



PRESS RELEASE

02 December 2019

CAPITAL & COUNTIES PROPERTIES PLC (“Capco” or “the Company”)

BUSINESS UPDATE

Following completion of the sale of Capco’s interests in Earls Court for £425 million, the Company is today providing an update on the business:

- Sale of Capco’s interests in Earls Court completed successfully with initial net proceeds of £156 million received and £211 million to be received over the next two years
- Capco is now positioned as a prime central London property investment business and will convert to UK REIT status before the end of 2019
- Capco’s strong balance sheet and significant financial flexibility (approximately £900 million of cash and undrawn facilities) positions it to capitalise on further investment opportunities. Over £50 million invested recently through targeted acquisitions at Covent Garden
- Capco will target a progressive dividend policy over the medium-term by driving rental growth and securing income. Administration costs expected to be approximately £20 million on a run rate basis from the end of 2020

Capco is now positioned as a prime central London property investment business centred around Covent Garden. This is a world-class estate based in the heart of London’s West End in concentrated ownership, which provides a differentiated offer, delivering an attractive environment for retail and restaurant brands, office occupiers, residents and consumers. Capco’s creative approach and emphasis on the consumer ensures the estate is well-positioned to deliver further rental growth and capture its reversionary income.

The West End offers greater insulation from the well-documented wider retail challenges however it is not immune with certain retailers taking a more conservative view, as a result of broader political and macro-economic uncertainty and occupational cost pressures. Nevertheless, trading performance on the estate remains encouraging with footfall growth and average tenant sales continuing to trend upwards.

Recent signings across the estate include Big Mamma on Henrietta Street, L’Occitane in the Market Building, Pandora on James Street, A.P.C. on Floral Street and Lulu Guinness on King Street. There has been strong demand for office and residential space with high occupancy and rates of renewal.

Capco continues to create unique customer experiences on the estate. For the Christmas trading period, cosmetics brands Glossier and Huda Beauty have launched pop up concepts on Floral Street and the East Piazza, which is also hosting the Tiffany & Co. ice-skating rink.

Acquisitions

Capco’s strong balance sheet and access to substantial liquidity provides significant financial flexibility. Over £50 million has already been invested through the acquisition of two target properties located on the southern side of the estate, which offer significant value creation opportunities.

Capco has exchanged contracts to acquire the freehold interest of 5-6 Henrietta Street for £34 million (before purchaser’s costs) with completion expected later this week. The multi-let building produces an

annual rental income of £1.2 million across 14,300 square feet which comprises 8,200 square feet of restaurant space let to Din Tai Fung and four floors of office space which are currently vacant.

In addition, on 19 November 2019, Capco acquired the freehold interest of Sussex Mansions, 36-39 Maiden Lane for £17.8 million (before purchaser's costs). The building comprises a restaurant let to Franco Manca, as well as office and residential space. The property generates an annual rental income of £0.6 million across 13,300 square feet.

Further information on the sale of Earls Court

Payments will be made to Capco on a phased basis, with 45 per cent received on completion and the balance over two years. Net proceeds from the initial payment were approximately £156 million (adjusting for net debt, transaction-related costs and other completion items). The balance of £211 million will be payable in two equal instalments, 12 months and 24 months after completion. The deferred payments receivable by Capco would be accelerated in part to the extent that payments made by Capco to the London Borough of Hammersmith and Fulham pursuant to the CLSA are refunded to the Purchaser after completion. Refer to the announcement 'Sale of Earls Court Interests for £425 million' released on 15 November 2019 for further information.

Enquiries

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Notes to Editors

About Capital & Counties Properties PLC (Capco)

Capital & Counties Properties PLC is one of the largest listed property investment companies in central London and is a constituent of the FTSE-250 Index. Capco's landmark estate at Covent Garden was valued at £2.6 billion (as at 30 June 2019) where its ownership comprises over 1.2 million square feet of lettable space. The company is listed on the London Stock Exchange and the Johannesburg Stock Exchange.

www.capitalandcounties.com