Responses to questions from shareholders received by Capital & Counties Properties PLC in advance of the 2021 AGM are set out below

1) ***In Note 23 on page 151 of the Annual Report, borrowings at £1,079m are carried at neither Fair Value (£1057m) or Nominal Value (£1098m). Why is that please?***

   The carrying value of Borrowings reflects nominal value less arrangement costs associated with debt which are amortised over the life of the loan. Please refer to our accounting policy on page 128 of the 2020 annual report:

   "Bank loans and loan notes are subsequently carried at amortised cost. Any transaction costs, premiums or discounts are capitalised and recognised over the contractual life of the loan using the effective interest rate method, or on a straight-line basis where it is impractical to do so."

2) ***On page 152 of the Annual Report, I do not understand the exchangeable bonds which you issued to partially fund the Shaftesbury shares. The note indicates that in March 2026 these can be redeemed into either cash or ordinary shares of Shaftesbury, and says there is an initial exchange price of 719.15p. Can you please explain this exchange price – is it not fixed (ie why is it an "initial" exchange price) and why you used such a complex instrument rather than ordinary debt?***

   Financing activities were aligned with the investment of £501 million in Shaftesbury shares during the year. Capco completed two financings related to the Shaftesbury investment in 2020, firstly an exchangeable bond which raised £275 million at a conversion price for part of our holding at 719 pence per share. The exchangeable is pledged against approximately 10% of the Shaftesbury PLC ordinary shares.

   The reference share price was set at 532 pence (date of offering on 19 November) and the initial exchange price (which reflects a 35 per cent premium to the reference share price) was set at 719 pence. The bond has a five-year maturity and enables the Company to satisfy any exchange through Shaftesbury shares, cash or a combination of the two.

   The exchange price is subject to adjustments based on future events and in particular includes a two way dividend adjustment. Please refer to the terms and conditions of the exchangeable bond available on our website. https://www.capitalandcounties.com/sites/default/files/inline-files/Exchangeable%20Bond%20Terms%20and%20Conditions.pdf

   In addition, Capco completed a secured loan which generated £125 million, has a three-year maturity and provides an efficient source of funding secured against part of the Shaftesbury holding. Raising £400 million on relatively attractive terms has further diversified our sources of capital and the maturity profile whilst maintaining a balance of funding across the Group.

3) ***At the balance sheet date you had a massive amount of cash (£365m), much more than at the end of the prior year. What do you intend to do with this cash?***

At the balance sheet date Capco held £365m in cash. This included the proceeds from the secured loan (£125m) which was executed at the end of December 2020. In early January £110m proceeds were used to repay the Covent Garden revolving credit facility resulting in a cash position of approximately £255m. During the year Capco maintained a prudent approach to cash in view of market uncertainties, in general holding approximately £250 million of cash and short-term deposits.

Capco has a strong balance sheet and access to significant liquidity to take advantage of market opportunities. Our extensive knowledge of the district, close network of contacts and proven track record mean Capco is often the best positioned to acquire properties, frequently off-market. There are a number of properties on or around the estate being actively tracked for acquisition and repositioning opportunities. Capco has a strong track record of accretive investment and aggregation of ownership in the West End. It is intended that opportunities to expand our ownership in the area will be pursued in line with ambitions to grow the business.

4) ***As performance against the non-financial targets under the annual bonus scheme in 2020 would have awarded close to a maximum pay out to executives for these measures (had the Remuneration Committee not exercised discretion to reduce the outcomes to zero) in a year in which shareholder returns were negative, should only financial performance measures be used?***

The purpose of our annual bonus scheme is to incentivise and reward Executive Director performance in a manner which is aligned to stakeholders' interests and in line with the business strategy.

The Remuneration Committee, consistent with most other listed companies' committees, believes that this company's management team should be incentivised to deliver not just the short-term financial achievements, but also key non-financial ones. These set the company up to perform in the medium and longer term to add value for our shareholders and to protect the interests of other stakeholders.

We allocate a quarter of the possible bonus to these objectives which include elements of our ESC, people, financing and other strategic priorities. 2020 was a truly exceptional year for many, many people and the Committee took the very difficult decision to override the bonus outcome for our Executive Directors to cancel their bonus, notwithstanding their excellent performance during the year.

5 May 2021