

Shaftesbury Capital PLC

Tax Strategy for 2023

INTRODUCTION

About Shaftesbury Capital PLC

Shaftesbury Capital PLC (“the Group”) is a prime central London REIT (Real Estate Investment Trust). The Group’s strategy is to deliver long-term income and value growth from our unique portfolio of properties through investment, curation and responsible stewardship, benefitting all stakeholders and contributing to the success of the West End.

As a UK REIT, all profits attributed to its property rental business (income and capital) are exempt from UK corporation tax, provided that a number of conditions are satisfied on an annual basis. These conditions include the requirement for the Group to distribute at least 90% of profits arising from its property rental business as a Property Income Distribution (“PID”). PIDs are subject to tax as profits of a UK property rental business, in the hands of Shaftesbury Capital’s shareholders in accordance with their specific tax profile.

Whilst the Group is a REIT, it is subject to a number of taxes and certain sector specific charges in the same way as non-REIT companies.

Tax Strategy document

This document has been approved by the Shaftesbury Capital Board and sets out the Group’s Strategy and approach in conducting its tax affairs and dealing with tax risk, and is made available to all Shaftesbury Capital’s stakeholders. Having regard to evolving tax laws, the Shaftesbury Capital Board continues to monitor the Group’s Tax Strategy so as to ensure that this document evolves with the tax environment.

The strategy is compliant with the UK tax strategy publication requirement set out in Part 2 of Schedule 19 FA 2016 and is effective from 6 March 2023.

The Group tax function works closely with the business to ensure that the Tax Strategy supports the Group business strategy and is adopted and followed consistently across the Group, ensuring that all obligations are complied with fully and tax affairs are managed appropriately.

GROUP TAX STRATEGY

Shaftesbury Capital recognises and seeks to meet the legitimate expectations of its many stakeholders.

We are committed to:

- ❖ act with integrity and transparency on all our tax compliance and reporting duties
- ❖ control and manage risks through regular reviews of our practices and systems
- ❖ ensure that our Tax Strategy is consistent with our Group strategy and core values
- ❖ maintain a collaborative and open relationship with HM Revenue & Customs (“HMRC”)
- ❖ obtain pre-clearance from HMRC in areas of complexity and uncertainty
- ❖ proactive engagement with government bodies on changes to tax legislation
- ❖ give due consideration to the Group’s corporate and social responsibilities, reputation and the intention of the relevant tax legislation when considering tax reliefs
- ❖ maintain REIT status for the foreseeable future

GROUP CODE OF CONDUCT

The Shaftesbury Capital Business Code of Conduct sets out the principles under which Group staff are expected to operate. In addition, the Shaftesbury Capital Financial Crime Policy sets out specific requirements with respect to tax matters in support of the Group Tax Strategy. Group employees receive training as appropriate on these matters.

Tax Compliance

The Group is committed to observe all applicable laws, rules, regulations and reporting disclosure requirements. A dedicated tax function collaborates with the business to provide the advice and guidance necessary to ensure that the Group remains fully compliant. The status of the Group's tax position is reported half yearly to the Audit Committee and quarterly to the Board with ad hoc communication in the interim as appropriate. The half yearly and quarterly reports summarise the Group's tax position with particular focus on material transactions, legislative updates and their impact on the Group. The status of the Group's tax position is subject to half yearly review by the Group's external audit firm.

Tax Risk Management

Tax is an integral part of the Finance & Regulation function of the Group. The tax function, members of which have the necessary experience and skill set, observes all applicable laws, rules, regulations and disclosure requirements in managing risk effectively.

Tax risk is managed through strong compliance procedures which are continuously monitored and reviewed. This ensures transparent financial reporting, accurate and complete tax returns and creates a strong working relationship with HMRC. The Group tax function works closely with the business to identify and track all tax risks that may impact the Group.

While the Group aims for certainty on all tax positions it adopts, in areas of tax uncertainty and complexity, the Group will seek specialist advice as appropriate from professional external advisers in addition to that of the relevant tax authority where necessary. The final course of action will be approved by the Chief Financial Officer with Chief Executive and Shaftesbury Capital Board approval being sought where appropriate. In addition, regular updates to the Audit Committee ensure openness and transparency in areas of tax uncertainty and complexity.

Consistency with Group strategy

The Group tax function, senior management and Board of Directors seek to ensure that the Group's Tax Strategy is consistent with and complements the Group's overall strategy in addition to the wider governance policy and corporate values. The Group tax function considers relationships with key stakeholders and is cognisant of the Group's reputation as a responsible tax payer when managing its tax affairs.

Attitude toward tax planning

The Group Tax Strategy aims to support the corporate goals of Shaftesbury Capital whilst maintaining its corporate reputation as a responsible tax payer; all decisions in relation to tax are undertaken in this context. All transactions must have a primary business purpose that is not tax-driven. While the Group will seek to use available reliefs where possible, it is not the intention of the Group to pursue tax planning proposals that are deemed aggressive, carry significant reputational risk from a corporate perspective and/or would impact negatively our relationship with the tax authorities.

Relationships with tax authorities

Consistent with the Group's Tax Strategy is the maintenance and development of a strong working relationship with HMRC. This includes ensuring that the Group maintains its low risk profile with HMRC. The Group is committed to pay its fair share of tax including liabilities arising from: Stamp Duty Land Tax, Employment Taxes, Irrecoverable VAT, and Corporation Tax on non-property business income. Openness, honesty and transparency are strived for on all dealings with the tax authorities, keeping them informed of business activities and proactively discussing changes in tax law through formal consultations.

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