

5 May 2011

**CAPITAL & COUNTIES PROPERTIES PLC
INTERIM MANAGEMENT STATEMENT
FOR THE PERIOD 1 JANUARY TO 5 MAY 2011**

Highlights

- The repositioning of the Covent Garden estate continues apace with the opening of Burberry Brit in April 2011, and further key store openings due throughout the year including Rugby Ralph Lauren, Ladurée and Links of London
- Good progress has been made with the conversions at 34 Henrietta Street and the Flower Cellars (for Balthazar)
- The public launch of Sir Terry Farrell's masterplan for the Earls Court & West Kensington Opportunity Area (ECO A) was well received with over 1,000 visitors attending the exhibition
- The supplementary planning document for the ECO A was published for consultation in March by the London Borough of Hammersmith & Fulham, the Royal Borough of Kensington & Chelsea and the Greater London Authority

Covent Garden

The positive momentum generated in Covent Garden in 2010 has continued with the openings of Burberry Brit on King Street and Liam Gallagher's fashion concept Pretty Green on the East Piazza. This affirms the estate as the new destination for contemporary luxury in the West End.

With a number of additional openings including Rugby Ralph Lauren, Links of London, Ladurée and Balthazar anticipated throughout the year, demand remains strong from high quality retail and restaurant brands with offers at or above ERV being received for available space. Letting transactions in 2011 to date have been concluded at an average of 2.6 per cent. above ERV at the point of lease activity. In addition discussions are advanced with an international brand for a new concept for the second retail unit which will be created from the site previously occupied by Ponti's. Footfall for the 12 month period from April 2010 to March 2011 was 45.4 million. The EPRA adjusted occupancy rate for the estate was 96.4 per cent. as at 31 March 2011.

Work is due to start on site at the Flower Cellars, to transform this for Balthazar, in May and ongoing improvement works to the Market Building and the public realm continue.

Construction continues at 34 Henrietta Street to create the first four premium apartments under the Covent Garden Living brand. The work is on track and due to be completed in December. Expressions of interest have already been received for the three large scale units and a penthouse

and demand is expected to be strong when they are delivered to market. A planning application has been made to create a further four apartments in Russell Chambers, another high profile site overlooking the piazza.

Plans for the recently acquired 1a Henrietta Street are also taking shape to create a new flagship commercial and residential space anchoring the south west corner of the piazza. A planning application for the scheme will be made in the second half of the year.

Earls Court & Olympia

The events business has had a good first quarter with 82 per cent. of the annual budgeted licence fees contracted as at 31 March 2011. The International Gaming Exhibition, Toy Fair and the Retail Business Expo were notable successes and performed over budget. However, certain shows, including BETT and Top Gear Live, have been lost reflecting the competitive nature of the market.

In February, Emap achieved a first taking over both Earls Court and Olympia, and in March the reinvigorated Ideal Home Show brought over 270,000 visitors to Earls Court. This year's highlight was 'The Prince's House', HRH The Prince of Wales's eco-living concept, a low carbon home made from natural and recycled materials.

At Olympia, construction on the new 90,000 sq ft exhibition space to replace the West Hall continues on time and on budget.

ECO A masterplan

The planning process for the Earls Court & West Kensington Opportunity Area (ECO A) has seen an active start to the year and has continued to progress well.

An exhibition to launch Sir Terry Farrell's masterplan for the ECO A was held at Earls Court and was visited by over 1,000 people from the local area including residents, businesses, amenity groups and students from local schools and universities. Community stakeholders were able to view a range of new and improved social and physical infrastructure solutions and discuss the overall benefits of the scheme with members of the project team. The masterplan was published online at our consultation website myearlscourt.com to coincide with the exhibition.

A major milestone for the ECO A in the period included the publication for consultation of the site specific planning guidance document (the Supplementary Planning Document) by the London Borough of Hammersmith & Fulham (LBHF), the Royal Borough of Kensington & Chelsea and the Greater London Authority. The first stage of consultation concluded in April, coinciding with the conclusion of the LBHF Core Strategy Examination in Public. The Mayor of London confirmed in a press release on 3 May 2011 that the Planning Inspectorate has reported on the draft Replacement London Plan, which includes ECO A as an opportunity area suitable for comprehensive development, concluding that it offers "a sound basis for planning"; the Plan will now be submitted to the Secretary of State for approval.

Negotiations are progressing with Transport for London (TfL) in respect of the re-gearing of Capco's long leasehold interests at Earls Court and also with TfL and LBHF in respect of future development rights over the ECO A. We remain on track to submit planning applications by the end of June.

The Great Capital Partnership

The Partnership continues to benefit from its focus on London's West End showing modest growth in both rental and capital values. Occupancy levels have reduced to 92.1 per cent., as at 31 March 2011, principally as a result of a lease expiry during the quarter. The sale of 201/207 Kensington High Street, for cash consideration of £12.8 million (Capco's share £6.4 million) was completed in April. Further divestments of mature non-core assets are under consideration.

Other

The realisation of our investments in China continues with a number of contracted sales now completed. These sales released approximately £5 million in the first quarter and £32 million in April 2011. Further sales have been contracted and are planned to complete over the next 12 months.

Finance

As at 31 March 2011, gross debt was £644 million and the cash balance was £158 million, resulting in net debt of £486 million (31 December 2010 £476 million). Based on 31 December 2010 property values, the 31 March 2011 pro forma debt to assets ratio was 35 per cent. (31 December 2010 35 per cent.).

Following the 12-month extension agreed in February 2011 to the facility secured over Earls Court & Olympia, the Group's weighted average debt maturity at 31 March 2011 was 3 years (31 December 2010 3 years) and the weighted average cost of gross debt was 5.9 per cent. (31 December 2010 5.9 per cent.) with 96 per cent. of the debt hedged into fixed interest rates.

As at 31 March 2011 Capco had capital commitments of £35.7 million.

ENDS

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A conference call for analysts is being held today at 08:30 UK time

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About Capital & Counties Properties PLC (Capco)

CAPCO is one of the largest investment and development property companies that specialises in central London real estate and is a constituent of the FTSE 250 Index. CAPCO holds 3.3 million square feet of assets valued at £1.4 billion (31 December 2010) in three landmark London estates: Covent Garden, which has assets valued at £640 million, including the historic Market Building; Earls Court & Olympia Group and 50% of the Empress State building in Earls Court amounting to aggregate property assets of £481 million, and The Great Capital Partnership, a joint venture with Great Portland Estates, which holds prime West End properties of which CAPCO's share is £260 million. The company is listed on the London Stock Exchange and the JSE, Johannesburg.

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