SHAFTESBURY CAPITAL

PRESS RELEASE

AGM TRADING UPDATE

14 June 2023

Integration progressing well and strong operational momentum

Shaftesbury Capital PLC ("Shaftesbury Capital") today publishes a trading update ahead of the Company's Annual General Meeting to be held at 11:30am (BST) on 15 June 2023.

Ian Hawksworth, Chief Executive, commented:

"We are pleased with the first 100 days of activity across Shaftesbury Capital with the integration of our business and talented team progressing well. We are encouraged by operational progress, prospects for our prime West End portfolio and the benefits we are seeing from the combined platform.

Our portfolio has delivered a strong operating performance reflecting its exceptional qualities and long-term resilience. Against a backdrop of macroeconomic uncertainty, demand for space in our West End locations continues to be strong across all uses, with 173 leasing transactions completing in the first five months of the year, at rents on average 6 per cent ahead of December 2022 ERV providing confidence for rental growth prospects."

Summary

- Strong demand across all uses; 173 leasing transactions agreed 6 per cent ahead of 31 Dec 2022 ERV *("Estimated Rental Value")*
- Encouraging trading activity for our customers, with reported sales in aggregate 13 per cent above 2019
- Low vacancy; 2.9 per cent of ERV available to let
- Positive progress in introducing new brands and concepts across the portfolio
- Good early progress on integration with actions taken to date expected to result in annualised cost savings of circa £7.5 million - ahead of the phasing set out in the merger documentation
- Approximately 5 per cent of portfolio value anticipated to be recycled
- Robust balance sheet with access to over £440 million of liquidity
- As part of operating in an environmentally sustainable manner, focus on re-use, re-purposing and improving heritage and period properties to enhance value and energy performance credentials

The merger of Capital & Counties Properties PLC and Shaftesbury PLC to create Shaftesbury Capital PLC completed on 6 March 2023. Shaftesbury Capital has a portfolio located in some of the most iconic and vibrant parts of London's West End, focused primarily on Covent Garden, Carnaby, Soho and Chinatown.

Over the five months to 31 May 2023, 173 leasing transactions with a combined rental value of £11.4 million concluded, comprising:

- 74 commercial lettings and renewals: £7.9 million, 7 per cent ahead of 31 Dec 2022 ERV; and
- 99 residential lettings: £3.5 million, 9 per cent above previous passing rents.

Leasing transactions concluded during the period

Use	Transactions	New contracted rent (£m)	% above Dec-22 ERV
Hospitality & leisure	16	1.5	5
Retail	28	3.2	7
Offices	30	3.2	8
Residential	99	3.5	4
Total	**173**	**11.4**	**6**

In addition, 35 commercial rent reviews were concluded, with a rental value of £6.4 million, 7 per cent ahead of previous passing rents.

Trading activity is strong across the portfolio, with retail, hospitality and leisure customers reporting sales in aggregate 13 per cent above 2019 on a like-for-like basis. Footfall trends across the West End are positive, buoyed by increasing international tourist numbers, particularly evident through May following the Coronation celebrations and this is anticipated to continue through the summer.

At 31 May 2023, EPRA vacancy (including units under offer) was approximately 5 per cent of portfolio ERV; 2.1 per cent was under offer and 2.9 per cent was available to let.

Available-to-let space

Use	% of portfolio ERV	ERV (£m)	Area ('000 sq. ft.)
Hospitality & leisure	0.4	0.9	13
Retail	1.3	2.9	33
Offices	1.1	2.5	36
Residential	0.1	0.3	4
Total	**2.9**	**6.6**[1]	**86**

1. Includes 18 units let on a temporary basis (ERV: £1.8 million)

At 31 May 2023, the ERV of space held for or under refurbishment in the wholly-owned portfolio amounted to £16.0 million across 234,000 square feet, representing 7 per cent of portfolio ERV.

Through our active approach, there has been good progress introducing new brands and concepts across the portfolio. Signings across the retail portfolio include luxury watch brand Tissot on James Street and contemporary fashion brand Sessun on Floral Street, Covent Garden whilst in Carnaby, Hollister and OG Kicks have opened on Foubert's Place. There has been a flurry of openings including the new flagship Uniqlo store as well as Gramicci in Covent Garden and Farah in Soho. Mejuri and Hoka will also open shortly.

The restaurant offering continues to evolve, with Story Cellar, the second restaurant venture from two Michelin Star chef, Tom Sellers, opening in Neal's Yard, Covent Garden and Argentinian restaurant Gaucho opening on James Street, Covent Garden. Following the success of its 2021 opening, Imad's Syrian Kitchen has upsized into larger space on the upper floor of Kingly Court in Carnaby alongside the newly opened Darjeeling Express. Pan-Asian restaurant concept, YiQ signed its debut restaurant in Chinatown.

Demand for high quality, well-fitted office space across the West End, particularly in its more vibrant areas, remains healthy. The Carnaby and Covent Garden development pipeline is well-positioned to capture this demand, with its high amenity value and excellent environmental credentials. During the period, our scheme at 36 Carnaby Street completed and is now fully pre-let or under offer, representing £0.9 million of income, setting a rental tone of approximately £100 per square foot.

With sustained demand for our residential portfolio, any space which becomes available typically goes under offer within a matter of days, and we are continuing to see improving rental levels. At 31 May 2023 there were 7 units available to let.

Key areas of focus post-merger completion
Integration of the business is progressing well with our people working positively together. We expect to locate in a single office in Covent Garden over the autumn.

The key areas of focus in the period post-completion are set out below.

1. Deliver **growth in cash rents** capturing the reversion between gross income of £178 million and the valuers' ERV of £227 million and generating sustained ERV growth, initially back to its pre-pandemic level of £258 million. Our approach, informed by a broad base of experience and deep knowledge of the West End across a larger platform, positions the business to deliver rental growth from its exceptional portfolio.
2. Develop and pursue **asset management initiatives**, including maximising the opportunities presented from enhanced connectivity of adjacent portfolios and applying our consumer marketing platform across the portfolio to enhance the footfall and sales potential of our destinations through digital channels, events, partnerships and data. Based on our creative asset management approach, a number of income- and value-add initiatives are already being identified, including refurbishment opportunities and the evolution of use, mix, category selection, brands and new concepts, alongside public realm enhancements.
3. Deliver recurring **cost synergies** with significant progress having been made already on savings across the business, ahead of the phasing included in the merger documentation (which set out a run rate of £12 million within two years, of which £6 million would be achieved by the end of year one following completion). Actions taken in the first 100 days are expected to result in annualised cost savings of circa £7.5 million, primarily in administration costs. Further integration activity continues as we work towards an effective and efficient organisational structure and cost base.
4. Maintain an active and **disciplined approach to capital allocation**. With a £4.9 billion portfolio, across approximately 670 individual buildings, there is potential to recycle capital from certain investments towards opportunities with sustainable long-term rental growth and attractive risk-adjusted returns. We currently anticipate capital recycling of approximately 5 per cent of portfolio value.
5. Maintain our **strong balance sheet** with a focus on resilience, flexibility and efficiency. There is significant headroom against debt covenants and access to significant liquidity, over £440 million as at 31 May 2023. Priorities over the forthcoming period are to refinance medium-term maturities, including the loan facility of £576 million which was drawn down in full in April 2023 to fund redemption of the Chinatown and Carnaby Bonds, and to evolve the capital structure of Shaftesbury Capital for the longer term, taking advantage of the Group's enhanced credit profile.

   At 31 May 2023, Group net debt was £1.5 billion, representing a loan-to-value ratio of 31 per cent based on 31 December 2022 property valuations. All of the Group's drawn debt is at fixed rates or currently has interest rate protection in place. Interest rate collars were already in place for £200 million of notional value through to December 2024, capped at 1.23 per cent. These have been supplemented in April 2023 with further interest rate hedging which caps SONIA exposure at 3.75 per cent for an additional £300 million of notional value for 2023 and £150 million of notional value for 2024, at a total cost of £3.4 million.

   The weighted average cost of drawn debt is currently 4.1 per cent, which reduces to an effective running cash cost of 3.6 per cent taking account of interest earned on cash deposits and the benefit of interest rate hedging.
6. Continue to take a responsible and forward-looking approach, **operating in an environmentally sustainable manner** and supporting our local communities. A consolidated Net Zero Carbon Pathway will be published later this year based on our "retrofit first" approach to the management of our buildings.

Sustainable refurbishment activity continues across the portfolio enhancing the energy performance credentials of our heritage properties. We continue to support community-led initiatives and charities which work with organisations active in the West End.

This announcement includes unaudited financial information in relation to the period from 1 January 2023 to 31 May 2023. Further details will be provided within the half-year results for the period ending 30 June 2023 which are expected to be announced on 3 August 2023.

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About Shaftesbury Capital

Shaftesbury Capital PLC ("Shaftesbury Capital") is the leading central London mixed-use REIT and is a constituent of the FTSE-250 Index. Our property portfolio, valued at £4.9 billion, extends to 2.9 million square feet of lettable space across the most vibrant areas of London's West End. With a diverse mix of restaurants, cafés, bars, shops, residential and offices, our destinations include the high footfall, thriving neighbourhoods of Covent Garden, Carnaby, Soho and Chinatown, together with holdings in Fitzrovia. Our properties are close to the main West End Underground stations and transport hubs for the Elizabeth Line. Shaftesbury Capital shares are listed on the London Stock Exchange and the Johannesburg Stock Exchange. www.shaftesburycapital.com

Our purpose

Our purpose is to invest in and curate vibrant and thriving destinations in London's West End where people work, live and visit, delivering long-term social and economic value.

Forward-looking statements

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 the Company 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 the Company 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.