

PRESS RELEASE

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CAPITAL & COUNTIES PROPERTIES PLC ("Capco" or the "Issuer")

Exchangeable Bond Offering

Capital & Counties Properties PLC today announces the launch of an offering (the "Offering") of approximately £250 million of Secured Exchangeable Bonds due 2026, exchangeable for ordinary shares of Shaftesbury PLC ("Shaftesbury") (the "Bonds").

Background

Capco is positioned as a strongly capitalised prime central London REIT centred around its world-class Covent Garden estate. Whilst COVID-19 has had a significant impact on Capco's customers and business in the near term, Capco continues to believe in the long-term prospects and resilience of prime central London and in particular the West End.

Capco has a shareholding of 25.2 per cent in Shaftesbury shares, as a result of committing to acquire 80.72 million shares for 540 pence per share in May 2020 and a further 16.25 million shares for 400 pence per share in October 2020. These investments were priced attractively and are consistent with Capco's strategy to invest in attractive opportunities on or near the Covent Garden estate.

Capco continues to actively manage its portfolio of assets with a focus on creating long-term value for shareholders as well as maintaining a strong balance sheet and significant liquidity to manage the business through current market uncertainty and to position it for long-term growth.

Rationale and use of proceeds

Capco intends to use the net proceeds of the Offering for general corporate purposes and to reduce its borrowings under the Covent Garden revolving credit facility. Capco believes that the Offering will enhance Capco's financial position, providing a more appropriate funding balance across the group while also allowing it to diversify medium term sources of finance, extend its maturity profile and keep its cost of debt low. The Offering will provide additional financial flexibility and liquidity to Capco.

Based on Capco's net debt of £721 million and the independent valuation of Capco's property portfolio as at 30 June 2020, together with the proceeds of £76.5 million from the sale of the Wellington Block received in October 2020, deferred consideration of £105 million to be received in November 2020 in connection with the sale of Earls Court and payments of £88 million and £65 million for Shaftesbury shares in August and November 2020, Capco's net debt to total gross assets would continue to be approximately 25 per cent¹ following the issue of the Bonds. On the same basis, the loan to value ratio for Covent Garden would be reduced to 24 per cent (30 June 2020: 36 per cent).

Following the issue of the Bonds, Capco will have access to approximately £890 million of cash and undrawn facilities.

¹ Based on Shaftesbury share price of 567 pence as at close on 18 November 2020 and base deal size.

The shares to be pledged in connection with the Bonds are expected to represent approximately one-third of Capco's shareholding. Capco retains the right to settle any exchange of the Bonds in Shaftesbury shares, cash or a combination of Shaftesbury shares and cash.

Offering of Bonds

The Bonds will be issued by Capital & Counties Properties PLC and will represent unsubordinated and secured obligations of the Issuer. The Bonds will be issued at par and are expected to carry a coupon of between 1.50 and 2.00 per cent per annum payable semi-annually in arrears in equal instalments and will, subject to certain conditions, be exchangeable into fully paid ordinary shares of Shaftesbury (the "Shares") or, at the election of the Issuer, a cash alternative amount. The initial exchange price (the "Exchange Price") is expected to be set at a premium of between 35 and 40 per cent to the volume weighted average price of a Share on the London Stock Exchange between launch and pricing today.

The Issuer will grant a first ranking pledge over the secured collateral, composed initially of approximately nine per cent of the issued shares of Shaftesbury PLC at the date hereof². Under the terms of the Bonds, the Issuer will have the right to elect to settle any exchange in Shares, cash or a combination of Shares and cash. The secured collateral will be subject to adjustment in certain circumstances in line with market practice.

The Issuer will have the option to increase the Offering size prior to pricing by up to £25 million.

Settlement of the Bonds is expected to take place on or around 30 November 2020 (the "Settlement Date"). If not previously exchanged, redeemed or purchased and cancelled, the Bonds will be redeemed at par on 30 March 2026. The Issuer will have the option to redeem all outstanding Bonds (i) on or after the date falling 21 days after the interest payment date falling on March 2024 at par plus accrued interest if the value of the Shares underlying £100,000 in principal amount of the Bonds equals or exceeds £130,000 for at least 20 out of 30 consecutive trading days (ii) as specified in the terms and conditions of the Bonds, in the event of an offer or scheme of arrangement relating to the Shares where the consideration consists wholly of cash or (iii) at any time, if 85 per cent or less of the principal amount of the Bonds remains outstanding.

Capco has agreed to a lock-up ending 90 days after the Settlement Date for its Shares, subject to certain exceptions.

The final terms of the Bonds are expected to be announced through a press release once the bookbuilding process is completed. Application is intended to be made for the Bonds to be admitted to trading on the unregulated open market (Freiverkehr) of the Frankfurt Stock Exchange.

BNP PARIBAS, HSBC and UBS are acting as Joint Global Coordinators and Joint Bookrunners for the Offering.

The person responsible for arranging the release of this announcement is Ruth Pavey, Company Secretary.

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This press release relates to the disclosure of information that qualified, or may have qualified, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

² Based on Shaftesbury share price of 567 pence as at close on 18 November 2020 and base deal size.

About Capital & Counties Properties PLC (“Capco”)

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 £2.2 billion (as at 30 June 2020) where its ownership comprises over 1.2 million square feet of lettable space. 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.

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