



Capital & Counties Properties PLC 2022 Interim Results

2 August 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
£1,817m

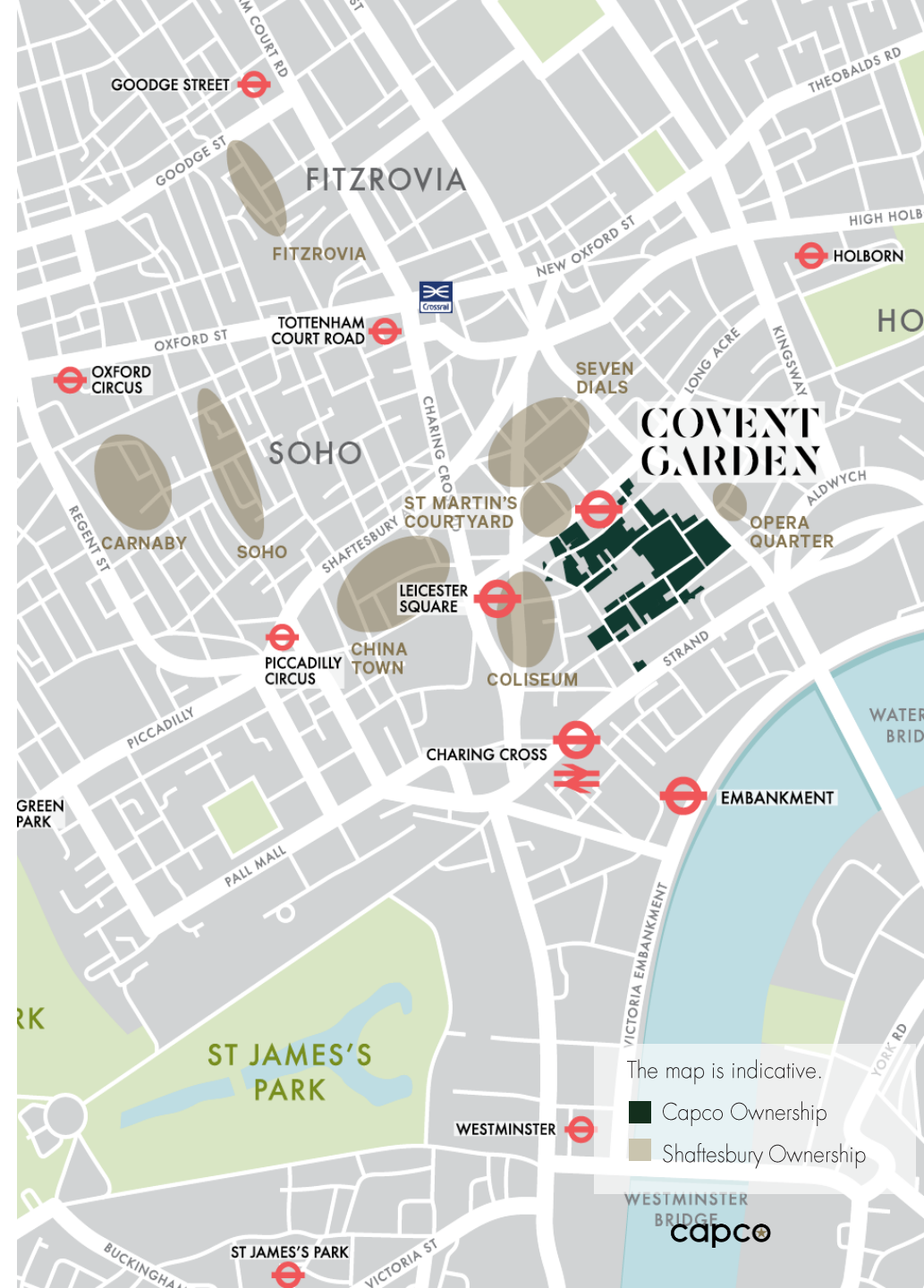
76%
+4.8% lfl

Shaftesbury investment
£506m

21%
-15.1%

Lillie Square
£84m

3%
-1.8% lfl



The map is indicative.

Capco Ownership
Shaftesbury Ownership

capco

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

Update on merger with Shaftesbury PLC

Recommended all-share merger

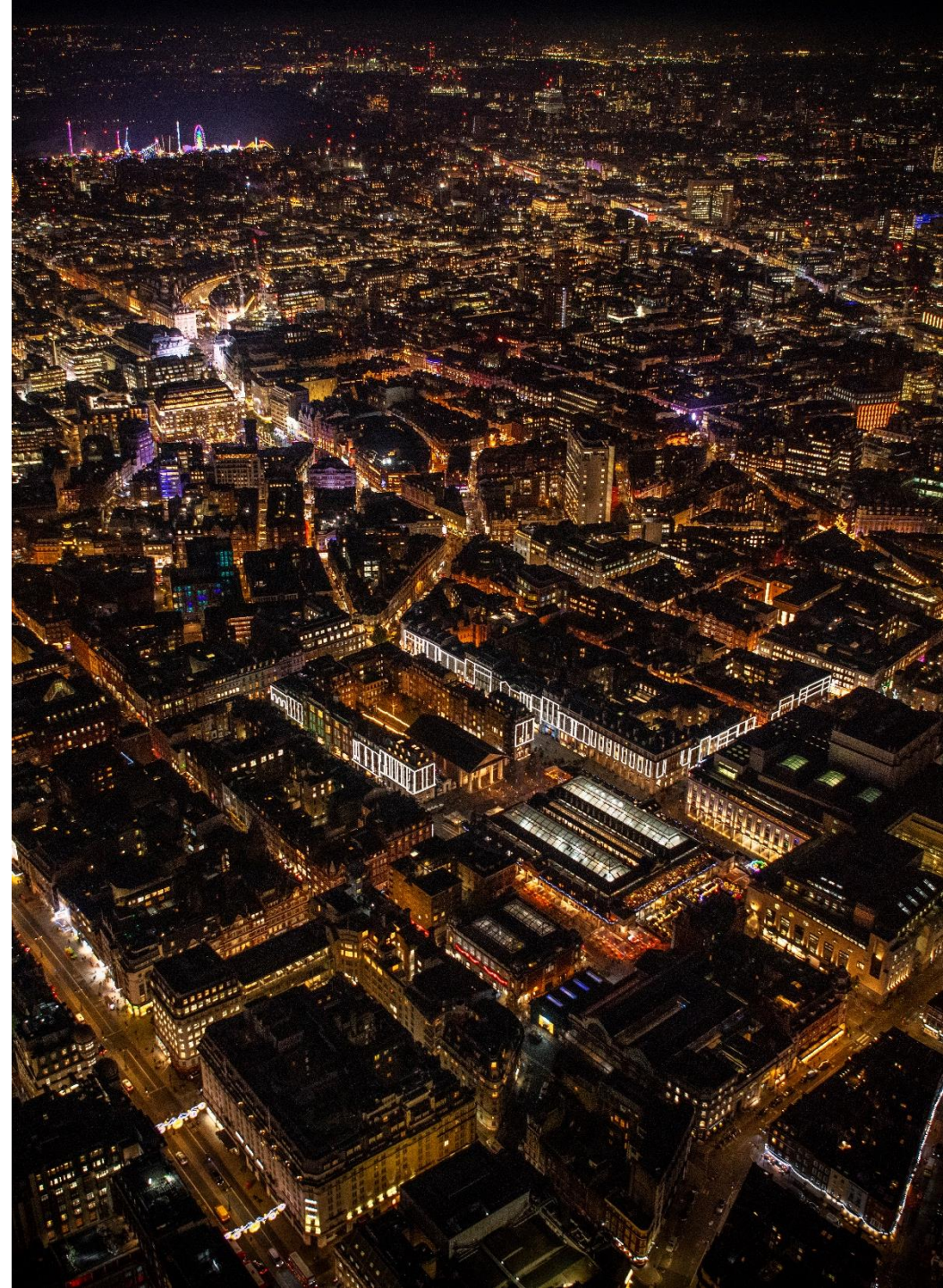
- Bringing together two West End focused REITs with a c.£5bn combined portfolio
- Creating a leading central London mixed-use REIT; Shaftesbury Capital PLC

Completion of merger expected by the end of 2022

- Approved by shareholders on 29 July 2022
- CMA process underway

Deliver long-term economic and social value

- Sustainable dividend progression and value creation for shareholders
- Responsible custodians of some of London's most iconic locations



Strong momentum at Covent Garden

Sustained recovery since summer 2021

- Footfall continues to trend towards pre-pandemic levels
- Customer sales in aggregate ahead of 2019
- High occupancy levels

5% growth in Covent Garden valuation in H1 22

- Driven by rental growth

Strong leasing activity; 9% ahead of Dec 21 ERV

Long-term resilience of London's West End

Opening of new Elizabeth Line station at Tottenham Court Road

- Excellent connectivity enhancing visitor numbers



Group headlines

Property
valuation

+4.5% lfl

Total property
return

+5.9%

Underlying
earnings per
share

0.5p

EPRA NTA
per share

208.9p

Net debt to
gross assets

25%

Covent Garden valuation uplift

H1 2022 +5%

Underlying earnings growth

Continued recovery of net rental income

Interim dividend of 0.8 pence per share

Investment in Shaftesbury

£3.9m dividend income in H1 2022

15% share price decline since Dec 21

Strong balance sheet

Low gearing with Covent Garden LTV of 20%, high liquidity

Commitment to Net Zero by 2030

Joined the UN Race to Zero

Financial review

Situl Jobanputra



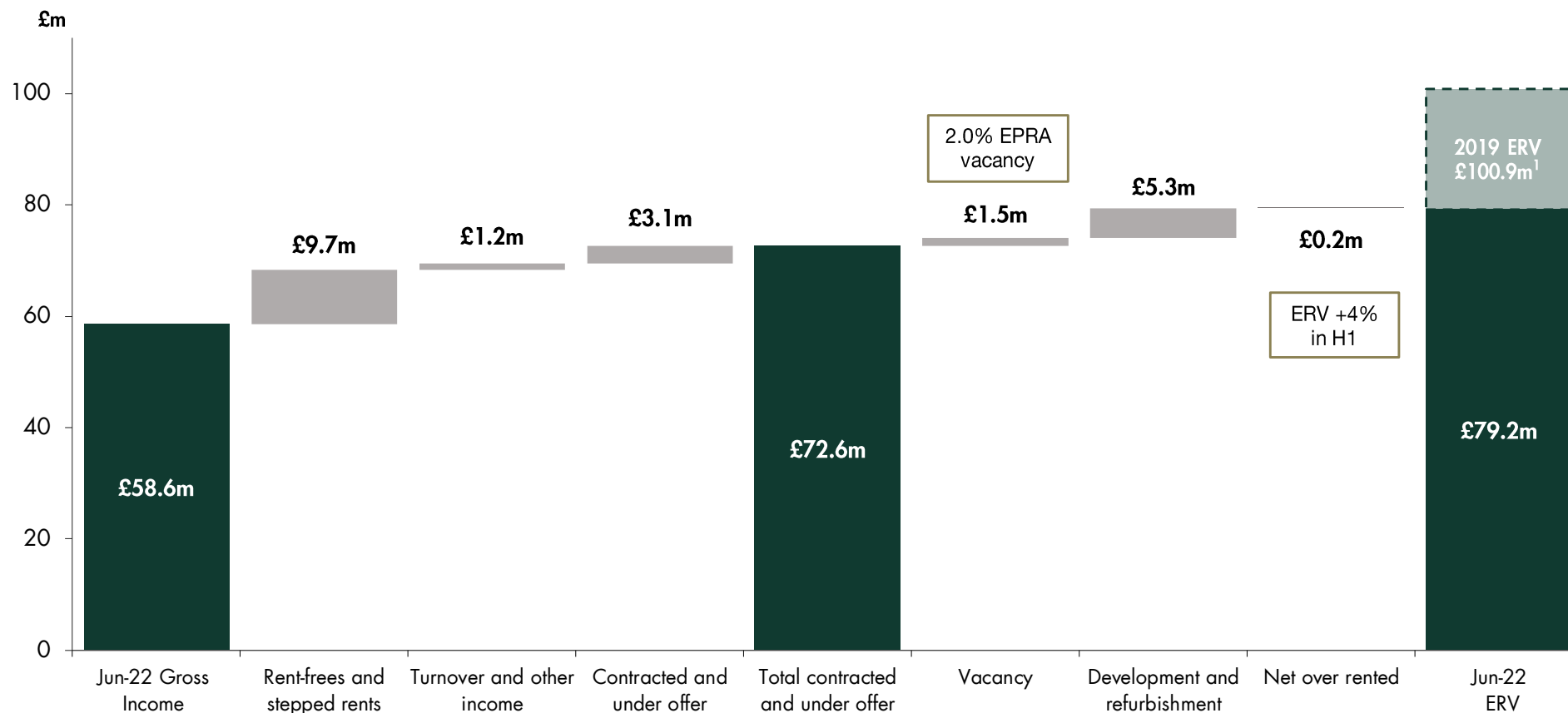
Growing underlying earnings

Continuing operations	Jun-22 £m	Jun-21 £m	Var £m
Net rental income ¹	28.0	25.2	2.8
Other income ²	3.9	0.2	3.7
Administration costs ³	(12.8)	(9.1)	(3.7)
Net finance costs	(14.3)	(16.2)	1.9
Profit before tax	4.8	0.1	4.7
Taxation	(0.5)	(0.1)	(0.4)
Underlying earnings	4.3	-	4.3
Underlying earnings per share (pence)	0.5p	-	0.5p
Proposed interim dividend per share (pence)	0.8p	0.5p	0.3p

1. £Nil adjustment for non-underlying rental costs (2021: £4.2m)
2. Includes Shaftesbury interim dividend of £3.9m (2021: £nil)
3. Before £9.0m of non-underlying admin costs (2021: £3.0m)

Note: All numbers shown at Group share

Significant revenue growth potential over time



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

EPRA balance sheet

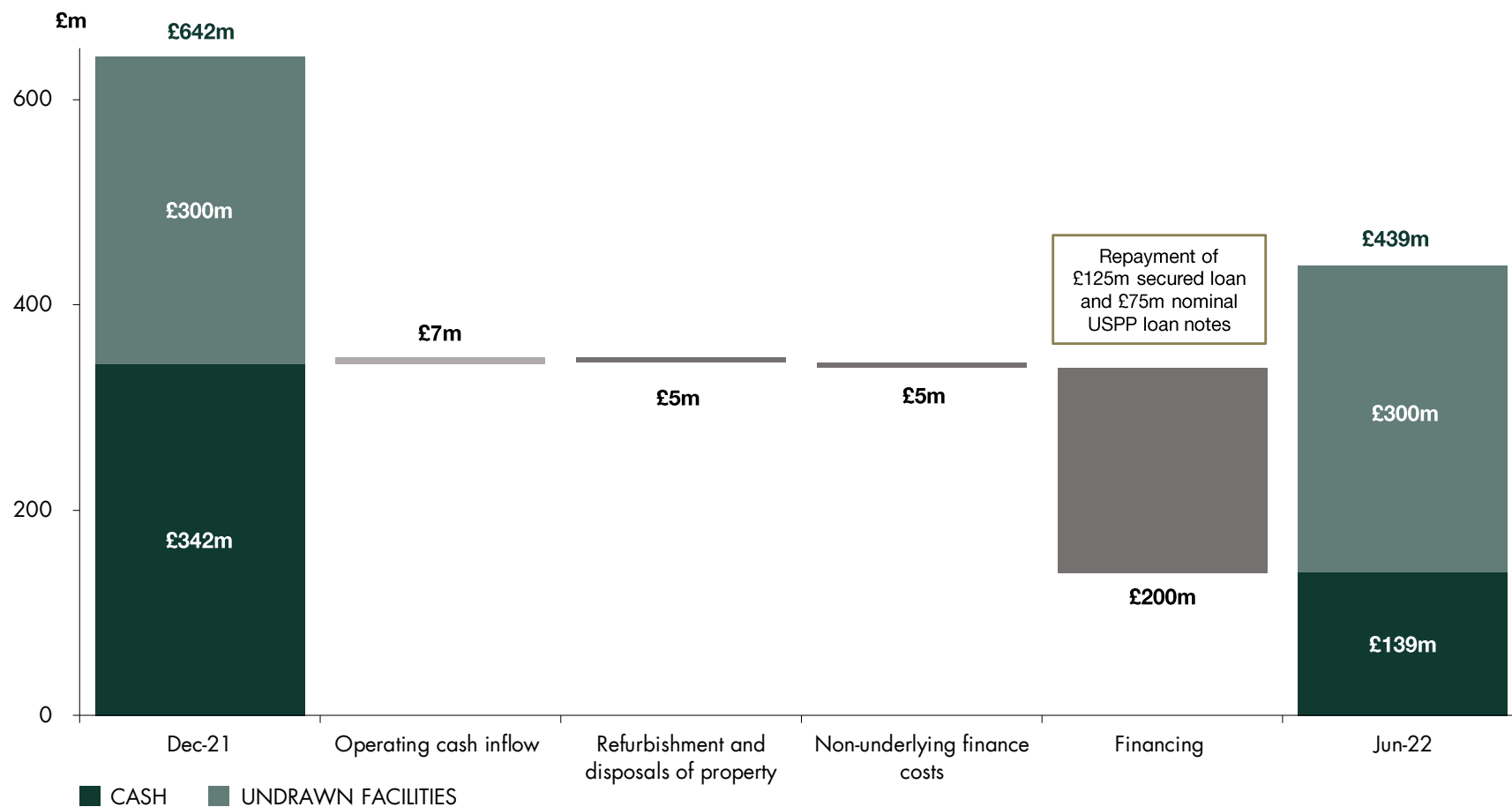
	Jun-22 £m	Dec-21 £m	Var £m
Investment, development & trading property ¹	1,861	1,779	82
Net debt	(605)	(599)	(6)
Equity investment ²	506	596	(90)
Other	19	34	(15)
EPRA NTA	1,781	1,810	(29)
Number of shares in issue (diluted)	853m	852m	1m
EPRA NTA per share	208.9p	212.4p	(3.5p)

¹ The market value of investment, development & trading property is £1,900m (31 December 2021: £1,815m)

² Capco's investment in Shaftesbury PLC held at fair value, based on 522 pence per share at 30 June 2022 (31 December 2021: 615 pence). This compares with the latest reported EPRA NTA as at 31 March 2022 of 679 pence per share.

Note: All numbers shown at Group share. A reconciliation of the Group Share to IFRS balance sheet is set out on page 29

Strong liquidity position



Non-underlying finance costs includes £5m make-whole costs on early repayment of USPP loan notes

Note: All numbers shown at Group share



Resilient and flexible capital structure

Covent Garden net debt
£359m

Covent Garden LTV
20%

Covent Garden ICR
3.5x

Group net debt
£605m

Net debt to gross assets
25%

Strong balance sheet with access to substantial liquidity and modest capital commitments

Significant headroom against debt covenants

Early repayment of £75m nominal USPP loan notes and £125m secured loan

Average running cost of 2.7% and 5 year maturity on drawn debt

£576m standby loan facility in place to cover potential repayment of Shaftesbury bonds on merger completion



Covent Garden

Michelle McGrath

Creating value at Covent Garden

Property value

+5% lfl

£1,817m

ERV

+4% lfl

£79m

NRI

+14% lfl

£28m

Leasing vs Dec 21 ERV

+9%

Strong leasing activity across all uses

- 25 leasing transactions (£3.9m contracted income)
- High occupancy levels, EPRA vacancy 2%

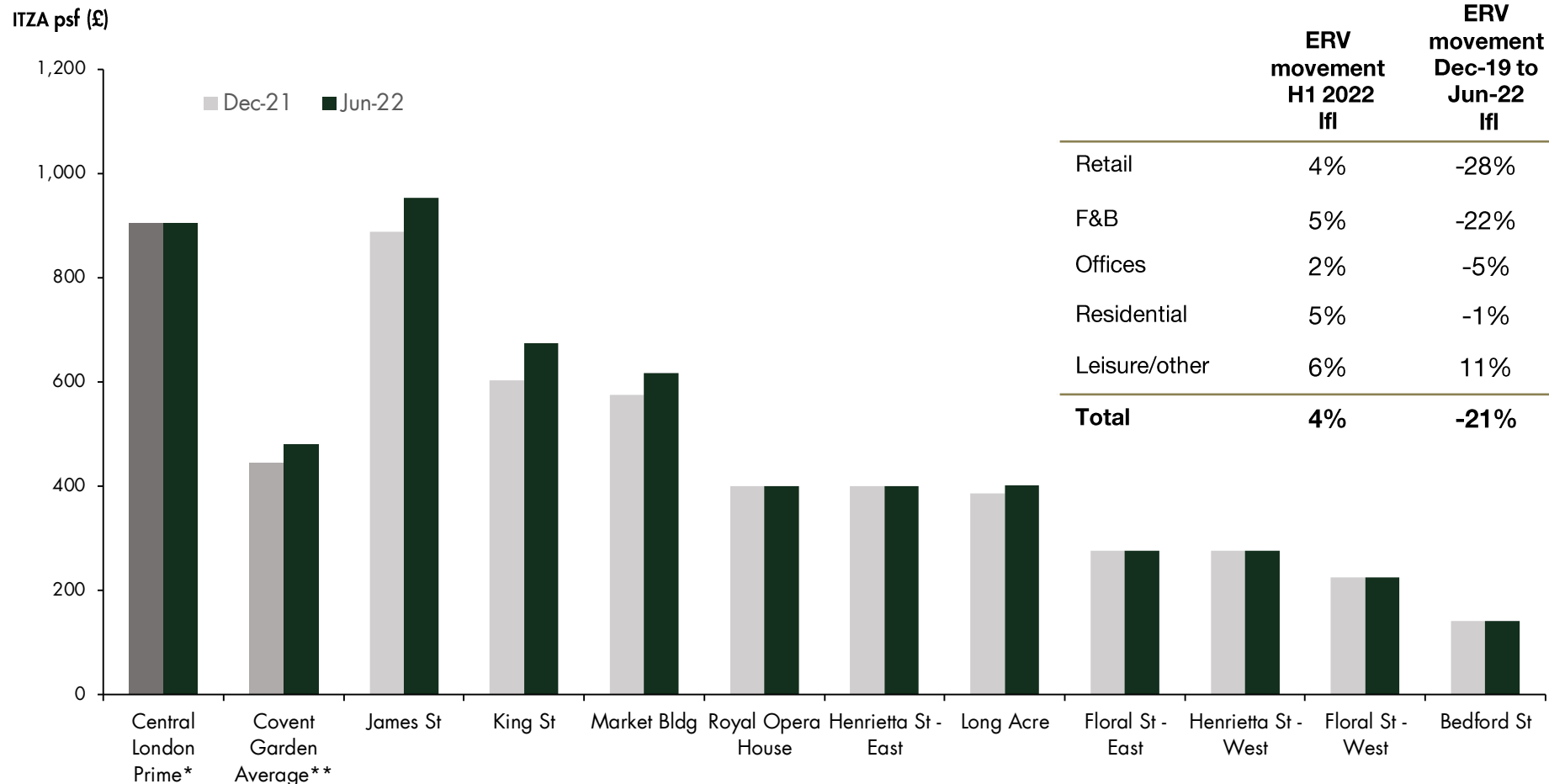
Customer sales (lfl) ahead of 2019 levels and strong footfall

Targeted investment activity on estate

- Active asset management opportunities
- Accelerating value creation, enhancing environmental credentials

A leading destination with active consumer engagement

Ongoing rental recovery



* 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

Strong leasing momentum

UNI
QLO

Reformation



PELOTON®

VUORI

Experimental
Cocktail Club

N. PEAL
LONDON

e&e

Rails

PARFUMS de MARLY
PARIS


TUDOR


GUERLAIN

WatchHouse.

IZIPIZI®
PARIS

Blondies Kitchen

EMPRESA®



 Chestnut Bakery

Floozie
Stuffed Cookies



Understanding our consumer

Active consumer engagement

- Highly quality content

Early adopters of digital marketing

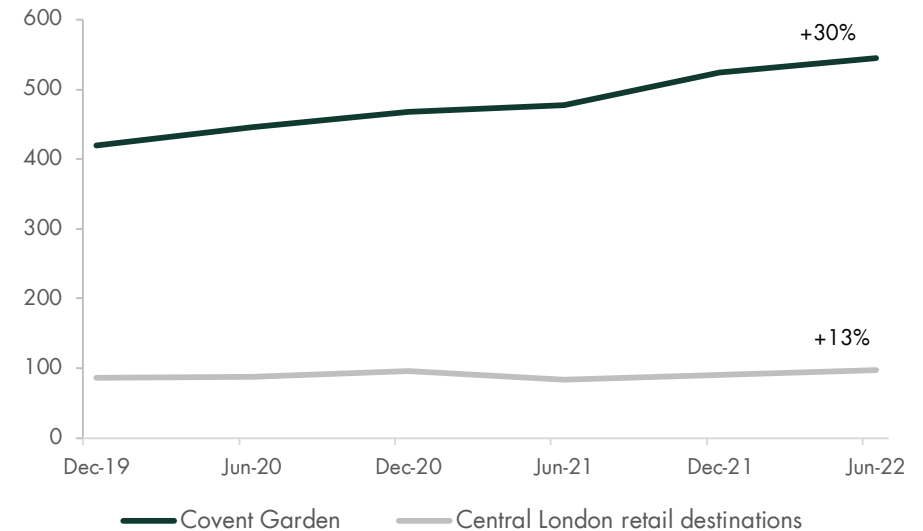
- One of the most followed retail destinations globally
- Sustained growth across all channels

Strategic public realm enhancements

- Creating value from our assets and connecting the consumer to the estate

Tangible sustainability improvements

Social media growth in followers ('000)

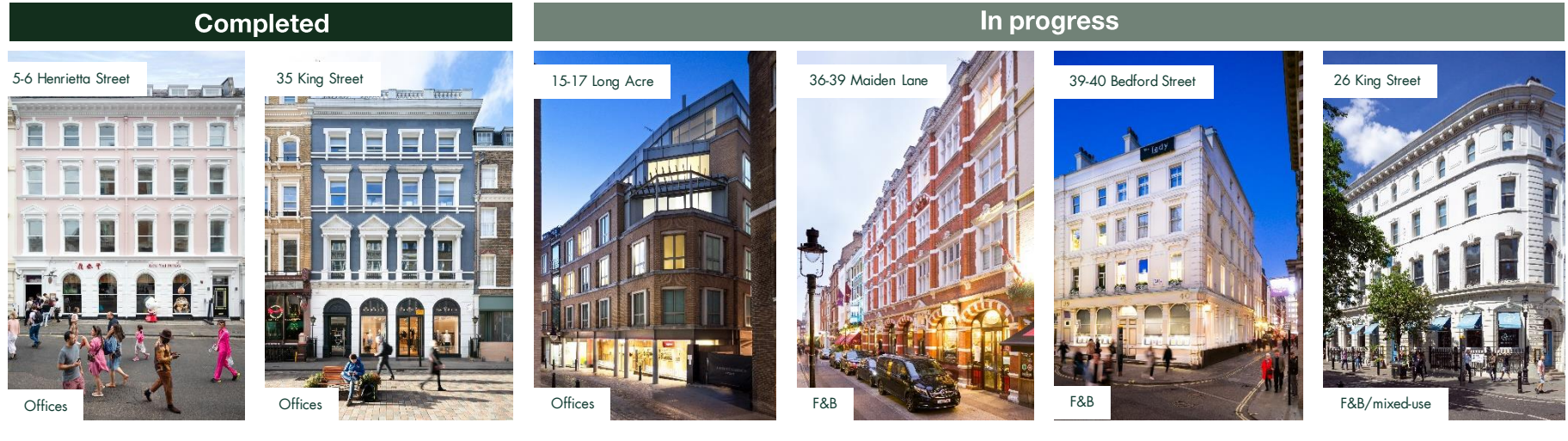


Social media growth and followers across Instagram and Facebook

10 social media channels



Targeted capital initiatives accelerating value creation

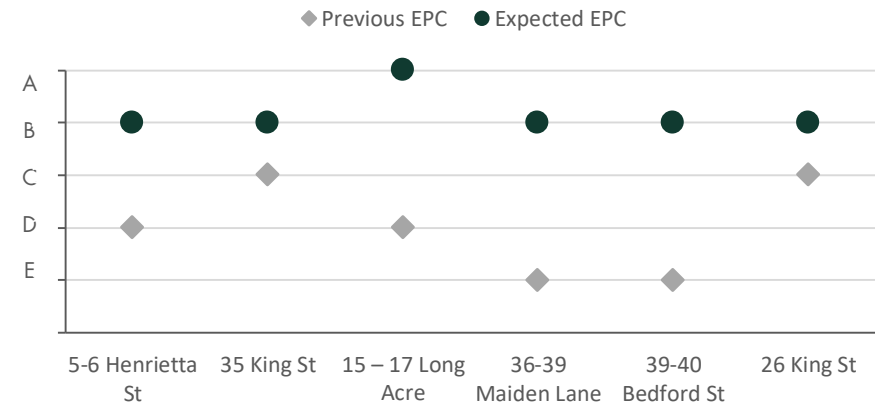


Targeted capital initiatives

- Incremental refurbishment and repositioning opportunities
- c.50,000 sq ft (GIA) under refurbishment
- Improving environment performance

Tracking investment opportunities on and around the estate

Expected EPC ratings



EPC ratings for the estate set out on page 24

An aerial photograph of a vibrant urban scene. The top half shows a multi-story building with a long balcony featuring a cafe with glass railings and outdoor seating. Below, a wide pedestrian street is filled with people. On the right, a festival area is set up with orange and white striped barriers, orange umbrellas, and a stage. A sign for 'APEROL SPRITZ' is visible in the bottom right corner.

Looking ahead

Ian Hawksworth

Looking ahead

Strong leasing demand across all uses, delivering income and rental value growth

Long-term resilience of the West End, near term macroeconomic headwinds

Responsible stewardship, delivering positive environmental and social outcomes for stakeholders

Maintain cost discipline with strong balance sheet positioned for investment and growth

Shaftesbury Capital PLC; creating a leading central London mixed-use REIT, well-positioned to deliver total returns for shareholders

Q&A



A sustainable and responsible business



**EPRA sustainability reporting
awards
2021: Gold**



**Global Real Estate Balance
Sustainability Benchmark
2021: 65/100¹**



**Carbon Disclosure Project
2021: B**



**FTSE4Good²
2020: 68th percentile**

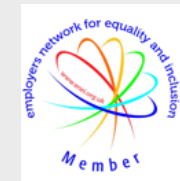


**ISS ESG Corporate Rating
2021: 2nd Decile**

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

**S&P Global CSA
2021: 83rd percentile**

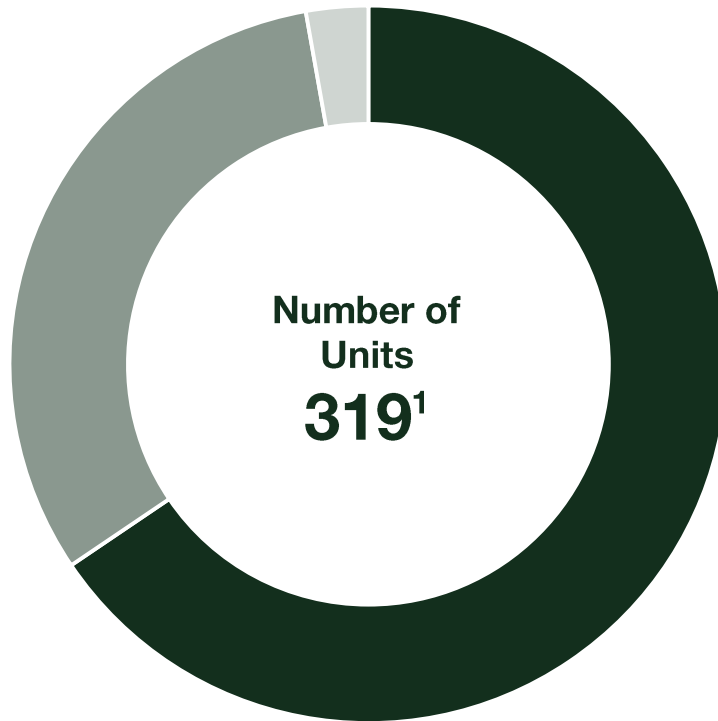
Memberships



1. Green Star awarded

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

Energy Performance Certificates (EPC)



■ A-C: 66%

■ D-E: 32%

■ Units undergoing refurbishment: 2%

Strategy to re-use, re-purpose and improve

- Enhance energy performance credentials
- Incremental refurbishment activities
- Significant embedded carbon
- Re-use building fabric where possible

Improving EPC ratings across the estate

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

1. 319 reflects units subject to EPC rating (excludes long leasehold residential)

Covent Garden portfolio

	Retail	F&B	Office	Residential	Leisure/ Other	Total
Valuation	£892m	£457m	£291m	£126m	£51m	£1,817m
Gross income	£28.0m	£16.2m	£9.1m	£3.3m	£2.0m	£58.6m
ERV	£38.0m	£18.8m	£16.3m	£3.9m	£2.2m	£79.2m
Area (square foot)	0.4m	0.2m	0.2m	0.2m ¹	0.1m	1.1m
Units	120	68	71	197	54	510

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

Use by value:

Retail
49%

F&B
25%

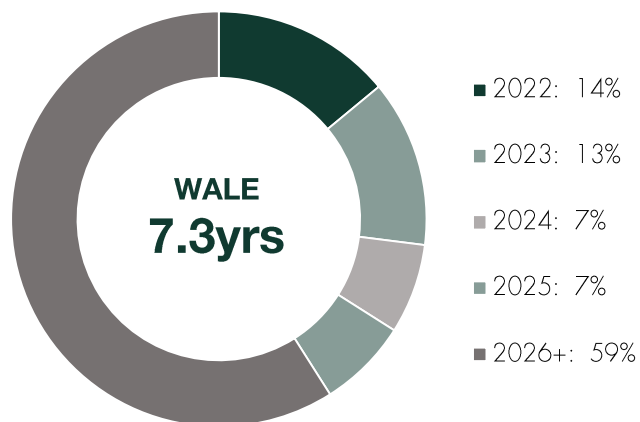
Office
16%

Residential
7%

Leisure
3%

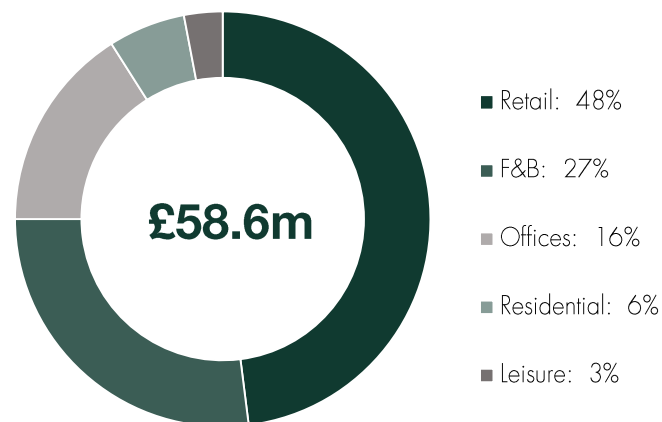
Covent Garden portfolio 70 properties, 510 units

Lease expiry profile¹

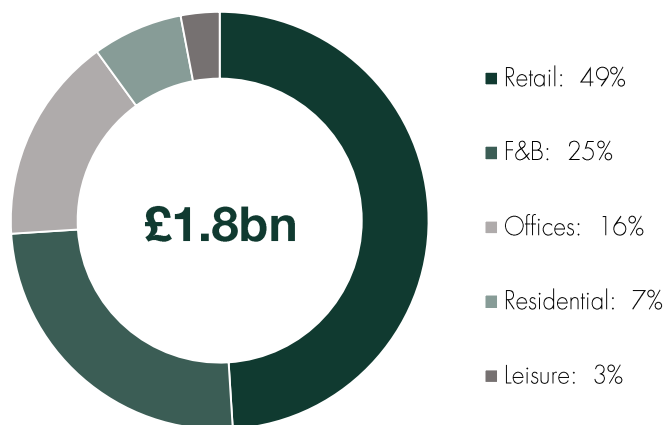


1. Lease expiry profile based on the earlier of lease break and lease expiry

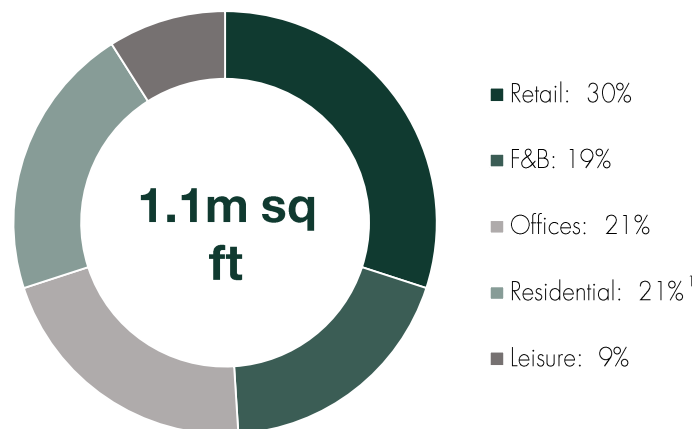
Gross income



Property value



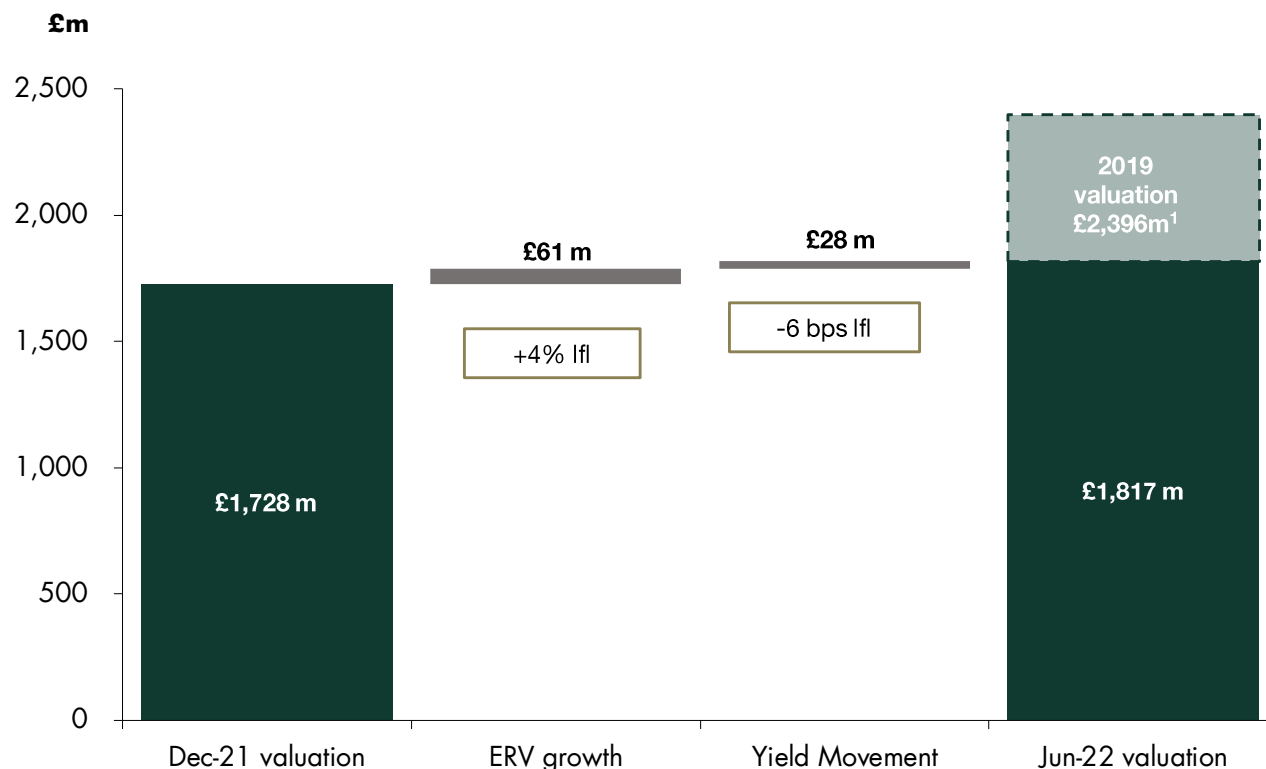
Total floor area



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

Covent Garden independent valuation

	Dec-21	Jun-22
Initial yield	2.9%	2.8%
Equivalent yield	3.9%	3.8%



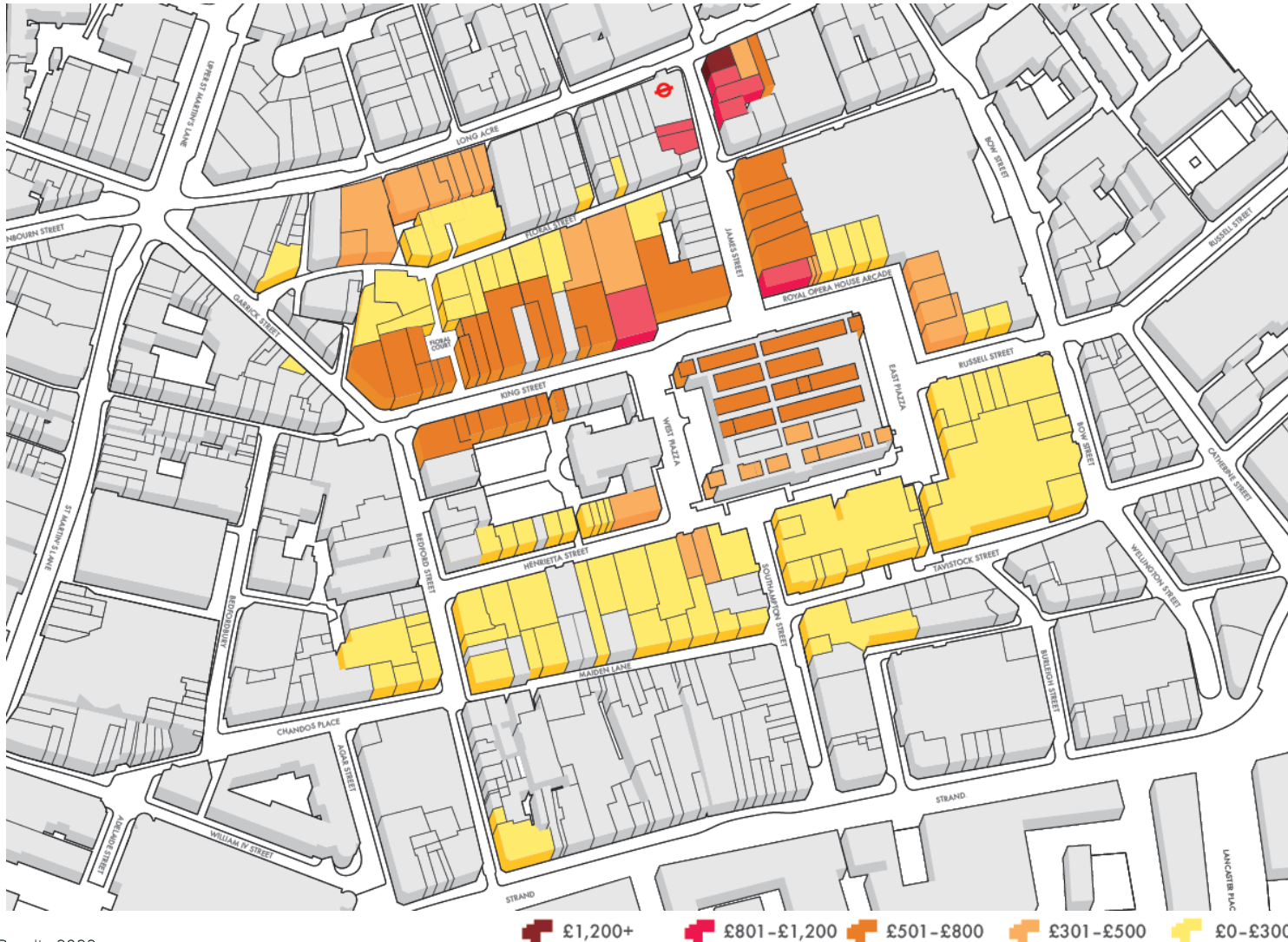
	Valuation H1 22 lfi	Valuation Dec-19 to Jun-22 lfi
Retail	5%	-32%
F&B	5%	-21%
Offices	6%	-10%
Residential	3%	-1%
Leisure	8%	10%
Total	5%	-24%

1. 2019 valuation adjusted for disposal of Wellington block, Southampton Street, Bedford Street and King Street properties (£200m)

Covent Garden portfolio

CBRE

30 June 2022 Zone A Map



Summary balance sheet

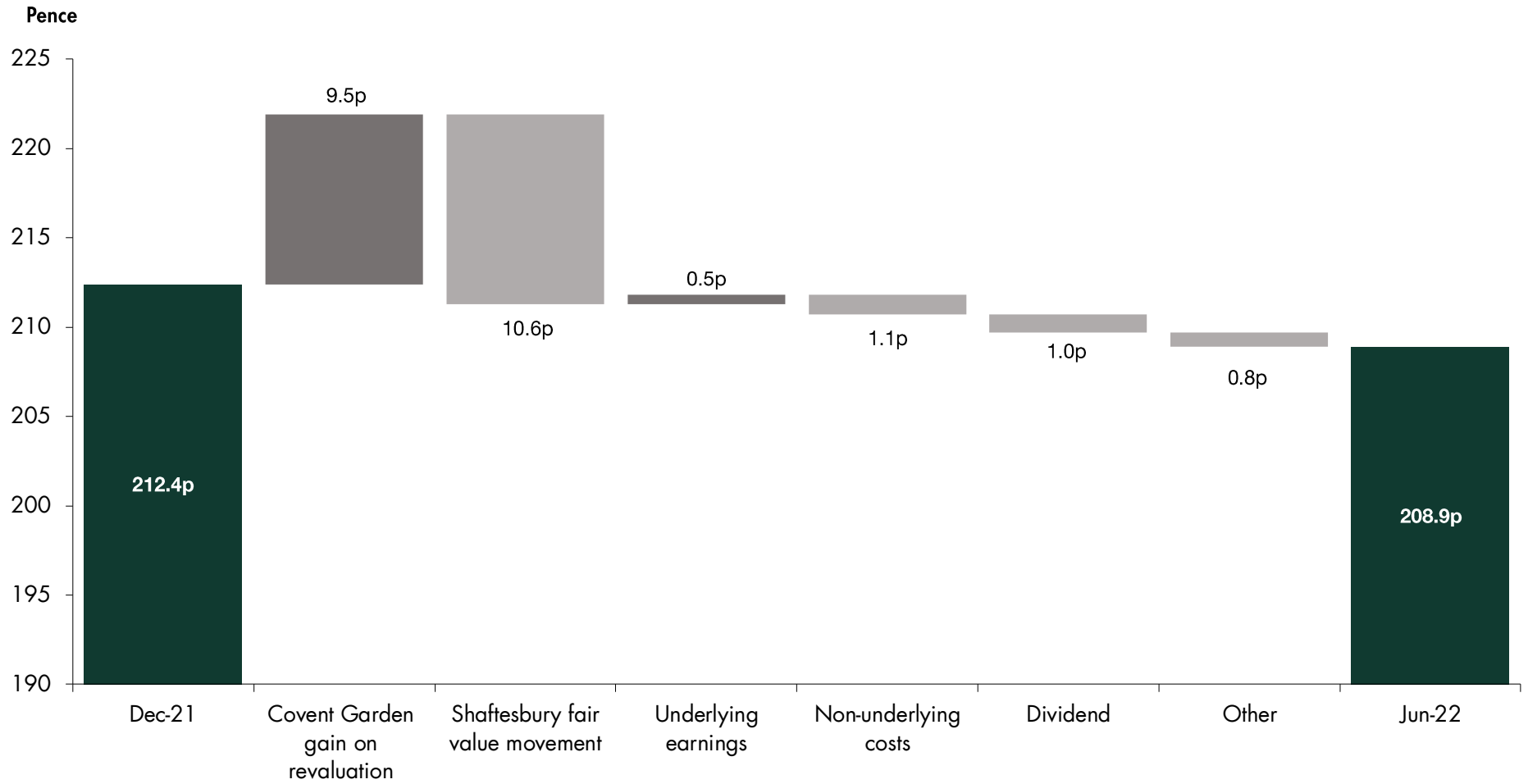
Group share to IFRS as at 30 June 2022

	Group share £m	Less: Joint ventures ¹ £m	IFRS £m
Investment, development & trading property	1,861	(82)	1,779
Net debt	(605)	(5)	(610)
Equity investment ²	506	-	506
Other assets and liabilities	13	79	92
NAV	1,775	(8)	1,767

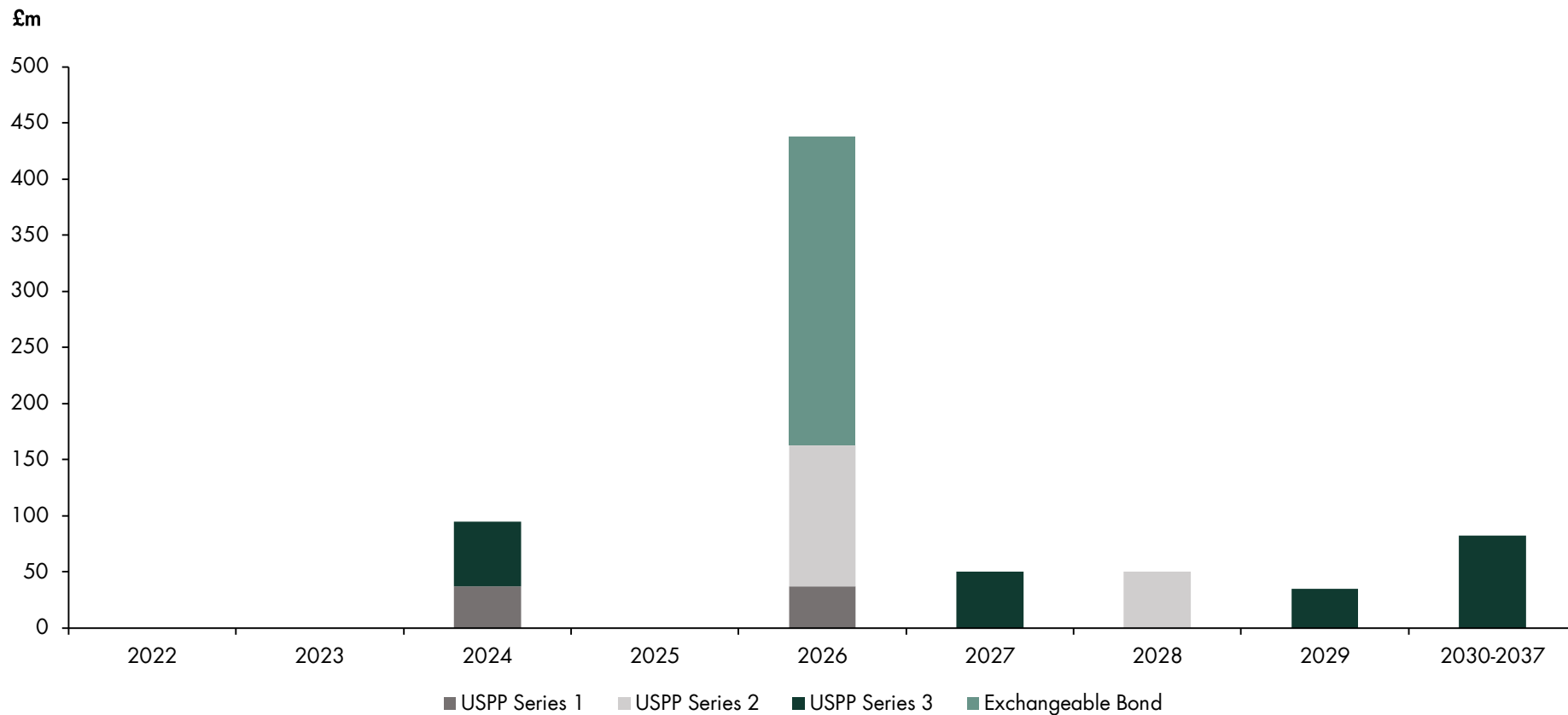
1. Primarily Lillie Square

2. Investment in Shaftesbury PLC

EPRA net tangible assets per share



Drawn debt maturity profile



£750 million drawn debt as at 30 June 2022

£300 million undrawn on the Covent Garden Revolving Credit Facility at 30 June 2022

£576 million standby loan facility undrawn at 30 June 2022 (related to merger with Shaftesbury)

Taxation summary

Tax on income and gains

The total tax charge for the period, made up of both underlying tax and non-underlying tax, is £5.5 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 is expected to satisfy all REIT requirements needed to maintain REIT status throughout 2022.

Income and gains arising from non-qualifying REIT activities (e.g. trading operations) are subject to UK corporation tax (current rate: 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

- 2 units completed during H1 22 representing £2.6 million (£1.3 million Capco share)
- 69 units remain available across Phase 1 and Phase 2

Valuation

- 1.8% decline (like-for-like) to £84 million¹ (Capco share)

Funding

- £35m cash distribution to joint venture partners during the period (£17.5m Capco share)
- Net cash position £9.6m (£4.8m Capco share)

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



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These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "will," "expect," "estimate," "project," "positioned," "strategy," "outlook", "target" and similar expressions.

It is believed that the expectations reflected in this presentation are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated.

Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the failure to realise contemplated synergies and other benefits from mergers and acquisitions; the effect of mergers, acquisitions and divestitures on Capco's operating results and businesses generally; the impact of adverse domestic or international legislation and regulation; changes in domestic or international tax laws and rates; adverse litigation and dispute outcomes and the effect of such outcomes on 's financial condition; changes or differences in domestic or international economic or political conditions; the ability to obtain price increases and the impact of price increases on consumer affordability thresholds; adverse decisions by domestic or international regulatory bodies; the impact of market size reduction and consumer down-trading; translational and transactional foreign exchange rate exposure; the ability to maintain credit ratings; the ability to develop, produce or market new alternative products and to do so profitably; the ability to effectively implement strategic initiatives and actions taken to increase sales growth; the ability to enhance cash generation and pay dividends and changes in the market position, businesses, financial condition, results of operations or prospects of Capco.

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