has been positive, although there have been concerns voiced by some residents of the West Kensington and Gibbs Green Estates. Capco is committed to working with all local residents and stakeholders, with the consultation website myearls court.com offering all stakeholders an opportunity to contribute.

The Mayor of London published the London Plan on 22 July 2011. It is the overall strategic plan for London, setting out a fully integrated economic, transport and social framework for the development of the Capital to 2031. As expected, ECOA has been identified as an Opportunity Area within the London Plan, an area representing a strategic development and regeneration opportunity for London.

The first round of consultation for the Supplementary Planning Document ("SPD"), a site specific planning guidance document published by LBHF, the Royal Borough of Kensington & Chelsea and the Greater London Authority ("GLA"), concluded in April. The authorities are expected to publish their preferred option for the SPD in the autumn.

Following the submission of the planning applications, Capco and LBHF have signed an Exclusivity Agreement on 29 July 2011. In order to enter into the agreement the Group has paid £15 million, £10 million of which is refundable in the event a deal is not concluded. The agreement gives both parties one year to negotiate a land purchase agreement and secure the necessary statutory consents to progress with comprehensive regeneration of the Opportunity Area. This agreement sets in motion the guarantee that all residents on LBHF's land, should it be included in the development, will be offered new homes in the regeneration area.

Discussions between the Group and TfL to agree a renewed lease for Earls Court 1 and 2, and for a commercial agreement over the inclusion of its land in the development continue to progress well and, it is anticipated, will be concluded in the second half of 2011.

Seagrave Road

The valuation of Seagrave Road (including the adjacent Roxby Place properties) as at 30 June 2011 is £115 million, an uplift of 11 per cent since December 2010 reflecting the ongoing progress in obtaining planning consent for the site, as a detailed planning application for the development was submitted by EC Properties Limited in June 2011.

The Seagrave Road scheme will deliver a high-quality, mixed tenure residential neighbourhood set within the wider ECOA Masterplan. The development covers one million square feet, comprising 608 private residential units and 200 affordable homes set within eight residential buildings ranging from four to 16 storeys and 30 town houses.

In addition to the new residential offering, the development will provide a range of amenities including a clubhouse and gym facility, café, secure basement parking and a range of high-quality public, communal and private open spaces.

It is anticipated that the construction of the scheme will take just over five years on a phased basis, with works commencing after the Olympic Games, in Q4 2012. Accordingly, the Group is actively considering how Seagrave Road will be taken forward.

Total development costs (excluding land) are estimated to be in the region of £300 million. The development will be split into four construction phases, based on a conservative sales rate. On current projections, this phasing plan would limit the additional capital requirement to approximately £100 million to build out the development, assuming that capital is recycled between phases within the project.

The Great Capital Partnership

- Capital value £240 million as at 30 June 2011, up 6.1% on a like-for-like basis (31 Dec 2010: £260 million)
- Net rental income £6.2 million H1 2011, down 6.7% on a like-for-like basis (H1 2010: £6.8 million)
- Passing rent £11.3 million as at 30 June 2011, down 5.8% on a like-for-like basis (31 Dec 2010: £13.8 million) plus £0.5 million from rent-free periods on contracted leases
- ERV £14.3 million as at 30 June 2011, up 9.8 % on a like-for-like basis (31 Dec 2010: £14.8 million)

(all figures represent Capco's 50 per cent share)

The 50/50 joint venture between Capco and Great Portland Estates has performed well during the first half of 2011. On a like-for-like basis, ERV increased to £14.3 million, up 9.8 per cent, net rental income fell to £6.2 million, down 6.7 per cent and values rose to £240 million, up 6.1 per cent (Capco share, changes shown on a like-for-like basis). The reduction in net rental income reflects a reduction in occupancy due to tenants exercising break clauses and development work undertaken prior to reletting.

The process of refocusing the joint venture, announced last November, is ongoing and the Partnership has taken advantage of continuing strong investor appetite for central London assets. Two properties were sold for £75.3 million (Capco share: £37.6 million) during the first half of the year and a further property completed in July. These three sales have realised a total of £91.9 million (Capco share: £46.0 million), representing an average surplus over 31 December 2010 valuation of 10 per cent.

Looking forward, the Partnership will continue to focus on its core West End holdings on Piccadilly, Regent Street and Park Crescent.

Capco currently has capital commitments of £0.6 million to the Partnership which represent pre-development costs to be incurred on possible schemes on Regent Street and on the Jermyn Street Estate.

China

The two fund investments based in China, via Harvest Capital Partners, have performed well benefitting from a strong domestic economy and continued RMB appreciation against the US Dollar.

Within the CR1 Fund, only one asset, a small shopping centre in Beijing, remains to be contracted for sale. During the first half of 2011 a total of £6.6 million has been returned and the remaining assets are currently valued at £30.4 million as at 30 June 2011.

The CR2 Fund has successfully sold its only asset, a mixed use development in Chongqing, and the Fund will shortly close. Capco has received a total of £31.8 million, representing a profit of 63 per cent on capital invested.

Looking forward, Capco may seek to reinvest a smaller amount of capital from profits received as well as look at how the Group might take advantage of its track record of successfully investing in China.

Corporate Governance

The Board notes the recommendations of the Davies Review on Women on Boards, and has due regard for the benefits of greater diversity. It is expected that an additional non-executive Director will be appointed in due course, and the composition of the Board will be kept under review to ensure the best balance of skills and experience is maintained. We are proud that across the group there is good female representation, and by September 2011 women will account for 43 per cent of senior management.

Dividends

The Board has proposed an interim dividend of 0.5 pence per share to be paid on 20 September 2011 to shareholders on the register at 26 August 2011.

Outlook

Capco has enjoyed a successful 2011 to date and looks forward with confidence to the second half of the year. The central London property markets continue to perform strongly. The investment market has benefited from global capital looking for central London assets across all property sectors.

Retailers' requirements for new space has become increasingly specific, benefitting places such as Covent Garden which have become established as a key central London retail destination. The estate should continue to experience rental growth reflecting this demand.

Sir Terry Farrell's Masterplan for ECOA is an important project for London, and Capco is hopeful that the planning applications will be determined in a timely manner. We continue to work with TfL and LBHF on the lease re-gear, land assembly and future development rights across the ECOA and hope these will be agreed during the second half of 2011.

FINANCIAL REVIEW

Valuation gains of 2.7 per cent were recorded in the first half of 2011, with like-for-like ERV increasing by 6.5 per cent since December 2010.

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

Underlying earnings and earnings per share

As recommended by EPRA, the Group has presented an underlying calculation of profit in addition to the amounts reported under IFRS. These amounts exclude the effects of gains and losses associated with investment property valuations, fair value movements on financial derivatives and certain exceptional, non-recurring items. The Directors regard the presentation of adjusted figures as providing useful information on the underlying performance of the business.

Summary consolidated income statement:

	30 June 2011 £m	30 June 2010 £m
Net rental income	36.7	38.3
Other income	0.3	-
Gain on revaluation and sale of investment and development property	42.4	65.7
Administration expenses	(11.0)	(11.8)
Net finance costs	(12.8)	(37.4)
Profit on sale of available for sale investments	18.8	-
Remeasurement of deferred consideration	(4.2)	-
Taxation	(1.7)	(0.5)
IFRS profit for the period attributable to owners of the Parent	68.5	54.3
Adjustments:		
Gain on revaluation and sale of investment and development property	(42.4)	(65.7)
Change in fair value of derivative financial instruments	(5.7)	10.2
Exceptional finance costs (see note 4)	0.8	7.1
Demerger costs (included within administration expenses above)	-	4.1
Profit on sale of available for sale investments	(18.8)	-
Remeasurement of deferred consideration	4.2	-
Other adjustments	(0.4)	0.1
Underlying earnings after tax	6.2	10.1
Underlying earnings per share (pence)	1.0	1.6

Underlying earnings after tax fell by 38 per cent to £6.2 million from the comparative six month period, mainly due to a reduction in net rental income as described below and higher underlying administration expenses incurred as a result of operating on a stand-alone basis.

Net rental income

The Group's net rental income fell to £36.7 million, a 1.9 per cent reduction on a like-for-like basis, a 4.1 per cent reduction overall.

Net rental income for Covent Garden totalled £13.1 million, an increase of 2.3 per cent or £0.3 million on a like-for-like basis from the comparative six month period with strong rental levels being achieved for new lettings.

The Great Capital Partnership generated net rental income of £6.2 million (Capco share), a fall of 6.7 per cent on a like-for-like basis. This is due to a 11 per cent reduction in occupancy with break clauses exercised to facilitate potential redevelopment. Sales of non-core properties, the result of refocusing the Partnership announced in November last year, contributed to a fall in net rental income of £0.6 million from the corresponding six month period.

Earls Court & Olympia, which includes the Group's interest in the Empress State Building, fell by 3.3 per cent on a like-for-like basis to £17.4 million. This is broadly in line with expectations given the loss of events and reduced take-up at Earls Court. Net rental income generated from the Group's interest in the Empress State Building was higher compared to the prior year reflecting its index-linked lease.

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

Property valuation

Property gains of £42.4 million (2010: £65.7 million) include unrealised gains of £39.5 million and realised gains of £2.9 million. With yields remaining stable, unrealised gains generated during the first half of the year were almost

entirely due to ERV growth reflecting the Group's strategy of targeting rental growth from its asset plans.

Administration expenses

Adjusting for £4.1 million of exceptional demerger costs incurred in the first half of 2010, underlying administration expenses have increased by £3.3 million to £11.0 million. In line with expectation, this relates to increased headcount and establishment costs.

Net finance costs

Excluding gains and losses on the change in fair value of derivatives and one-off costs incurred on the termination of interest rate swaps, underlying net finance costs totalled £17.7 million, a decrease of £2.4 million on the prior six month period. This reduction reflects decreased average debt as a result of prepayments, most recently £20 million of the Earls Court & Olympia facility in February 2011.

Taxation

The tax charge for the six months ended 30 June 2011 was £1.7 million (2010: £0.5 million). This equates to an underlying tax rate of approximately 22.5 per cent. This is slightly below the expected longer term effective rate of 23 per cent, primarily due to capital allowances claimed.

Due to the availability of Group losses, contingent tax at 30 June 2011 is nil (2010: £1.7 million).

Derivative valuation

The majority of our banking facilities have been arranged on a floating-rate basis, but swapped to fixed-rate using derivative contracts coterminous with the relevant debt facility.

During 2011 short-term rates marginally increased whilst longer term rates reduced. This led to an income statement credit of £5.7 million in the period to 30 June 2011.

Exceptional items

Within net financing costs, exceptional charges of £0.8 million were recorded in relation to the termination of interest rate swaps which arose on a £20 million prepayment on the facility secured over Earls Court & Olympia made in February 2011.

As part of the Group's 2009 acquisition of the non-controlling interests' share in Earls Court & Olympia, a deferred consideration payment becomes due based on a number of factors including a potential redevelopment of the site and the outcome of the planning permission process. Now that the Group has submitted a planning application in relation to the full Earls Court regeneration area in June, the provision has been remeasured resulting in an exceptional charge of £4.2 million being recorded.

Other income of £0.3 million comprises an exceptional credit relating to a non-recurring VAT claim settled with HM Revenue & Customs.

Finally, following divestment of the Group's interests in China, profits of £18.8 million were realised during the first six months of 2011. As these profits are non-recurring they have been treated as exceptional.

Financial position

As detailed in the table below EPRA net assets (adjusted, diluted) have increased by £138 million or 6 pence per share since 31 December 2010. The significant factors were the beneficial effect of the capital raising completed in May 2011, which generated £97 million net of expenses, and the continued revaluation gains recorded on the Group's property portfolio during the first half of 2011.

Summary consolidated balance sheet:

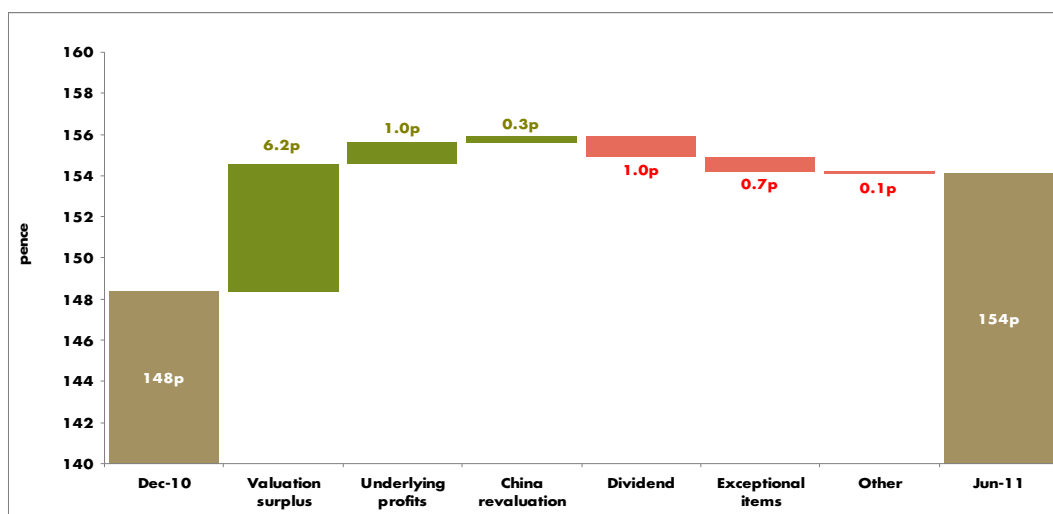
	30 June 2011 £m	31 December 2010 £m
Investment and development property	1,501.9	1,377.6
Investments	30.4	66.3
Net debt	(451.6)	(476.1)
Other assets and liabilities	(54.2)	(84.4)
IFRS Net assets	1,026.5	883.4
Fair value of derivative financial instruments (net of recognised deferred tax)	36.1	41.4
Other adjustments	1.1	1.1
EPRA adjusted, diluted net assets	1,063.7	925.9
EPRA net assets per share (pence per share adjusted, diluted)	154	148

The fair value provision for financial derivatives (interest rate swaps) decreased by £5.7 million in the six months to

June 2011. The resulting balance sheet provision, net of deferred taxes, of £36.1 million is added back to arrive at adjusted net assets.

Adjusted, diluted net assets per share

Adjusted, diluted NAV per share at 30 June 2011 increased 4 per cent to 154 pence per share, compared to 148 pence as at 31 December 2010. The increase, largely the result of property valuation movements, is illustrated below.



Capital expenditure and divestment

In the first six months of 2011 the Group has been active in moving forward on a number of its strategic plans with a significant amount of capital expenditure. This has been funded by the capital raising as well as significant recycling of capital as illustrated below.

	Six months to 30 June 2011 £m	12 months to 31 December 2010 £m
Acquisitions	111	10
Redevelopment expenditure	26	21
Less: Divestment	(90)	(27)
Net capital expenditure	47	4

Sales of non-core assets from within The Great Capital Partnership and the divestment of China funds, discussed below, have contributed £72 million (excluding £2.9 million profit realised on disposal) towards supporting the Group to expand its footprint at Covent Garden, continue the redevelopment of the Olympia Exhibition Centre and further the planning process for the Earls Court regeneration area.

Of the £137 million invested in acquisitions and redevelopment expenditure, £117 million relates to investments at Covent Garden; £110 million on acquisitions and £7 million on redevelopments.

Future capital commitments amount to £50 million (31 December 2010: £45 million). These commitments will be funded by the Group's cash and available facilities.

China

The realisation of the investments in China continues. During the six months ended 30 June 2011, cash of £38 million has been returned to the Group realising profits of £18.8 million.

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

Since the year end another asset held in Harvest China Real Estate Fund I has been contracted for sale, with only one asset now remaining uncontracted. Distribution of funds following settlement in relation to two assets are forecast to be received by the Group during the second half of 2011 and the first half of 2012.

An uplift on the underlying fund value of £2 million was recorded during the first half.

Borrowings

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

In February 2011, as part of an agreed 12-month extension to the facility secured over Earls Court & Olympia, the Group made a partial loan prepayment of £20 million. The associated swap termination costs totalled £0.8 million.

Net debt for the period reduced by £25 million to £452 million. The capital raising has strengthened the Group's financial position with its loan-to-value ratio down from 35 per cent at 31 December 2010 to 30 per cent at 30 June 2011.

Group debt ratios were as follows:

	30 June 2011	31 December 2010
Loan-to-value	30%	35%
Interest cover	145%	130%
Weighted average debt maturity	2.7 years	3 years
Weighted average cost of debt	5.9%	5.9%
Proportion of gross debt with interest rate protection	95%	95%

At 30 June 2011, the Group's average debt maturity is 2.7 years. The first significant maturity of secured debt is the Earls Court & Olympia facility which is due to mature in February 2013.

A detailed breakdown of the Group's debt maturity is shown in note 12 of the condensed financial statements.

Financial covenants apply to £635 million of asset specific debt. The two main covenants are loan-to-value ("LTV") and Interest Cover ("IC"). The actual requirements vary and are specific to each loan.

At 30 June 2011, the Group had cash and available facilities of £196 million and is in compliance with all of its asset specific loan covenants.

Full details of the loan financial covenants are shown within appendix 3.

Derivatives

The Group's policy is to eliminate the short and medium term risk arising on interest rate volatility. This is generally achieved by entering into interest rate swap contracts to hedge both the size and maturity profile of borrowings. At 30 June 2011, the proportion of gross debt with interest rate protection stood at 95 per cent.

The fair value provision for financial derivatives (interest rate swaps) has decreased in the six months to 30 June 2011 due to the increase in short-term rates. The resulting balance sheet provision, net of deferred taxes, of £36 million is added back to arrive at adjusted net assets.

Since 30 June 2011, to take advantage of the low interest rate environment, the Group has entered into derivative contracts providing interest rate protection on debt with a nominal value of £150 million. The protection starts after the Group's first significant debt maturity in 2013 and extends through until 2016.

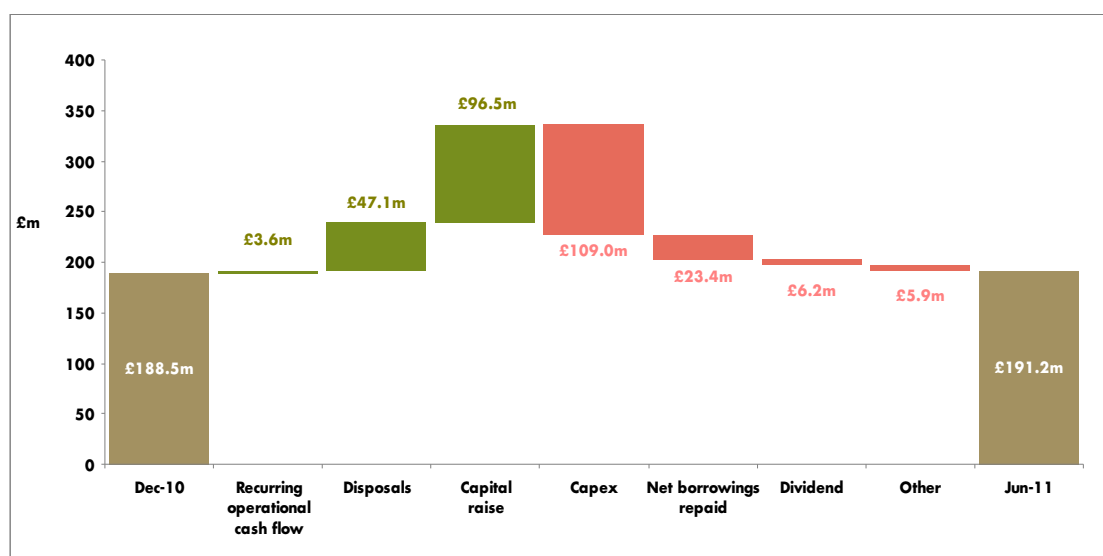
Cash flow

The cash flow summary below shows a net cash inflow of £2.7 million during the period to 30 June 2011, principally attributed to the impact of the Group's capital raising offset by acquisitions and debt prepayment.

Summary consolidated cash flow summary:

	30 June	30 June
	2011	2010
	£m	£m
Underlying operating cash generated	25.4	29.9
Net finance charges paid	(18.3)	(21.5)
Net movement in working capital	(3.5)	(4.4)
Recurring cash flow from operations	3.6	4.0
Property development/investments	(109.0)	(5.2)
Sale proceeds of property/investments	47.1	0.5
Demerger costs	(0.7)	(3.0)
Pension funding	(3.6)	0.0
REIT entry charge and other tax	(0.7)	(2.0)
Cash flow before financing	(63.3)	(5.7)
Financing	66.8	180.6
Termination of interest rate swaps	(0.8)	(7.4)
Net Cash flow	2.7	167.5

The movement in recurring underlying cash flows has resulted from falling net rental income together with higher recurring administration expenses. This has been partially offset by a reduction in net finance charges due to the debt prepayments in 2010 and February 2011. Other significant non-recurring cash flows can be summarised as follows:



Proceeds generated from the sale of non-core properties within The Great Capital Partnership generated £9 million during the first half with further proceeds received post period end from completions in July. The divestment of China funds returned £38 million to the Group during the period.

Cash applied to the development of property and investments during the period is due principally to acquisition of investment properties at Covent Garden (£83 million); and development activity at both Earls Court and Olympia (£18 million). Smaller acquisitions and redevelopment activity across the Group's assets account for the balance.

As part of a reorganisation of the EC&O Venues business, the workforces of Earls Court Limited and Olympia Limited were amalgamated into Olympia Limited. As a result Earls Court Limited ceased to be a participating employer of the final salary pension scheme which necessitated a payment of £3.6 million to the scheme.

The final instalment, £0.1 million, of the REIT entry charge was settled during the period (2010: £1.6 million).

Financing cash flows were dominated by the capital raising completed in May 2011 which generated £97 million, net of expenses. This was offset by the Earls Court & Olympia debt prepayment of £20 million, together with the final dividend payment made in respect of 2010 year end of £6.2 million.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The Board has overall responsibility for Group risk management. It reviews principal risks and uncertainties regularly, together with actions taken to mitigate them. The Board has delegated responsibility for assurance of the risk management process and the review of mitigating controls to the Audit Committee.

The review begins with an assessment of over 90 risk factors raised by each business unit and each corporate function. 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. This allows the Audit Committee to monitor the most important controls and prioritise risk management and internal audit activities accordingly.

Detailed risk registers are reviewed twice a year and upon any material change to the business with a full risk review undertaken annually. The register is reviewed in detail by the Audit Committee annually, with new or emerging risks considered by the Committee as appropriate.

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

1. Development Risks	
Impact: Inability to deliver against development plans, particularly regarding ECOA	
Risk	Mitigation factors
Unable to secure planning consent due to political, legislative or other risks inherent in the planning environment. Risk of Secretary of State call-in or judicial review. Inability to gain the support of influential stakeholders.	Pre-application consultation and involvement with key stakeholders and landowners. Engagement with relevant authorities at a local and national level to ensure development proposals are in accordance with current and emerging policy. Project team of internal staff and external consultants with capabilities across all relevant areas. Technical studies with regular review. Responsive consultation with evidence based information and focus on agreed statements of common ground.
Inability to attract appropriate resource or skills to execute plan.	Flexibility in planning and ensuring correct resource availability in place.
Failure to demonstrate viable development due to environmental, transportation and affordable housing impact or other technical factors. Punitive cost, design or other implications. Inability to reach agreement with adjacent landowners (including risk of Section 34A of the Housing Act 1985 in relation to LBHF land in ECOA).	Extensive design and technical work undertaken along with informed market valuation. Use of maximum price contracts to manage contractor costs. ECOA masterplan design allows the development of each landowner's site individually.
2. Economic Risks	
Impact: Economic factors may threaten the Group's ability to meet its strategic objectives	
Risk	Mitigation factors
Rents decline as a result of lower demand from occupiers due to deteriorating profitability and confidence during a period of economic uncertainty.	Focus on quality tenants with initial assessment of credit risk and active credit control. Diversity of occupier mix with limited exposure to any single tenant.
Decline in UK commercial or residential real estate market.	Focus on prime assets. Regular assessment of investment market conditions including bi-annual external valuations.
Restricted availability of credit and higher tax rates may lead to reduced consumer spending and higher levels of business failure.	Regular monitoring of covenants with headroom maintained.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

3. Concentration of Investments

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

Risk	Mitigation factors
Events which damage or diminish London's status as a global financial, business and tourist centre could affect the Group's ability to let vacant space, reduce the value of the Group's properties and potentially disrupt access or operations at the Group's head office. Changes to existing or planned infrastructure (including transport).	Terrorist insurance in place. Security and health & safety policies and procedures in offices. Close liaison with police & National Counter Terrorism Security Office (NaTSCO). Disaster recovery and business continuity planning. Active involvement in organisations and industry bodies promoting London.

4. Corporate Risks

Impact: The Group's ability to maintain its reputation, revenue and value could be damaged by corporate risks

Risk	Mitigation factors
Responding to regulatory, reputation, communication, legislative and corporate governance challenges.	Appointment of experienced individuals with clear responsibility and accountability. Sound governance and internal policies with appropriately skilled executive and Non-executive Directors, with support from external advisors as appropriate.
Non-REIT status brings heightened tax exposure and a potential competitive disadvantage when bidding for new assets.	Appropriate due diligence and consultation.
Risk associated with attracting and retaining staff.	Succession planning, performance evaluations, training & development, long term incentive rewards.
Failure to comply with health and safety or other statutory regulations or notices.	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.

5. Financing Risks

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

Risk	Mitigation factors
Decline in market conditions or a general rise in interest rates could impact the availability and cost of debt financing.	Maintain appropriate liquidity to cover commitments. Target longer and staggered debt maturities to avoid refinancing concentration and consideration of early refinancing. Derivative contracts to provide interest rate protection.
Covenants breached.	Regular monitoring of covenants with headroom maintained
Reduced availability of equity capital.	Maintain appropriate liquidity to cover commitments. Target conservative overall leverage levels.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- the condensed set of financial statements on pages 17 to 38 has been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union; and
- the condensed set of financial statements on pages 17 to 38 includes a true and fair view of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

The operating and financial review on pages 3 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 and 14.

Related party transactions are set out in note 19 of the condensed set of financial statements.

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

By order of the Board

I D Hawsworth
Chief Executive

S Das
Finance Director

3 August 2011

INDEPENDENT REVIEW REPORT TO CAPITAL & COUNTIES PROPERTIES PLC

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2011, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London

3 August 2011

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 2011

		Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
	Note			
Revenue	2	58.4	59.2	113.7
Rental income		58.4	59.2	113.6
Rental expenses		(21.7)	(20.9)	(44.6)
Net rental income	2	36.7	38.3	69.0
Other income		0.3	–	0.1
Gain on revaluation and sale of investment and development property	3	42.4	65.7	134.6
Profit on sale of available for sale investments		18.8	–	–
Remeasurement of deferred consideration		(4.2)	–	0.7
Write down of trading property		–	–	(0.1)
Impairment of other receivables		–	–	(1.6)
		94.0	104.0	202.7
Administration expenses				
Ongoing expenses		(11.0)	(7.7)	(18.6)
Demerger costs		–	(4.1)	(5.3)
Operating profit		83.0	92.2	178.8
Finance costs	4	(18.5)	(20.7)	(40.3)
Finance income		0.8	0.6	1.4
Other finance costs	4	(0.8)	(7.1)	(7.1)
Change in fair value of derivative financial instruments		5.7	(10.2)	(0.3)
Net finance costs		(12.8)	(37.4)	(46.3)
Profit before tax		70.2	54.8	132.5
Current tax		(1.7)	(0.4)	(1.2)
Deferred tax		–	–	0.4
REIT entry charge		–	(0.1)	(0.1)
Taxation	5	(1.7)	(0.5)	(0.9)
Profit for the period attributable to owners of the Parent		68.5	54.3	131.6
Earnings per share from continuing operations				
Basic earnings per share	17	10.7p	8.7p	21.2p
Diluted earnings per share	17	10.7p	8.7p	21.2p
Weighted average number of shares	17	639.3	621.9	621.9

Underlying earnings per share are shown in note 17.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
For the six months ended 30 June 2011

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Profit for the period	68.5	54.3	131.6
Other comprehensive income			
Actuarial gains on defined benefit pension schemes attributable to owners	–	–	1.4
Gain on revaluation of available for sale investments and other movements	1.8	7.1	21.5
Tax on items taken directly to equity	–	–	(0.4)
Other comprehensive income for the period, net of tax	1.8	7.1	22.5
Total comprehensive income for the period attributable to owners of Parent	70.3	61.4	154.1

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

CONSOLIDATED BALANCE SHEET (unaudited)
As at 30 June 2011

		As at 30 June 2011 £m	As at 31 December 2010 £m
	Note		
Non-current assets			
Investment and development property	7	1,501.9	1,377.6
Plant and equipment		1.0	1.0
Available for sale investments		30.4	66.3
Pension asset		1.6	—
Trade and other receivables	9	11.2	12.4
		1,546.1	1,457.3
Current assets			
Trading property	8	0.3	0.3
Trade and other receivables	9	58.4	26.8
Cash and cash equivalents	10	191.2	188.5
		249.9	215.6
Total assets		1,796.0	1,672.9
Non-current liabilities			
Borrowings, including finance leases	12	(629.4)	(651.5)
Pension deficit		—	(2.0)
Derivative financial instruments	14	(48.2)	(53.9)
Other provisions	15	(7.5)	(3.3)
		(685.1)	(710.7)
Current liabilities			
Borrowings, including finance leases	12	(13.4)	(13.1)
Trade and other payables	11	(69.1)	(65.0)
Tax liabilities		(1.9)	(0.7)
		(84.4)	(78.8)
Total liabilities		(769.5)	(789.5)
Net assets		1,026.5	883.4
Equity			
Share capital	18	170.9	155.4
Other components of equity		855.6	728.0
Capital and reserves attributable to owners of the Parent		1,026.5	883.4

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
For the six months ended 30 June 2011

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

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

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
For the six months ended 30 June 2011

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)
For the six months ended 30 June 2011

		Six months ended 30 June 2011 £m	Year ended 31 December 2010 £m	Six months ended 30 June 2010 £m
	Note			
Cash generated from operations	13	21.2	38.6	22.5
Interest paid		(19.1)	(41.4)	(21.5)
Interest received		0.8	1.3	–
Taxation		(0.6)	1.0	(0.4)
Cash flows from operating activities		2.3	(0.5)	0.6
Cash flows from investing activities				
Purchase and development of property		(109.0)	(26.8)	(5.2)
Sale of property		8.7	28.1	0.1
REIT entry charge paid		(0.1)	(3.6)	(1.6)
Sale of available for sale investments		38.4	0.5	0.4
Pension funding		(3.6)	–	–
Cash flows from investing activities		(65.6)	(1.8)	(6.3)
Cash flows from financing activities				
Issue of shares		96.6	–	–
Issue of redeemable shares		–	0.1	–
Redemption of redeemable shares		–	(0.1)	–
Cash transferred to restricted accounts		–	(6.0)	–
Borrowing drawn		–	6.0	–
Borrowings repaid		(23.4)	(68.0)	(63.4)
Funding from Capital Shopping Centres Group		–	244.0	244.0
Termination of swaps		(0.8)	(7.4)	(7.4)
Equity dividends paid		(6.2)	(3.1)	–
Cash flows from financing activities		66.0	165.5	173.2
Net increase in unrestricted cash and cash equivalents		2.7	163.2	167.5
Unrestricted cash and cash equivalents at beginning of period		182.5	19.3	19.3
Unrestricted cash and cash equivalents at end of period	10	185.2	182.5	186.8

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

NOTES (unaudited)

1 Principal accounting policies

Shares in Capital & Counties Properties PLC were admitted to dealings on the London and Johannesburg Stock Exchanges in May 2010. The Group's assets principally comprise investment properties at Covent Garden; Earls Court & Olympia; a 50 per cent interest in the Empress State Building; and a 50 per cent interest in The Great Capital Partnership, a joint venture focused predominantly on London's West End.

Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2011 are reviewed, not audited and do not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The condensed consolidated financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting'.

These condensed consolidated financial statements were approved by the Board of Directors on 3 August 2011.

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

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

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

There were no standards and guidelines relevant to the Group that were in issue and endorsed by the European Union at the date of approval of the condensed consolidated financial statements.

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

During the six months to 30 June 2011, the following accounting standards and guidance were adopted by the Group:

IAS 24 'Related Party Disclosures' (revised)

IAS 32 'Financial Instruments: Presentation' (amendment)

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

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

IFRS 1 'First-time Adoption of International Financial Reporting Standards' (amendment)

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

Going concern basis

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

Basis of consolidation

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

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

Subsidiaries

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

Joint ventures

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

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

NOTES (unaudited) (continued)

1 Principal accounting policies (continued)

Estimation and uncertainty

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

Revenue recognition

Share-based payments

Provisions

Pensions

Contingent liabilities & capital commitments

Income tax

Trade and other receivables

Operating segments

Segmental information is disclosed in the notes to the consolidated financial statements reflecting management reporting of divisional financial performance and position as used by the chief operating decision maker.

Foreign currencies

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

Revenue recognition

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

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

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

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

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

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

Exceptional items

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

Income taxes

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

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

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

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

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

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

NOTES (unaudited) (continued)

1 Principal accounting policies (continued)

Share-based payments

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

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

Impairment of financial assets

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

Investment and development property

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

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

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

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

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

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

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

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

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

Leases

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

Group as a lessee:

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

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

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

Group as lessor:

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

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

Trading property

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

NOTES (unaudited) (continued)

1 Principal accounting policies (continued)

Plant and equipment

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

Available for sale investments

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

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

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

Trade and other receivables

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

Cash and cash equivalents

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

Derivative financial instruments

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

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

Trade payables

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

Dividend distribution

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

Provisions

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

Borrowings

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

Share Capital

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

Pensions

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

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

Contingent liabilities and capital commitments

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

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

NOTES (unaudited) (continued)

2 Segmental reporting

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

For management and reporting purposes the Group is organised into four operating divisions being The Great Capital Partnership, Earls Court & Olympia, Covent Garden and Other. The Other segment primarily constitutes the business unit historically known as Opportunities and other head office companies. This segment included a number of smaller assets located primarily in the south east of England which were sold during 2009 and 2010. The Earls Court & Olympia segment also includes the Group's interest in the Empress State Building adjacent to the Group's property at Earls Court.

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

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

Reportable segments

	Six months ended 30 June 2011				
	The Great Capital Partnership	Earls Court & Olympia ¹	Covent Garden	Other	Group total
	£m	£m	£m	£m	£m
Revenue	7.4	31.5	19.5	–	58.4
Rent receivable and exhibition income	6.9	31.5	17.9	–	56.3
Service charge income	0.5	–	1.6	–	2.1
Rental income	7.4	31.5	19.5	–	58.4
Service charge and other non-recoverable costs	(1.2)	(14.1)	(6.4)	–	(21.7)
Net rental income	6.2	17.4	13.1	–	36.7
Other income	–	–	–	0.3	0.3
Gain on revaluation of investment and development property	16.9	(12.2)	37.6	0.1	42.4
Profit on sale of available for sale investments	–	–	–	18.8	18.8
Remeasurement of deferred consideration	–	(4.2)	–	–	(4.2)
Segment result	23.1	1.0	50.7	19.2	94.0
Unallocated costs					
Administration expenses					(11.0)
Operating profit					83.0
Net finance costs ²					(12.8)
Profit before tax					70.2
Taxation					(1.7)
Profit for the period					68.5
Summary balance sheet					
Total segmental assets ³	283.7	515.9	800.7	25.1	1,625.4
Total segmental liabilities ³	(128.7)	(244.5)	(391.1)	(5.2)	(769.5)
	155.0	271.4	409.6	19.9	855.9
Unallocated net assets ²					170.6
Net assets					1,026.5
Other segment items:					
Capital expenditure	(0.6)	(19.3)	(117.3)	–	(137.2)
Depreciation	–	–	(0.1)	–	(0.1)

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

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

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

NOTES (unaudited) (continued)

2 Segmental reporting (continued)

	Six months ended 30 June 2010				
	The Great Capital	Earls Court	Covent		Group
	Partnership	& Olympia ¹	Garden	Other	total
	£m	£m	£m	£m	£m
Revenue	8.1	31.1	19.4	0.6	59.2
Rental Income					
Rent receivable and exhibition income	7.5	31.1	17.7	0.4	56.7
Service charge income	0.6	–	1.7	0.2	2.5
Rental income	8.1	31.1	19.4	0.6	59.2
Rent payable	–	–	(0.6)	–	(0.6)
Service charge and other non-recoverable costs	(1.3)	(13.2)	(5.9)	0.1	(20.3)
Net rental income	6.8	17.9	12.9	0.7	38.3
Gain on revaluation and sale of investment and development property	21.8	3.5	40.1	0.3	65.7
Segment result	28.6	21.4	53.0	1.0	104.0
Unallocated costs					
Administration expenses					(11.8)
Operating profit					92.2
Net finance costs ²					(37.4)
Profit before tax					54.8
Taxation					(0.5)
Profit for the period					54.3
Summary balance sheet					
Total segmental assets ³	289.3	463.8	610.1	59.5	1,422.7
Total segmental liabilities ³	(131.0)	(276.2)	(379.7)	(7.6)	(794.5)
	158.3	187.6	230.4	51.9	628.2
Unallocated net assets					165.2
Net assets					793.4
Other segment items:					
Capital expenditure	(0.3)	(4.5)	(0.4)	–	(5.2)
Depreciation	–	–	(0.1)	–	(0.1)

¹ Empress State represented £3.3 million of the £17.9 million net rental income for Earls Court & Olympia.

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

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

NOTES (unaudited) (continued)

2 Segmental reporting (continued)

	Year ended 31 December 2010				
	The Great Capital Partnership	Earls Court & Olympia ¹	Covent Garden	Other	Group total
	£m	£m	£m	£m	£m
Revenue	16.1	57.7	38.9	1.0	113.7
Rent receivable and exhibition income	14.9	57.7	36.2	0.6	109.4
Service charge income	1.2	–	2.7	0.3	4.2
Rental Income	16.1	57.7	38.9	0.9	113.6
Rental payable	–	–	(1.0)	–	(1.0)
Service charge and other non-recoverable costs	(2.5)	(28.6)	(12.2)	(0.3)	(43.6)
Net rental income	13.6	29.1	25.7	0.6	69.0
Other income	–	–	–	0.1	0.1
Gain on revaluation and sale of investment and development property	33.5	23.3	77.8	–	134.6
Remeasurement of deferred consideration	–	0.7	–	–	0.7
Write down of trading property	–	–	–	(0.1)	(0.1)
Profit on sale of investments	–	–	–	–	–
Impairment of other receivables	–	–	–	(1.6)	(1.6)
Segment result	47.1	53.1	103.5	(1.0)	202.7
Unallocated administration costs					(23.9)
Operating profit					178.8
Net finance costs ²					(46.3)
Profit before tax					132.5
Taxation					(0.9)
Profit for the year					131.6
Summary balance sheet					
Total segmental assets ³	273.1	503.2	659.0	64.7	1,500.0
Total segmental liabilities ³	(128.6)	(273.4)	(382.0)	(5.5)	(789.5)
Unallocated net assets ²	144.5	229.8	277.0	59.2	710.5
Net assets					172.9
Other segment items:					
Capital expenditure	(1.1)	(22.7)	(7.5)	–	(31.3)
Depreciation	–	–	(0.1)	–	(0.1)

¹ Empress State represents £6.5 million of the £29.1 million net rental income for Earls Court & Olympia.

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

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

3 Gain on revaluation and sale of investment and development property

	Six months ended 30 June 2011	Six months ended 30 June 2010	Year Ended 31 December 2010
	£m	£m	£m
Gain on revaluation of investment and development property	39.5	65.7	133.3
Gain on sale of investment and development property	2.9	–	1.3
Gain on revaluation and sale of investment and development property	42.4	65.7	134.6

NOTES (unaudited) (continued)

4 Finance costs

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Finance costs			
On bank overdrafts and loans	18.7	20.7	40.7
Amortisation of issue costs	0.2	0.2	0.1
On obligations under finance leases	0.2	0.2	0.3
Gross finance costs	19.1	21.1	41.1
Interest capitalised on development	(0.6)	(0.4)	(0.8)
Finance costs	18.5	20.7	40.3
Costs of termination of financial instruments ¹	0.8	7.1	7.1
Other finance costs	0.8	7.1	7.1

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

Interest is capitalised, before tax relief, on the basis of the average rate of interest paid of 5.9 per cent (2010 – 5.9 per cent) on the relevant debt, applied to the cost of developments during the year.

5 Taxation

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Current tax on profits excluding exceptional items and property disposals	1.8	0.4	2.3
Deferred tax:			
On investment and development property	16.9	7.2	6.7
On accelerated capital allowances	(0.4)		
On losses	(18.2)		
On derivative financial instruments	0.4	(10.3)	(9.6)
On exceptional items	1.3	3.1	2.5
Deferred tax on profits excluding exceptional items and property disposals	–	–	(0.4)
Tax charge excluding exceptional items and property disposals	1.8	0.4	1.9
Current tax credit on exceptional items and property disposals	(0.1)	–	(1.1)
REIT entry charge	–	0.1	0.1
Taxation charge	1.7	0.5	0.9

Under IAS 12 “Income Taxes”, provision is made for the deferred tax assets and liabilities associated with the revaluation of investment properties at the corporate tax rate expected to apply to the Group at the time of use. For UK properties the relevant tax rate will be 25 per cent (2010 – 28 per cent).

Where gains such as revaluation of development properties and other assets and actuarial movements on pension funds are dealt with in reserves, any deferred tax is also dealt with in reserves.

The recognised deferred tax liability on the revaluation of investment properties calculated under IAS 12 is £16.9 million at 30 June 2011 (31 December 2010 – nil). This liability is offset by the recognised deferred tax asset on losses available within the Group. However it is noted that the availability of the losses could be restricted under certain circumstances which are closely monitored. The contingent tax liability on assets as at 30 June 2011 is nil which is line with the IAS 12 position mentioned above.

If upon sale the group retained all its capital allowances, which is within the control of the group, the deferred tax provision in respect of capital allowances of £12.4 million at 30 June 2011 may also be released.

NOTES (unaudited) (continued)

5 Taxation (continued)

	Accelerated capital allowances £m	Fair value of investment and development properties £m	Fair value of derivative financial instruments £m	Other temporary differences £m	Losses £m	Total £m
<i>Provided deferred tax provision:</i>						
At 31 December 2010	12.8	–	(12.5)	(0.3)	–	–
Recognised in income	(0.4)	16.9	0.4	1.3	(18.2)	–
At 30 June 2011	12.4	16.9	(12.1)	1.0	(18.2)	–
<i>Unrecognised deferred tax asset:</i>						
At 31 December 2010	–	(43.3)	(2.2)	(11.2)	(10.9)	(56.7)
Income statement items	–	34.8	2.2	10.9	10.9	47.9
At 30 June 2011	–	(8.5)	–	(0.3)	–	(8.8)

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

Further amendments to the UK Corporation Tax system were announced in the March 2011 Budget which included changes to the main rates of UK Corporation Tax. The main rate of corporation tax decreased from 28 per cent to 26 per cent from 1 April 2011. This reduction is in addition to the decrease to 27 per cent enacted in the Finance Act 2010. The Budget will reduce the main rate of corporation tax from 26 per cent to 25 per cent from 1 April 2012. It proposes to make further reductions to the main rate of 1 per cent per annum to 23 per cent by 1 April 2014. The decrease in tax rate to 25 per cent has been substantively enacted for the purposes of IAS 12 and therefore has been reflected in these financial statements.

6 Dividends

	As at 30 June 2011 £m	As at 30 June 2010 £m	As at 31 December 2010 £m
Ordinary shares			
Prior period final dividend paid of 1.0p per share	6.2	–	–
Interim dividend paid of nil per share (December 2010 – 0.5p)	–	–	3.1
Dividends paid	6.2	–	3.1
Proposed dividend of 0.5p per share (June 2010 – 0.5p; December 2010 1.0p)	3.2	3.1	6.2

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

7 Investment and development property

	Total £m
At 1 January 2011	1,377.6
Additions from acquisitions	110.9
Additions from subsequent expenditure	26.3
Disposals	(52.4)
Gain on valuation	39.5
At 30 June 2011	1,501.9
	Total £m
At 1 January 2010	1,240.5
Additions from acquisitions	10.3
Additions from subsequent expenditure	21.0
Disposals	(27.5)
Gain on valuation	133.3
At 31 December 2010	1,377.6

NOTES (unaudited) (continued)

7 Investment and development property (continued)

	As at 30 June 2011 £m	As at 31 December 2010 £m
Balance sheet carrying value of investment and development property	1,501.9	1,377.6
Adjustment in respect of tenant incentives	14.3	9.6
Adjustment in respect of head leases	(8.3)	(6.8)
Market value of investment and development property	1,507.9	1,380.4

Included within investment and development properties is £0.6 million (2010 – £0.8 million) of interest capitalised on developments and redevelopments in progress.

The fair value of the Group's investment and development properties as at 30 June 2011 was determined by independent external valuers. Following the recent acquisition of King Sturge by Jones Lang LaSalle (JLL), JLL have been appointed as the valuers for Earls Court & Olympia, with the remainder of the Group's portfolio valued by CB Richard Ellis. The valuation conforms with the Royal Institution of Chartered Surveyors ("RICS") Valuation Standards, and was arrived at by reference to market transactions for similar properties. Fees paid to valuers are based on fixed price contracts.

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

Valuations are based on what is determined to be the highest and best use. The Group's investment in Seagrave Road, a car park supporting Earls Court, has been valued as a site with development potential. The exhibition halls at Earls Court & Olympia are fair valued as fully equipped operational entities, having regard to trading potential.

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

8 Trading property

The estimated replacement cost of trading property based on market value amounted to £1.4 million (31 December 2010 – £1.4 million). During the year impairment charges of nil (31 December 2010 - £0.1 million) were recorded against trading property.

9 Trade and other receivables

	As at 30 June 2011 £m	As at 31 December 2010 £m
Amounts falling due after more than one year		
Loan notes receivable	3.4	3.4
Other receivables	0.7	–
Prepayments and accrued income	7.1	9.0
Trade and other receivables	11.2	12.4
Amounts falling due within one year		
Loan notes receivable	0.7	2.9
Rents receivable	9.0	10.2
Other receivables ¹	32.6	5.2
Prepayments and accrued income	16.1	8.5
Trade and other receivables	58.4	26.8

¹ Includes exhibition and trade receivables

Included within prepayments and accrued income are tenant lease incentives of £14.3 million (2010 - £9.6 million).

NOTES (unaudited) (continued)

10 Cash and cash equivalents

	As at 30 June 2011 £m	As at 31 December 2010 £m
Cash on hand	17.9	12.7
Cash on short term deposit	167.3	169.8
Unrestricted cash and cash equivalents	185.2	182.5
Restricted cash	6.0	6.0
Cash and cash equivalents	191.2	188.5

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

11 Trade and other payables

	As at 30 June 2011 £m	As at 31 December 2010 £m
Amounts falling due within one year		
Rents received in advance	19.0	22.0
Accruals and deferred income	22.9	26.5
Other payables ¹	25.2	14.2
Other taxes and social security	2.0	2.3
Trade and other payables	69.1	65.0

¹ Includes sundry creditors and amounts due to joint venture partners

12 Borrowings, including finance leases

	As at 30 June 2011				
	Carrying value £m	Secured £m	Unsecured £m	Fixed rate £m	Floating rate £m
Amounts falling due within one year					
Bank loans and overdrafts	6.2	6.2	–	–	6.2
Loan notes 2017	6.0	6.0	–	–	6.0
Borrowings, excluding finance leases	12.2	12.2	–	–	12.2
Finance lease obligations	1.2	1.2	–	1.2	–
Amounts falling due within one year	13.4	13.4	–	1.2	12.2
Amounts falling due after more than one year					
Bank loans 2013	510.8	510.8	–	–	510.8
Bank loan 2017	111.5	111.5	–	–	111.5
Borrowings excluding finance leases	622.3	622.3	–	–	622.3
Finance lease obligations	7.1	7.1	–	7.1	–
Amounts falling due after more than one year	629.4	629.4	–	7.1	622.3
Total borrowings	642.8	642.8	–	8.3	634.5
Cash and cash equivalents	(191.2)				
Net debt	451.6				

NOTES (unaudited) (continued)

12 Borrowings, including finance leases (continued)

	As at 31 December 2010				
	Carrying value £m	Secured £m	Unsecured £m	Fixed rate £m	Floating rate £m
Amounts falling due within one year					
Bank loans and overdrafts	12.2	12.2	–	–	12.2
Borrowings, excluding finance leases	12.2	12.2	–	–	12.2
Finance lease obligations	0.9	0.9	–	0.9	–
Amounts falling due within one year	13.1	13.1	–	0.9	12.2
Amounts falling due after more than one year					
Bank loan 2012	124.3	124.3	–	–	124.3
Bank loans 2013	409.7	409.7	–	–	409.7
Bank loan 2017	111.6	111.6	–	–	111.6
Borrowings excluding finance leases	645.6	645.6	–	–	645.6
Finance lease obligations	5.9	5.9	–	5.9	–
Amounts falling due after more than one year	651.5	651.5	–	5.9	645.6
Total borrowings	664.6	664.6	–	6.8	657.8
Cash and cash equivalents	(188.5)				
Net debt	476.1				

13 Cash generated from operations

		Six months ended 30 June 2011 £m	Year ended 31 December 2010 £m	Six months ended 30 June 2010 £m
	Notes			
Profit before tax		70.2	132.5	54.8
Adjustments for:				
Gain on revaluation of investment and development property	3	(39.5)	(133.3)	(65.7)
Gain on sale of investment property	3	(2.9)	(1.3)	–
Profit on sale of available for sale investments		(18.8)	–	–
Remeasurement of deferred consideration		4.2	(0.7)	–
Write down of trading property		–	0.1	–
Impairment of other receivables		–	1.6	–
Depreciation		0.1	0.1	–
Amortisation of lease incentives and other direct costs		(1.4)	2.5	(0.7)
Finance costs	4	18.5	40.3	20.7
Finance income		(0.8)	(1.4)	(0.6)
Other finance costs	4	0.8	7.1	7.1
Change in fair value of derivative financial instruments		(5.7)	0.3	10.2
Changes in working capital:				
Change in trading properties		–	(0.1)	–
Change in trade and other receivables		(1.1)	(3.9)	0.8
Change in trade and other payables		(2.4)	(5.2)	(4.1)
Cash generated from operations		21.2	38.6	22.5

NOTES (unaudited) (continued)

14 Classification of financial assets and liabilities

The tables below set out the Group's accounting classification of each class of financial assets and liabilities, and their fair values at 30 June 2011 and 31 December 2010.

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

	Carrying value £m	Fair value £m	Gain to income statement £m	Gain to other comprehensive income £m
30 June 2011				
Cash and cash equivalents	191.2	191.2	–	–
Other financial assets	71.2	71.2	–	–
Total loans and receivables	262.4	262.4	–	–
Available for sale investments	30.4	30.4	18.8	1.8
Total available for sale investments	30.4	30.4	18.8	1.8
Derivative financial instrument liabilities	(48.2)	(48.2)	5.7	–
Total held for trading liabilities	(48.2)	(48.2)	5.7	–
Borrowings	(642.8)	(642.8)	–	–
Other financial liabilities	(78.5)	(78.5)	–	–
Total loans and payables	(721.3)	(721.3)	–	–

	Carrying value £m	Fair value £m	Loss to income statement £m	Gain to other comprehensive income £m
31 December 2010				
Cash and cash equivalents	188.5	188.5	–	–
Other financial assets	39.2	39.2	–	–
Total loans and receivables	227.7	227.7	–	–
Available for sale investments	66.3	66.3	–	21.5
Total available for sale investments	66.3	66.3	–	21.5
Derivative financial instrument liabilities	(53.9)	(53.9)	(0.3)	–
Total held for trading liabilities	(53.9)	(53.9)	(0.3)	–
Borrowings	(664.6)	(664.4)	–	–
Other financial liabilities	(71.0)	(71.0)	–	–
Total loans and payables	(735.6)	(735.6)	–	–

15 Other provisions

	Deferred consideration £m	Other £m	Total £m
At 1 January 2010	3.8	0.2	4.0
Credited to the income statement - remeasurement of deferred consideration	(0.7)	–	(0.7)
At 31 December 2010	3.1	0.2	3.3
Charged to the income statement - remeasurement of deferred consideration	4.2	–	4.2
At 30 June 2011	7.3	0.2	7.5

Deferred consideration is the amount payable on the acquisition of the non-controlling interests' share in Earls Court & Olympia. The provision has been discounted, at the Group's average cost of debt. The amount of deferred consideration payable is based on a number of factors including a potential re-development of the ECOA, with the final details of such a re-development dependent on discussions with the owners of the adjacent land and the outcome of the planning permission process. The maximum potential payment is £20.0 million.

NOTES (unaudited) (continued)

16 Capital commitments and contingent liabilities

At 30 June 2011, the Group was contractually committed to £50.0 million (31 December 2010 - £45.0 million) of future expenditure for the purchase, construction, development and enhancement of investment property.

The Group's share of joint venture commitments included within this amount was £0.6 million (2010 - £1.2 million).

17 Per share details

(a) Earnings per share

	Six months ended 30 June 2011 millions	Six months ended 30 June 2010 millions	Year ended 31 December 2010 millions
Weighted average ordinary shares in issue for calculation of basic earnings per share	639.3	621.9	621.9
Dilutive effect of share option awards	3.8	0.1	1.2
Dilutive effect of contingently issuable shares	0.6	—	—
Dilutive effect of matching nil cost options	1.1	—	—
Weighted average ordinary shares in issue for calculation of diluted earnings per share	644.8	622.0	623.1
	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Profit used for calculation of basic earnings per share	68.5	54.3	131.6
Dilutive effect of share option awards	0.6	—	0.5
Profit used for calculation of diluted earnings per share	69.1	54.3	132.1
Basic earnings per share (pence)	10.7	8.7	21.2
Diluted earnings per share (pence)	10.7	8.7	21.2
Profit used for calculation of basic earnings per share	68.5	54.3	131.6
Adjustments:			
Gain on revaluation and sale of investment and development property	(42.4)	(65.7)	(134.6)
Write down of trading property	—	—	0.1
Fair value movement on derivative financial instruments	(5.7)	10.2	0.3
Costs of termination of derivative financial instruments	0.8	7.1	7.1
Current tax adjustments	(0.2)	—	(0.3)
Deferred tax adjustments	0.4	(3.1)	(2.9)
EPRA adjusted earnings	21.4	2.8	1.3
Exceptional other income	(0.3)	—	—
Remeasurement of deferred consideration	4.2	—	(0.7)
Profit on sale of available for sale investments	(18.8)	—	—
Write down of trading property	—	—	(0.1)
Impairment of other receivables	—	—	1.6
Demerger costs	—	4.1	5.3
Current tax adjustments	0.1	—	(0.8)
Deferred tax adjustments	(0.4)	3.1	2.5
REIT entry charge	—	0.1	0.1
Underlying earnings	6.2	10.1	9.2
Underlying earnings per share (pence)	1.0	1.6	1.5
EPRA adjusted earnings per share (pence)	3.3	0.5	0.2

NOTES (unaudited) (continued)

17 Per share details (continued)

(a) Earnings per share (continued)

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 Million	Year ended 31 December 2010 £m
Profit used for calculation of basic earnings per share	68.5	54.3	131.6
Adjustments:			
Gain on revaluation and sale of investment and development property	(42.4)	(65.7)	(134.6)
Profit on sale of available for sale investments	(18.8)	–	–
Impairment of other receivables	–	–	1.6
Demerger costs	–	4.1	5.3
Deferred tax adjustments	(0.2)	10.3	9.2
Current tax adjustments	0.1	–	(0.7)
Headline earnings used for calculation of headline earnings per share	7.2	3.0	12.4
Dilutive effect of share options awards	0.6	–	0.5
Diluted headline earnings used for calculation of diluted headline earnings per share	7.8	3.0	12.9
Headline earnings per share (pence) ¹	1.1	0.5	2.0
Diluted headline earnings per share (pence) ¹	1.2	0.5	2.1

¹ Headline earnings per share is calculated in accordance with Circular 8/2007 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 2011 £m	As at 31 December 2010 £m
Basic net asset value used for calculation of basic net assets per share	1,026.5	883.4
Fair value of derivative financial instruments	48.2	53.9
Unrecognised surplus on trading properties	1.1	1.1
Deferred tax adjustments	(12.1)	(12.5)
EPRA adjusted net asset value	1,063.7	925.9
Effect of dilution:		
On exercise of options	–	–
Adjusted, diluted NAV used for calculation of adjusted, diluted NAV per share	1,063.7	925.9
Fair value of derivative financial instruments	(48.2)	(53.9)
Deferred tax adjustments	12.1	12.5
Diluted EPRA NNNAV	1,027.6	884.5
Basic net assets per share (pence)	150.1	142.1
EPRA adjusted, diluted NAV per share (pence)	154.1	148.4
Diluted EPRA NNNAV per share (pence)	148.8	141.7

NOTES (unaudited) (continued)

(c) Shares in issue

	As at 30 June 2011 millions	As at 31 December 2010 millions
Shares in issue	683.9	621.8
Effect of dilution:		
On exercise of options	4.8	2.2
On issue of contingently issuable shares	0.6	–
On issue of matching nil cost options	1.1	–
Adjusted, diluted number of shares	690.4	624.0

18 Share capital and share premium

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

	Share capital £m	Share premium £m
Issued and fully paid		
At 31 December 2010 - 621,828,502 ordinary shares of 25p each	155.4	89.1
Shares issued 62,100,000 ordinary shares of 25p each	15.5	6.0
At 30 June 2011 - 683,928,502 ordinary shares of 25p each	170.9	95.1

19 Related party transactions

Key management* compensation

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended ended 31 December 2010 £m
Salaries and short term employee benefits	1.9	1.0	4.2
Pensions and other post-employment benefits	0.2	0.1	0.3
Share based payments	0.5	–	0.5
	2.6	1.1	5.0

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

20 Events occurring after the reporting period

On 21 July 2011 The Great Capital Partnership sold its investment property at 67/75 Kingsway, London for £16.6m (£8.4 million Capco's share). The market value of this property at 30 June 2011 was £16.4 million.

On 29 July 2011 the Group, entered into an Exclusivity Agreement with LBHF. The agreement gives both parties one year of exclusivity in relation to discussions around LBHF's land and its inclusion within Sir Terry Farrell's Masterplan. In order to enter into the agreement the Group paid £15 million, £10 million of which is refundable in the event a deal is not concluded.

SUMMARY OF INVESTMENT AND DEVELOPMENT PROPERTY (unaudited)

1. Property data as at 30 June 2011

	Market value £m	Ownership	Initial yield (EPRA) ^{1,3}	Nominal equivalent yield ^{1,4}	Passing rent ¹ £m	ERV ¹ £m	Occupancy ¹	Weighted average unexpired lease ¹ years	Gross area million ⁵ sq ft
Covent Garden	780.0	100%	3.67%	5.21%		44.6	97.4%	8.8	0.8
Earls Court & Olympia ⁴	487.8	100%				5.9			1.7
The Great Capital Partnership	240.1	50%	4.43%	5.09%		14.3	86.4%	7.7	0.7
Total investment and development properties	1,507.9				48.3	64.8			3.2

¹ As defined in the glossary.

² Includes the Group's 50 per cent economic interest in the Empress State Building (£102.5 million). Earls Court & Olympia does not report a passing rent, ERV, occupancy or lease maturity due to the nature of its exhibition business.

³ Initial yield (EPRA) at 30 June 2010 for Covent Garden was 4.07%, for GCP 5.06%.

⁴ Nominal equivalent yield at 30 June 2010 for Covent Garden was 5.19%, for GCP 5.37%.

⁵ Area shown is gross area of the portfolio, not adjusted for proportional ownership.

2. Analysis of property by use

	30 June 2011 Market value					30 June 2011 ERV				
	Retail £m	Office £m	Exhibition £m	Residential £m	Total £m	Retail £m	Office £m	Exhibition £m	Residential £m	Total £m
Covent Garden	645.2	104.3	–	30.5	780.0	35.6	8.0	–	1.0	44.6
Earls Court & Olympia	–	102.5	385.3	–	487.8	–	5.9	–	–	5.9
The Great Capital Partnership	60.9	145.5	–	33.7	240.1	3.6	10.2	–	0.5	14.3
	706.1	352.3	385.3	64.2	1,507.9	39.2	24.1	–	1.5	64.8

3. Analysis of capital return in the period

Like-for-like properties

	Market value		Revaluation surplus/(deficit) ¹	
	30 June 2011 £m	31 December 2010 £m	30 June 2011 £m	Increase/ (decrease)
Covent Garden	670.1	621.7	37.4	6.0%
Earls Court & Olympia	486.6	480.8	(12.2)	(2.4)%
The Great Capital Partnership	240.1	225.3	14.1	6.1%
Total like-for-like properties	1,396.8	1,327.8	39.3	2.9%
Acquisitions	111.1	–	0.2	–
Disposals	–	52.6	–	–
Total investment properties	1,507.9	1,380.4	39.5	2.7%

All properties

Covent Garden	780.0	639.8	37.7	5.2%
Earls Court & Olympia	487.8	480.8	(12.3)	(2.5)%
The Great Capital Partnership	240.1	259.8	14.1	6.1%
Total investment properties	1,507.9	1,380.4	39.5	2.7%

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

² Revaluation decrease comprises Earls Court & Olympia (down 3.1%) and the Empress State Building (no movement).

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

4. Analysis of income in the period

Like-for-like properties			
	30 June	30 June	
	2011	2010	Change
	£m	£m	%
Covent Garden	12.6	12.3	2.3%
Earls Court & Olympia	17.3	17.9	(3.3)%
The Great Capital Partnership	5.3	5.7	(6.7)%
Like-for-like properties	35.2	35.9	(1.9)%
Acquisitions	0.3	—	
Disposals	1.1	2.4	
Like-for-like capital	0.1	—	
Total investment properties	36.7	38.3	(4.1)%
All properties			
Covent Garden	13.1	12.9	1.5%
Earls Court & Olympia	17.4	17.9	(2.6)%
The Great Capital Partnership	6.2	6.8	(9.4)%
Other	—	0.7	
Total investment properties	36.7	38.3	(4.1)%

UNDERLYING PROFIT STATEMENT (unaudited)
For the six months ended 30 June 2011

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Net rental income	36.7	38.3	69.0
Other income	–	–	0.1
Administration expenses	36.7 (11.0)	38.3 (7.7)	69.1 (18.6)
Operating profit	25.7	30.6	50.5
Finance costs	(18.5)	(20.7)	(40.3)
Finance income	0.8	0.6	1.4
Net finance costs	(17.7)	(20.1)	(38.9)
Write down of trading properties	–	–	(0.1)
Profit before tax	8.0	10.5	11.5
Tax on adjusted profit	(1.8)	(0.4)	(2.3)
Underlying earnings used for calculation of underlying earnings per share	6.2	10.1	9.2
Underlying earnings per share (pence)	1.0	1.6	1.5

FINANCIAL COVENANTS (unaudited)

Financial covenants on non-recourse debt excluding joint ventures

		Loan outstanding at 31 July 2011 £m	(1)	LTV covenant	Loan to 30 June 2011 Market value	(2)	Interest cover covenant	Interest cover reported	(3)
	Maturity								
EC&O ⁽⁵⁾	2013	106.8		N/A	N/A		150%	212%	
Covent Garden London ⁽⁶⁾	2013	222.5		75%	51%		120%	156%	
Covent Garden London ⁽⁷⁾	2017	112.0		70%	48%		120%	158%	
Total		441.3							

Financial covenants on joint ventures non-recourse debt

		Loan outstanding at 31 July 2011 £m	(1)	LTV covenant	Loan to 30 June 2011 Market value	(2)	Interest cover covenant	Interest cover reported	
	Maturity								
Empress State Partnership ⁽⁸⁾	2013	75.3	(4)	75% ⁽⁶⁾	73%		115%	141%	
The Great Capital Partnership ⁽⁹⁾	2013	112.5	(4)	70%	50%		120%	151%	
Total		187.8							

Notes:

- (1) The loan values are the actual principal balances outstanding at 31 July 2011, which take into account any principal repayments made in July 2011. The accounting/balance sheet value of the loans includes any unamortised fees.
- (2) The loan to 30 June 2011 Market value provides an indication of the impact the 30 June 2011 property valuations undertaken for inclusion in the condensed financial statements could have on the LTV covenants. The actual timing and manner of testing LTV covenants varies and is loan specific.
- (3) Based on the latest certified figures, calculated in accordance with loan agreements, which have been submitted between [30 June 2011 and 31 July 2011]. The calculations are loan specific and include a variety of historic, forecast and in certain instances a combined historic and forecast basis.
- (4) 50 per cent of the debt is shown which is consistent with accounting treatment and the Group's economic interest.
- (5) Loan facility provided by Anglo Irish Bank Corporation PLC.
- (6) Loan facility provided by a consortium of six banks with Lloyds TSB Bank PLC acting as agent.
- (7) Loan facility provided by NyKredit Realkredit A/s.
- (8) Loan facility provided by a consortium of three banks with Eurohypo AG acting as agent.
- (9) Loan facility provided by a consortium of four banks with Eurohypo AG acting as agent.

DIVIDENDS

INTERIM DIVIDEND

The Directors of Capital & Counties Properties PLC have proposed an interim dividend of 0.5 pence per ordinary share (ISIN GB00B62G9D36) payable on 20 September 2011.

Dates

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

Thursday 11 August 2011	Sterling/Rand exchange rate struck
Friday 12 August 2011	Sterling/Rand exchange rate and dividend amount in Rand announced
Monday 22 August 2011	Ordinary shares listed ex-dividend on the JSE, Johannesburg
Wednesday 24 August 2011	Ordinary shares listed ex-dividend on the London Stock Exchange
Friday 26 August 2011	Record date for interim dividend in London and Johannesburg
Tuesday 20 September 2011	Dividend payment date for shareholders

South African shareholders should note that, in accordance with the requirements of Strate, the last day to trade cum-dividend will be 19 August 2011 and that no dematerialisation or rematerialisation of shares will be possible from Monday 22 August 2011 to Friday 26 August 2011 inclusive. No transfers between the UK and South African registers may take place from Thursday 11 August 2011 to Sunday 28 August 2011 inclusive.

GLOSSARY

Capco

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

Capital Shopping Centres Group

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

Diluted figures

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

ECOA

The Earls Court and West Kensington Opportunity Area.

EPRA

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

EPRA adjusted, diluted NAV

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

EPRA adjusted, diluted NNAV

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

EPRA adjusted earnings per share

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

ERV (estimated rental value)

The external valuers' estimate of the Group's share of the current annual market rent of all lettable space net of any non-recoverable charges, before bad debt provision and adjustments required by International Financial Reporting Standards regarding tenant lease incentives.

Gross income

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

Interest cover ratio (ICR)

Net rental income less administration costs divided by the net finance cost excluding the change in fair value of derivatives and any exceptional finance costs.

Interest rate swap

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

Initial yield (EPRA)

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

IPD

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

Liberty International

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

Like-for-like properties

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

Loan-to-value (LTV)

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

Net rental income

The Group's share of gross rental income less ground rents payable, service charge expenses and other non-recoverable charges, having taken due account of bad debt provisions and adjustments to comply with International Financial Reporting Standards regarding tenant lease incentives.

GLOSSARY (continued)

Nominal equivalent yield

Effective annual yield to a purchaser from the assets individually at market value after taking account of notional acquisition costs, assuming rent is receivable annually in arrears, and that the property becomes fully occupied and that all rents revert to the current market level (ERV) at the next review date or lease expiry.

Occupancy rate (EPRA)

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

Passing rent

The Group's share of contracted annual rents receivable at the balance sheet date. This takes no account of accounting adjustments made in respect of rent-free periods or tenant incentives, the reclassification of certain lease payments as finance charges or any irrecoverable costs and expenses, and does not include excess turnover rent, additional rent in respect of unsettled rent reviews or sundry income. Contracted annual rents in respect of tenants in administration are excluded.

Section 34A of the Housing Act 1985

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

Tenant (or lease) incentives

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

Underlying earnings

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

Weighted average unexpired lease

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

Zone A

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