SHAFTESBURY CAPITAL

PRESS RELEASE

27 November 2023

Investor event and trading update

Shaftesbury Capital PLC ("Shaftesbury Capital") today publishes a trading update ahead of its inaugural Investor Event, to be held at 10:30am (UK time) at The Royal Opera House, Covent Garden at which the senior management team will provide an insight into Shaftesbury Capital's unique, irreplaceable portfolio and its plans for growth. The presentation materials will be made available on the Group's website later today. This announcement includes unaudited financial information in relation to the period from 1 July 2023 to 15 November 2023 ('the period').

Ian Hawksworth, Chief Executive, commented:

"Our excellent performance has continued into the second half, with a strong start to the Christmas trading period. The West End is one of the most vibrant global destinations with an unrivalled concentration of entertainment and cultural attractions. Footfall remains high and customer sales are tracking 12 per cent ahead of last year. There is excellent leasing momentum across all uses with 220 leasing transactions signed so far in the second half, at rents on average six per cent ahead of June 2023 ERV and a strong leasing pipeline.

Despite the uncertain macroeconomic backdrop, our prime West End portfolio continues to demonstrate its resilience and appeal. Backed by our strong balance sheet, we look forward with confidence with a focus on delivering further growth and attractive returns as the leading central London mixed-use REIT."

Summary

- High footfall across our prime portfolio in the West End with a strong start to the Christmas trading period, customers reporting sales in aggregate 12 per cent above 2022 levels and 16 per cent above 2019 levels
- Sustained demand across all uses; leasing activity in H2 totalling 220 transactions representing £15.6 million of rent, six per cent ahead of 30 June 2023 ERV
- Year to date, 440 leasing transactions were completed, representing £30.2 million of rent, nine per cent ahead of 31 December 2022 ERV and introducing 50 new retail and hospitality brands and concepts
- Vacancy remains low: 2.2 per cent of ERV available to let (30 June 2023: 2.5 per cent)
- Continued excellent progress on integration, cost savings running ahead of initial target and additional opportunities being identified
- £82 million of asset disposals completed, 12 per cent ahead of June 2023 valuation, with five per cent of total portfolio value initially identified to be recycled
- Robust balance sheet with access to approximately £500 million of liquidity[1] and EPRA LTV[1] of 30 per cent (30 June 2023: 31 per cent)

1 Pro forma liquidity and EPRA LTV based on debt and cash balance as at 30 September 2023 and 30 June 2023 property valuation (adjusted for disposals)

Medium-term outlook

The West End's large working population and residential community provide a regular, daily customer base for its retail, hospitality and leisure businesses. Together with an exceptional number of domestic and international visitors, this brings a seven day-a-week trading environment. In turn, this drives sustained customer demand in a market with constrained supply of commercial space, providing the fundamentals for long-term rental growth.

- Our focus is on rental growth, cost control and cash conversion
  - We are targeting rental growth of 5-7 per cent per annum on average over the medium-term
  - With stable cap rates, this would result in average total property returns of 7-9 per cent and total accounting returns of 8-10 per cent
  - These return targets are intended to indicate overall direction in the medium term; outcomes for shorter reporting periods will be highly dependent on activity levels and prevailing market conditions. Components of the portfolio will have different return profiles
- We are continuing to target efficiencies and additional opportunities as we move beyond the initial stage of integration following completion of the merger in March 2023. With a focus on the total amount of property and overhead costs, as well as their relativity to gross income, we are targeting a significant reduction in the EPRA cost ratio towards 30 per cent over the medium-term
- We will maintain significant liquidity through the next refinancing cycle, and seek to manage the absolute level of finance costs to deliver efficient conversion of income to earnings and a progressive dividend profile
- As part of our programme to invest in our portfolio, including sustainability enhancements, it is expected that annual capital expenditure will on average represent approximately one per cent of portfolio value
- Five per cent of total portfolio value is expected to be recycled initially, including the £82 million of asset disposals completed to date

Excellent leasing momentum across all uses

There has been consistently high footfall across our prime portfolio in the West End with a strong start to the Christmas trading period, and customers reporting sales in aggregate 12 per cent above 2022 levels and 16 per cent above 2019 levels. Covent Garden and Carnaby hosted successful Christmas lights switch-on events in early November, marking the start of a programme of festive events and shopping evenings. Covent Garden has a number of brand activations across the Piazza including Marc Jacobs and Sézane, while the vibrant Carnaby Universe Christmas campaign offers a series of events throughout the period, as well as our important charity partner, Choose Love.

Excellent leasing momentum continues with 220 leasing transactions signed so far in the second half of the year, at rents six per cent ahead of June 2023 ERV with a continued strong leasing pipeline.

These leasing transactions comprise:

- 76 commercial lettings and renewals: £9.6 million of rent, seven per cent above 30 June 2023 ERV; and
- 144 residential lettings and renewals: £6.0 million of rent, 10 per cent above previous passing rents.

440 leasing transactions have been completed so far in 2023 representing £30.2 million of contracted income, nine per cent ahead of December 2022 ERV. Further details are set out in appendix 1 to this announcement.

Leasing transactions concluded from 1 July 2023 to 15 November 2023

Use	Transactions	New contracted rent (£m)	% above June 23 ERV
Retail	40	5.5	5
Hospitality & leisure	12	1.8	14
Offices	24	2.3	5
Residential	144	6.0	4
Total	**220**	**15.6**	**6**

In addition, 22 commercial rent reviews were concluded, representing £7.0 million of passing rent, 13 per cent ahead of previous passing rents.

We continue to strengthen the customer line-up across the portfolio with a flurry of new openings including luxury brands Hublot, Messika and Girard-Perregaux in Covent Garden's Royal Opera House Arcade. Performance wear brand Hoka opened its new London flagship store on James Street while Balibaris, the international menswear label, opened its first European retail location on Floral Street. UK debut stores in Seven Dials include independent womenswear brand Odd Muse and British jeweller Missoma. Award-winning cult make-up concept Sculpted by Aimee opened its new UK flagship on Foubert's Place, Carnaby while eyewear brand Oakley is the latest opening on Carnaby Street joining premium outerwear concept Jott.

Our hospitality offer continues to evolve with the opening of Italian pasta concept Notto on Henrietta Street, Covent Garden and Bébé Bob in Soho, located opposite its sibling flagship restaurant Bob Bob Ricard. Filippino concept Donia opened on the upper floor of Kingly Court, Carnaby while one of China's leading pastry brands, Master Bao is set to open in Chinatown.

Demand for high quality, well-fitted office space with amenity value and excellent environmental credentials remains robust across the West End with recent lettings commanding a rental tone of approximately £100 per square foot. There is sustained demand for our residential portfolio comprising 710 apartments, with rental transactions over the period 10 per cent higher than previous passing rents, and negligible vacancy.

With strong occupier demand and leasing activity through the period, vacancy remains low. EPRA vacancy (including units under offer) was 5.1 per cent of portfolio ERV (30 June 2023: 5.9 per cent), of which 2.9 per cent was under offer and 2.2 per cent was available to let (30 June 2023: 2.5 per cent).

Active capital recycling

Since 1 July 2023, we have completed the sale of five properties for gross proceeds of £82 million, 12 per cent ahead of the 30 June 2023 valuation (before sale costs). The five properties had an ERV of £5.5 million. A number of acquisition opportunities are under review.

Over the medium-term, we expect approximately one per cent of portfolio value to be invested per annum in refurbishment, asset management and repositioning opportunities, including actions to improve energy performance. This year, £30 million capital expenditure has been incurred to date, and capital commitments amount to £27 million. The ERV of space under refurbishment amounts to £13.5 million across 196,000 square feet, representing 5.9 per cent of portfolio ERV (30 June 2023: 6.7 per cent). Further details are set out in appendix 1.

Strong financial profile

We continue to maintain a strong balance sheet with a focus on resilience, flexibility and efficiency. There is significant headroom against debt covenants and access to liquidity of approximately £500 million comprising approximately £200 million of cash and £300 million of undrawn facilities. Group net debt was £1.5 billion, representing an EPRA loan-to-value ratio of 30 per cent based on 30 June 2023 property valuations (adjusted for disposals).

In August 2023, a £200 million 10-year secured loan was signed with Aviva Investors. The proceeds of the loan were used to repay part of the £576 million unsecured facility reducing it to £376 million, maturing in December 2024. We are in advanced discussions regarding a new medium-term bank loan, details of which will be announced in due course.

All of the Group's drawn debt is at fixed rates or currently has interest rate protection in place. This caps SONIA exposure at an average of 2.7 per cent on £500 million of notional value to December 2023 and £350 million of notional value capped at 2.3 per cent to December 2024. The weighted average maturity of drawn debt is five years, and the weighted average cost of debt is 4.2 per cent, which reduces to an effective cash cost of 3.3 per cent after taking into account interest income on cash deposits and the benefit of interest rate hedging.

Sustainability and environmental stewardship

As a long-term, experienced and responsible investor, sustainability has always been an important aspect of delivering our strategy. We are committed to reducing the impact of our operations on the environment, whilst engagement and collaboration with our wide range of stakeholders is integral to our strategy and values.

We adopt a “low-carbon, retrofit first” approach to future-proofing our heritage buildings, minimising additional embodied carbon and air pollution which comes from demolition and construction, whilst improving their energy performance at modest financial outlay. We estimate the cost of sustainability improvements, included in our capex estimates, is on average approximately 0.1 per cent of portfolio value annually. 78 per cent of our portfolio by ERV now has EPC ratings of A-C, and we target a minimum rating of B on all new refurbishment projects.

We are committed to be Net Zero Carbon in our own operations (scope 1 & 2 emissions) by 2025, and across the whole business (scopes 1, 2 &3 emissions) by 2030. The combined pathway will be published on our website in due course.

Appendix 1

Leasing activity from 1 January 2023 to 15 November 2023

- 162 commercial lettings and renewals: £19.5 million of rent, 11 per cent above 31 December 2022 ERV
- 278 residential lettings and renewals: £10.7 million of rent, 11 per cent above previous passing rents

Use	Transactions	New contracted rent (£m)	% above Dec 22 ERV
Retail	75	10.1	11
Hospitality & leisure	30	3.5	13
Offices	57	5.9	8
Residential	278	10.7	6
Total	**440**	**30.2**	**9**

In addition, 63 commercial rent reviews have been concluded, totalling £14.7 million, 9.6 per cent ahead of previous passing rents.

Under offer

Use	% of portfolio ERV	ERV (£m)	Area ('000 sq. ft.)
Retail	0.2	0.4	6
Hospitality & leisure	0.6	1.3	13
Offices	2.0	4.4	49
Residential	0.1	0.2	3
Total	**2.9**	**6.3**	**71**

Available-to-let space

Use	% of portfolio ERV	ERV (£m)	Area ('000 sq. ft.)
Retail	0.7	1.5	19
Hospitality & leisure	0.6	1.4	18
Offices	0.8	1.7	23
Residential	0.1	0.3	5
Total	**2.2**	**4.9**[1]	**65**

1. Includes 14 units let on a temporary basis (ERV: £2.1 million).

Under refurbishment

Use	% of portfolio ERV	ERV (£m)	Area ('000 sq. ft.)
Retail	1.1	2.5	22
Hospitality & leisure	1.6	3.8	70
Offices	2.7	6.1	82
Residential	0.5	1.1	22
Total	**5.9**	**13.5**	**196**

Appendix 2

2023 asset disposals to date

- 19 - 25 Long Acre & 28-29 Floral Street (*Leasehold interest)*
- 158 - 159 Drury Lane
- Walter House, 418-422 Strand (*Leasehold interest)*
- 61 Old Compton Street
- 103 Charing Cross Road

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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 at June 2023, 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 (primary) and the Johannesburg Stock Exchange (secondary).

Our purpose

Investing to create thriving destinations in London's West End where people enjoy visiting, working, and living.

Forward-looking statements

This press release contains "forward-looking statements" regarding the belief or current expectations of Shaftesbury Capital PLC, its Directors and other members of its senior management about Shaftesbury Capital PLC's businesses, financial performance and results of operations. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Shaftesbury Capital PLC and are difficult to predict, that may cause actual results, performance or developments to differ materially from any future results, performance or developments expressed or implied by the forward-looking statements. These forward-looking statements speak only as at the date of this press release. Except as required by applicable law, Shaftesbury Capital PLC makes no representation or warranty in relation to them and expressly disclaims any obligation to update or revise any forward-looking statements contained herein to reflect any change in Shaftesbury Capital PLC's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The information contained in this press release does not purport to be comprehensive and has not been independently verified.

Any information contained in this press release on the price at which shares or other securities in Shaftesbury Capital 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. No statement in this press release is intended to be a profit forecast and no statement in this press release should be interpreted to mean that earnings per share of Shaftesbury

Capital PLC for the current or future financial years would necessarily match or exceed the historical published earnings per share of Shaftesbury Capital PLC.

Certain industry and market data contained in this press release has come from third party sources. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of accuracy or completeness of such data