



capco



2011 Annual Results

29 February 2012

Capital & Counties Properties PLC

Important notices

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Agenda

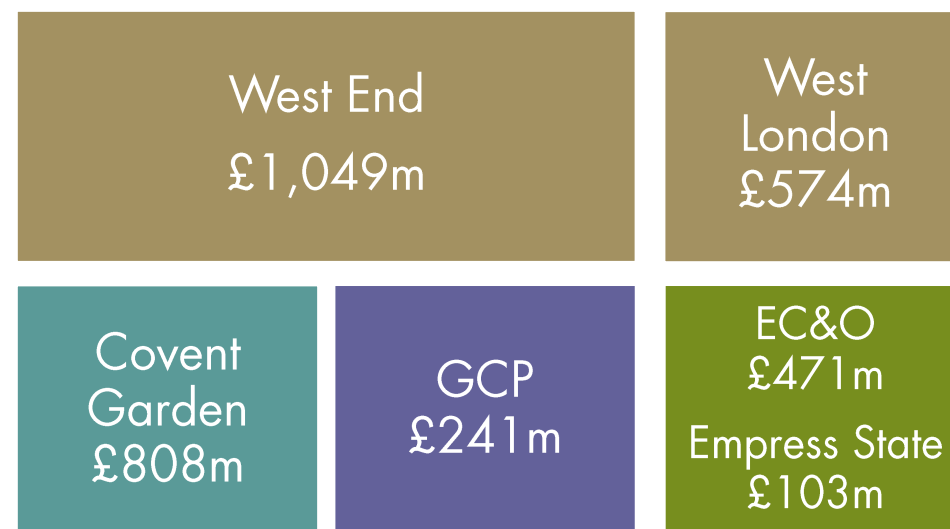
- ⊙ Introduction Ian Hawksworth
- ⊙ Financial review Soumen Das
- ⊙ Business review Ian Hawksworth & Gary Yardley
- ⊙ Q&A

Capco

Strengths of our business

- ⊛ A focus on prime central London
- ⊛ Dominant holdings concentrated in large estates
- ⊛ Active asset management and selective redevelopment potential
- ⊛ Rental resilience and capital value appreciation
- ⊛ Sound capital structure and conservative 29% LTV

TOTAL PROPERTY VALUE £1.6 billion



Highlights

Positive momentum

- ⊛ NAV +11.7% to 166 pence per share, total return 12.7%
- ⊛ Valuation +9.2% (Lfl capital)
 - H2 : Capital growth + 5.2 %
- ⊛ Prudent capital management
 - £100 million equity raised
 - £300 million debt financing
 - £103 million disposals
 - Further GCP disposals in 2012 including £75 million (Capco share) to GPE announced today
- ⊛ Covent Garden ERV target raised to £50 million
- ⊛ Submission of Earls Court planning application – London's largest
- ⊛ Resolution to grant planning permission for Seagrave Road and £131 million JV signed
- ⊛ Olympia West Hall redevelopment completed
- ⊛ Proposed final dividend: 1.0 pence per share (total 2011 dividend 1.5 pence per share)

Financial review

Soumen Das

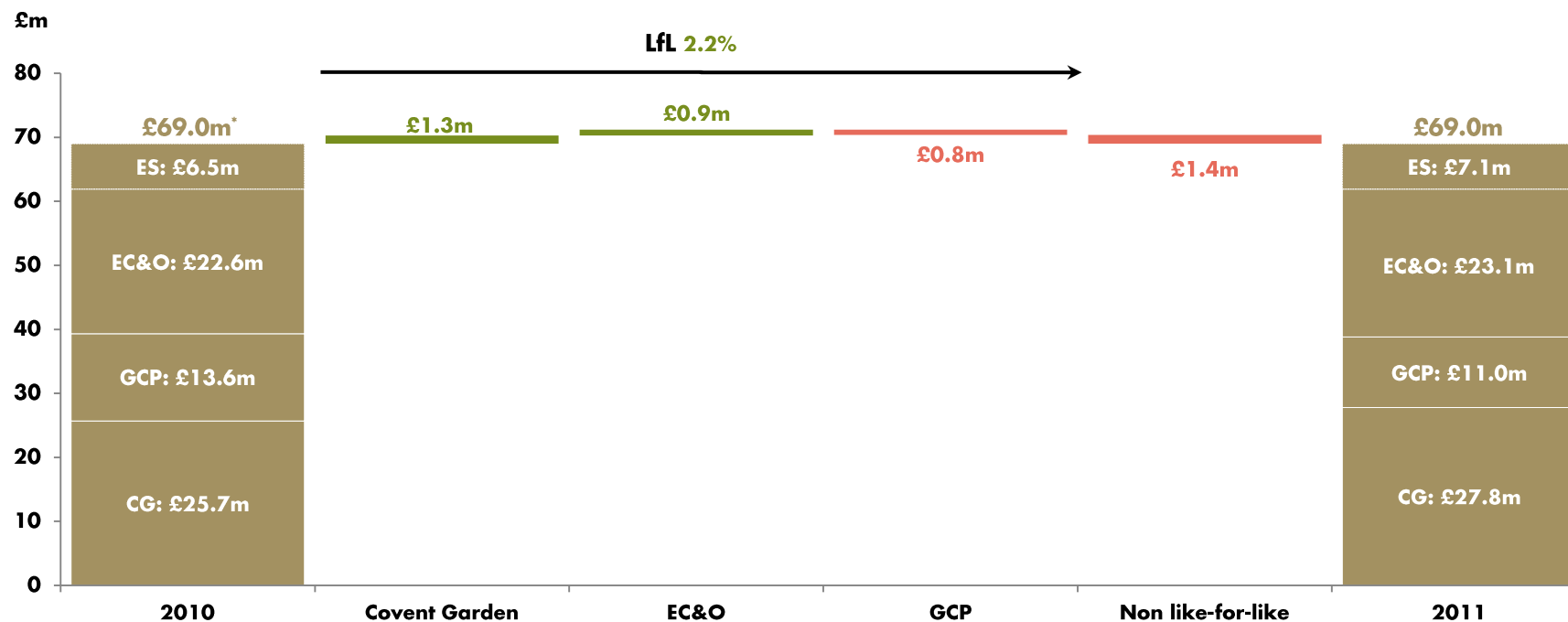
Underlying earnings

Highlights

	Dec-11 £m	Dec-10 £m	Var £m
Net rental income	69.0	69.0	-
Admin costs	(22.2)	(18.6)	(3.6)
Net finance costs	(34.8)	(38.9)	4.1
Tax on underlying earnings	(2.4)	(2.3)	(0.1)
Underlying earnings	9.5	9.2	0.3
Underlying earnings per share	1.4p	1.5p	(0.1)p
Full year dividend per share	1.5p	1.5p	-

Net rental income

LfL +2.2%



* Includes other rental income £0.6 million

★ EC&O Venues EBITDA £18.5 million

- Includes £1.2 million of property income which was separated from the business in November
- Includes £0.8 million for the Brewery sold in February 2012

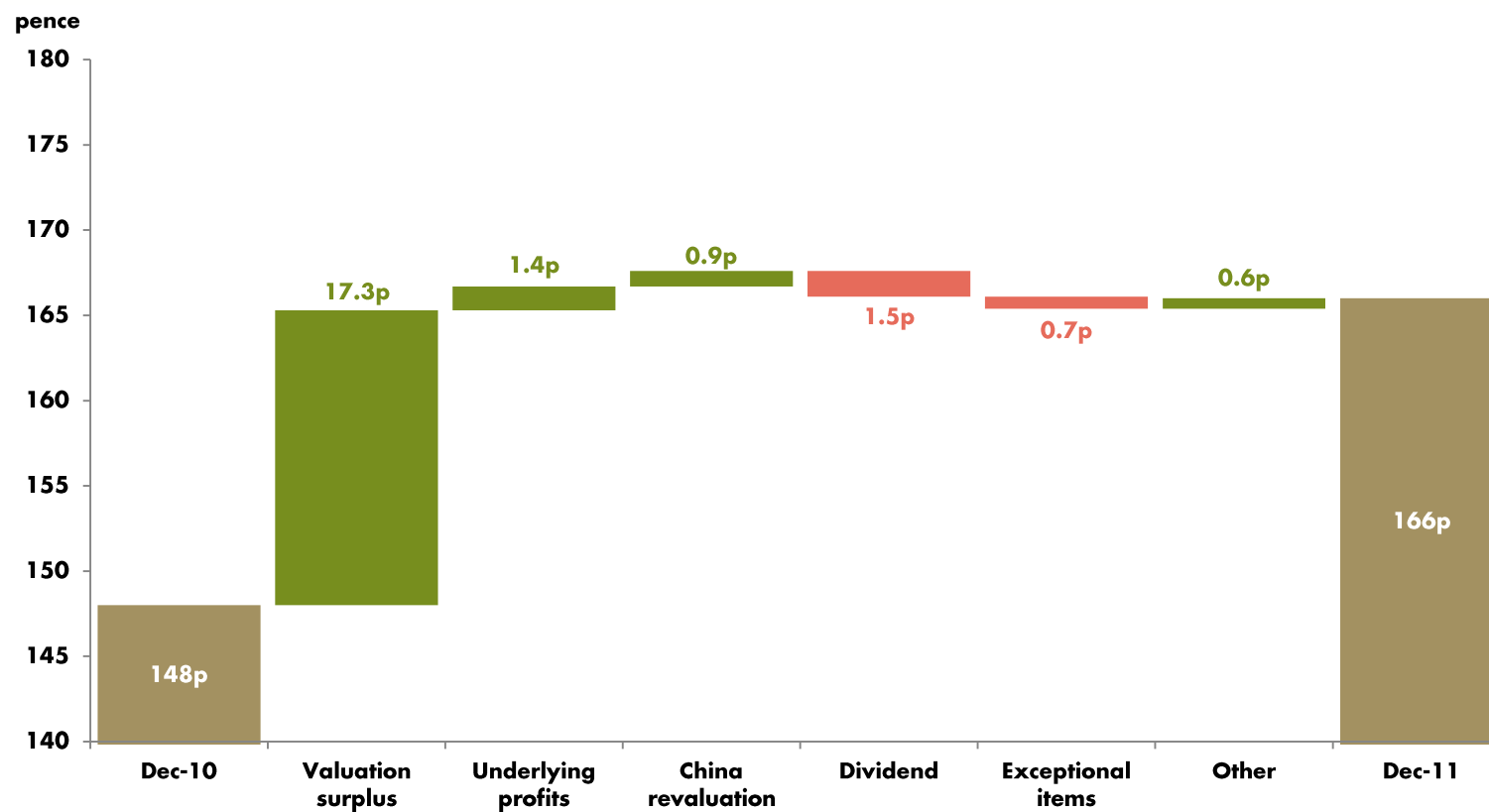
Balance sheet

	Dec-11 £m	Dec-10 £m	Var £m
Portfolio value	1,617	1,378	239
Investments	20	66	(46)
Net debt	(464)	(476)	12
Other assets and liabilities	(70)	(85)	15
NAV	1,103	883	220
EPRA adjusted diluted NAV	1,145	926	219
EPRA adjusted diluted NAV per share	166p	148p	18p
Number of shares in issue	683.9m	621.8m	62.1m

- ⊕ EPRA NNNNAV 161.9 pence per share
- ⊕ Contingent tax liability nil
- ⊕ Placing 62.1 million shares, gross proceeds £100.6 million

EPRA adjusted diluted net assets per share

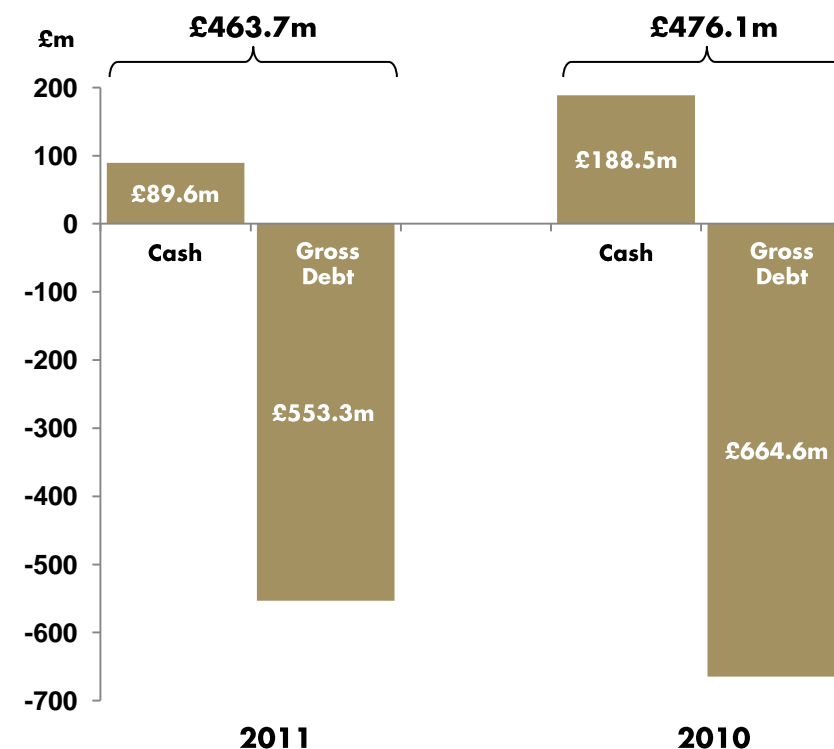
NAV + 11.7% to 166p



Debt management

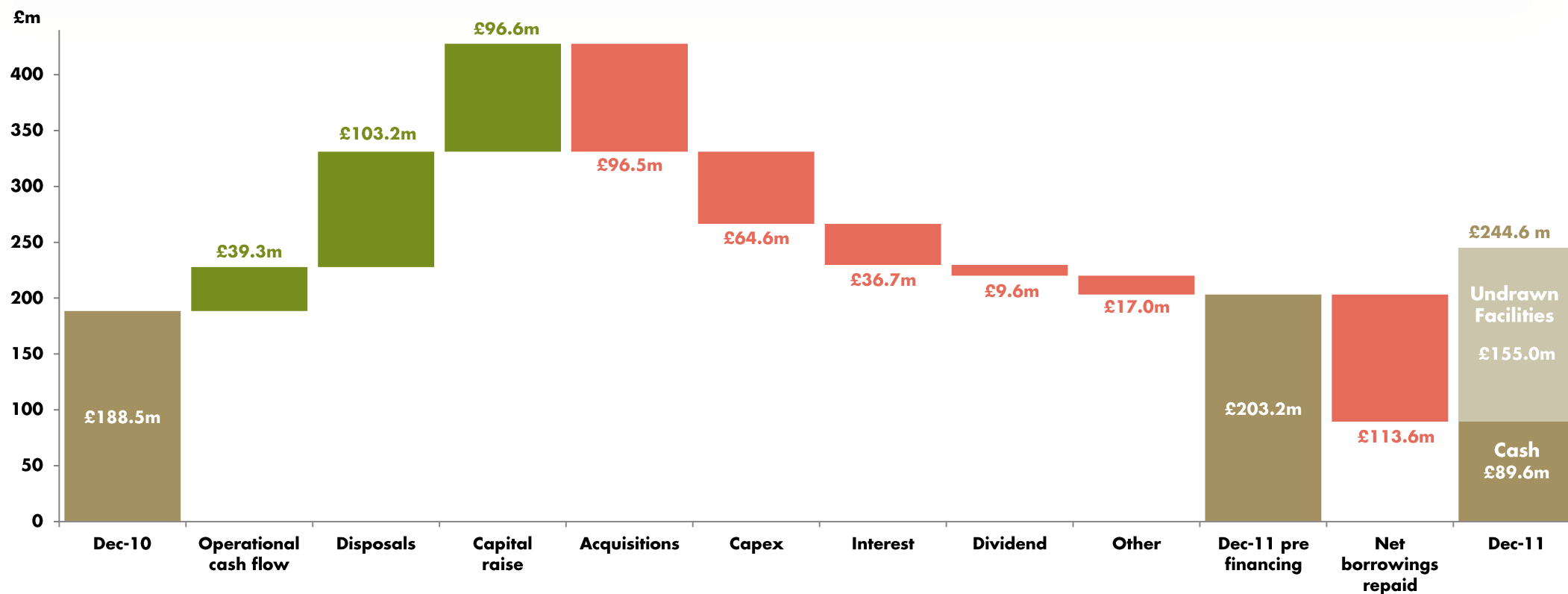
- ⊛ Sound capital structure and conservative loan-to-value
 - Group LTV 29% at December 2011
 - Group interest cover 136% at December 2011
- ⊛ Target LTV no higher than 45%
- ⊛ Cash and available facilities of £244.6 million at December 2011
- ⊛ Current average cost of debt 5.2%
 - Lower than December, will fall further as undrawn debt is utilised
- ⊛ Weighted debt maturity now 3.6 years
 - If fully drawn and the extension option is exercised - 4.5 years
- ⊛ £300 million refinance for Covent Garden loan
- ⊛ £140 million of unsecured assets in Covent Garden

Net Debt



Cash utilisation

Substantial liquidity from internal resources



- ⊕ Over £130 million of proceeds to be received in 2012
 - £42 million from GCP and China (contracted disposals)
 - £30 - £35 million from GCP / GPE transaction (subject to Crown and bank consent)
 - £66 million from Seagrave Road subject to closing conditions being satisfied
- ⊕ £14 million capital commitments

Operating review

Ian Hawksworth and Gary Yardley

Valuation

Strong 2011 valuation +9.2% (LFL)

	Market value Dec-11 £m	Market value Dec-10 £m	Value change ^{2,3}	ERV change ³	Initial yield	Equivalent yield
Investment properties						
Covent Garden	808	640	9.2%	8.8%	3.8%	5.3%
GCP	241 ¹	260 ¹	9.8%	11.4%	3.9%	5.1%
Empress State	103 ¹	103 ¹	-	-	6.7%	6.2%
Total non exhibition properties	1,152	1,003	8.4%	8.4%		
EC&O	471 ⁴	378	10.9%			
Total Investment Properties	1,623	1,381	9.2%			

¹ Represents Capco's 50% share

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

³ Like-for-like

⁴ Change in valuation of Earls Court to development basis

Covent Garden

Strategy

- ⊛ Grow ERV to £50 million by end of 2013
- ⊛ Drive passing rent
- ⊛ Expand the contemporary luxury offer
- ⊛ Transform the food and dining
- ⊛ Extend the residential portfolio
- ⊛ Grow the estate boundaries through tactical acquisitions

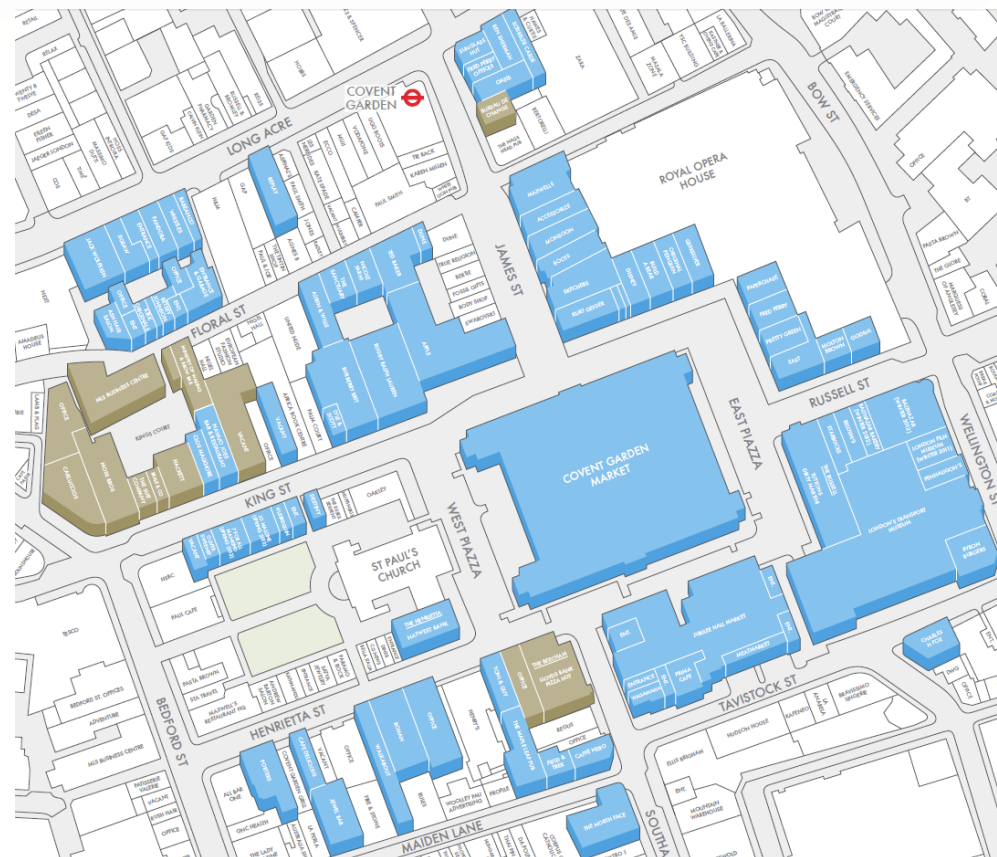


The Rugby Tweed Run, 2011

Covent Garden

Estate performance 2011

- ⊛ Value £808 million +9.2% (Lfl capital)
- ⊛ ERV £45.8 million +8.8% (Lfl capital)
 - Initial £40 million ERV target achieved 18 months ahead of plan
- ⊛ NRI £27.8 million +5.3% (Lfl)
- ⊛ £113 million of acquisitions



Capco's Covent Garden Estate Holdings

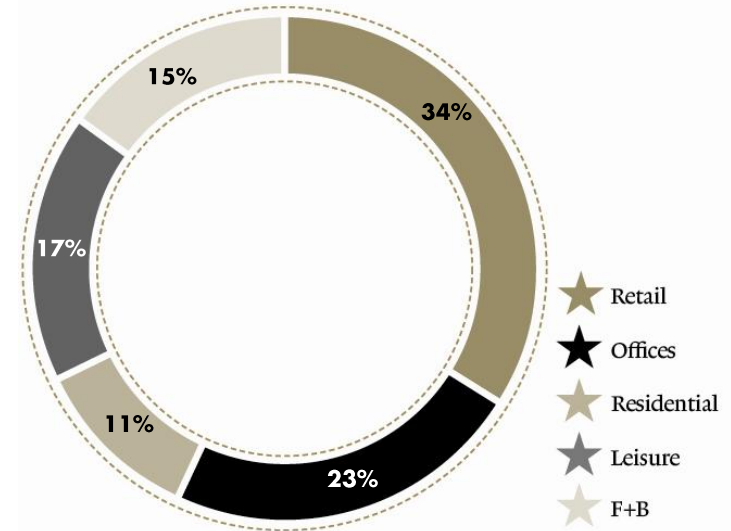
- Acquisitions since Dec 10
 - Kings Court (5 properties)
 - 35 King Street
 - 11 James Street
 - 1a Henrietta Street (property swap)
- Assets held at Dec 10

Covent Garden

Facts & figures

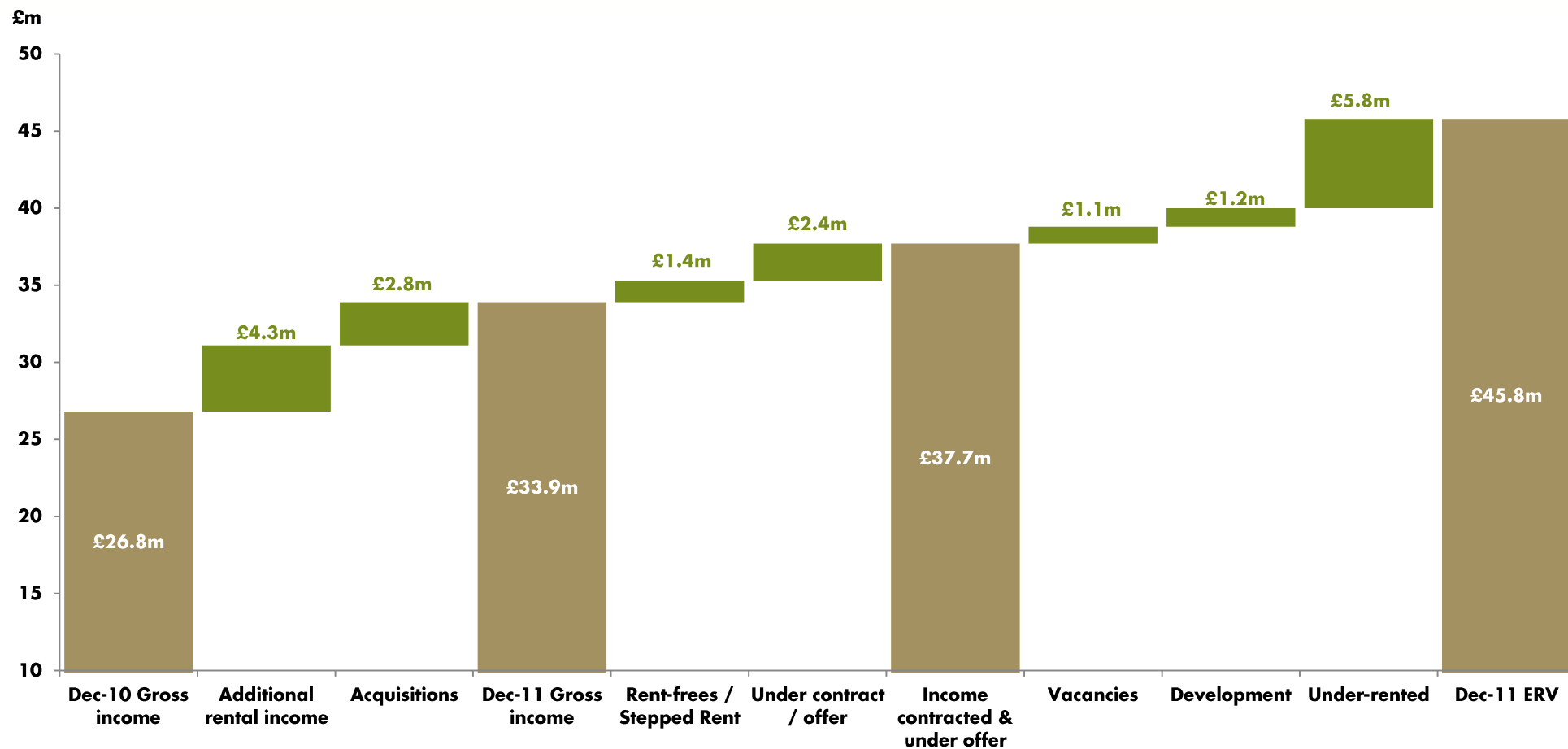
- ⊛ 52 properties
- ⊛ 334 lettable units
- ⊛ 834,000 sq ft
- ⊛ 89% ABC1s (UK visitors)
- ⊛ Footfall robust at 44.1 million
- ⊛ Adjusted occupancy 97.5%

Mix of uses by area



Covent Garden

Gross income to ERV



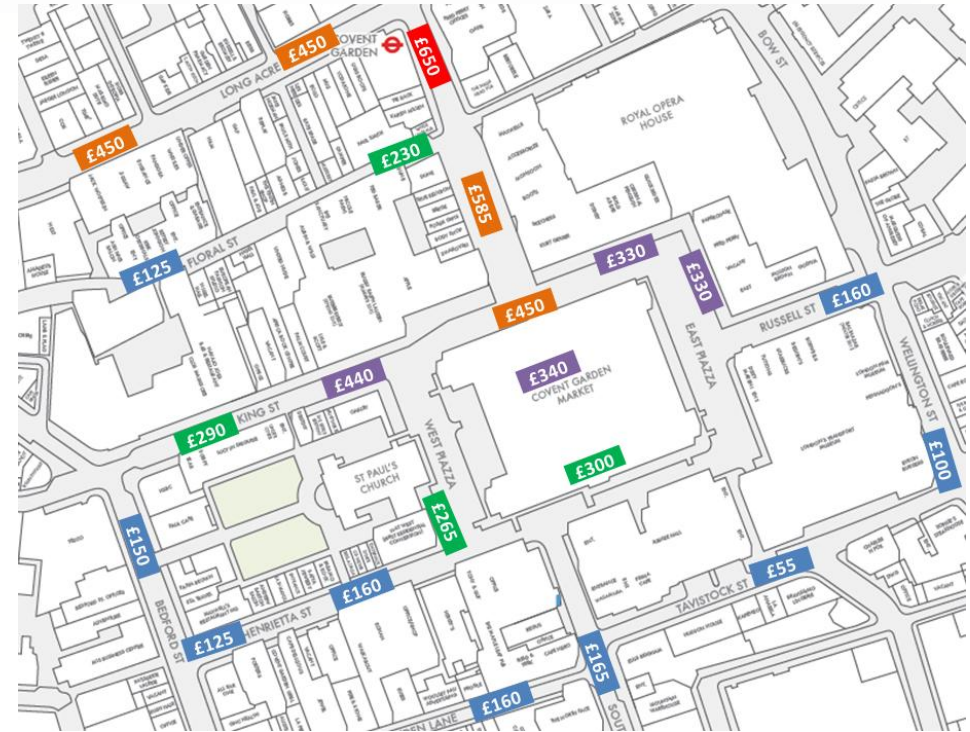
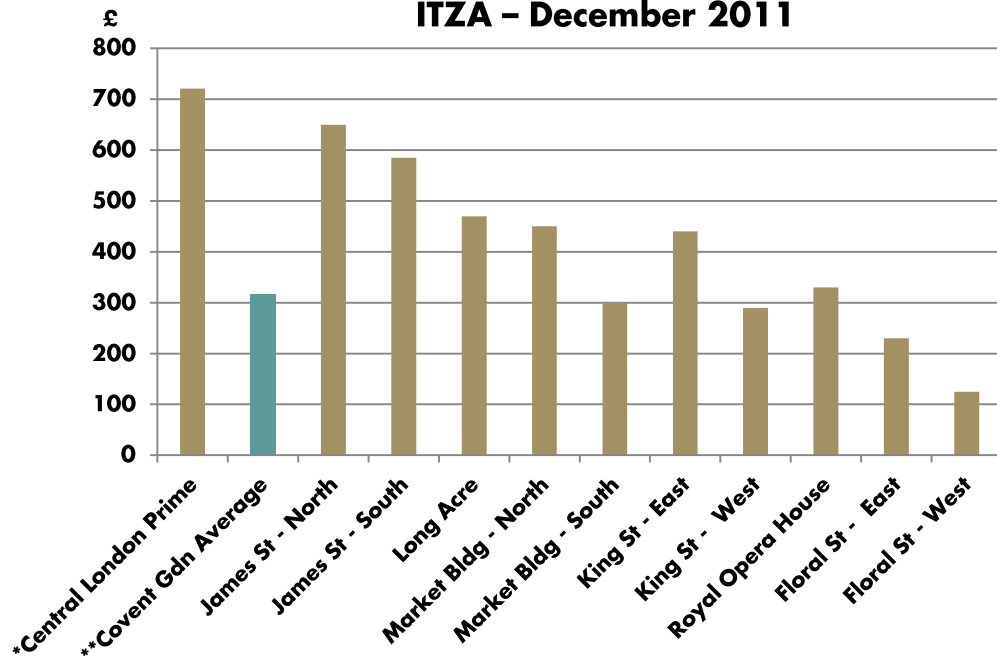
Note: Gross income = passing rent + non-leased income

Covent Garden

Increased ERV target to £50 million

- ⊛ Average ITZAs in Covent Garden still significantly below London comparable streets
- ⊛ Continued potential for rental growth
 - King St - 52% ITZA growth since 2008

ITZA - December 2011



Covent Garden Rental Zone Map



*Based on 30ft Zone A, includes Bond St, Oxford St and Regent St (Covent Garden based on 20ft Zone A)

** Covent Garden average based on all retail units along given streets & Market Building- Source CBRE

Covent Garden

Lettings

78 leasing transactions completed

- Rental value £8 million
- Average 8.8% above December 10 ERV

Oliver Sweeney (14 King Street, 956 sq ft)

- 118 % above previous passing rent
- 23 % increase on December 10 ERV
- ITZA increased by 82% to £311 since 2008

Pretty Green (Unit 4 ROH Shops, 1,914 sq ft)

- 14 % above previous passing rent
- 14 % increase on December 10 ERV
- ITZA increased by 8% to £330 since 2008, creating a new record for this location

LINKS
LONDON

JO MALONE
LONDON

BALTHAZAR
RESTAURANT

RUGBY
RALPH LAUREN

VILEBREQUIN



for all mankind

LADURÉE

BRORA
SCOTTISH CASHMERE HAUTISTA CLOTHING

BURBERRY
BRIT

RABEANCO

● sunglasses hut

Covent Garden

Covent Garden Living

⊛ Strategy

- Return the estate to its residential roots
- Convert secondary offices to residential for sale or rent, up to 50 units across the estate

⊛ The Henrietta (34 Henrietta Street)

- 3 luxury lateral apartments and one duplex penthouse
- Completed on programme and on budget
- Strong initial interest, one unit already under offer
- Achieved step change in pricing for Covent Garden

⊛ The Russell (Russell Chambers)

- Planning application for 5 luxury apartments approved
- Anchor restaurant

⊛ The Beecham (1a Henrietta Street)

- Planning secured for 6 luxury apartments
- New anchor retail or restaurant site



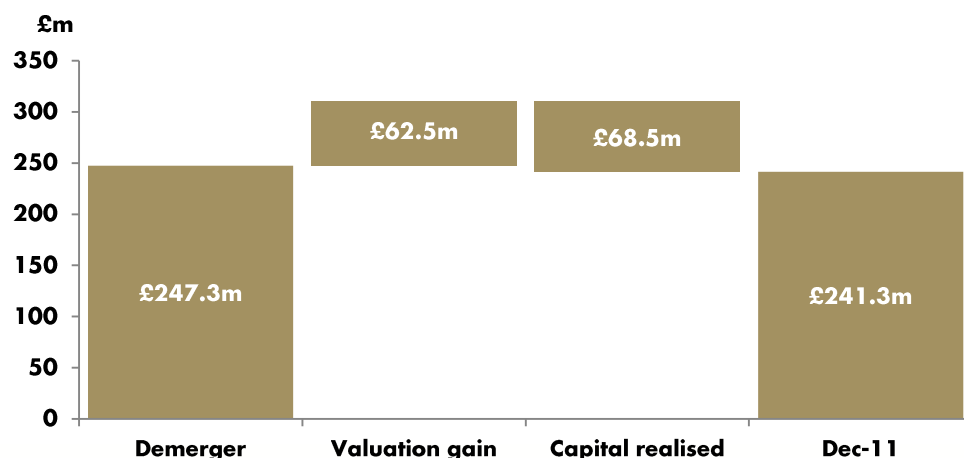
The Henrietta (34 Henrietta Street)

The Great Capital Partnership

Creating value, recycling capital

- ⊛ £48 million disposals in 2011 (Capco share)
 - Average 8.2% above December 2010 valuation
- ⊛ £27 million disposals in 2012 to date (Capco share)
 - 18.2% above December 2011 valuation
- ⊛ £75 million (Capco share) disposal to GPE
 - 5.4% premium to December valuation
 - £30 - £35 million net proceeds to the Group
- ⊛ Positive valuation gain in 2011 + 9.8% (LfL)
 - ERV £14.0 million +11.4% (LfL, Capco share)

GCP - Value uplift and realisation (excludes 2012 sales)



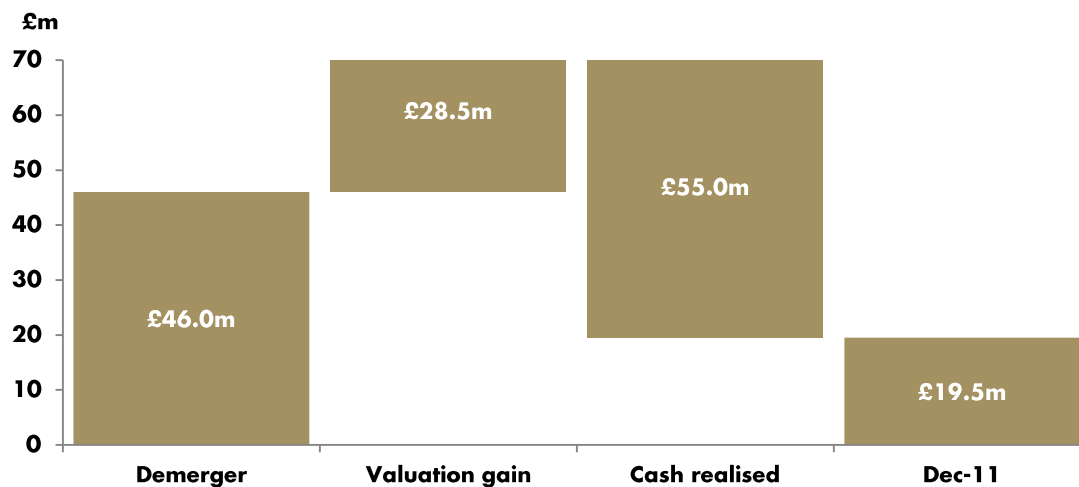
Piccadilly Arcade

China

Investment value £19.5 million

- ⊛ 4 property sales releasing £55 million in 2011
- ⊛ Disposal of China Fund II
 - Return on capital > 60%
- ⊛ Last asset to be contracted for sale in 2012
- ⊛ Remaining capital to be returned over next 12–18 months

China - Value uplift and realisation



Chongqing, Caiyun Lake



Fifth Square, Beijing

Earls Court and Olympia

Strategy

- ⊛ Maintain a robust exhibition business, including improvements to Olympia
- ⊛ Secure planning consent for the Terry Farrell Masterplan
- ⊛ Finalise TfL lease extension and LBHF land agreement
- ⊛ Establish development framework and realisation/funding strategy in order to take Earls Court forward post planning



CGI Earls Court Masterplan

Earls Court and Olympia

Summary of valuations

	Market value Dec-11 £m	Market value Dec-10 £m	Value change ^{1,2}	2011 Basis	2010 Basis
Earls Court	194.5	137.8	39.3%	Development	Existing use
Olympia	120.6	97.3	4.0%	Existing use	Existing use
Seagrave Road	116.2	104.1	6.2%	Development	Development
Peripheral assets ³	39.7	39.0	1.0%	Existing use	Existing use
EC&O	471.0	378.2	10.9%		

⊕ Valuer has changed basis from existing use to land value having regard to development potential

- Increase from £6 million per acre to £8.6 million per acre

¹ Valuation change takes account of amortisation of lease incentives, capital expenditure and fixed head leases

² Like-for-like

³ Comprising Maclise Road, G Gate, Empress Place, Cluny Mews and Old Brompton Road

EC&O Venues

Robust exhibition business

- ⊛ EBITDA £18.5 million down 2% year-on-year
 - Including property income of £1.2 million
- ⊛ 60% of 2012 budgeted licence fees currently contracted
- ⊛ 97,000 sq ft new West Hall completed on time, on budget
- ⊛ New public transport arrangements for Olympia in place
- ⊛ £10 million of further Olympia improvements budgeted for 2012/13 marking the 125 year anniversary
- ⊛ Sale of the Brewery completed February 2012



Graduate Fashion Week, 2011



The London International Horse Show , 2011

The Earls Court Masterplan

“UK’s most valuable planning application”*

- ⊛ Outline applications for Earls Court Opportunity Area (ECO) submitted in June 2011
- ⊛ Public consultations completed
- ⊛ Revised application submitted and out for consultation
 - 10.1 million sq ft of space, 7,500 homes
 - 12,000 new long term jobs

ECO Planning Applications - key areas

	Capco sqft m	LBHF sqft m	TfL sqft m	Total sqft m
Residential	2.9	3.2	2.0	8.1
Commercial / Other	1.0	0.4	0.6	2.0
	3.9	3.6	2.6	10.1

Gross external area excluding Seagrave Road

* Financial Times, 22 June 2011

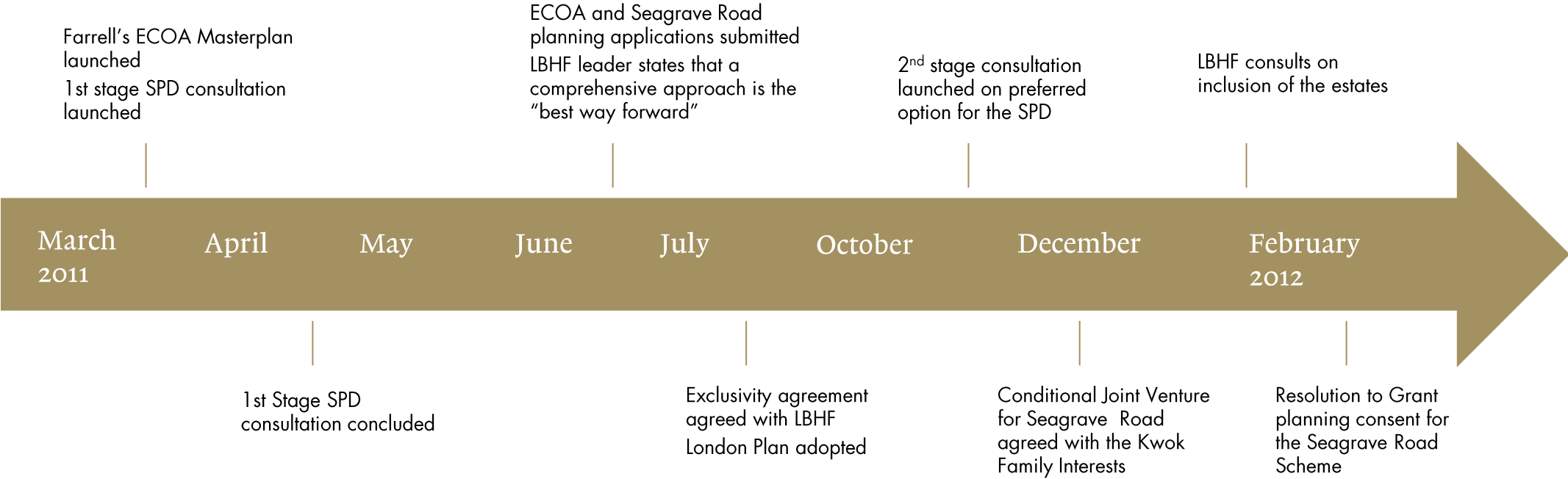


Four Urban Villages and a 21st Century High Street

1. Earls Court Village
2. Seagrave Road
3. West Brompton Village
4. West Kensington Village
5. North End Village
6. 21st Century High Street

The Earls Court Masterplan

Milestones



The Earls Court Masterplan

Priorities

⊕ TfL

- Lease extension over Earls Court 1 & 2
- Option over Lillie Bridge Depot

⊕ LBHF

- Exclusivity agreement in place
- Application for judicial review
- CLSA commercial terms being finalised

⊕ Network Rail

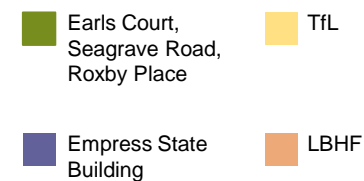
- Commercial terms agreed

⊕ Risks

- Timing
- Judicial review
- Section 34a



Significant Earls Court land ownerships



Seagrave Road

Planning consent and partner secured

- ⊛ Valuation £116 million as at December 2011 +6.2% (LFL)
- ⊛ Resolution to grant detailed planning permission received in February 2012
- ⊛ £131 million conditional 50:50 JV agreement with the Kwok Family Interests
 - £66 million liquidity to be released
 - Value at demerger £70 million
- ⊛ 1 million sq ft gross external area of high quality space, 808 new homes, centred around a garden square
 - 608 private houses, 200 affordable
- ⊛ Estimated development costs circa £300 million (100%)
 - Three phases with peak capital requirement of circa £100 million
 - Targeted start on site Q1 2013



Seagrave Road CGIs

Outlook

Positive momentum

- ⊛ Central London real estate market likely to remain positive and active
 - Impact of Olympics and Queen's Diamond Jubilee celebrations in London
- ⊛ Macro-economic risks remain
- ⊛ Covent Garden
 - Further ERV growth and letting activity anticipated
- ⊛ Earls Court
 - Secure planning consent
 - Finalise land deals and lease re-gear
- ⊛ Seagrave Road
 - Significant high quality development opportunity with an experienced partner
- ⊛ Further opportunities to recycle capital

Q&A



Appendices

- ⊛ Financial covenants
- ⊛ Covent Garden
- ⊛ GCP
- ⊛ Taxation
- ⊛ Portfolio analysis

Financial covenants

Maturity	Facility	Debt ¹		Test		Actual	
		£m	LTV	Interest Cover	LTV	Interest Cover	
2013	Earls Court & Olympia	94	-	150%	-	214%	
2013	Empress State	69	-	120%	-	148%	
2013	GCP	113	70%	120%	47%	132%	
2016	Covent Garden	150	70%	130%	36%	212%	
2017	Covent Garden	112	70%	120%	45%	165%	

¹ As at 31 January 2012

Covent Garden

Zoning plan

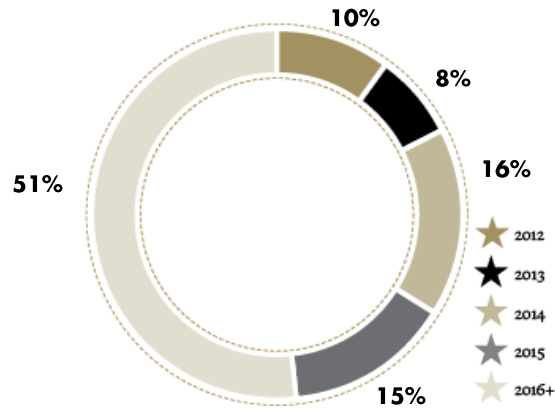
- ★ Long Acre/James Street/ROH
 - Stylish mid-market
- ★ Floral St
 - Boutique
- ★ King St
 - Contemporary luxury
- ★ Southampton St
 - Outdoor specialists
- ★ Market Building
 - Independents, specialists and casual dining
- ★ Russell St/Maiden Lane/Henrietta
 - Food and dining
- ★ Jubilee Hall/LTM
 - Leisure



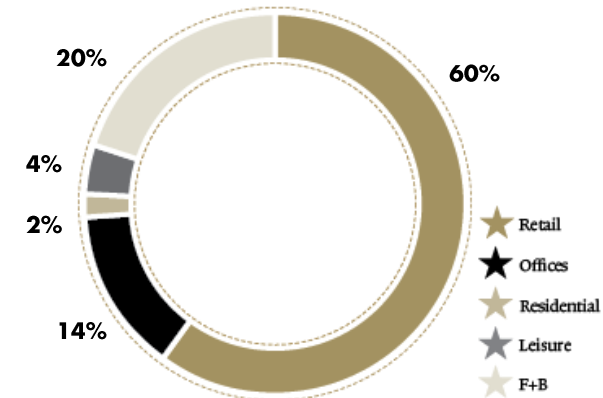
Covent Garden

Portfolio statistics

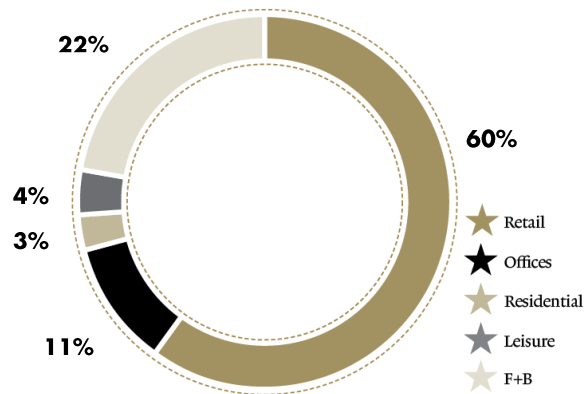
Lease expiry profile
(WALE 8.2 years)



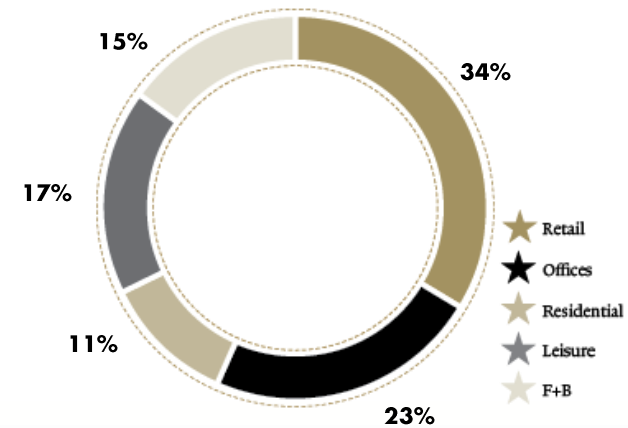
Annual gross income (£33.9m)



Portfolio by value (£808m)



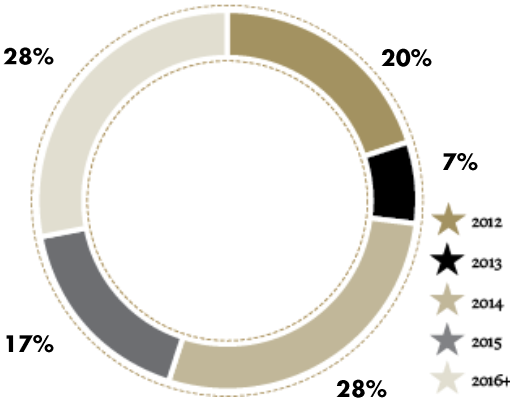
By floor area (834k sq ft)



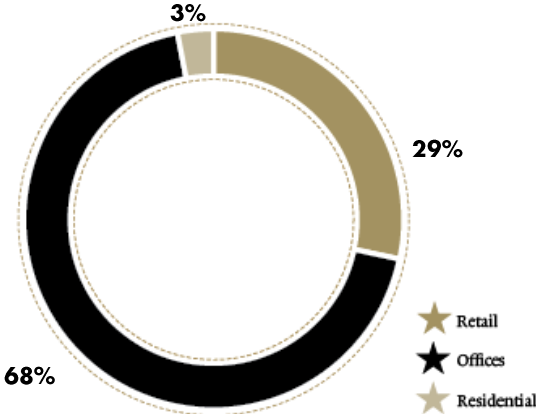
The Great Capital Partnership

Portfolio statistics

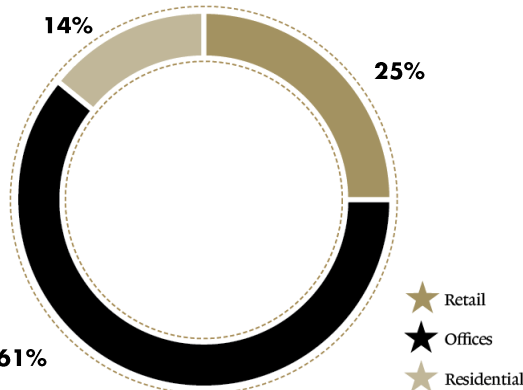
Lease expiry profile
(WALE 7.6 years)



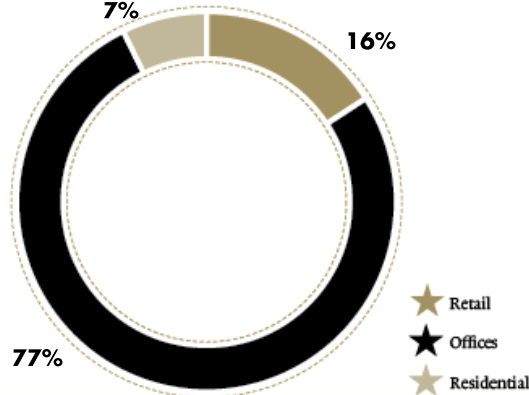
Annual gross income (£10.5m)



Portfolio by value (£241m)



By floor area (683k sq ft)



Taxation

Summary

⊕ Tax on income

- 20% underlying tax rate in 2011 (corporation tax rate 26% to reduce to 23% by 2014)
- Lower rate is due to mainly to capital allowances
- Expected medium-term underlying tax rate between 20 to 23% on underlying earnings

⊕ Tax on capital gains

- Pre-May 2012 (i.e. within 2 year period of leaving REIT) taxable gains on property disposals formerly under the REIT regime are calculated using the original tax base cost
- Based on December 2011 property valuations there is a group contingent tax liability of nil. This position is based on a number of factors including the availability of group losses, indexation relief and the Group's holding structure for a number of properties
- Post-May 2012 (i.e. 2 years post REIT exit) tax on property disposals formerly within the REIT regime will be calculated using the May 2010 values

Portfolio analysis

Facts & figures

	Covent Garden	Earls Court & Olympia	Great Capital Partnership
Market value	£808 million	£471 million Exhibition £103 million Empress State Building	£241 million
Size (sq ft)	834,000	1,291,000 Exhibition 469,000 Empress State Building	683,000
Ownership	100%	100% Exhibition 50% Empress State	50%
Properties	52	3	27
Adjusted occupancy	97.5%	n/a Exhibition 100% Empress State	81.9%
EBITDA 2011	n/a	£18.5 million	n/a
NRI 2011	£27.8 million	£7.1 million Empress State Building	£11.0 million
Passing Rent	£32.5 million	£7.2 million Empress State Building	£10.5 million
Average rent psf	£44.96	£30.85 Empress State Building	£43.70
Debt	£262 million	£94 million Exhibition £75 million Empress State Building	£113 million
Key Tenants / Shows	<ul style="list-style-type: none"> • Apple • Burberry Brit • Ladurée • Rugby Ralph Lauren • Links of London • Balthazar (2012) 	<ul style="list-style-type: none"> • Ideal Home Show • The London Book Fair • 100% Design • Metropolitan Police 	<ul style="list-style-type: none"> • Austin Reed • Secretary of State for the Environment • Standard Chartered Bank • Live Nation Music (UK) Ltd

All figures relate to period ending 31 December 2011. All figures represent Capco's share of value (but 100% of space)