



Capital & Counties Properties PLC  
2021 Interim Results  
27 JULY 2021





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# IMPORTANT NOTICES

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# AGENDA

## 1. INTRODUCTION

Ian Hawksworth

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## 2. FINANCIAL REVIEW

Situl Jobanputra

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## 3. COVENT GARDEN

Michelle McGrath

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## 4. LOOKING AHEAD

Ian Hawksworth

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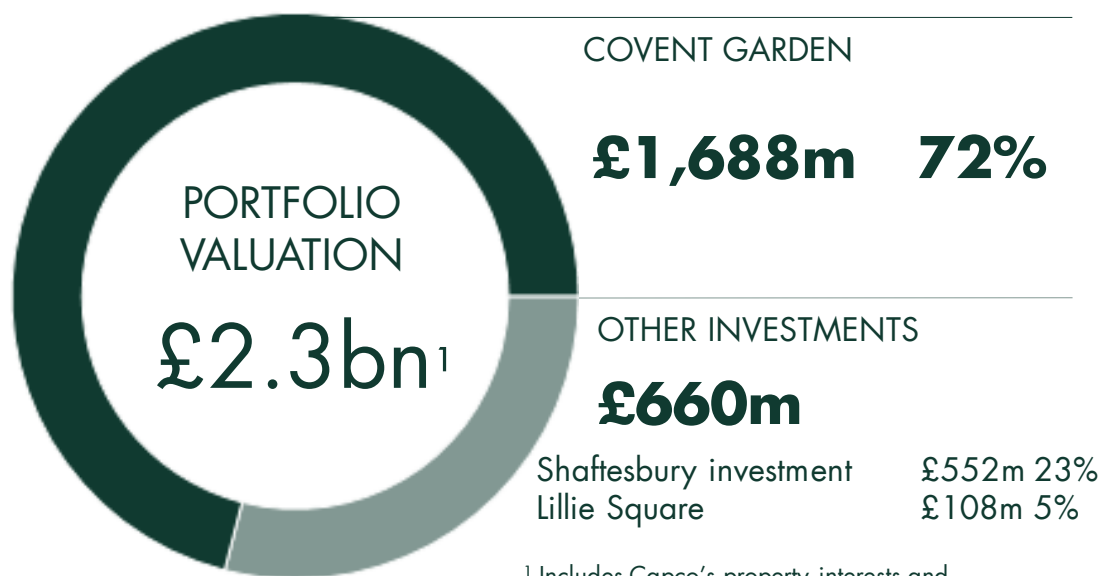
## 5. Q&A



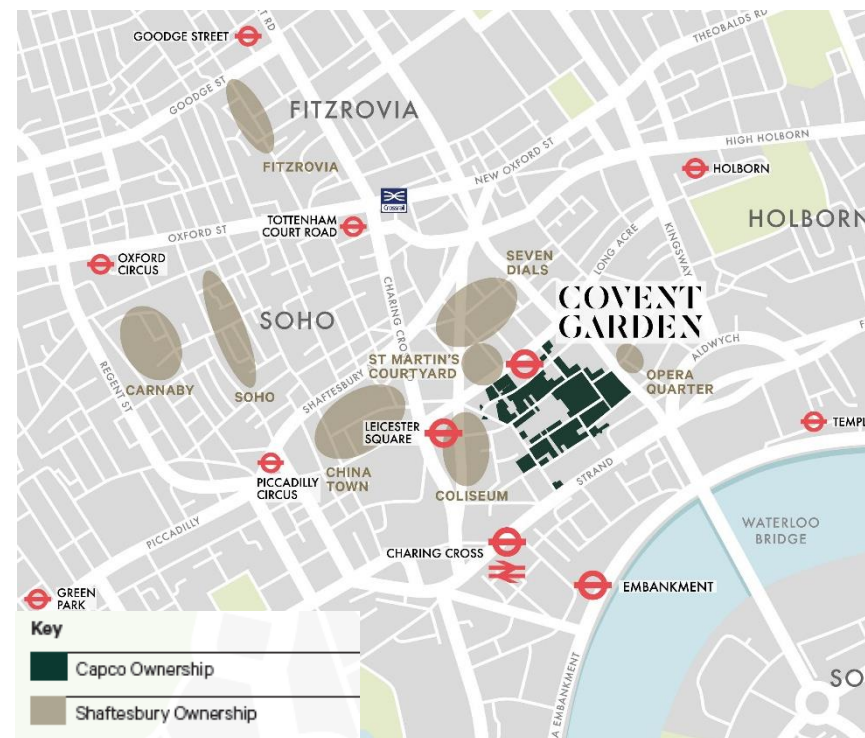
# INTRODUCTION



# PRIME CENTRAL LONDON PORTFOLIO



<sup>1</sup> Includes Capco's property interests and its investment in Shaftesbury shares



The map above is indicative.

# STRONGLY POSITIONED FOR RECOVERY

## PROACTIVE MANAGEMENT

- Creative and innovative approach
- World-class customer line up maintained
- High occupancy

## POSITIVE OPERATIONAL INDICATORS

- Growing footfall and positive customer sales trajectory

## REDUCED RENTAL VALUE DECLINE, EQUIVALENT YIELD STABLE

## LEASING MOMENTUM

- 29 leasing transactions completed in H1

## STRONG BALANCE SHEET

## CONFIDENT IN THE LONG-TERM PROSPECTS FOR LONDON'S WEST END



# GROUP HEADLINE FINANCIALS

EPRA NTA PER SHARE

199p  
-6%

ACCESS TO LIQUIDITY

£989m

PORTFOLIO VALUE

£1.8bn  
-5% lfl

INTERIM DIVIDEND  
PER SHARE

0.5p

NET DEBT TO GROSS  
ASSETS

28%

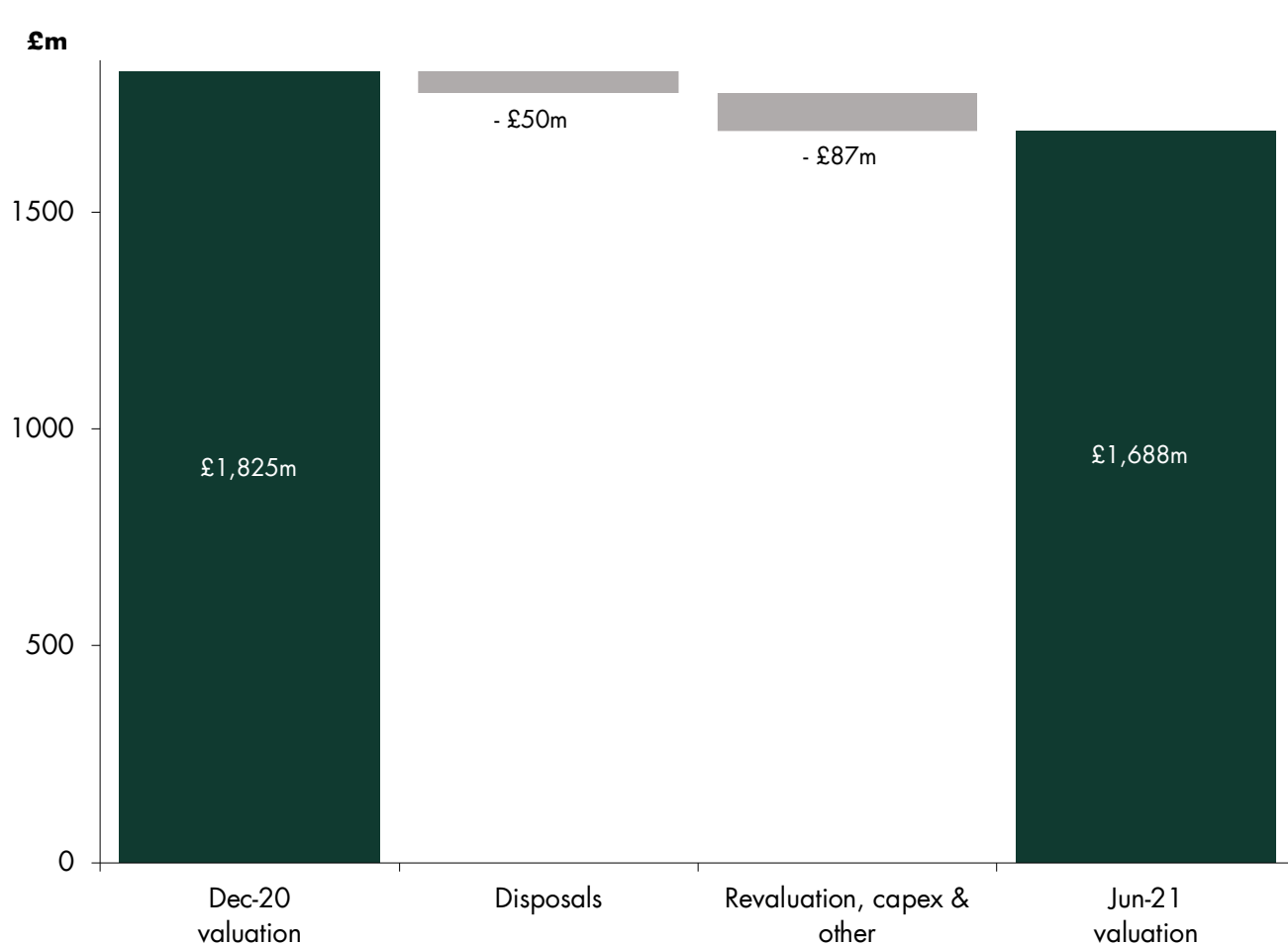
CLEAR STRATEGY WITH STRONG OPERATIONAL FOCUS

CONTINUED FOCUS ON CAPITAL ALLOCATION AND COST MANAGEMENT

STRONG BALANCE SHEET, ACCESS TO SUBSTANTIAL LIQUIDITY

RECOMMENCEMENT OF DIVIDEND DISTRIBUTION

# COVENT GARDEN INDEPENDENT PROPERTY VALUATION



Equivalent yield 3.94% (Dec 20: 3.95%<sup>1</sup>)

Initial yield 2.98% (Dec 20: 3.13%<sup>1</sup>)

	Valuation IfI	ERV IfI
Retail	-6%	-6%
F&B	-	-2%
Offices	-9%	-3%
Residential	-	-5%
Leisure	1%	-
<b>Total June 2021</b>	<b>-5%</b>	<b>-4%</b>
<i>Total movement since Dec 2019</i>	<i>-31%</i>	<i>-26%</i>

1. Dec 2020 equivalent yield was 3.94% and initial yield was 3.10% unadjusted for the sale of the Southampton St residential-led properties



# DELIVERING ON SUSTAINABLE VISION FOR OUR HERITAGE ESTATE

OVERSIGHT FROM BOARD COMMITTEE FOCUSED ON ENVIRONMENT, SUSTAINABILITY AND COMMUNITY

COMMITMENT TO ACHIEVE NET ZERO CARBON BY 2030

- Detailed pathway to be published later this year

REDUCING ENVIRONMENTAL IMPACT

- Customer engagement programme

EMPLOYEE SURVEY CONDUCTED

- Our people continue to be highly engaged, a key strength

IMPROVING AIR QUALITY AND BIO-DIVERSITY

COMMITMENT TO COMMUNITY, EDUCATIONAL AND CHARITABLE PROGRAMMES





# FINANCIAL REVIEW

# UNDERLYING EARNINGS

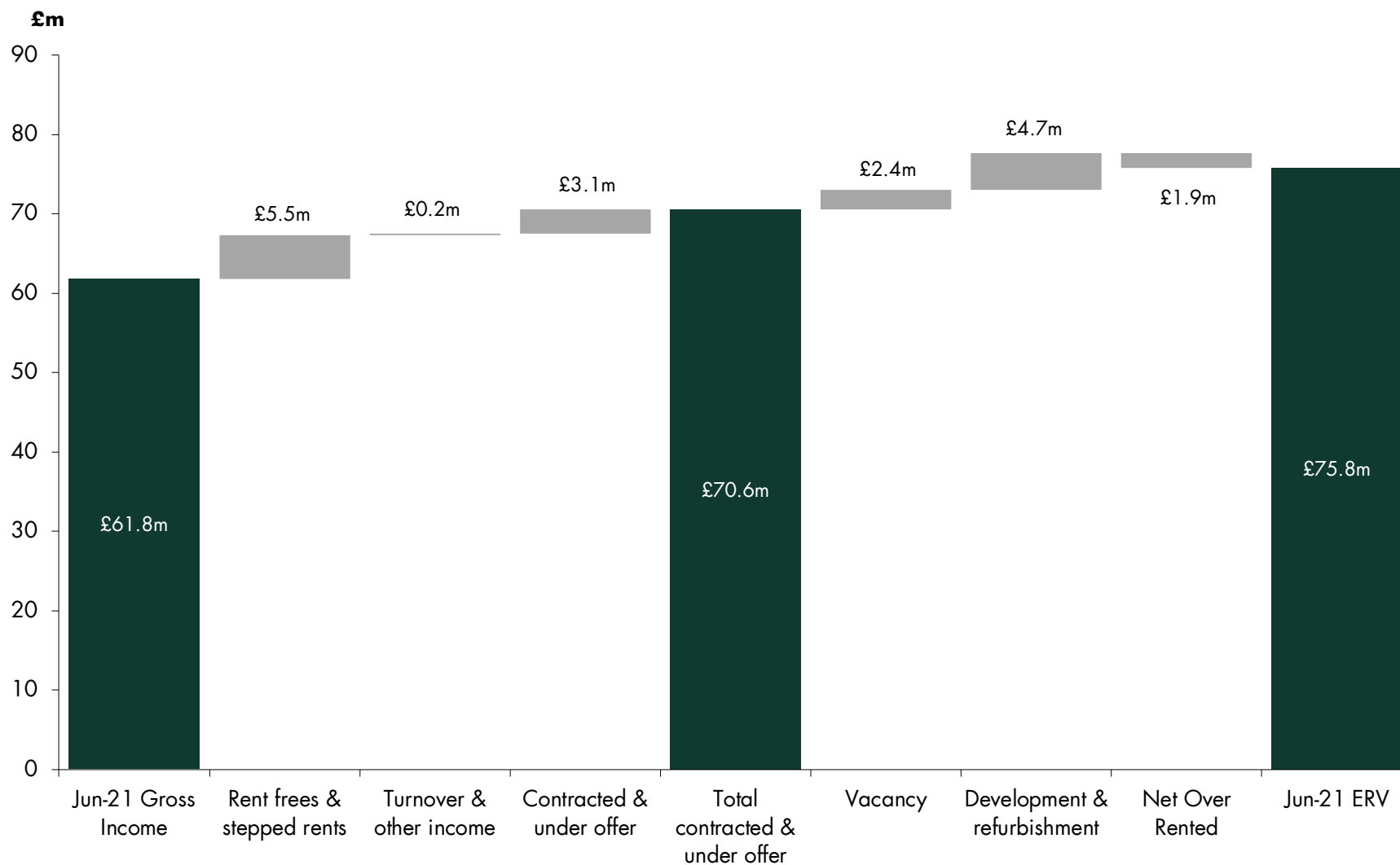
	Jun-21 £m	Jun-20 £m	Var £m
Continuing operations			
Net rental income	25.2	25.3	(0.1)
Other income	0.2	0.2	-
Administration costs	(9.1)	(12.2)	3.1
Net finance costs	(16.2)	(10.4)	(5.8)
Profit before tax	0.1	2.9	(2.8)
Taxation	(0.1)	(0.4)	0.3
Underlying earnings	-	2.5	(2.5)
Underlying earnings per share (pence)	-	0.3	(0.3)
Proposed interim dividend per share (pence) <sup>1</sup>	0.5	-	0.5

1. Property Income Distribution ("PID") of 0.25 pence and ordinary dividend of 0.25 pence.

Note: All numbers shown at Group share



# COVENT GARDEN GROSS INCOME TO ERV



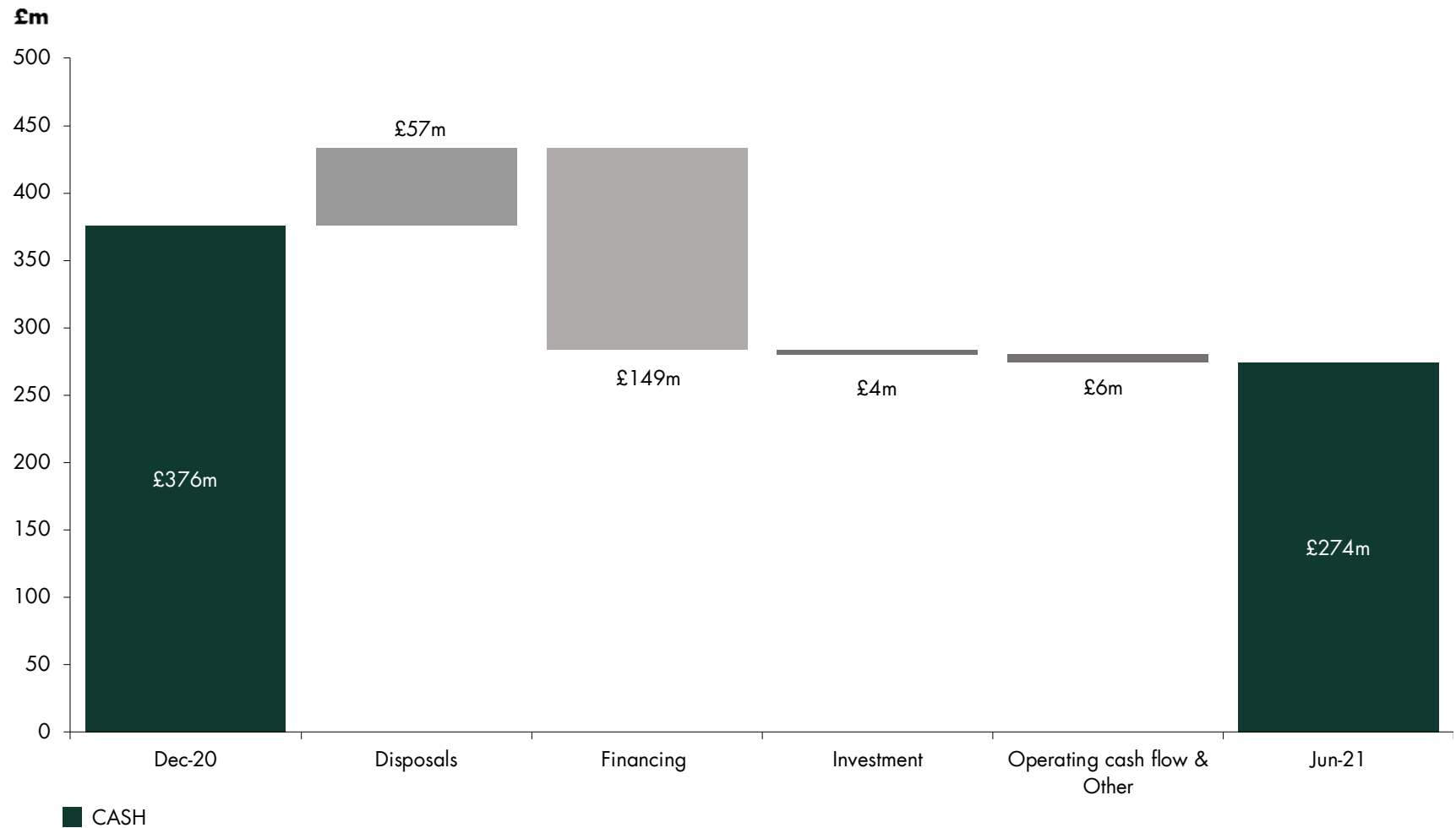
# EPRA BALANCE SHEET

	Jun-21 £m	Dec-20 £m	Var £m
Investment, development & trading property <sup>1</sup>	<b>1,762</b>	1,909	(147)
Net debt	<b>(668)</b>	(710)	42
Equity Investment	<b>552</b>	552	-
Other	<b>50</b>	55	(5)
EPRA (NTA)	<b>1,696</b>	1,806	(110)
Number of shares in issue (diluted)	<b>852m</b>	852m	-
EPRA (NTA) per share	<b>199p</b>	212p	(13)

<sup>1</sup> The market value of investment, development & trading property is £1,796m (31 December 2020: £1,942m)

Note: All numbers shown at Group share. A reconciliation to the summary IFRS balance sheet can be found in the Appendix

# CASH UTILISATION



Note: All numbers shown at Group share



# RESILIENT AND FLEXIBLE CAPITAL STRUCTURE

## STRONG DEBT METRICS

COVENT GARDEN LTV

18%

COVENT GARDEN NET DEBT

£304m

NET DEBT TO GROSS ASSETS

28%

GROUP NET DEBT

£668m

## STRONG, DIVERSIFIED CAPITAL STRUCTURE

ACCESS TO SUBSTANTIAL LIQUIDITY THROUGH CASH AND UNDRAWN RCF

AVERAGE COST OF DEBT 2.8% AND MATURITY OF 5.4 YEARS ON DRAWN DEBT

RCF REFINANCING IN ADVANCE OF DEC-22 MATURITY



# COVENT GARDEN



# COVENT GARDEN PERFORMANCE

## PORTFOLIO VALUE

£1.7bn

-4.9% lfl

## ERV

£76m

-4.3% lfl

## DISPOSALS

£50.2m

## VACANCY

3.4%

+0.1%

## GOOD LEASING TRACTION AND PIPELINE

### 29 LEASING TRANSACTIONS COMPLETED

- £6.0m contracted income, -6% vs Dec 20 ERV
- Further £3.1m income under offer

## HIGH OCCUPANCY

## TARGETED BRANDS SECURED

### DISPOSAL OF TWO RESIDENTIAL-LED BLOCKS FOR £50M

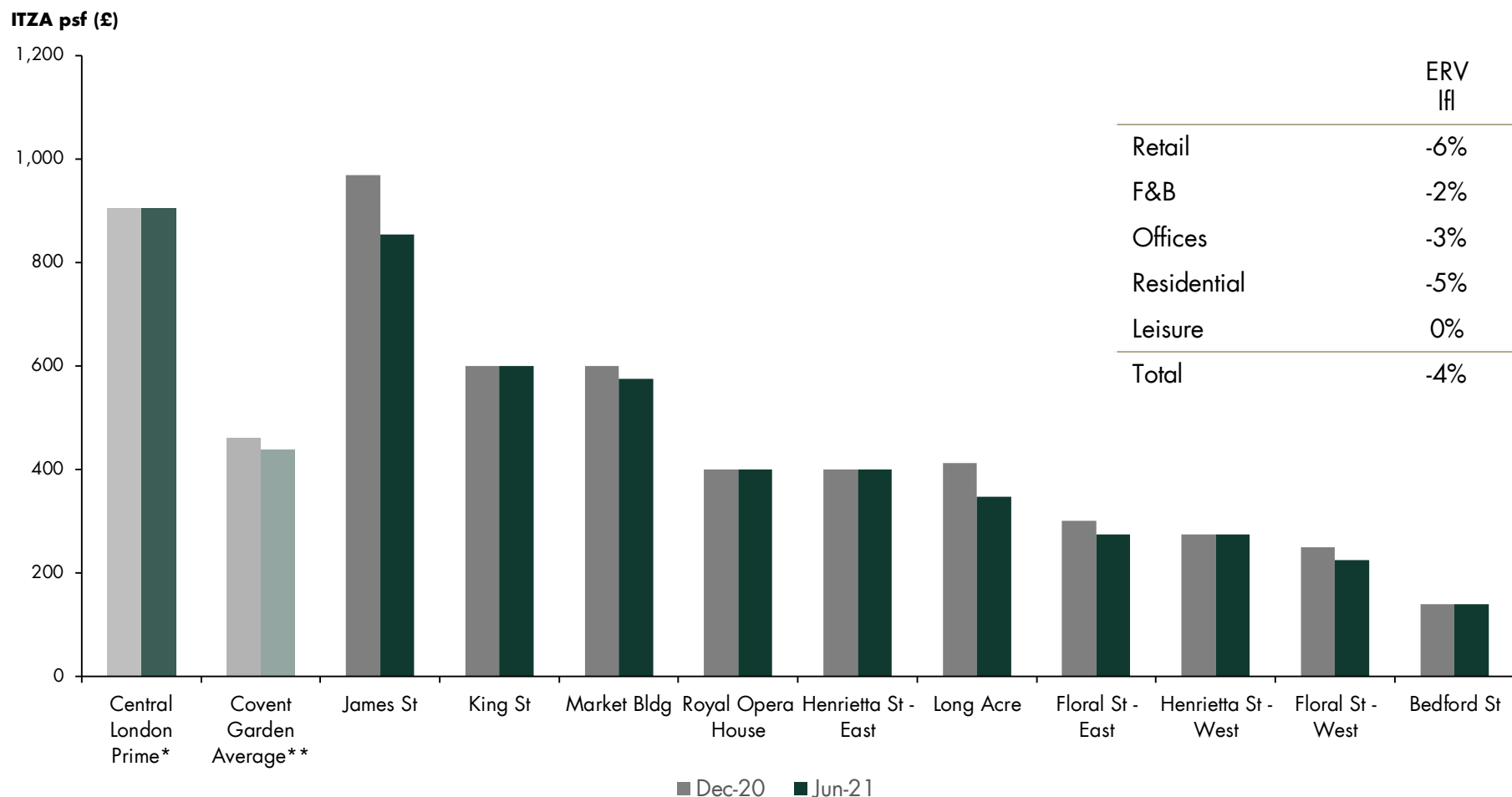
- Opportunity to recycle capital

## POSITIVE REOPENING WITH GROWING SALES AND FOOTFALL





# PORTFOLIO ANALYSIS ON ZONE A RENTS



\* 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

# BEST IN CLASS 'STREET RETAIL'



## DIRECT ENGAGEMENT WITH OUR CUSTOMERS

- Support extended through H1
- Expected to reduce through H2 as restrictions ease



## SUCCESSFUL REOPENING

- Retail and F&B fully reopened
- Minimal tenant failures



## CREATIVELY MANAGED ESTATE

- Vibrant and animated
- Growing footfall and sales



## LEADING AL FRESCO DINING ENHANCING TRADING PROSPECTS

- Over 800 outdoor covers across 35 restaurants



## HIGH OCCUPANCY MAINTAINED

- Limited space available

# LEASING MOMENTUM ACROSS THE ESTATE

## INNOVATIVE COVENT GARDEN BRAND

- Driving acceleration in brand enquiries

## SIGNINGS FROM TARGETED CATEGORIES AND BRANDS

- Digitally native
- Sustainable
- Contemporary fashion and beauty
- Lifestyle and sports
- Jewellery
- Differentiated F&B

## LEASING PIPELINE INTO H2 2021

## 12 SCHEDULED OPENINGS FOR 2021

### KING STREET

**Glossier.**

**Reformation**

### HENRIETTA STREET



**MRS RIOT**

### LONG ACRE



### MARKET BUILDING

sacred gold

STRATHBERRY

### ROYAL OPERA HOUSE ARCADE

VASHI

BUCHERER  
1888

### FLORAL STREET





# DRIVING CONTENT AND ANIMATION ACROSS THE ESTATE



Covent Garden Rosé Festival

*"Covent Garden, obviously, which is one of the most beautiful areas in London and is filled with some of the best places to recharge and catch up with friends and family."*  
**GQ Online**



Covent Garden Summer Festival



Covent Garden x Royal Opera House – ROH Unlocked

*"Covent Garden was the central London destination people were looking forward to revisiting more than any other"*  
**Evening Standard**

INVESTING IN THE COVENT GARDEN BRAND AND EXPERIENCE

# INVESTMENT ACTIVITY

## OPPORTUNITIES TO ENHANCE VALUE THROUGH REFURBISHMENT ACTIVITY

- Modest capital commitments £3.9m
- 5-6 Henrietta Street & 35 King Street office refurbishments underway

## DISPOSAL OF TWO RESIDENTIAL-LED PROPERTIES FOR £50.2M

- 26-27 and 30-32 Southampton Street (28,000 sq ft)

## TRACKING INVESTMENT MARKET CLOSELY

- Significant liquidity to act on investment opportunities







# LOOKING AHEAD



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# LOOKING AHEAD

ELEVATED LEVEL OF ENQUIRIES, STRONG TRANSACTIONAL ACTIVITY AND IMPROVING SENTIMENT

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NEAR TERM CHALLENGES REMAIN HOWEVER WORST OF PANDEMIC MAY BE BEHIND US

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DELIVER ECONOMIC, ENVIRONMENTAL AND SOCIAL VALUE FOR OUR STAKEHOLDERS

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MAINTAIN STRONG BALANCE SHEET THROUGH DISCIPLINED CAPITAL ALLOCATION

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CONFIDENT IN RESILIENCE OF LONDON'S WEST END AND THE ENDURING APPEAL OF COVENT GARDEN

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# Q&A



# A SUSTAINABLE AND RESPONSIBLE BUSINESS



EPRA SUSTAINABILITY  
REPORTING AWARDS  
2020: Gold



GLOBAL REAL ESTATE  
BALANCE SUSTAINABILITY BENCHMARK  
2020: 59/100



CARBON DISCLOSURE PROJECT  
2020: C



FTSE4GOOD  
2019: 90<sup>th</sup> percentile

## MEMBERSHIPS



Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA





# A RESPONSIBLE LONG-TERM OWNER, WORKING CLOSELY WITH OUR STAKEHOLDERS

## SAFETY OF VISITORS

- Open air environment
- Optimised stores in line with government guidelines
- Extensive cleaning regime

## SUPPORTING OUR CUSTOMERS

- Supporting restaurant capacity with al fresco dining
- Bespoke solutions reflecting the position of each customer

## DISTRICT STEWARDSHIP

- Investing in safer, cleaner and greener environment
- Additional security presence across the estate

## COMMUNITY INVESTMENT

- Community, educational and charity programmes
- COVID-19 funding - homelessness, food banks, the elderly, cultural, hospitality and retail foundations

## COLLABORATION WITH WESTMINSTER

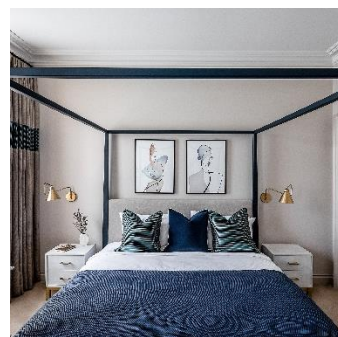
- Pedestrianisation of additional streets
  - Promoting al fresco dining
  - 800 outdoor covers
- Bio-diverse greening programme, enhancing air quality

## PROMOTING THE WEST END

- Collaboration with neighbouring landlords
- Marketing initiatives to encourage footfall

# COVENT GARDEN PORTFOLIO

	RETAIL	F&B	OFFICES	RESIDENTIAL	LEISURE/ OTHER	TOTAL
Valuation	£851m	£375m	£257m	£127m	£78m	£1,688m
Gross income	£28.5m	£14.8m	£12.2m	£2.9m	£3.4m	£61.8m
ERV	£36.7m	£16.3m	£15.6m	£3.7m	£3.5m	£75.8m
Area (square foot)	0.4m	0.2m	0.2m	0.2m <sup>1</sup>	0.1m	1.1m
Units	132	56	65	197	57	507

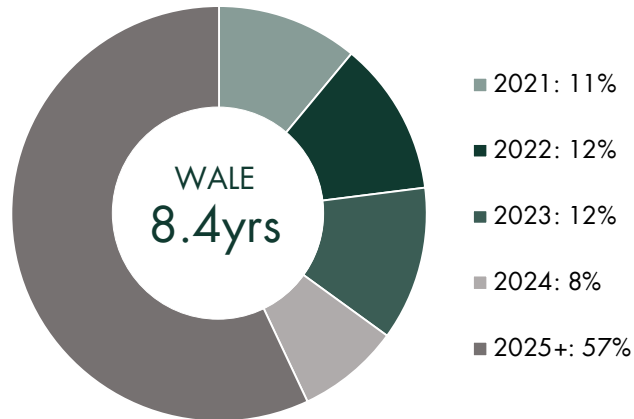


1. Residential includes units sold on long lease interests covering approximately 154,000 square feet

# COVENT GARDEN

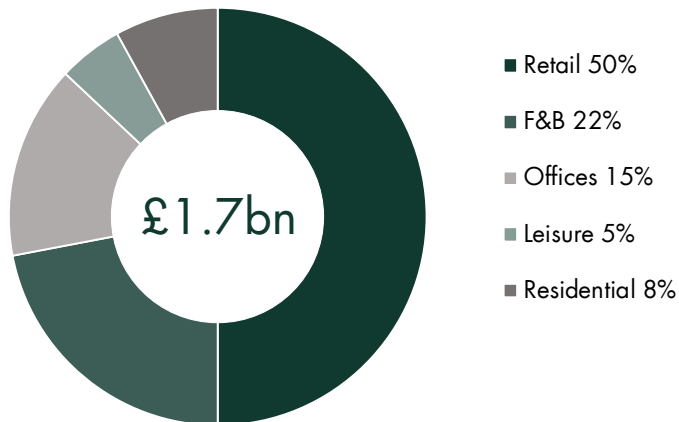
## 73 PROPERTIES, 507 LETTABLE UNITS

### LEASE EXPIRY PROFILE<sup>1</sup>

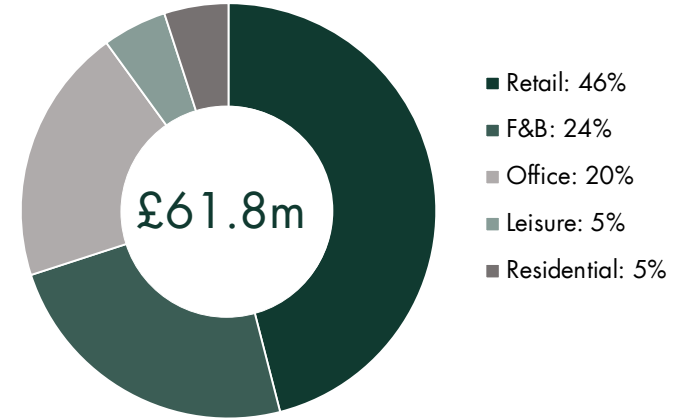


1. Lease expiry profile based on the earlier of lease break and lease expiry

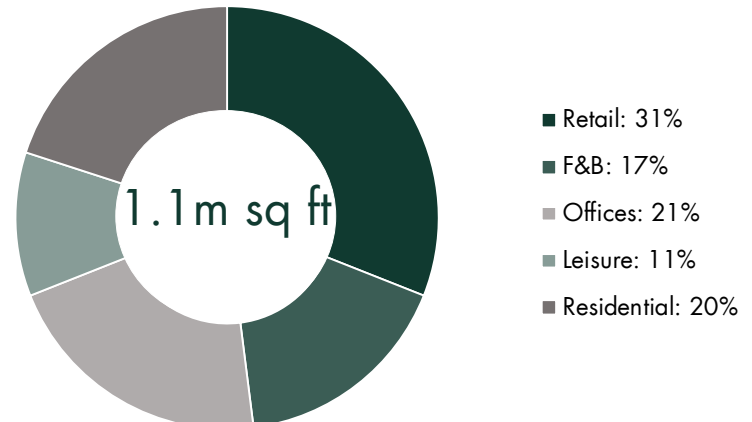
### PORTFOLIO VALUE



### ANNUAL GROSS INCOME



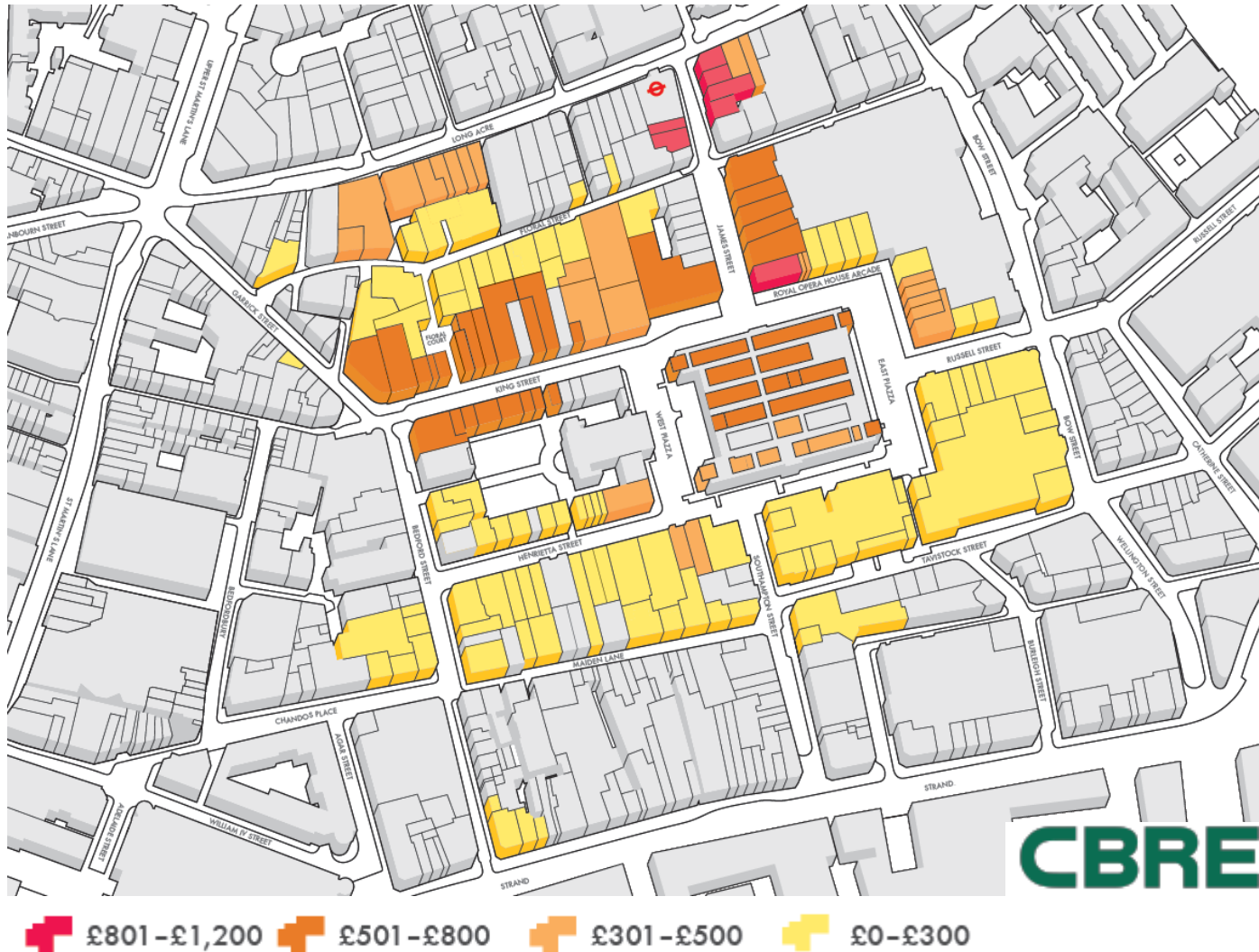
### TOTAL FLOOR AREA



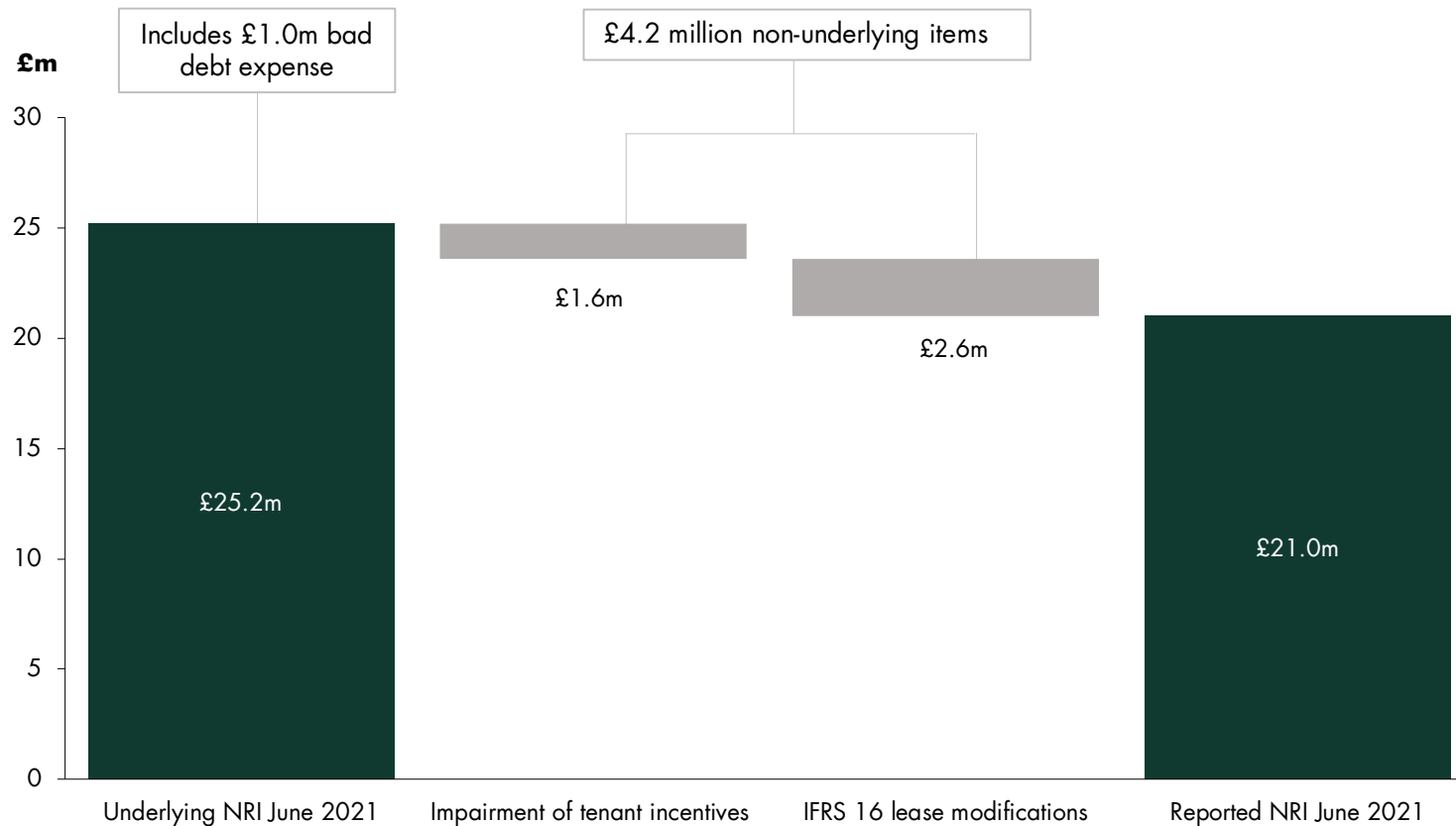


# COVENT GARDEN PORTFOLIO ANALYSIS

June 2021 Zone A Map



# COVID-19 IMPACT ON NRI



£4.2 million represents write-off of non-cash balance sheet items.

*Note: All numbers shown at Group share*

# UPDATE ON RENT COLLECTION

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
21 Day Collection	39%	26%	34%	37%	36%	47%
Collections as at 23 July 2021	59%	52%	59%	58%	63%	63% <sup>1</sup>
Gross rent billed (£m)	16.9	17.9	16.8	17.1	17.8	16.6
Cash received (£m) as at 23 July 2021	10.0	9.3	9.9	9.9	11.3	10.4

1. Rent collection for June 2021 quarter was 65% (adjusted for customers on monthly payment plans)

Collections are presented for quarterly rents.



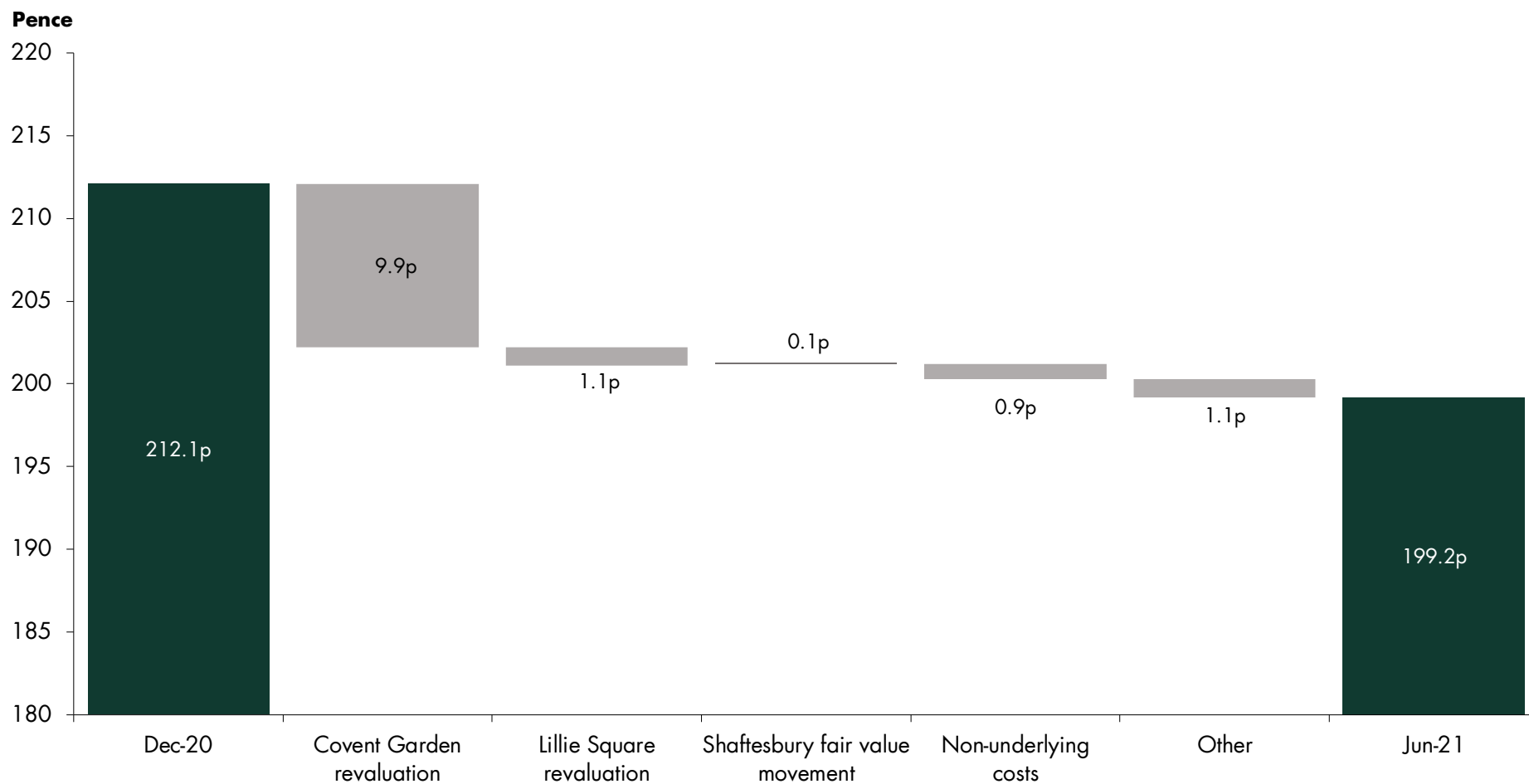
# SUMMARY BALANCE SHEET

## GROUP SHARE TO IFRS AS AT 30 JUNE 2021

	Group share £m	Less: Joint ventures <sup>1</sup> £m	IFRS £m
Investment, development & trading Property	1,762	(106)	1,656
Equity investment	552	-	552
Net Debt	(668)	(11)	(679)
Other assets and liabilities	42	86	128
NAV	1,688	(31)	1,657

1. Primarily Lillie Square.

# EPRA NET TANGIBLE ASSETS PER SHARE



# CAPITAL STRUCTURE WITH BALANCE AND DIVERSITY

GROUP NET DEBT : GROSS ASSETS 28%

## COVENT GARDEN

VALUATION OF £1,688 MILLION

NET DEBT OF £304 MILLION\* (Dec 2020: £352 million)

### FINANCIAL COVENANTS:

LTV OF 18% VS COVENANT OF 60%

ICR 1.99x H1 21 (WAIVED FOR 2021)

\*Comprises £550m of private placement notes and cash

## SHAFTESBURY INVESTMENT

30 JUN 2021 FAIR VALUE OF £552 MILLION

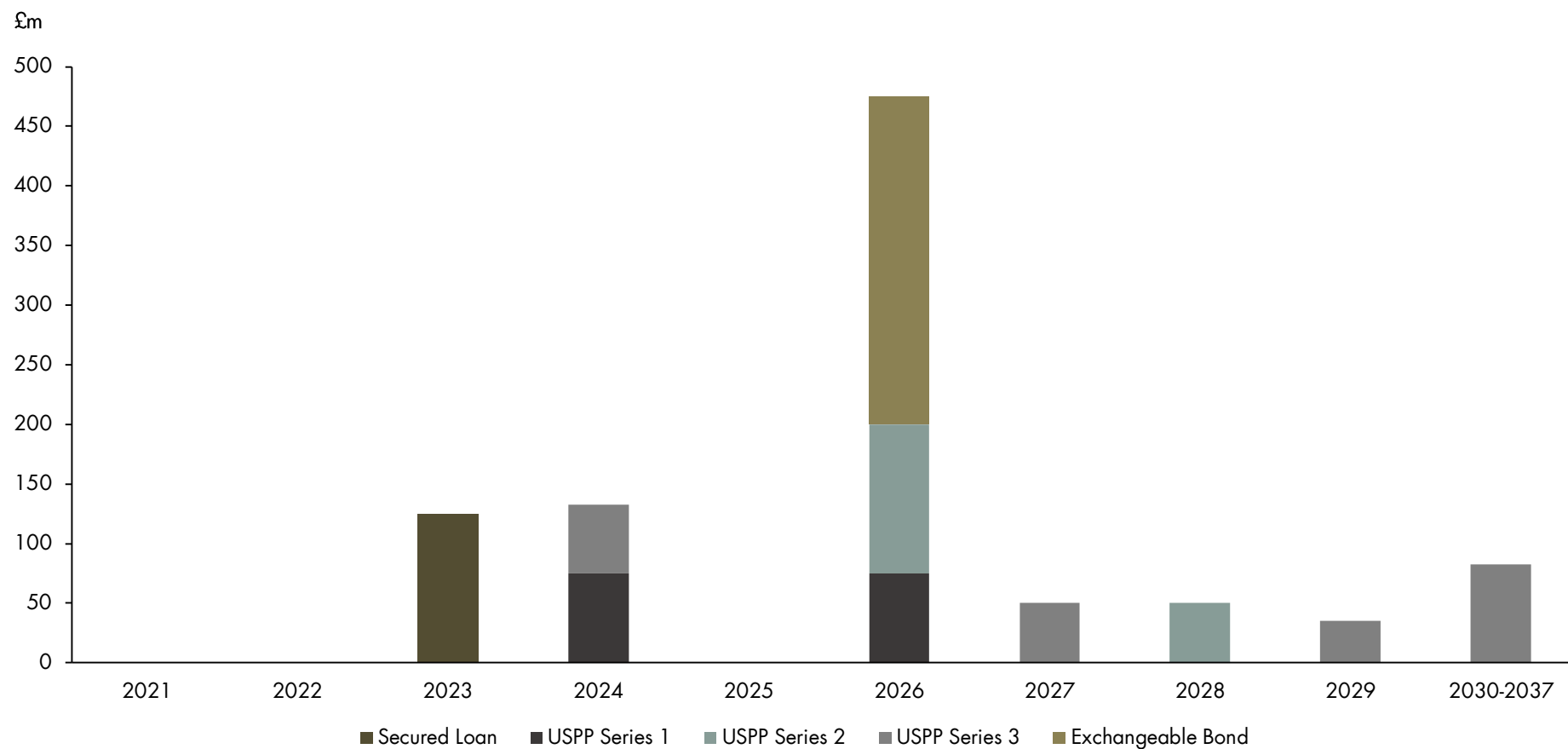
£275 MILLION EXCHANGEABLE BOND WITH PLEDGE  
OVER C.10% OF SHAFTESBURY PLC SHARES

£125 MILLION LOAN SECURED ON SHAFTESBURY  
PLC SHARES

GROUP CASH AT 30 JUNE 2021: £274M



# DRAWN DEBT MATURITY PROFILE



The Covent Garden RCF was undrawn as at 30 June 2021

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# TAXATION SUMMARY

## TAX ON INCOME AND GAINS

The total tax credit for the period, made up of both underlying tax and non-underlying tax, is £1.2 million.

The Group is a UK Real Estate Investment Trust (REIT) and is therefore 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.

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

Due to the Group's REIT status, the contingent tax position on investment property held as at period ended 30 June 2021 is £nil (31 December 2020: £nil).

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 £0.02 million (19% of £0.1 million).

# LILLIE SQUARE, AN ESTABLISHED ADDRESS

## CONTINUING TO PROGRESS PHASE 2 HANDOVERS

- To date 97 units handed over representing £118m of net proceeds (£59m Capco share)
- During the period contracts exchanged on bulk sale of 19 units and 20 car park spaces for £38 million. £18.6 million cash received with balance expected on completion in the autumn
- 70 units remain available in Phase 2 representing £104 million (£52 million Capco share)

## VALUATION

- 7.9% decline (like-for-like) to £108 million<sup>1</sup> (Capco share)

## FUNDING

- JV loan repaid in full during the period
- Cash position £21.1m (£10.5m Capco share)



<sup>1</sup>. Includes Lillie Square Joint Venture and Lillie Square Holdings Group