



capco

Capital & Counties Properties PLC

2012 Annual Results

28 February 2013

www.capitalandcounties.com

Important Notices

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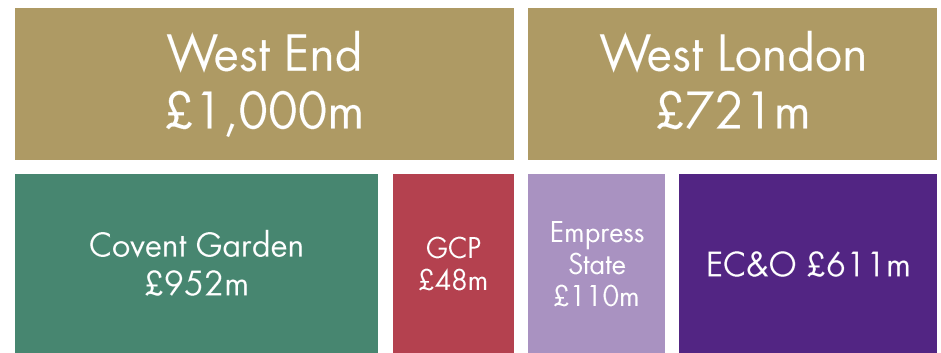
Agenda

- ★ Introduction Ian Hawksworth
- ★ Financial Review Soumen Das
- ★ Business Review Ian Hawksworth & Gary Yardley
- ★ Q&A

Capco

- ★ Focus on prime central London
- ★ Total Return 62.7% since demerger
 - EPRA Adjusted Net Assets +96% to £1.6 billion
 - Total Shareholder Return 139.8%
- ★ Sound capital structure and conservative 10% LTV

TOTAL PROPERTY VALUE £1.7 BILLION



2012 Highlights

Positive Momentum

- ★ NAV +22% to 203 pence per share, total return 23%
- ★ Valuation +16.7% (LFL)
 - H2 : Capital growth +9.8%
- ★ £401 million cash and available facilities
 - £70 million revolving credit facility secured
 - £320 million of disposals
- ★ Covent Garden ERV target raised to £60 - 65 million by 2015
 - £149 million equity issue for further investment in the Estate
 - £89 million of acquisitions
- ★ Resolution to grant planning permission for Earls Court Masterplan
- ★ CLSA signed with LBHF in January 2013
- ★ Detailed planning consent received for Seagrave Road and Joint Venture completed
- ★ Proposed final dividend: 1.0 pence per share (total 2012 dividend 1.5 pence per share)



2012 Financial review

Soumen Das

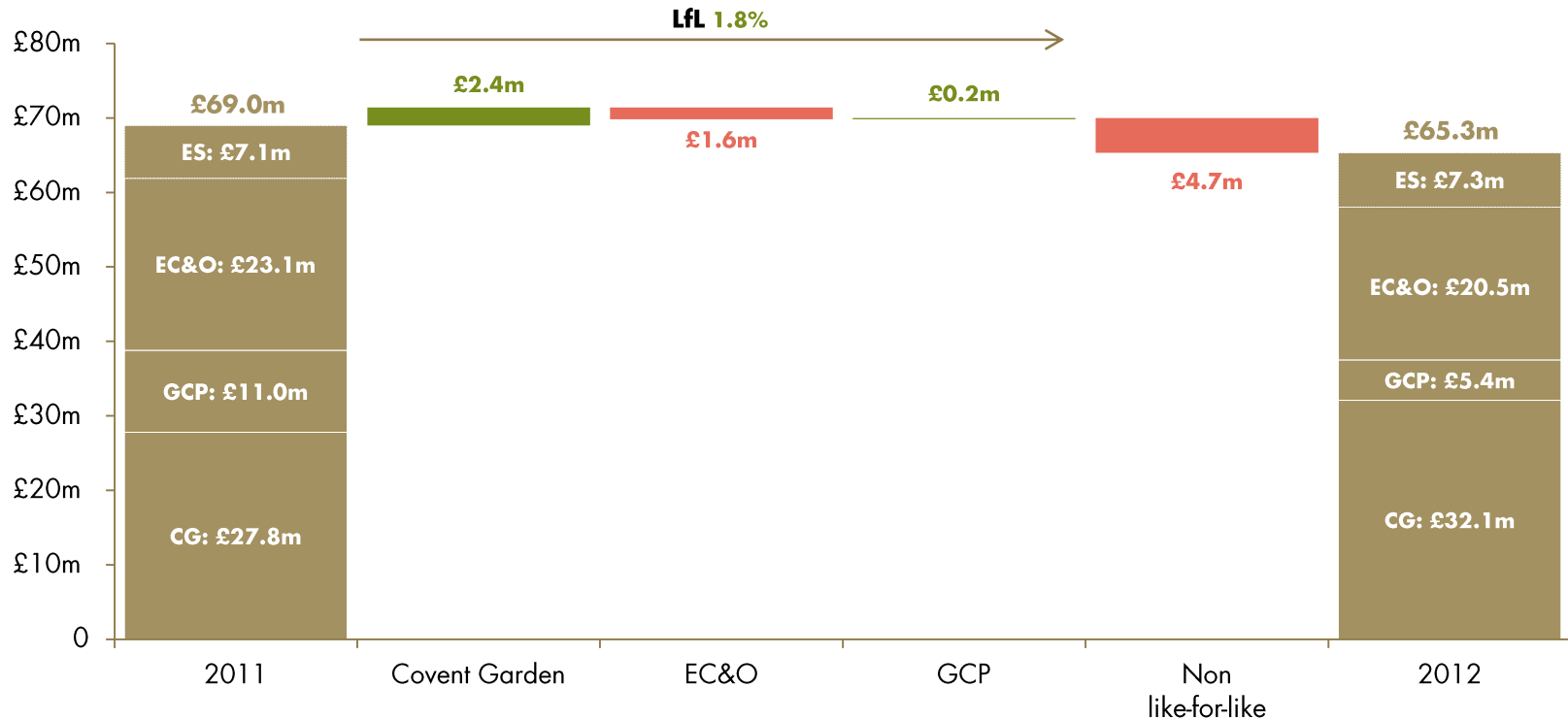
Underlying earnings

Highlights

	Dec-12	Dec-11	Var
	£m	£m	£m
Net rental income	65.3	69.0	(3.7)
Admin costs	(26.1)	(22.2)	(3.9)
Net finance costs	(22.8)	(34.8)	12.0
Tax on underlying earnings	(3.9)	(2.4)	(1.5)
Underlying earnings	12.5	9.6	2.9
Underlying earnings per share	1.8p	1.4p	0.4p
Full year dividend per share	1.5p	1.5p	-

Net rental income

LfL +1.8%



★ EC&O Venues EBITDA £14 million down 15% (LfL)

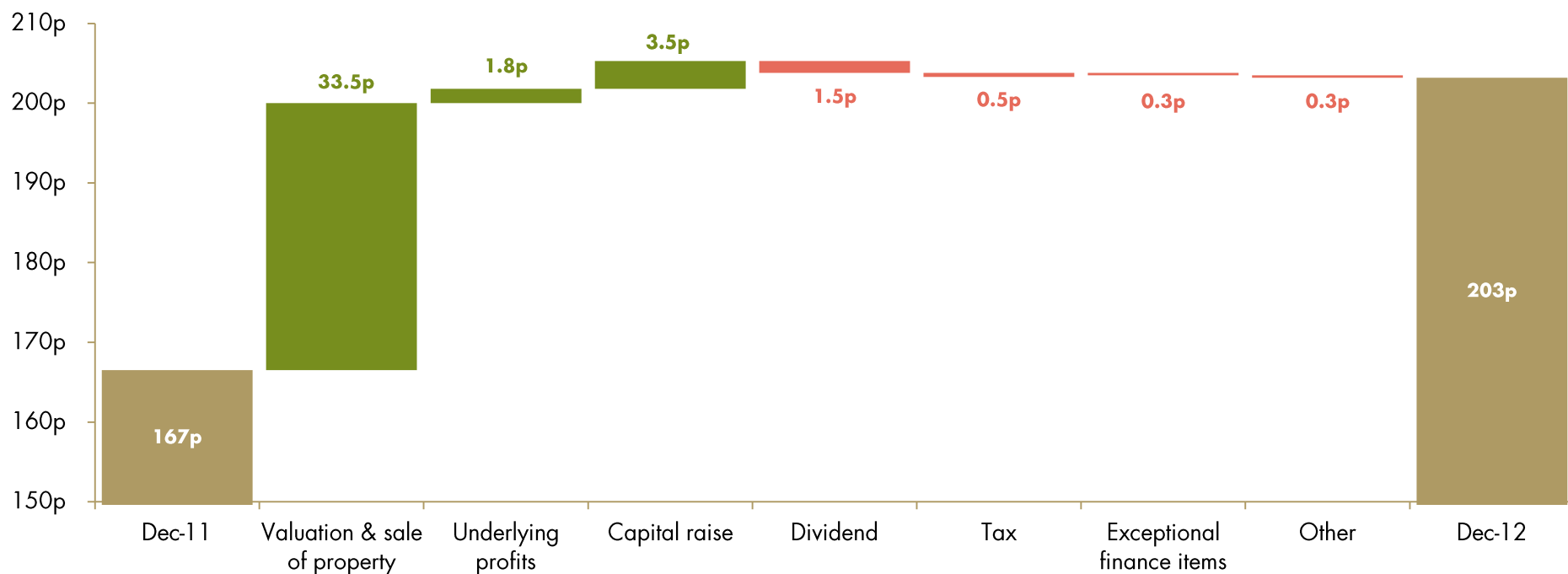
Balance sheet

	Dec-12	Restated Dec-11	Var
	£m	£m	£m
Portfolio value	1,671	1,617	54
Investments	4	20	(16)
Net debt	(164)	(464)	300
Other assets and liabilities	(33)	(65)	32
NAV	1,478	1,108	370
EPRA adjusted diluted NAV	1,553	1,153	400
Number of shares in issue	752.7m	683.9m	68.8m

- ★ Contingent tax liability nil
- ★ Capital raise 68.4 million shares, gross proceeds £149 million

EPRA adjusted diluted net assets per share

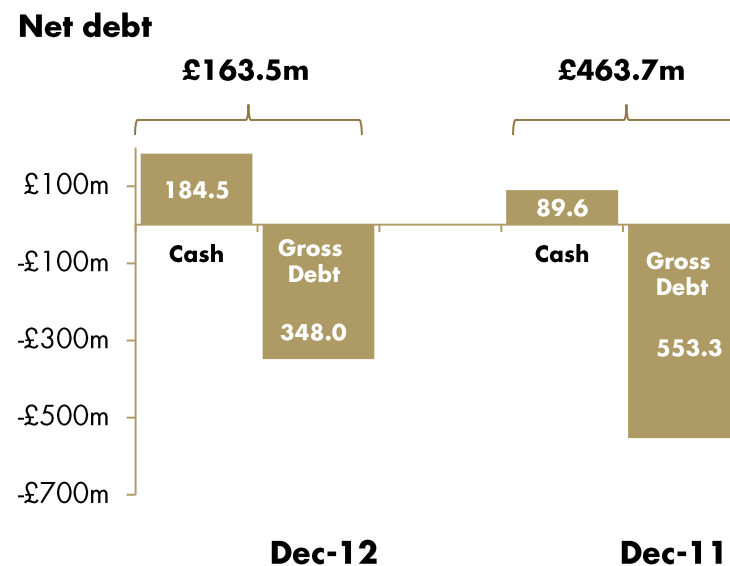
NAV +22% to 203p



★ Diluted EPRA NNNNAV 198.4 pence per share

Debt management

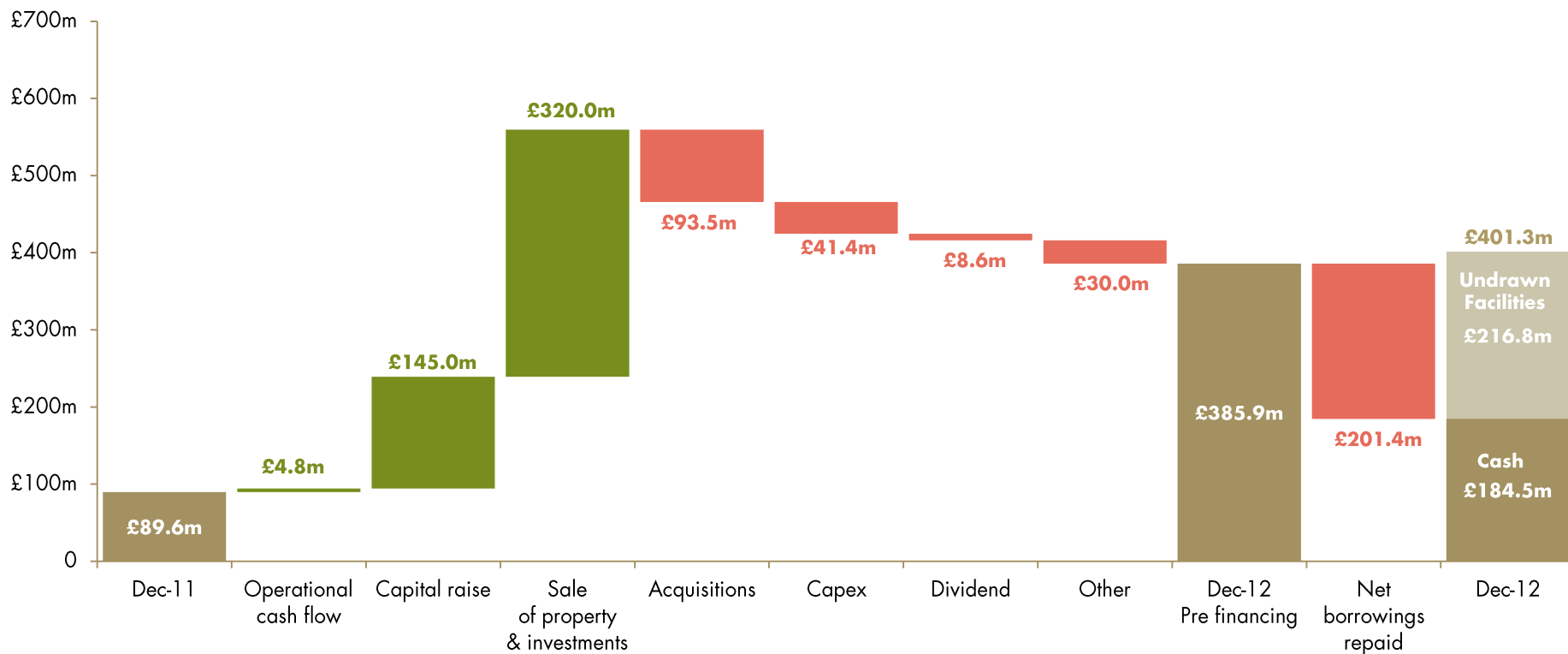
- ★ Cash and available facilities of £401 million at December 2012
- ★ Repayment of Earls Court facility
- ★ £70 million secured revolving credit facility



LTV	10%	29%
Group interest cover	172%	134%
Cash and available facilities	£401m	£244m
Weighted average cost of finance	5.2%	5.8%
Weighted average maturity	4.8yrs	3.6yrs

Cash utilisation

Substantial liquidity from internal resources



★ £21 million capital commitments



Operating review

Ian Hawksworth and Gary Yardley

Valuation

Strong 2012 valuation +16.7% (Lfl)

	Market value Dec-12 £m	Market value Dec-11 £m	Value change ^{2,3}	ERV change ³	Initial yield	Equivalent yield
Covent Garden	952	808	7.2%	4.2%	3.8%	5.1%
Earls Court	336	195	57.6%			
Seagrave Road	104 ¹	116	61.5%			
Olympia	126	121	(4.1)%			
Other⁴	203 ¹	384	9.8%			
Total Properties	1,721	1,624	16.7%			

1 Represents Capco's share

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

3 Like-for-like

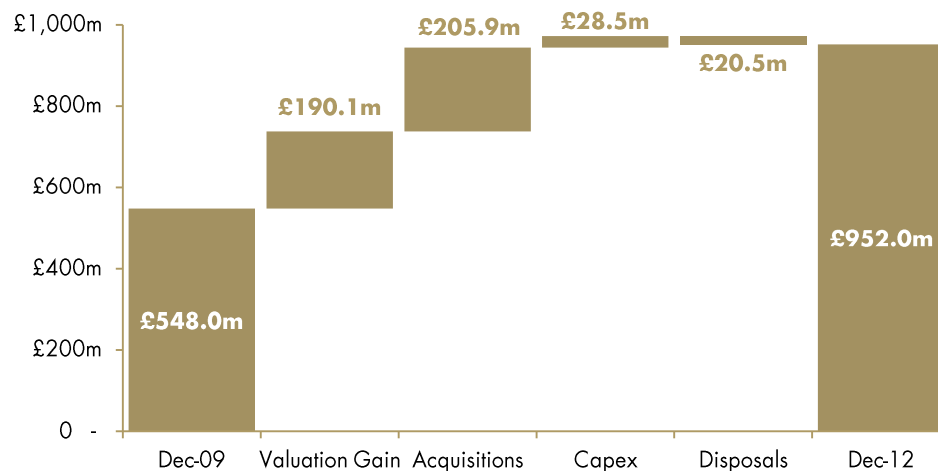
4 GCP, Empress State, peripheral assets

Covent Garden

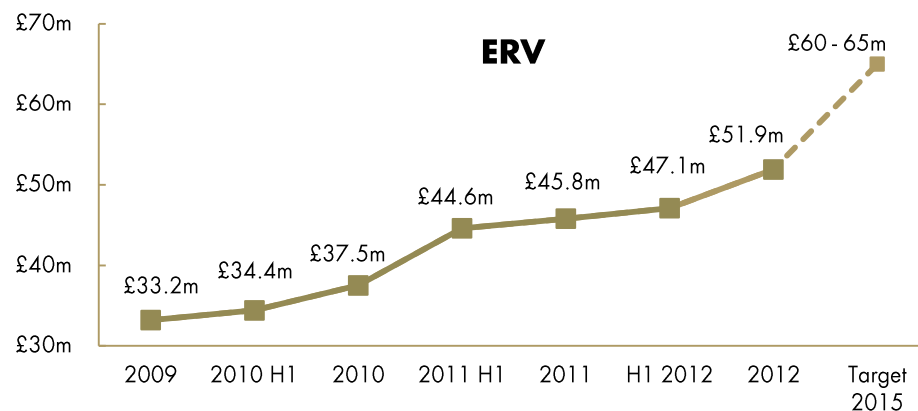
Strategy

- ★ Grow ERV to £60 - 65 million by end of 2015
- ★ Drive passing rent
- ★ Expand the contemporary luxury offer
- ★ Transform the food and dining
- ★ Extend the residential portfolio
- ★ Grow the estate boundaries through tactical acquisitions
- ★ Selective development
 - Kings Court

Value uplift and realisation



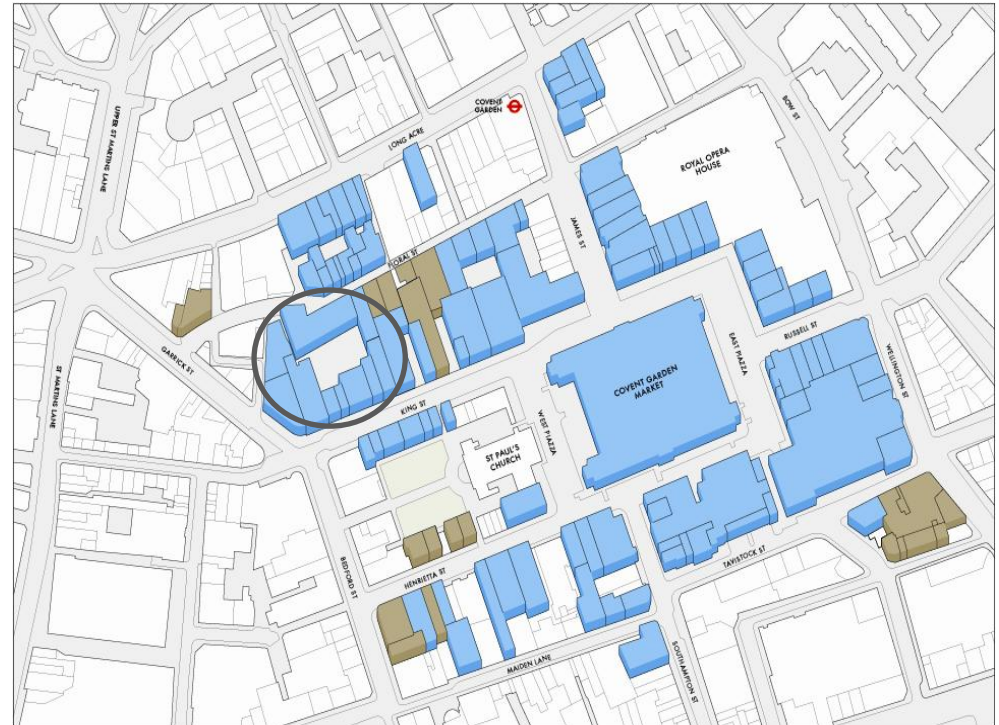
ERV



Covent Garden

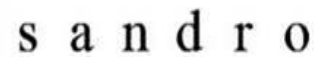
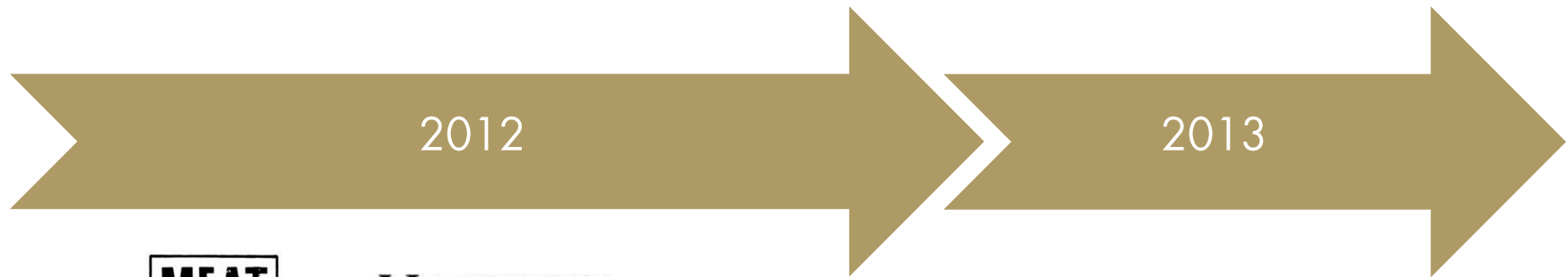
Estate performance 2012

- ★ Value £952 million +7.2% (LFL)
- ★ ERV £51.9 million +4.2% (LFL)
- ★ NRI £32.1 million +9.4% (LFL)
- ★ £89 million of acquisitions
- ★ Adjusted occupancy 99%
- ★ Footfall robust at circa 45 million
 - 89% ABC1s (UK visitors)
- ★ 57 leasing transactions completed
 - Rental value £8.3 million
 - New lettings 4.6% above December 11 ERV



Covent Garden

Changing the retail and F&B line up



Covent Garden

Key letting transactions



Aesop

- Contemporary luxury brand new to Covent Garden
- 115% above previous passing rent



Balthazar

- London edition of original New York brasserie
- ROCE 43%



Hackett

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

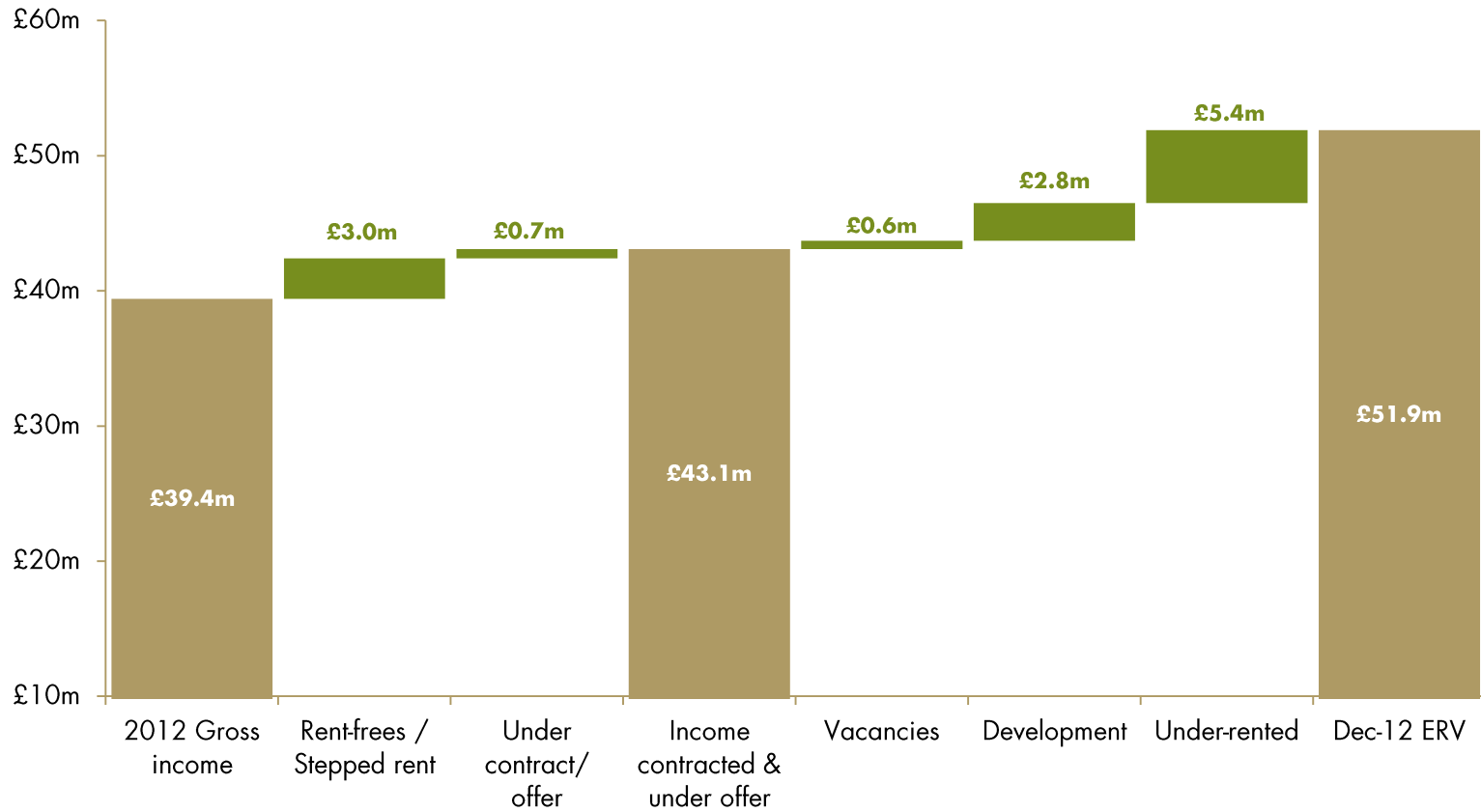


Shake Shack

- UK first for this modern US burger offering
- 68% above previous passing rent

Covent Garden

Gross income to ERV

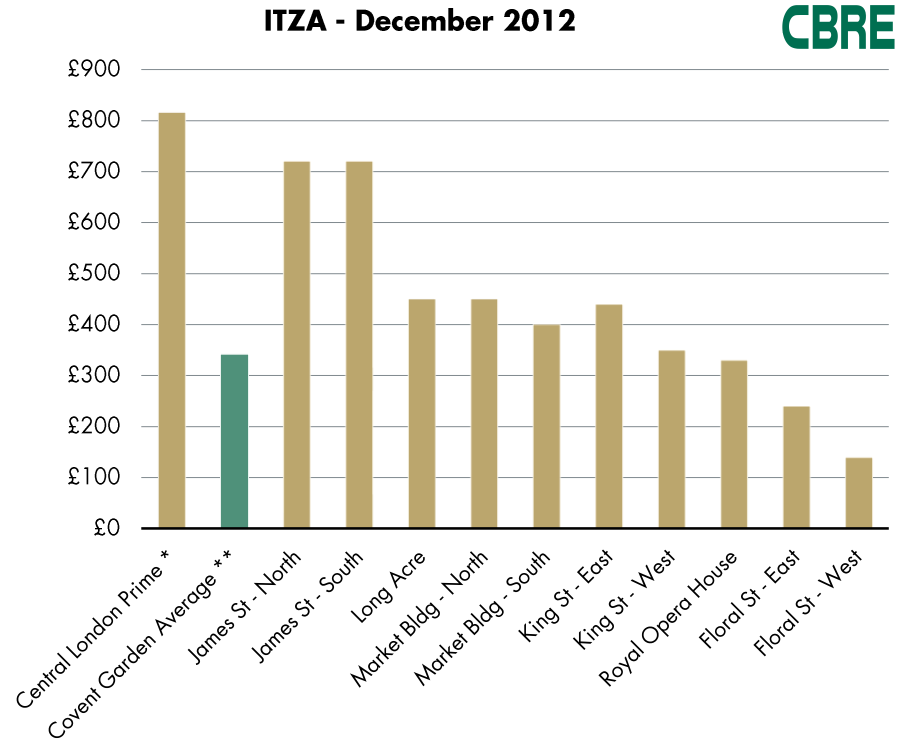


Note: Gross income = passing rent + non-leased income

Covent Garden

Potential for future growth

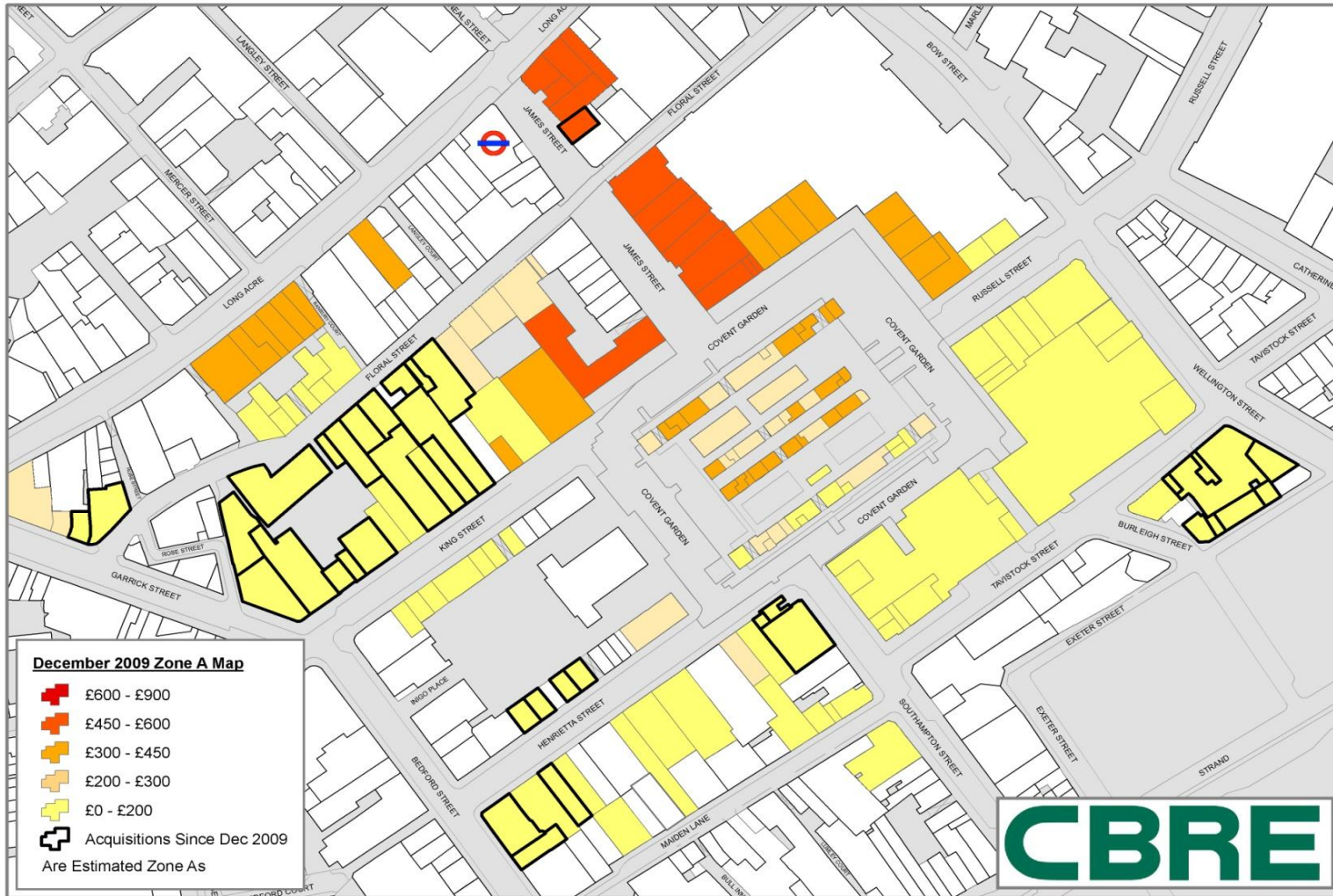
- ★ Covent Garden significantly below London comparable streets
- ★ Proactive asset management has increased rents
 - King Street – 60% ITZA growth#
 - Market Building – 68% ITZA growth#



* Based on 30 ft Zone A, includes Bond St, Oxford St and Regent St. (Covent Garden based on 20 ft Zone A.)
 ** Covent Garden average based on all retail units along given streets and Market Building.
 # King Street and Market Building North Zone A uplift based on units under constant ownership since 2008.

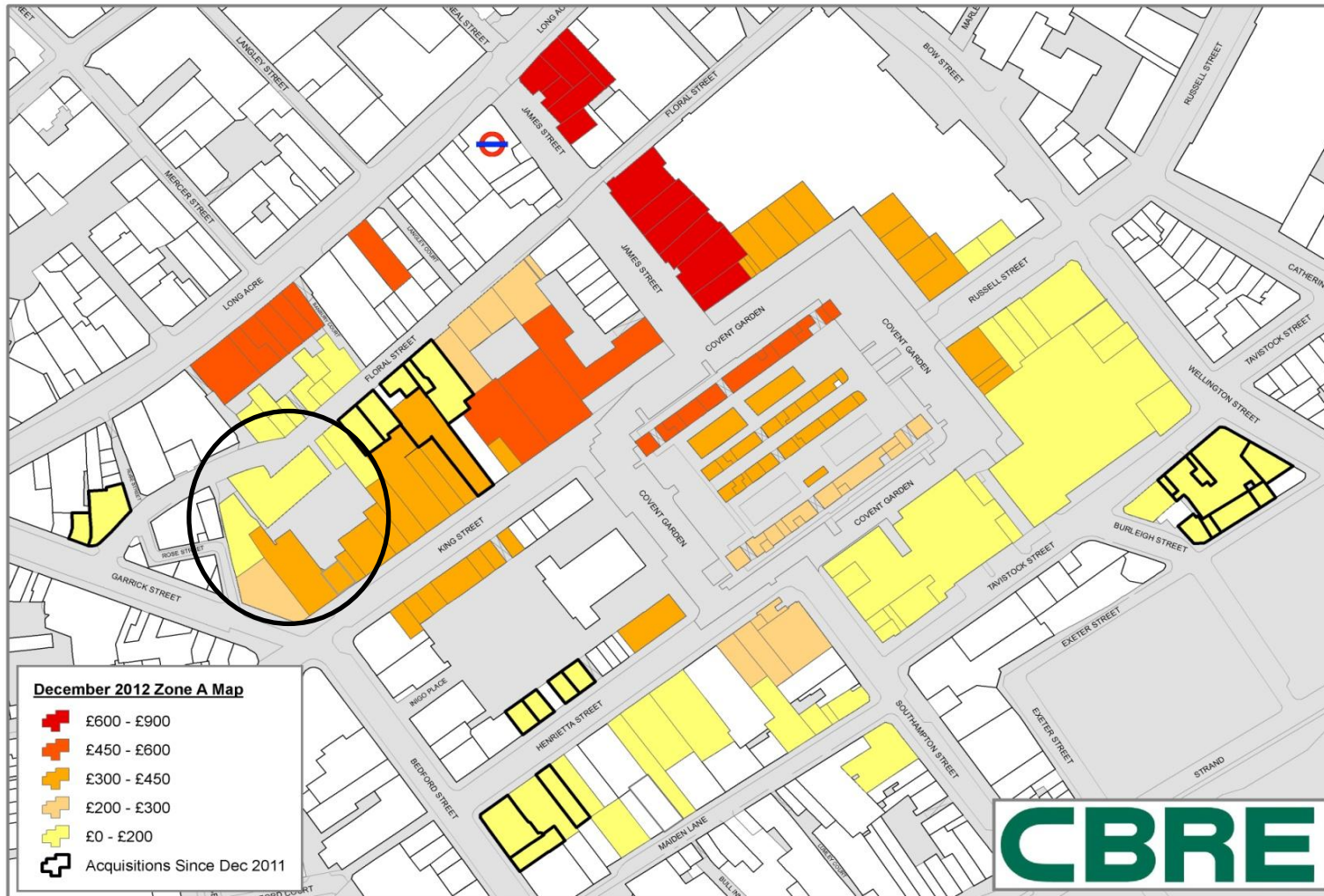
Covent Garden

Zone A rents across Covent Garden as at December 2009



Covent Garden

Increased ERV target to £60 - £65 million by 2015



Covent Garden

Residential

- ★ **The Henrietta** (34 Henrietta Street)
 - 4 luxury apartments over 8k sq ft sold achieving a step change in pricing: circa £2,250 psf
 - 57% profit on cost
- ★ **The Russell** (Russell Chambers)
 - 5 luxury apartments over 10k sq ft
 - Due to launch in Spring 2013
- ★ **The Beecham** (1a Henrietta Street)
 - Up to 9 luxury apartments over 14k sq ft and an anchor restaurant
 - Start on site early 2013
- ★ **The Southampton** (30 – 32 Southampton Street)
 - Planning secured for 7 apartments over 9k sq ft
 - Start on site early 2013



The Henrietta (34 Henrietta Street)

The Great Capital Partnership

Creating value and recycling liquidity

★ £218 million disposals in 2012

(Capco share)

– 9% above December 2011 valuation

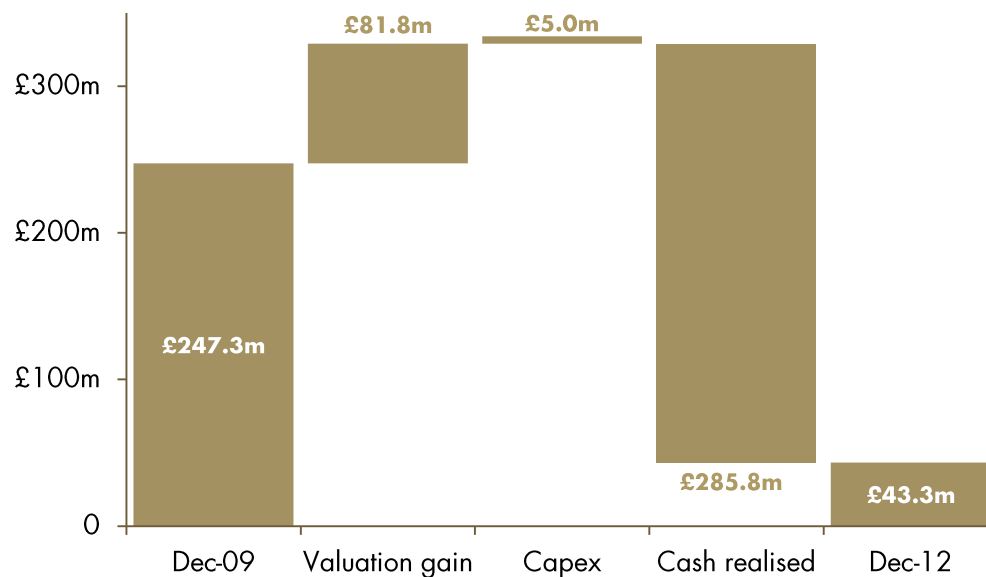
★ One remaining asset

– 18% above December 2011 valuation

★ Equity multiple 1.7x*

★ IRR circa 30%*

GCP - Property uplift and realisation



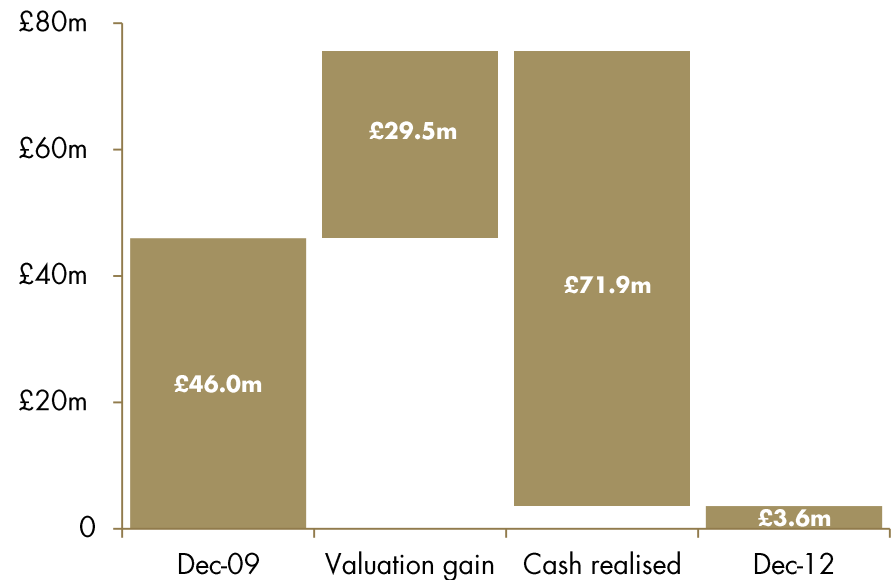
* Assumes sale of remaining asset on 31 December 2012 at valuation

China

Investment value £3.6 million

- ★ Last asset exchanged in H2 2012
- ★ Remaining capital due to be returned in 2013 as retentions are released
- ★ Equity multiple – 1.6x*
- ★ IRR circa 31%*

China - Value uplift and realisation



* Assumes outstanding amounts received on 31 December 2012

Earls Court and Olympia

Largest consented masterplan in London



Earls Court and Olympia

Largest consented masterplan in London

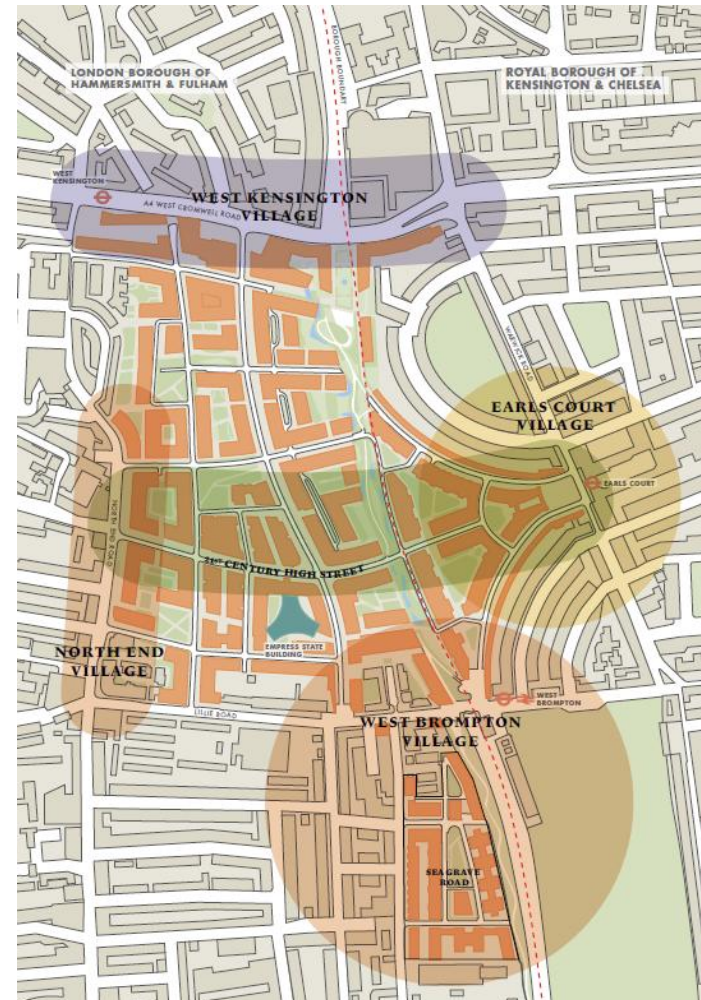


Earls Court Village High Street, CGI

The Earls Court Masterplan

Progress

- ★ Planning
 - Detailed consent for Seagrave Road
 - LBHF resolution to grant consent for EC masterplan
 - RBKC resolution to grant consent for EC masterplan
- ★ Land assembly
 - Seagrave Road JV completed
 - CLSA with LBHF signed



Earls Court and Olympia

Valuations

	Earls Court	Seagrave Road	Olympia London	Empress State	Other	Total
Ownership	100%	50%	100%	50%	100%	
Dec-12 Valuation	£336m	£104m	£126m	£110m	£45m	£721m
Valuation Uplift (Lfl)	57.6%	61.5%	(4.1%)	7.3%	8.1%	30.3%

★ Earls Court land increased from £8.6 million per acre to £14.8 million per acre

★ JV focusing on implementation of project

★ 2012 EBITDA £14 million down 15% (Lfl)

★ Rebranded as Olympia London

★ RPI linked lease
★ Future reversion potential

The Earls Court Masterplan

Next steps

★ Planning

- Complete S106 Agreement
- GLA stage 2 review
- Submit detailed planning applications for early phases

★ Land assembly

- Secretary of State approval for CLSA
- TfL lease restructure and land deal
- Network Rail agreement

★ Risks

- Commercial terms
- Timing
- Judicial reviews



Earls Court land ownership



Seagrave Road

To be launched as Lillie Square

- ★ Joint Venture agreement with KFI completed
- ★ Valuation £104 million as at Dec 2012
+61.5% (Lfl, Capco share 50%)
- ★ Target launch of scheme within 12 months
- ★ Enhancements to existing scheme to be submitted to LBHF
- ★ Land assembly to extend northern site
 - Planning application to be submitted shortly



Existing Scheme	Units	Sq Ft NIA
Private	608	552k
Affordable	200	161k
Total	808	713k
Target profit on cost	> 30%	

Outlook

Well positioned for growth

★ Covent Garden

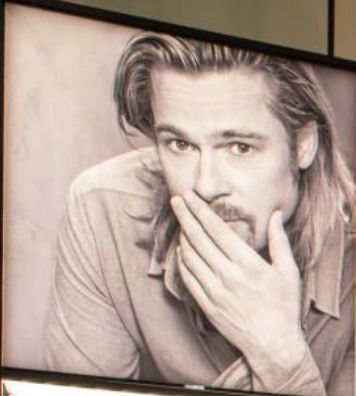
- Further ERV growth, letting activity anticipated and launch of The Russell
- Larger interventions – Kings Court

★ Earls Court

- Finalise land assembly
- Submit detailed planning application for Earls Court Village
- Consider opportunities to unlock value from future developments

★ Seagrave Road

- Prepare to launch first phase branded as Lillie Square



N°5



Q&A

Appendices

- ★ Financial covenants
- ★ Covent Garden
- ★ Earls Court Masterplan
- ★ Taxation

Financial Covenants

Maturity	Facility	Debt ¹	Test		Actual	
		£m	LTV	Interest Cover	LTV	Interest Cover
2013	Empress State	66	n/a	120%	n/a	166%
2013	GCP	5	70%	120%	10%	1436%
2016	Covent Garden	158	70%	130%	34%	248%
2017	Covent Garden	112	70%	120%	45%	170%
2017	Covent Garden RCF		65%	130%		483%

¹ As at 31 January 2013

Covent Garden

Zoning Plan

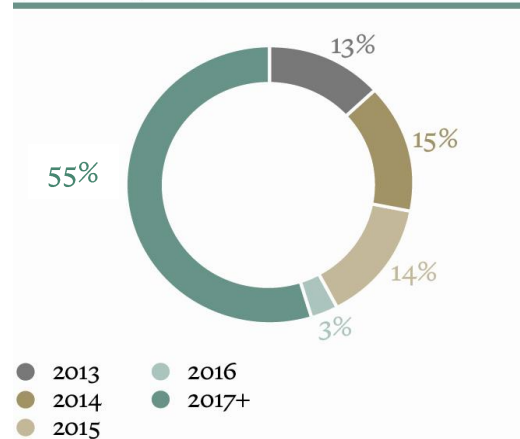
- ★ Stylish mid-market
- ★ Boutique
- ★ Contemporary luxury
- ★ Outdoor specialists
- ★ Independents, specialists
and casual dining
- ★ Food and dining
- ★ Leisure



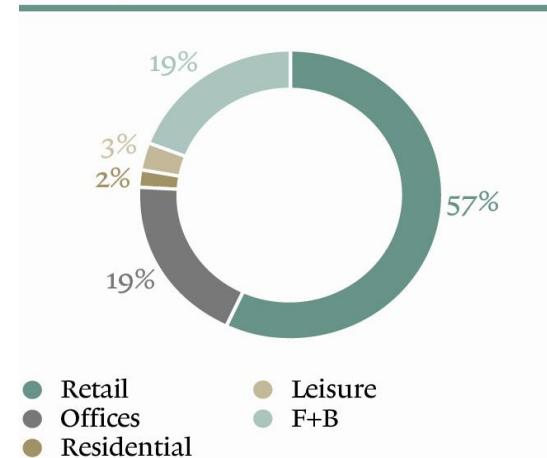
Covent Garden

62 properties and 380 lettable units

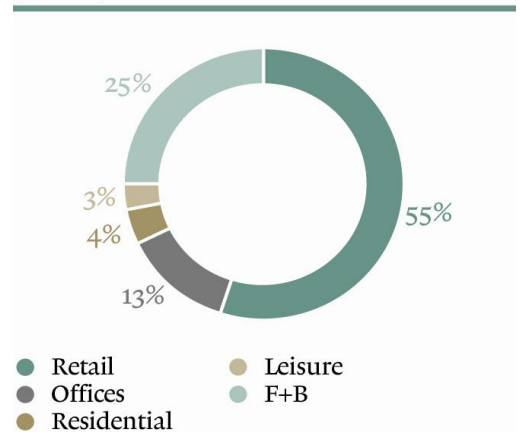
LEASE EXPIRY PROFILE
(WALE 7.3 years)



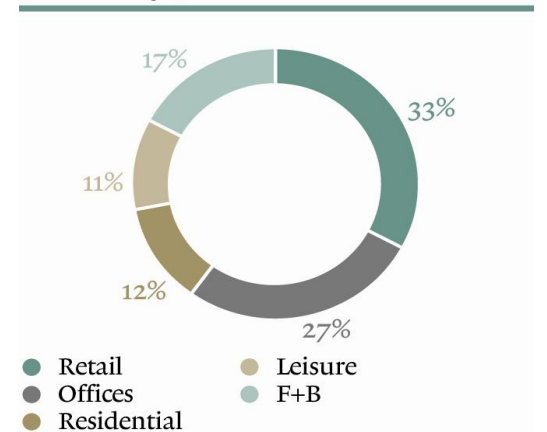
ANNUAL GROSS INCOME
(£39.4m)



PORTFOLIO BY VALUE
(£952m)



BY FLOOR AREA
(898,000 sq ft)



The Earls Court Masterplan

“UK’s most valuable planning application”*

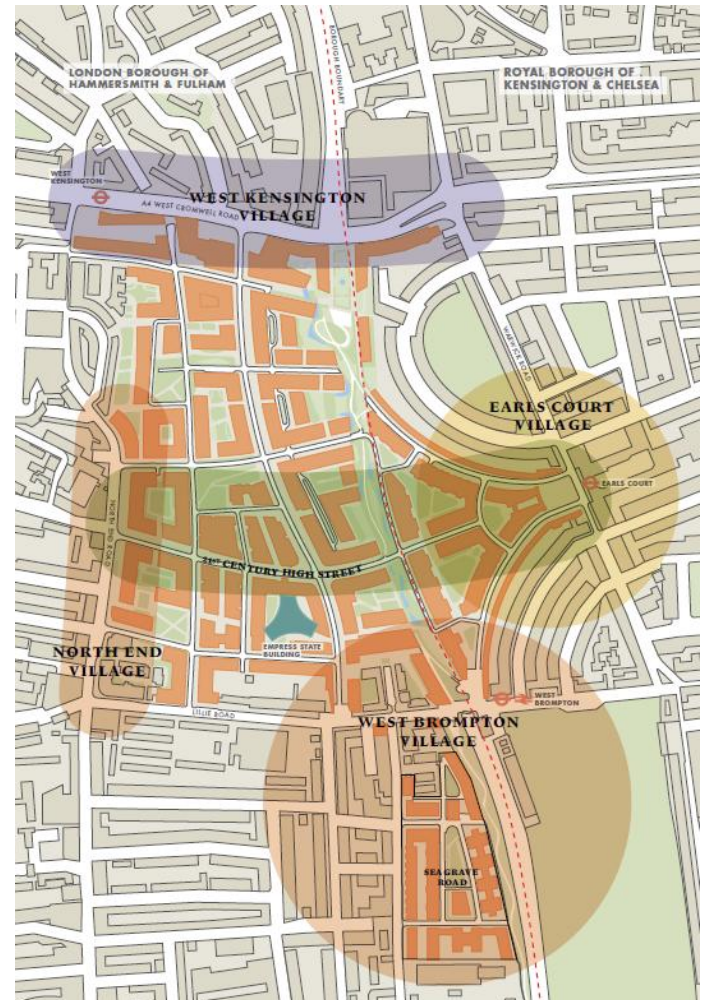
- ★ Outline applications for Earls Court Opportunity Area (ECOEA) submitted in June 2011
 - 10.1 million sq ft of space, 7,500 homes
 - 12,000 new long term jobs
- ★ Resolution to grant consent from LBHF and RBKC in 2012

ECOEA Masterplan - 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
Total	3.9	3.6	2.6	10.1

Gross external area excluding Seagrave Road

* *Financial Times*, 22 June 2011



Taxation

Summary

- ★ Tax on income
 - 24% underlying tax rate in 2012 (in line with standard UK corporation tax rate of 24% in 2012)
 - Expected medium-term underlying tax rate to remain in line with standard UK corporation tax rate (23% in 2013 and 22% in 2014)

- ★ Tax on capital gains
 - On 7 May 2012 properties formerly held within the UK REIT Regime were rebased for tax purposes to their respective Market Values at the date Capco left the REIT Regime – 7 May 2010
 - Based on December 2012 property valuations there is a group contingent tax liability of nil on Investment Properties held within the Group. 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
 - A disposal of the Group's trading properties at their year end market values would result in a corporation tax charge to the Group of £9 million (24% of £37.5 million)