

**15 November 2013**

**CAPITAL & COUNTIES PROPERTIES PLC (“CAPCO”)  
INTERIM MANAGEMENT STATEMENT FOR THE PERIOD 1 JULY TO 15 NOVEMBER 2013**

Ian Hawsworth, Chief Executive of Capital & Counties Properties PLC, commented: *“Our strategy of creating and growing value across our estates has continued. We have signed several high quality brands at Covent Garden and completed further residential sales. At Earls Court, a number of milestones have been achieved for the Masterplan including the receipt of formal planning consent.”*

**Value growth at Covent Garden**

- 14 new openings including Dior Beauty, Sandro and Sticks ‘n’ Sushi
- New lettings and renewals achieved on average 3.3 per cent above ERV at the point of lease activity
- Further residential sales at The Russell at an average value of £2,400psf
- On track to achieve £60-65 million ERV by December 2015

**Value creation through planning and land assembly for the Earls Court Masterplan**

- Formal planning consent granted for the Earls Court Masterplan following signing of Section 106 agreement
- Exercise of option in relation to the Conditional Land Sale Agreement (CLSA)
- Acquisition of residual 50 per cent interest of the Empress State Building completed in August

**Progress towards delivery at Lillie Square**

- Enhancements to the original scheme consented by London Borough of Hammersmith & Fulham in August

**Strong financial position**

- LTV of 16 per cent and liquidity of £295 million
- New £119 million debt facility completed to finance Empress State Building

**Enquiries**

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## **Covent Garden**

Value growth of the Covent Garden estate continues through the strategy of creative asset management, tactical acquisitions and strategic development opportunities. Since 30 June 2013, new lettings and renewals (excluding those with non-standard terms such as development breaks) representing £2.7 million of rental income per annum have been contracted at 3.3 per cent above ERV at the point of lease activity. The estate is on target to achieve £60-65 million of ERV by December 2015. Occupancy as at 30 September 2013 was 99 per cent and footfall remains strong at 44 million visitors.

*Retail:* Covent Garden has become a destination for luxury beauty in London. In November the Dior Beauty Boutique opened in the Market Building adjacent to the Chanel boutique. Miller Harris, a luxury fragrance boutique, will also be taking space in the Market Building and is due to open in the new year.

French fashion label Sandro, part of the LVMH stable, opened on King Street in September expanding the contemporary luxury offering on the street, and a pop-up concept from British handbag designer Lulu Guinness opened on Floral Street in October.

On Long Acre, Reebok opened its new fitness concept, the Reebok FitHub, in September, and lululemon athletica will open its first official store in Europe in the new year replacing its current showroom on Floral Street.

*Food & dining:* Copenhagen based Sticks'n'Sushi opened a new Asian fusion restaurant on Henrietta Street in November. Pips Dish, a unique dining concept which has no menu but instead cooks seasonal ingredients daily, has taken space on Exeter Street.

*Residential:* Following the launch of The Russell earlier in the year, four of the five luxury apartments have been sold. The sales set a new level in the district with an average price of £2,400psf across the project. The next two residential projects, The Beecham and The Southampton, are underway and will create a further sixteen apartments, which will be launched in 2014.

The first premium residential product for lease in the estate was launched in September at 9 King Street and is fully let, achieving a record rental in the area of £65psf.

*Future Developments:* The planning applications for the Carriage Hall and Kings Court developments are expected to be heard by Westminster City Council in the coming months.

*Acquisitions:* 14 Henrietta Street was acquired in October, consolidating the ownership of the street.

## **Earls Court Masterplan**

*Planning:* In November, formal outline planning consent for the Earls Court Masterplan was secured following signing of the Section 106 agreement. The Mayor of London approved the outline planning application in July, and in September the Secretary of State made the decision not to call in the application.

It is envisaged that detailed planning applications for Earls Court Village will be submitted shortly following a public consultation due to commence later this month.

The judicial review hearing in relation to the Supplementary Planning Document (SPD) was successfully defended by the local authorities in October following the hearing in July. Capco participated in the hearing as an interested party as the challenge was made against the London Borough of Hammersmith & Fulham (LBHF) and the Royal Borough of Kensington and Chelsea. This is the third challenge that the councils have successfully defended in relation to the Earls Court Masterplan, however the risk of further judicial review challenges against planning decisions or land assembly cannot be discounted.

*Land Assembly:* Capco has exercised its option in relation to the CLSA. This will enable LBHF and Capco to agree a phasing strategy in relation to achieving vacant possession of the land and subsequent draw down.

The acquisition of the 50 per cent of the Empress State Building not already owned was completed in August following exchange of contracts in May. The building provides an income stream until 2019 whilst offering a number of options to create further value over the medium-term as the area benefits from the implementation of the Earls Court Masterplan.

Discussions continue with Transport for London following the announcement in July of the agreement to pursue proposals to settle heads of terms for a joint venture to enable the development of Earls Court 1 & 2 in line with the Earls Court Masterplan.

### **Lillie Square**

The amendments to the existing scheme were approved in August by LBHF. These enhance the previous consent by improving the landscaping strategy across the site as well as providing more amenity space around certain buildings within the development.

The sales and marketing programme is being finalised for the launch of pre-sales which is expected to take place in the new year.

### **Venues business**

The Venues business continues to perform in line with expectations. Bookings are lower than in previous years reflecting the continuing uncertainty around the future of the Earls Court venue. At this time, Earls Court is taking bookings for 2014.

The enhanced Olympia London venue remains the focus of the future of the Venues business. As part of the on-going investment in improvement works to Olympia London a series of planning applications were submitted in July which aim to reinstate and enhance the entrance to Olympia Grand and improve Olympia Way through cycle lanes, improved surfaces and signage.

### **Financial position**

The Group's financial position remains strong, with a loan-to-value of 16 per cent (based on 30 June property values) and cash and available facilities of £295 million.

	30 September 2013	30 June 2013
Gross debt	<b>£414m</b>	£408m
Cash balance	<b>£93m</b>	£127m
Net debt	<b>£321m</b>	£281m
Liquidity (cash and available facilities)	<b>£295m</b>	£344m

Property loan-to-value	<b>16%</b>	14%
Weighted average debt maturity	<b>4.7 years</b>	5 years
Weighted average cost of debt	<b>4.3%</b>	4.3%
Proportion of gross debt with interest rate protection	<b>100%</b>	100%

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The figures above include the new £119 million secured debt facility to finance the Empress State Building which was completed in August, and the proceeds from the sale of the last asset within The Great Capital Partnership which completed in September.

As at 30 September 2013, Capco had capital commitments of £42 million.

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*This press release 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 press release 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.*

**About Capital & Counties Properties PLC (Capco):**

Capco is one of the largest investment and development property companies that specialises in central London real estate and is a constituent of the FTSE-250 Index. CAPCO holds 2.7 million square feet of assets valued at £2.1 billion (as at 30 June 2013) in two landmark London estates: Covent Garden, which has assets valued at £1.1 billion including the historic Market Building, and EC Properties including the Empress State Building together with the Venues business amounting to aggregate property assets of £970 million. The company is listed on the London Stock Exchange and the JSE, Johannesburg.

“Capco” represents Capital & Counties Properties PLC and all its subsidiary companies and group undertakings.

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