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**THIS IS AN ANNOUNCEMENT UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE “CODE”) AND IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE.**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION IN RELATION TO SHAFTESBURY PLC AND CAPITAL & COUNTIES PROPERTIES PLC**

**FOR IMMEDIATE RELEASE**

**7 May 2022**

**Possible all-share merger of  
Shaftesbury PLC and Capital & Counties Properties PLC**

The Boards of Shaftesbury PLC (“Shaftesbury”) (LSE: SHB) and Capital & Counties Properties PLC (“Capco”) (LSE: CAPC) note the recent press comment and confirm that they are in advanced discussions regarding a possible all-share merger of the two companies (the “Possible Merger”).

The Possible Merger would create a REIT focused on the West End of London with a portfolio of c.2.9 million square feet of lettable space located in high-profile destinations including Covent Garden, Carnaby, Chinatown and Soho. The combined ownership would comprise c.1.8 million square feet of retail and hospitality space, together with office and residential accommodation of c.1.1 million square feet.

Under the proposed terms of the Possible Merger, it is envisaged that Shaftesbury shareholders, excluding the Shaftesbury shareholding owned by Capco, will own 53% of the combined company, and Capco shareholders will own 47% of the combined company. Capco currently owns c.97 million shares in Shaftesbury, representing approximately 25.2% of the existing share capital of Shaftesbury, including c.38 million shares currently held as security for Capco's exchangeable bond. The exchange ratio will not be impacted by the Shaftesbury shares held as security. The ownership ratios have been agreed between the Boards of Shaftesbury and Capco taking into account the relative net tangible assets and market capitalisations of both companies.

The combined company will have a clear governance and leadership structure, led by Jonathan Nicholls as Chairman and Ian Hawksworth as CEO. Situl Jobanputra will be the CFO and Chris Ward will be the COO. The Board will contain strong non-executive representation from both companies, with Richard Akers as the Senior Independent Director.

An executive committee, containing equal representation from the existing Shaftesbury and Capco leadership teams, will be responsible for the day-to-day management and operation of the combined company, with Capco's Michelle McGrath responsible for the combined Covent Garden portfolio, and Shaftesbury's Andrew Price responsible for the Carnaby, Chinatown and Soho portfolio and Samantha Bain-Mollison for group leasing.

After 36 years at Shaftesbury, including 11 years as CEO, Brian Bickell will retire on completion of the transaction. Executive Directors Simon Quayle and Tom Welton, who have also been with the company for over 30 years, will also leave the business. Henry Staunton, Chairman, and Jonathan Lane, non-executive Director, will retire from the Board of Capco on completion.

Norges Bank, a major shareholder in both Shaftesbury and Capco, understands the strategic rationale and has signalled its support for the two companies to explore a merger. Norges Bank has, therefore, subject to review of the final terms and conditions of any transaction, expressed its willingness in principle to support a combination in due course.

Discussions are ongoing and the full terms of a Possible Merger have not been finalised. There can be no certainty that an offer will be made. The announcement of a firm intention to make an offer remains subject to the satisfaction or waiver of a number of customary pre-conditions including, *inter alia*, completion of reciprocal confirmatory due diligence.

Subject to finalisation of such terms, it is currently envisaged that the Possible Merger will be structured as an acquisition of Shaftesbury by Capco. Accordingly, for the purposes of the Code, it has been agreed with the Takeover Panel that, until further notice, Shaftesbury will be treated as the offeree and Capco will be treated as the offeror.

Capco reserves the right to make an offer for Shaftesbury on less favourable terms than those set out in this announcement: (i) with the agreement or recommendation of the Shaftesbury Board; or (ii) if a third party announces a firm intention to make an offer for Shaftesbury which, at that date, is of a value less than the value implied by the Possible Merger. Capco reserves the right to introduce other forms of consideration and/or vary the mix or composition of consideration of any offer. Capco reserves the right to implement the Possible Merger through or together with a subsidiary of Capco or a company which will become a subsidiary of Capco. Capco reserves the right to adjust the terms of the Possible Merger to take account of the value of any dividend or other distribution which is announced, declared, made or paid by Shaftesbury after the date of this announcement.

Each of Capco and Shaftesbury have reserved the right to waive the pre-conditions referred to above. There can be no certainty that any firm offer for Shaftesbury will be made, even if pre-conditions are satisfied or waived. A further announcement will be made in due course.

Evercore and Blackdown Partners are providing financial advice to the Shaftesbury Board in connection with the Possible Merger. Liberum Capital Limited is acting as corporate broker to Shaftesbury.

Rothschild & Co is providing financial advice to the Capco Board in connection with the Possible Merger. UBS Investment Bank, Jefferies International Limited and Peel Hunt LLP are acting as corporate brokers to Capco.

In accordance with Rule 2.6(a) of the Code, Capco is required, by not later than 5.00 p.m. on 4 June 2022, to either announce a firm intention to make an offer for the Company in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended with the consent of the Takeover Panel in accordance with Rule 2.6(c) of the Code.

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**ABOUT Shaftesbury**

Shaftesbury is a Real Estate Investment Trust which invests exclusively in the heart of London's West End and is a constituent of the FTSE-250 Index. Focused on food, beverage, retail and leisure, its portfolio is clustered mainly in iconic retail and restaurant locations in Carnaby, Seven Dials and Chinatown, but also includes substantial ownerships in East and West Covent Garden, Soho and Fitzrovia.

Extending to 16 acres and representing over 1.9 million square feet of space, the portfolio comprises over 600 restaurants, cafés, pubs and shops (over 1.1 million square feet), 0.4 million square feet of offices and 630 apartments. All of Shaftesbury's properties are close to the main West End Underground stations, and within ten minutes' walk of the two West End transport hubs for the Elizabeth Line, at Tottenham Court Road and Bond Street.

In addition, Shaftesbury has a 50% interest in the Longmartin joint venture, which has a long leasehold interest, extending to 1.9 acres, in St Martin's Courtyard in Covent Garden. [www.shaftesbury.co.uk](http://www.shaftesbury.co.uk).

**ABOUT Capco**

Capco is one of the largest listed property investment companies in central London and is a constituent of the FTSE-250 Index.

Capco's landmark Covent Garden estate, which represents over 1.1 million square feet of space, is a leading retail and dining destination in the heart of central London. The area is home to a wide variety of British, global and independent brands including Apple, Chanel, Tom Ford, Strathberry, Ave Mario, Balthazar and SUSHISAMBA, with upcoming openings from Peloton and Reformation. As at the date hereof, Capco owns 25.2% of the existing share capital of Shaftesbury PLC. Capco is a Real Estate Investment Trust and its shares are listed on the London Stock Exchange and the Johannesburg Stock Exchange. [www.capitalandcounties.com](http://www.capitalandcounties.com).

Capco intends to retain its secondary listing on the Johannesburg Stock Exchange ("JSE") following the Possible Merger.

**IMPORTANT NOTICES**

This announcement is not intended to, and does not constitute or form part of, any offer, invitation or the solicitation of an offer to purchase or otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at [www.shaftesbury.co.uk](http://www.shaftesbury.co.uk) and [www.capitalandcounties.com](http://www.capitalandcounties.com) by no later than 12 noon (London time) on the business day following the date of this announcement. For the avoidance of doubt, the content of the website referred to above is not incorporated into and does not form part of this announcement.

N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Capco and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Capco for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

UBS AG London Branch ("UBS" or "UBS Investment Bank") is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. It is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority in the United Kingdom. UBS is acting as corporate broker to Capco and no one else in connection with the matters set out in this announcement. In connection with such matters, UBS, its affiliates, and its or their respective directors, officers, employees and agents will not regard any other person as its client, nor will it be responsible to any other person for providing the protections afforded to its clients or for providing advice in relation to the contents of this announcement or any other matter referred to herein.

Jefferies International Limited ("Jefferies"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Capco and no one else in connection with the Possible Merger and will not be responsible to anyone other than Capco for providing the protections afforded to clients of Jefferies nor for providing advice in relation to the Possible Merger or any other matters referred to in this announcement. Neither Jefferies nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Jefferies in connection with this announcement, any statement contained herein, the Possible Merger or otherwise.

Peel Hunt LLP ("Peel Hunt"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Capco and no one else in connection with the Possible Merger and will not be responsible to anyone other than Capco for providing the protections afforded to clients of Peel Hunt or for providing advice in connection with the subject matter of this announcement.

Evercore Partners International LLP ("Evercore"), which is authorised and regulated by the Financial Conduct Authority in the UK, is acting exclusively as financial adviser to Shaftesbury and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than Shaftesbury for providing the protections afforded to clients of Evercore nor for providing advice in connection with the matters referred to herein.

Blackdown Partners Limited ("Blackdown"), which is authorised and regulated by the Financial Conduct Authority in the UK, is acting exclusively as financial adviser to Shaftesbury and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than Shaftesbury for providing the protections afforded to clients of Blackdown nor for providing advice in connection with the matters referred to herein.

Liberum Capital Limited ("Liberum"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Shaftesbury and no one else in connection with the matters described in this announcement. Liberum will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the matters described in this announcement and will not be responsible to anyone other than Shaftesbury for providing the protections afforded to its clients or for providing any advice in relation to matters or arrangements referred to herein.

## **MAR**

For the purposes of MAR, this announcement is being made on behalf of Shaftesbury by Desna Martin, Company Secretary and on behalf of Capco by Ruth Pavey, Company Secretary.

## **RULE 2.9 INFORMATION**

In accordance with Rule 2.9 of the Code, Shaftesbury confirms that, as at close of business on 6 May 2022 (being the business day prior to the date of this announcement), its issued share capital consisted of 384,214,860 ordinary shares of 25 pence each which carry voting rights of one vote per share and admitted to trading on the main market of the London Stock Exchange with ISIN Number GB0007990962.

In accordance with Rule 2.9 of the Code, Capco confirms that, as at close of business on 6 May 2022 (being the business day prior to the date of this announcement), its issued share capital consisted of 851,274,235 ordinary shares of 25 pence each which carry voting rights of one vote per share and admitted to trading on the main market of the London Stock Exchange and on the JSE with ISIN Number GB00B62G9D36.

## **DISCLOSURE REQUIREMENTS OF THE CITY CODE ON TAKEOVERS AND MERGERS**

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by not later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the commencement of the offer period and, if appropriate, by not later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by not later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.