



2012 Interim Results
31 July 2012

capco

Capital & Counties Properties PLC

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Agenda

⊙ Introduction

Ian Hawksworth

⊙ Financial review

Soumen Das

⊙ Business review

Ian Hawksworth & Gary Yardley

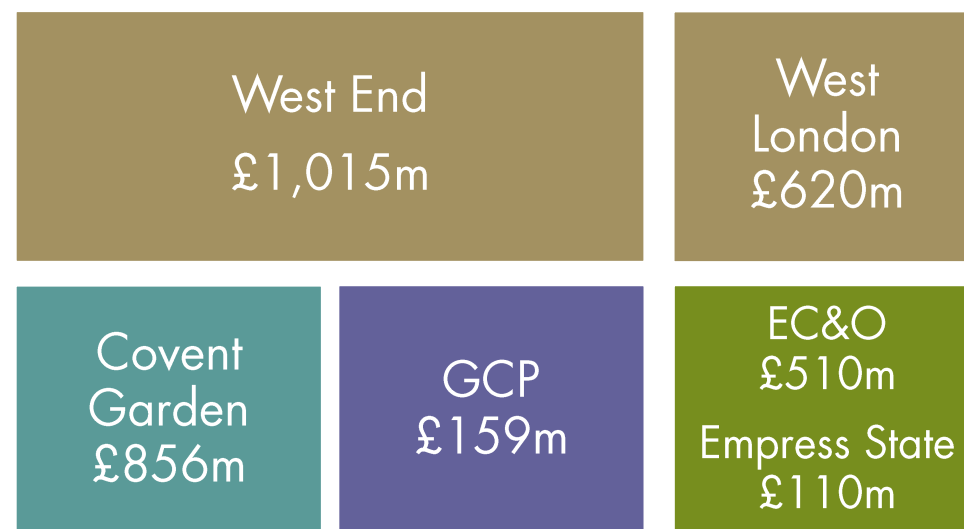
⊙ Q&A

Capco

Strengths of our business

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

TOTAL PROPERTY VALUE £1.6 billion



Highlights

Positive momentum

- ⊕ NAV +6.8% to 177 pence per share, total return 7.4%
- ⊕ Valuation £1.6 billion +4.8% (LFL)
- ⊕ £248 million cash and available facilities
 - Net Debt £397 million, LTV 24%
 - £70 million revolving credit facility secured
 - £125 million of disposals in H1 with a further £105 million of net proceeds expected from contracted disposals
- ⊕ Covent Garden further retail and F&B lettings, value +4.5% (LFL) to £856 million
 - New lettings 9.4% above Dec 2011 ERV
- ⊕ Land agreement with LBHF substantially advanced
- ⊕ Detailed planning consent received for Seagrave Road and £135 million JV due to complete Q3
- ⊕ Proposed interim dividend: 0.5 pence per share

Financial review

Soumen Das

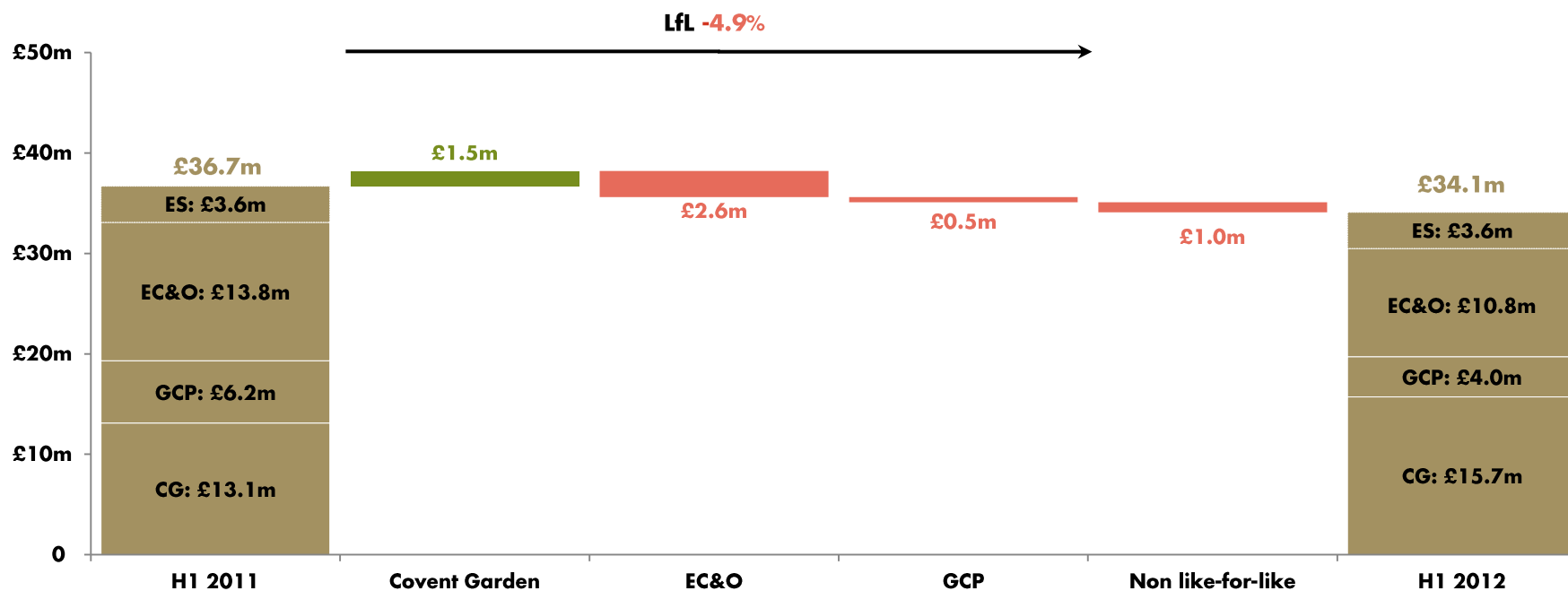
Underlying earnings

Highlights

	2012 H1 £m	2011 H1 £m	Var £m
Net rental income	34.1	36.7	(2.6)
Admin costs	(12.4)	(11.0)	(1.4)
Net finance costs	(13.7)	(17.7)	4.0
Tax on underlying earnings	(1.9)	(1.8)	(0.1)
Underlying earnings	6.1	6.2	(0.1)
Underlying earnings per share	0.9p	1.0p	(0.1)p
Interim dividend per share	0.5p	0.5p	-

Net rental income

LfL -4.9 %



⊛ EC&O Venues EBITDA £8.0 million down 26% (LfL)

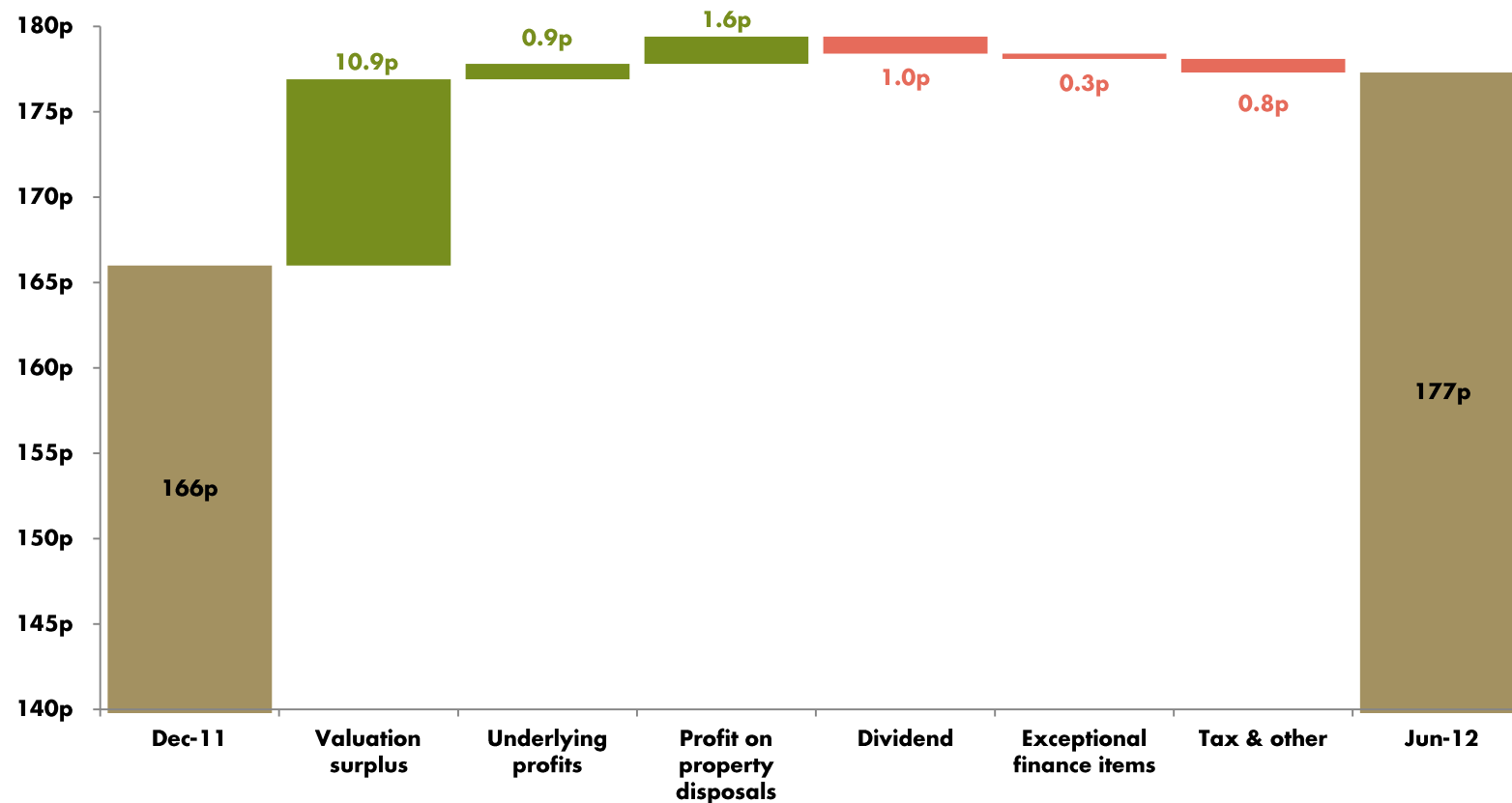
Balance sheet

	Jun-12 £m	Dec-11 £m	Var £m
Portfolio value	1,621	1,617	4
Investments	6	20	(14)
Net debt	(397)	(464)	67
Other assets and liabilities	(43)	(70)	27
NAV	1,187	1,103	84
EPRA adjusted NAV	1,232	1,145	87
EPRA adjusted diluted NAV per share	177p	166p	11p
Number of shares in issue	684.5m	683.9m	0.6m

- ⊕ Diluted EPRA NNNNAV 174 pence per share
- ⊕ Contingent tax liability nil

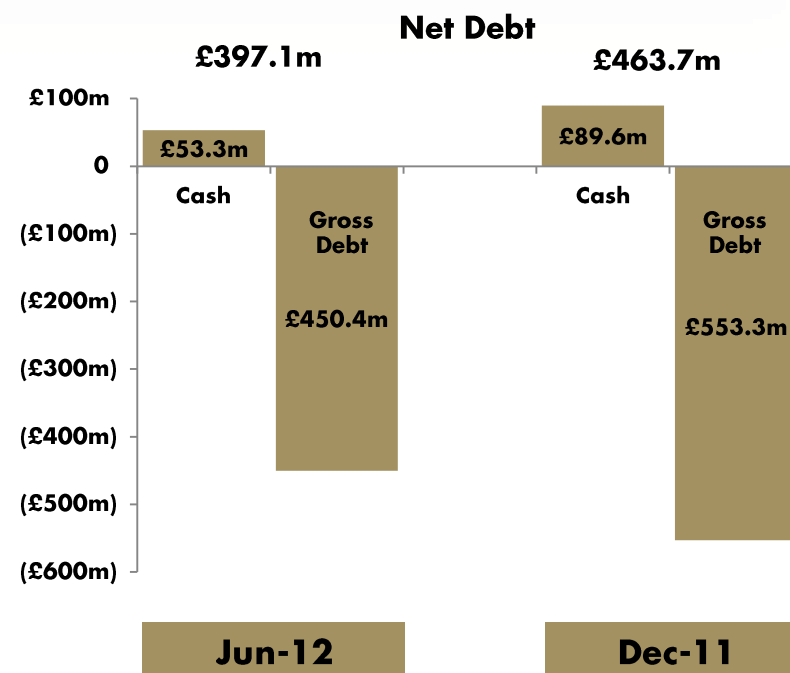
EPRA adjusted diluted net assets per share

NAV + 6.8 % to 177p



Debt management

- ⊛ £70 million revolving credit secured
- ⊛ Repayment of Earls Court facility
- ⊛ 100% of debt swapped or capped

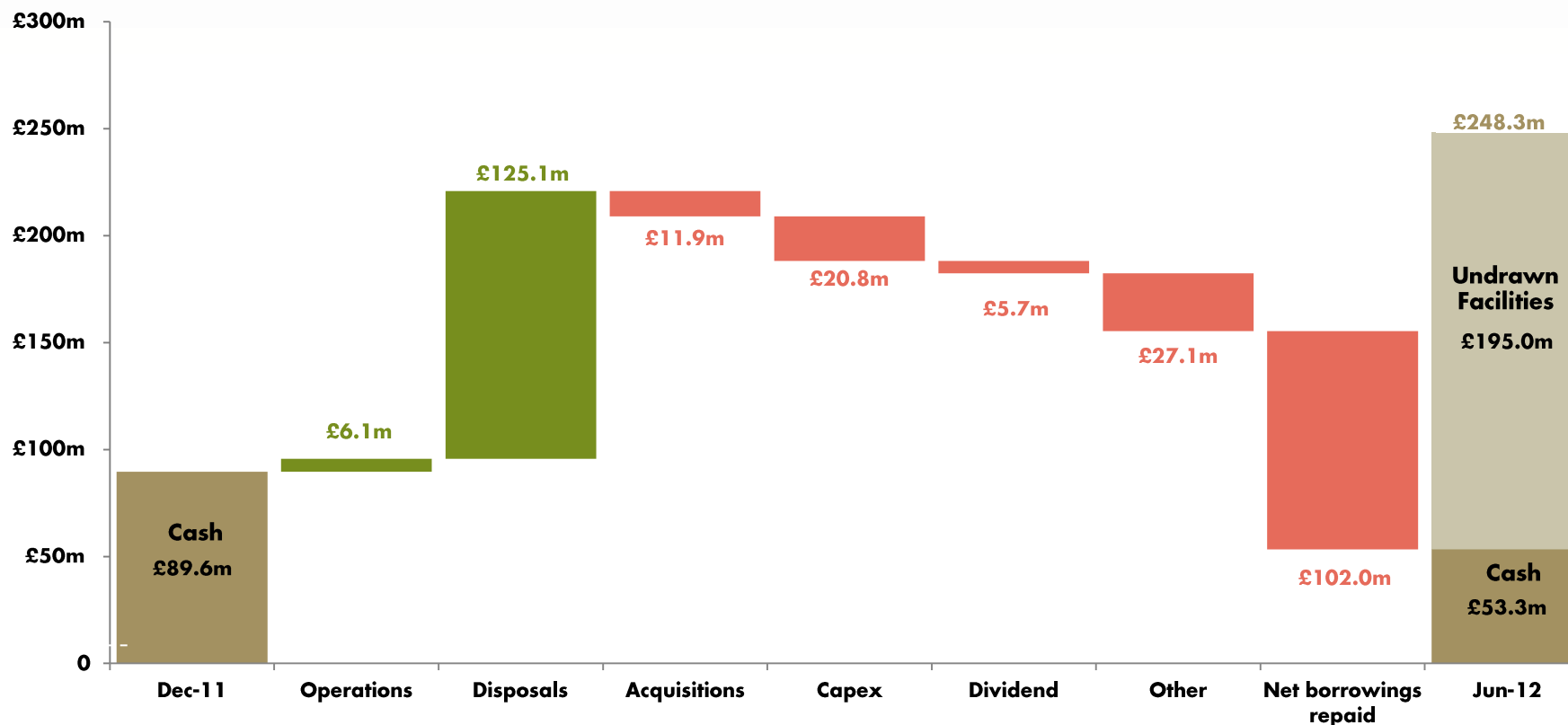


LTV	24%	29%
Group interest cover	158%	136%
Cash and available facilities	£248.3m	£244.6m
Weighted average cost of finance ¹	5.0%	5.8%
Weighted average time to maturity ²	4.5yrs	3.6yrs

¹ Proforma cost of debt post GCP reprofiling of swaps 4.5% ²On fully drawn basis

Cash utilisation H1 2012

Substantial liquidity from internal resources



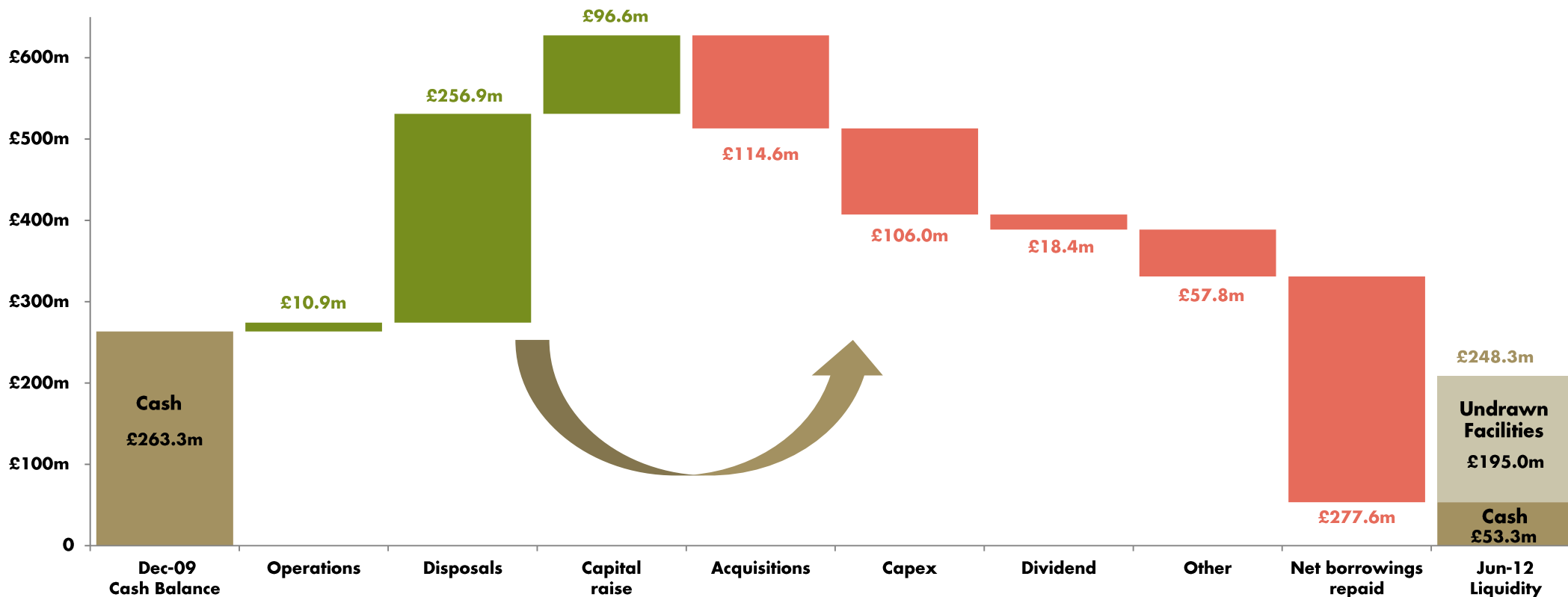
⊕ Circa £105 million of proceeds (net of debt paydown) to be received in H2 2012

- £38 million net proceeds from GCP (contracted disposals)
- £67 million from Seagrave Road on completion of JV expected in Q3

⊕ £18 million capital commitments

Recycling capital

Cash movement since December 2009



Operating review

Ian Hawksworth and Gary Yardley

Valuation

Strong H1 2012 valuation +4.8% (LflL)

	Market value Jun-12 ¹ £m	Market value Dec-11 ¹ £m	Value change ^{2,3}	ERV change ³	Initial yield	Equivalent yield
Covent Garden	855.6	808.0	4.5%	2.3%	3.7%	5.2%
GCP	158.8	241.3	7.1%	9.2%	3.4%	5.2%
EC&O	620.0	573.5	4.6%	14.6%	-	-
Other	3.0	1.2	-	-	-	-
Total properties	1,637.4	1,624.0	4.8%	5.3%		

¹ Represents Capco's 50% share where applicable

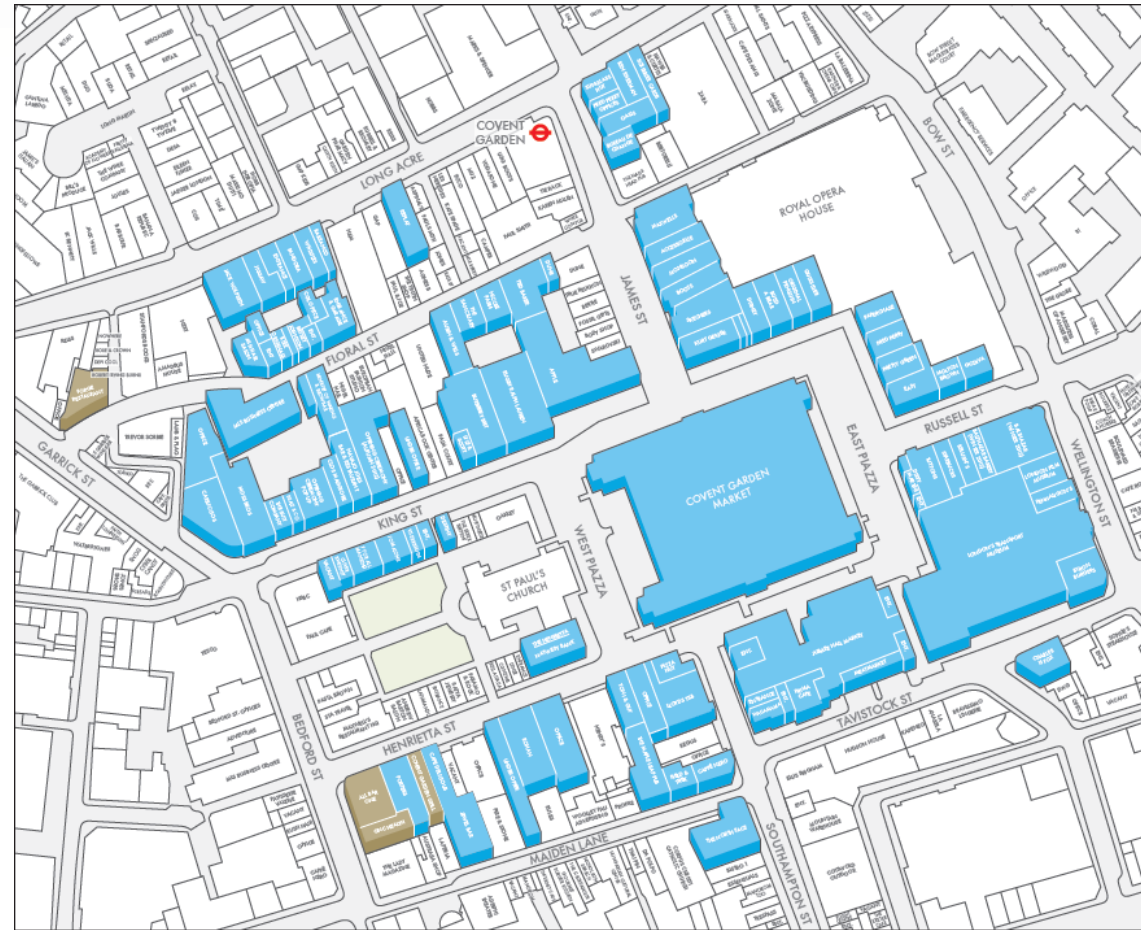
² Valuation change takes account of amortisation of lease incentives, capital expenditure and fixed head leases

³ Like-for-like including both investment and trading properties

Covent Garden

Strategy

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



Capco's Covent Garden Estate Holdings



Acquisitions in 2012



Assets held at Dec 11

Covent Garden

Estate performance H1 2012

★ Value £856 million +4.5% (LFL)

★ ERV £47.1 million +2.3% (LFL)

★ NRI £15.7 million +12.1% (LFL)

★ Footfall robust at 44 million

- 89% ABC1s (UK visitors)

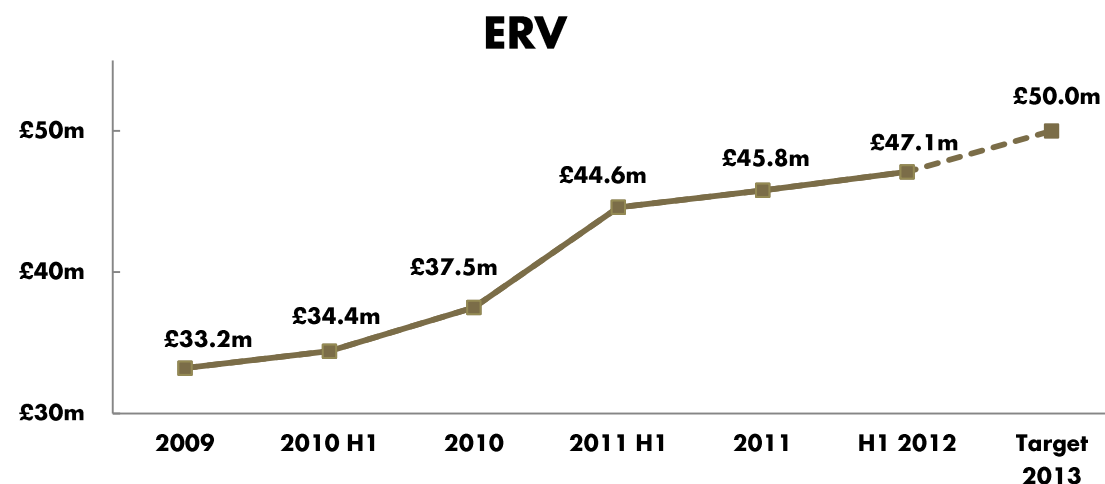
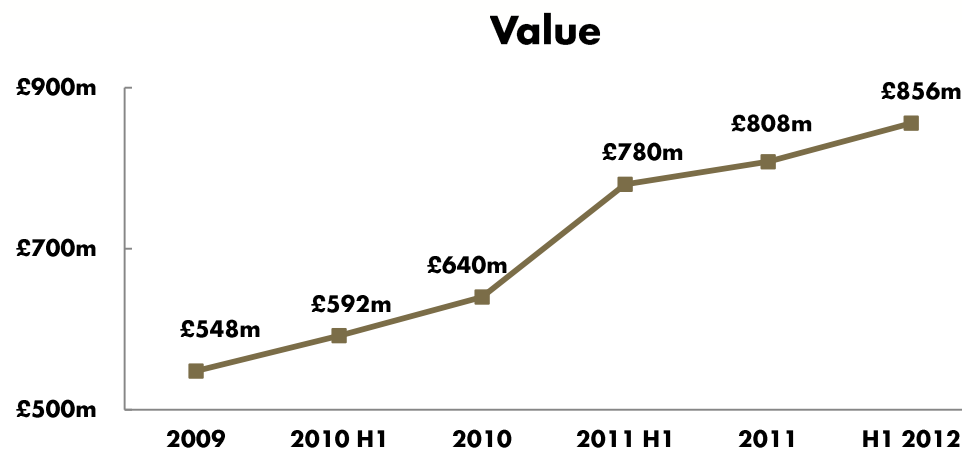
★ Adjusted occupancy 99.3%

★ 34 leasing transactions completed

- Rental value £4.7 million
- New lettings 9.4% above ERV

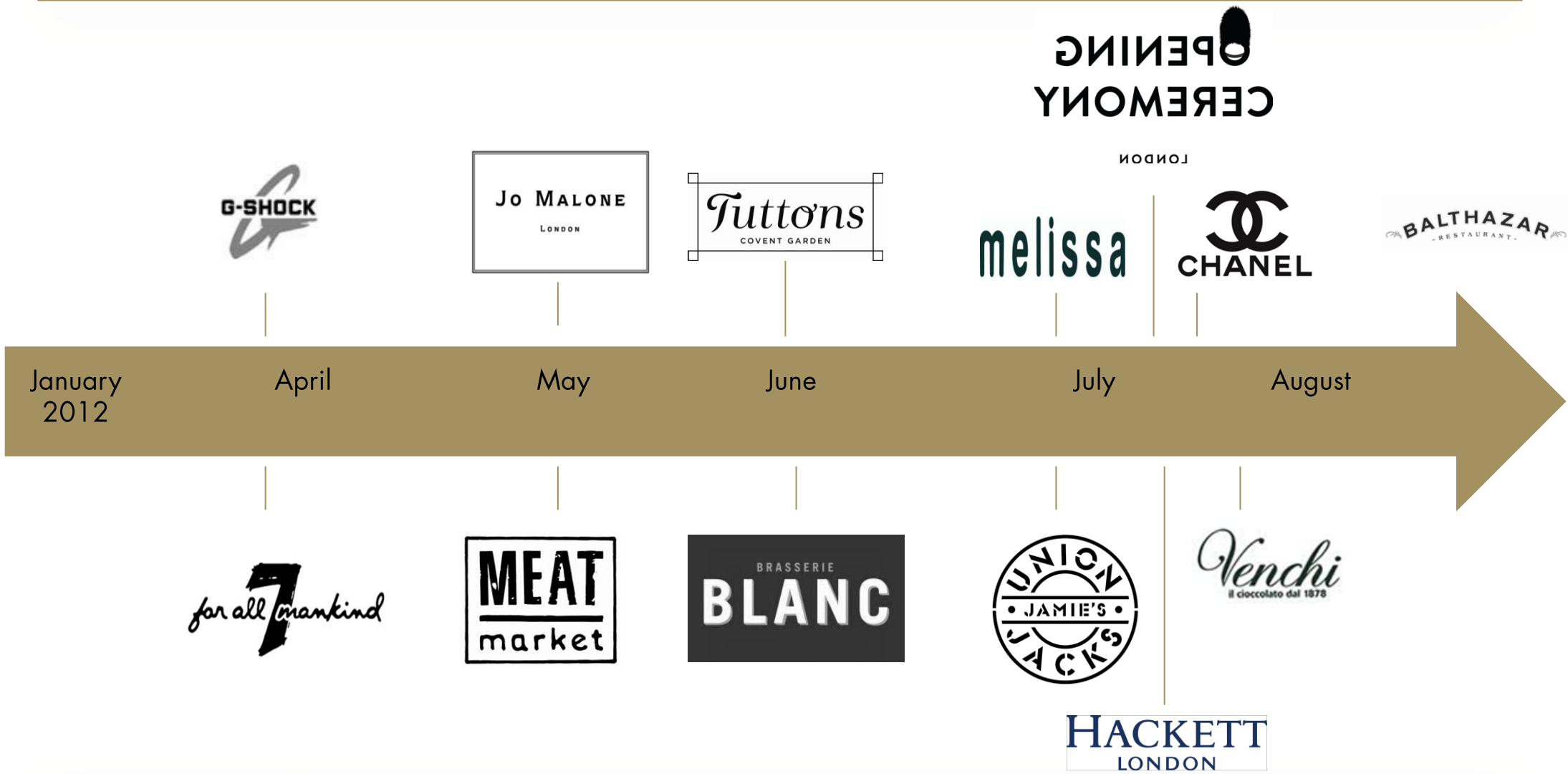
★ £18 million of acquisitions

- Henrietta Street and Bedford Street
- 14 Garrick Street exchanged in July 2012



Covent Garden

Changing the retail and F&B line up



Covent Garden

Key letting transactions



Hackett

- New concept store on King Street
- Zone A £600 psf



Tuttons

- Sale of business to operator
- Significant refurbishment
- 23% above previous passing rent



Jo Malone

- New flagship offer
- 76% above previous passing rent

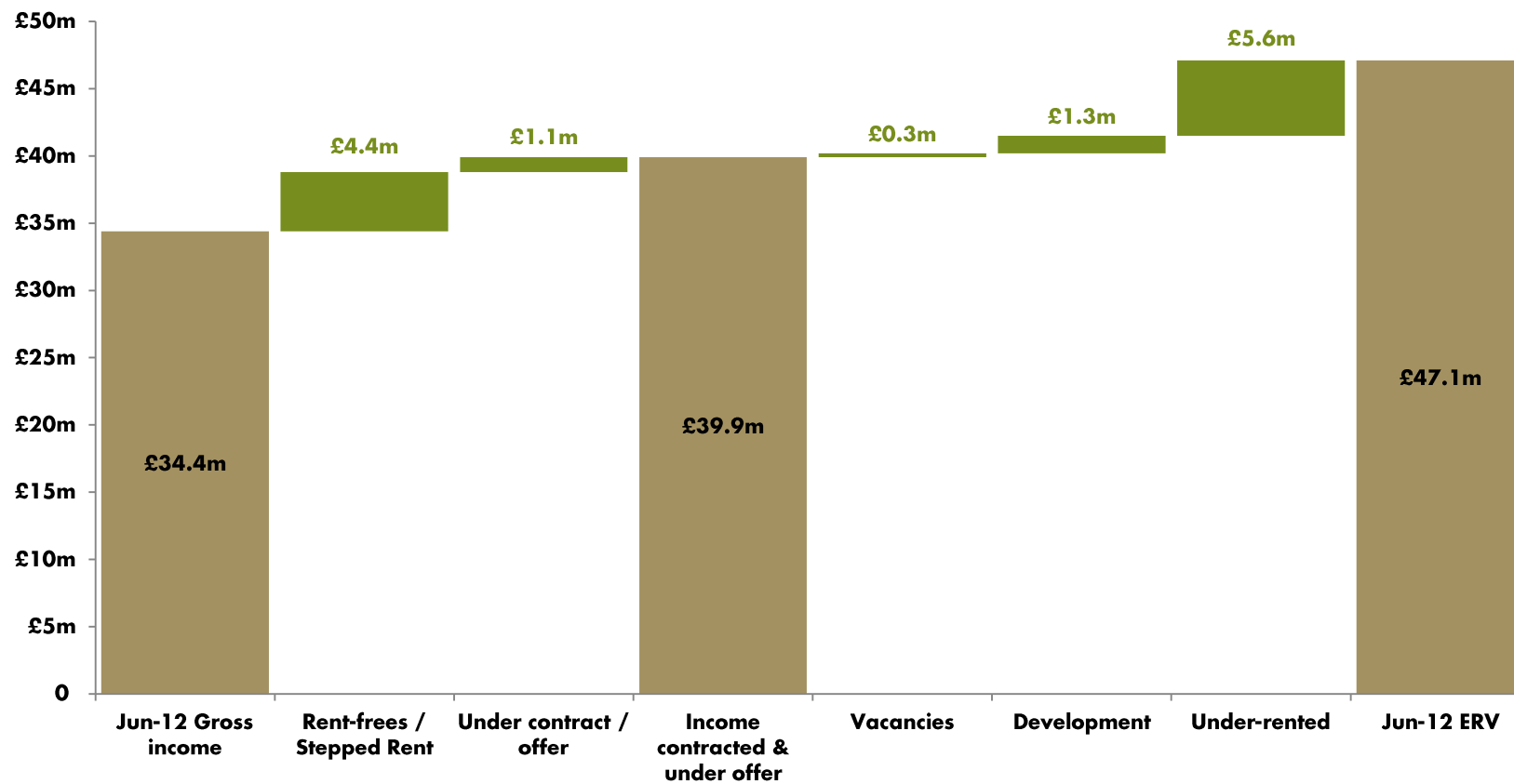


Jamie's Union Jacks

- Bespoke offer for Covent Garden
- Last part of Ponti's space
- Total rent achieved 44% above previous passing rent

Covent Garden

Gross income to ERV

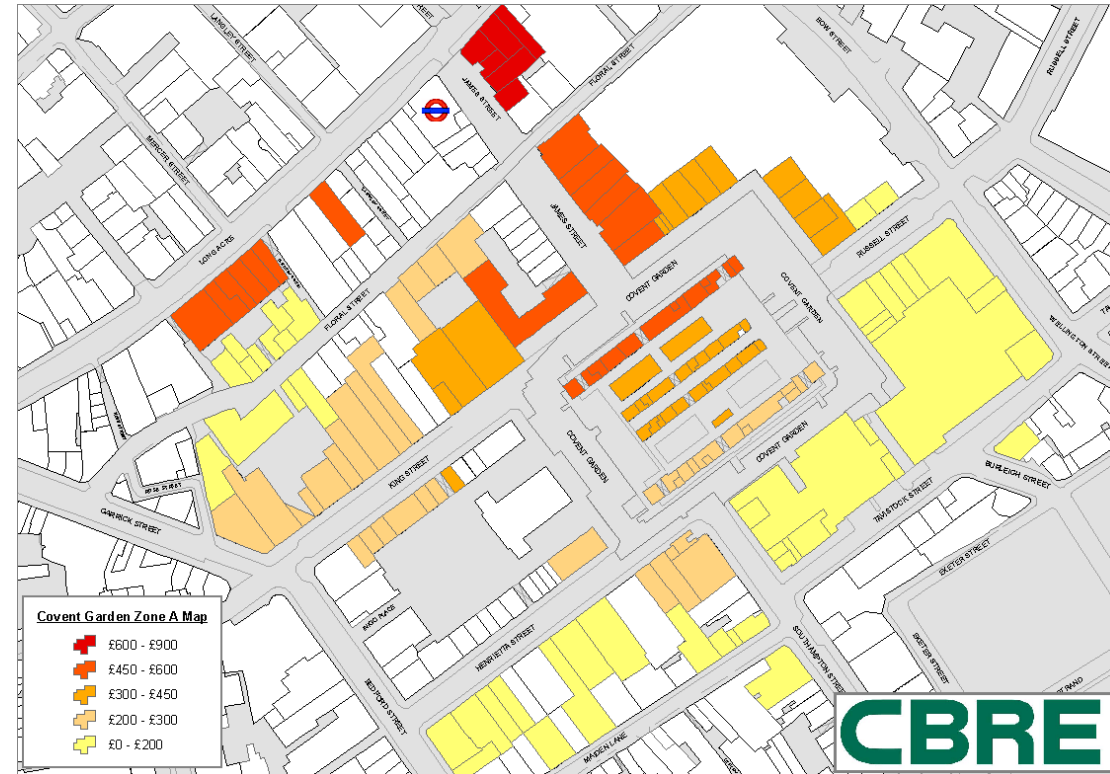
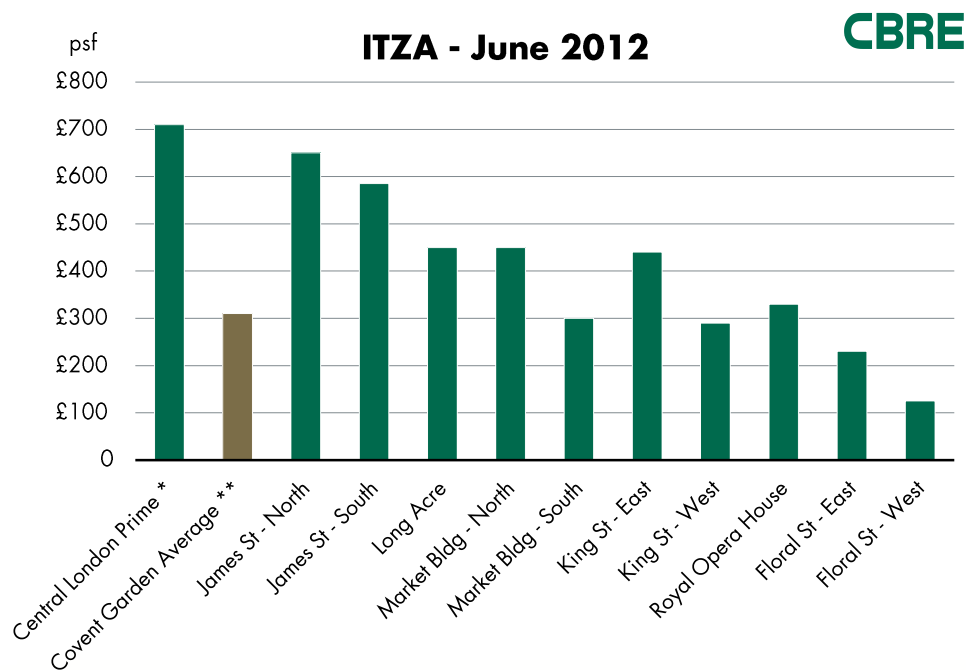


Note: Gross income = passing rent + non-leased income

Covent Garden

Continued progress towards ERV target of £50 million

- Covent Garden significantly below London comparable streets
- Potential for further rental growth



* 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

Residential

⊛ Strategy

- Selectively 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
- One unit sold (in excess of £2,500 psf)
- Achieved step change in pricing for Covent Garden

⊛ The Russell (Russell Chambers)

- On site with completion in January 2013
- Refurbished anchor restaurant

⊛ The Beecham (1a Henrietta Street)

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



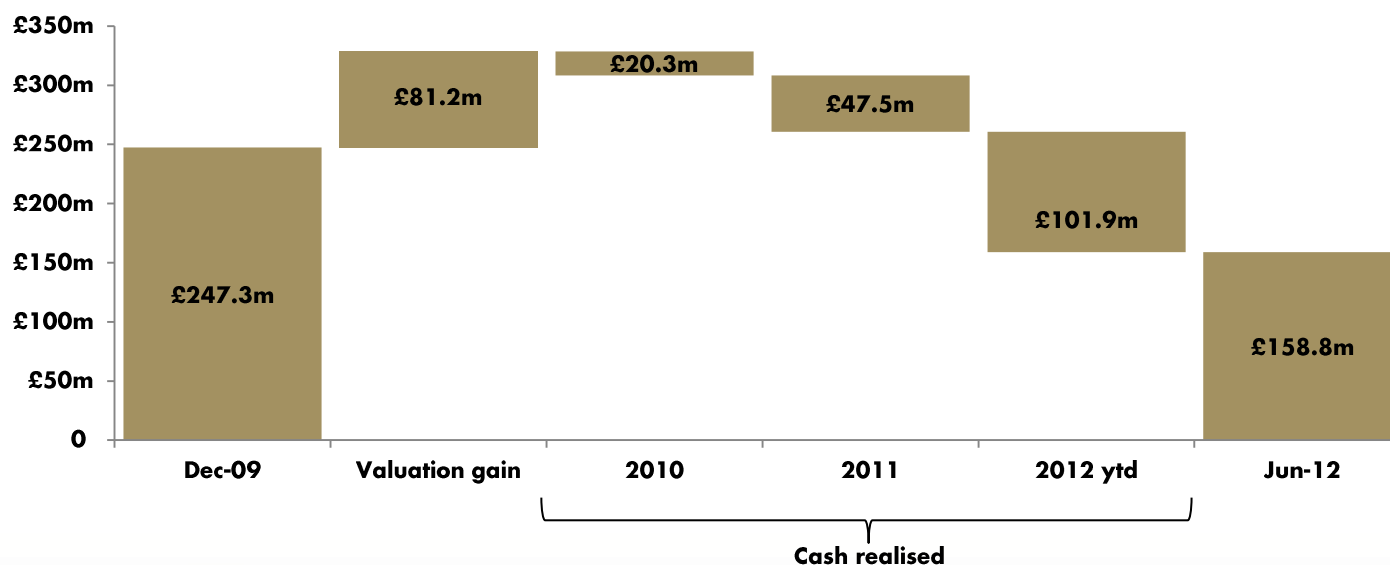
The Henrietta (34 Henrietta Street)

The Great Capital Partnership

Creating value, recycling liquidity

- ⊛ £102 million disposals in H1 2012 (Capco share)
 - Circa 8.5% above December 2011 valuation
- ⊛ £60 million (Capco share) disposal to GPE of Jermyn Street estate in July 2012
- ⊛ Further sales underway
- ⊛ Positive valuation gain in H1 2012 +7.1% (LFL)

Value uplift and realisation

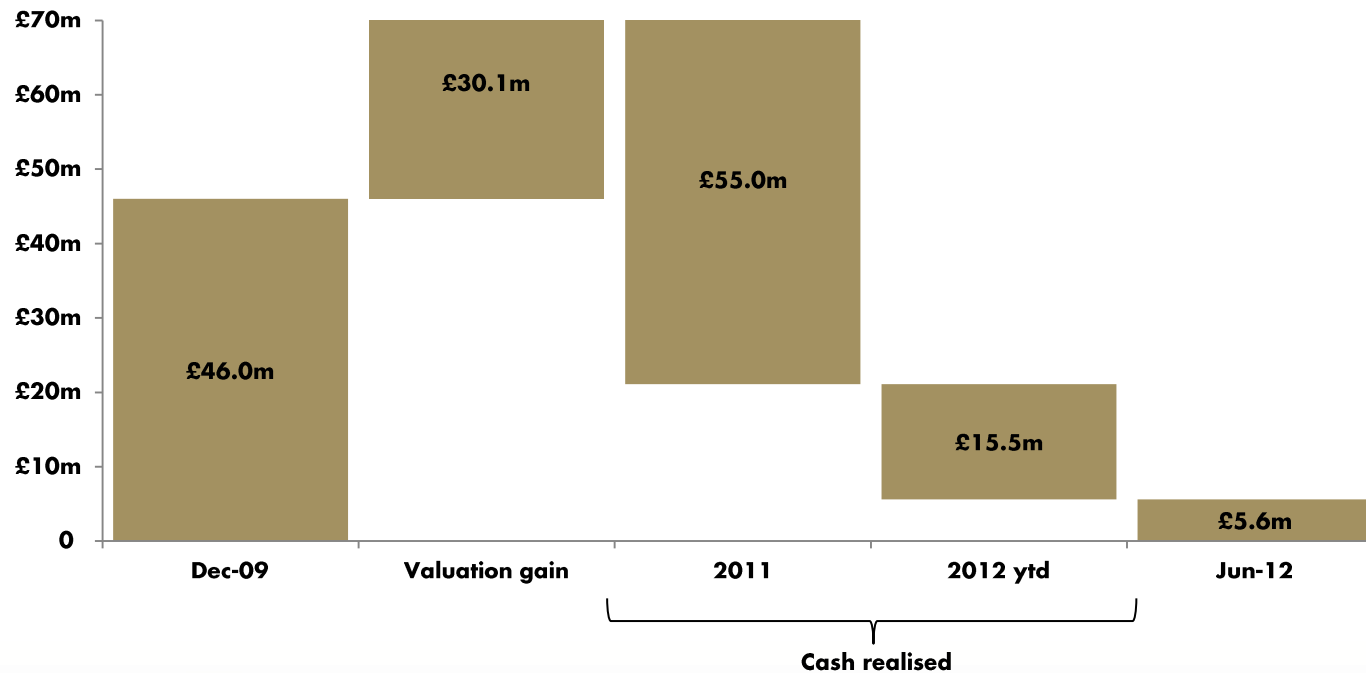


China

Investment value £5.6 million

- ⊛ Last asset to be contracted for sale in H2 2012
- ⊛ Remaining capital to be returned over next 6 – 12 months

Value uplift and realisation



Earls Court and Olympia

Strategy

- ⊛ Invest in improvements to Olympia to maintain income from exhibition business
- ⊛ Secure planning consents for Sir Terry Farrell's 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

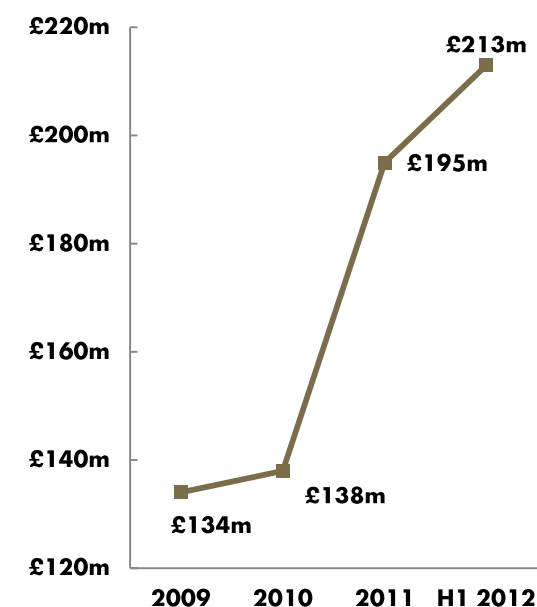
Earls Court and Olympia

Summary of valuations

	Market value Jun-12 £m	Market value Dec-11 £m	Value change ^{1,2}	Basis
Earls Court	213.0	194.5	4.8%	Development
Olympia	120.6	120.6	(4.2)%	Existing use
Seagrave Road	134.9	116.2	11.1%	Development
Peripheral assets ³	41.5	39.7	4.7%	Existing use
Empress State	110.0	102.5	7.3%	Existing use
EC&O	620.0	573.5	4.0%	

- Earls Court land increased from £8.6 million per acre to £9.5 million per acre

Earls Court



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

Preparing for transition to Olympia

- ⊛ EBITDA £8.0 million - down 26% year-on-year (LFL)
- ⊛ 95% of 2012 budgeted licence fees currently contracted
- ⊛ £10 million of improvements to Olympia Two Building budgeted for 2012/13 marking the 125 year anniversary
- ⊛ Olympia valued at £120.6 million at June 2012
- ⊛ Earls Court an official Olympic venue



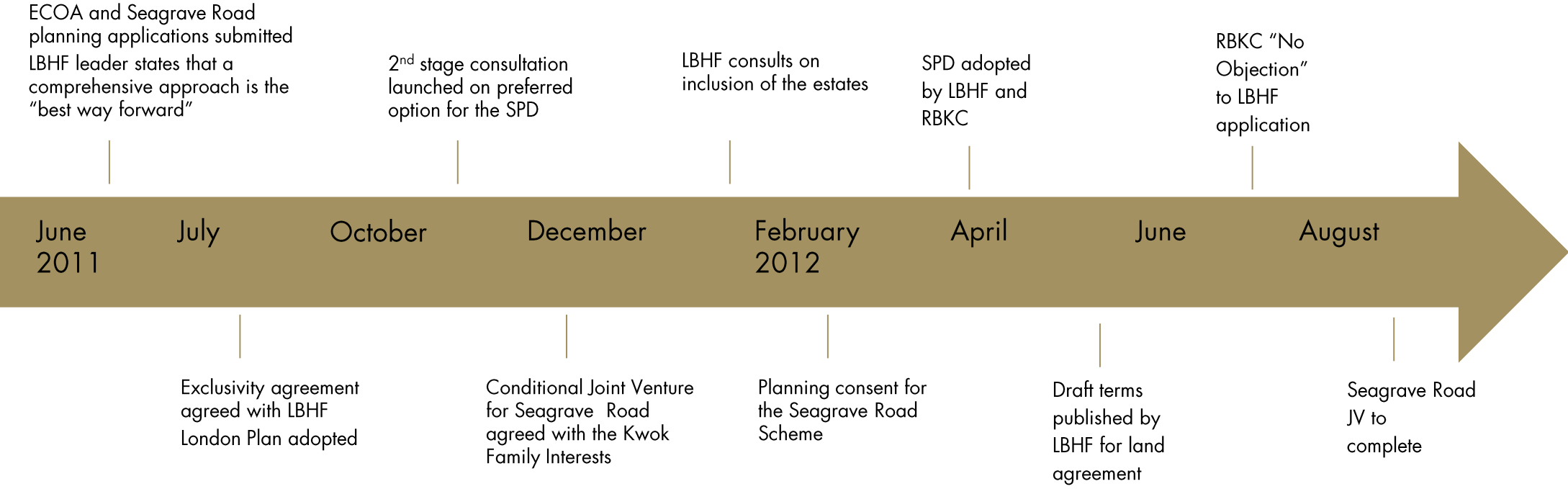
Toy Fair, 2012



125th Anniversary Poster Competition, at Spirit Exhibition 2012

The Earls Court Masterplan

Milestones



The Earls Court Masterplan

Priorities

🌟 Planning

- Committee dates anticipated H2 2012
- S106 agreement progressing well, heads of terms expected shortly

🌟 LBHF

- Exclusivity agreement extended
- Land Agreement to be considered in future LBHF cabinet meeting

🌟 TfL

- Lease extension over Earls Court 1 & 2 and option over Lillie Bridge Depot – discussions continue

🌟 Network Rail

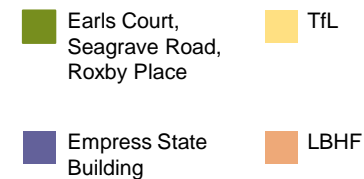
- Commercial terms agreed

🌟 Risks

- Timing
- Applications for judicial reviews
- Section 34a



Significant Earls Court land ownerships



Seagrave Road

Planning consent received, joint venture to complete

- ⊛ 1 million sq ft gross external area of high quality space
 - 608 private units, 200 affordable centred around a garden square
 - 550,000 sq ft saleable area
- ⊛ Detailed planning consent received
- ⊛ Valuation £134.9 million as at June 2012 +11.1% (LFL)
- ⊛ £135 million 50:50 JV agreement with KFI to complete in Q3 2012
 - £67 million liquidity to be released
 - Value at demerger £70 million
- ⊛ Target start on site 2013
 - Estimated development costs circa £300 million (100%)
 - Three phases with peak capital requirement of circa £100 million



Seagrave Road CGI

Outlook

Positive momentum continues

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



JO MALONE
LONDON

Appendices

- ⊛ Financial covenants
- ⊛ Earls Court
- ⊛ Covent Garden
- ⊛ GCP
- ⊛ Taxation

Financial covenants

Maturity	Facility	Debt ¹		Test		Actual ²	
		£m	LTV	Interest Cover	LTV	Interest Cover	
2013	Empress State	69	n/a	120%	n/a	164%	
2013	GCP	81	70%	120%	60%	285%	
2016	Covent Garden	150	70%	130%	36%	238%	
2017	Covent Garden	112	70%	120%	45%	170%	
2017	Covent Garden RCF	30	65%	130%	14%	312%	

¹ As at 30 June 2012

² Based on latest certified figures

The Earls Court Masterplan

“UK’s most valuable planning application”*

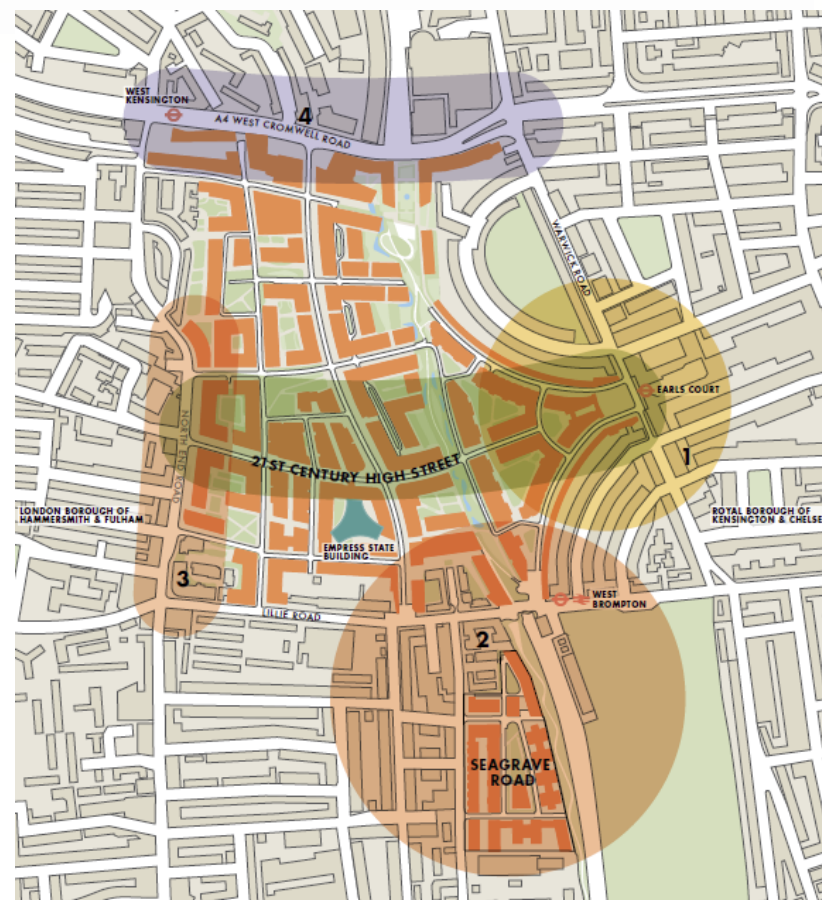
- ⊛ Outline applications for Earls Court Opportunity Area (ECO) submitted in June 2011
- ⊛ Updated application submitted after consultation in January 2012
 - 10.1 million sq ft of space, 7,500 homes
 - 12,000 new long term jobs

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. West Brompton Village
3. North End Village
4. West Kensington Village
- 21st Century High Street
- Seagrave Road

Covent Garden

Zoning plan

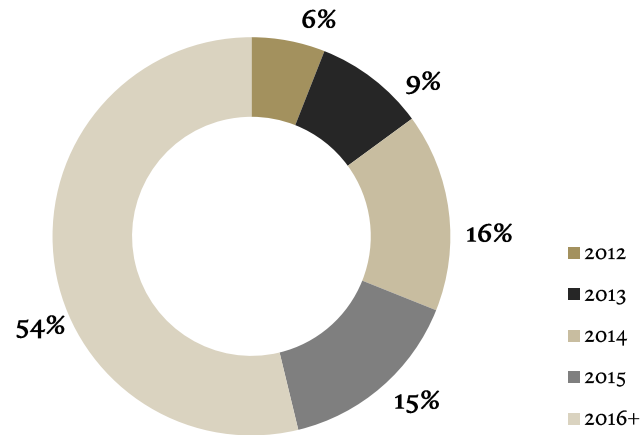
- ★ Long Acre/James St/ROH
 - Stylish mid-market
- ★ Floral St
 - Boutique
- ★ King St
 - Contemporary luxury
- ★ Southampton St
 - Outdoor specialists
- ★ Market Building
 - Independents, specialists and casual dining
- ★ Russell St/Maiden Lane/Henrietta
 - Food and dining
- ★ Jubilee Hall/LTM
 - Leisure



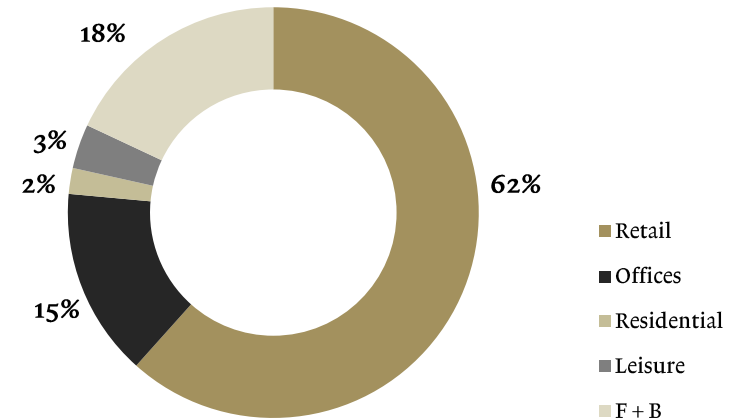
Covent Garden

Portfolio statistics

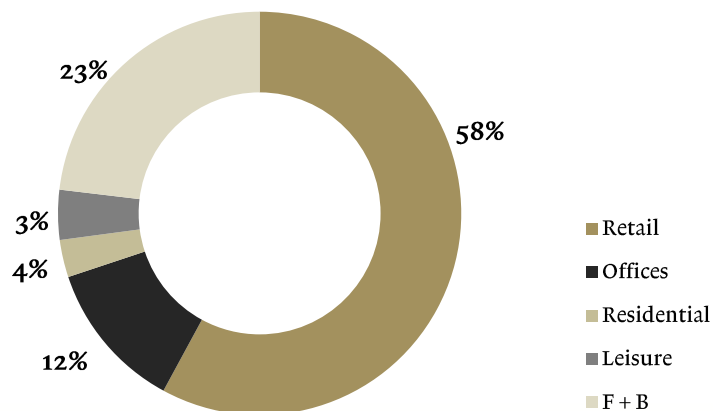
Lease expiry profile - (WALE 7.7 years)



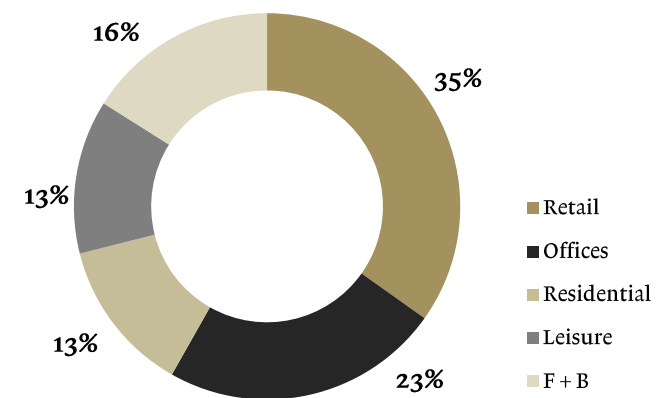
Annual gross income (£34.4m)



Portfolio by value (£856m)



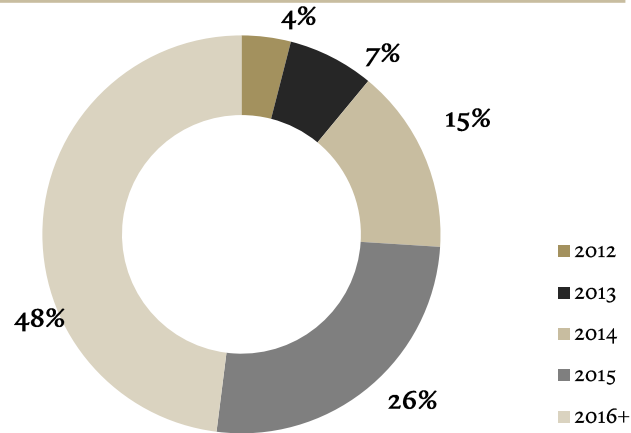
By floor area (806k sq ft)



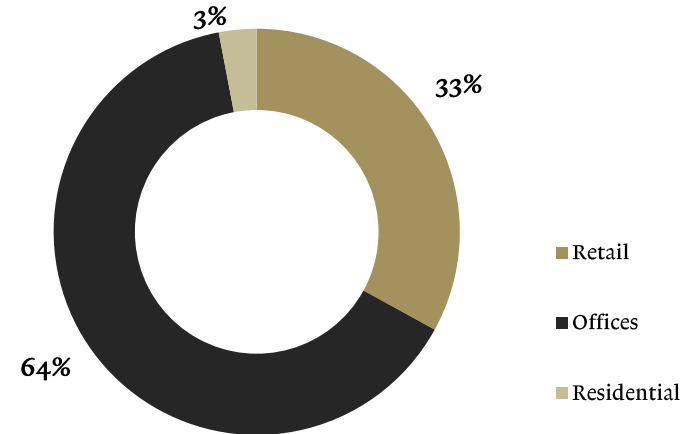
The Great Capital Partnership

Portfolio statistics

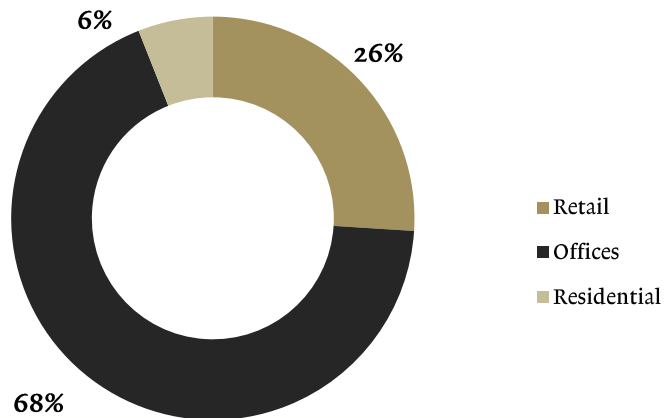
Lease expiry profile - (WALE 8.3years)



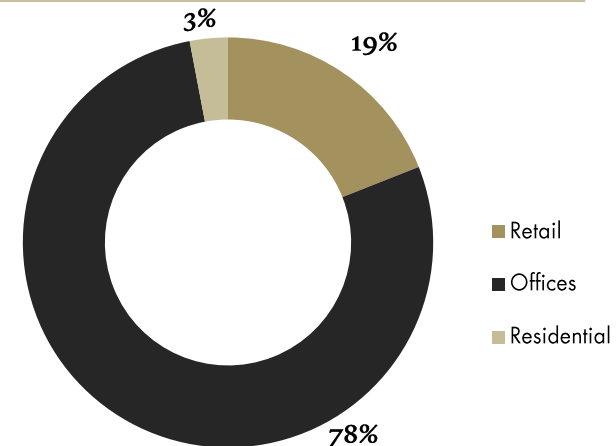
Annual gross income (£6.3m)



Portfolio by value (£159m)



By floor area (379k sq ft)



Taxation

Summary

⊕ Tax on income

- Forecast underlying tax rate of 24% for 2012 (corporation tax rate of 24.5% in 2012 to reduce to 22% by 2014).
- Expected medium-term underlying tax rate between 20% and 22% on underlying earnings

⊕ Tax on capital gains

- Following the 2nd anniversary of Capco leaving the UK REIT Regime (i.e. 7 May 2012) the tax carrying cost for properties formerly under the REIT regime have been rebased to their 7 May 2010 market value
- Based on June 2012 property valuations, the group contingent tax liability is nil. This position is based on a number of factors including the following:
 - Tax rebasing following REIT exit
 - Availability of Group losses
 - Application of indexation relief
 - Group's holding structure