



Capital & Counties Properties PLC



2021 Annual Results

23 February 2022

Introduction

Ian Hawksworth

Financial review

Situl Jobanputra

Covent Garden

Michelle McGrath

Looking ahead

Ian Hawksworth

Q&A



Introduction

Ian Hawksworth



Prime central London portfolio



Covent Garden

£1,729m

72%

-0.6% lfi

Shaftesbury investment

£596m

25%

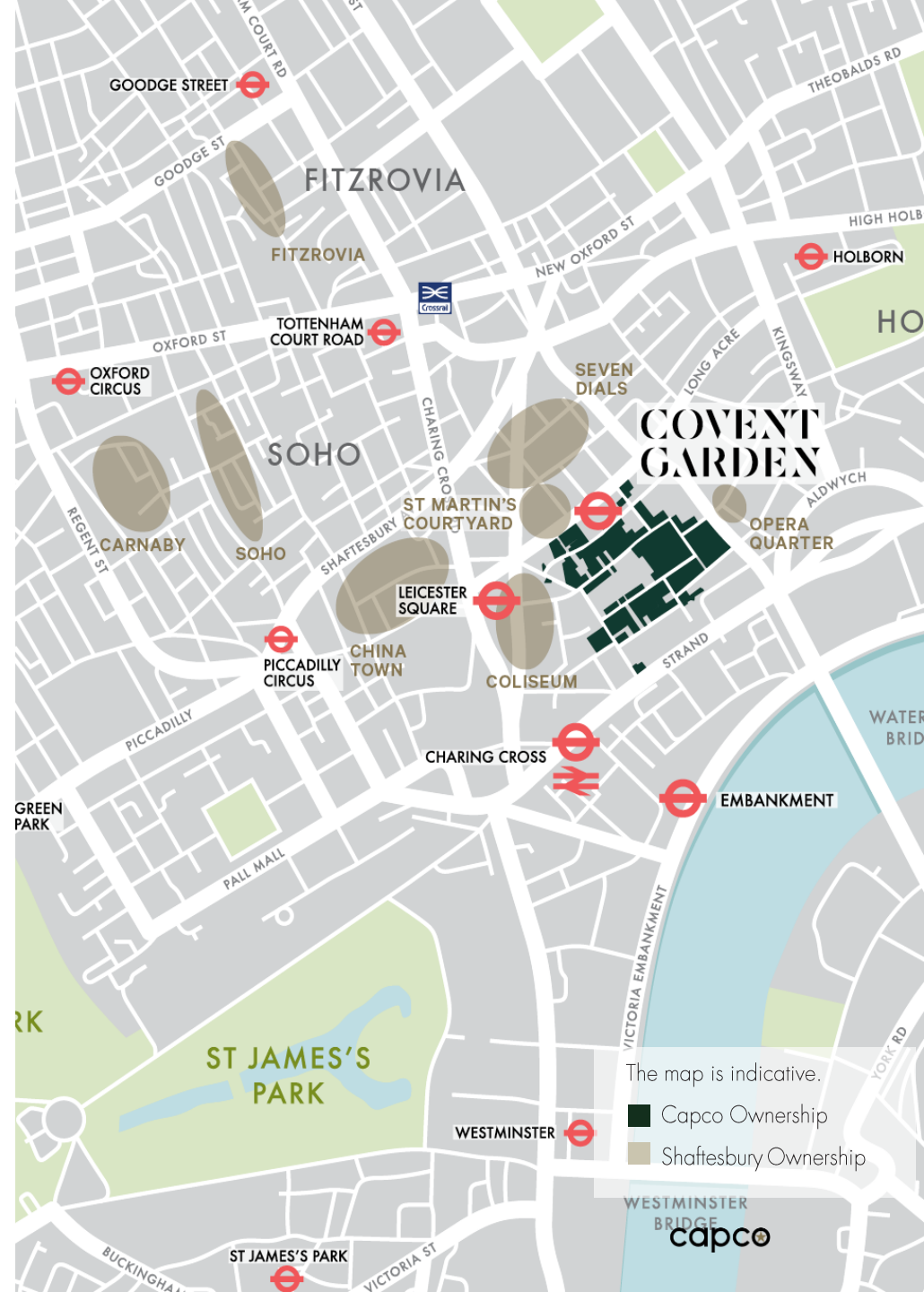
+8.0%

Lillie Square

£86m

3%

-14.1% lfi



1. Includes Capco's property interests and its investment in Shaftesbury shares

2021 overview

Decisive action generating positive results

- Proactive support of customers
- High occupancy throughout COVID-19 period
- Significant improvement since summer 2021

Recovery of trade and confidence in H2 2021

- Customer sales approaching 2019 levels
- Luxury and premium amongst best performing categories

Covent Garden, the West End's most vibrant destination

- Strategic marketing and estate animation
- Public realm enhancements secured

Strong leasing demand

- Covent Garden ERV and valuation recovering

Financial and investment discipline

- Balance sheet positioned for growth and investment



Group headline financials

EPRA NTA per share 212.4p +0.3p	Total property return +1.5%	Property valuation £1.8bn -1.3% lfl	Underlying earnings per share 0.5p +1.2p	Net debt to gross assets 24% -4 pts
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Covent Garden valuation growth

H2 2021 +4.6%

Income growth and cost reduction

Administration costs significantly reduced

Final dividend of 1p per share

2021 total dividend 1.5p

Investment in Shaftesbury

19.4% total return since initial acquisition (before costs)
8.5% 2021 total return

Strong balance sheet

Low gearing, high liquidity

A sustainable future

Detailed Net Zero Carbon Pathway by 2030 published

- Reducing embodied and operational carbon
- Prioritising innovation, climate adaptation and resilience
- Minimise carbon offsetting

Improving EPC ratings across the estate

- Currently two-thirds of units have A-C rating

Responsible and sustainable development

Enhancing air quality

- Continued pedestrianisation of additional streets
- Extensive biodiversity programme

Diverse, inclusive and entrepreneurial culture

Commitment to community, educational and charitable programmes



Creating long-term value



Financial review

Situl Jobanputra

Underlying earnings

Continuing operations	2021 £m	2020 £m	Var £m	2019 £m
Net rental income ¹	52.3	43.6	8.7	61.2
Other income/(costs) ²	2.7	(0.5)	3.2	0.9
Administration costs ³	(19.9)	(25.0)	5.1	(32.9)
Net finance costs	(31.4)	(23.8)	(7.6)	(20.9)
Profit/(loss) before tax	3.7	(5.7)	9.4	8.3
Taxation	0.4	(0.5)	0.9	1.2
Underlying earnings/(loss)	4.1	(6.2)	10.3	9.5
Underlying earnings/(loss) per share (pence)	0.5p	(0.7)p	1.2p	1.1p

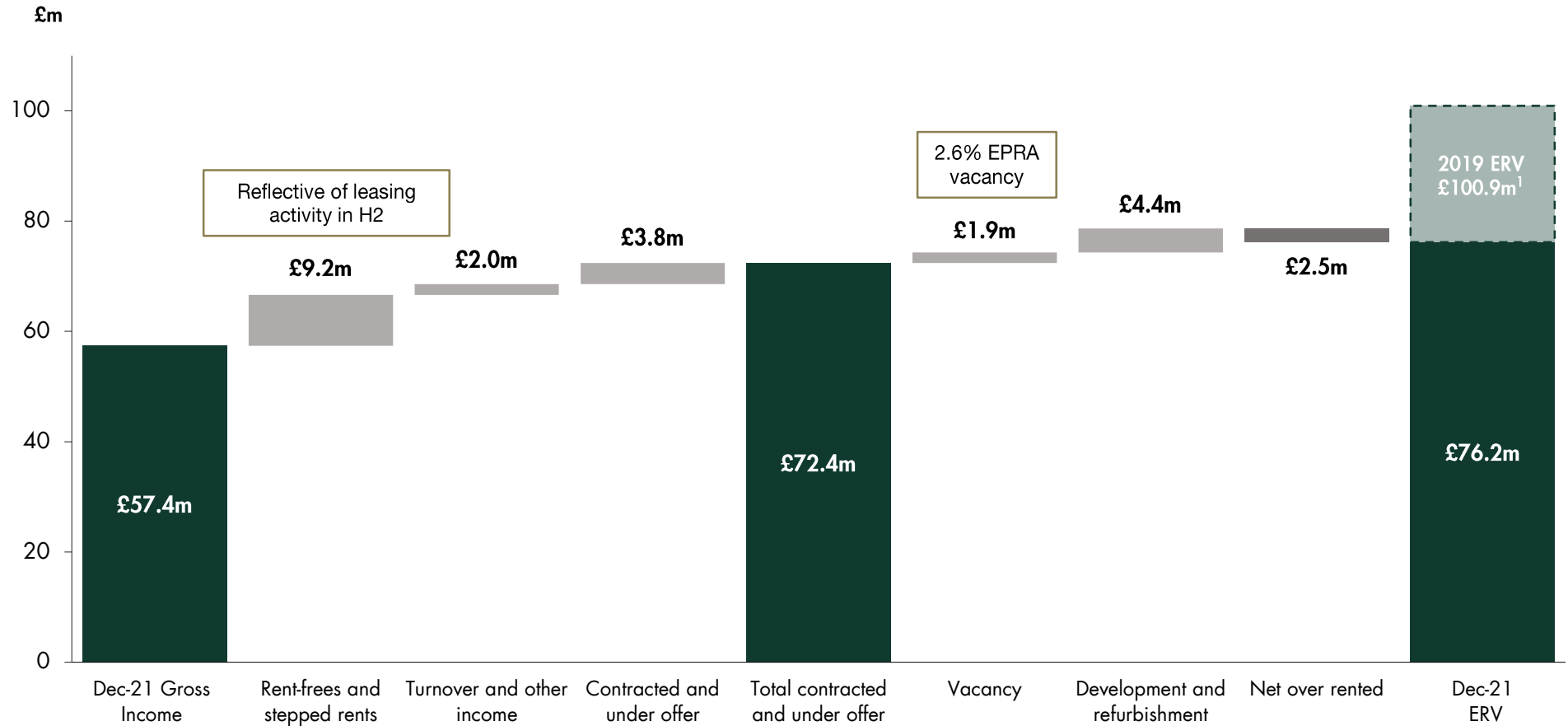
1. Before £5.9m of non-underlying, non-cash costs (2020: £27.8m)

2. Includes Shaftesbury interim dividend of £2.3m (2020: £nil)

3. Before £2.8m of non-underlying costs (2020: £6.5m)

Note: All numbers shown at Group share

Gross income to ERV



1. 2019 ERV adjusted for disposal of Wellington block, Southampton Street, Bedford Street and King Street properties (£7.5m)

EPRA balance sheet

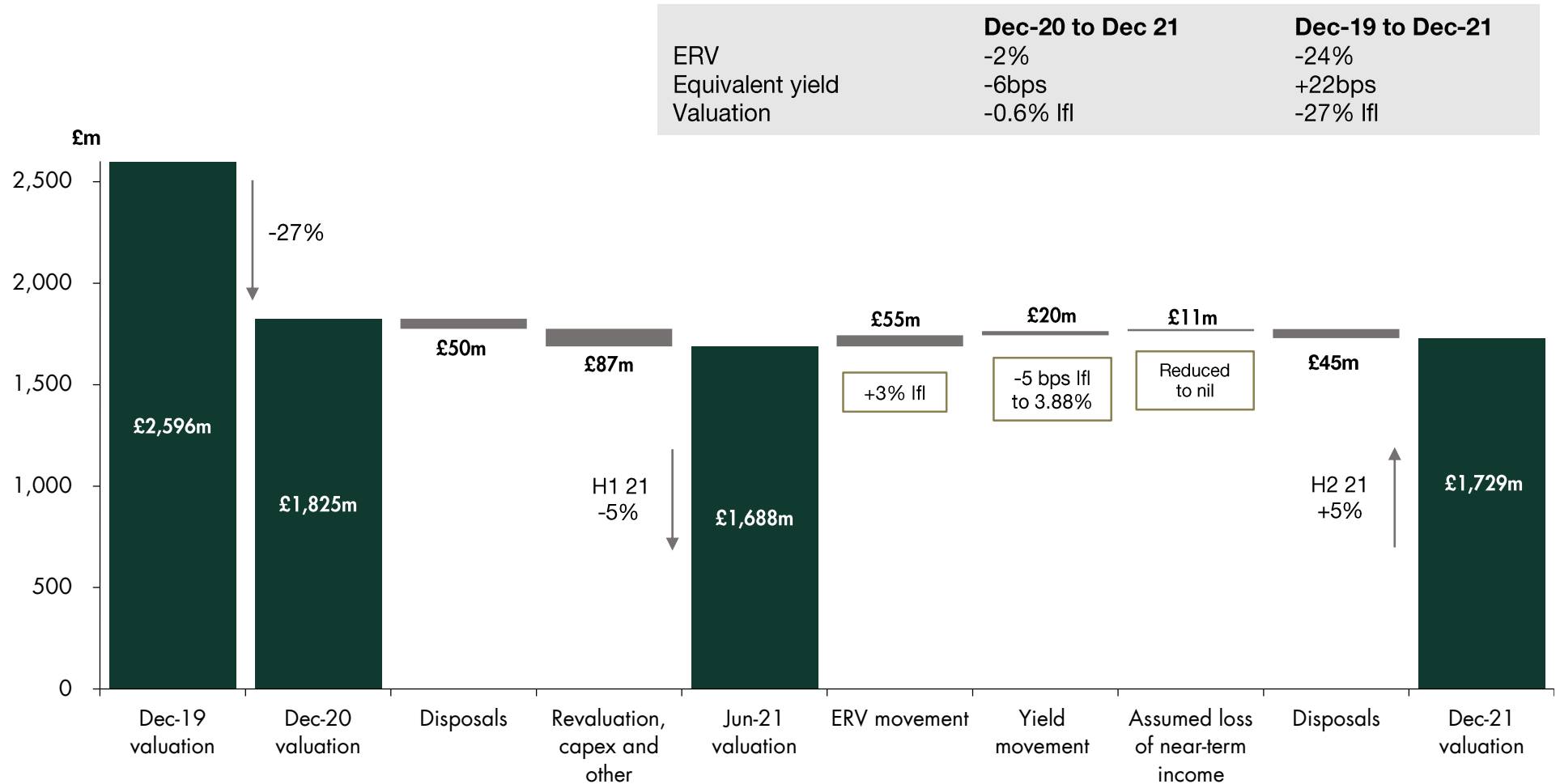
	2021 £m	2020 £m	Var £m	2019 £m
Investment, development & trading property ¹	1,779	1,909	(130)	2,707
Net debt	(599)	(710)	111	(442)
Equity investment ²	596	552	44	-
Other	34	55	(21)	241
EPRA NTA	1,810	1,806	4	2,506
Number of shares in issue (diluted)	852m	852m	-	856m
EPRA NTA per share	212.4p	212.1p	0.3p	292.9p

¹ The market value of investment, development & trading property is £1,815m (31 December 2020: £1,942m)

² Capco's investment in Shaftesbury PLC held at fair value, 615 pence per share at 31 December 2021 (31 December 2020: 569 pence)

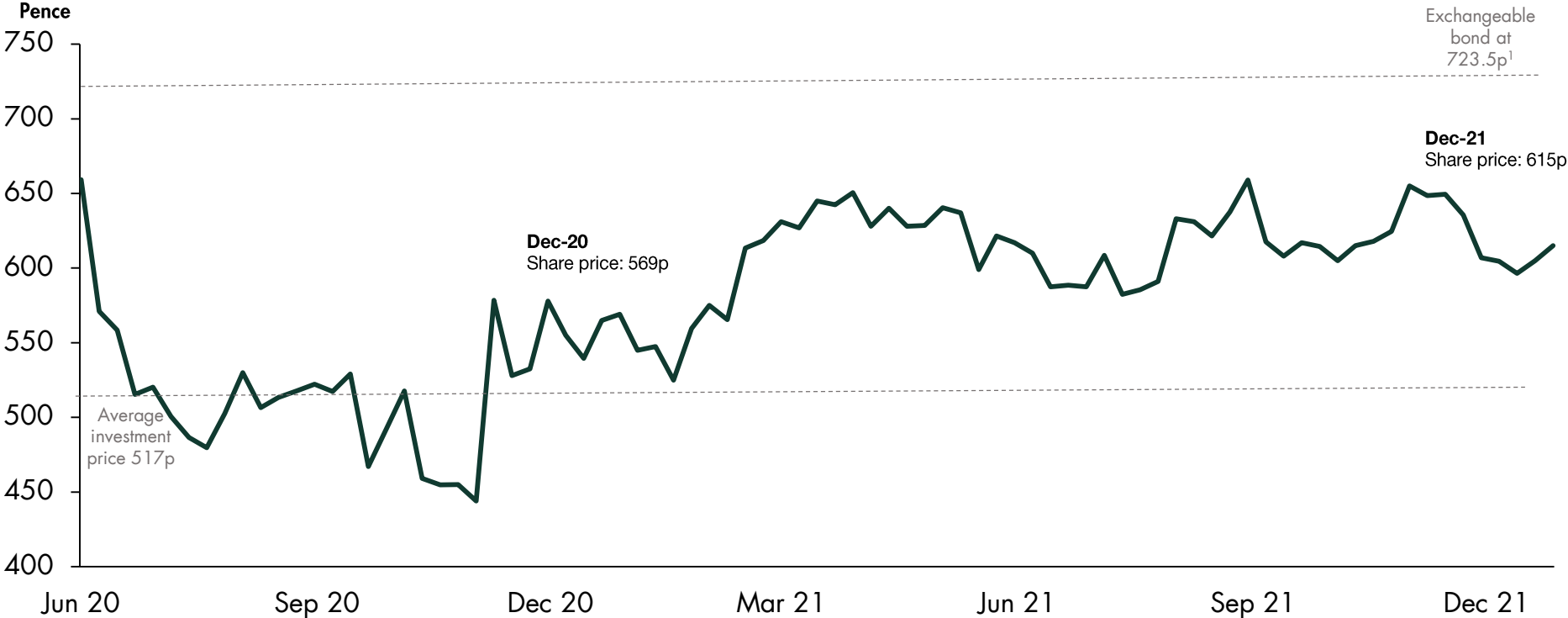
Note: All numbers shown at Group share. A reconciliation of the Group Share to IFRS balance sheet is set out on page 34

Covent Garden independent valuation



1. Dec 2020 equivalent yield was 3.94% unadjusted for the sale of the Southampton Street, Bedford Street and King Street properties

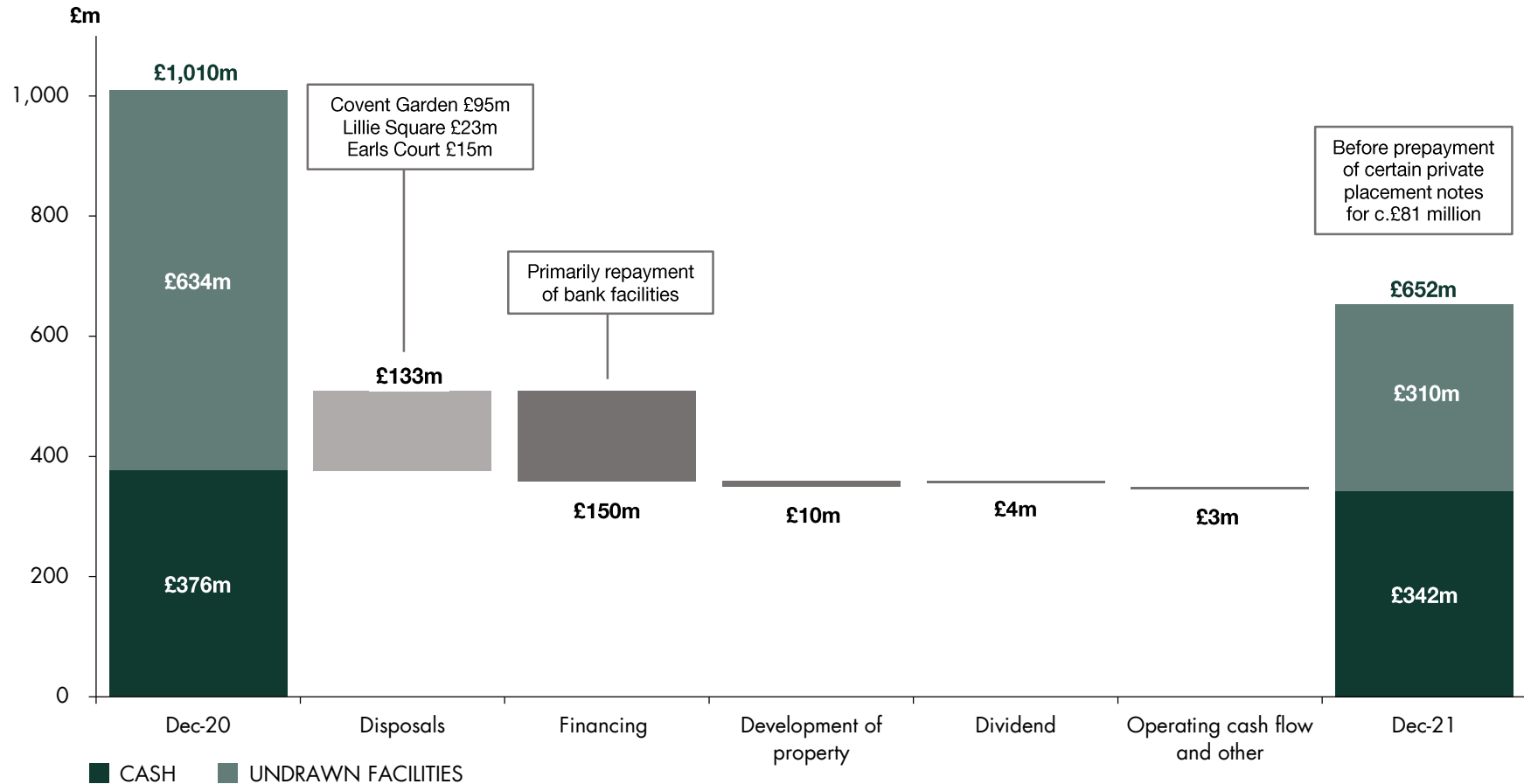
Investment in Shaftesbury PLC shares



¹ 723.5p exchange price reflects dividend adjustments in July 2021 and February 2022 (719p exchange price at issuance)

19% capital appreciation (from acquisition to 31 December 2021) and dividend income of £6.2 million

Main areas of cash movement



Operating cash flow and other includes Shaftesbury dividend income

Note: All numbers shown at Group share

Resilient and flexible capital structure

Covent Garden net debt

£254m

Covent Garden LTV

15%

Covent Garden ICR

2.25x

Group net debt

£599m

Net debt to gross assets

24%

Access to substantial liquidity

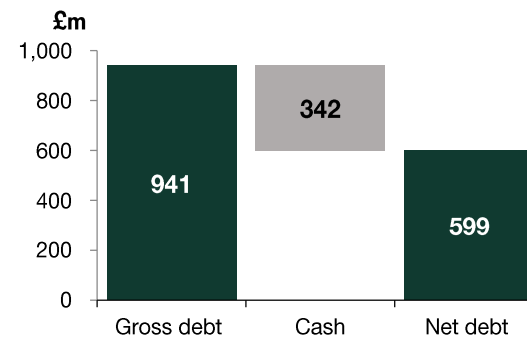
Average cost of debt 2.8%

Average maturity of drawn debt 5 years

£300m RCF refinancing completed

Early repayment of £75m nominal of private placement notes

Protected against rising interest rates



Focus on recovery and growth

Positioned for net rental income recovery and growth

Efficient cost management and capital allocation

Dividend profile to be progressed with growth in underlying earnings

H2 valuation increase for Covent Garden

Recovery potential in rental value and yields vs pre-pandemic levels

Balance sheet positioned to act on growth and investment opportunities



Covent Garden

Michelle McGrath

Covent Garden performance

Property value

£1.7bn

H1 -5%, H2 +5% lfl

ERV

£76m

H1 -4%, H2 +3% lfl

Disposals

£95m

EPRA vacancy

2.6%

-0.9ppts

World-class customer line up

- High occupancy throughout pandemic

Strong levels of leasing activity

- 60 leasing transactions completed
- £11m contracted income

Valuation growth in the second half

- Primarily driven by ERV growth

Investment in our estate

- Asset management opportunities

Al fresco/pedestrianisation of additional streets secured

Positive footfall and sales metrics

- H2 2021 overall customer sales approaching 2019 levels

Retail and F&B market occupational drivers



Polarised demand towards prime locations



Owning your customer / consumer



Data / performance metrics



Ability to expand

- Flexible approach



Sustainability and net zero carbon

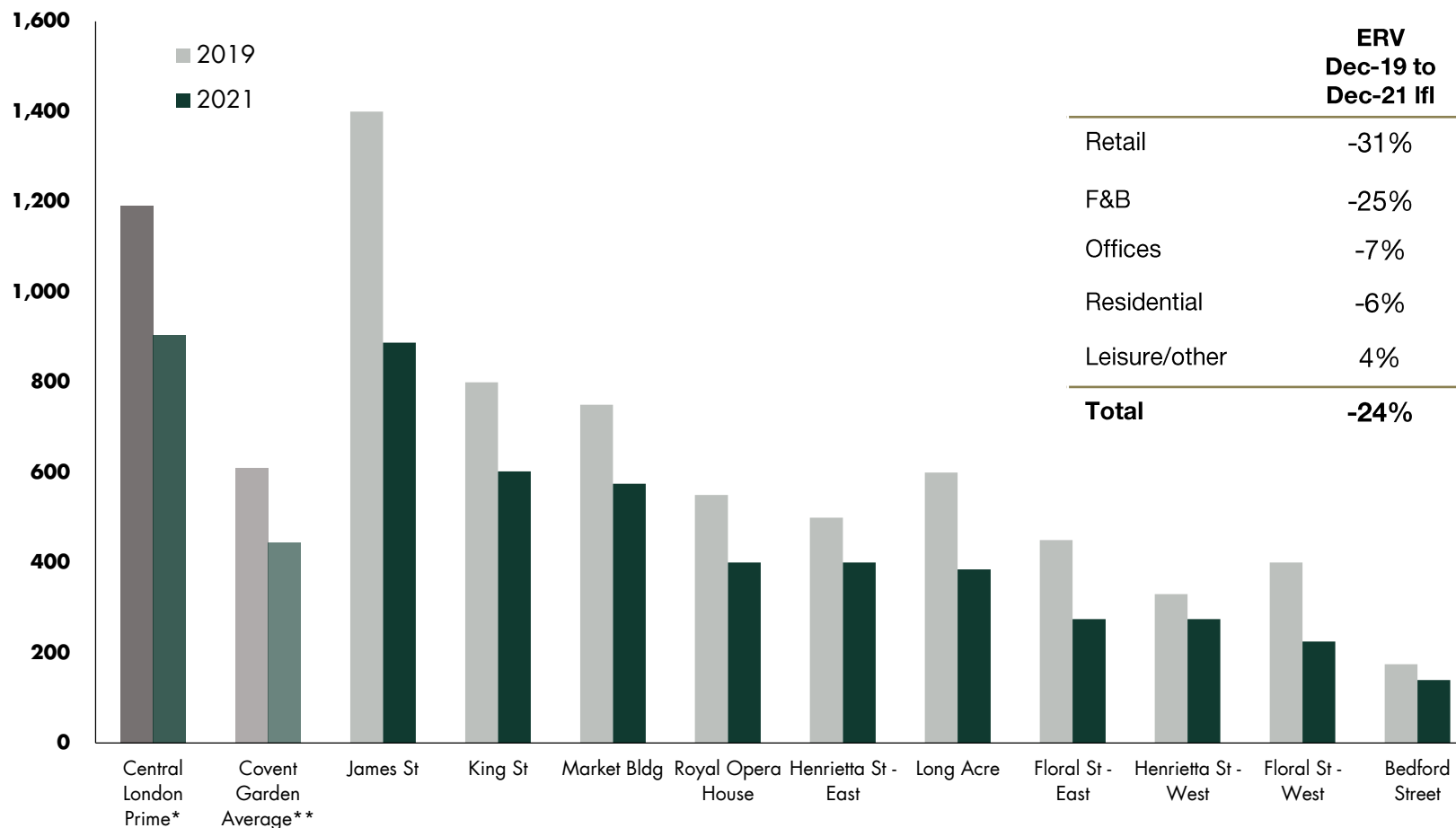
- Green leases



Rental recovery underway



ITZA psf (£)



	ERV Dec-19 to Dec-21 lfl	ERV H2 2021 lfl
Retail	-31%	4%
F&B	-25%	2%
Offices	-7%	2%
Residential	-6%	4%
Leisure/other	4%	5%
Total	-24%	3%

* Based on 30ft Zone A, includes Old Bond Street, Oxford Street West and Regent Street (Covent Garden based on 20ft Zone A)

** Covent Garden average based on all streets, including Market Building

Active year for leasing

Continued leasing progress

- 60 leasing transactions (29 H1; 31 H2)
- £11m contracted income (-5% vs Dec-20 ERV)
- H2 transactions (+0.6% vs Jun 21 ERV; in line with 2019 passing rents)
- 16 new brands introduced to the estate

Strong leasing pipeline

- Further £3.8m of ERV under offer

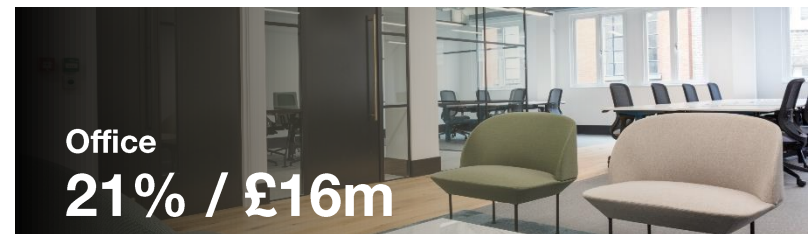
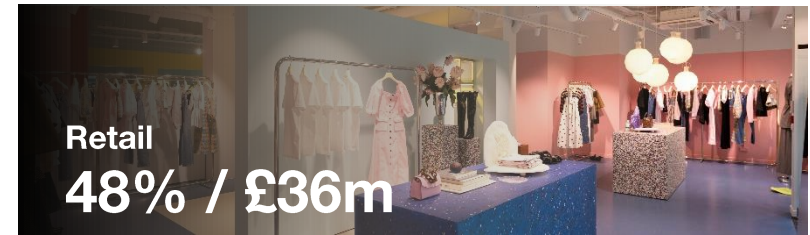
Targeted categories

- Including luxury, jewellery, digitally native, sustainable

Focus on productivity and brand value

- Confident in our customer mix

Portfolio ERV £76m



Strong occupier line up; resonating with the consumer

Experimental
Cocktail Club

UNI Reformation



QLO

WatchHouse.

KICK GAME®



Rails



TUDOR

EMPRESA®

e&e

BUCHERER
1888

VASHI

AVE

MARIO


GUERLAIN

STRATHBERRY

Maison Margiela
PARIS

Glossier.

Blondies Kitchen



ARC'TERYX

MRS RIOT

3HenriettaSt.
CoventGarden.

Floozie
Stuffed Cookies



capco

Capital initiatives accelerating rental growth

Investing in our estate

- Pipeline of repositioning and refurbishment opportunities
- Driving value and enhancing environmental performance

Realised £95m proceeds from disposals

Tracking investment market and specific opportunities closely

- Significant liquidity to act on acquisition opportunities



Looking ahead

Ian Hawksworth



Looking ahead

Strong leasing pipeline driving income and rental value growth

Increase investment in our estate and take advantage of further market opportunities

Responsible stewardship, implement our ESC strategy to deliver value for stakeholders

Maintain a strong balance sheet and cost discipline

Confidence in future growth prospects of the Covent Garden estate and London's West End, delivering superior long-term shareholder returns

Q&A



A sustainable and responsible business



EPRA sustainability reporting awards
2021: Gold
2020: Gold



Global Real Estate Balance Sustainability Benchmark
2021: 65/100¹
2020: 59/100



Carbon Disclosure Project
2021: B
2020: C



FTSE4Good
2020: 71st percentile
2019: 81st percentile



ISS ESG Corporate Rating
2021: 2nd Decile
2020: N/A



S&P Global CSA
2021: 83rd percentile
2020: 70th percentile

Memberships



1. Green Star awarded

2. FTSE4Good – Capco remains a constituent of the index, 2021 score not yet available, 2020 score remains applicable

Net Zero Carbon by 2030

Focused on five key activities:

50% reduction in embodied carbon

- Prioritise innovative refurbishment using sustainable materials
- Whole Life Carbon assessments

60% reduction in operational carbon

Drive down energy demand

Prioritise innovation and renewables

- New technologies and energy initiatives
- Innovative supply chain

Enhance climate adaptation and resilience

- Improve building resilience

Residual emission offsetting

- Certified schemes

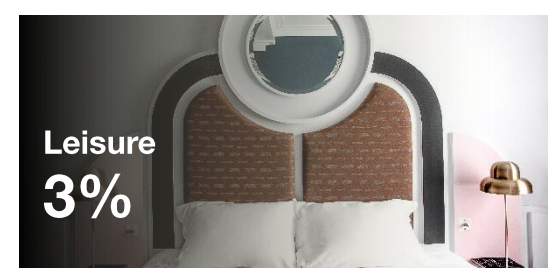
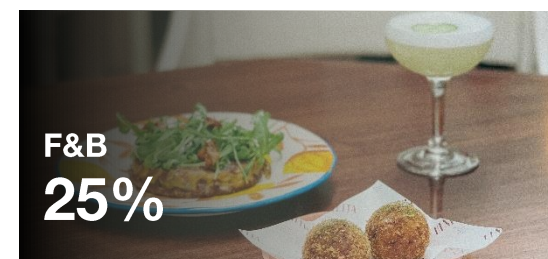
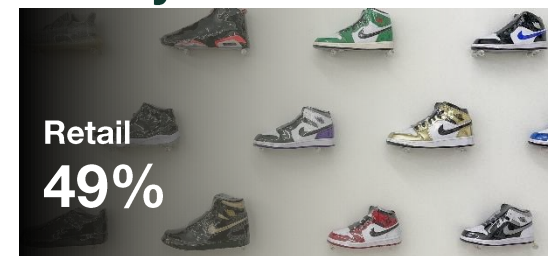


Covent Garden portfolio

	Retail ¹	F&B ¹	Office	Residential	Leisure/ Other	Total
Valuation	£851m	£434m	£273m	£124m	£47m	£1,729m
Gross income	£28.5m	£16.4m	£7.4m	£3.1m	£2.0m	£57.4m
ERV	£36.5m	£18.0m	£16.0m	£3.7m	£2.0m	£76.2m
Area (square foot)	0.4m	0.2m	0.2m	0.2m ²	0.1m	1.1m
Units	120	68	63	198	54	503

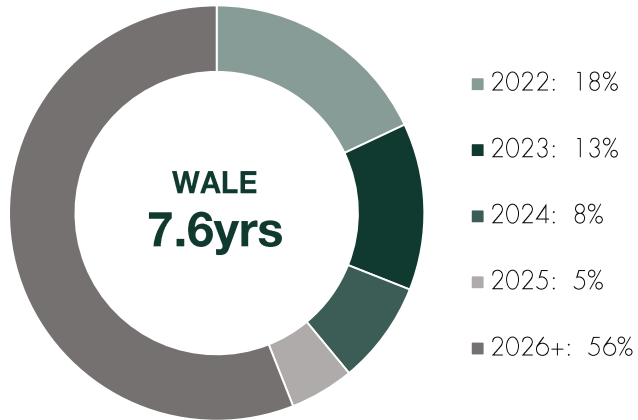
1. Ten cafés totalling £1.5m of ERV and £1.8m Gross Income have been reclassified to F&B in 2021 previously included within Retail. (2020: £1.6m ERV and £1.8m Gross Income)
2. Residential includes units sold on long lease interests covering approximately 154,000 square feet

Use by value:



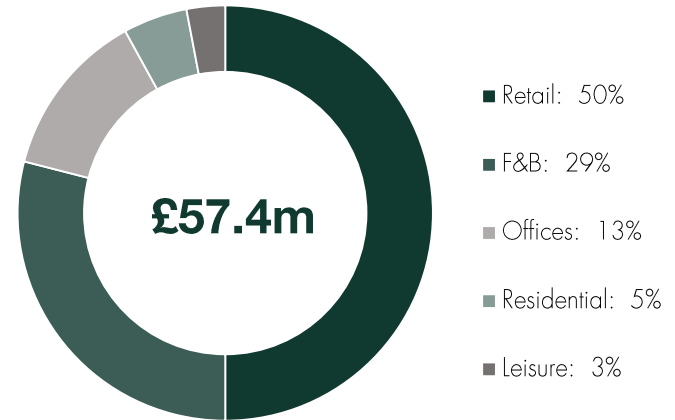
Covent Garden portfolio 71 properties, 503 lettable units

Lease expiry profile¹

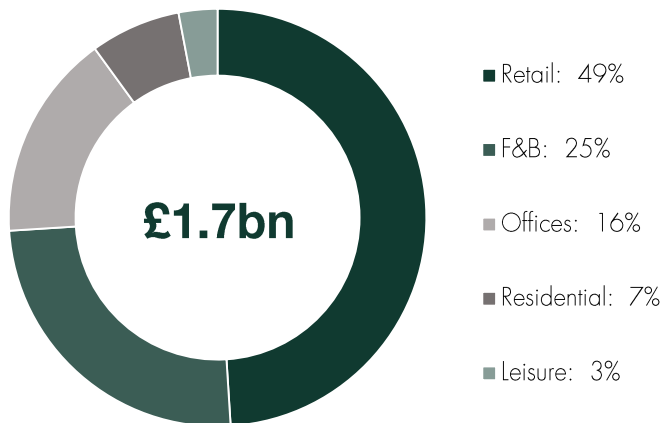


1. Lease expiry profile based on the earlier of lease break and lease expiry

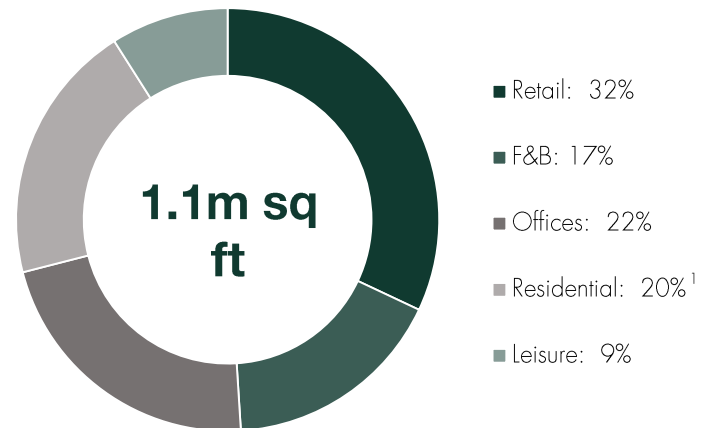
Annual gross income



Property value



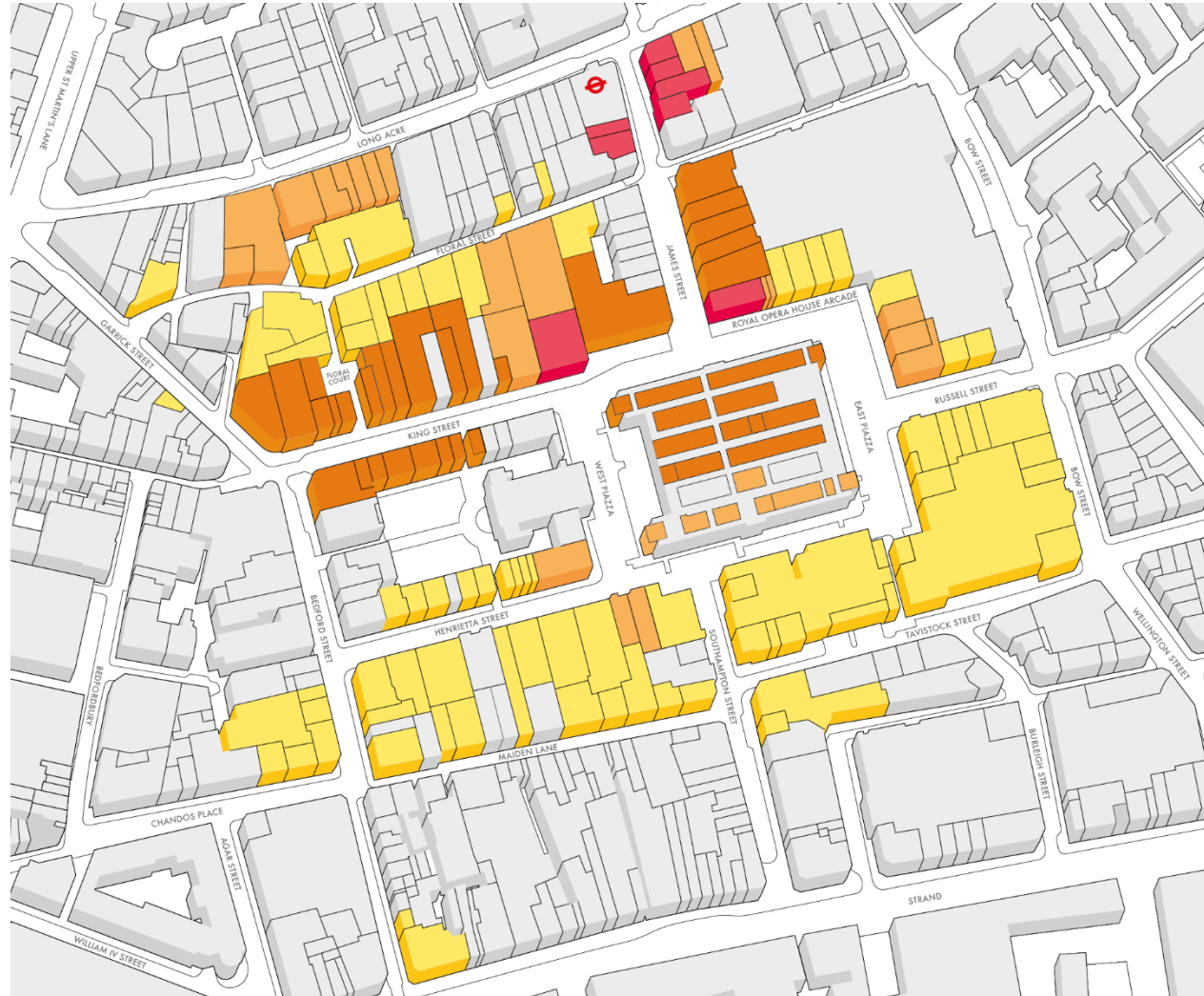
Total floor area



Covent Garden portfolio analysis



December 2021 Zone A Map



£801 - £1,200 £501 - £800 £301 - £500 £0 - £300

Underlying earnings – H1 & H2 2021

	H1 2021 £m	H2 2021 £m	FY 2021 £m
Continuing operations			
Net rental income	25.2	27.1	52.3
Other income ¹	0.2	2.5	2.7
Administration costs	(9.1)	(10.8)	(19.9)
Net finance costs	(16.2)	(15.2)	(31.4)
Underlying profit before tax	0.1	3.6	3.7
Taxation	(0.1)	0.5	0.4
Underlying earnings	-	4.1	4.1
Underlying earnings per share (pence)	-	0.5p	0.5p

1. Includes Shaftesbury interim dividend of £2.3m (2020: £nil)

Note: All numbers shown at Group share

Summary balance sheet

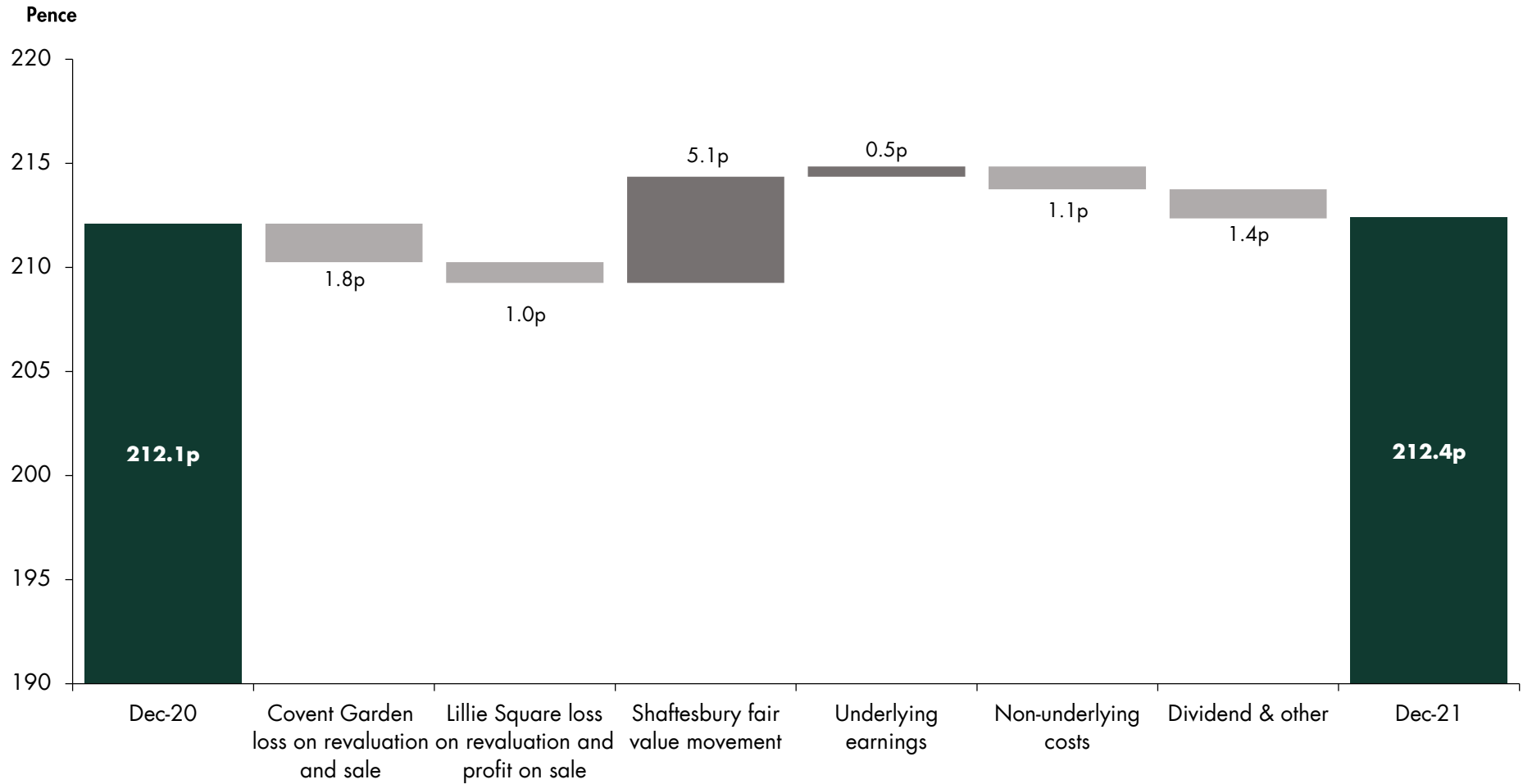
Group share to IFRS as at 31 December 2021

	Group share £m	Less: Joint ventures ¹ £m	IFRS £m
Investment, development & trading property	1,779	(84)	1,695
Net debt	(599)	(23)	(622)
Equity investment ²	596	-	596
Other assets and liabilities	18	99	117
NAV	1,794	(8)	1,786

1. Primarily Lillie Square

2. Investment in Shaftesbury PLC

EPRA net tangible assets per share



Balanced capital structure

Group net debt : gross assets

24%

Covent Garden

Net debt of £254 million¹ (2020: £352 million)

New £300 million revolving credit facility completed September 2021

- Fully undrawn
- Marginal cost of drawdown currently c.1.75% per annum, September 2024 maturity²

£550 million US PP loan notes³

- Fixed rate debt (average cost 2.9%)
- Range of maturities 2024 – 2037

¹ Comprises £550m of private placement notes and cash

² Initial three year term with two one-year extension options

³ Before upcoming prepayment of £75m nominal value of notes

Shaftesbury investment

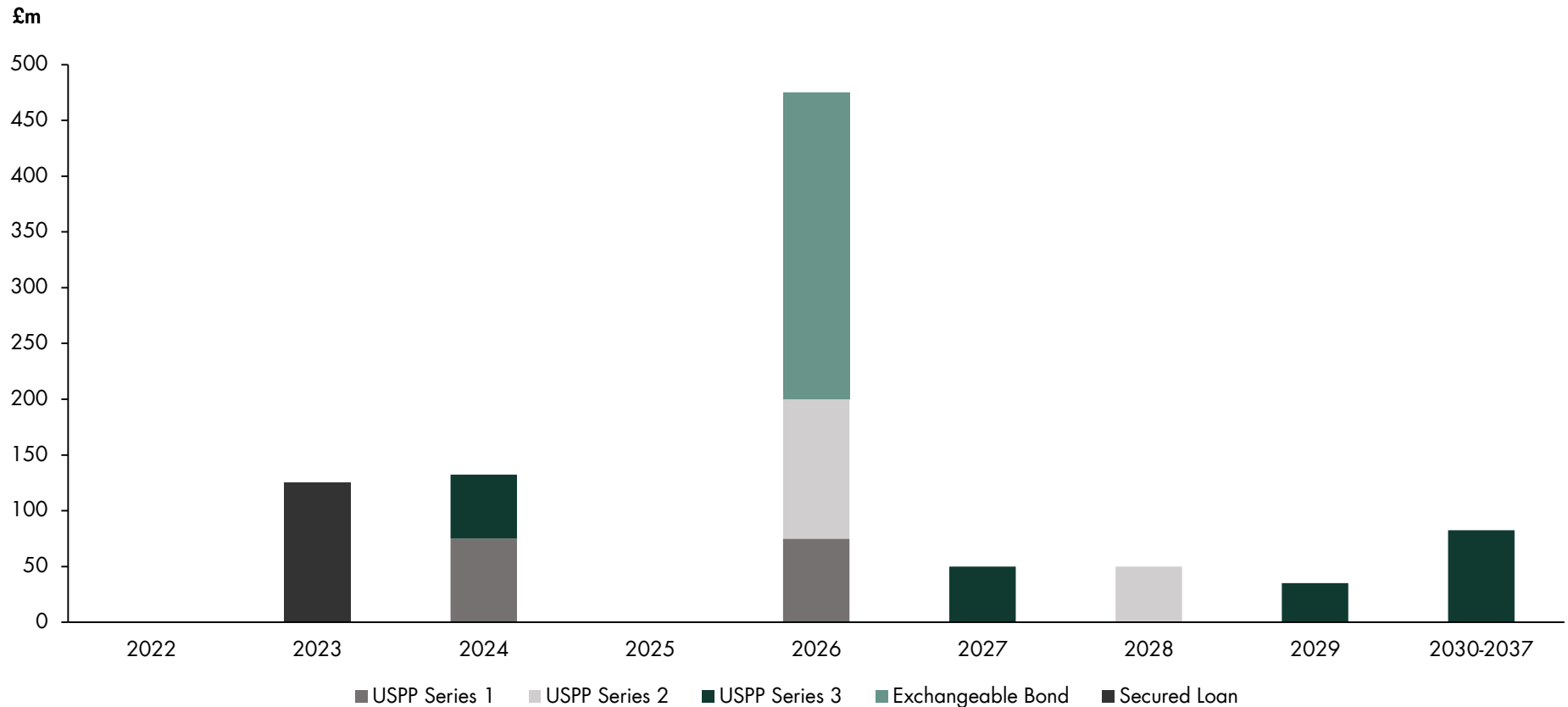
£275 million exchangeable bond with pledge over c.10% of Shaftesbury PLC shares

- 2% per annum cash coupon, March 2026 maturity
- Flexibility to satisfy exchange through shares and/or cash
- Exchange price of 723.5p (two-way adjustment subject to dividend threshold)

£125 million loan

- December 2023 maturity
- Secured on Shaftesbury PLC shares

Drawn debt maturity profile



£300 million undrawn on the Covent Garden Revolving Credit Facility at 31 December 2021

£75 million USPP Series 1 early repayment to complete shortly, relates to 2024 and 2026 maturities

Taxation summary

Tax on income and gains

The total tax charge for the year, made up of both underlying tax and non-underlying tax, is £0.7 million.

The Group is a UK Real Estate Investment Trust (REIT) and therefore is exempt from UK corporation tax on income and gains arising from its qualifying property rental business provided that certain REIT conditions are met on a continuing basis. The Group satisfied all REIT requirements needed to maintain REIT status throughout 2021.

Income and gains arising from non-qualifying REIT activities (e.g. trading operations) are subject to UK corporation tax at 19%.

A disposal of the Group's trading properties at their market value, before utilisation of carried forward losses, would result in a UK corporation tax charge to the Group of nil (19% of £0.1 million).

Lillie Square joint venture

Continuing to progress sales

- 25 units completed during the year representing £47 million
- Includes bulk sale of 19 units for £38 million which completed in December 2021
- 3 units remain available in Phase 1 and 66 units in Phase 2

Valuation

- 14.1% decline (like-for-like) to £86 million¹ (Capco share)

Funding

- Loan facility repaid in full
- Net cash position £44.6m (£22.3m Capco share)

1. Includes Lillie Square joint venture and Lillie Square Holdings Group properties



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