



PRESS RELEASE

7 November 2014

CAPITAL & COUNTIES PROPERTIES PLC (“CAPCO”)

INTERIM MANAGEMENT STATEMENT FOR THE PERIOD 1 JULY TO 7 NOVEMBER 2014

Ian Hawksworth, Chief Executive of Capco, commented: “We have had a positive start to the second half of the year. Covent Garden continues to capture the imagination of both tenants and visitors, which is reflected in the strong demand for our retail, dining and residential space. The Earls Court Masterplan, one of the most important regeneration opportunities in central London, is progressing well and at Lillie Square, construction of the first phase will begin shortly.”

Value growth through transformation strategy at Covent Garden

- New Zone A rent achieved on James Street of £925 per square foot (June 2014: £800 per square foot Zone A)
- New lettings and renewals completed at 11.1 per cent above June 2014 ERV
- Royal Opera House Arcade and Henrietta Street repositioning underway with introduction of Bobbi Brown, Clinique and The Real McCoy’s
- Further expansion of the estate following acquisition of 10 Bedford Street bringing investment in acquisitions year-to-date to £144 million
- On track to achieve ERV target of £85 million by December 2016

Value creation through continued momentum at Earls Court

- Progressing towards demolition of EC1 & EC2 in 2015
- £26 million of acquisitions around the Earls Court Masterplan area
- Phase 1 of Lillie Square predominantly sold and enabling works underway

Strong financial position

- LTV of 10 per cent and liquidity of £754 million (pro forma adjusted) as at 30 September 2014
- £150 million US private placement of 10 and 12 year senior unsecured notes

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Covent Garden

Covent Garden is now established as one of the most exciting destinations in London where people can shop, dine, live and work within a unique cultural and historic setting.

The strategy is focused on creative asset management, tactical acquisitions and strategic development. The estate continues to attract positive tenant demand and since 30 June 2014, 23 leasing transactions including new leases and renewals, representing £2.7 million of rental income, have been completed at 11.1 per cent above June 2014 ERV.

As at 30 September 2014, occupancy was 98 per cent with footfall remaining strong at 43 million customer visits annually.

Retail, food & dining

The period has seen accelerated momentum on James Street. Karen Millen has taken a new unit on James Street establishing a Zone A rental level of £925 per square foot well above the previous Zone A of £800 per square foot reflected in the June 2014 valuation.

As part of plans to reposition the Royal Opera House Arcade with premium cosmetics and accessories, the Estee Lauder group has taken space for two of its premium beauty and skincare brands, Bobbi Brown and Clinique. This builds upon the successful introduction of luxury beauty concepts from Chanel, Dior and Burberry onto the estate further enhancing Covent Garden's appeal as a beauty hub.

The strategy to reposition Henrietta Street with a menswear focus is taking shape. Premium Japanese menswear brand, The Real McCoy's, will open its first European store while men's footwear brand, Oliver Sweeney, will be relocating to Henrietta Street from its current location on King Street attracted by the complementary brand mix on the street. This follows lettings to Nigel Cabourn and the relocation of Fred Perry from the Royal Opera House Arcade earlier in the year.

The dining offer at Covent Garden continues to improve with French eatery, Chez Antoinette, opening their doors in the Market Building, while The Ivy Market Grill & Café, part of the Caprice Holdings Group, is set to open shortly at One South Piazza.

Residential

The development of The Beecham, which comprises nine luxury apartments, has completed and will be launched for sale later this month. One unit was sold before launch at a price of £2,850 per square foot. Development of The Southampton, which comprises seven luxury apartments for rental, has also completed. The scheme has recently been launched with one apartment let at £65 per square foot.

Acquisitions

10 Bedford Street has been acquired for £67 million which brings the total year-to-date investment in acquisitions to £144 million. The asset, which predominantly comprises office space with retail and restaurants at the ground level, offers opportunities for retail repositioning.

Developments

Enabling works for the Kings Court and Carriage Hall developments are underway and construction will start shortly.

Earls Court Masterplan

The Earls Court Masterplan is one of the largest development opportunities in Central London and is one of the Greater London Authority's ("GLA") designated Opportunity Areas making it a key strategic scheme for London. The scheme has formal outline planning consent for 10.1 million square feet, with the Empress State Building consented for a further 610,000 square feet.

Earls Court Partnership Limited, the venture with Transport for London ("TfL") in respect of EC1 & EC2 (Capco share 63 per cent) was established earlier in the year and the venture arrangements are expected to complete in full in 2015. Preparations for the demolition of EC1 & EC2 are well underway with works expected to commence in early 2015.

Several important acquisitions totalling £26 million have been made around the Earls Court Masterplan which provide the opportunity to enhance the implementation of the scheme.

Lillie Square

Following a strong sales launch of Lillie Square, the apartments in phase 1 are predominantly sold with over 94 per cent reserved or exchanged. Enabling works for phase 1 continue and construction will begin shortly with the first homes available from 2016.

The average sales price for phase 1 is on track to achieve £1,400 - £1,500 per square foot with pricing on individual premium units achieving over £2,000 per square foot.

Capco notes the on-going legal situation in Hong Kong regarding certain members of the Kwok Family however the operation of the joint venture continues to be unaffected.

Venues

The Venues business continues to perform well following the transition of the majority of activities to Olympia London earlier in the year. The final show at Earls Court will be held on 13 December 2014.

Financial

The Group's financial position remains strong with a LTV of 10 per cent (based on 30 June 2014 property values) and liquidity of £754 million (pro forma adjusted).

During the period, the holding company for Capco's Covent Garden assets, Capco Covent Garden Limited, signed an agreement to issue a £150 million US private placement of 10 and 12 year senior unsecured notes which will be used to repay bank debt and for general corporate purposes. The issue consists of two tranches: £75 million 3.63% Senior Notes due 2024 and £75 million 3.68% Senior Notes due 2026. Closing and funding of the transaction will occur in December 2014.

	30 September 2014	30 June 2014
Gross debt	£320m	£289m
Cash balance	£74m	£71m
Net debt	£246m	£218m
Liquidity (cash and available facilities)*	£754m	£641m
Property loan-to-value	10%	9%
Weighted average maturity of available debt*	5.3 years	4.5 years
Weighted average cost of drawn debt*	3.7%	3.3%
Proportion of gross debt with interest rate protection	100%	100%

*Pro forma adjusted for £150 million private placement

All figures quoted above are adjusted to include Capco's share of joint venture interests.

As at 30 September 2014, Capco had capital commitments of £98 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):

Capital & Counties Properties PLC 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 3.7 million square feet of assets valued at £2.6 billion (as at 30 June 2014) in two landmark London estates: Covent Garden, which has assets valued at £1.3 billion including the historic Market Building, and Earls Court Properties including the Empress State Building together with the Venues business with aggregate property assets of £1.2 billion. The company is listed on the London Stock Exchange and the Johannesburg Stock Exchange.

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