



Capital & Counties Properties PLC

2014 Interim Results



Important notices

This presentation includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Capital & Counties Properties PLC to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Any information contained in this presentation on the price at which shares or other securities in Capital & Counties Properties PLC have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

Agenda

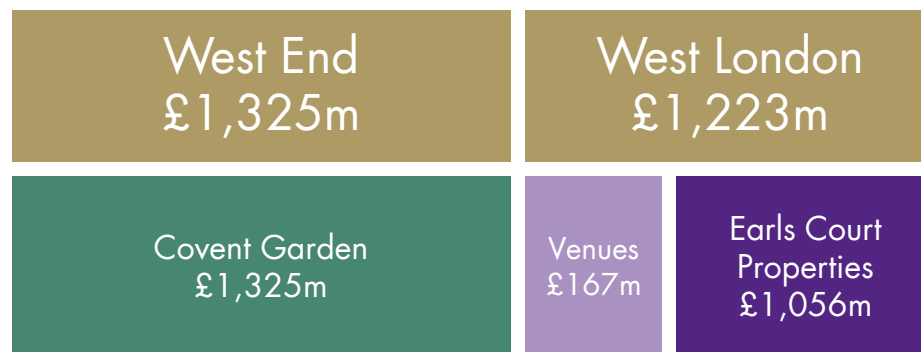
- ★ Introduction Ian Hawksworth
- ★ Financial review Soumen Das
- ★ Operating review Ian Hawksworth and Gary Yardley
- ★ Q&A

Capco

Value growth and value creation

- ★ Focus on two major estates in central London
- ★ Covent Garden
 - Value growth through asset management, development and acquisitions
- ★ Earls Court Properties
 - Value creation through planning and land assembly
- ★ Total return 10%¹ ytd
 - EPRA Adjusted Net Assets +9.5% to 272 pence per share
- ★ Strong capital structure and conservative 9% LTV
 - £641 million cash and available facilities

TOTAL PROPERTY VALUE £2.6 BILLION, +7.5% (LFL)



¹ Growth in EPRA NAV per share plus dividend per share paid in the period

Highlights

Value growth and value creation

- ★ Covent Garden ERV target adjusted to £85 million by December 2016
 - Reflects £76 million of acquisition activity and lettings progress
 - New leases, renewals and rent reviews 6.0% above December 2013 ERV
- ★ Positive pricing evidence at Lillie Square
 - Average sales price of £1,400 - £1,500 psf
 - Over 90% of phase 1 exchanged or reserved
- ★ EC1 & EC2 venture with TfL established
 - Capco share 63%, TfL share 37%
- ★ Detailed planning consents achieved
 - Earls Court Village and Empress State Building
- ★ Sound financial position
 - Equity placing raised £258 million
 - £665 million unsecured facility for Covent Garden
 - £130 million facility for Lillie Square (Capco share £65 million)
- ★ Proposed interim dividend 0.5 pence per share

Financial review

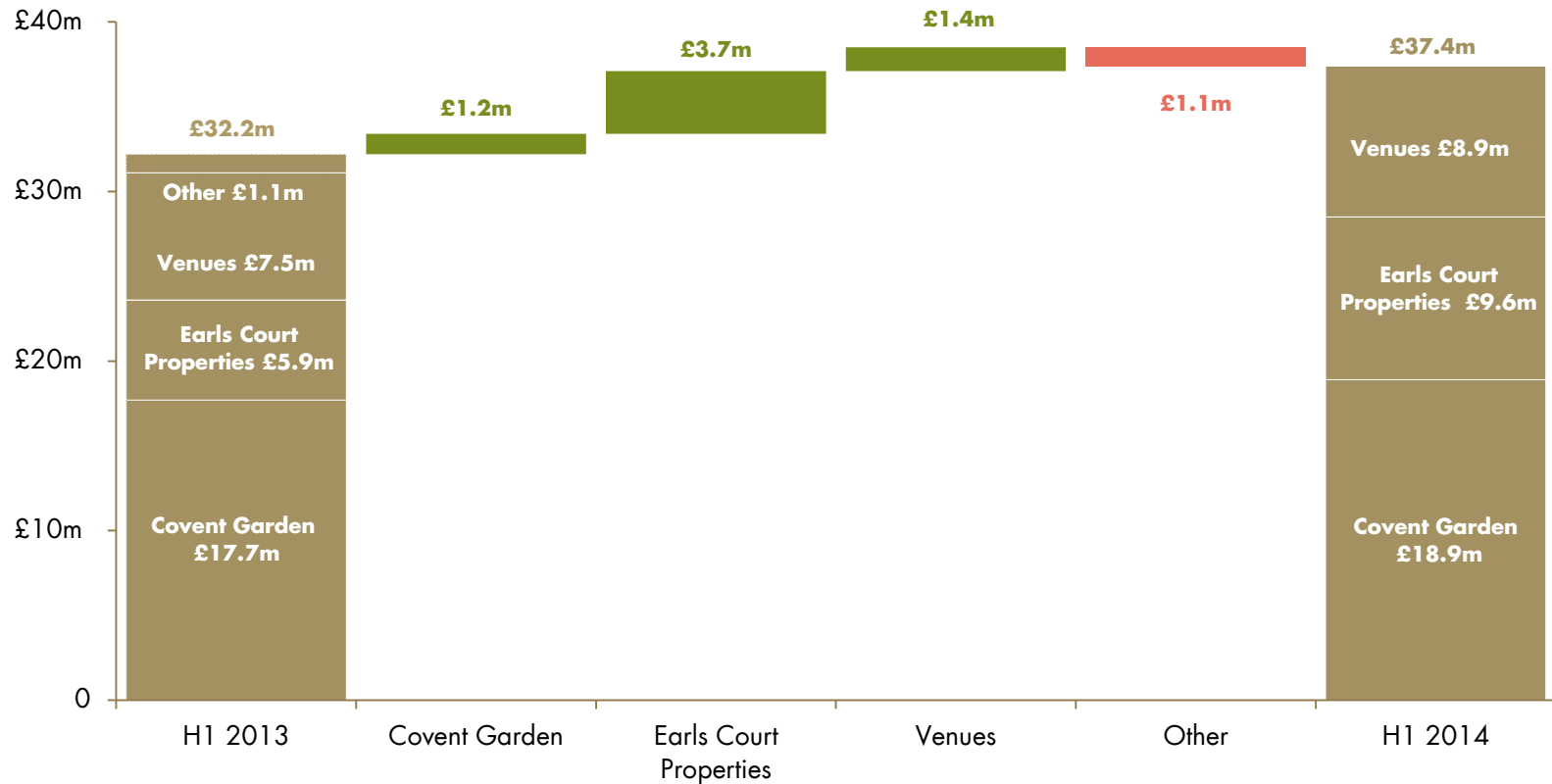
Soumen Das

Underlying earnings

Highlights

	2014 H1	2013 H1	Var
	£m	£m	£m
Net rental income	37.4	32.2	5.2
Admin costs	(19.4)	(15.5)	(3.9)
Net finance costs	(8.0)	(10.7)	2.7
Tax on underlying earnings	(2.2)	(1.4)	(0.8)
Underlying earnings	7.8	4.8	3.0
Underlying earnings per share	1.0p	0.6p	0.4p
Proposed interim dividend per share	0.5p	0.5p	-

Net rental income



★ Venues EBITDA £7.7 million

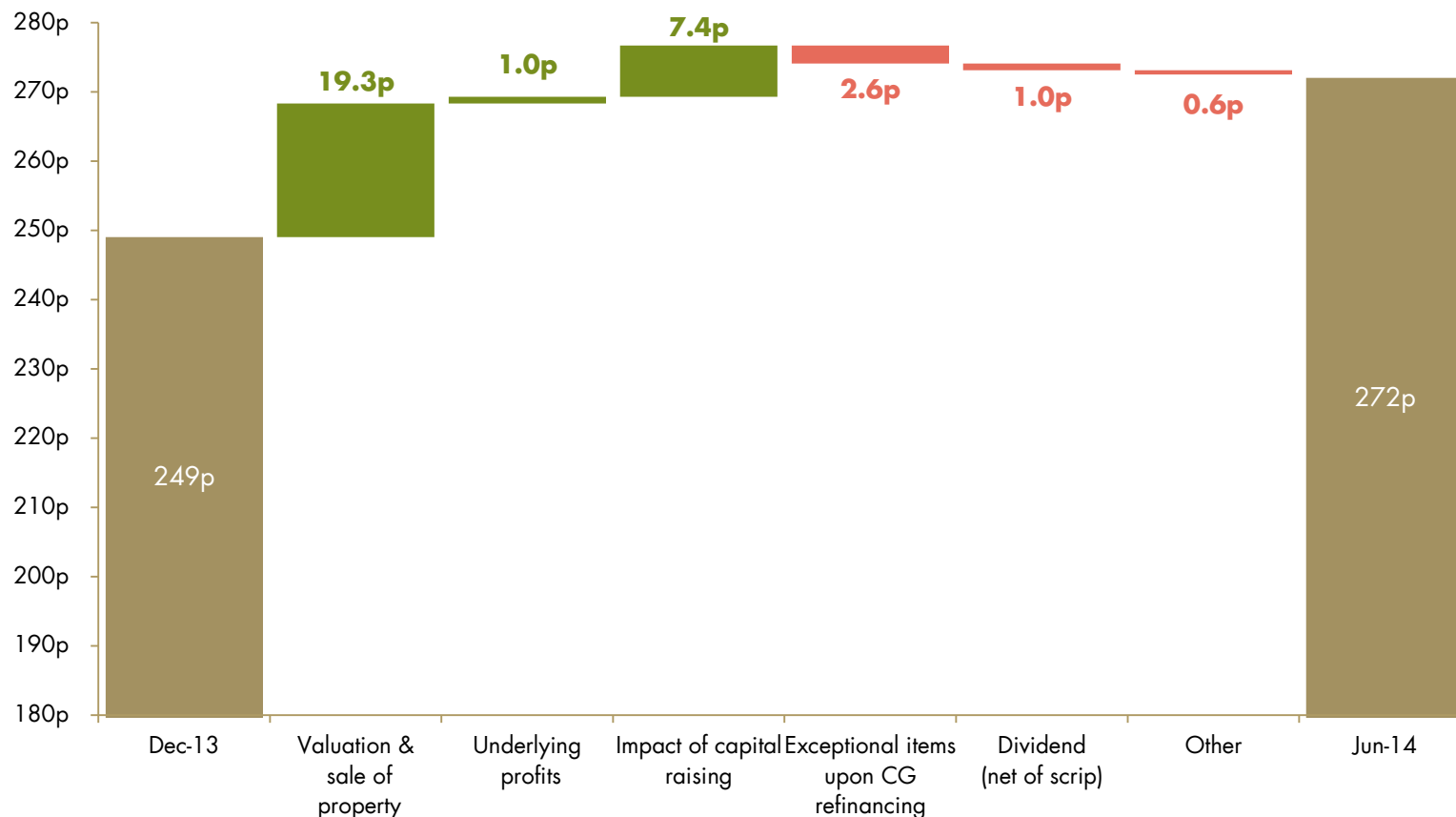
Adjusted balance sheet

	Jun-14	Dec-13	Var
	£m	£m	£m
Investment & Trading Property	2,435	2,166	269
Unrecognised surplus on trading properties	97	69	28
Net debt	(218)	(329)	111
Other	(7)	6	(13)
EPRA adjusted NAV	2,307	1,912	395
Number of shares in issue	835.7m	757.9m	77.8m

- ★ Tfl transaction not yet fully reflected
- ★ CLSA not yet recognised as an asset on balance sheet. £75 million carried as capital commitment
- ★ Equity placing of 75.9 million shares raising £258 million (gross proceeds)
- ★ Contingent tax liability: investment properties nil; trading properties £21 million
- ★ £91 million capital commitments

EPRA adjusted diluted net assets per share

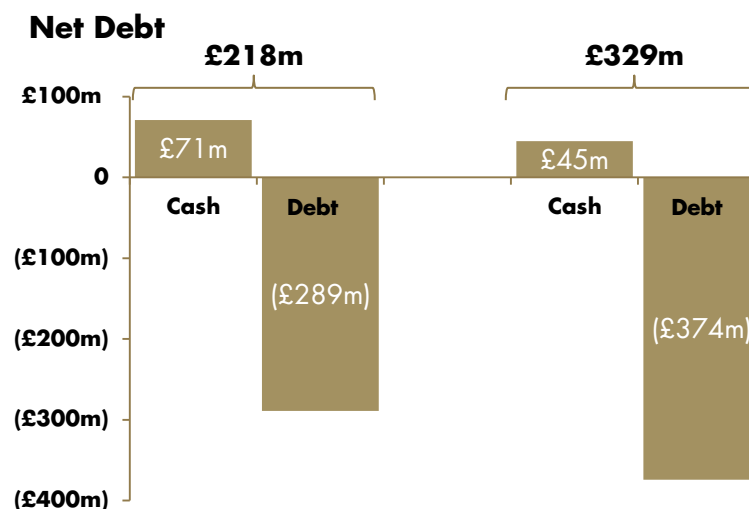
NAV +9.5% to 272 pence



★ Diluted EPRA NNAV 271 pence per share

Debt management

- ★ Cash and available facilities of £641 million at 30 June 2014
- ★ £130 million construction facility for Lillie Square (Capco share £65 million)
- ★ £665 million unsecured revolving credit facility for Covent Garden



	Jun-14	Dec-13
LTV	9%	15%
Group interest cover	225%	148%
Cash and available facilities	£641 m	£287m
Weighted average cost of finance	3.3%	4.4%
Weighted average maturity	4.5 yrs	4.3 yrs

Cash utilisation

Substantial liquidity of £641 million



Operating review

Ian Hawksworth and Gary Yardley

Valuation

Strong valuation + 7.5% (LFL)

	Market value Jun-14 £m	Market value Dec-13 £m	Value change ^{1,2}	ERV change ¹	Initial yield	Equivalent yield
Covent Garden	1,325	1,156	6.2%	4.2%	3.0%	4.1%
EC1 & EC2	522	453	13.1%			
Empress State	274	265	3.3%			
Lillie Square³	170	153	8.4%			
Venues	167	161	2.0%			
Other⁴	94	63	-			
Total Properties	2,552	2,251	7.5%			

1 Like-for-like

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

3 Represents Capco's share

4 Peripheral assets

Covent Garden

Growing and creating value

- ★ ERV target adjusted to £85 million by December 2016
 - Reflects lettings and acquisition activity
- ★ Expand the premium and contemporary luxury retail offer
- ★ Improve the dining variety and quality
- ★ Extend the high quality residential portfolio
- ★ Grow the estate through tactical acquisitions
- ★ Explore and complete selective developments



Covent Garden

Highlights

- ★ Value £1.3 billion +6.2% (LFL)
- ★ ERV £65.7 million +4.2% (LFL)
- ★ New lettings, renewals and rent reviews
6.0% above Dec 2013 ERV
- ★ Acquisitions totalling £76 million¹
- ★ Kings Court & Carriage Hall
 - Start on site in autumn 2014
- ★ The Beecham and The Southampton
 - Delivery in autumn 2014
 - 1 unit at Beecham exchanged at £2,850 per square foot



¹ £90 million including the value of 16-18 King Street property swap

Covent Garden

New brands and openings across the estate



MOLESKINE

H1 2014



CAPRICE | holdings limited

Fred Perry relocated from the Royal Opera House Arcade to Henrietta Street

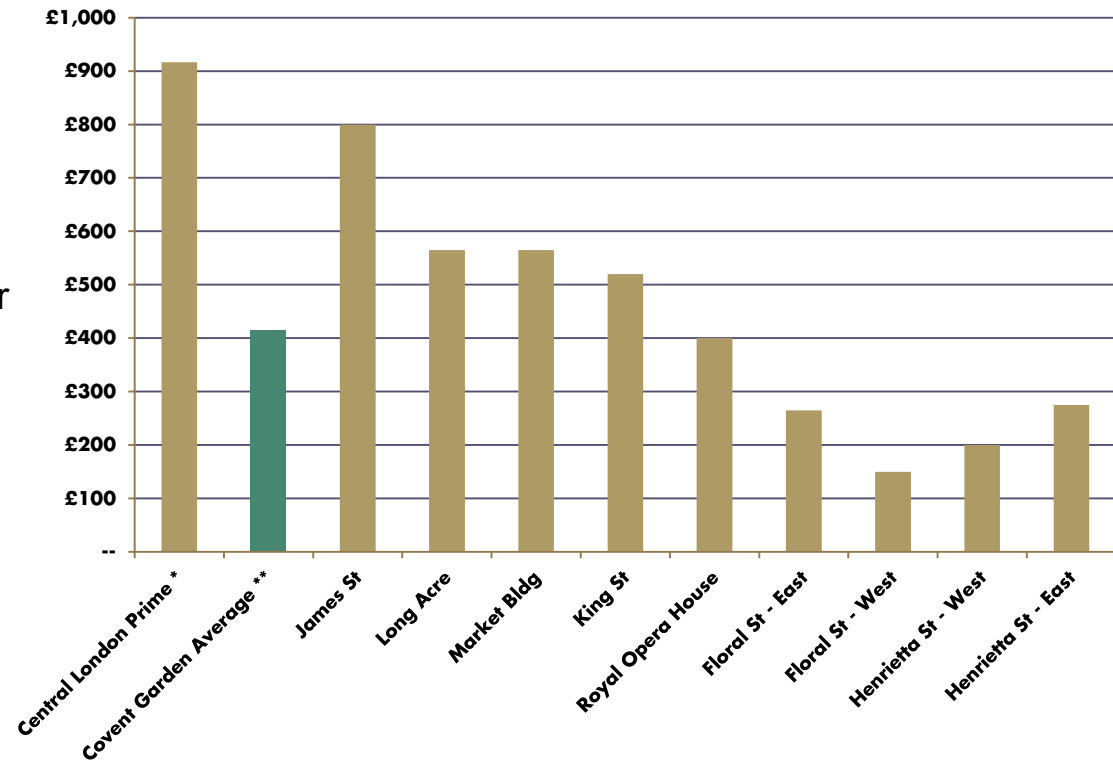
Covent Garden

Adjusted ERV target of £85 million by December 2016

- ★ Covent Garden significantly below prime central London average
- ★ Proactive asset management has increased rents
- ★ Potential for strong growth in other Covent Garden streets

ITZA - June 2014

CBRE



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

** Covent Garden average based on all streets, including Market Building

Covent Garden

Zone A distribution June 2014



CBRE

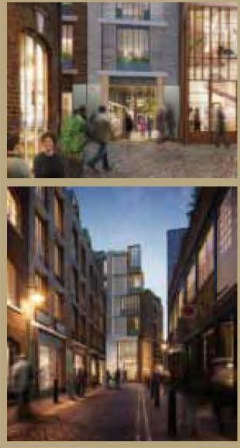
Covent Garden

Larger scale developments

CARRIAGE HALL



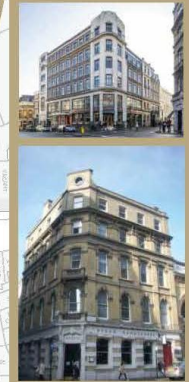
KING'S COURT



REGAL HOUSE



THE WELLINGTON



Earls Court Properties

The largest regeneration opportunity in central London



Earls Court Properties

Over 70 acres of consented land where Kensington, Chelsea and Fulham meet

- ★ Masterplan:
 - Formal outline planning consent for 10.1 million sq ft
 - 7,500 new homes (including Lillie Square)
 - 1,500 affordable homes
 - Over £450 million community benefits
- ★ Empress State Building:
 - Formal planning consent for 610k sq ft conversion to residential
- ★ A designated GLA¹ Opportunity Area
- ★ New Draft London Plan
 - London's forecast housing requirement
 - Increased Earls Court designation



¹ Greater London Authority

Earls Court Properties

Valuations

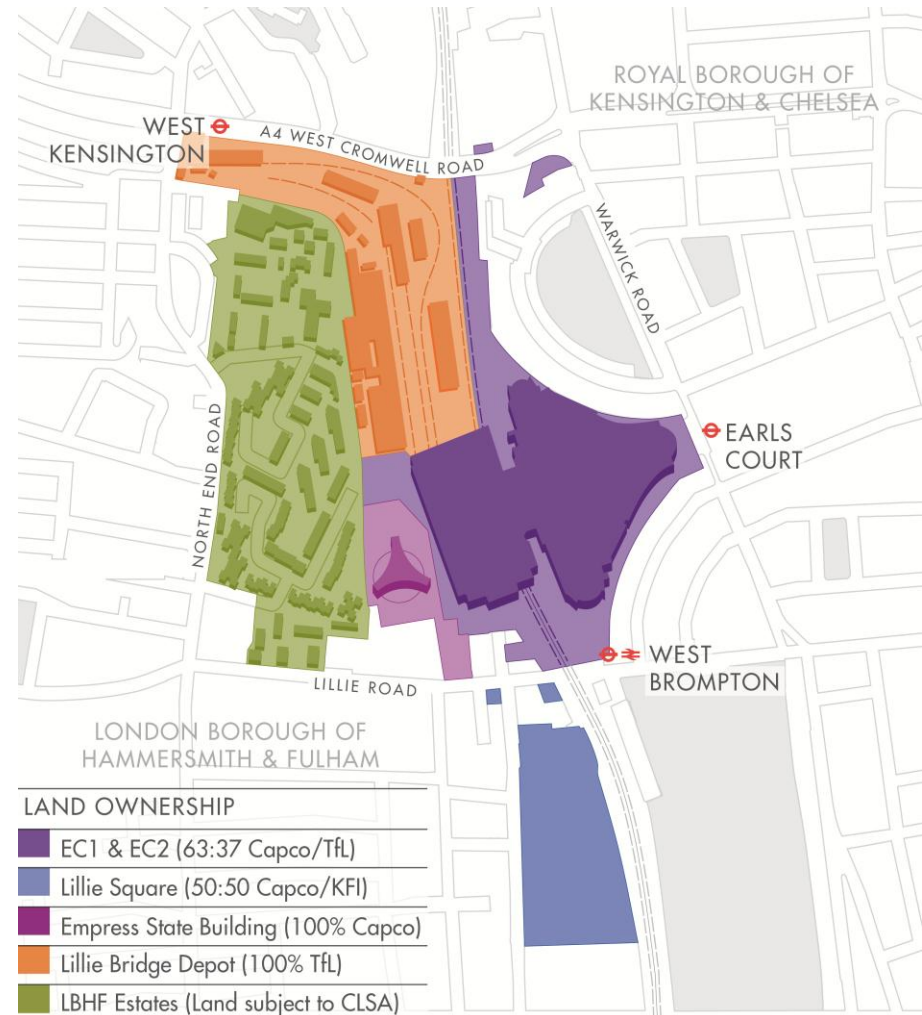
	EC1 & EC2	CLSA	Lillie Square	Empress State	Other	Total
	63%	100%	50%	100%	100%	
Gross External Development Area (m sq ft)						
Residential	2.7	3.2	1.0	0.8	-	7.7
Commercial	0.7	0.4	-	0.3	-	1.4
Total GEA	3.4	3.6	1.0	1.1 ¹	-	9.1
Jun-14	£522m	n/a	£170m	£274m	£90m	£1,056m
Uplift (LFL)	13.1%	n/a	8.4%	3.3%	20.8%	10.1%

¹ Includes space provided through consent for conversion to residential

Earls Court

Continued momentum

- ★ Venture with TfL established
 - Capco share 63 per cent
- ★ Earls Court Village detailed planning consent
 - 16 acres, 2.4m sq ft residential, mixed-use space
 - Over 1,200 new homes
- ★ Pre-enabling works started at EC1 & EC2
 - Demolition expected in 2015
- ★ Empress State consent for change of use to residential
 - 610k sq ft, 442 new homes including 102 affordable homes
- ★ Acquisitions totalling £18 million



Lillie Square

An exciting new development



Lillie Square

Positive pricing evidence established

- ★ Valuation £170 million as at June 2014
 - +8.4% (Lfl, Capco share 50%)
- ★ Positive sales launch of phase 1
 - Phase 1 delivering 237 units
 - Over 90% of units reserved or exchanged
- ★ Average phase 1 sales price of £1,400 - £1,500 psf
 - Premium units pricing above £2,000 psf
- ★ Total build costs £360 million (100%)
- ★ £130 million construction facility signed in May (Capco share £65 million)



Outlook

Value growth and value creation

★ Covent Garden

- Adjusted ERV target of £85 million by December 2016
- Continued repositioning of estate
- Kings Court and Carriage Hall

★ Earls Court Properties

- Further planning and land assembly to create value
- Enabling works for EC1 & EC2
- Value progression at Lillie Square

★ Lillie Square

- Construction of phase 1
- Launch of subsequent phases

Q&A






Appendices

- ★ Covent Garden
- ★ The Earls Court Masterplan
- ★ Taxation

Covent Garden

Zoning plan

-  Premium fashion
-  Luxury accessories
-  Food and dining



Covent Garden

Restoring Covent Garden's residential heritage

★ The Beecham

- 9 luxury apartments for sale/rent
- Delivery in autumn 2014
- 1 unit exchanged, achieving £2,850 psf

★ The Southampton

- 7 premium apartments for rent
- Delivery in autumn 2014

★ Future pipeline

- 45 premium apartments at Kings Court
- 13 additional premium residential apartments

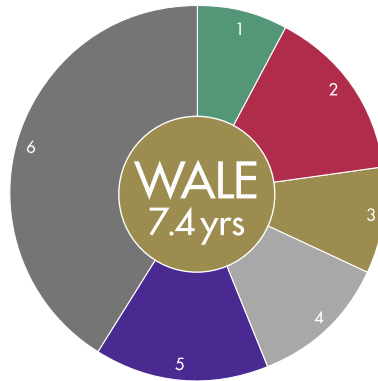


Covent Garden

69 properties and 397 lettable units

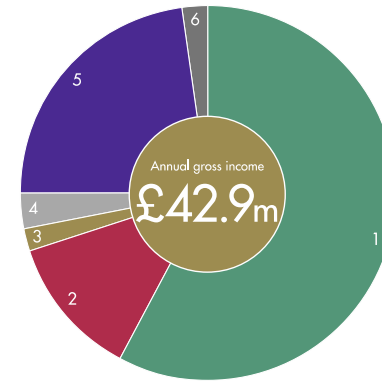
LEASE EXPIRY PROFILE

1. 2014	8%
2. 2015	15%
3. 2016	9%
4. 2017	12%
5. 2018	15%
6. 2019	41%



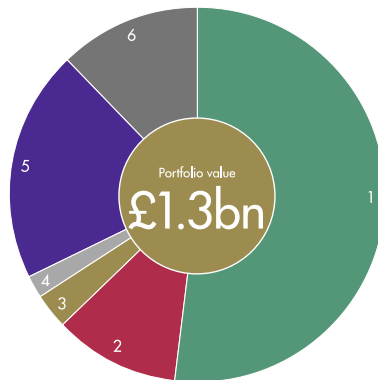
ANNUAL GROSS INCOME

1. Retail	58%
2. Offices	12%
3. Residential	2%
4. Leisure	3%
5. F + B	23%
6. Change of use	2%



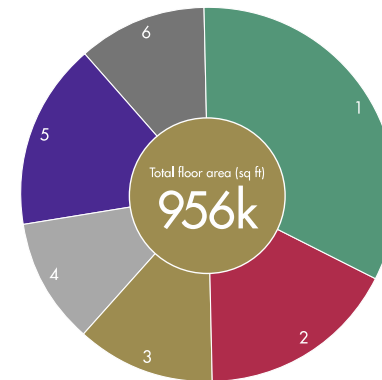
PORTFOLIO VALUE

1. Retail	52%
2. Offices	11%
3. Residential	3%
4. Leisure	2%
5. F + B	20%
6. Change of use	12%

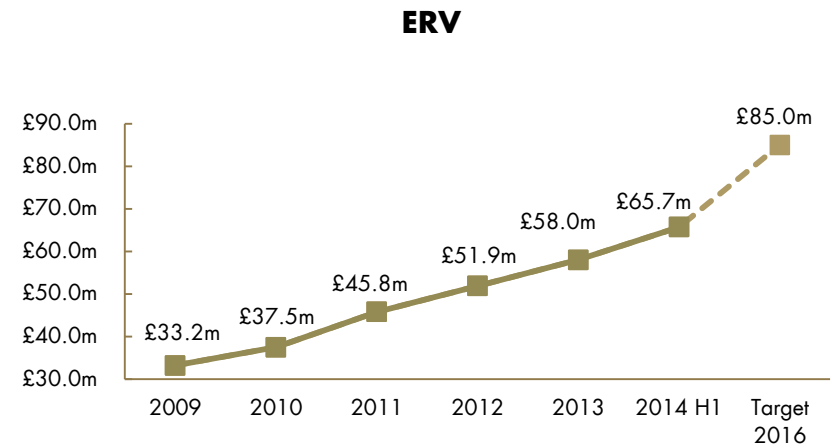
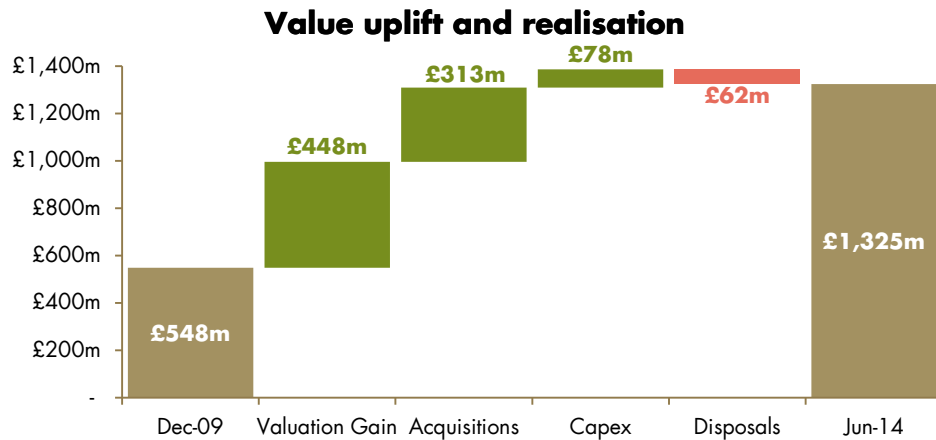
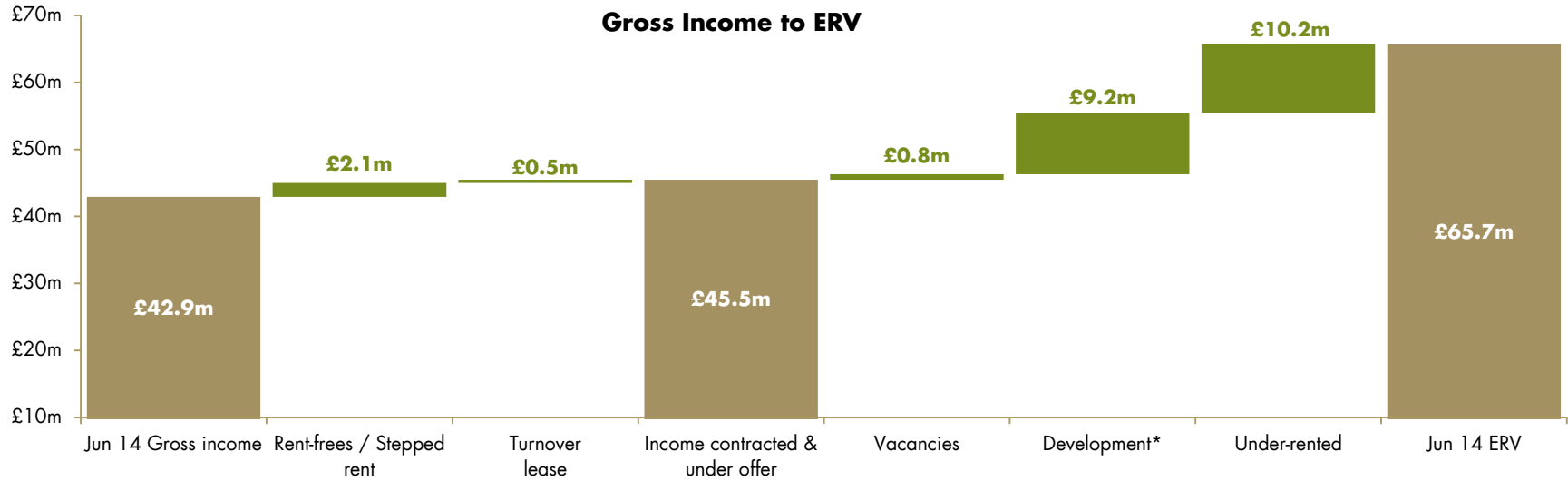


FLOOR AREA

1. Retail	33%
2. Offices	17%
3. Residential	12%
4. Leisure	11%
5. F + B	16%
6. Change of use	11%



Covent Garden

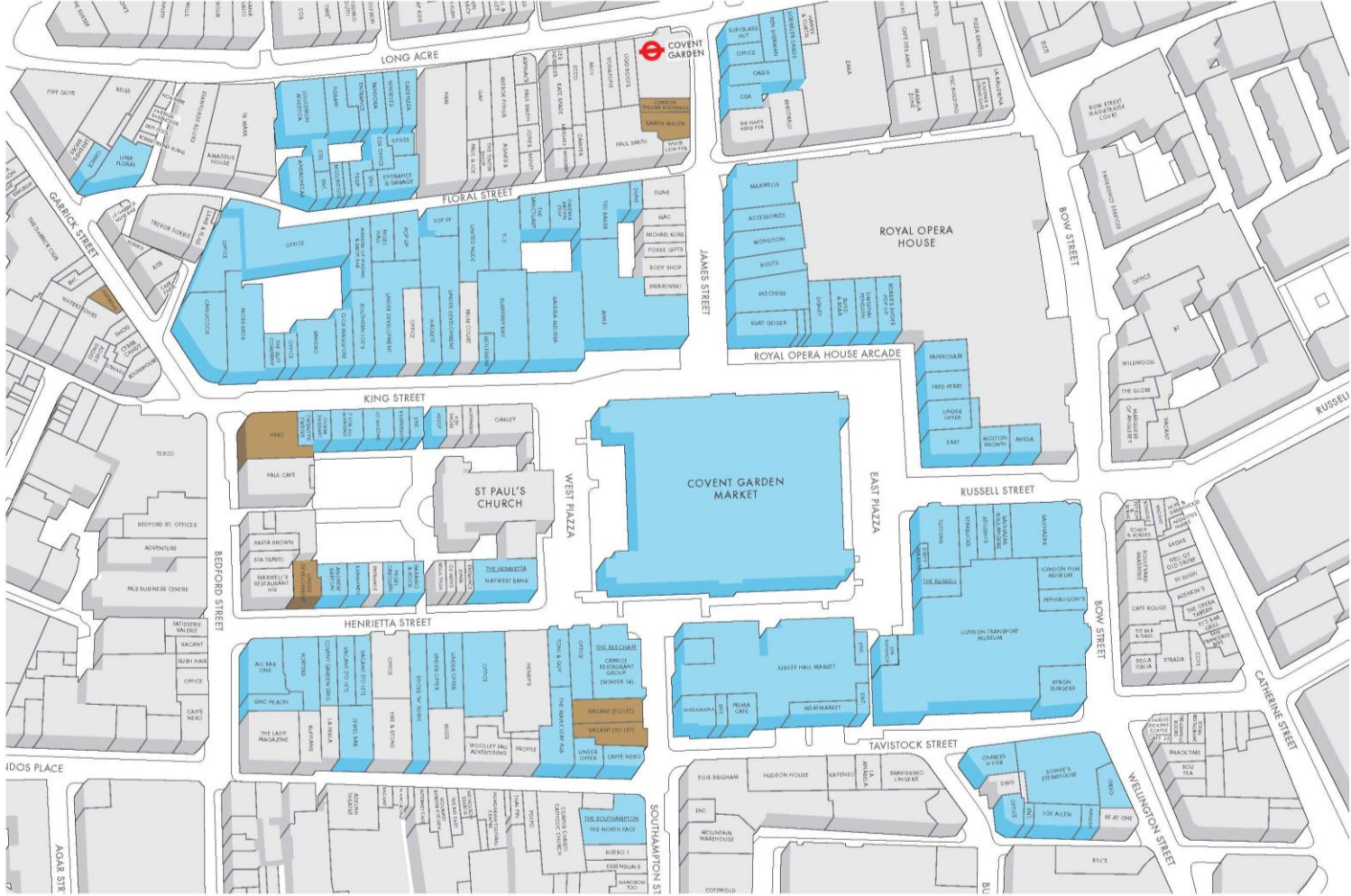


* Relates to Kings Court and residential developments

Covent Garden Ownership

Key:

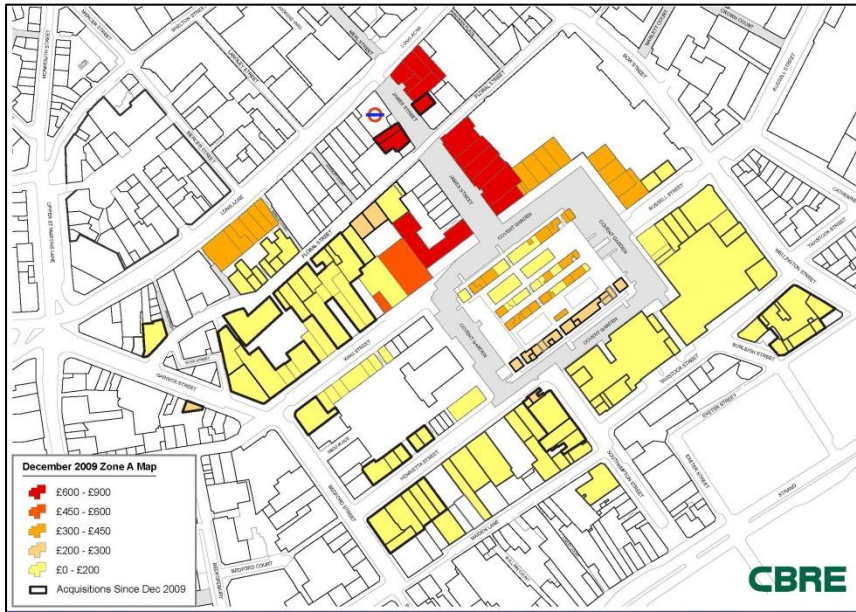
- As at December 2013
- Acquisitions H1 2014



Covent Garden

Zone A distribution

December 2009



June 2014



The Earls Court Masterplan

- ★ Earls Court Masterplan consent
 - 10.1 million sq ft (GEA)
 - 7,500 new homes (including Lillie Square)
 - 1,500 affordable homes
 - 10,000 new jobs
 - Over £450 million community benefits
- ★ Empress State Building consent
 - 610k sq ft (GEA)
 - 442 new homes
 - 102 affordable homes

Earls Court Masterplan and Empress State Building - key areas

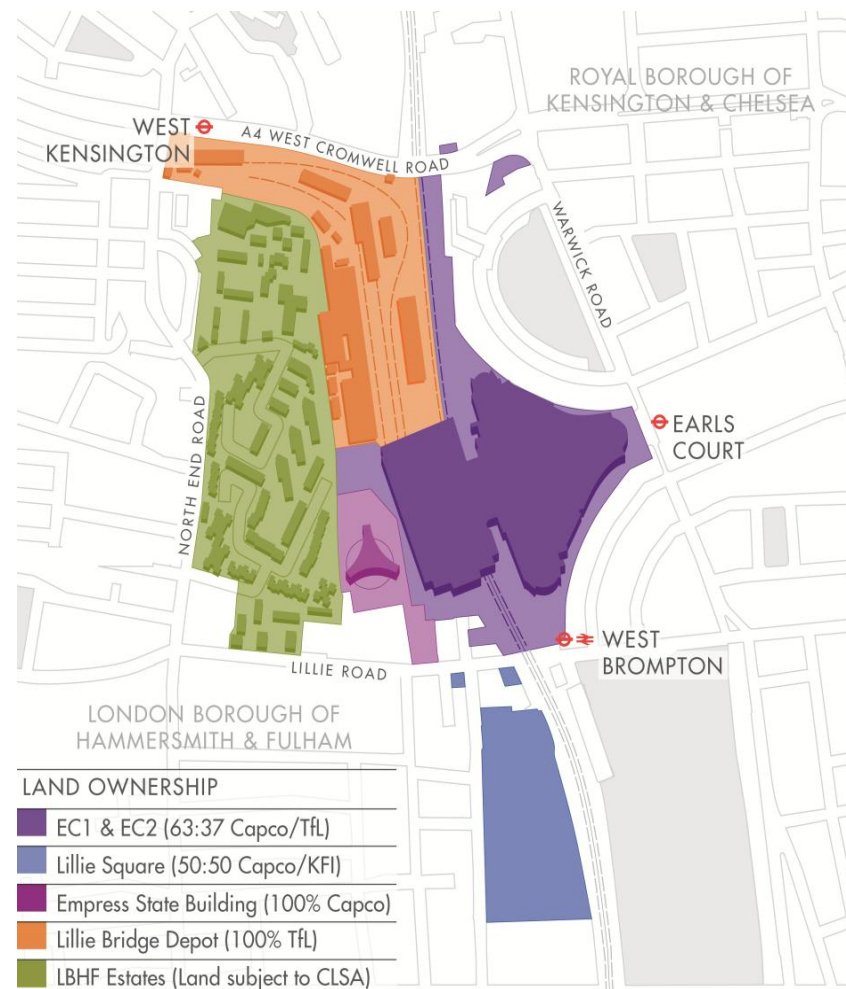
	EC1 & EC2 ¹	CLSA ²	LBD ³	ESB	Total
	sqft (m)	sqft (m)	sqft (m)	sqft (m)	sqft (m)
Residential	2.7	3.2	2.0	0.8	8.7
Commercial / Other	0.7	0.4	0.6	0.3	2.0
Total	3.4	3.6	2.6	1.1	10.7

1 Earls Court Partnership: venture with TfL (Capco share 63 per cent)

2 Land subject to CLSA between Capco and LBHF

3 Lillie Bridge Depot - currently an operational depot owned by TfL

NB: Gross external area



Summary balance sheet: IFRS to adjusted disclosures

30 June 2014

	IFRS	Adjustments for Joint Ventures (1)	Unrecognised surplus on trading properties (2)	Other Adjustments (3)	Adjusted (EPRA NAV)
	£m	£m	£m	£m	£m
Investment & Trading Property	2,346	89	97		2,532
Net debt	(231)	13			(218)
Other assets and liabilities	81	(102)		14	(7)
NAV	2,196				2,307

1. As required by IFRS11, joint ventures are reported as a single net investment on the Group's IFRS balance sheet. For adjusted purposes this is shown on a line by line basis.
2. As required by IAS2, trading property is carried at the lower of cost and net realisable value (Market Value). As required by EPRA this unrecognised surplus is added to NAV to reflect the market valuation of the Group's property portfolio.
3. Other adjustments required by EPRA remove the fair value of derivative financial instruments and adjusts for deferred tax on certain exceptional items.

Taxation

Summary

★ Tax on income

- The underlying tax rate is 21.6% which is broadly in line with the Statutory Corporation tax rate for 2014 of 21.5%
- As announced in the March 2013 budget the main rate of Corporation tax will fall to 20% from 1 April 2015
- Expected medium-term underlying tax rate to remain broadly in line with the Statutory UK Corporation tax rate

★ Tax on capital gains

- The contingent tax position on investment property held within the Group at the period ended 30 June 2014 is nil. This is due to a combination of factors including the Group's holding structure, the availability of group losses and indexation relief
- A disposal of the Group's trading property at its market value would result in a corporation tax charge to the Group of £20.8 million (21.5% of £96.9 million)