



capco

Capital & Counties Properties PLC
Annual Results 2015
24 February 2016

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1. INTRODUCTION AND OVERVIEW

Ian Hawksworth

2. FINANCIAL REVIEW

Soumen Das

3. COVENT GARDEN

Soumen Das

4. EARLS COURT PROPERTIES

Gary Yardley

5. LOOKING AHEAD

Ian Hawksworth

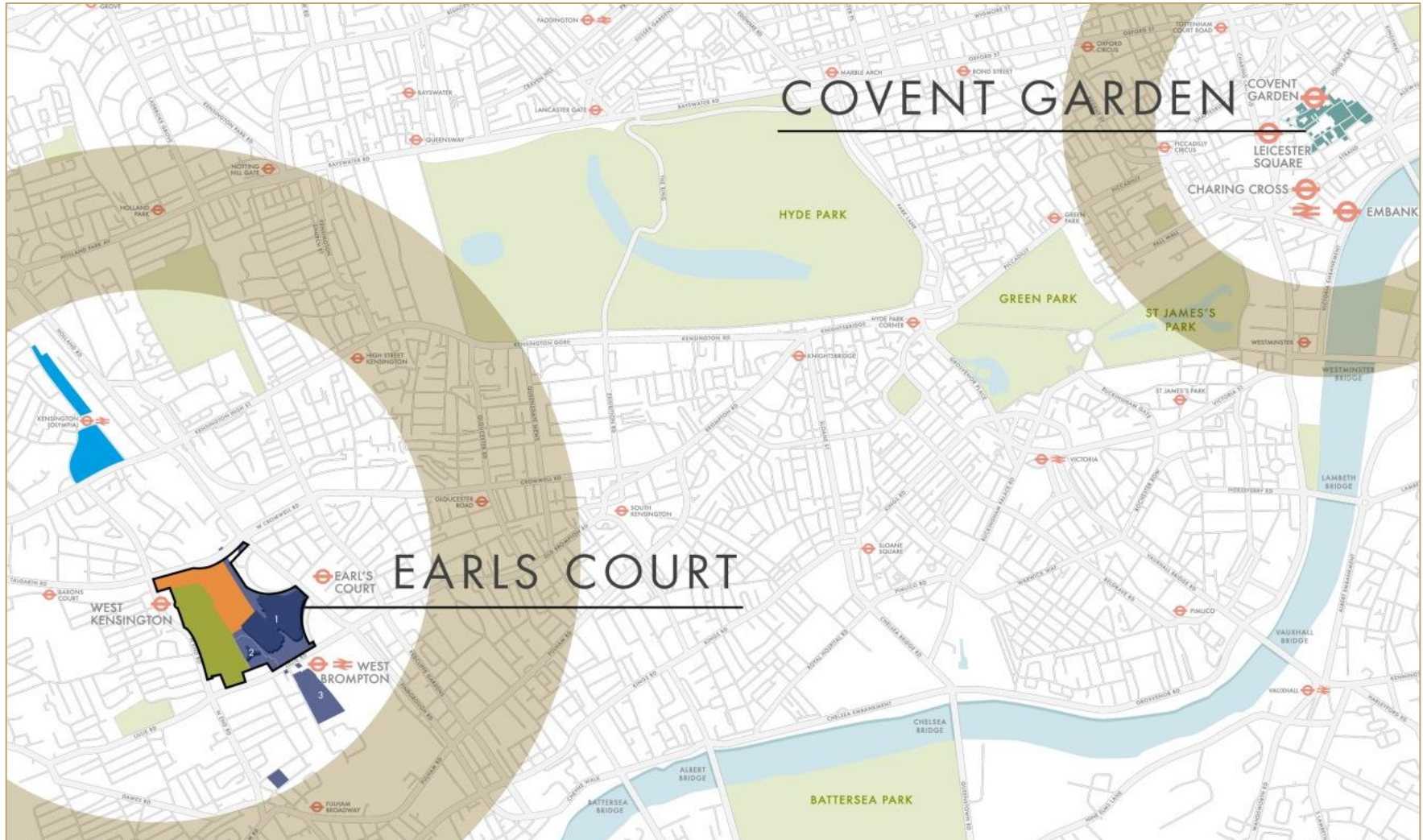
6. Q&A

INTRODUCTION AND OVERVIEW

Ian Hawksworth, Chief Executive

TWO PRIME ESTATES IN CENTRAL LONDON

Well-placed for future growth



HIGHLIGHTS



A year of performance and progress

Total property value

£3.7bn¹

+14% like-for-like

Total return

17%

NAV per share

361p

+16%

Total dividend

1.5p per share

STRONG DEMAND FOR COVENT GARDEN

- ★ Most active year of leasing
- ★ 74 new leases and renewals, 11% above December 2014 ERV
- ★ 12% lfl increase in ERV to £86m
- ★ On track to achieve ERV target of £100m by Dec 2017
- ★ £50m of acquisitions on estate
- ★ Kings Court on track

PLANS ON TRACK AT EARLS COURT

- ★ Demolition progressing well
- ★ Lillie Square Phase 1 construction underway and Phase 2 sales commenced
- ★ Opportunities to evolve and intensify the Masterplan
 - Detailed planning consent for West Brompton Village

1. Group share

HIGHLIGHTS

A year of performance and progress

Total property value

£3.7bn¹

+14% like-for-like

Total return

17%

NAV per share

361p

+16%

Total dividend

1.5p per share

OPERATIONAL EXCELLENCE AT OLYMPIA

- ★ Strong valuation +25% lfl
- ★ EBITDA of £15m, +33%
- ★ Successful transition of shows and bright future prospects

ROBUST AND DISCIPLINED BALANCE SHEET

- ★ Conservative 16% LTV
- ★ Completion of new £705m Covent Garden RCF
- ★ Over £450m^{1,2} of cash and available facilities
- ★ Weighted average cost of debt 2.8%²

1. Group share

2. Proforma adjusted for new RCF

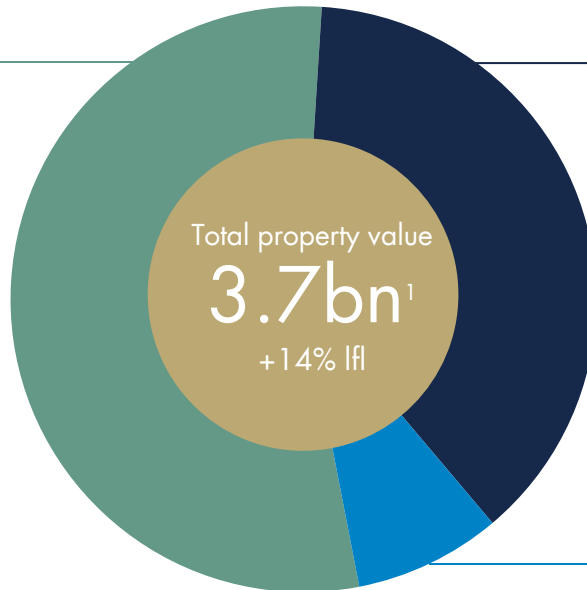
VALUATION

Strong valuation performance +14% (1fl)

Covent Garden

£2.0bn
+16% 1fl

Initial yield:
2.1%
Equivalent yield:
3.5%

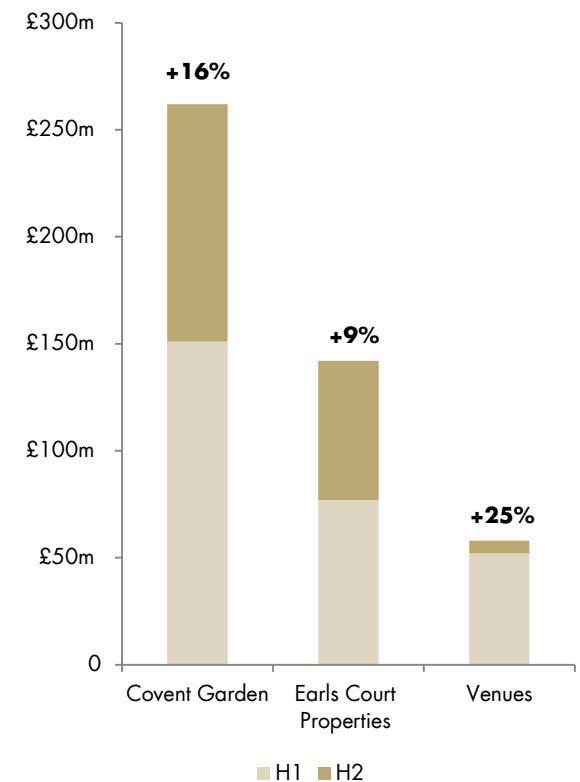


Earls Court Properties

£1.4bn¹
+9% 1fl

Venues
£0.3bn
+25% 1fl

VALUATION GROWTH



1. Group share

FINANCIAL REVIEW

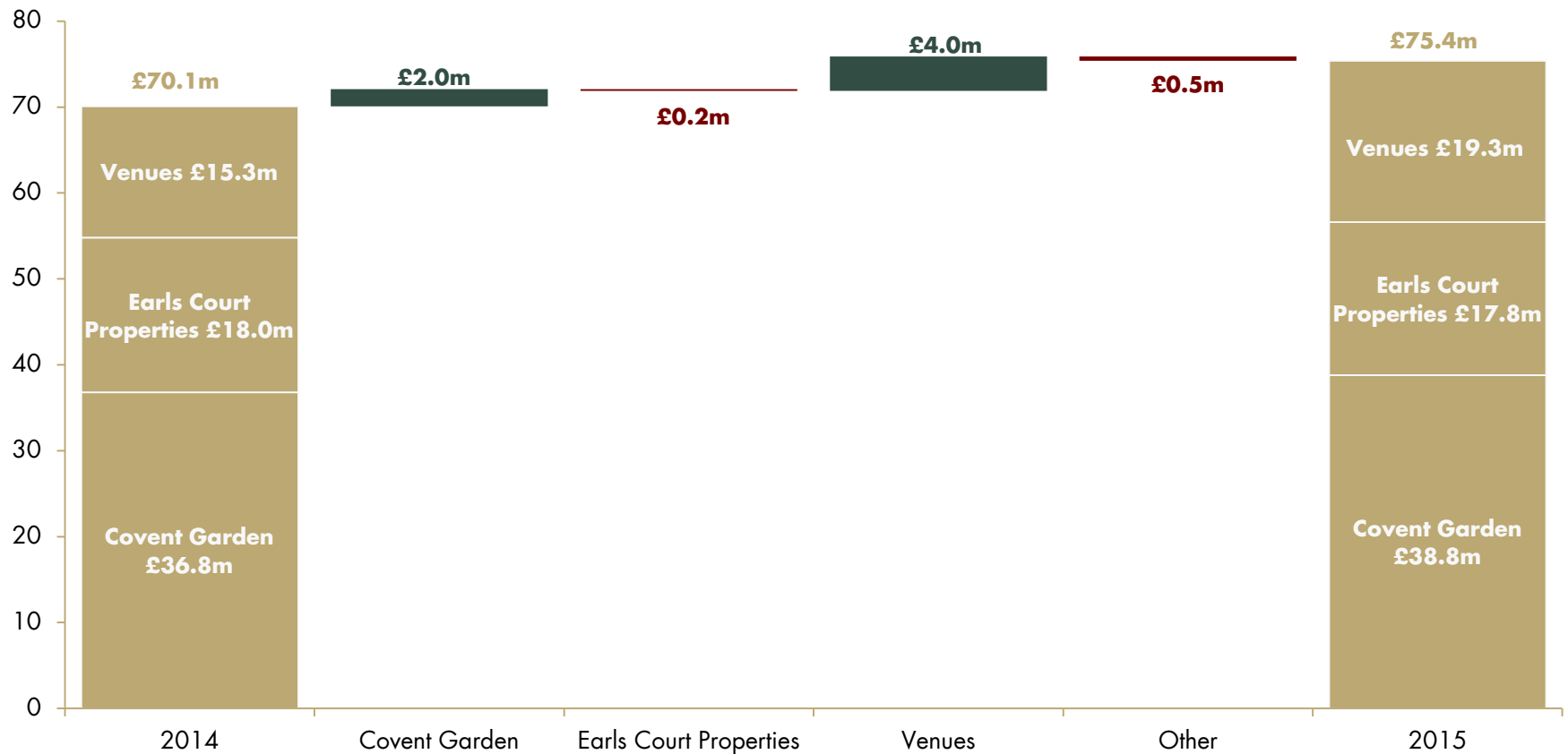
Soumen Das

UNDERLYING EARNINGS



	2015 £m	2014 £m	Var £m
Net rental income	75.4	70.1	5.3
Administration costs	(52.8)	(43.2)	(9.6)
Net finance costs	(20.1)	(15.1)	(5.0)
Other	2.0	1.5	0.5
Tax on underlying earnings	3.0	(0.2)	3.2
Non-controlling interest	0.3	-	0.3
Underlying earnings	7.8	13.1	(5.3)
Underlying earnings per share	0.9p	1.6p	(0.7)p
Total dividend per share (proposed final 1.0p)	1.5p	1.5p	-

NET RENTAL INCOME



★ Venues EBITDA £14.8m

COVENT GARDEN

Gross income to ERV



EPRA ADJUSTED BALANCE SHEET

Group share



	Dec-15 £m	Dec-14 £m	Var £m
Investment & Trading Property	3,530	2,905	625
Unrecognised surplus on trading property	100	96	4
Net debt	(579)	(352)	(227)
Other	8	(19)	27
EPRA adjusted NAV	3,059	2,630	429
Number of shares in issue (diluted)	848m	846m	2m
EPRA adjusted NAV per share	361p	311p	50p

- ★ ECPL (Capco 63% share)
- ★ CLSA not yet recognised as an asset on balance sheet
- ★ Contingent tax liability on investment properties £11m; on trading properties £20m
- ★ £207m capital commitments

Note: A reconciliation to the financial statements can be found in the appendix

EPRA ADJUSTED DILUTED NET ASSETS PER SHARE



NAV +16% to 361 pence



★ Diluted EPRA NNNNAV 356 pence per share

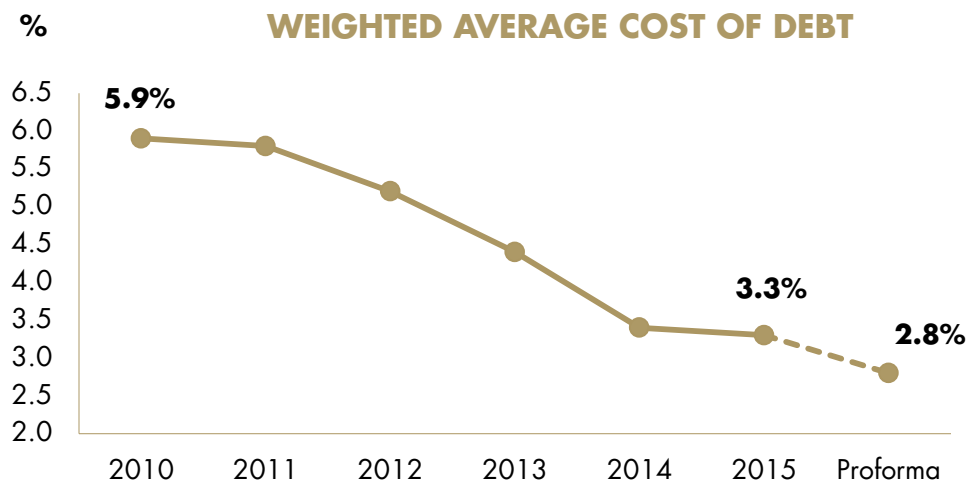
DEBT & GEARING

Robust and disciplined capital structure

- ★ New £705 million unsecured RCF for Covent Garden
 - Replaces existing £665m facility signed in February 2014
 - Reduces weighted average cost of debt from 3.3% to 2.8% upon drawing

- ★ Predominantly unsecured debt model

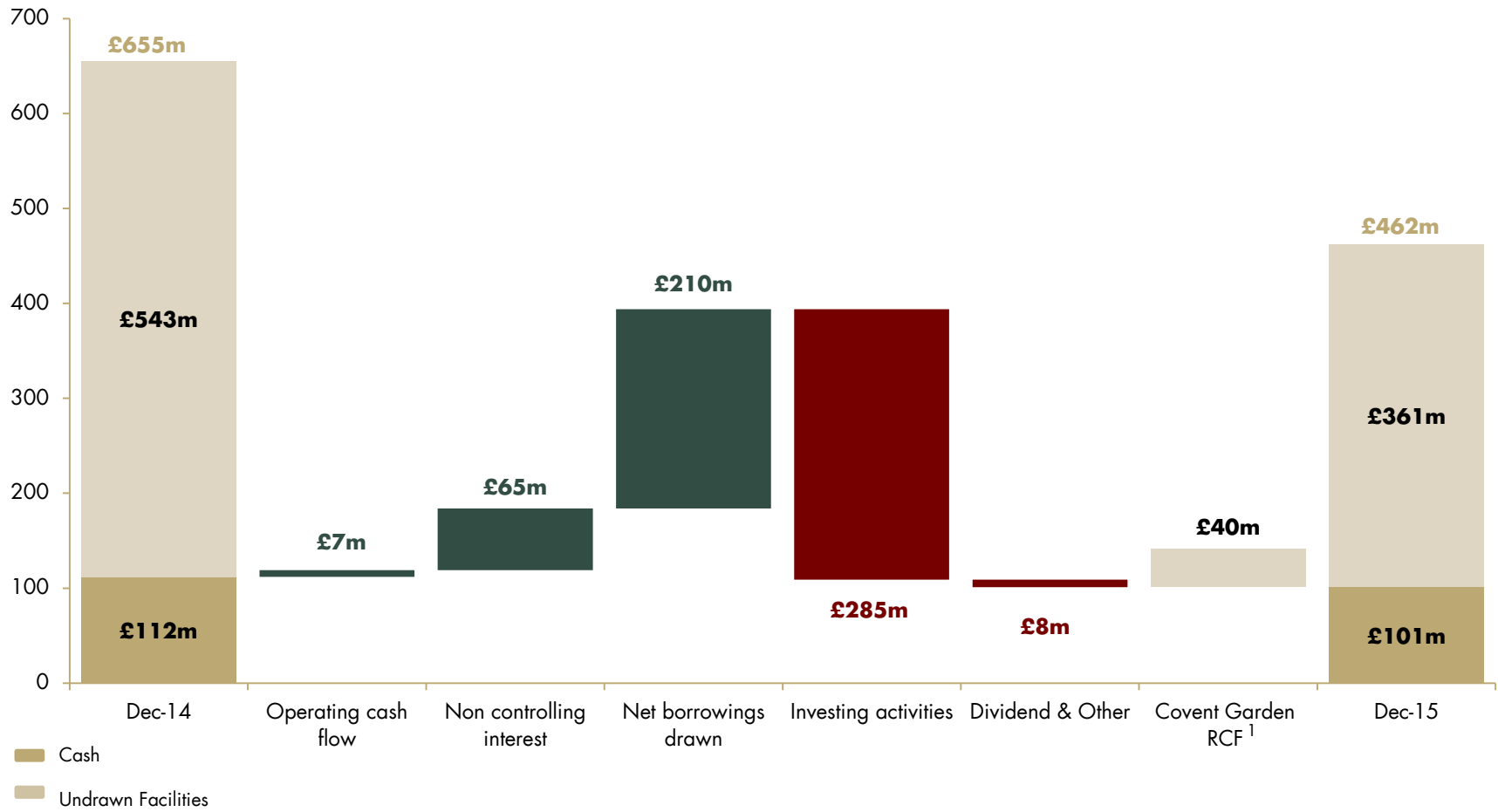
	Proforma ¹	Dec-15	Dec-14
Net Debt ²		£579m	£352m
LTV		16%	12%
Group interest cover		123%	188%
Cash and available facilities ²	£452m	£412m	£648m
Weighted average cost of finance	2.8%	3.3%	3.4%
Weighted average maturity	5.3 yrs	4.1 yrs	5.1 yrs



1. Proforma adjusted for new RCF
 2. Group share

CASH UTILISATION

Strong financial position



1. Proforma adjusted for new RCF
 2. Numbers on a proportionate consolidation basis

COVENT GARDEN

Soumen Das

COVENT GARDEN



STRATEGY FOR COVENT GARDEN

Prime 'street retail' in central London

★ OUR DISTINCT APPROACH TO CREATING PLACES

COVENT
GARDEN

Asset management

Tactical acquisitions

Strategic development

Creativity

STRONG AND FLEXIBLE CAPITAL STRUCTURE

EARLS
COURT
PROPERTIES

Planning

Land assembly

Land enablement

Selective development

★ OUR DISTINCT APPROACH TO CREATING PLACES

COVENT GARDEN HIGHLIGHTS

On track to achieve £100m ERV by December 2017

Portfolio value

£2.0bn

+16% like-for-like

ERV

+12%_(lfl)

£86m

New lettings & renewals

+11%

Ahead of Dec-14 ERV

Acquisitions

£50m

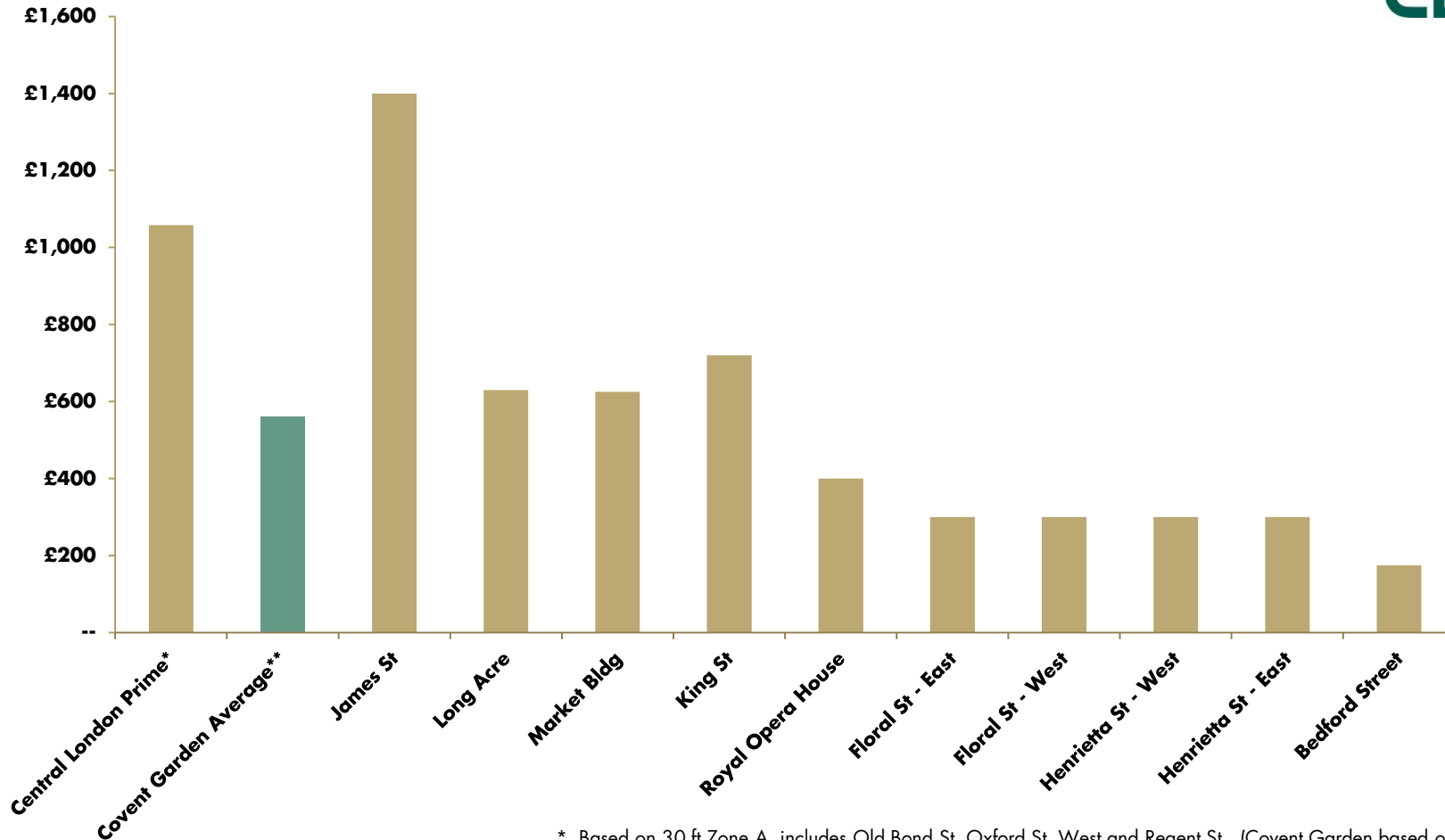
- ★ Brands attracted to the estate's retail environment and customer experience
- ★ Most active year of leasing
 - 74 new leases and renewals
 - 100th brand signed to estate
- ★ New Zone A rental levels achieved
- ★ Continued investment activity on the estate



DRIVING RENTAL GROWTH

Average Zone A rents significantly below central London

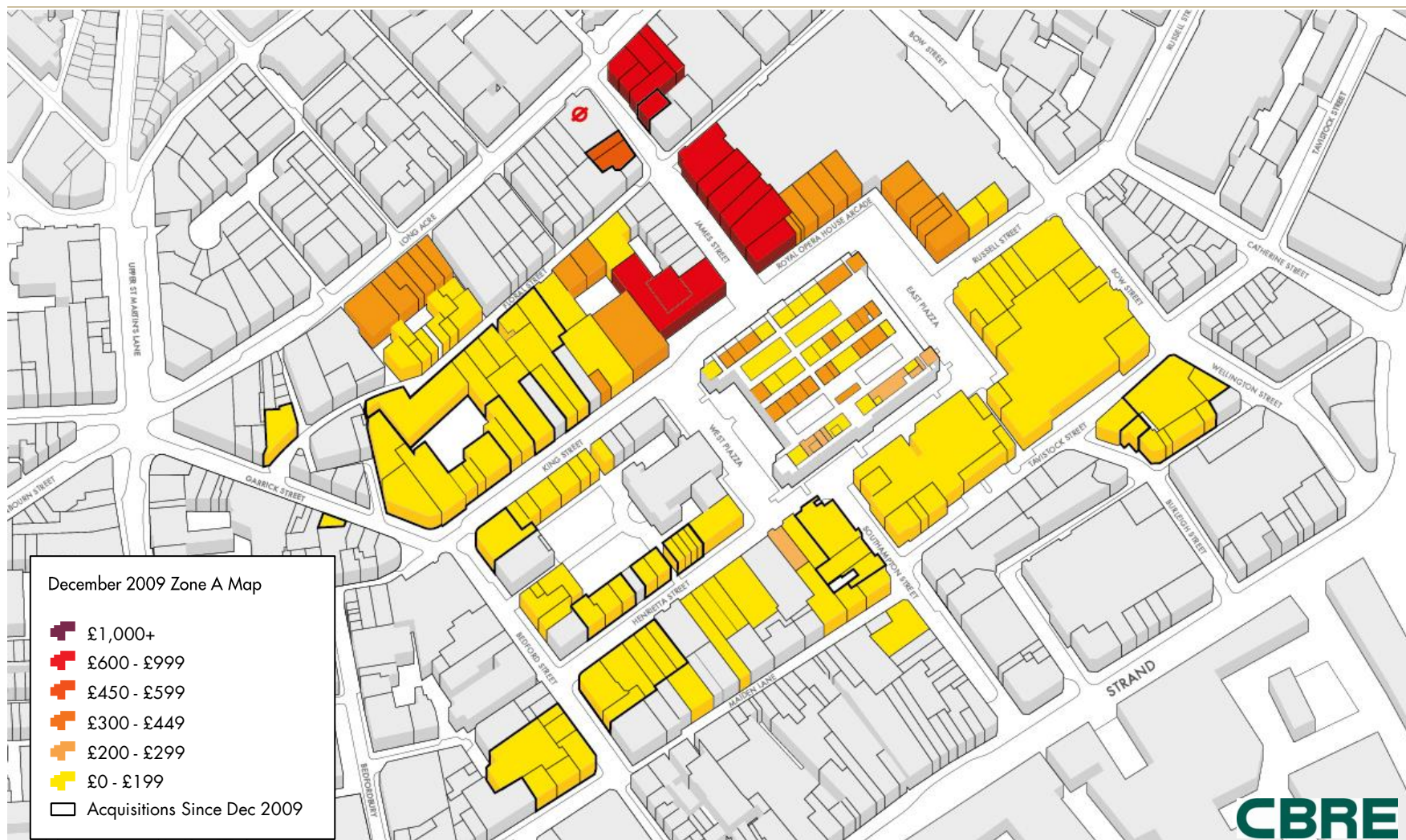
ITZA psf (£) – December 2015



* 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.

ZONE A DISTRIBUTION 2009



ZONE A DISTRIBUTION 2015



COVENT GARDEN

Most active year of leasing; 74 new leases and renewals

Charlotte Tilbury

CLUB MONACO



STEFANEL



SUSHI SAMBA®

AUBAINE



- ★ SushiSamba to occupy Opera Terrace
 - Redevelopment of iconic rooftop restaurant
- ★ 6 new concepts brought to the estate
- ★ All day dining in the Market Building
 - Aubaine
- ★ Complementary dining offer on Henrietta Street
 - Flat Iron
 - Frenchie
- ★ First London flagship for Mariages Frères on King Street



EARLS COURT PROPERTIES

Gary Yardley

EARLS COURT PROPERTIES

Over 70 acres of strategic land in central London

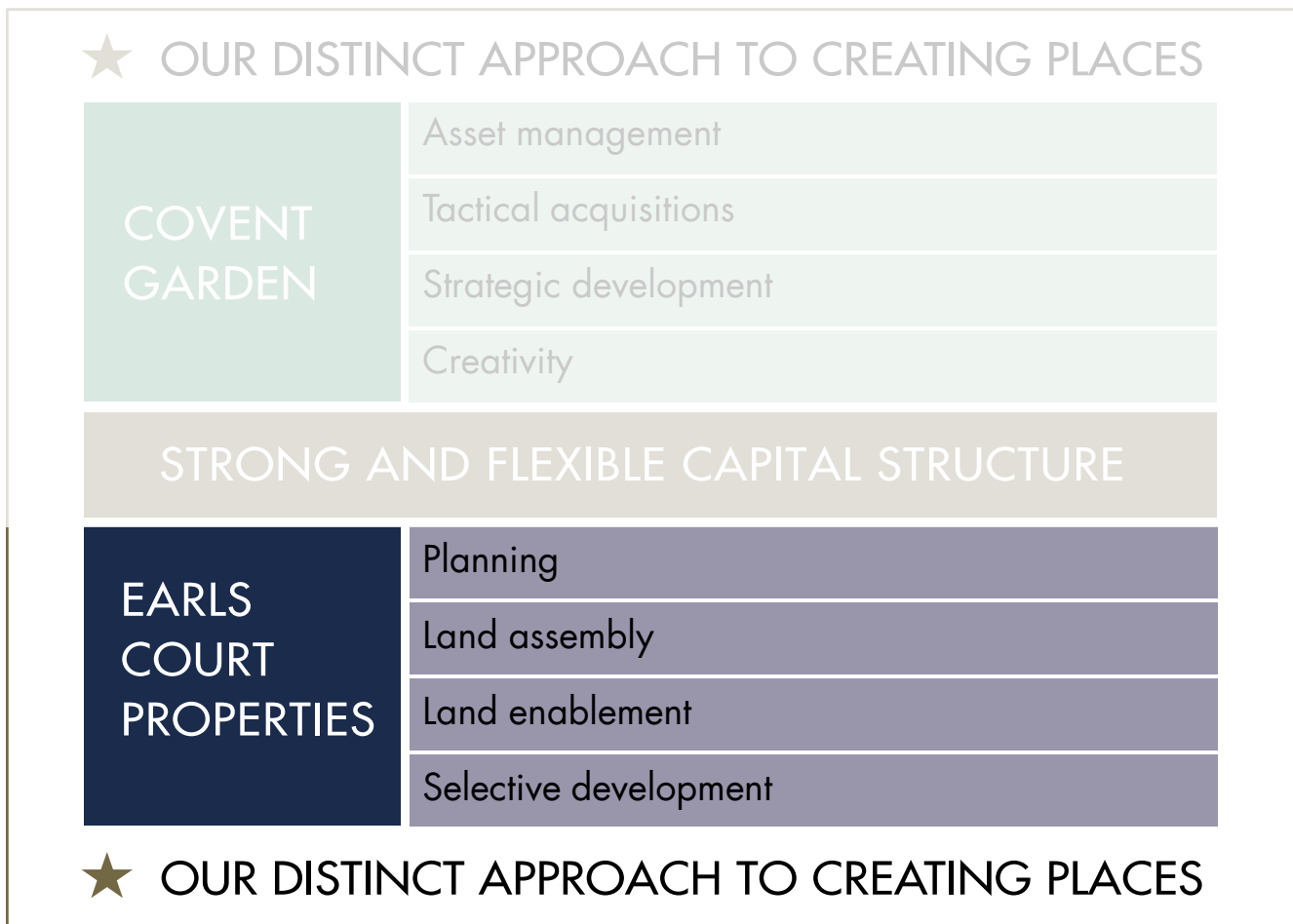


OUR INTERESTS

The largest regeneration opportunity in central London

- ★ **Earls Court Partnership Limited**
 - Investment vehicle with TfL in respect of EC1 & EC2 land
 - Capco share 63%; business and development manager
 - Includes certain assets on and around Lillie Road
- ★ **Empress State Building**
 - 100% owned by Capco
- ★ **Lillie Square**
 - 50:50 JV with KFI
- ★ **Land subject to CLSA**
 - Option exercised and binding agreement in place
- ★ **Lillie Bridge Depot**
 - 100% owned by TfL
 - Feasibility report published





VALUATIONS

Group share

	ECPL	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	-	9.1
Dec-15	£803m	n/a	£222m	£286m	£46m	£1.4bn
Uplift (lfl)	14%	n/a	4%	1%	3%	9%

Note: Gross External Area relates to current consented scheme

DEMOLITION UNDERWAY

De-risking our land holdings



A MASTERPLAN FOR CENTRAL LONDON

Opportunity to maximise the Masterplan

- ★ London's forecast housing requirement¹
 - An additional 2 million people living in London in 20 years
 - Over 40,000 new homes required per annum
- ★ Increased Earls Court designation in 'New Draft London Plan'
 - Minimum of 7,500 new homes
- ★ Consented, large scale scheme with a high transport accessibility rating



1. Mayor of London – The London Housing Strategy (June 2014)

LILLIE SQUARE

Location, Connectivity, Specification

- ★ Lillie Square underpinned by strong fundamentals
- ★ Phase 2 sales underway
 - 40% of first release of 70 units reserved or exchanged
 - Sales prices +5%; slower sales rate than Phase 1
 - Stamp duty incentives up to £8m (Capco share £4m)
- ★ Construction of Phase 1 on track
 - Delivery of first units in 2016
 - Recent Phase 1 penthouse sale at new high of £2,800 psf



LOOKING AHEAD

Ian Hawksworth

Two exceptional estates well-placed for continued success

★ Confident in our estates

- Global economic and political challenges
- Strong balance sheet underpins resilience through cycles

★ Covent Garden

- On track to achieve ERV target of £100m by December 2017
- Creating a desirable environment for brands and consumers

★ Earls Court

- Opportunities to maximise the Masterplan
- Progress demolition of former exhibition centres and de-risk the land
- Construction and further sales at Lillie Square

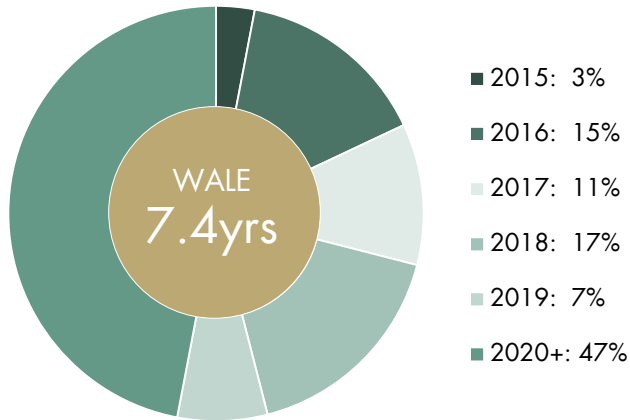


APPENDIX

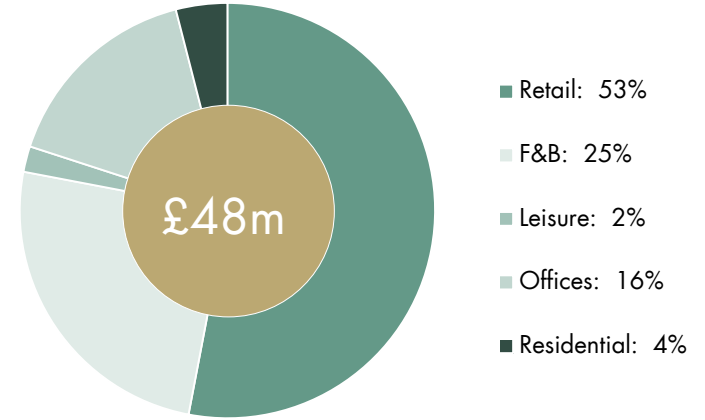
COVENT GARDEN

71 properties, 432 lettable units

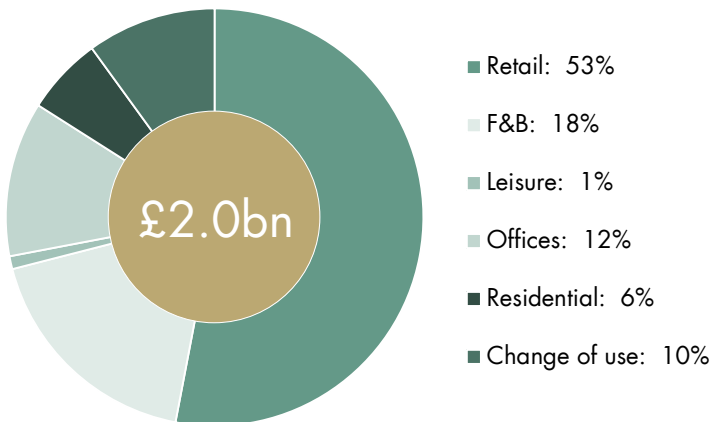
LEASE EXPIRY PROFILE



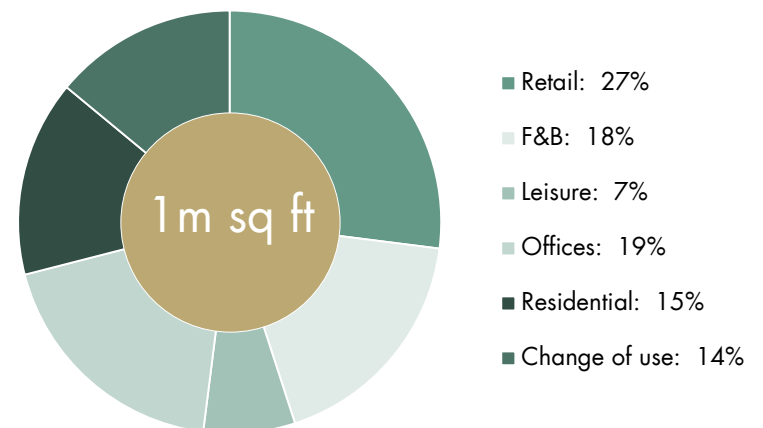
ANNUAL GROSS INCOME



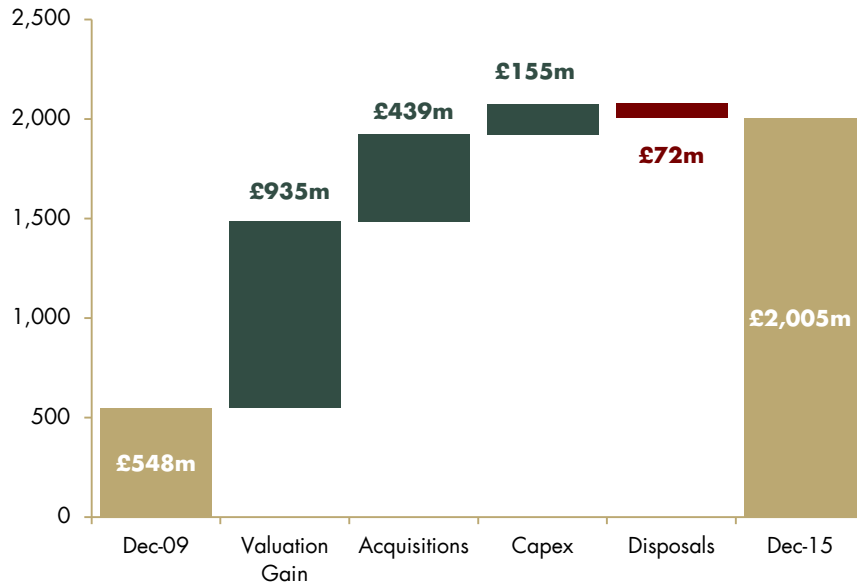
PORTFOLIO VALUE



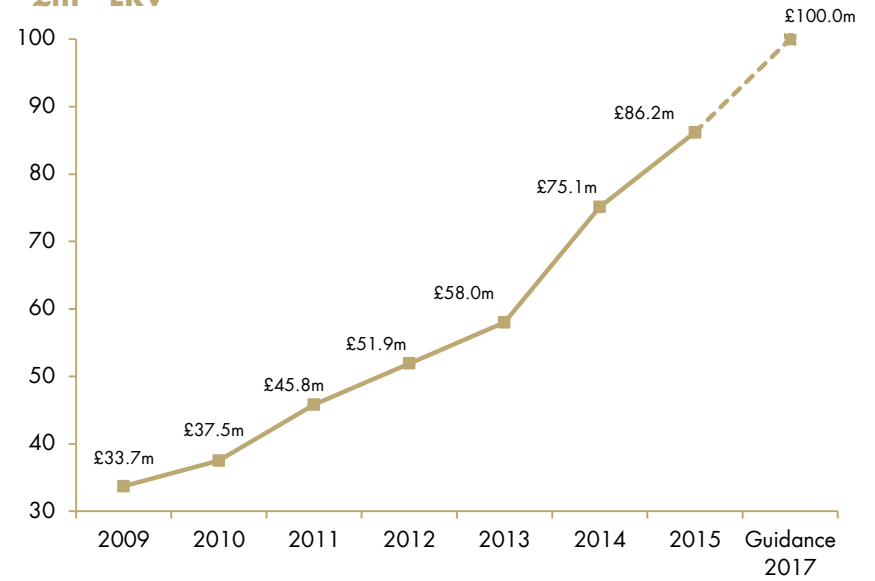
TOTAL FLOOR AREA



£m VALUE UPLIFT AND REALISATION



£m ERV



COVENT GARDEN

Zoning strategy

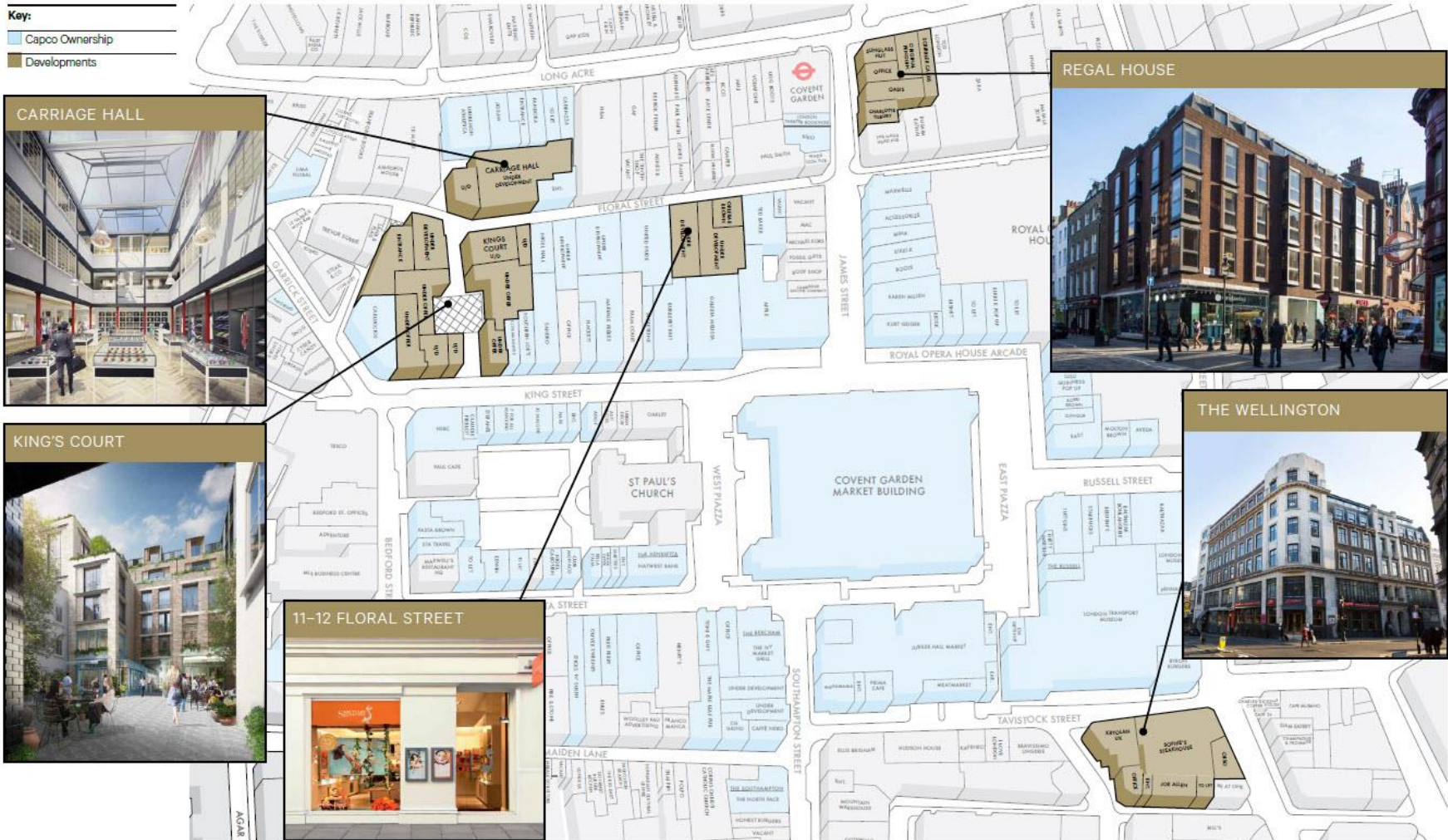
- Key:**
- Premium Fashion
 - Luxury Accessories
 - Food & Beverage



OPPORTUNITIES ON THE ESTATE

Initiatives supporting long-term rental growth

Key:
 Capco Ownership
 Developments



THE EARLS COURT MASTERPLAN

★ Earls Court Masterplan consent

- 10.1m sq ft (GEA)
- 7,500 new homes (including Lillie Square); including 1,500 affordable homes
- 10,000 new jobs
- Over £450m community benefits

★ Empress State Building consent

- 610k sq ft (GEA)
- Over 440 new homes; including over 100 affordable homes

Earls Court Masterplan and Empress State Building – Key areas

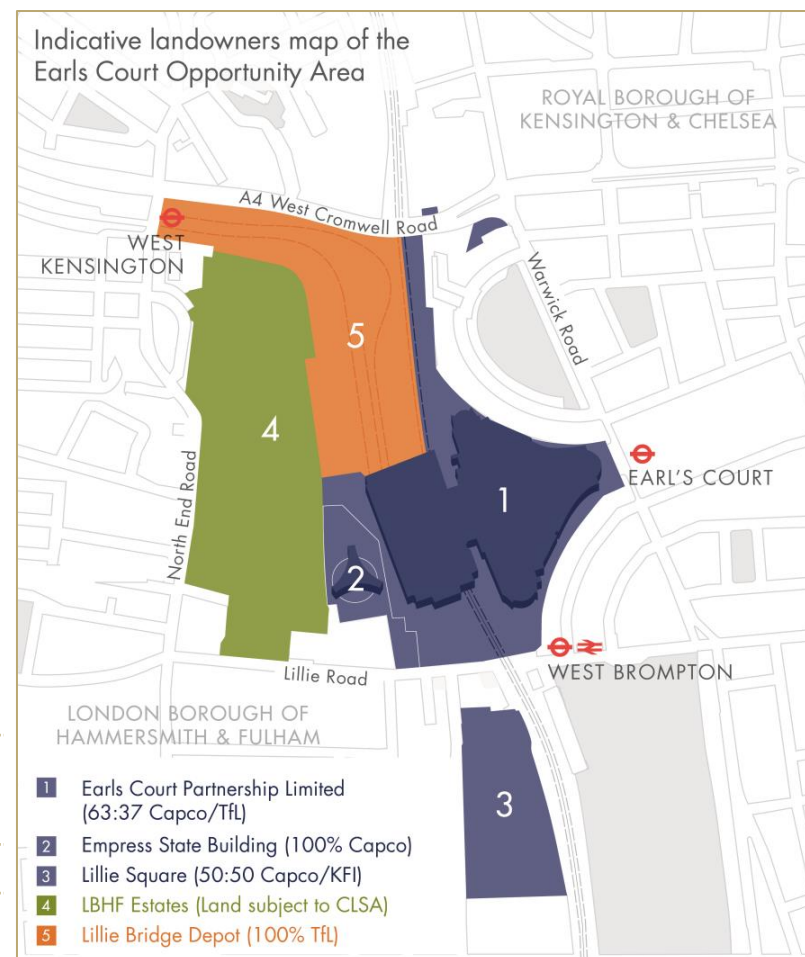
	ECPL ¹	CLSA ²	LBD ³	ESB	Total
	sqft (m)	sqft (m)	sqft (m)	sqft (m)	sqft (m)
Residential	2.7	3.2	2.0	0.8	8.7
Commercial/Other	0.7	0.4	0.6	0.3	2.0
Total	3.4	3.6	2.6	1.1	10.7

1 Investment vehicle with TfL

2 Land subject to CLSA between Capco and LBHF

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

Note: Gross external area relates to the consented scheme



SUMMARY BALANCE SHEET

IFRS to Group Share

as at 31 December 2015



	IFRS	Add back: Joint Ventures ¹	Proportionate consolidation	Less: Non- controlling interest ²	Group Share
	£m	£m	£m	£m	£m
Investment & Trading Property	3,871	131	4,002	(472)	3,530
Net Debt	(559)	(10)	(569)	(10)	(579)
Other assets and liabilities	91	(121)	(30)	13	(17)
Non-controlling interest	(469)	-	(469)	469	-
NAV	2,934	-	2,934	-	2,934

1. This consists of the Lillie Square Joint Venture, the Solum Developments Joint Venture and the discontinued operation, The Great Capital Partnership. To align with the way the Group internally prepares and reviews information, the net investment in joint ventures, and continuing and discontinuing operations, are presented on a line-by-line basis.
2. The Group has a 63% controlling interest in Earls Court Partnership Limited, an investment vehicle with Tfl in respect of EC1 & EC2 and other peripheral properties. Due to the significance of this transaction, which completed in April 2015, Tfl's share has been deducted from the proportionate consolidation position to highlight Capco's Group share. This aids comparability with the previously reported position at 31 December 2014.

★ Tax on income

- The underlying tax rate is 20% which is in line with the statutory corporation tax rate for 2015.
- The main rate of corporation tax fell to 20% on 1 April 2015. Following the July 2015 Budget, the main rate of corporation tax will fall to 19% from April 2017 and 18% from April 2020.
- Medium-term underlying tax rate for the Group is expected 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 31 December 2015 is £18m (£11m Group share)
- A disposal of the Group's trading property at its market value would result in a corporation tax charge of £20m (20% of £100m)