

17 January 2022

CAPITAL & COUNTIES PROPERTIES PLC (“Capco”)

TRADING UPDATE

Capco today publishes an update on the valuation of its portfolio and year-end balance sheet position.

Ian Hawksworth, Chief Executive of Capco, commented:

“Covent Garden has had a strong second half of 2021 and despite the backdrop of the Omicron variant, consumers continued to be attracted to the West End’s most vibrant destination. We are pleased with the strong levels of leasing activity and improving market indicators which have contributed to a valuation uplift in the second half. We look ahead with confidence to continued progress in 2022 and in the long-term prospects of the Covent Garden estate and the West End.”

Portfolio valuation uplift

As at 31 December 2021, the independent property valuation of Covent Garden was £1.7 billion, representing a like-for-like increase of 4.6 per cent in the second half of the year and an overall movement of -0.6 per cent for the full year.

The second half movement was driven by an increase of 3 per cent in ERV on a like-for-like basis reflecting the positive leasing activity and high occupancy levels across the estate as well as a reduction in the equivalent yield of 5 basis points on a like-for-like basis to 3.88 per cent. The valuer’s assumption on loss of near-term income has been reduced from £11 million to nil.

Rent collection in relation to the first quarter of 2022, invoiced in December 2021, is currently 86 per cent (adjusted for monthly payment plans).

Capco’s investment in Shaftesbury PLC shares was valued at £596 million based on a share price of 615 pence per share on 31 December 2021 (30 June 2021: £552 million based on a price of 569.5 pence per share). This compares with a blended acquisition cost of 517 pence per share (before expenses) in 2020.

Continued investment discipline

Gross disposal proceeds of £77 million have been received in the second half of the year in relation to:

- the freehold interest in 31-33 Bedford Street for £39.5 million (before costs), 5 per cent ahead of the 30 June 2021 valuation. The property comprises approximately 25,000 square feet of lettable area and benefits from a variety of existing uses including a long-let hotel with retail and F&B uses at ground level;
- a residential apartment on King Street for £5 million (representing over £2,300 per square foot, 5 per cent ahead of 30 June 2021 valuation);
- 22 units at Lillie Square for £43.6 million (£21.8 million Capco share of which £4 million had been received in the first half); and
- the final £15 million instalment of deferred consideration from the Earls Court sale.

Active balance sheet management

Capco has a strong balance sheet and access to significant liquidity of £652 million, including cash of approximately £342 million.

During the second half of 2021, Capco completed a new £300 million unsecured revolving credit facility for Covent Garden, replacing the previous facility which was due to mature in December 2022. The new facility is fully undrawn and has an initial three year term with two one-year extension options.

Year-end net debt within Covent Garden of £250 million resulted in a loan to value ratio of 15 per cent. Group net debt at the year end was £599 million resulting in a net debt to gross assets ratio of 24 per cent.

Note: this announcement includes unaudited financial information in relation to the year ended 31 December 2021.

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Our purpose:

Our purpose is to invest in and create world-class places, focusing on central London. Using our vision, long-term approach and responsible stewardship, we deliver economic and social value and generate benefits for our stakeholders.

About Capital & Counties Properties PLC:

Capital & Counties Properties PLC is one of the largest listed property investment companies in central London and is a constituent of the FTSE-250 Index. Capco's landmark estate at Covent Garden was valued at £1.7 billion (as at 31 December 2021). As at the date hereof, Capco owns a 25.2 per cent shareholding in Shaftesbury PLC. Capco shares are listed on the London Stock Exchange and the Johannesburg Stock Exchange. www.capitalandcounties.com

About Covent Garden:

Covent Garden is a leading retail and dining destination and is one of the most vibrant estates in the heart of central London. The area is now home to a wide variety of British, global and independent brands including Chanel, Tom Ford, Vashi, Strathberry, Ave Mario, Balthazar and SUSHISAMBA, with upcoming openings from Peloton and Reformation. www.coventgarden.london