Capital & Counties Properties PLC

(Incorporated and registered in the United Kingdom and

Wales with registration Number 07145041 and registered in

South Africa as an external company with Registration

Number 2010/003387/10)

JSE code: CCO

ISIN: GB00B62G9D36

12 AUGUST 2020

CAPITAL & COUNTIES PROPERTIES PLC ("CAPCO" OR "THE COMPANY")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Confident in the long-term prospects for prime central London, in particular the West End

Ian Hawksworth, Chief Executive of Capco, commented:

"Covent Garden is a major central London destination offering a pedestrianised open air environment. Our strong financial position has enabled us to take early action to support our customers through this extraordinary period and take advantage of market opportunities.

Capco is focused on making sure our customers reopen successfully and are provided the setting which offers the best opportunity to gradually build back towards previous levels of trade. The majority of our retail and hospitality customers have reopened with encouraging early indicators.

There remain many challenges and an unpredictable economic environment however Capco is confident in the long-term prospects of the West End and the value of its unique investments."

Key financials

- Equity attributable to owners of the Parent of £2.0 billion (Dec 2019: £2.5 billion)
- EPRA NTA declined by 18 per cent to 241 pence per share (Dec 2019: 293 pence per share)
- Total property value of £2.3 billion, a decrease of 16.3 per cent (like-for-like) (Dec 2019: £2.8 billion)
- The Directors have deferred the dividend decision until the end of the year (Jun 2019: 0.5 pence per share)

Covent Garden, a landmark globally-recognised estate

- Covent Garden total property value of £2.2 billion, a decrease of 17 per cent (like-for-like) since 31 December 2019
- Net rental income down 41 per cent to £18 million against June 2019
- ERV decreased by 12 per cent (like-for-like) to £96 million (Dec 2019: £108 million)
- Capco has provided support to retail and hospitality customers experiencing cash flow pressures, with rental agreements being adjusted on a case-by-case basis to include deferrals and turnover-linked arrangements where appropriate
- Strong leasing pipeline before the impact of COVID-19; 22 new leases and renewals were agreed during the period
- Continuing to attract high quality brands including Vashi and Neuhaus
- As a pedestrianised open air environment, Covent Garden is well-positioned as lock down measures are eased and consumers return to central London
- Additional streets around the Piazza have been pedestrianised, allowing for greater freedom of movement and increased al fresco dining across the estate
- As a responsible, long-term owner of the estate, Capco has been working closely with local communities and continues to provide assistance to charity partners in the West End

Acquisition of 26.3% stake in Shaftesbury PLC

- Unique opportunity to acquire a significant stake in an exceptional mixed-use real estate portfolio
- Represents an attractive investment and entry point at an implied value of £1,200 per square foot relative to current valuation of £1,800 per square foot
- Consistent with Capco's strategy to invest in complementary opportunities on or near Covent Garden

Strong liquidity and balance sheet position

- Group loan to value ratio of 32 per cent (Dec 2019: 16 per cent)
- Group net debt to gross assets of 26 per cent (Dec 2019: 15 per cent), taking into account the value of the investment in Shaftesbury shares, as at 30 June 2020
- Group undrawn facilities and cash of £616 million (Dec 2019: £895 million)
- Group net debt of £721 million (31 December 2019: £442 million)
- Capital commitments of £93 million (includes £88 million in respect of second tranche of Shaftesbury shares) (Dec 2019: £14 million)
- Weighted average debt maturity of 4.4 years (Dec 2019: 4.9 years)
- Weighted average cost of debt of 2.6 per cent (Dec 2019: 3.0 per cent)
- £90 million of deferred consideration from the Earls Court sale received in March 2020, with a further £105 million expected to be received later this year and £15 million due in 2021
- There is significant headroom against the LTV covenant position, and interest cover covenant waivers in respect of the current financial year have been agreed to address interruption to near-term income

Lillie Square

- The Lillie Square property valuation declined by 5 per cent (like-for-like) to £138 million (Dec 2019: £177 million)
- Completion of Phase 2 continues to progress with 66 units handed over in the first half of this year, representing £81 million of cash proceeds (£40 million Capco share)
- A further 120 units remain in Phase 2, of which 93 have been pre-sold representing approximately £120 million of further proceeds (£60 million Capco share)

FINANCIAL HIGHLIGHTS

	30 June 2020	31 December 2019
Equity attributable to owners of the Parent	**£2,021m**	£2,478m
Equity attributable to owners of the Parent per share	**237.5p**	290.0p
-17.5% Total return for six months ended 30 June 2020 (full year 2019: -9.6%)		
EPRA net tangible assets value[1]	**£2,052m**	£2,506m
EPRA net tangible assets value per share[1]	**240.5p**	292.9p
Dividend per share	–	1.5p
-15.3% Total property return for six months ended 30 June 2020 (full year 2019: -5.4%)		
Property market value[2]	**£2,305m**	£2,774m
Net rental income from continuing operations[3]	**£18.2m**	£61.2m
Loss for the period attributable to owners of the Parent	**(£440.7)m**	(£253.6)m
Headline loss per share	**(1.0)p**	(2.2)p
Basic loss per share[1]	**(51.7)p**	(29.7)p
Underlying earnings per share[4]	**0.3p**	1.1p

1. From continuing and discontinued operations. Refer to note 11 "Earnings per share and Net Assets Per Share" on page 41.
2. On a Group share basis. Refer to Property Data on page 56 for the Group's percentage ownership of property.
3. On a Group share basis. Refer to note 2 "Segmental Reporting" on page 32.
4. From continuing and discontinued operations. Refer to Consolidated Underlying Profit Statement on page 58.

ENQUIRIES

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A presentation to analysts and investors will take place today at 08.30am through a webcast on the Group's website www.capitalandcounties.com followed by an invited analyst Q&A.

A copy of this announcement is available for download from our website at www.capitalandcounties.com and hard copies can be requested via the website or by contacting the Company (feedback@capitalandcounties.com or telephone +44 (0)20 3214 9170).

OPERATING REVIEW

Valuations

The total property value of the Group decreased by 16.3 per cent (like-for-like) in the period to 30 June 2020 to £2.3 billion.

As at 30 June 2020, Covent Garden total property value was £2,165 million, representing a 17 per cent like-for-like decrease (31 December 2019: £2,596 million). Substantially all of the valuation movement relates to the retail, leisure and F&B portfolio which represents 75 per cent of total property value. The main contributors were a 12 per cent (like-for-like) decline in ERV to £95.5 million, yield expansion of 17 basis points to 3.82 per cent (equivalent basis) and the valuer's assumption on loss of near-term income (£31 million).

As required by the provisions of Royal Institution of Chartered Surveyors ("RICS") guidelines, the valuer has evaluated each Covent Garden property on an individual basis, rather than valuing the portfolio as a whole or in combinations of parts. The total valuation of the estate is £2.2 billion and represents the aggregated value of the individual properties, with no reflection of any additional estate premium which potential investors may ascribe to the concentrated and comprehensive nature of ownership within the estate. The predominantly freehold nature, concentrated ownership and scale of the estate as well as the portfolio mix may lead prospective purchasers to regard certain parts of the portfolio, for example by street, to have a greater value than the aggregate of the individual property values.

The property valuation of the Lillie Square joint venture as at 30 June 2020 was £138 million (Capco share), a 5 per cent decline (like-for-like) against the 31 December 2019 valuation of £177 million.

	Market Value 30 June 2020 £m	Market Value 31 December 2019 £m	Valuation Change Like-for-like[1]
Covent Garden	**2,165.4**	2,595.6	**(16.9)%**
Other[2]	**139.7**	178.6	**(5.0)%**
Group share of total property[3]	**2,305.1**	2,774.2	**(16.3)%**

1. Valuation change takes account of amortisation of tenant lease incentives, capital expenditure, fixed head leases and unrecognised trading surplus.

2. Represents the Group's interest in Lillie Square Joint Venture and certain related other assets held by Capco.

3. A reconciliation of the carrying value of investment, development and trading property to the market value is shown in note 12 'Property Portfolio'.

COVENT GARDEN

A world-class destination

The Covent Garden estate represents a carefully assembled portfolio in the heart of London's West End, comprising retail, dining, leisure and cultural space complemented by high quality offices and residential apartments. Through creative asset management and disciplined investment, Covent Garden has been established as an exceptional mixed-use portfolio of approximately 1.2 million square feet of lettable space, across 81 buildings and 548 units.

Supporting the reopening of retail and hospitality tenants

Capco began the year with a strong leasing pipeline and growth in tenant sales and footfall, however activity levels were significantly affected by the pandemic. By 23 March 2020 the majority of retail and F&B (food and beverage) tenants closed across the estate. Throughout this period of COVID-19 uncertainty, Capco's priority has been the health and safety of its people, customers and visitors.

As a long-term investor in the estate, Capco took early action ensuring the safety and security of Covent Garden whilst also providing support on a case-by-case basis to customers experiencing cash flow challenges as a result of COVID-19. These measures support the reopening of stores during this period of significant disruption, ensuring the business is well-positioned to benefit from a recovery and prosper over time. Bespoke solutions have been agreed which include rent deferrals, rent-free periods and other arrangements reflecting the position of each customer. For certain tenants who are experiencing short-term cash flow issues, rental agreements will be linked to turnover for the second half of the year in exchange for other provisions including lease extensions and greater landlord flexibility.

Capco's reopening strategy has a clear objective to provide its customers the confidence to reopen and encourage visitors to return, whilst protecting the estate and ensuring its prosperity over time. Covent Garden offers a pedestrianised open air environment and is well-positioned to recover as lock down measures are eased. Capco is implementing a number of marketing initiatives and collaborating with stakeholders to promote Covent Garden and the West End, encouraging a return of footfall to normal levels over time. The majority of retail and hospitality customers on the estate have now reopened. Whilst initial indicators are encouraging, the trading environment remains challenging and it is too early to predict when trading will return to previous levels whilst physical office occupancy remains significantly reduced, and with the ongoing travel restrictions and fragile consumer sentiment.

Operational performance

Since March 2020, four new brands have been signed. Jewellery brand Vashi signed on James Street for a new London flagship store. In the Market Building, Belgian chocolatier Neuhaus has agreed terms for its first London store as well as the signing of Bubblewrap. Al fresco Garden bar NaNas has opened from the Market Building and is operating on the East Piazza. Luxury retail operator Bucherer has proceeded with plans for expansion in the Royal Opera House Arcade and its opening is expected later this year. Ganni has opened its new flagship on Floral Street and will be joined by American Vintage later in the year. Fitness technology company Peloton continues the fit out of its European flagship training studio and retail store over four floors, and will live-stream classes to members worldwide.

Structural retail trends may be accelerated as a result of COVID-19, therefore high quality global locations remain key to retailers and F&B concepts when choosing locations around the world. Capco has transformed Covent Garden into a global destination having curated one of the strongest retail and dining line ups in the world in a heritage setting, positioning Covent Garden competitively as a global brand.

22 leasing transactions completed in the first half with a rental value of £2.7 million (H1 2019: £13.0 million). Underlying net rental income was £25.3 million for the first half of the year, down 22 per cent (like-for-like) compared to June 2019.

During this challenging period a small number of tenants have entered into administration representing £3.0 million of passing rent. EPRA vacancy has increased by 0.9 percentage points to 4.1 per cent (Dec 2019: 3.2 per cent). Approximately 12 per cent of ERV is in or is held for development or refurbishment (Dec 2019: 8 per cent).

Overall 71 per cent of rent has been collected in the first six months of the year compared to 99 per cent for the equivalent period in 2019. 98 per cent of Q1 2020 rents were collected. Rent collection for the March (Q2) and June (Q3) quarter rent dates has been significantly lower than normal levels with 44 per cent collected for the second quarter and 30 per cent to date for the third quarter.

The valuation of the estate decreased by 17 per cent like-for-like to £2.2 billion. Substantially all of the valuation movement relates to the retail, leisure and F&B portfolio which represents 75 per cent of total property value. The main contributors were a 12 per cent (like-for-like) decline in ERV to £95.5 million, yield expansion of 17 basis points to 3.82 per cent (equivalent basis) and the valuer's assumption on loss of near-term income (£31 million).

Capco remains confident in its tenant mix, continuing to focus on concepts with strong financial covenants, differentiated offerings, successful multi-channel programmes, close customer relationships and brands that recognise the value of high-profile locations with a complementary leisure and dining offering.

Stakeholder engagement and environment

Capco acts as a responsible owner of the estate. As the principal landowner of a globally recognised destination in London's West End, Capco works closely with a wide range of stakeholders. The heritage of Covent Garden is incredibly important to the West End, Capco therefore took early action to ensure the safety and security of the estate when government lockdown measures were announced with additional security presence deployed across the estate.

In preparation for the reopening in June an extensive cleaning and security regime was implemented. Retailers and restaurant owners optimised their units in line with government guidelines including marked queuing systems, social distancing signage and hand sanitiser stations.

Capco promotes a collaborative approach to working with local communities to ensure understanding and support of the business initiatives on the estate and provides support for selected charity partners. Capco has been working closely with local communities and continues to provide assistance to local charity partners in the West End. Financial aid has been provided to COVID-19 funds supporting homelessness, food banks, the elderly as well as hospitality and retail foundations. Capco has not furloughed any of its employees, nor has it taken up any other government support measures.

One of Covent Garden's key differentiators is its largely pedestrianised nature. In partnership with Westminster City Council, Capco has made enhancements to the public realm by introducing additional pedestrianised streets in the Covent Garden area to allow for greater freedom of movement and use of outdoor space. Newly pedestrianised streets include Henrietta Street, Floral Street, Maiden Lane and Tavistock Street alongside extended car-free hours for the Piazza and King Street. Further to this, there are additional outdoor seating areas across these streets for our restaurants, providing over 500 incremental outdoor covers across over 20 al fresco dining spots.

Capco aims to minimise the impact of operations on the environment by employing an active approach to air quality, congestion, environmental and sustainability issues, and implementing initiatives which improve the quality of the environment for the district, such as pedestrianisation and increasing greenery. In early 2020, environmental charity Hubbub had an interactive 'Pollution Pavilion' in Covent Garden to raise public awareness of air quality issues and encourage conversation about air pollution. The unique installation displayed large balloons that changed colour reflecting annual nitrogen dioxide data drawn from five different locations across London to help visitors visualise air pollution levels. As the pedestrianised heart of the capital, Covent Garden enjoys some of the best air quality in central London. Capco welcomes the new measures on pedestrianisation of additional streets which will further improve air quality and will help work towards a cleaner, greener capital.

Consumer engagement

Capco's strategic marketing approach places emphasis on the consumer and directly promotes the estate. Capco continued to engage directly with the consumer during the lockdown period with a digital outreach programme centred around 'Covent Garden at Home' content, bringing the best of the estate home to consumers.

A number of initiatives are being delivered to support the reopening of the estate including floating a rainbow above the Market Building, suspending 'Thank You NHS' flags on King Street and an art installation by British graphic artist Anthony Burrill entitled 'Love Hope & Joy'. Covent Garden now hosts a new al fresco, socially distanced dining area on the Piazza. With many of the area's restaurants open for take away, it provides the opportunity for visitors to dine outside in the heart of the West End. These initiatives have been well received by consumers with encouraging early indicators on footfall returning to the estate.

Capco continues to work closely with retail and dining brands as well as cultural partners to introduce engaging consumer pop ups. This includes a pop up concept operated by Oystermen on the West Piazza offering champagne and oysters.

Disciplined investment activity

Capco's ownership of the estate has expanded over time through disciplined capital allocation. Capco has a strong balance sheet and access to significant liquidity. Capco's extensive knowledge of the district, close network of contacts and proven track record mean Capco is often the best positioned to acquire properties, frequently off-market. There are a number of properties on or around the estate being actively tracked for acquisition and repositioning opportunities. There are also active asset management and refurbishment initiatives across the estate. These activities were interrupted during the lockdown period but have now resumed. 3 Henrietta Street is being transformed into an F&B townhouse and is now under offer. Following the acquisition of 5-6 Henrietta Street late last year, Capco is onsite refurbishing the office space. In addition vacant possession has been achieved of the lower parts of 36-39 Maiden Lane, another recent acquisition and are progressing asset management plans.

Capco continues to review proposals for the Wellington block, a scarce island site in central London, with various planning consents in place across multiple uses including offices on the upper floors with retail and restaurants on ground floor as well as consent for a hotel. Capco has secured an enhanced hotel planning consent extending the key count to 146.

OTHER INVESTMENTS

Acquisition of shareholding in Shaftesbury PLC

As announced on 30 May 2020, Capco agreed to acquire a 26.3 per cent shareholding in Shaftesbury across two tranches ("the Investment") for total consideration of £436 million, at a price of 540 pence per Shaftesbury share.

The Investment comprises the acquisition of 64.4 million shares for £347.7 million in cash, representing 20.94 per cent of Shaftesbury's shares, which completed on 3 June 2020 (the "First Tranche") and the acquisition of a subsequent tranche of approximately 16.3 million shares for £88.2 million in cash, representing 5.31 per cent of Shaftesbury's shares (the "Second Tranche").

Capco published a shareholder circular on 21 July in respect of the acquisition of the Second Tranche, which when aggregated with the First Tranche, constitutes a Class 1 transaction for the purposes of the Listing Rules and was therefore conditional on approval by shareholders at the General Meeting held on 10 August 2020. Shareholder approval was granted on 10 August 2020. The expected closing date of the Second Tranche is 13 August 2020.

The Shaftesbury Investment is a unique opportunity to acquire a significant stake in an exceptional mixed-use real estate portfolio, adjacent to Capco's world-class Covent Garden estate. It represents an attractive investment and entry price with an implied value of approximately £1,200 per square foot which the Directors believe will generate long-term value for Capco shareholders. The Investment is consistent with Capco's strategy to invest in complementary opportunities on or near the Covent Garden estate.

Earls Court deferred proceeds

£90 million of deferred consideration from the Earls Court sale was received in March 2020. In addition, a further £105 million of deferred consideration is expected to be received later this year with the balance of £15 million due in 2021.

Lillie Square

Capco owns 50 per cent of Lillie Square, a one million square foot (GEA) residential development located in West London. The development can deliver a total of over 600 private homes plus 200 affordable homes across three phases. Development of Lillie Square is well-progressed. Handover of Phase 1 sold units is complete, with a small number of units available.

The completion of Phase 2 continues with 66 units handed over in the first half of this year, representing £81 million of cash proceeds (£40 million Capco share).

A further 120 units remain in Phase 2, of which 93 have been pre-sold representing approximately £120 million of further proceeds (£60 million Capco share) which includes the previously announced bulk sale of 49 units representing £66 million (£33 million Capco share). The property valuation as at 30 June 2020 was £138 million (Capco share), a 5 per cent decline (like-for-like) against the 31 December 2019 valuation of £177 million. In addition, Capco owns £2 million of other related assets adjacent to the Lillie Square estate.

BOARD CHANGES

On 26 February 2020, Michelle McGrath joined the Board as an Executive Director of the Company.

Both Andrew Strang and Gerry Murphy did not seek re-election at the Company's AGM on 1 May 2020 and retired from the Board on that date.

OUTLOOK

It has been an extraordinary first six months of the year with significant market uncertainty and challenging trading conditions. Our financial position and experienced management have enabled Capco to take a proactive approach across the Covent Garden estate to protect long-term value and take advantage of market opportunities. Our decisive actions position the estate to benefit from a recovery and prosper over time. We are pleased with the determination and resilience shown by customers, staff and business partners through this challenging period.

Capco will continue to innovate on the estate and rebuild trade as restrictions are lifted and the West End gets back to business with the immediate priority focused on making sure our customers who have enjoyed excellent trade over the past few years reopen successfully and are provided with the setting which offers the best opportunity to gradually build back towards these levels. Capco will continue to seek efficiencies across the business and remain disciplined in the allocation of capital. There remain many challenges and an unpredictable economic environment resulting from COVID-19 and as the UK adjusts to Brexit but Capco is confident in the long-term prospects of the West End and the value of its unique investments.

FINANCIAL REVIEW

The COVID-19 pandemic has had a material impact on the financial results of the Group in the period, as evidenced by the 16.9 per cent like-for-like decline in the independent property valuation of the Covent Garden portfolio and a 41.3 per cent reduction in the Group's net rental income. Levels of cash collection have reduced significantly with rent collection for the March (Q2) and June (Q3) quarter rent dates being significantly lower than normal levels with 44 per cent collected for the second quarter and 30 per cent for the third quarter. Overall 71 per cent of rent has been collected in the first six months of the year compared to 99 per cent for the equivalent period in 2019.

In view of disruption to tenant revenues, bespoke support has been provided on a case-by-case basis which includes rent deferrals, rent-free periods and other arrangements reflecting the position of each customer. For certain tenants experiencing short-term cash flow issues, rental agreements will be linked to turnover for the second half of the year in exchange for other provisions such as lease extensions. The accounting treatment for the tenant support, which results in some divergence between net rental income on a reported and cash flow basis, is as follows:

- In relation to rent deferrals, the rental income is recognised as normal with the deferred rent receivable balance remaining in trade receivables until settled. The balance is assessed for impairment at each balance sheet reporting date.
- Rent-free periods are generally considered to constitute a lease modification under IFRS 16 with the cost deferred over the remaining lease term, in line with current accounting for tenant lease incentives. The balance will be assessed for impairment at each reporting date. On entering into a lease modification any initial direct costs associated with the lease, including surrender premia previously paid, are derecognised.
- Turnover-linked rents are recorded in the period in which they are earned.

This has resulted in a £12.8 million reduction compared to June 2019 in net rental income driven by £1.4 million derecognition of initial direct costs associated with entering into lease modifications, £5.7 million impairment of tenant lease incentives and £5.8 million bad debt expense. The amount of initial direct costs derecognised is expected to be higher in the second half of the year as the legal documentation of additional support is completed. If the level of tenant failures is higher than expected, impairment of tenant incentives and bad debt expense would also be expected to increase.

Despite the impact of COVID-19, the Group is well-positioned with a clear focus to grow its property investment business centred around the West End, supported by a strong balance sheet. With loan to value of 32 per cent, net debt to gross assets of 26 per cent and cash and undrawn facilities of £616 million, the Group has the ability to withstand market volatility, capitalise on investment opportunities and deliver long-term shareholder value.

This was highlighted in the period with the acquisition of a significant stake in Shaftesbury PLC. The first tranche of this investment in relation to a 20.94 per cent shareholding completed on 3 June 2020 for total consideration of £347.7 million. A second tranche of 5.31 per cent, for £88.2 million, is scheduled to complete on 13 August 2020.

Covent Garden accounts for 94 per cent of the property value as measured by the Group's share of total investment, development and trading property. The property valuation of the Covent Garden estate has decreased by 16.9 per cent (like for like) to £2,165 million as a result of a 11.9 per cent decline in ERV to £95.5 million, yield expansion of 17 basis points to 3.82 per cent (equivalent basis) including the valuer's assumption on loss of near-term income of £31 million.

Phase 2 of Lillie Square completed with 66 units handed over during the first half generating proceeds of £40 million (Group share). A further 93 of the remaining 120 apartments in phase 2 have been pre-sold, representing further proceeds of £60 million (Capco share); this includes the previously announced bulk sale of 49 apartments.

In March 2020, £89.7 million of deferred consideration was received in relation to the sale of Earls Court. £105.0 million is due by the end of 2020 and £15.3 million by the end of 2021.

Overall EPRA NTA (net tangible assets) per share decreased by 17.9 per cent during the period, from 292.9 pence at 31 December 2019 to 240.5 pence. Combined with the 1.0 pence dividend paid to shareholders during the period, the total return for the period is -17.5 per cent. Total shareholder return for the period, reflecting movement in the share price together with the value of dividends, was -43.8 per cent.

Underlying earnings from continuing activities were £2.5 million compared to £4.5 million for 30 June 2019, reflecting the reduction in net rental income referred to above. A decision on dividend payments for 2020 has been deferred until the year end.

Basis of preparation

As required by IFRS 11 'Joint Arrangements' the Group presents its joint ventures under the equity method in the condensed consolidated financial statements. The Group's interest in joint ventures is disclosed as a single line item in both the consolidated balance sheet and consolidated income statement rather than proportionally consolidating the Group's share of assets, liabilities, income and expenses on a line by line basis.

The Group uses Alternative Performance Measures ("APMs"), financial measures which are not specified under IFRS, to monitor the performance of the business. These include a number of the Financial Highlights shown on page 2. Many of the APMs included are based on the EPRA Best Practice Recommendations reporting framework which aims to improve the transparency, comparability and relevance of published results of public real estate companies in Europe. Effective from 1 January 2020 EPRA net asset value ("EPRA NAV") and EPRA triple net asset value ("EPRA NNNAV") have been replaced by three new net asset valuation metrics, being EPRA Net Reinstatement Value ("EPRA NRV"), EPRA Net Tangible Assets ("EPRA NTA") and EPRA Net Disposal Value ("EPRA NDV"). EPRA NTA is considered to be the most relevant measure for the Group's operating activity and is the primary measure of net asset value replacing the metric EPRA NAV previously reported. These measures have been adopted with the comparator period shown in note 11.

Another key performance measure the Group uses is underlying earnings which provides useful supplementary information as it removes unrealised and certain other items and therefore represents the recurring, underlying performance of the business. Items that are excluded are net valuation gains/losses (including profits/losses on disposals), fair value changes, impairment charges, net refinancing charges, costs of termination of derivative financial instruments and other non-recurring costs and income. Due to the impact of COVID-19 the APM has been reviewed and it has been determined to remove impairment of tenant incentives and derecognition of initial direct costs of entering into lease modifications from underlying earnings for the six months ended 30 June 2020 and subsequent reporting periods. These relate to non-cash items within rental expenses. Underlying earnings is reported on a Group share basis.

A summary of EPRA performance measures and key Group measures included within these financial statements is shown on pages 59 and 60.

Internally the Board focuses on and reviews information and reports prepared on a Group share basis, which includes the Group's share of joint ventures, as this represents the economic value attributable to the Company's shareholders. In order to align with the way the Group is managed this financial review presents the financial position, performance and cash flow analysis on a Group share basis.

Discontinued operation

On 29 November 2019, the Group completed the sale of its interests in Earls Court, excluding Lillie Square, to APG and Delancey (on behalf of its client fund) for £425 million. As Earls Court Properties represented a major line of business, its results and cash flows have been reported in the comparator period 1 January 2019 to 29 November 2019 as having arisen from a discontinued operation. Further information on the disposal of the Earls Court Properties business is set out in note 9 'Discontinued Operation'.

FINANCIAL POSITION

At 30 June 2020 the Group's EPRA NTA was £2.1 billion (31 December 2019: £2.5 billion) representing 240.5 pence per share (31 December 2019: 292.9 pence).

SUMMARY ADJUSTED BALANCE SHEET

	30 June 2020		
	Group Share	**Joint ventures[1]**	**IFRS**
	£m	**£m**	**£m**
Investment, development and trading property	**2,248.7**	**(127.2)**	**2,121.5**
Financial assets at fair value through profit or loss	**339.6**	**-**	**339.6**
Net debt	**(720.5)**	**8.6**	**(711.9)**
Other assets and liabilities[2]	**160.4**	**111.2**	**271.6**
Net assets attributable to owners of the Parent	**2,028.2**	**(7.4)**	**2,020.8**
Adjustments:			
Fair value of derivative financial instruments			**11.6**
Unrecognised surplus on trading property			**10.4**
Revaluation of other non-current assets			**11.4**
Deferred tax adjustments			**(2.3)**
EPRA net tangible assets value			**2,051.9**
EPRA net tangible assets value per share (pence)[3]			**240.5**

1. Primarily Lillie Square.

2. IFRS includes amounts receivable from joint ventures which eliminate on a Group share basis.

3. Adjusted, diluted number of shares in issue at 30 June 2020 was 853.1 million.

	31 December 2019		
	Group Share	Joint ventures[1]	IFRS
	£m	£m	£m
Investment, development and trading property	2,706.8	(161.3)	2,545.5
Net debt	(441.8)	38.0	(403.8)
Other assets and liabilities[2]	222.1	113.7	335.8
Net assets attributable to owners of the Parent	2,487.1	(9.6)	2,477.5
Adjustments:			
Fair value of derivative financial instruments			3.6

Unrecognised surplus on trading property	15.9
Revaluation of other non-current assets	9.6
Deferred tax adjustments	(0.8)
EPRA net tangible assets value	2,505.8
EPRA net tangible assets value per share (pence)[3]	292.9

1. Primarily Lillie Square.

2. IFRS includes amounts receivable from joint ventures which eliminate on a Group share basis.

3. Adjusted, diluted number of shares in issue at 31 December 2019 was 855.5 million.

Investment, development and trading property

The Group share of investment, development and trading property carrying value has decreased from £2,706.8 million at 31 December 2019 to £2,248.7 million. This movement comprises capital expenditure and acquisitions of £13.4 million offset by disposals at Lillie Square of £38.8 million, a revaluation loss of £431.9 million and write down of trading property of £0.8 million. Capital expenditure of £6.9 million at Covent Garden relates to a number of smaller projects and the Lillie Square spend of £5.5 million was in relation to final construction and fit out of phase 2 of the development which completed during the period.

The IFRS loss on revaluation of investment and development property was £431.6 million which relates predominantly to the Covent Garden portfolio. The portfolio valuation reduced by 16.9 per cent like for like with substantially all the valuation movement relating to the retail, leisure and F&B portfolio which represents 75 per cent of total property value. The main drivers for the valuation loss were an 11.9 per cent (like-for-like) decline in ERV to £95.5 million, yield expansion of 17 basis points to 3.82 per cent (equivalent basis) and the valuer's assumption on loss of near-term income of £31 million.

The unrecognised surplus on trading property declined by £5.5 million, and together with the revaluation on investment and development property the total revaluation loss was £438.9 million representing a 16.3 per cent decrease in value, which compares with the MSCI Capital Return for the equivalent period of a 6.2 per cent loss.

Total property return for the period was -15.3 per cent. The MSCI Total Return Index recorded a 3.7 per cent loss for the corresponding period.

Trading property is carried on the consolidated balance sheet at the lower of cost and net realisable value, therefore valuation surpluses on trading property are not recorded. Any unrecognised surplus is however reflected within the EPRA net tangible assets value measure. At 30 June 2020, the unrecognised surplus on trading property was £10.4 million (31 December 2019: £15.9 million) which arises solely on the Group's share of trading property at Lillie Square.

Financial assets at fair value through profit or loss

During the period the Group acquired 64.4 million shares representing a 20.94 per cent shareholding in Shaftesbury PLC ("the Investment") for £347.7 million reflecting an acquisition share price of 540 pence per share. The acquisition was funded fully through a drawdown of the Covent Garden revolving credit facility. The change in fair value of listed equity investment of a loss of £8.0 million reflects the movement in the investment share price from acquisition to the reporting date.

The Group has entered into an agreement to acquire a further 16.3 million shares representing a 5.31 per cent shareholding for £88.2 million which, when aggregated with the first tranche of 20.94 per cent, constitutes a Class 1 transaction for the purpose of the FCA Listing Rules. The shareholder approval condition was satisfied on 10 August 2020 and the acquisition is expected to complete on 13 August 2020.

Debt and gearing

The Group maintains a strong balance sheet targeting diversified sources of funding, an appropriate level of leverage, headroom against debt covenants, access to substantial liquidity, limited capital commitments, a balanced debt maturity profile and appropriate hedging against movements in interest rates.

The Group's cash and undrawn committed facilities at 30 June 2020 were £616.3 million (31 December 2019: £895.2 million). A reconciliation between IFRS and Group share is shown below:

	30 June 2020			31 December 2019		
	Group Share £m	**Joint ventures[1] £m**	**IFRS £m**	Group Share £m	Joint ventures[1] £m	IFRS £m
Cash and cash equivalents	**320.1**	**(25.1)**	**295.0**	170.6	(17.5)	153.1
Undrawn committed facilities	**296.2**	**(31.2)**	**265.0**	724.6	(9.6)	715.0
Cash and undrawn committed facilities	**616.3**	**(56.3)**	**560.0**	895.2	(27.1)	868.1

1. Primarily Lillie Square.

Net debt increased by £278.7 million to £720.5 million, principally as a result of receipt of £89.7 million deferred consideration on the Earls Court sale, £40 million sales proceeds on the handover of 66 flats at Lillie Square offset by drawdown of £450 million on the Covent Garden revolving credit facility in order to facilitate the acquisition of the Investment in Shaftesbury PLC.

The gearing measure most widely used in the industry is loan to value ("LTV"). LTV is calculated on the basis of net debt divided by the carrying value of the Group's property portfolio. The LTV of 32.0 per cent remains comfortably within the Group's limit of no more than 40 per cent.

In order to address the fact that LTV does not take into account the value of the shareholding in Shaftesbury PLC, an additional measure of net debt to gross assets has also been included. As at 30 June 2020, this ratio stood at 25.5 per cent.

	30 June 2020	31 December 2019
Loan to value - Group	**32.0%**	16.3%
Loan to value - Covent Garden debt covenant	**36.0%**	21.3%
Interest cover - Group	**125.7%**	130.8%
Interest cover - Covent Garden debt covenant	**158.6%**	292.7%
Net debt to gross assets	**25.5%**	14.7%
Weighted average debt maturity	**4.4 years**	4.9 years
Weighted average cost of debt	**2.6%**	3.0%
Gross debt with interest rate protection	**92%**	91%

The Group's policy is to eliminate substantially the medium and long-term risk arising from interest rate volatility. The Group's banking facilities are arranged on a floating rate basis but are generally swapped to fixed rate or capped using derivative contracts. At 30 June 2020 the proportion of gross debt with interest rate protection was 92 per cent (31 December 2019: 91 per cent) and £255 million of the revolving credit facility was undrawn.

The Group remains compliant with all of its debt covenants, details of which are set out on page 59. The principal financial covenants within the Covent Garden debt are to maintain a loan to value ratio of not more than 60 per cent and an interest cover ratio of at least 120 per cent.

Due to the anticipated impact on net rental income of COVID-19, a waiver of the Covent Garden Group interest cover covenant has been agreed with the Covent Garden lenders in relation to the period up to and including 31 December 2020. Due to the potential impact of future Government restrictions (for example additional periods of lock down during the going concern period), the Group will monitor the situation closely and taking into account other possible mitigating actions, will seek interest cover covenant waivers in relation to future periods if required. Further details on the going concern assessment are included in note 1 "Principal accounting policies".

At 30 June 2020 the Group had capital commitments of £93.0 million (£13.6 million at 31 December 2019). Capital commitments consist of £3.4 million for Covent Garden, £1.4 million for Lillie Square and £88.2m for the second tranche of the Shaftesbury shares.

	30 June 2020			31 December 2019		
	Group Share £m	**Joint ventures[1] £m**	**IFRS £m**	Group Share £m	Joint ventures[1] £m	IFRS £m
Capital commitments	**93.0**	**(1.4)**	**91.6**	13.6	(6.6)	7.0

1. Primarily Lillie Square.

CASH FLOW

A summary of the Group's cash flow for the period ended 30 June 2020 is presented below:

SUMMARY CASH FLOW

	30 June 2020		
	Group Share £m	**Joint ventures[1] £m**	**IFRS £m**
Operating cash flows after interest and tax	**(31.9)**	**5.7**	**(26.2)**
Purchase and development of property, plant and equipment	**(12.5)**	**5.8**	**(6.7)**
Transactions with joint venture partners	**(0.3)**	**(0.4)**	**(0.7)**
Net sales proceeds from discontinued operations	**89.7**	**–**	**89.7**
Net sales proceeds from property and investments	**41.8**	**(41.4)**	**0.4**
Equity investment acquisition	**(347.7)**	**–**	**(347.7)**
Net cash flow before financing	**(260.9)**	**(30.3)**	**(291.2)**

Financing	**427.5**	**22.5**	**450.0**
Share buyback	**(11.8)**	**–**	**(11.8)**
Dividends paid	**(4.6)**	**–**	**(4.6)**
Other	**(0.8)**	**0.3**	**(0.5)**
Net cash flow	**149.4**	**(7.5)**	**141.9**

1. Primarily Lillie Square.

	Re-presented 30 June 2019[1]		
	Group share £m	Joint ventures[1] £m	IFRS £m
Operating cash flows after interest and tax from continuing activities	(2.0)	(6.4)	(8.4)
Purchase and development of property, plant and equipment	(38.4)	18.1	(20.3)
Transactions with joint venture partners	(1.2)	(1.0)	(2.2)
Net sales proceeds from discontinued operation	(0.3)	–	(0.3)
Net sales proceeds from property and investments	49.5	(0.9)	48.6
Net cash flow before financing from continuing activities	7.6	9.8	17.4
Financing	39.4	(14.4)	25.0
Transactions with discontinued operation	(2.6)	–	(2.6)
Dividends paid	(7.5)	–	(7.5)
Other	0.2	–	0.2
Net cash flow from continuing activities	37.1	(4.6)	32.5
Net cash flow from discontinued operation	1.8	–	1.8
Net cash flow	38.9	(4.6)	34.3

1. The comparative period has been re-presented to present the discontinued operation separately from continuing operations. Details of the discontinued operation are disclosed within note 9 'Discontinued operation'.

2. Primarily Lillie Square.

Operating cash outflows of £31.9 million are as a result of net working capital requirements impacted by the reduced cash collections in the period leading to increased rent receivable balance as well as a reduction in payables due to the payment of transaction-related costs for the sale of Earls Court accrued at year end.

During the year, £6.7 million was invested at Covent Garden for capital expenditure on a number of small projects. At Lillie Square, £5.8 million was incurred for the construction and fit-out of Phase 2.

The handover of 66 apartments of phase 2 and one apartment of phase 1 at Lillie Square generated £41.4 million (Group share) of net sales proceeds from property. Funds were used partly to repay £22.5 million (Group share) of the Lillie Square debt.

£89.7 million of deferred consideration from the Earls Court sale was received in March 2020 on an accelerated basis based on certain contractual triggers.

£347.7 million cash outflow was incurred on the purchase of the 20.94 per cent shareholding in Shaftesbury PLC. This was funded by a £450 million drawdown of the Covent Garden revolving credit facility, which provides sufficient liquidity to complete the 20.94 per cent acquisition as well as the subsequent 5.31 per cent purchase for £88.2 million.

As announced on 26 February 2020 the Group undertook a share buyback programme with the intention of returning up to £100 million to shareholders. £11.8 million was returned to shareholders before the decision was made to suspend the programme in March 2020 due to the uncertainty of COVID-19 and then not to complete the programme due to the acquisition of the shareholding in Shaftesbury PLC.

Dividends paid of £4.6 million reflect the final dividend payment made in respect of the 2019 financial year. This was lower than the previous year due to a higher level of take-up of the scrip dividend alternative, 46 per cent versus 12 per cent for the dividends in 2019.

IFRS cash and cash equivalents increased by £141.9 million to £295.0 million.

FINANCIAL PERFORMANCE

The Group presents underlying earnings and underlying earnings per share in addition to the amounts reported on a Group share basis. The Group considers this presentation to provide useful information as it removes unrealised and certain other items and therefore represents the recurring, underlying performance of the business.

SUMMARY INCOME STATEMENT

	30 June 2020		
Continuing operations	**Group Share £m**	**Joint ventures[1] £m**	**IFRS £m**
Net rental income	**18.2**	**(0.1)**	**18.1**
Loss on revaluation and sale of investment and development property	**(431.8)**	**0.2**	**(431.6)**

Change in fair value of financial assets though profit or loss	**(8.0)**	**–**	**(8.0)**
Administration expenses	**(16.6)**	**–**	**(16.6)**
Net finance costs	**(10.4)**	**–**	**(10.4)**
Taxation	**0.6**	**–**	**0.6**
Other[2]	**5.3**	**2.1**	**7.4**
Loss for the period attributable to owners of the Parent from continuing operations	**(442.7)**	**2.2**	**(440.5)**
Adjustments[3]:			
Loss on revaluation and sale of investment and development property			**431.6**
Change in fair value of derivative financial instruments			**8.0**
Change in fair value of financial assets though profit or loss			**8.0**
Administration expenses – non-underlying			**4.4**
Net rental income – non-underlying			**7.1**
Other**[2]**			**(16.5)**
Taxation on non-underlying items			**0.4**
Underlying earnings from continuing operations			**2.5**
Underlying earnings from discontinued operations			**–**
Underlying earnings			**2.5**
Underlying earnings per share (pence):			
From continuing operations			**0.3**
From discontinued operation			**–**
Underlying earnings per share (pence)			**0.3**
Weighted average number of shares			**853.0m**

1. Lillie Square and Innova Investment.

2. Includes write-back of other receivables, profit on sale of trading property and other finance income.

3. Further details regarding the EPRA and Company specific adjustments are disclosed within note 11 'Earnings Per Share and Net Assets Per Share'.

	Re-presented 30 June 2019[1]		
Continuing operations	Group share £m	Joint Ventures[2] £m	IFRS £m
Net rental income	31.0	–	31.0
Gain on revaluation and sale of investment and development property	11.1	–	11.1
Administration expenses	(18.0)	(0.4)	(18.4)
Net finance costs	(10.4)	–	(10.4)
Taxation	(2.4)	(0.1)	(2.5)
Other[3]	(20.1)	(1.7)	(21.8)
Loss for the period attributable to owners of the Parent from continuing operations	(8.8)	(2.2)	(11.0)
Adjustments[4]:			
Gain on revaluation and sale of investment and development property			(11.1)
Administration expenses – non-underlying			3.9
Other**[3]**			22.7
Taxation on non-underlying items			0.9
Underlying earnings from continuing operations			5.4
Underlying earnings from discontinued operations			(0.9)
Underlying earnings			4.5
Underlying earnings per share (pence):			
From continuing operations			0.6
From discontinued operation			(0.1)
Underlying earnings per share (pence)			0.5
Weighted average number of shares			853.7m

1. The comparative period has been re-presented to present the discontinued operation separately from continuing operations. Details of the discontinued operation are disclosed within note 9 'Discontinued operation'.

2. Lillie Square and Innova Investment.

3. Includes impairment of other receivables and other finance income.

4. Further details regarding the EPRA and Company specific adjustments are disclosed within note 11 'Earnings Per Share and Net Assets Per Share'.

Net rental income

Net rental income has decreased by £12.8 million to £18.2 million, driven by significantly higher rental expenses during this period of disruption caused by COVID-19. Rental expenses during the period includes a £1.4 million derecognition of initial direct costs associated with entering into lease modifications, a £5.7 million impairment of tenant lease incentives and £5.8 million of bad debt expense. The increased impairment of tenant lease incentives and bad debt expense reflects an increase in tenant failures and challenging market conditions. During the period a small number of tenants entered into administration representing £3.0 million of passing rent. The full impact of the loss of income will be reflected in the full year results.

£0.4 million of additional costs have been incurred in the period for increased security, cleaning and protective equipment for the Estate.

Loss on revaluation and sale of investment and development property

The loss on revaluation of the Group's investment and development property was £431.8 million. The loss is predominantly as a result of 11.9 per cent (like for like) decline in ERV, an outward yield movement of 17 basis points, resulting in an equivalent yield of 3.82 per cent, and other movements including the valuer's assumption on loss of near-term income of £31 million.

Administration expenses

Administration expenses have decreased by £1.4 million from £18.0 million to £16.6 million. Underlying administration costs were £12.2 million, excluding the impact of £4.4 million of transaction-related costs incurred in the period. In the prior period £3.9 million of costs associated with the potential demerger were incurred.

The Group is targeting underlying administration costs of £20 million for the 2021 financial year, and notwithstanding disruption to business activity caused by COVID-19, progress towards this has been made through the first six months of the year. Further rationalisation of office locations and consolidation of Group activities are expected during the second half.

Net finance costs

Net finance costs increased by £0.1 million to £10.5 million, due to additional interest expense on the revolving credit facility due to the drawdown of £450 million in May 2020. The increased interest payable has been offset in part by additional interest receivable due to higher levels of cash on deposit.

Taxation

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

As a UK REIT, the Group is exempt from UK corporation tax on income and gains from qualifying activities. As a minimum, 90 per cent of the income arising from qualifying activities is required to be distributed as a Property Income Distribution ("PID") to the shareholders of the Group. Non-REIT activities, such as disposals of trading property, are subject to UK corporation tax in the normal way. A tax charge can arise for the Group at 19 per cent if the minimum PID requirement is not met within 12 months of the end of the period. If the Group does not pay a PID in 2020 in relation to income arising on qualifying activities during the 23 day period from 9 December 2019 to 31 December 2019, a £0.1 million tax charge is expected to arise.

The UK REIT provisions also require a group to satisfy interest cover and balance of business tests to avoid a tax charge or the loss of REIT status. Due solely to the impact of COVID-19 on the Group, it is possible that the interest cover test and the balance of business income test may not be met for the year to 31 December 2020. HMRC has indicated that it is not within the intention of the REIT regime to issue a tax charge or a termination notice where it can be established that COVID-19 is the reason for the breach. As this would be the case for the period to 31 December 2020, the Group does not anticipate a tax charge arising, or for there to be a material risk to the Group's REIT status, due to these tests not being met. The Group is confident that all other REIT requirements will continue to be met through 2020.

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

Tax on underlying profits of the Group was a charge of £0.4 million which arose mainly due to deferred tax movements in relation to share based payments. The main rate of corporation tax remained unchanged at 19 per cent throughout the period. The UK corporation tax rate had been due to fall to 17 per cent with effect from 1 April 2020, however following the Budget held on 11 March 2020, the UK corporation tax rate remained at 19 per cent.

A disposal of the Group's trading properties at their market value, before the utilisation of carried forward available losses, would result in a UK corporation tax charge to the Group of £2.0 million (19 per cent of £10.4 million).

The provisions of IAS 12 provide for the recognition of a deferred tax asset where it is probable there will be future taxable profit against which a deductible temporary difference can be utilised. As a result of the application of this provision, the Group has not recognised the deferred tax asset on certain losses carried forward.

Dividends

Given current market conditions and the significant uncertainties due to COVID-19, the Board has taken the decision to not declare an interim dividend. It is intended that the Company will recommence dividend payments as soon as it is considered appropriate, maintaining the target of a progressive dividend policy in line with growth in underlying earnings over time.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The Board has overall responsibility for Group risk management. It determines its risk appetite and reviews principal risks and uncertainties regularly, together with the actions taken to mitigate them. The Board has delegated responsibility for the review of the adequacy and effectiveness of the Group's internal control framework to the Audit Committee.

Risk is a standing agenda item at management meetings. This gives rise to a more risk aware culture and consistency in decision making across the organisation in line with the corporate strategy and risk appetite. All corporate decision making takes risk into account, in a measured way, while continuing to drive an entrepreneurial culture.

The Executive Directors are responsible for the day-to-day operational and commercial activity across the Group and are therefore responsible for the management of business risk. The Executive Risk Committee, comprising the Executive Directors, the Group Legal Director and the Group Financial Controller, is the executive level management forum for the review and discussion of risks, controls and mitigation measures. The corporate and business division risks are reviewed on a quarterly basis by the Executive Risk Committee so that trends and emerging risks can be identified and reported to the Board.

Senior management from each part of the business identify and manage the risks for their division or function and complete and maintain a risk register. The severity of each risk is assessed through a combination of each risk's likelihood of an adverse outcome and its impact. In assessing impact, consideration is given to financial, reputational and regulatory factors, and risk mitigation plans are established. A full risk review is undertaken annually in which the risk registers are aggregated and reviewed by the Executive Risk Committee. The Directors confirm that they have completed a robust assessment of the principal risks faced by the business, assisted by the work performed by the Executive Risk Committee.

The Group's principal risks and uncertainties, which are set out on the following pages, are reflective of where the Board has invested time during the period. These principal risks are not exhaustive. The Group monitors a number of additional risks and adjusts those considered 'principal' as the risk profile of the business changes. See also the risks inherent in the compilation of financial information, as disclosed within the Annual Report & Accounts 2019 and note 1 'Principal Accounting Policies', within 'Critical accounting judgements and key sources of estimation and uncertainty'.

In recent years the UK has experienced heightened economic and political uncertainty. The UK is now in a transition period after leaving the EU on 31 January 2020 with discussions around trade and other arrangements expected to continue throughout the year. Uncertainty remains as to the outcome of those discussions, in particular in relation to international trade arrangements and the overall impact on the UK economy. As a result there may be continued volatility in consumer, occupier and broader corporate behaviour and decision-making. The risk of a disorderly outcome remains and will continue to be a relevant consideration for decision-making.

Whilst the impact on the Group's business and the market remains uncertain, the Board continues to monitor this carefully and has assessed risks to the business that may result from the UK leaving the EU. The main areas that may affect the Group directly are:

- the impact on the London and UK economy, including exchange rate volatility and potential disruption in the financial markets
- the impact on current and prospective tenants, whether it be on management of their inventory, workforce labour, tariffs or other barriers, and the impact on consumer demand (for example due to travel disruption) leading to reduced rents and capital values

The COVID-19 pandemic is a global crisis that has brought about unprecedented challenges and disruption to our tenants and business. Understanding the effects of the crisis and the impact on the Group's business and the market remains critical and the Board continues to monitor this carefully.

COVID-19 has resulted in a significant reduction in levels of footfall and activity across the Covent Garden estate, due primarily to Government restrictions, significantly lower levels of local and international travel, and changing tenant and consumer behaviour. The significant reduction in visitor numbers and store revenues for our tenants has led to a large number of them experiencing cash flow pressures and, in turn, reduced rental collection rates. Challenging occupier and investment market conditions have had a negative impact on property valuations and rental values.

The long term impact of COVID-19 on future demand for and use of lettable space, evolution of consumer behaviour (including an acceleration of trends in online shopping) and travel patterns could have further implications for the real estate market and our portfolio. In view of the unpredictable nature of the pandemic, further policy measures and Government guidance will be monitored closely together with the impact of related emerging risks. The Company has a strong balance sheet and access to cash and undrawn facilities of £616 million as at 30 June 2020 and has performed a severe but plausible downside forecast as part of its going concern assessment. In a downside scenario, and before taking into account mitigating factors, there is limited headroom on the interest cover ratio covenant during the going concern period. The possibility of a covenant breach in the event for instance that there is a further period of severe and prolonged disruption caused by COVID-19 during the going concern period, represents a material uncertainty which may cast a significant doubt on the Group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis and further details on the Directors' assessment of going concern is set out in note 1 "Principal Accounting Policies'.

Our response to COVID-19 has been to prioritise the health and safety of our people, customers and visitors, while working co-operatively and in a co-ordinated manner with our stakeholders to protect and promote Covent Garden and the West End, encouraging a return of footfall to more normalised levels over time.

A COVID committee was established in March 2020 to help co-ordinate the Company's response to the pandemic. The committee, led by the Chief Executive and comprising senior management and those responsible for key areas of operational activity, meets regularly to discuss issues around COVID-19, to assess the impact on the business, and approve decisions and actions promptly. In addition the leadership team across the business has discussed relevant matters as a group several times each week during the crisis. The Board receives weekly updates and has met a number of times, in order to provide appropriate oversight and governance. In recent weeks the committee has been focused on plans for an easing of lockdown restrictions, reopening of the Covent Garden estate in a safe manner and ensuring that the business is positioned to support tenants and other stakeholders during this transition.

As a result of the Company's internal risk assessment process, it has been determined that COVID-19 should not be viewed as a separate principal risk but rather an overarching set of circumstances which have a significant impact on all of our principal risks. Across the business we have seen an intensification in our principal risks as a result of COVID-19 and our focus has been on implementing appropriate measures on a timely basis to mitigate this impact.

During the period, the Group acquired a 20.94 per cent shareholding ("first tranche") in Shaftesbury PLC ("the Investment") with an additional 5.31 per cent shareholding ("second tranche") to be acquired subject to shareholder approval. Shareholder approval was granted on 10 August 2020. The expected closing date of the second tranche is 13 August 2020.

Due to the listed nature of the investment, the market price of Shaftesbury PLC shares may be volatile and subject to wide fluctuations as a result of a variety of factors, including, but not limited to, Shaftesbury PLC operating results, financial position, performance or prospects.

Although the Group owns a minority interest, the investment represents a material proportion of the Group's value. The terms of the Investment do not provide us with the ability to influence the strategic direction of Shaftesbury PLC, or its financial or operating performance, as our influence is limited to the extent of our voting rights in respect of matters requiring approval of Shaftesbury PLC's shareholders. The interests of other shareholders in Shaftesbury PLC may not always be aligned with those of the Group.

The operational and business risks faced by Shaftesbury PLC are similar to those faced by the Group which are set out in the tables below, but the steps taken to address and respond to any such risks by Shaftesbury PLC may be different and are outside of the control of the Group.

A summary of the impact on our principal risks as well as the measures we have put in place to mitigate this impact is set out in the tables below.

Emerging risks

The Group monitors its emerging risks and considers mitigating actions which the Group currently deploys and could deploy with regards to these emerging risks. Emerging risks include the impact of climate change, the longer term implications of COVID-19 including on consumer behaviour and changes to the way in which real estate will be used in the future, as well as changes to tax and economic policy impacting real estate (including capital gains, VAT and other sales taxes, stamp duty and business rates).

CORPORATE

Risk	Impact on strategy	Mitigation
Economic conditions		
Decline in real estate valuations due to macroeconomic conditions Decline in fair value of listed investments held Relative attractiveness of other asset classes or locations Inability of the Group to adopt the appropriate strategy or to react to changing market conditions or changing consumer behaviour	Reduced return on investment and development property Reduced return on listed investments Higher finance costs Reduced profitability	Focus on prime assets Regular assessment of investment market conditions including bi-annual external valuations Regular strategic reviews Strategic focus on creating retail-led destinations and residential districts with unique attributes

COVID-19 impact and measures to mitigate

Impact:

COVID-19 has resulted in high levels of macroeconomic and market uncertainty and volatility. This uncertainty combined with a significant reduction in footfall due to Government action has led to a reduction in rental income and property valuations.

Travel restrictions, both international and local, have had a significant impact on footfall and business activity on the Estate.

The Group focuses on prime assets in the West End of London primarily in the retail and hospitality sector. Travel restrictions, changing consumer behaviour and other factors may accentuate portfolio concentration risk in terms of geographical location and asset class exposure.

The increased risk of an economic downturn as a result of COVID-19 could further impact demand for space and consumer spending patterns.

Measures to mitigate:

We remain in regular dialogue with our tenants to understand their financial position and provide support where needed. Rental support has been provided to retail and hospitality tenants experiencing cash flow pressures, with rental agreements being adjusted on a case-by-case basis to include deferrals and turnover-linked arrangements where appropriate.

The Group remains in regular dialogue with local authorities to understand future plans and work constructively to position the Estate in the best possible manner to benefit from a recovery and prosper over the medium term.

The Group has had a long-term focus on maintaining a strong balance sheet, with sufficient liquidity, and continues to do so to ensure it is able to withstand market volatility and take advantage of opportunities.

Limited business interruption insurance is held by the Group and is currently being assessed for applicability to the COVID-19 impacts.

Extensive forecasting, stress testing and modelling of various scenarios has been undertaken, including sensitivities arising from the COVID-19 pandemic to help plan for future impacts on the business.

Funding

Lack of availability or increased cost of debt or equity funding	Reduced financial and operational flexibility Increased cost of borrowing Delay to development works Constrained growth, lost opportunities	Maintain appropriate liquidity to cover commitments Target longer and staggered debt maturities, and diversified sources of funding Consideration of early refinancing Covenant headroom monitored and stress tested Derivative contracts to provide interest rate protection Development phasing to enable flexibility and reduce financial exposure

COVID-19 impact and measures to mitigate

Impact:

Reduction in net rental income and property valuation as well as increased finance costs as a result of COVID-19 has increased the risk of the Group having limited headroom against or not meeting its financial covenants.

Measures to mitigate:

Funding, debt and treasury metrics are monitored on a continual basis with a focus on preserving liquidity and capital. Extensive forecasting, stress testing and modelling of various scenarios has been undertaken, including sensitivities arising from the COVID-19 pandemic to help monitor any impact on debt covenants.

Due to the anticipated impact on the Group's net rental income of COVID-19, a waiver of the interest cover covenant has been agreed with the Covent Garden lenders in relation to the period up to and including 31 December 2020.

A downside scenario has been analysed in connection with the going concern assessment, which takes into account current social distancing and other policy measures introduced by the UK Government in response to COVID-19. Details of this analysis are set out in Note 1 to the accounts and the financial statements have been prepared on a going concern basis.

Future periods will be closely monitored and, taking into account mitigating actions and other considerations, further waivers will be sought if required.

Political climate

Uncertain political climate or changes to legislation and policies, including as a result of political change or the process of elections A disorderly Brexit could cause an adverse impact on business and consumer confidence, increase material costs and reduce labour supply	Inability to deliver business plan Reduced rental income and/or capital values as tenants could suffer staff shortages, increased import prices, longer lead times and lower availability of stock	Monitor proposals and emerging policy and legislation Engagement with key stakeholders and politicians Diversified occupiers with limited exposure to any one tenant

COVID-19 impact and measures to mitigate

Impact:

The economic and political uncertainty surrounding Brexit remains and the risk associated with this may be accentuated as a result of the uncertainty and global impact of COVID-19.

Measures to mitigate:

As part of the Group's annual forecasting process the impact of different Brexit outcomes has been assessed and continues to be monitored in light of the current situation.

Catastrophic external event

Such as a terrorist attack, health pandemic or cyber crime	Diminishing London's status Heightened by concentration of investments Reduced rental income and/or capital values	Terrorist insurance On-site security Health and safety policies and procedures Close liaison with police, National Counter Terrorism Security Office (NaCTSO) and local authorities

	Business disruption or damage to property Reputational damage	Regular training

COVID-19 impact and measures to mitigate

Impact:

The COVID-19 pandemic is a global crisis which has brought about unprecedented challenges and disruptions to the Group's tenants, consumers and visitor numbers in the near term.

Measures to mitigate:

The Group's priority throughout the pandemic has been the health and safety of the Group's people, tenants and visitors. Additional cleaning and security measures have been implemented and deployed across the Group's Estate and offices and other initiatives have been pursued including pedestrianisation to enable social distancing.

People

Inability to retain and recruit the right people and develop leadership skills within the business	Inability to execute strategy and business plan Constrained growth, lost opportunities	Succession planning, performance evaluations, training and development Long-term and competitive incentive rewards

COVID-19 impact and measures to mitigate

Impact:

In response to COVID-19, all employees have been working from home to a large extent since March 2020. This has presented certain working-level, management and infrastructure challenges.

There remains a risk of mass illness across employees, management or service providers which would disrupt the day-to-day activities of the Group's business and running of the Estate.

Measures to mitigate:

Risk assessments were performed for all employees to ensure they are well equipped and able to work from home effectively.

Government guidance has been followed with regular contact with staff to ensure wellbeing.

Revised team communication strategies have been implemented to ensure managers can adequately supervise and support employees working from home.

The Group's offices have been made COVID-Secure in readiness for a return to normal working practices.

Government guidelines will be followed as employees return to normal working practices including rotas to enable physical distancing.

Business continuity plans, including introduction of external resources if required, and other policies have been reviewed together with HR policies, technology and communication where appropriate.

Recruiting and on-boarding policies have been adjusted where necessary to ensure that the business is able to continue to attract, develop and retain the best possible resources.

We continue to carefully monitor employees' mental and physical wellbeing and the health and safety of our employees remains a top priority. Risk assessments for returning to the office have been undertaken with all employees.

Health, safety and the environment

Accidents causing loss of life or very serious injury to employees, contractors, occupiers and visitors to the Group's properties Activities at the Group's properties causing detrimental impact on the environment	Prosecution for non-compliance with legislation Litigation or fines Reputational damage Distraction of management	Health and safety procedures across the Group Appointment of reputable contractors External consultants undertake annual audits in all locations Adequate insurance held to cover the risks inherent in construction projects

COVID-19 impact and measures to mitigate

Impact:

The COVID-19 pandemic resulted in the closure of all non-essential retail premises and required employees to work from home. Health and safety risks and new guidelines and legislation have been taken into account across the business.

Measures to mitigate:

We have worked closely with our tenants to safely and securely close, and recently reopen, non-essential retail premises as required by Government guidance. We have also ensured the health and safety of our residential tenants through measures such as increased cleaning of communal areas and closure of certain facilities, which have now successfully been reopened following Government easing of restrictions.

As the lockdown restrictions are eased, and occupancy and footfall levels on the Estate increase efforts will be focused on ensuring that the Estate is well-prepared for the safe return of tenants and consumers.

Health and safety protocols have been implemented across all of the Group's assets and offices. This includes signage and measures across the estate and throughout our offices to keep tenants, customers and employees aware and safe.

We have pedestrianised certain areas of our Estate to ensure safe social distancing can be maintained.

Compliance with law, regulations and contracts		
Breach of legislation, regulation or contract Inability to monitor or anticipate legal or regulatory changes Exit from REIT regime due to non-compliance with REIT requirements	Prosecution for non-compliance with legislation Litigation or fines Reputational damage Distraction of management	Appointment of external advisers to monitor changes in law or regulation Members of staff attend external briefings to remain cognisant of legislative and regulatory changes

COVID-19 impact and measures to mitigate

Impact:

Measures to respond to COVID-19 include the imposition of new legislation, regulations and requirements for our people, customers and visitors, which have an impact on matters such as recoverability of rents, health and safety and other matters.

Reduced rental income as a results of COVID-19 has made it more challenging for the Group to meet the REIT requirements, without some dispensation from HMRC.

Measures to mitigate:

The COVID-19 committee has been meeting regularly to review emerging legislation and requirements and regularly communicated these to the business and employees, ensuring timely implementation.

Formal protocols have been put in place and communicated across the various stakeholder groups to ensure everyone is aware of the new legislation and requirements.

We remain in close communication with HMRC regarding our REIT status, the Group's ability to comply with the requirements and the approach which HMRC will take in relation to a breach of the REIT conditions resulting from COVID-19.

PROPERTY

Risk	Impact on strategy	Mitigation
Leasing and asset management		
Inability to achieve target rents or to attract target tenants due to market conditions Competition from other locations/formats	Decline in tenant demand for the Group's properties Reduced income and increased vacancy Reduced return on investment and development property	Quality tenant mix Strategic focus on creating retail destinations with unique attributes

COVID-19 impact and measures to mitigate

Impact:

The majority of retail and F&B tenants were closed for business or operated on a very restricted basis between March and June 2020. This had had a significant impact on leasing activity, rent collection and resulted in some tenants going into administration leading to additional voids on the estate.

COVID-19 has affected suppliers and their business activities, which could lead to delays or inability to provide some services.

Measures to mitigate:

As a long-term investor in the Estate, Capco took early action ensuring the safety and security of Covent Garden whilst also providing support on a case-by-case basis to customers experiencing cash flow challenges as a result of COVID-19.

Bespoke solutions have been agreed which include rent deferrals, rent-free periods and other arrangements reflecting the financial position of each customer.

For certain tenants which are experiencing short-term cash flow issues, rental agreements will be linked to turnover for the second half of the year in exchange for other provisions such as lease extensions.

We have a focused reopening strategy in place and through active asset management our main objective is to assist our tenants to return as the lockdown measures continue to ease, ensuring the business is well-positioned to benefit from a recovery and prosper over the medium-term.

We continuously engage with our suppliers to understand their ability to meet our demands during this challenging time.

Planning and development		
Unfavourable planning policy, legislation or action impacting on the ability to secure planning approvals or consents Decline in returns from development due to market conditions or increased construction costs or delays	Impact on land valuations and realisation Lower development returns due to lower sales proceeds, higher costs or delay	Engagement with local and national authorities Pre-application and consultation with key stakeholders and landowners Engagement with local community bodies Focus on prime assets Regular assessment of market conditions and development strategy Business strategy based on long-term returns

	Professional teams in place to manage costs and deliver programme

COVID-19 impact and measures to mitigate

Impact:

Given the broad implications and evolving nature of the pandemic and its economic implications, there is an increased risk of misalignment of objectives with stakeholders and business partners.

Delays in development due to Government restrictions on how building contracts operate on-site during COVID-19.

Higher than anticipated reductions in sales prices as a result of the pandemic might deliver lower returns on units not yet completed.

Measures to mitigate:

Capco maintains strong relationships and regular, open and constructive dialogue with stakeholders.

Work at Lillie Square halted for a short period in line with Government guidelines. Once operations recommenced social distancing procedures were followed and monitored to ensure the completion of Phase 2. Subsequently 66 units have been handed over successfully. Future handovers will be closely monitored in line with Government guidelines.

We continue to consider different market scenarios in light of evolving market circumstances.

DIRECTORS’ RESPONSIBILITIES

Statement of Directors’ responsibilities

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules (DTR) 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Capital & Counties Properties PLC are listed in the Capital & Counties Properties PLC Annual Report for 31 December 2019. A list of current Directors is maintained on the Capital & Counties Properties PLC website: www.capitalandcounties.com.

By order of the Board

Ian Hawksworth
Chief Executive
11 August 2020

Situl Jobanputra
Chief Financial Officer
11 August 2020

INDEPENDENT REVIEW REPORT TO CAPITAL & COUNTIES PROPERTIES PLC

Report on the condensed consolidated financial statements

Our conclusion

We have reviewed Capital & Counties Properties PLC's condensed consolidated financial statements (the "interim financial statements") in the Interim results of Capital & Counties Properties PLC for the six month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated Balance Sheet as at 30 June 2020;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Statement of Cash Flows for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim results have been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

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

Emphasis of matter - Significant estimation uncertainty in relation to the valuation of investment and development property

In forming our conclusion on the interim financial statements, which is not modified, we have considered the adequacy of the disclosures made in Notes 12 (Property Portfolio) to the Consolidated Balance Sheet. This note explains that there is significant estimation uncertainty in relation to the valuation of investment, development and trading properties of £2,305.1 million included in the Consolidated Balance Sheet as at 30 June 2020. The third party valuers engaged by management have included a material valuation uncertainty clause in their reports. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuations as a result of the COVID-19 pandemic.

Emphasis of matter – Going concern

In forming our conclusion on the interim financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the interim financial statements concerning the Group's ability to continue as a going concern. As a result of the government restrictions in response to COVID-19, the Group has provided support to certain retail and hospitality customers, including rent deferrals, rent free periods and turnover-linked arrangements, which has had an impact on its financial position and its compliance with certain borrowing covenants. As a result the Group has obtained covenant waivers from the relevant lenders covering the periods up to and including 31 December 2020.

A key assumption in the Directors' going concern basis of preparation is that there will be a gradual recovery in business and consumer confidence, including the implementation over time of further easing measures in relation to COVID-19 and avoiding a further period of severe and prolonged disruption affecting the Covent Garden estate during the next 12 months. Given that the Group's Net Rental Income (NRI) performance directly impacts the calculation of the Interest Cover Ratio (ICR) covenant, the imposition of further government restrictions that could cause the Group to extend its tenant support measures into FY21, may lead to a breach of the ICR covenant within 12 months of signing the interim financial statements which would therefore require the Group to seek further covenant waivers from the relevant lenders.

These conditions, along with the other matters explained in note 1 to the interim financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group's interim financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim results, including the interim financial statements, are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the Interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

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

What a review of interim financial statements involves

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

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
11 August 2020

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2020

	Notes	**Six months ended 30 June 2020 £m**	Re-presented[1] Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Continuing operations				
Revenue	2	**38.1**	40.1	79.4
Rental income		**37.8**	38.5	77.6
Rental expenses[2]	3	**(19.7)**	(7.5)	(16.5)
Net rental income	2	**18.1**	31.0	61.1
Other income		**0.3**	0.9	1.8
(Loss)/gain on revaluation and sale of investment and development property	4	**(431.6)**	11.1	(43.3)
Change in fair value of financial assets though profit or loss	13	**(8.0)**	–	–
Write-back/(impairment) of investments and other receivables	5	**1.9**	(20.6)	(21.0)
		(419.3)	22.4	(1.4)
Administration expenses		**(16.6)**	(18.4)	(43.4)
Operating (loss)/profit		**(435.9)**	4.0	(44.8)
Finance income	6	**0.4**	0.2	0.5
Finance costs	7	**(10.8)**	(10.6)	(21.2)
Other finance income	6	**13.2**	5.7	11.9
Change in fair value of derivative financial instruments		**(8.0)**	(5.3)	(5.2)
Net finance costs		**(5.2)**	(10.0)	(14.0)
		(441.1)	(6.0)	(58.8)
Share of post-tax loss from joint ventures	14	**–**	(2.5)	(2.5)
Loss before tax		**(441.1)**	(8.5)	(61.3)
Current tax		**(0.2)**	(1.2)	(2.1)
Deferred tax		**0.8**	(1.3)	1.1
Taxation	8	**0.6**	(2.5)	(1.0)
Loss for the period from continuing operations		**(440.5)**	(11.0)	(62.3)
Discontinued operation				
Loss for the period from discontinued operation	9	**(0.2)**	(119.2)	(245.5)
Loss for the period		**(440.7)**	(130.2)	(307.8)
Loss attributable to:				
Owners of the Parent		**(440.7)**	(87.2)	(253.6)
Non-controlling interest	15	**–**	(43.0)	(54.2)
Earnings per share attributable to owners of the Parent				
Basic and diluted (loss)/earnings per share		**(51.7)p**	(10.2)p	(29.7)p
Earnings per share from continuing operations attributable to owners of the Parent[3]				
Basic and diluted (loss)/earnings per share	11	**(51.6)p**	(1.3)p	(7.3)p
Weighted average number of shares	11	**853.0m**	851.2m	853.0m

1. The comparative period has been re-presented to present the discontinued operation separately from continuing operations. Details of the discontinued operation are disclosed within note 9 'Discontinued operation'.
2. Included in rental expenses is £11.5 million (30 June 2019: £1.0 million, 31 December 2019: £1.6 million) of expected credit loss relating to rent receivables and tenant lease incentives.
3. Earnings per share from the discontinued operation are shown in note 11 'Earnings per Share and Net Assets Per Share'.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2020

	Notes	**Six months ended 30 June 2020 £m**	Re-presented[1] Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Loss for the period		**(440.7)**	(130.2)	(307.8)
Total comprehensive expense for the period		**(440.7)**	(130.2)	(307.8)
Attributable to:				
Owners of the Parent		**(440.7)**	(87.2)	(253.6)
Non-controlling interest	15	**–**	(43.0)	(54.2)
Arising from:				
Continuing operations		**(440.5)**	(11.0)	(62.3)
Discontinued operation	9	**(0.2)**	(119.2)	(245.5)

1. The comparative period has been re-presented to present the discontinued operation separately from continuing operations. Details of the discontinued operation are disclosed within note 9 'Discontinued operation'.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2020

	Notes	**As at 30 June 2020 £m**	As at 31 December 2019 £m
Non-current assets			
Investment and development property	12	**2,121.5**	2,545.5
Property, plant and equipment		**5.1**	5.7
Investment in joint ventures	14	**0.3**	0.3
Financial assets at fair value through profit or loss	13	**339.6**	–
Deferred tax	21	**7.4**	6.6
Trade and other receivables	16	**166.1**	248.8
		2,640.0	2,806.9
Current assets			
Trade and other receivables	16	**160.3**	139.4
Cash and cash equivalents	17	**295.0**	153.1
		455.3	292.5
Total assets		**3,095.3**	3,099.4
Non-current liabilities			
Borrowings, including lease liability	19	**(1,005.3)**	(555.3)
Derivative financial instruments	20	**(11.6)**	(3.6)
		(1,016.9)	(558.9)
Current liabilities			
Borrowings, including lease liability	19	**(1.6)**	(1.6)
Tax liabilities		**(2.0)**	(2.1)
Trade and other payables	18	**(54.0)**	(59.3)
		(57.6)	(63.0)
Total liabilities		**(1,074.5)**	(621.9)
Net assets		**2,020.8**	2,477.5
Equity			
Share capital	22	**212.8**	213.6
Other components of equity		**1,808.0**	2,263.9
Total equity		**2,020.8**	2,477.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2020

	Notes	Share capital £m	Share premium £m	Capital Redemption reserve £m	Merger reserve[1] £m	Share-based payment reserve £m	Other reserves £m	Retained earnings £m	Total £m	Total equity £m
		Equity attributable to owners of the Parent								
Balance at 1 January 2020		**213.6**	**228.9**	**–**	**367.6**	**6.0**	**(0.4)**	**1,661.8**	**2,477.5**	**2,477.5**
Loss for the period		**–**	**–**	**–**	**–**	**–**	**–**	**(440.7)**	**(440.7)**	**(440.7)**
Total comprehensive expense for the period		**–**	**–**	**–**	**–**	**–**	**–**	**(440.7)**	**(440.7)**	**(440.7)**
Transactions with owners										
Ordinary shares issued[2]	22	**0.7**	**3.3**	**–**	**–**	**–**	**–**	**(0.4)**	**3.6**	**3.6**
Share buy-back	22	**(1.5)**	**–**	**1.5**	**–**	**–**	**–**	**(11.8)**	**(11.8)**	**(11.8)**
Dividends	10	**–**	**–**	**–**	**–**	**–**	**–**	**(8.5)**	**(8.5)**	**(8.5)**
Realisation of share-based payment reserve on issue of shares		**–**	**–**	**–**	**–**	**(0.9)**	**–**	**0.8**	**(0.1)**	**(0.1)**
Fair value of share-based payment		**–**	**–**	**–**	**–**	**0.7**	**–**	**–**	**0.7**	**0.7**
Realisation of cash flow hedge		**–**	**–**	**–**	**–**	**–**	**0.1**	**–**	**0.1**	**0.1**
Total transactions with owners		**(0.8)**	**3.3**	**1.5**	**–**	**(0.2)**	**0.1**	**(19.9)**	**(16.0)**	**(16.0)**
Balance at 30 June 2020		**212.8**	**232.2**	**1.5**	**367.6**	**5.8**	**(0.3)**	**1,201.2**	**2,020.8**	**2,020.8**

	Notes	Share capital £m	Share premium £m	Merger reserve[1] £m	Share-based payment reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
		Equity attributable to owners of the Parent								
Balance at 1 January 2019		212.7	225.6	421.8	8.6	(0.6)	1,868.1	2,736.2	247.4	2,983.6
Loss for the period		–	–	–	–	–	(87.2)	(87.2)	(43.0)	(130.2)
Total comprehensive expense for the period		–	–	–	–	–	(87.2)	(87.2)	(43.0)	(130.2)
Transactions with owners										
Ordinary shares issued[2]	22	0.1	1.0	–	–	–	–	1.1	–	1.1
Dividends	10	–	–	–	–	–	(8.5)	(8.5)	–	(8.5)
Realisation of merger reserve[1]		–	–	(10.5)	–	–	10.5	–	–	–
Fair value of share-based payment		–	–	–	2.0	–	–	2.0	–	2.0
Contribution from non-controlling interest		–	–	–	–	–	–	–	1.0	1.0
Realisation of cash flow hedge		–	–	–	–	0.1	–	0.1	–	0.1
Total transactions with owners		0.1	1.0	(10.5)	2.0	0.1	2.0	(5.3)	1.0	(4.3)
Balance at 30 June 2019		212.8	226.6	411.3	10.6	(0.5)	1,782.9	2,643.7	205.4	2,849.1

1. Represents non-qualifying consideration received by the Group following the share placing in May 2014 and previous share placements. The amounts taken to the merger reserve do not currently meet the criteria for qualifying consideration and therefore will not form part of distributable reserves as they form part of linked transactions. Realised merger reserve relates to properties held at Floral Court that were disposed of during the year, as the properties were originally acquired using proceeds from the share placements.
2. Share premium includes £3.3 million (30 June 2019: £1.0 million) of ordinary shares issued relating to the bonus issue of shares in lieu of cash dividends. Refer to note 10 'Dividends' for further information.

	Notes	Share capital £m	Share premium £m	Merger reserve[1] £m	Share-based payment reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
		Equity attributable to owners of the Parent								
Balance at 1 January 2019		212.7	225.6	421.8	8.6	(0.6)	1,868.1	2,736.2	247.4	2,983.6

Loss for the year		–	–	–	–	–	(253.6)	(253.6)	(54.2)	(307.8)
Total comprehensive expense for the year ended 31 December 2019		–	–	–	–	–	(253.6)	(253.6)	(54.2)	(307.8)
Transactions with owners										
Ordinary shares issued[2]	22	0.9	3.3	–	–	–	(0.4)	3.8	–	3.8
Dividends	10	–	–	–	–	–	(12.7)	(12.7)	–	(12.7)
Realisation of merger reserve[1]		–	–	(54.2)	–	–	54.2	–	–	–
Realisation of share-based payment reserve on issue of shares		–	–	–	(3.5)	–	6.2	2.7	–	2.7
Fair value of share-based payment		–	–	–	0.9	–	–	0.9	–	0.9
Realisation of cash flow hedge		–	–	–	–	0.2	–	0.2	–	0.2
Contribution from non-controlling interest		–	–	–	–	–	–	–	1.0	1.0
Derecognition of non-controlling interest at disposal	15	–	–	–	–	–	–	–	(194.2)	(194.2)
Total transactions with owners		0.9	3.3	(54.2)	(2.6)	0.2	47.3	(5.1)	(193.2)	(198.3)
Balance at 31 December 2019		213.6	228.9	367.6	6.0	(0.4)	1,661.8	2,477.5	–	2,477.5

1. Represents non-qualifying consideration received by the Group following the share placing in May 2014 and previous share placements. The amounts taken to the merger reserve do not currently meet the criteria for qualifying consideration and therefore will not form part of distributable reserves as they form part of linked transactions. Realised merger reserve relates to properties held in Earls Court Properties and Floral Court that were disposed of during the year, as the properties were originally acquired using proceeds from the share placements.
2. Share premium includes £3.2 million of ordinary shares issued relating to the bonus issue of shares in lieu of cash dividends. Refer to note 10 'Dividends' for further information.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2020

	Notes	**Six months ended 30 June 2020 £m**	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Cash flows from operating activities				
Cash (utilised)/generated from operations	25	**(15.5)**	2.4	1.7
Interest paid		**(10.6)**	(10.1)	(20.2)
Interest received		**0.4**	0.2	0.5
Tax paid		**(0.3)**	(0.9)	(1.4)
Net cash outflow from continuing operating activities		**(26.0)**	(8.4)	(19.4)
Net cash outflow from discontinued operating activities		**(0.2)**	(0.5)	(2.2)
Net cash outflow from operating activities		**(26.2)**	(8.9)	(21.6)
Cash flows from investing activities				
Purchase and development of property, plant and equipment		**(6.7)**	(20.3)	(94.4)
Sale of property		**0.2**	48.4	79.6
Sale of discontinued operation	9	**89.7**	(0.3)	168.9
Sale of subsidiaries[1]		**0.2**	0.2	0.2
Acquisition of listed equity investment		**(347.7)**	–	–
Loan advances to joint ventures		**(0.7)**	(2.2)	(1.5)
Net cash (outflow)/inflow from continuing investing activities		**(265.0)**	25.8	152.8
Net cash outflow from discontinued investing activities		**–**	(4.2)	(4.8)
Net cash (outflow)/inflow from investing activities		**(265.0)**	21.6	148.0
Cash flows from financing activities				
Issue of shares		–	–	0.5
Share buy-back		**(11.8)**	–	–
Borrowings drawn		**450.0**	50.0	105.0
Borrowings repaid		**–**	(25.0)	(105.0)

Principal element of lease payment		**(0.5)**	–	(0.9)
Purchase and repayment of derivative financial instruments		**–**	(0.9)	(0.9)
Cash dividends paid	10	**(4.6)**	(7.5)	(9.5)
Transactions with discontinued operation[2]		**–**	(2.6)	–
Net cash inflow/(outflow) from continuing financing activities		**433.1**	14.0	(10.8)
Net cash inflow from discontinued financing activities		**–**	7.6	5.0
Net cash inflow/(outflow) from financing activities		**433.1**	21.6	(5.8)
Net increase in cash and cash equivalents		**141.9**	34.3	120.6
Unrestricted cash and cash equivalents at 1 January		**153.1**	32.5	32.5
Unrestricted cash and cash equivalents at period end		**295.0**	66.8	153.1

1. Sale of subsidiaries includes deferred consideration of £0.2 million (30 June and 31 December 2019: £0.2 million) relating to the disposal of The Brewery by EC&O Limited on 9 February 2012.
2. Relates to transactions between the Group's treasury function and the discontinued operation. The Group operates a central treasury function which manages and monitors the Group's cash balances. Refer to note 9 'Discontinued Operation' for further information.

NOTES TO THE ACCOUNTS (UNAUDITED)

1 PRINCIPAL ACCOUNTING POLICIES

General information

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

The Group's assets principally comprise investment and development property at Covent Garden.

Basis of preparation

The Group's condensed consolidated financial statements are prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated financial statements should be read in conjunction with the Annual Report & Accounts for the year ended 31 December 2019, which have been prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated financial statements are prepared in British pounds sterling.

The condensed consolidated financial statements for the six months ended 30 June 2020 are reviewed, not audited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2019 were approved by the Board of Directors on 25 February 2020 and delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement made under Section 498 of the Companies Act 2006.

The condensed consolidated financial statements have been prepared under the historical cost convention as modified for the revaluation of property and derivative financial instruments.

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

These condensed consolidated financial statements were approved by the Board of Directors on 12 August 2020.

Going concern

Given current market conditions and significant uncertainties resulting from COVID-19, the Directors continue to assess the impact of the pandemic on the business in particular focusing on the appropriateness of adopting the going concern basis in preparing the condensed consolidated financial statements for the six months ended 30 June 2020. The Group's going concern assessment covers the period of at least 12 months from the date of authorisation of these condensed consolidated half year financial statements (the "going concern period").

In determining the potential impact of COVID-19, the Company has assessed a severe but plausible downside scenario which takes into account current social distancing and other policy measures introduced by the UK Government. This has included the following key assumptions:

- Rent concessions provided to a range of tenants, focusing particularly on the retail, F&B and leisure sectors combined with extended voids and further tenant failures will lead to a substantial reduction in net rental income during the going concern period therefore assumes a significant reduction in forecast net rental income (including impairment of tenant incentive balances and the impact of lease modifications) over the going concern period.
- A further decline in property valuations takes place during the going concern period, in addition to the 17 per cent reduction in the first half of this year; and

- A gradual recovery in business and consumer sentiment takes place, including the implementation over time of further easing measures in relation to COVID-19 and avoiding a further period of severe and prolonged disruption.

No new financing is assumed in the going concern period, but existing facilities are assumed to remain available. As at 30 June 2020 the Group had access to cash and undrawn facilities of £616 million, which following completion of the acquisition of the second tranche of Shaftesbury PLC shares (expected on 13 August 2020), will reduce to £528 million. This position is expected to be sufficient to cover forecast property operating costs, administrative expenses, finance and other costs over at least the next 12 months.

The Covent Garden debt facilities have two principal financial covenants, being a loan to value ratio of up to 60 per cent and interest cover of at least 120 per cent. Based on the forecast net debt position, the valuation of the property portfolio would need to fall by a further 40 per cent during the going concern period for a breach to occur, absent any other mitigating actions which the Group may take.

Due to the anticipated impact on net rental income of COVID-19, a waiver of the interest cover covenant has been agreed with the Covent Garden lenders in relation to the period up to and including 31 December 2020. During the remainder of the going concern period the interest cover covenant is not expected to be breached, however headroom is limited in a downside scenario in the absence of mitigating actions.

Given the current uncertainties created by COVID-19, the Group will monitor the interest cover position closely, taking mitigating actions within its control and if required will seek interest cover covenant waivers in relation to future periods. The Directors believe that the Group's lenders will continue to view the Group as a secure customer throughout the going concern period.

The possibility of a covenant breach, however, in the event for instance that there is a further period of severe and prolonged disruption caused by COVID-19 during the going concern period, represents a material uncertainty which may cast a significant doubt on the Group's ability to continue as a going concern. The condensed consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Based on their analysis the Directors are satisfied that there is a reasonable expectation that the Group will be able to meet its ongoing and future commitments for at least 12 months from the date of approval of the condensed consolidated financial statements for the six months ended 30 June 2020 and have therefore resolved that the financial statements be prepared on a going concern basis.

Critical accounting judgements and key sources of estimation and uncertainty

The preparation of condensed consolidated financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, equity, income and expenses from sources not readily apparent. Although these estimates and assumptions are based on management's best knowledge of the amount, historical experiences and other factors, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period.

The significant areas of estimation and uncertainty are:

Property valuations

The fair value of the Group's investment, development and trading property at 30 June 2020 was determined by independent, appropriately qualified external valuer's JLL for the Lillie Square Joint Venture and CBRE for the remainder of the Group's property portfolio. The valuations conform to the Royal Institution of Chartered Surveyors ("RICS") Valuation Professional Standards.

As various inputs used in the valuation calculations are based on assumptions, property valuations are inherently subjective and subject to a degree of uncertainty. Our external valuers have made a number of assumptions in forming their opinion on the valuation of our investment and trading properties and although these assumptions are in accordance with the RICS Valuation Professional Standards, if any prove to be incorrect, it may mean that the value of the Group's properties differs from their valuation reported in the financial statements, which could have a material effect on the Group's financial position.

Due to COVID-19 the third party valuers have included a 'material valuation uncertainty' clause in their reports. The clause highlights significant estimation uncertainty regarding the valuation due to COVID-19. The inclusion of the clause serves as a precaution and does not invalidate the valuation or mean that it cannot be relied upon. Rather, it is intended to highlight that due to current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case. Further detail on property valuations, including sensitivities, are set out in note 12 'Property Portfolio'.

Impairment of trade receivables

The Group's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments. The Group has provided bespoke support on a case-by-case basis to tenants which include rent deferrals, rent-free periods and other arrangements reflecting the position of each customer. The Group's assessment of the position of each customer including their assessment of expected insolvency filings or company voluntary arrangements, are based on assumptions and as a result, the value of the provisions for impairment of the Group's trade receivables are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in the current market with the unprecedented uncertainty caused by COVID-19.

The key areas of accounting judgement are:

Property classification

Judgement is required in the classification of property between investment and development, trading and owner occupied and held for sale. Management considers each property separately and reviews factors including the long-term intention for the property, in determining if trading, and the level of ancillary income, in determining if owner occupied, to ensure the appropriate classification.

Changes in accounting policies

The condensed consolidated financial statements have been prepared using the accounting policies, significant judgements, key assumptions and estimates set out on pages 104 to 109 of the Group's Annual Report & Accounts for 2019 with the exception of the below new accounting policies and amendments.

New accounting policies

During 2020, the following accounting standards and interpretations have been adopted by the Group:

- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 3 'Business combinations' (amendment) (Definition of a business)
- IFRS 7 'Financial Instruments: Disclosures' (amendment)) (Interest Rate Benchmark Reform)
- IFRS 9 'Financial Instruments' (amendment) (Interest Rate Benchmark Reform)
- IAS 1 'Presentation of financial statements' (amendment) (Definition of material)
- IAS 8 'Accounting policies, changes in accounting estimates and errors' (amendment) (Definition of material)
- IFRS 16 'Leases' (amendment) (COVID-19 related Rent Concessions)
- Amendments to IFRS (Annual improvements cycle 2015-2017)

These pronouncements had no significant impact on the condensed consolidated financial statements.

The following standards and interpretations which have not been applied in these financial statements were in issue but not effective, and in some cases have not been adopted for use in the European Union:

- IAS 1 'Presentation of financial statements' (amendment) (Classification of Liabilities as Current and Non-Current)
- Amendments to IFRS (Annual improvements cycle 2018-2020)

The Group has assessed the impact of these new standards and interpretations and does not anticipate any material impact on the financial statements.

New accounting policies adopted during the six months period ended 30 June 2020 are set out below:

Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Lease modifications

Rent-free periods are generally considered to constitute a lease modification under IFRS 16 with the cost deferred over the remaining lease term. On entering into a lease modification any initial direct costs associated with the lease, including surrender premia previously paid, are derecognised.

2 SEGMENTAL REPORTING

Management has determined the operating segments based on reports reviewed by the Executive Directors, who are deemed to be the chief operating decision makers. The principal performance measures have been identified as net rental income and net asset value.

For management and reporting purposes the Group is organised into the following divisions:

- Covent Garden;
- Lillie Square represents the Group's interests in Lillie Square and a number of smaller properties in the adjacent area;
- Other comprises Innova, The Great Capital Partnership, Earls Court Properties (up until disposal on 29 November 2019) and other head office companies and investments, including the payment of internal rent.

Management information is reported to the chief operating decision makers on a Group share basis. Outlined below is the Group share by segment:

Segment	Group share
Covent Garden	**100%**
Lillie Square	
Lillie Square Joint Venture	**50%**
Lillie Square Holding Group	**100%**
Other	
Innova	**50%**
GCP	**50%**
Earls Court Properties[1]	**0%**
Other	**100%**

1. Earls Court Properties represented the Group's interest in the Earls Court area comprising properties held in ECPL and EC Properties LP. ECPL was 63 per cent owned until 29 November 2019. EC Properties LP was 100 per cent owned until 29 November 2019. Subsequent to this the Group share ownership in ECPL, and EC Properties LP is nil.

Segmental reporting has been presented in line with management information and therefore consolidation adjustments are presented to reconcile segmental performance and position to the IFRS total.

The Group's operating segments derive their revenue primarily from rental income from lessees.

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

	Six months ended 30 June 2020					
	Covent Garden £m	**Lillie Square £m**	**Other £m**	**Group total £m**	**Consolidation adjustments £m**	**IFRS total £m**
Rental income	**37.8**	**0.5**	**–**	**38.3**	**(0.5)**	**37.8**
Proceeds from sale of trading property	**–**	**46.4**	**–**	**46.4**	**(46.4)**	**–**
Other income	**–**	**–**	**0.2**	**0.2**	**0.1**	**0.3**
Revenue	**37.8**	**46.9**	**0.2**	**84.9**	**(46.8)**	**38.1**
Rent receivable	**35.2**	**0.1**	**–**	**35.3**	**(0.1)**	**35.2**
Service charge income	**2.6**	**0.4**	**–**	**3.0**	**(0.4)**	**2.6**
Rental income	**37.8**	**0.5**	**–**	**38.3**	**(0.5)**	**37.8**
Rental expenses	**(19.5)**	**(0.4)**	**(0.2)**	**(20.1)**	**0.4**	**(19.7)**
Net rental income/(expense)	**18.3**	**0.1**	**(0.2)**	**18.2**	**(0.1)**	**18.1**
Profit/(loss) on sale of trading property	**–**	**6.5**	**–**	**6.5**	**(6.5)**	**–**
Write down of trading property	**–**	**(0.8)**	**–**	**(0.8)**	**0.8**	**–**
Other income	**–**	**–**	**0.2**	**0.2**	**0.1**	**0.3**
(Loss)/gain on revaluation and sale of investment and development property	**(431.2)**	**(0.6)**	**–**	**(431.8)**	**0.2**	**(431.6)**
Write-back of investments and other receivables	**–**	**–**	**–**	**–**	**1.9**	**1.9**
Change in fair value of financial asset at fair value through profit or loss	**–**	**–**	**(8.0)**	**(8.0)**	**–**	**(8.0)**
Segment result	**(412.9)**	**5.2**	**(8.0)**	**(415.7)**	**(3.6)**	**(419.3)**
Unallocated costs:						
Administration expenses				**(16.6)**	**–**	**(16.6)**
Operating loss				**(432.3)**	**(3.6)**	**(435.9)**
Net finance costs[1]				**(11.0)**	**5.8**	**(5.2)**
Loss before tax				**(443.3)**	**2.2**	**(441.1)**
Taxation				**0.6**	**–**	**0.6**
Loss for the period from continuing operations				**(442.7)**	**2.2**	**(440.5)**
Discontinued operation						
Loss for the period from discontinued operation				**(0.2)**	**–**	**(0.2)**
Loss for the period				**(442.9)**	**2.2**	**(440.7)**
Loss attributable to:						
Owners of the Parent				**(442.9)**	**2.2**	**(440.7)**
Summary balance sheet						
Total segment assets[2]	**2,432.1**	**164.7**	**479.5**	**3,076.3**	**(52.3)**	**3,024.0**
Total segment liabilities[2]	**(1,061.8)**	**(45.1)**	**(12.5)**	**(1,119.4)**	**44.9**	**(1,074.5)**
Segmental net assets	**1,370.3**	**119.6**	**467.0**	**1,956.9**	**(7.4)**	**1,949.5**
Unallocated assets[1]				**71.3**	**–**	**71.3**
Net assets				**2,028.2**	**(7.4)**	**2,020.8**
Other segment items:						
Depreciation	**(0.2)**	**–**	**(0.5)**	**(0.7)**	**–**	**(0.7)**
Capital expenditure	**(6.9)**	**(6.5)**	**–**	**(13.4)**	**5.5**	**(7.9)**

1. The Group operates a central treasury function which manages and monitors the Group's finance income and costs on a net basis and the majority of the Group's cash balances.
2. Total segmental assets and total segmental liabilities exclude loans between and investments in Group undertakings.

	Six months ended 30 June 2019					
	Covent Garden £m	Lillie Square £m	Other £m	Group total £m	Consolidation adjustments £m	IFRS total £m
Rental income	38.5	0.7	–	39.2	–	39.2
Proceeds from sale of trading property	–	1.0	–	1.0	(1.0)	–
Other income	–	–	0.5	0.5	0.4	0.9
Revenue	38.5	1.7	0.5	40.7	(0.6)	40.1

Rent receivable	36.2	–	–	36.2	–	36.2
Service charge income	2.3	0.7	–	3.0	(0.7)	2.3
Rental income	38.5	0.7	–	39.2	(0.7)	38.5
Rental expenses	(7.4)	(0.7)	(0.1)	(8.2)	0.7	(7.5)
Net rental income/(expense)	31.1	–	(0.1)	31.0	–	31.0
Profit on sale of trading property	–	(0.1)	–	(0.1)	0.1	–
Other income	–	–	0.5	0.5	0.4	0.9
Gain/(loss) on revaluation and sale of investment and development property	11.2	(0.1)	–	11.1	–	11.1
Write down of trading property	–	(0.2)	–	(0.2)	0.2	–
Impairment of investments and other receivables	–	–	(15.0)	(15.0)	(5.6)	(20.6)
Segment result	42.3	(0.4)	(14.6)	27.3	(4.9)	22.4
Unallocated costs:						
Administration expenses				(18.0)	(0.4)	(18.4)
Operating profit/(loss)				9.3	(5.3)	4.0
Net finance costs[1]				(15.8)	5.8	(10.0)
Share of post-tax loss from joint ventures				–	(2.5)	(2.5)
Loss before tax				(6.5)	(2.0)	(8.5)
Taxation				(2.4)	(0.1)	(2.5)
Loss for the period from continuing operations				(8.9)	(2.1)	(11.0)
Discontinued operation						
Loss for the period from discontinued operation				(119.2)	–	(119.2)
Loss for the period				(128.1)	(2.1)	(130.2)
Profit/(loss) attributable to:						
Owners of the Parent				(128.1)	40.9	(87.2)
Non-controlling interest				–	(43.0)	(43.0)

	Covent Garden £m	Earls Court Properties and Lillie Square[3] £m	Other £m	Group total £m	Consolidation adjustments £m	IFRS total £m
Summary balance sheet						
Total segment assets[2]	2,635.1	695.4	28.9	3,359.4	145.4	3,504.8
Total segment liabilities[2]	(632.0)	(114.5)	(10.8)	(757.3)	45.6	(711.7)
Segmental net assets	2,003.1	580.9	18.1	2,602.1	191.0	2,793.1
Unallocated assets[1]				56.0	–	56.0
Net assets				2,658.1	191.0	2,849.1
Other segment items:						
Depreciation	(0.1)	–	(0.5)	(0.6)	–	(0.6)
Capital expenditure	(22.5)	(21.4)	0.1	(43.8)	15.4	(28.4)

1. The Group operates a central treasury function which manages and monitors the Group's finance income and costs on a net basis and the majority of the Group's cash balances.
2. Total segmental assets and total segmental liabilities exclude loans between and investments in Group undertakings.
3. Earls Court Properties represented the Group's interest in the Earls Court area which comprised of properties held in ECPL, Lillie Square, the Empress State Building (up until disposal on 28 March 2018) and a number of smaller properties in the Earls Court area. ECPL and a number of smaller properties in the Earls Court area were disposed of on 29 November 2019.

	Year ended 31 December 2019					
	Covent Garden £m	Lillie Square £m	Other £m	Group total £m	Consolidation adjustments £m	IFRS total £m
Rental income	77.6	0.8	–	78.4	(0.8)	77.6
Proceeds from sale of trading property	–	5.1	–	5.1	(5.1)	–
Other income	–	–	0.9	0.9	0.9	1.8
Revenue	77.6	5.9	0.9	84.4	(5.0)	79.4
Rent receivable	72.7	0.2	–	72.9	(0.2)	72.7
Service charge income	4.9	0.6	–	5.5	(0.6)	4.9

Rental income	77.6	0.8	–	78.4	(0.8)	77.6
Rental expenses	(16.1)	(0.8)	(0.3)	(17.2)	0.7	(16.5)
Net rental income/(expense)	61.5	–	(0.3)	61.2	(0.1)	61.1
Profit on sale of trading property	–	0.9	–	0.9	(0.9)	–
Other income	–	–	0.9	0.9	0.9	1.8
Loss on revaluation and sale of investment and development property	(43.3)	–	–	(43.3)	–	(43.3)
Impairment of other receivables	–	–	(15.0)	(15.0)	(6.0)	(21.0)
Write down of trading property	–	(0.4)	–	(0.4)	0.4	–
Segment result	18.2	0.5	(14.4)	4.3	(5.7)	(1.4)
Unallocated costs:						
Administration expenses				(42.6)	(0.8)	(43.4)
Operating loss				(38.3)	(6.5)	(44.8)
Net finance costs[1]				(25.6)	11.6	(14.0)
Share of post-tax loss from joint ventures				–	(2.5)	(2.5)
Loss before tax				(63.9)	2.6	(61.3)
Taxation				(1.0)	–	(1.0)
Loss for the year from continuing operations				(64.9)	2.6	(62.3)
Discontinued operation						
Loss for the year from discontinued operation				(245.5)	–	(245.5)
Loss for the year				(310.4)	2.6	(307.8)
Loss attributable to:						
Owners of the Parent				(256.2)	2.6	(253.6)
Non-controlling interest				(54.2)	–	(54.2)
Summary balance sheet						
Total segment assets[2]	2,617.8	189.7	223.7	3,031.2	(84.9)	2,946.3
Total segment liabilities[2]	(600.9)	(76.3)	(20.0)	(697.2)	75.3	(621.9)
Segmental net assets	2,016.9	113.4	203.7	2,334.0	(9.6)	2,324.4
Unallocated assets[1]				153.1	–	153.1
Net assets				2,487.1	(9.6)	2,477.5
Other segment items:						
Depreciation	(0.2)	–	(1.1)	(1.3)	–	(1.3)
Capital expenditure[3]	(94.3)	(32.2)	(6.1)	(132.6)	28.5	(104.1)

1. The Group operates a central treasury function which manages and monitors the Group's finance income and costs on a net basis and the majority of the Group's cash balances.
2. Total segmental assets and total segmental liabilities exclude loans between and investments in Group undertakings. Total segment assets for Other includes £200.8 million which is the discounted balance of the deferred consideration from the sale of Earls Court Properties which is receivable in two equal instalments, 12 months and 24 months after completion.
3. Capital expenditure for Other includes £6.1 million relating to Earls Court Properties which was disposed of on 29 November 2019.

3 RENTAL EXPENSES

Continuing operations	**Six months ended 30 June 2020 £m**	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Property expenses[1]	**4.2**	4.2	10.0
Service charge costs	**2.6**	2.3	4.9
Bad debt expense	**5.8**	1.0	1.6
Lease modification expense[2]	**1.4**	–	–
Impairment of tenant lease incentives[2]	**5.7**	–	–
Total rental expenses	**19.7**	7.5	16.5

1. Included in property expenses for the current period is £0.4 million of COVID-19 related security, cleaning and equipment costs.
2. These charges have been excluded from the calculation of underlying earnings as they relate to the one off balance sheet impairment of tenant incentives and derecognition of lease modification costs that relate to non-cash items within rental expenses.

4 (LOSS)/GAIN ON REVALUATION AND SALE OF INVESTMENT AND DEVELOPMENT PROPERTY

Continuing operations	**Six months ended 30 June 2020 £m**	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
(Loss)/gain on revaluation of investment and development property	**(431.6)**	12.5	(41.1)
Gain/(loss) on sale of investment and development property	**–**	(1.4)	(2.2)
(Loss)/gain on revaluation and sale of investment and development property	**(431.6)**	11.1	(43.3)

5 (WRITE-BACK)/IMPAIRMENT OF OTHER RECEIVABLES

Continuing operations	**Six months ended 30 June 2020 £m**	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Write-back/(impairment) of investments and other receivables	**1.9**	(20.6)	(21.0)

Following an impairment review of amounts receivable from joint ventures by the Group, an impairment write-back of £1.9 million has been recognised (31 December 2019: impairment of £21.0 million). The current year reversal is in relation to the Lillie Square joint venture. In the prior year the impairment consisted of £8.5 million in relation to the Lillie Square joint venture and £12.5 million in relation to the Group's investment in the Innova joint venture.

The Lillie Square joint venture is in a net liability position. It incurs amortisation charges on deep discount bonds that were issued to the Group and Kwok Family Interests ("KFI") which has contributed to the cumulative losses. The Group has recognised £5.7 million finance income on these deep discount bonds for the six months ended 30 June 2020 (full year 2019: £11.3 million). Although the Group's investment in the Lillie Square joint venture has been previously fully impaired and the Group's carrying value of investment in Lillie Square is nil, the Group has issued funding in the joint venture in the form of an intercompany loan and deep discount bonds.

An impairment assessment was performed in accordance with IFRS 9 'Financial instruments' comparing the carrying amount of the intercompany debtor and deep discount bonds to the present value of the estimated future cash flows. No additional impairment was recognised for the current period. In the prior year this assessment resulted in a write down of £8.5 million of which £1.2 million was recognised against the intercompany debtor and £7.3 million against the deep discount bonds.

The reversal of the impairment of amounts receivable from joint ventures recognised by the Group for the six month period of £1.9 million (cumulative impairment £73.6 million) and the finance income on the Lillie Square deep discount bonds of £5.7 million have been calculated based on the requirements under IFRS 9 'Financial instruments'. Had the impairments been calculated taking into consideration the Group's economic position with reference to the Group's share of losses in the Lillie Square joint venture the reversal of the impairment of amounts receivable from joint venture would have been £5.3 million (cumulative £50.8 million) and the finance income on the deep discount bonds would have been £2.3 million in the year. The total current period difference between the IFRS 9 basis and economic position basis of £11.4 million (cumulative £21.0 million) is adjusted from EPRA adjusted earnings and EPRA NTA measures as the difference does not reflect the operational performance or the assets and liabilities expected to crystallise in normal circumstances.

6 FINANCE INCOME

Continuing operations	**Six months ended 30 June 2020 £m**	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Finance income:			
On deposits and other	**0.4**	0.2	0.5
Finance income	**0.4**	0.2	0.5
Other finance income:			
On deep discount bonds[1]	**5.7**	5.7	11.3
On deferred consideration[2]	**7.5**	–	0.6
Other finance income	**13.2**	5.7	11.9

1. Excluded from the calculation of underlying earnings as deep discount bonds eliminate on a Group share basis.

2. Excluded from the calculation of underlying earnings as the deferred consideration relates to the proceeds from the sale of Earls Court Properties during the previous financial year.

7 FINANCE COSTS

Continuing operations	**Six months ended 30 June 2020 £m**	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Finance costs:			
On bank overdrafts, loans and other	**10.4**	11.0	20.4
On obligations under lease liability	**0.4**	0.5	0.8
Gross finance costs	**10.8**	11.5	21.2
Interest capitalised on property under development	**–**	(0.9)	–
Finance costs	**10.8**	10.6	21.2

Interest is capitalised, before tax relief, on the basis of the weighted average cost of debt of 2.6 per cent (30 June 2019: 3.0 per cent) applied to the cost of property under development during the period.

8 TAXATION

Continuing operations	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Current income tax:			
Current income tax charge excluding non-underlying items	**–**	1.2	1.4
Current income tax	**–**	1.2	1.4
Deferred income tax:			
On accelerated capital allowances	**–**	0.6	(3.4)
On other items – non-exceptional	**0.3**	(0.1)	–
On fair value of investment and development property	**–**	2.2	–
On fair value of derivative financial instruments	**(1.4)**	(1.1)	(0.9)
On losses – exceptional	**0.3**	(0.3)	–
On Group losses	**–**	–	3.2
On other temporary differences	**–**	–	0.3
Deferred income tax	**(0.8)**	1.3	(0.8)
Current income tax charge on non-underlying items	**0.1**	0.1	–
Adjustments in respect of previous periods – current income tax	**0.1**	(0.1)	0.7
Adjustments in respect of previous periods – deferred income tax	**–**	–	(0.3)
Total income tax (credit)/charge reported in the consolidated income statement	**(0.6)**	2.5	1.0

As a UK REIT, the Group is exempt from UK corporation tax on income and gains from qualifying activities. Non-qualifying activities are subject to UK corporation tax.

Tax on discontinued operation of £nil (2019: £1.2 million) as disclosed within note 9 'Discontinued operation' relates to current tax adjustments in respect of previous years.

Finance Acts 2016 set the main rate of UK corporation tax at 19 per cent from 1 April 2017, reducing to 17 per cent from 1 April 2020. As announced in the UK Budget on 11 March 2020, the main rate of UK corporation tax will remain at 19 per cent from 1 April 2020. This change to the main rate of UK corporation tax was substantively enacted on 17 March 2020 and therefore has been reflected in these condensed consolidated financial statements.

9 DISCONTINUED OPERATION

On 29 November 2019, the Group sold its interests in Earls Court, excluding Lillie Square, to APG and Delancey (on behalf of its client fund) for £425 million. As Earls Court Properties represented a major line of business, its results and cash flows have been reported for the period 1 January 2019 to 29 November 2019 as having arisen from a discontinued operation. This extends to the prior period comparative which has been re-presented to reflect the disposal.

Loss from discontinued operation after tax included in the consolidated Income Statement:

	Six months Ended 30 June 2020 £m	Six months Ended 30 June 2019 £m	Year ended 31 December 2019 £m
Loss from discontinued operation after tax			
Earls Court Properties	**–**	(119.2)	(151.3)
Loss on disposal of discontinued operation	**(0.2)**	**–**	(10.2)

IFRS 5 impairment of discontinued operation	**–**	**–**	(84.0)
Loss from discontinued operation after tax	**(0.2)**	(119.2)	(245.5)
Attributable to:			
Owners of the Parent	**(0.2)**	(76.2)	(191.3)
Non–controlling interest	**–**	(43.0)	(54.2)

Earls Court Properties

On 29 November 2019, the Group completed the sale of its interest in Earls Court Properties (excluding Lillie Square) for a total gross cash consideration of £425.0 million, on a cash-free and debt-free basis. The disposal was in line with the Group's strategy of monetising investments at Earls Court over time with a focus on growing its central London property investment business, centred around Covent Garden. After adjusting for net debt, working capital adjustments, transaction-related costs and other completion items, net proceeds received at the time of sale were £145.3 million with £7.0 million outstanding to pay on transaction related costs and working capital adjustments. Based on the net assets at the date of disposal, after the deduction of an IFRS 5 impairment, a loss of £10.2 million was recognised on the sale.

The balance of the consideration of £210.4 million will be received in two equal instalments 12 months and 24 months after completion. It was agreed that the deferred payments receivable by the Group would be accelerated to the extent that payments made by Capco to the London Borough of Hammersmith and Fulham pursuant to the CLSA were refunded to the Purchaser after completion and as a result Capco received an accelerated payment in respect of the deferred consideration of £89.7 million in March 2020. Further consideration may be payable to Capco in limited circumstances, however this is not expected to be material.

The total net assets at the date of disposal were as follows:

	29 November 2019 £m
Investment and development property	**623.7**
Other non-current assets	**0.4**
Cash and cash equivalents	**9.2**
Other current assets	**0.7**
Other current liabilities	**(2.2)**
Borrowings	**(71.5)**
Net assets	**560.3**
Non-controlling interest	**(194.4)**
Net identifiable assets and liabilities disposed of	**365.9**
Net consideration on completion[1]	**(145.3)**
Deferred consideration	**(210.4)**
Loss on disposal of discontinued operation	**10.2**

1. Cash consideration received on completion was £174.7 million. This differs to net consideration above by £29.4 million due to transaction-related costs of £17.9 million, working capital adjustments of £1.3 million and discounting of the deferred consideration of £10.2 million.

The Earls Court Properties results, which have been included in the income statement as part of the discontinued operation, were:

Summarised income statement	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Period ended 29 November 2019 £m
Revenue	–	1.8	3.6
Net rental income	–	1.6	3.1
Loss on revaluation and sale of investment and development property	–	(118.6)	(151.6)
Administration expenses	–	(3.3)	(4.0)
Operating loss	–	(120.3)	(152.5)
Loss from discontinued operation before tax	–	(120.3)	(152.5)
Taxation	–	1.1	1.2
Loss from discontinued operation after tax[1]	–	(119.2)	(151.3)
IFRS 5 impairment of discontinued operation	–	–	(84.0)
Loss on disposal of discontinued operation	**(0.2)**	–	(10.2)
Loss on disposal and IFRS 5 impairment of discontinued operation	**(0.2)**	–	(94.2)
Loss for the period from discontinued operation after tax	**(0.2)**	(119.2)	(245.5)

Attributable to:			
Owners of the Parent	**(0.2)**	(76.2)	(191.3)
Non-controlling interest	**–**	(43.0)	(54.2)
Underlying earnings from discontinued operation			
Loss for the period from discontinued operation	**(0.2)**	(76.2)	(191.3)
Group adjustments:			
Loss on revaluation and sale of investment and development property	**–**	118.6	151.6
Loss on disposal and IFRS 5 impairment of discontinued operation	**0.2**	–	94.2
Non-controlling interest in respect of the Group adjustments	**–**	(43.3)	(55.0)
Tax adjustments	**–**	–	–
Underlying loss from discontinued operation	**–**	(0.9)	(0.5)

1. Consists of £nil million (2019: £76.2 million) attributable to owners of the Parent and £nil million (2019: £43.0 million) attributable to non-controlling interest.

The following table summarises the consideration received, the net cash flow and loss arising on the disposal of the Earls Court Properties business:

	Six months ended 30 June 2020 £m	Year ended 31 December 2019 £m
Headline consideration	**–**	425.0
Net debt[1]	**–**	(39.6)
Working capital and related adjustments[2]	**(0.2)**	(0.3)
	(0.2)	385.1
Deferred consideration[3]	**89.7**	(210.4)
Cash consideration received on completion	**89.5**	174.7
Group share of cash transferred with disposal group	**–**	(5.8)
Net cash consideration	**89.5**	168.9

1. Net debt represents the Group share of external debt and cash held on disposal.

2. Current year amount relates to post-completion adjustments on working capital refunded to the purchaser.

3. Represents the accelerated payment of £89.7 million in respect of payments made by Capco to the London Borough of Hammersmith and Fulham pursuant to the CLSA that was refunded by the purchaser after completion.

The Earls Court Properties cash flows, which have been included in the statement of cash flows as a discontinued operation, were:

Summarised cash flows	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Period ended 29 November 2019 £m
Net cash outflow from discontinued operating activities	**–**	(0.5)	(2.2)
Purchase and development of property, plant and equipment	**–**	(6.7)	(7.9)
Sale of property	**–**	2.5	3.1
Net cash outflow from discontinued investing activities	**–**	(4.2)	(4.8)
Borrowings drawn	**–**	4.0	4.0
Contribution from non-controlling interest	**–**	1.0	1.0
Funding from Group treasury[1]	**–**	2.6	–
Net cash inflow from discontinued financing activities	**–**	7.6	5.0
Net movement in unrestricted cash and cash equivalents	**–**	2.9	(2.0)
Unrestricted cash and cash equivalents at 1 January	**–**	8.0	8.0
Unrestricted cash and cash equivalents at period end	**–**	10.9	6.0

1. Relates to transactions between the Group's treasury function and the discontinued operation. The Group operates a central treasury function which manages and monitors the Group's cash balances.

10 DIVIDENDS

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Ordinary shares			
Prior period final dividend of 1.0p per share	**8.5**	8.5	8.5
Interim dividend of 0.5p per share	**–**	–	4.2
Dividend expense	**8.5**	8.5	12.7
Bonus issue in lieu of cash dividends[1]	**(3.9)**	(1.0)	(3.2)
Cash dividends paid	**4.6**	7.5	9.5
Proposed interim dividend of 0.5p per share	**–**	4.3	–
Proposed final dividend of 1.0p per share	**–**	–	8.5

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

As a REIT, Capco must distribute at least 90 per cent of the Group's income profits from its tax-exempt property rental business by way of a dividend, which is known as a Property Income Distribution (PID). These distributions can be subject to withholding tax at 20 per cent. Dividends from profits of the Group's taxable residual business are non-PID and will be taxed as an ordinary dividend.

11 EARNINGS PER SHARE AND NET ASSETS PER SHARE

a) Weighted average number of ordinary shares

Continuing and discontinued operation attributable to owners of the Parent	Six months ended 30 June 2020 million	Re-presented Six months ended 30 June 2019 million	Year ended 31 December 2019 million
Weighted average ordinary shares in issue for calculation of basic (loss)/earnings per share[1]	**853.0**	851.2	853.0
Dilutive effect of contingently issuable share option awards[2]	**1.7**	1.6	0.7
Dilutive effect of contingently issuable deferred share awards[2]	**0.3**	0.5	0.5
Dilutive effect of contingently issuable matching nil cost option awards[2]	**–**	0.1	–
Dilutive effect of deferred bonus share option awards[2]	**–**	0.6	–
Weighted average ordinary shares in issue for calculation of diluted earnings/(loss) per share	**855.0**	854.0	854.2

1. Weighted average number of shares in issue for the comparatives has been adjusted by 2.5 million for the issue of bonus shares in connection with the scrip dividend scheme.
2. The dilutive effect of contingently issuable share option awards were not included in the calculation of diluted earnings per share for the six months ended 30 June 2020 because they are antidilutive. These options could potentially dilute basic earnings per share in the future.

b) Basic and diluted (loss)/earnings per share

Continuing and discontinued operation attributable to owners of the Parent	Six months ended 30 June 2020 £m	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Continuing operations			
(Loss)/earnings used for calculation of basic and diluted (loss)/earnings per share	**(440.5)**	(11.0)	(62.3)
Basic and diluted (loss)/earnings per share (pence)	**(51.6)**	(1.3)	(7.3)
Discontinued operation			
(Loss)/earnings used for calculation of basic and diluted (loss)/earnings per share	**(0.2)**	(76.2)	(191.3)
Basic and diluted (loss)/earnings per share (pence)	**–**	(8.9)	(22.4)

c) EPRA and underlying earnings per share

Continuing operation attributable to owners of the Parent	Six months ended 30 June 2020 £m	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m

Basic loss	**(440.5)**	(11.0)	(62.3)
Group adjustments:			
(Write-back)/impairment of investments and other receivables[1]	**(1.9)**	17.1	12.5
Loss/(gain) on revaluation and sale of investment and development property	**431.6**	(11.1)	43.3
Change in fair value of derivative financial instruments	**8.0**	5.3	5.2
Deferred tax adjustments	**(1.6)**	1.8	(4.3)
Joint venture adjustments:			
(Profit)/loss on sale of trading property[2]	**(6.5)**	0.1	(0.9)
Loss on revaluation and sale of investment and development property	**0.2**	–	–
Write down of trading property	**0.8**	0.2	0.4
EPRA earnings on continuing operations[3]	**(9.9)**	2.4	(6.7)
Administration expenses – non-underlying[4]	**4.4**	3.9	9.7
Net rental income – non-underlying[5]	**7.1**	–	–
Finance costs – non-underlying[6]	**(7.5)**	–	(0.6)
Change in fair value of financial asset at fair value through profit or loss	**8.0**	–	–
Tax adjustments	**0.4**	(0.9)	6.5
Underlying earnings from continued operations	**2.5**	5.4	9.5
Underlying earnings from discontinued operation	**–**	(0.9)	(0.5)
Underlying earnings[3]	**2.5**	4.5	9.0
Underlying earnings per share (pence)	**0.3**	0.6	1.1
EPRA earnings per share (pence) on continuing operations[3]	**(1.2)**	0.3	(0.8)

1. (Write-back)/impairment of investments and other receivables of £1.9 million (2019: impairment £11.9 million) includes impairments under IFRS 9 of the amounts receivable from joint ventures above/below the Group's share of losses in the Lillie Square joint venture. Further details are disclosed within note 5 'Impairment of Other Receivables' and note 6 'Finance Income'.
2. Profit on sale of trading property relates to Lillie Square sales and includes £1.2 million (2019: £0.4 million) of marketing and selling fees on a Group share basis. Marketing fees include costs for units that have not yet completed.
3. EPRA earnings and underlying earnings have been reported on a Group share basis.
4. Non-underlying administration expenses totalled £4.4 million (2019: £9.7 million) which relates principally to the costs incurred in respect of the shareholding in Shaftesbury PLC acquired during the current year. The prior year costs relate to the proposed de-merger. These costs have been classified as non-underlying as they do not represent the recurring, underlying performance of the Group.
5. Non-underlying net rental income adjustments totalled £7.1 million and relate to lease modification expenses and impairment of tenant lease incentives. These costs have been classified as non-underlying as they relate to the one off balance sheet impairment of tenant incentives and derocognition of lease modification costs that are non-cash items.
6. Non-underlying finance costs relates to the unwinding of deferred consideration on the sale of Earls Court Properties in 2019.These costs have been classified as non-underlying as they do not represent the recurring, underlying performance of the Group.

d) Headline earnings per share

Headline earnings per share is calculated in accordance with Circular 2/2015 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.

	Six months ended 30 June 2020 £m	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Basic (loss)/earnings	**(440.7)**	(11.0)	(253.6)
Group adjustments:			
Loss/(gain) on revaluation and sale of investment and development property	**431.6**	(11.1)	194.9
Deferred tax adjustments	**0.1**	2.2	0.3
Non-controlling interest in respect of the Group adjustments	**–**	–	(54.2)
Loss/(profit) on disposal and IFRS 5 impairment of discontinued operation	**–**	–	94.2
Joint venture adjustments:			
Loss on revaluation and sale of investment and development property	**0.2**	–	–
Headline (loss)/earnings	**(8.8)**	(19.9)	(18.4)
Headline (loss)/earnings per share (pence)	**(1.0)**	(2.3)	(2.2)
Diluted headline (loss)/earnings per share (pence)	**(1.0)**	(2.3)	(2.2)

e) Net assets per share

	As at 30 June 2020 million	As at 31 December 2019 million
Number of ordinary shares in issue	**851.1**	854.3
Adjustments:		
Effect of dilution on exercise of contingently issuable share option awards	**1.7**	0.7
Effect of dilution of contingently issuable deferred share awards	**0.3**	0.5
Effect of dilution on exercise of contingently issuable matching nil cost option awards	**–**	–
Effect of dilution on exercise of deferred bonus share option awards	**–**	–
Adjusted, diluted number of ordinary shares in issue	**853.1**	855.5

	As at 30 June 2020			As at 31 December 2019		
	EPRA NRV	**EPRA NTA**	**EPRA NDV**	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	**2,020.8**	**2,020.8**	**2,020.8**	2,477.5	2,477.5	2,477.5
Diluted NAV	**2,020.8**	**2,020.8**	**2,020.8**	2,477.5	2,477.5	2,477.5
Group adjustments:						
Revaluation of other non-current assets[1]	**11.4**	**11.4**	**11.4**	9.6	9.6	9.6
Unrecognised surplus on trading property – Joint venture	**10.4**	**10.4**	**10.4**	15.9	15.9	15.9
Diluted NAV at Fair Value	**2,042.6**	**2,042.6**	**2,042.6**	2,503.0	2,503.0	2,503.0
Fair value of derivative financial instruments	**11.6**	**11.6**	**–**	3.6	3.6	–
Real Estate Transfer Tax	**139.4**	**–**	**–**	171.6	–	–
Excess fair value of debt over carrying value	**–**	**–**	**(28.7)**	–	–	(1.7)
Deferred tax adjustments	**(2.3)**	**(2.3)**	**–**	(0.8)	(0.8)	–
NAV	**2,191.3**	**2,051.9**	**2,013.9**	2,677.4	2,505.8	2,501.3
Diluted number of shares	**853.1**	**853.1**	**853.1**	855.5	855.5	855.5
NAV per share (pence)	**256.9**	**240.5**	**236.1**	312.9	292.9	292.4

1. This relates to the impairment under IFRS 9 of amounts receivable from joint ventures above the Group's share of losses in the Lillie Square joint venture. Further details are disclosed within note 5 'Write-back/(impairment) of other receivables'.

12 PROPERTY PORTFOLIO

a) Investment and development property

		Property portfolio		**Tenure**	
	Covent Garden £m	**Other[1] £m**	**Total £m**	**Freehold £m**	**Leasehold £m**
At 1 January 2019	2,565.6	769.9	3,335.5	1,522.1	1,813.4
Additions from acquisitions	74.9	–	74.9	69.2	5.7
Additions from subsequent expenditure	19.4	9.8	29.2	15.6	13.6
Disposals	(74.8)	(2.9)	(77.7)	(15.6)	(62.1)
Sale of discontinued operation	–	(623.7)	(623.7)	(124.7)	(499.0)
Loss on revaluation[2]	(41.1)	(151.6)	(192.7)	(24.9)	(167.8)
At 31 December 2019	**2,544.0**	**1.5**	**2,545.5**	**1,441.7**	**1,103.8**
Additions from acquisitions	**–**	**1.0**	**1.0**	**–**	**1.0**
Additions from subsequent expenditure	**6.9**	**–**	**6.9**	**3.4**	**3.5**
Disposals	**(0.3)**	**–**	**(0.3)**	**–**	**(0.3)**
Loss on revaluation	**(431.2)**	**(0.4)**	**(431.6)**	**(217.8)**	**(213.8)**
At 30 June 2020	**2,119.4**	**2.1**	**2,121.5**	**1,227.3**	**894.2**

1. Included in 'Other' in the prior year is the Group's interest in Earls Court Properties which was disposed of on 29 November 2019. Details of the disposals is set out in note 9 'Discontinued Operation'.
2. Prior year loss on revaluation of £192.7 million includes a loss on revaluation of £151.6 which relates to Earls Court Properties for the period prior to disposal which was included in the loss from discontinued operation in the consolidated income statement. The remainder of the loss, relating to continuing operations was recognised in the consolidated income statement within loss on revaluation and sale of investment and development property.

b) Market value reconciliation of total property

	Covent Garden £m	**Other £m**	**Total £m**

Carrying value of investment and development property at 30 June 2020	**2,119.4**	**2.1**	**2,121.5**
Adjustment in respect of fixed head leases (Right of use asset)	**(6.1)**	**–**	**(6.1)**
Adjustment in respect of tenant lease incentives	**52.1**	**–**	**52.1**
Market value of investment and development property at 30 June 2020	**2,165.4**	**2.1**	**2,167.5**
Joint venture:			
Carrying value of joint venture investment, development and trading property at 30 June 2020	**–**	**127.2**	**127.2**
Unrecognised surplus on joint venture trading property[1]	**–**	**10.4**	**10.4**
Market value of investment, development and trading property on a Group share basis at 30 June 2020	**2,165.4**	**139.7**	**2,305.1**

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

	Covent Garden £m	Other £m	Total £m
Carrying value of investment, development and trading property at 31 December 2019	2,544.0	1.5	2,545.5
Adjustment in respect of fixed head leases (Right of use asset)	(6.1)	–	(6.1)
Adjustment in respect of tenant lease incentives	57.7	–	57.7
Market value of investment, development and trading property at 31 December 2019	2,595.6	1.5	2,597.1
Joint venture:			
Carrying value of joint venture investment, development and trading property at 31 December 2019	–	161.2	161.2
Group share of unrecognised surplus on joint venture trading property[1]	–	15.9	15.9
Market value of investment, development and trading property on a Group share basis at 31 December 2019	2,595.6	178.6	2,774.2

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

At 30 June 2020, the Group was contractually committed to £3.4 million (31 December 2019: £7.0 million) of future expenditure for the purchase, construction, development and enhancement of investment, development and trading property. Refer to note 23 'Capital Commitments' for further information on capital commitments.

The fair value of the Group's investment, development and trading property at 30 June 2020 was determined by independent, appropriately qualified external valuers JLL for Lillie Square and CBRE for the remainder of the Group's property portfolio. The valuations conform to the Royal Institution of Chartered Surveyors ("RICS") Valuation Professional Standards. Fees paid to valuers are based on fixed price contracts.

The valuers report for the period ended 30 June 2020 contains a 'material valuation uncertainty' clause due to the impact that the global pandemic COVID-19 has had on global markets and market evidence to inform opinions on value. For the avoidance of doubt, the inclusion of the material valuation uncertainty does not mean that the valuation cannot be relied upon. Rather, the material valuation uncertainty has been included to ensure transparency of the fact that in the current extraordinary circumstances less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. The Group's valuers, CBRE and JLL, have followed this industry wide approach in respect of the valuations this period. Whilst the property valuations reflect the external valuers' assessment of the impact of COVID-19 at the valuation date, we consider +/- ten per cent for ERV and +/-50bps movement on yields to capture the increased uncertainty in these key valuation assumptions. The results of this analysis are disclosed on page 46.

There has been no change in the valuation methodology used as a result of COVID-19.

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

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

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

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

A number of the Group's properties have been valued on the basis of their development potential which differs from their existing use. In respect of development valuations, the valuer ordinarily considers the gross development value of the completed scheme based upon assumptions of capital values, rental values and yields of the properties which would be created through the implementation of the development. Deductions are then made for anticipated costs, including an allowance for developer's profit before arriving at a valuation.

There are often restrictions on both freehold and leasehold property which could have a material impact on the realisation of these assets. The most significant of these occur when planning permission is required or when a credit facility is in place. These restrictions are factored into the property's valuation by the external valuer. Refer to disclosures surrounding property risks on page 14.

The different valuation levels are defined as:

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

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

Level 3: where one or more inputs to valuation are not based on observable market data. Valuations at this level are more subjective and therefore more closely managed, including sensitivity analysis of inputs to valuation models.

When the degree of subjectivity or nature of the measurement inputs changes, consideration is given as to whether a transfer between fair value levels is deemed to have occurred. Unobservable data becoming observable market data would determine a transfer from Level 3 to Level 2. All investment and development properties held by the Group are classified as Level 3.

The following table sets out the valuation techniques used in the determination of market value of investment and development property on a property by property basis, as well as the key unobservable inputs used in the valuation models.

Property portfolio	**Market value 30 June 2020 £m**	Market value 31 December 2019 £m	**Valuation technique**	**Key unobservable inputs**	**Range (weighted average) 2020**	Range (weighted average) 2019
Covent Garden	**2,165.4**	2,595.6	Income capitalisation	Estimated rental value per sq ft[1] per annum ("p.a.")	**£17 – £281 (£82)**	£20 – £342 (£93)
				Equivalent yield	**1.9% – 6.0% (3.8%)**	2.2% – 6.0% (3.6%)
Other	**2.1**	1.5	Income capitalisation	Estimated rental value per sq ft[1] p.a.	**£31 – £38 (£33)**	£31 – £38 (£33)
				Equivalent yield	**3.3 % – 3.7% (3.4%)**	3.3% – 3.7% (3.4%)
	2,167.5	2,597.1				

1. Estimated rental value and capital value are expressed per square foot on a net internal area basis. Construction costs including site specific costs expressed per square foot on a gross external area basis.

Covent Garden properties are valued under the income capitalisation method and if all other factors remained equal, an increase in estimated rental value of ten per cent would result in an increased asset valuation of £185.9 million. A decrease in the estimated rental value of ten per cent would result in a decreased asset value of £182.2 million. Conversely, an increased equivalent yield of 50 basis points would result in a decreased asset valuation of £257.8 million. A decreased equivalent yield of 50 basis points would result in an increased asset valuation of £332.0 million. These inputs are interdependent, partially determined by market conditions. The impact on the valuation could be mitigated by the interrelationship between the two inputs. An increase in estimated rental value occurring in conjunction with an increase in equivalent yield could result in no net impact to the valuation.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at fair value through profit or loss include the following:

	As at 30 June 2020 £m	As at 31 December 2019 £m
Non-current assets		
Listed equity securities[1]	**339.6**	–

1. Listed equity securities comprise of 64.4 million shares in Shaftesbury PLC.

Amounts recognised in profit or loss

During the year, the following losses were recognised in profit or loss:

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Fair value loss on financial assets at fair value through profit or loss	**(8.0)**	–	–

14 INVESTMENT IN JOINT VENTURES

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

At 30 June 2020, joint ventures comprise the Lillie Square joint venture ("LSJV"), Innova Investment ("Innova"), and The Great Capital Partnership ("GCP"). On 29 April 2013, the Group exchanged contracts for the disposal of the final asset, Park Crescent West, in GCP which has since been accounted for as a discontinued operation.

LSJV

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

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

LSJV	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Summarised income statement			
Revenue	**92.9**	2.1	11.8
Net rental income/(expense)	**0.1**	0.1	–
(Loss)/gain on revaluation of investment and development property	**(0.3)**	0.1	–
Proceeds from the sale of trading property	**92.8**	2.0	10.2
Cost of sale of trading property	**(76.1)**	(2.0)	(7.6)
Agent, selling and marketing fees	**(1.1)**	(0.1)	(0.8)
Write down of trading property	**(1.5)**	(0.4)	(0.7)
Administration expenses	**(0.4)**	0.1	(0.6)
Finance costs[1]	**(6.9)**	(6.8)	(13.4)
Profit/(loss) for the period	**6.6**	(7.0)	(12.9)

1. Finance costs includes £6.9 million (30 June 2019: £6.8 million) which relates to the amortisation of deep discount bonds that were issued by LSJV to the Group and KFI. The bonds are redeemable at their nominal value of £276.1 million on 24 August 2021. The discount applied is unwound over the period to maturity using an effective interest rate. Finance income receivable by the Group of £5.7 million (30 June 2019: £5.7 million) is recognised in the consolidated income statement within other finance income.

LSJV	**As at 30 June 2020 £m**	As at 31 December 2019 £m
Summarised balance sheet		
Investment and development property	**3.4**	3.7
Other non-current assets	**5.9**	4.6
Trading property	**251.1**	318.9
Cash and cash equivalents	**32.5**	7.9
Other current assets[1]	**17.3**	26.0
Borrowings	**(67.4)**	(110.9)
Other non-current liabilities[2]	**(259.7)**	(252.9)
Amounts payable to joint venture partners[3]	**(75.5)**	(74.8)
Other current liabilities	**(23.2)**	(41.9)
Net liabilities	**(115.6)**	(119.4)
Capital commitments	**2.9**	13.3
Carrying value of investment, development and trading property	**254.5**	322.6
Unrecognised surplus on trading property[4]	**20.8**	31.7
Market value of investment, development and trading property[4]	**275.3**	354.3

1. Includes £16.8 million (31 December 2019: £26.0 million) relating to amounts received as property deposits that will not be available for use by LSJV until completion of building work. There is a corresponding liability of £16.8 million (31 December 2019: £26.0 million) within other current liabilities.
2. Other non-current liabilities relate to deep discount bonds. Recoverable amounts receivable by the Group of £105.9 million (31 December 2019: £98.4 million) are recognised on the consolidated balance sheet within non-current trade and other receivables.
3. Amounts payable to joint venture partners relate to working capital funding advanced by the Group and KFI.
4. The unrecognised surplus on trading property and the market value of LSJV's property portfolio are shown for information purposes only and are not a requirement of IFRS. Trading property continues to be measured at the lower of cost and net realisable value.

Innova

On 29 June 2015, the Group acquired a 50 per cent interest in Innova, a joint venture arrangement with Network Rail Infrastructure Limited ("NRIL"). The joint venture will explore opportunities for future redevelopments on and around significant railway station sites in London.

Innova comprises Innova Investment Limited Partnership and Innova Investment GP Limited, acting as general partner to the partnership. All major decisions regarding Innova are taken by the Board of Innova Investment GP Limited, through which the Group shares strategic control.

The summarised income statement and balance sheet of Innova are presented below.

Innova	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Summarised income statement			
Impairment of other receivables	**–**	(5.0)	(5.0)
Loss for the period	**–**	(5.0)	(5.0)

Innova	**As at 30 June 2020 £m**	As at 31 December 2019 £m
Summarised balance sheet		
Cash and cash equivalents	**0.9**	0.9
Other current liabilities	**(0.4)**	(0.5)
Net assets	**0.5**	0.4

Reconciliation of summarised financial information

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

	GCP £m	LSJV £m	Innova £m	Total £m
Net assets/(liabilities) of joint ventures at 31 December 2019	0.1	(119.4)	0.4	(118.9)
Elimination of joint venture partners' interest	–	59.7	(0.2)	59.5
Cumulative losses restricted[1]	–	59.7	–	59.7
Carrying value at 31 December 2019	0.1	–	0.2	0.3
Net assets/(liabilities) of joint ventures at 30 June 2020	**0.1**	**(115.6)**	**0.5**	**(115.0)**
Elimination of joint venture partners' interest	**–**	**57.8**	**(0.3)**	**57.5**
Cumulative losses restricted[1]	**–**	**57.8**	**–**	**57.8**
Carrying value at 30 June 2020	**0.1**	**–**	**0.2**	**0.3**

1. Cumulative losses restricted represent the Group's share of losses in LSJV which exceed the Group's investment in the joint venture. As a result the carrying value of the investment in LSJV is nil (31 December 2019: nil) in accordance with the requirements of IAS 28.

Reconciliation of investment in joint ventures

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

Investment in joint ventures	GCP £m	LSJV £m	Innova £m	Total £m
At 1 January 2019	0.1	–	17.2	17.3
Loss for the year	–	(6.4)	(2.5)	(8.9)
Loss restricted	–	6.4	–	6.4
Impairment of goodwill	–	–	(14.5)	(14.5)
At 31 December 2019	**0.1**	**–**	**0.2**	**0.3**
Profit for the period	**–**	**3.3**	**–**	**3.3**
Reversal of previously restricted loss	**–**	**(3.3)**	**–**	**(3.3)**

At 30 June 2020	**0.1**	**–**	**0.2**	**0.3**

15 NON-CONTROLLING INTEREST

On 29 November 2019, the Group completed the sale of its interests in Earls Court, including ECPL, a company in which the Group held 63 per cent interest. TTL Earls Court Properties Limited, a subsidiary of TfL, held a 37 per cent non-controlling interest in ECPL. Further information on the sale of the Earls Court Properties business can be found in note 9 'Discontinued Operation'.

The accumulated non-controlling interest is presented below.

	As at 30 June 2020 £m	As at 31 December 2019 £m
At 1 January	**–**	247.4
Loss and total comprehensive expense for the period attributable to non-controlling interest	**–**	(54.2)
Contribution from non-controlling interest	**–**	1.0
Derecognition of non-controlling interest at disposal	**–**	(194.2)
Non-controlling interest	**–**	–

16 TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 £m	As at 31 December 2019 £m
Non-current		
Other receivables[1]	**15.1**	99.1
Prepayments and accrued income[2]	**45.1**	51.3
Amounts receivable from joint ventures[3]	**105.9**	98.4
Trade and other receivables	**166.1**	248.8
Current		
Rent receivable	**24.1**	4.3
Other receivables[1]	**121.0**	118.6
Prepayments and accrued income[2]	**15.2**	16.5
Trade and other receivables	**160.3**	139.4

1. Includes £118.6 million (2019: £200.8 million) which represents the discounted balance of the deferred consideration in respect of the Earls Court Disposal, which is receivable in December 2020 and 2021. An accelerated payment of £89.7 million in respect of payments made by Capco to the London Borough of Hammersmith and Fulham pursuant to the CLSA was refunded by the purchaser during the course of 2020.
2. Includes tenant lease incentives, comprising surrender premia paid and incentives offered to new tenants, of £52.1 million (2019: £57.7 million).
3. Non-current amounts receivable from joint ventures relate to deep discount bonds that were issued by LSJV to the Group. The bonds are redeemable at their nominal value of £138.1 million on 24 August 2021. This balance has been impaired by £32.5 million (2019: £34.4 million). Current amounts of £41.8 million due from LSJV in relation to working capital funding advanced by the Group have been impaired in full.

17 CASH AND CASH EQUIVALENTS

	As at 30 June 2020 £m	As at 31 December 2019 £m
Cash at hand	**1.3**	1.1
Cash on short-term deposit	**293.7**	152.0
Cash and cash equivalents	**295.0**	153.1

18 TRADE AND OTHER PAYABLES

	As at 30 June 2020 £m	As at 31 December 2019 £m
Rent in advance	**17.0**	15.9
Accruals and deferred income	**17.8**	23.6
Trade payables	**0.1**	–
Other payables	**15.6**	17.7
Other taxes and social security	**3.5**	2.1
Trade and other payables	**54.0**	59.3

19 BORROWINGS, INCLUDING LEASE LIABILITY

	30 June 2020						
	Carrying value £m	Secured £m	Unsecured £m	Fixed rate £m	Floating rate £m	Fair value £m	Nominal value £m
Current							
Lease liability obligations	1.6	0.7	0.9	1.6	–	1.6	1.6
Borrowings, including lease liability	1.6	0.7	0.9	1.6	–	1.6	1.6
Non-current							
Bank loans	448.5	–	448.5	–	448.5	450.0	450.0
Loan notes	548.0	–	548.0	548.0	–	524.7	550.0
Borrowings	996.5	–	996.5	548.0	448.5	974.7	1,000.0
Lease liability obligations	8.8	5.2	3.6	8.8	–	8.8	8.8
Borrowings, including lease liability	1,005.3	5.2	1,000.1	556.8	448.5	983.5	1,008.8
Total borrowings, including lease liability	1,006.9						
Cash and cash equivalents	(295.0)						
Net debt	711.9						

	31 December 2019						
	Carrying value £m	Secured £m	Unsecured £m	Fixed rate £m	Floating rate £m	Fair value £m	Nominal value £m
Current							
Lease liability obligations	1.6	0.7	0.9	1.6	–	1.6	1.6
Borrowings, including lease liability	1.6	0.7	0.9	1.6	–	1.6	1.6
Non-current							
Loan notes	546.1	–	546.1	546.1	–	547.9	550.0
Borrowings	546.1	–	546.1	546.1	–	547.9	550.0
Lease liability obligations	9.2	5.4	3.8	9.2	–	9.2	9.2
Borrowings, including lease liability	555.3	5.4	549.9	555.3	–	557.1	559.2
Total borrowings, including lease liability	556.9						
Cash and cash equivalents	(153.1)						
Net debt	403.8						

20 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The tables below set out each class of financial asset, financial liability and their fair values at 30 June 2020 and 31 December 2019.

		30 June 2020		31 December 2019	
	Notes	Carrying value £m	(Loss)/gain to income statement £m	Carrying value £m	(Loss)/gain to income statement £m
Derivative financial assets		–	–	–	–
Total held for trading assets		–	–	–	–
Cash and cash equivalents	17	295.0	–	153.1	–
Other financial assets[1]		265.9	1.9	320.1	(21.0)
Total cash and other financial assets		560.9	1.9	473.2	(21.0)
Investment held at fair value through profit or loss		339.6	(8.0)	–	–
Total investment held at fair value through profit or loss		339.6	(8.0)	–	–
Derivative financial liabilities		(11.6)	(8.0)	(3.6)	(5.2)
Total held for trading liabilities		(11.6)	(8.0)	(3.6)	(5.2)
Borrowings, including lease liability	19	(1,006.9)	–	(556.9)	–
Other financial liabilities[2]		(40.0)	–	(45.5)	–
Total borrowings and other financial liabilities		(1,046.9)	–	(602.4)	–

1. Includes rent receivable, amounts due from joint ventures and other receivables.

2. Includes trade and other payables and tax liabilities.

Fair value estimation

Financial instruments carried at fair value are required to be analysed by level depending on the valuation method adopted under IFRS 13 'Fair Value Measurement'.

The different levels are defined as follows:

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

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

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

Derivative financial instruments are carried at fair value on the balance sheet and representing Level 2 fair value measurement. The fair values of derivative financial instruments are determined from observable market prices or estimated using appropriate yield curves at each reporting date by discounting the future contractual cash flows to the net present values. There has been no transfer between levels in the period.

21 DEFERRED TAX

The change to the UK corporation tax rate referred to in Note 8 'Taxation' has been enacted for the purposes of IAS 12 'Income Taxes' and therefore has been reflected in these consolidated financial statements based on the expected timing of the realisation of deferred tax.

Investment properties that fall within the Group's qualifying REIT activities will be outside the charge to UK corporation tax subject to certain conditions being met.

A disposal of the Group's trading properties at their market value, before utilisation of carried forward losses, would result in a corporation tax charge to the Group of £2.0 million (19 per cent of £10.4 million).

	Accelerated capital allowances £m	Fair value of derivative financial instruments £m	Other temporary differences £m	Group losses £m	Total £m
Provided deferred tax liabilities/(assets):					
At 1 January 2019	3.5	–	(2.1)	(6.9)	(5.5)
Adjustment to opening balance	–	–	–	(0.3)	(0.3)
Recognised in income	–	(0.8)	–	(0.1)	(0.9)
Adjustment in respect of rate change	–	–	0.2	–	0.2
Released on conversion to UK REIT	(3.4)	–	–	3.3	(0.1)
At 31 December 2019	**0.1**	**(0.8)**	**(1.9)**	**(4.0)**	**(6.6)**
Recognised in income	**–**	**(1.4)**	**0.3**	**0.3**	**(0.8)**
At 30 June 2020	**0.1**	**(2.2)**	**(1.6)**	**(3.7)**	**(7.4)**
Unprovided deferred tax (assets):					
At 1 January 2020	**–**	**–**	**–**	**(10.3)**	
Movement during the period	**–**	**–**	**–**	**0.1**	
At 30 June 2020	**–**	**–**	**–**	**(10.2)**	

In accordance with the requirements of IAS 12 'Income Taxes', the unprovided 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 the future periods.

22 SHARE CAPITAL AND SHARE PREMIUM

Issue type	Transaction date	Issue price (pence)	Number of shares	Share capital £m	Share premium £m
At 1 January 2019			850,806,256	212.7	225.6
Scrip dividend – 2018 final	May	245	409,364	0.1	1.0
Scrip dividend – 2019 interim	September	187	1,197,901	0.3	2.2
Share-based payment			1,885,642	0.5	0.1
At 31 December 2019			**854,299,163**	**213.6**	**228.9**
Share buyback	March/April		**(6,060,000)**	**(1.5)**	**–**
Scrip dividend – 2019 final	May	152	**2,530,598**	**0.6**	**3.3**
Share-based payment			**313,882**	**0.1**	**–**

At 30 June 2020	851,083,643	212.8	232.2

In accordance with the authority granted by shareholders at the Company's annual general meeting on 3 May 2019 and as part of its share repurchase programme, between 26 February 2020 and 20 March 2020 (inclusive), the Company purchased and subsequently cancelled 6,060,000 ordinary shares. The shares were acquired at an average price of 195.1 pence per share, with prices ranging from 131.6 pence to 229.5 pence per share. The total cost of £11.8 million, including £0.1 million of after-tax transaction costs, was deducted from shareholder equity. The total reduction in paid-up capital was £1.5 million.

23 CAPITAL COMMITMENTS

At 30 June 2020, the Group was contractually committed to £91.6 million (31 December 2019: £7.0 million) representing £88.2 million for the additional acquisition of Shaftesbury PLC and £3.4 million of future expenditure for the purchase, construction, development and enhancement of investment, development and trading property. The full amount is committed 2020 expenditure.

The Group's share of joint venture capital commitments arising on LSJV amounts to £1.4 million (31 December 2019: £6.6 million).

24 CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of legal claims, guarantees and warranties arising from the ordinary course of business.

Other contingent liabilities that may result in material liabilities are described below.

On 30 May 2020, Capco announced that it had agreed to acquire a 26.3 per cent shareholding (80.7 million shares) in Shaftesbury PLC across two tranches for a total consideration of £436 million, at a price of 540 pence per Shaftesbury share.

The acquisition was split across two tranches with the first tranche of 64.4 million shares, representing 20.94 per cent completed on 3 June 2020. The second tranche, of 16.3 million shares, representing 5.31 per cent constitutes a Class 1 transaction for the purposes of the FCA Listing Rules and completion is conditional on the Group obtaining shareholder approval. The shareholder approval condition was satisfied on 10 August 2020 and the acquisition is expected to complete on 13 August 2020.

25 CASH FLOW INFORMATION

The tables below presents the cash generated from operations:

(a) Cash generated from continuing operations

Continuing operations	Notes	**Six months ended 30 June 2020 £m**	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Loss before tax		**(441.1)**	(8.5)	(61.3)
Adjustments:				
Loss/(gain) on revaluation and sale of investment and development property	4	**431.6**	(11.1)	43.3
(Write-back)/impairment of investments and other receivables	5	**(1.9)**	20.6	21.0
Loss from joint venture		**–**	–	2.5
Change in fair value of financial asset at fair value through profit or loss	13	**8.0**	–	–
Depreciation		**0.7**	0.6	1.3
Amortisation of tenant lease incentives and other direct costs		**6.4**	(1.0)	2.3
Bad debt expenses	3	**5.8**	1.0	1.6
Share-based payment		**0.8**	2.0	4.1
Finance income	6	**(0.4)**	(0.2)	(0.5)
Finance costs	7	**10.8**	10.6	21.2
Other finance income	6	**(13.2)**	(5.7)	(11.9)
Change in fair value of derivative financial instruments		**8.0**	5.3	5.2
Change in working capital:				
Change in trade and other receivables		**(24.6)**	(6.1)	(8.0)
Change in trade and other payables		**(6.4)**	(5.1)	(19.1)
Cash generated from operations		**(15.5)**	2.4	1.7

(b) Cash generated from discontinued operation

Discontinued operation	Note	**Six months ended 30 June**	Re-presented Six months ended	Year ended 31 December

		2020 £m	30 June 2019 £m	2019 £m
Loss before tax		**–**	(120.3)	(152.5)
Adjustments:				
Loss on revaluation and sale of investment and development property	9	**–**	118.6	151.6
Depreciation		**–**	0.4	0.8
Change in working capital:				
Change in trade and other receivables		**(0.2)**	(0.2)	0.3
Change in trade and other payables		**–**	1.1	(2.4)
Cash used in discontinued operation		**(0.2)**	(0.4)	(2.2)

The table below provides an analysis of financial liabilities and derivative financial instruments arising from financing activities:

	Note	Long-term borrowings £m	Short-term borrowings £m	Derivative financial instruments £m	Total liabilities from financing activities £m
Balance at 1 January 2020		**555.3**	**1.6**	**3.6**	**560.5**
Cash flows from financing activities					
Proceeds from loans and borrowings		**450.0**	**–**	**–**	**450.0**
Lease liability		**–**	**(0.5)**	**–**	**(0.5)**
Total cash flows used in financing activities		**450.0**	**(0.5)**	**–**	**449.5**
Non-cash flows from financing activities					
Facility fees amortised		**0.5**	**–**	**–**	**0.5**
Changes in fair value	18	**–**	**–**	**8.0**	**8.0**
Lease liability		**(0.5)**	**0.5**	**–**	**–**
Total non-cash flows from financing activities		**–**	**0.5**	**8.0**	**8.5**
Balance at 30 June 2020		**1,005.3**	**1.6**	**11.6**	**1,018.5**

26 RELATED PARTY TRANSACTIONS

Transactions with Directors

Key management compensation[1]	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Salaries and short-term employee benefits	**1.1**	1.3	3.7
Share-based payment	**0.5**	1.3	2.9
Termination benefits	**–**	–	0.7
	1.6	2.6	7.3

1. Key management comprises the Directors of the Company who have been deemed to be the only individuals with authority and responsibility for planning, directing and controlling the activities of the Company.

Transactions between the Group and its joint ventures

Transactions during the period between the Group and its joint ventures, which are related parties, are disclosed in notes 14 'Investment in Joint Ventures', 16 'Trade and other receivables' and 23 'Capital commitments'. During the period the Group recognised management fee income of £0.2 million (31 December 2019: £1.8 million) that was earned on an arm's length basis.

Property purchased by Directors of the Company

A related party of the Group, Lillie Square GP Limited, entered into the following related party transactions as defined by IAS 24 'Related Party Disclosures':

– Henry Staunton, Chairman of Capital & Counties Properties PLC, Andrew Strang, a Non-executive Director of Capital & Counties Properties PLC up to 1 May 2020 and Situl Jobanputra, Chief Financial Officer of Capital & Counties Properties PLC all own apartments in the Lillie Square development either solely or together with family members. The disclosures in respect of these purchases were included in previous financial statements.

– As owners of apartments in the Lillie Square development, these Directors are required to pay annual ground rent and insurance premium fees and biannual service charge fees. As at 30 June 2020, £10,422.33 had been received in relation to these charges for 2020, and £1,858.03 was outstanding.

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

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

27 EVENTS AFTER THE REPORTING PERIOD

On 30 May 2020, Capco announced that it had agreed to acquire a 26.3 per cent shareholding (80.7 million shares) in Shaftesbury PLC. The acquisition was split across two tranches with the second tranche, of 16.3 million shares, representing 5.31 per cent of the total investment constituting a Class 1 transaction for the purposes of the FCA Listing Rules with completion therefore conditional on the Group obtaining shareholder approval.

Capco published a shareholder circular on 21 July 2020 in respect of the acquisition of the Second Tranche. The general meeting occurred on 10 August 2020 with shareholder approval obtained, and completion of the purchase of the remaining shares for £88.2 million is scheduled for 13 August 2020.

ANALYSIS OF PROPERTY PORTFOLIO (UNAUDITED)

1. PROPERTY DATA AS AT 30 JUNE 2020

	Market Value £m	Ownership
Covent Garden	**2,165.4**	**100%**
Lillie Square	**137.6**	**50%**
Other	**2.1**	**100%**
Group share of total property	**2,305.1**	
Investment and development property	**2,169.2**	
Trading property	**135.9**	

2. ANALYSIS OF CAPITAL RETURN FOR THE PERIOD

Like-for-like capital	Market Value 30 June 2020 £m	Market Value 31 December 2019 £m	Revaluation loss[1] 30 June 2020 £m	Decrease
Covent Garden	**2,165.4**	2,595.6	**(431.2)**	**(16.9)%**
Other[2]	**138.7**	165.9	**(7.3)**	**(5.0)%**
Total like-for-like capital	**2,304.1**	2,761.5	**(438.5)**	**(16.3)%**
Investment and development property	***2,169.2***	*2,598.9*	***(431.5)***	***(16.9)%***
Trading property[3]	***134.9***	*162.6*	***(7.0)***	***(4.9)%***
Non like-for-like capital				
Acquisitions	**1.0**	–	**(0.4)**	
Disposals	**–**	12.7	**–**	
Group share of total property	**2,305.1**	2,774.2	**(438.9)**	**(16.3)%**
Investment and development property	***2,169.2***	2,598.9	***(431.9)***	***(16.9)%***
Trading property[3]	***135.9***	*175.3*	***(7.0)***	***(4.9)%***

All property				
Covent Garden	**2,165.4**	2,595.6	**(431.2)**	**(16.9)%**
Other[2]	**139.7**	178.6	**(7.7)**	**(5.2)%**
Group share of total property	**2,305.1**	2,774.2	**(438.9)**	**(16.3)%**

1. Revaluation loss includes amortisation of lease incentives and fixed head leases.
2. Relates to the Group's interest in Lillie Square Joint Venture and certain related other assets held by Capco.
3. Represents unrecognised surplus and write down or write-back to market value of trading property. Presented for information purposes only.

3. ANALYSIS OF NET RENTAL INCOME FOR THE PERIOD

Like-for-like net rental income	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Decrease
Covent Garden	**23.5**	30.0	**(21.7)%**
Other	**(0.1)**	(0.1)	
Total like-for-like net rental income	**23.4**	29.9	**(21.7)%**
Like-for-like investment and development property	**23.4**	29.9	**(21.7)%**
Non like-for-like net rental income			
Acquisitions	**0.8**	–	
Developments	**1.1**	1.1	
Lease modification and impairment of tenant incentives	**(7.1)**	–	
Group share of total net rental income	**18.2**	31.0	**(41.3)%**
Investment and development property income	**18.2**	31.0	**(41.3)%**

All property

Covent Garden	**18.3**	31.1	**(41.2)%**
Other	**(0.1)**	(0.1)	
Group share of total net rental income	**18.2**	31.0	**(41.3)%**

4. ANALYSIS OF COVENT GARDEN BY USE

30 June 2020

	Initial yield (EPRA)	Nominal equivalent yield	Passing rent £m	Occupancy rate	Weighted average unexpired lease years	Market value £m	ERV £m	Gross area million Sq ft
Retail						**1,114.4**	**47.5**	**0.4**
F&B						**428.1**	**19.5**	**0.2**
Offices						**347.1**	**19.4**	**0.3**
Residential						**198.5**	**5.6**	**0.2**
Leisure						**76.0**	**3.4**	**0.1**
Other						**1.3**	**0.1**	**–**
Total	**2.72%**	**3.82%**	**66.5**	**95.9%**	**8.4**	**2,165.4**	**95.5**	**1.2**

CONSOLIDATED UNDERLYING PROFIT STATEMENT (UNAUDITED)

For the six months ended 30 June 2020

Group share	**Six months ended 30 June 2020 £m**	Re-presented Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Continuing operations:			
Net rental income	**25.3**	30.9	61.2
Other income	**0.2**	0.5	0.9
Administration expenses	**(12.2)**	(14.0)	(32.9)
Operating profit	**13.3**	17.4	29.2
Finance costs	**(10.8)**	(10.6)	(21.4)
Finance income	**0.4**	0.2	0.5
Net finance costs	**(10.4)**	(10.4)	(20.9)
Profit before tax	**2.9**	7.0	8.3
Taxation	**(0.4)**	(1.6)	1.2
Underlying earnings from continuing operations	**2.5**	5.4	9.5
Underlying earnings from discontinued operation	**–**	(0.9)	(0.5)
Underlying earnings	**2.5**	4.5	9.0
Underlying earnings per share (pence):			
From continuing operations	**0.3**	0.6	1.1
From discontinued operation	**–**	(0.1)	(0.1)
Underlying earnings per share (pence)	**0.3**	0.5	1.0
Weighted average number of shares	**853.0m**	851.2m	853.0m

FINANCIAL COVENANTS (UNAUDITED)

For the six months ended 30 June 2020

Financial covenants on non-recourse debt

		30 June 2020		
Group share	**Maturity**	**Loan(s) outstanding at 30 June**	**LTV covenant**	**Interest cover covenant**

		2020[1] £m		
Covent Garden[2]	**2022-2037**	**1,000.0**	**60%**	**120%**
Lillie Square	**2021**	**33.7**	**75%**	**n/a**
Total		**1,033.7**		

1. The loan values are the nominal values at 30 June 2020 shown on a Group share basis. The balance sheet value of the loans includes any unamortised fees.

2. Covent Garden comprises £705 million unsecured Revolving Credit Facility ("RCF") maturing in 2022, £255 million of which is undrawn at 30 June 2020, and £550 million Private Placement unsecured notes maturing between 2024 and 2037.

ALTERNATIVE PERFORMANCE MEASURES

The Group has applied the European Securities and Markets Authority ("ESMA") guidelines on alternative performance measures ("APMs") in these interim results. An APM is a financial measure of historical or future finance performance, position or cash flow of the Group which is not a measure defined or specified in IFRS.

Set out below is a summary of the APMs used in these interim results.

Many of the APMs included are based on the EPRA Best Practice Recommendations reporting framework, a set of standard disclosures for the property industry, which aims to improve the transparency, comparability and relevance of published results of public real estate companies in Europe.

The Group also uses underlying earnings, property portfolio and financial debt ratios APMs. The Group considers the presentation of underlying earnings to be useful supplementary information as it removes unrealised and certain other items and therefore represents the recurring, underlying performance of the business. Due to the impact of COVID-19 additional adjustments have been made in the period to underlying earnings to remove the one off impairment of tenant incentives and derecognition of lease modification costs that relate to non-cash items within rental expenses. The property portfolio presents the Group share of property market value which is the economic value attributable to the owners of the Parent. Financial debt ratios are supplementary ratios which we believe are useful in monitoring the capital structure of the Group. Additionally loan to value and interest cover are covenants within many of the Group's borrowing facilities.

Internally, the Board focuses on and reviews information and reports prepared on a Group share basis, which includes the Group's share of joint ventures but excludes the non-controlling interest share of our subsidiaries.

A summary of EPRA performance measures and key Group measures included within these financial statements is shown on pages 59 and 60.

APM	Nearest IFRS measure	Explanation and reconciliation
EPRA earnings and earnings per share	Profit for the period and basic earnings per share	
EPRA NTA and NTA per share	Net assets attributable to shareholders	Note 11
Underlying earnings and earnings per share	Basic earnings per share	
Market value of property portfolio	Investment, development and trading properties	Note 12
Loan to value	N/A	
Interest cover	N/A	
Net debt to gross assets	N/A	Financial Review, page 9
Gross debt with interest rate protection	N/A	
Weighted average cost of debt	N/A	

Where this report uses like-for-like comparisons, these are defined within the Glossary.

SELECTED PERFORMANCE MEASURES

The following is a summary of EPRA performance measures and key Group measures included within these interim results. The measures are defined in the Glossary.

APM	Definition of measure	Page	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
Alternative to Income Statement					
EPRA earnings	Recurring earnings from core operational activity	42	**£(9.9)m**	£2.4m	£(6.7)m
EPRA earnings per share	EPRA earnings per weighted number of ordinary shares	42	**(1.2)p**	0.3p	(0.8)p
Underlying earnings	Profit for the period excluding unrealised and one-off items	42	**£2.5m**	£4.5m	£9.0m
Underlying earnings per share	Underlying earnings per weighted number of ordinary shares	42	**0.3p**	0.6p	1.1p

APM	Definition of measure	Page	**Six months ended 30 June 2020**	Year ended 31 December 2019
Alternative to Balance Sheet				
Market value of property portfolio	Market value of investment, development and trading properties	44	**£2,305.1m**	£2,774.2m
EPRA NTA (Net Tangible Assets)	Net asset value adjusted to include the excess of the fair value of trading property over its cost and revaluation of other non-current investments, excluding the fair value of financial instruments and deferred tax on revaluations	43	**£2,051.9m**	£2,505.8m
EPRA NTA per share	EPRA NTA per the diluted number of ordinary shares	43	**240.5p**	292.9p
EPRA NDV (Net Disposal Value)	EPRA NTA amended to include the fair value of financial instruments and debt	43	**£2,013.9m**	£2,501.3m
EPRA NDV per share	EPRA NDV per the diluted number of ordinary shares	43	**236.1p**	292.4p
EPRA NRV (Net reinstatement value)	EPRA NTA amended to include real estate transfer tax	43	**£2,191.3m**	£2,677.4m
EPRA NRV per share	EPRA NRV per the diluted number of ordinary shares	43	**256.9p**	312.9p
Other				
Cash and undrawn committed facilities (Group share)	Cash and cash equivalents plus undrawn committed facilities shown on a Group share basis	9	**£616.3m**	£895.2m
Cash and undrawn committed facilities (IFRS)	Cash and cash equivalents plus undrawn committed facilities shown on an IFRS basis	9	**£560.0m**	£868.1m
EPRA net initial yield	Annualised rental income less non-recoverable costs as a percentage of market value plus assumed purchaser's costs	N/A	**2.7%**	2.5%
EPRA topped-up initial yield	Net initial yield adjusted for the expiration of rent-free periods	N/A	**3.0%**	2.9%
EPRA vacancy	ERV of un-let units expressed as a percentage of the ERV of let and under offer units plus ERV of un-let units, excluding units under development	N/A	**4.1%**	3.2%
Occupancy	ERV of occupied space as a percentage of ERV of combined portfolio	57	**95.9%**	96.8%
Loan to value	Net debt divided by the carrying value of the property portfolio	9	**32.0%**	16.3%
Interest cover	Underlying operating profit divided by net underlying finance costs	9	**125.7%**	130.8%
Net debt to gross assets	Net debt divided by total assets excluding cash and cash equivalents	9	**25.5%**	14.7%
Gross debt with interest rate protection	Proportion of the gross debt with interest rate protection	9	**92%**	91%
Weighted average cost of debt	Cost of debt weighted by the drawn balance of external borrowings	9	**2.6%**	3.0%

GLOSSARY

Alternative Performance Measure (APM)

A financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

Capco

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

Cash and undrawn committed facilities

Cash and cash equivalents plus undrawn committed facilities.

CLSA

Conditional Land Sale Agreement, an agreement with LBHF relating to its land in the Earls Court and West Kensington Opportunity Area. The CLSA was disposed of as part of the Earls Court Properties disposal on 29 November 2019.

Diluted figures

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

Earls Court

The London district made up of a series of residential neighbourhoods crossing the boundaries of London Borough of Hammersmith & Fulham and Royal Borough of Kensington & Chelsea.

Earls Court Properties

The Group's interests in the Earls Court area, comprising properties held in ECPL (up until disposal on 29 November 2019), Lillie Square (a 50:50 joint venture partnership with the Kwok Family Interests), the Empress State Building (up until disposal on 26 March 2018) and a number of smaller properties in the Earls Court area (a number of which were disposed on 29 November 2019).

EBITDA

Earnings before interest, tax, depreciation and amortisation.

ECPL

Earls Court Partnership Limited is the investment vehicle with TfL. The Group held 63 per cent controlling interest (up to disposal on 29 November 2019) and TfL holds 37 per cent. ECPL holds interests in EC1 & EC2 and other adjacent property primarily located on and around Lillie Road.

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 earnings

Profit or loss for the period excluding gains or losses on the revaluation and sale of investment and development property, profit on sale of subsidiaries, impairment of other receivables, write down of trading property, changes in fair value of derivative financial instruments and associated close-out costs and the related tax on these items.

EPRA earnings per share

EPRA earnings divided by the weighted average number of shares in issue during the period.

EPRA net disposal value (NDV)

The net assets as at the end of the period including the excess of the fair value of trading property over its cost, revaluation of other non-current investments and the fair value of fixed interest rate debt over their carrying value.

EPRA net disposal value per share

EPRA net disposal value divided by the diluted number of ordinary shares.

EPRA net initial yield

Annualised net rent (after deduction of revenue costs such as head rent, running void, service charge after shortfalls and empty rates) on investment and development property expressed as a percentage of the gross market value before deduction of theoretical acquisition costs.

EPRA net tangible assets (NTA)

The net assets as at the end of the period including the excess of the fair value of trading property over its cost and revaluation of other non-current investments, excluding the fair value of financial instruments and deferred tax on revaluations.

EPRA net tangible assets per share

EPRA net tangible assets divided by the diluted number of ordinary shares.

EPRA net reinstatement value (NRV)

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 tax on revaluations and diluting for the effect of those shares potentially issuable under employee share schemes plus a gross up adjustment for related costs such as Real Estate Transfer Tax.

EPRA net reinstatement value per share

EPRA net reinstatement value divided by the diluted number of ordinary shares.

EPRA topped-up initial yield

Net initial yield adjusted for the expiration of rent-free periods.

EPRA triple net asset value (NNNAV)

EPRA NAV adjusted to reflect the fair value of derivative financial instruments, excess fair value of debt over carrying value and deferred tax on derivative financial instruments, revaluations and capital allowances.

EPRA triple net asset value per share

EPRA triple net asset value divided by the diluted number of ordinary shares.

EPRA vacancy

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

Estimated rental value (ERV)

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

GCP

The Great Capital Partnership is a 50 per cent joint venture between Capital & Counties Limited and Great Portland Estates PLC.

GEA

Gross external area.

Gross income

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

Headline earnings

Headline earnings per share is calculated in accordance with Circular 2/2015 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.

HMRC

Her Majesty's Revenue and Customs.

IFRS

International Financial Reporting Standards.

Innova

Innova Investment Limited Partnership is a 50 per cent joint venture between the Group and Network Rail Infrastructure Limited.

JSE

Johannesburg Stock Exchange.

Kwok Family Interests (KFI)

Joint venture partner in the Lillie Square development.

Like-for-like property

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

Loan to value (LTV)

LTV is calculated on the basis of the Group's net debt divided by the carrying value of the Group's property portfolio.

LSJV

The Lillie Square joint venture is a 50 per cent joint venture between the Group and Kwok Family Interests.

MSCI

Producer of an independent benchmark of property returns. Previously known as Investment Property Databank (IPD).

NAV

Net Asset Value.

Net debt

Total borrowings less cash and cash equivalents.

NIA

Net Internal Area.

Net debt to gross assets

Net debt divided by the Group's total assets excluding cash and cash equivalents.

Net rental income (NRI)

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

Nominal equivalent yield

Effective annual yield to a purchaser on the gross market value, assuming rent is receivable annually in arrears, and that the property becomes fully occupied and that all rents revert to the current market level (ERV) at the next review date or lease expiry.

NRIL

Network Rail Infrastructure Limited.

Occupancy rate

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. This is equivalent to 100 per cent less the EPRA vacancy rate.

Passing rent

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 lease 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.

P.A.

Per annum.

Property income distributions (PIDs)

Distribution under the REIT regime that constitutes at least 90 per cent of the Group's taxable income profits arising from its qualifying property rental business, by way of dividend. PIDs can be subject to withholding tax at 20 per cent. If the Group distributes profits from their non-qualifying business, the distribution will be taxed as an ordinary dividend in the hands of the investors.

Real estate investment trust (REIT)

On 9 December 2019, Capital & Counties Properties PLC elected to convert to REIT status. A REIT is exempt from corporation tax on income and gains of its property rental business (qualifying activities) provided a number of conditions are met. It remains subject to corporation tax on non-exempt income and gains (non-qualifying activities) which would include any trading activity, interest income and development and management fee income.

Real Estate Transfer Tax

Purchasers' cost as included within the independent valuation of investment, development and trading properties.

RICS

Royal Institution of Chartered Surveyors.

SAICA

South African Institute of Chartered Accountants.

SARB

South African Reserve Bank.

Section 106

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

Tenant lease incentives

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

TfL

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

Total property return (TPR)

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

Total return (TR)

The movement in EPRA NAV per share plus dividends per share paid during the period.

Total shareholder return (TSR)

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

Underlying earnings

Loss for the period excluding net valuation gains/losses (including profits/losses on disposals), fair value changes, impairment charges, net refinancing charges, costs of termination of derivative financial instruments and non-recurring costs and income. Due to the impact of COVID-19 additional adjustments have been made in the period for the one off impairment of tenant incentives and derecognition of lease modification costs that relate to non-cash items within rental expenses. Underlying earnings is reported on a Group share basis.

Underlying earnings per share (EPS)

Underlying earnings divided by the weighted average number of shares in issue during the period.

Weighted average unexpired lease term

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

Zone A

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