PRESS RELEASE

SHAFTESBURY CAPITAL PLC ("THE COMPANY")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

3 August 2023

Excellent momentum post-merger

Ian Hawksworth, Chief Executive, commented:

"We have had an excellent start as a newly merged company, creating the leading central London mixed-use REIT. The team has come together to deliver strong performance with growth in annualised rent and ERV with a strong pipeline of demand for the second half. Despite the challenging macroeconomic backdrop, valuations are unchanged reflecting the resilience of our exceptional portfolio.

Trading conditions across our West End locations are positive, with high footfall and customer sales now tracking 15 per cent ahead of 2019 levels. 220 leasing transactions completed in the first half of the year, at rents on average 5 per cent ahead of December 2022 ERV providing confidence in the prospect of continued rental growth from our unique portfolio. We are already seeing the benefits of the combined platform and with our strong balance sheet, we look forward with confidence on delivering further growth and returns in the years ahead."

Overview

- Excellent operational momentum with high footfall, positive trading activity, strong demand for all uses, excellent leasing activity and low vacancy
- ERV growth over six months resulting in 3.3 per cent (like-for-like) increase to £235 million and annualised gross income increased 5.6 per cent to £188 million (pro forma: £178 million). Equivalent yield moved out 10 basis points to 4.2 per cent (pro forma Dec 2022: 4.1 per cent)
- Valuation of wholly owned portfolio unchanged at £4.9 billion in line with pro forma Dec 2022 £4.9 billion
- Excellent progress on integration with cost savings ahead of schedule and overall savings now anticipated to be £13.5 million
- Strong balance sheet with access to £457 million of cash and undrawn facilities
- 5 per cent of the portfolio value anticipated to be recycled
- Despite macroeconomic uncertainty, the heart of the West End remains attractive with competition for space in our areas anticipated to remain healthy, underpinning rental growth prospects

Key financials

- EPRA NTA of 194 pence per share (Dec 2022 reported pre-merger and pro forma Dec 2022: 182 pence per share and 193 pence per share respectively)
- Total equity of £3.6 billion (Dec 2022 reported pre-merger: £1.6 billion)
- Net debt of £1.6 billion (pro forma Dec 2022: £1.5 billion) and EPRA loan-to-value ratio of 31 per cent
- Underlying earnings of £27.5 million, equivalent to 1.9 pence per share
- Interim dividend of 1.5 pence per share

Strong operational momentum

- Positive trading activity for our customers, with reported sales in aggregate 15 per cent above 2019
- High footfall across the West End buoyed by increasing international visitor numbers
- 220 leasing transactions with a rental value of £15.1 million concluded, comprising:
  - 89 commercial lettings and renewals: £10.5 million, 6 per cent ahead of 31 Dec 2022 ERV; and
  - 131 residential lettings and renewals: £4.6 million, 13 per cent above previous passing rents

- In addition, 41 commercial rent reviews were concluded, with a rental value of £7.7 million, 7 per cent ahead of previous passing rents
- Low vacancy: 2.5 per cent of ERV available to let
- 27 new retail and hospitality brands and concepts introduced across the portfolio
- Annualised gross income up 5.6 per cent to £188 million, now ahead of pre-pandemic levels (pro forma 2019: £187 million)
- Portfolio reversionary potential of £46.4 million, with current ERV 25 per cent ahead of annualised gross income
- Contracted income of £20.5 million which will be realised on expiry of rent-free periods, and contractual rent increases
- Schemes with an ERV of £6.9 million completed of which £5.5 million is let or under offer. ERV of space under refurbishment at 30 June 2023 is £15.7 million (6.7 per cent of portfolio ERV)

Robust balance sheet with a focus on resilience, flexibility and efficiency

- Liquidity of £457 million (cash of £157 million and £300 million undrawn facilities)
- Modest capital commitments of £23 million
- Net debt of £1.6 billion (pro forma Dec 2022: £1.5 billion) and EPRA loan-to-value ratio of 31 per cent
- The weighted average cost of drawn debt is 4.3 per cent (reported Dec 2022 pre merger: 2.7 per cent). The effective running cash cost of drawn debt is 3.4 per cent taking account of interest on cash deposits and the benefit of interest rate hedging
- Weighted average maturity of debt of 4 years

Commitment to environment, sustainability and supporting our local communities

- Combined 2023 Net Zero Carbon Pathway will be published later this year based on our "retrofit first" approach to the management of our heritage buildings
- Sustainable refurbishment activity continues across the portfolio enhancing the energy performance credentials of our heritage properties; 68 per cent EPC rating of A-C, up five percentage points during the period
- Continued support of community-led initiatives and charities which work with organisations active in the West End

Outlook

- Strong performance demonstrates the exceptional qualities of the portfolio delivering growth in both annualised rent and ERV
- Despite economic uncertainties, strong leasing pipeline and positive trading conditions across our West End locations, provide us with confidence in the growth prospects for our unique portfolio

Joint ventures

- Longmartin property value* of £159 million, a decrease of 1.1 per cent since Dec 2022. Lillie Square property value* of £72 million, a decrease of 3.1 per cent (like-for-like) since Dec 2022

* Our 50% share

Refer to Glossary of terms on pages 56 to 60.

KEY FINANCIALS

	As at 30 June 2023	As at 31 December 2022
Total equity[1]	**£3,553.7m**	£1,561.6m
Total equity per share[1]	**194.5p**	183.2p
Total return	**7.4%**	(13.6)%
EPRA net tangible assets[1]	**£3,541.3m**	£1,552.2m
EPRA net tangible assets per share[1]	**193.8p**	182.1p
Total property return	**1.4%**	2.8%
Property market value[2]	**£4,898.5m**	£1,743.7m

	Six months ended 30 June 2023	Restated[5] Six months ended 30 June 2022
Gross profit	**£58.3m**	£26.9m
Profit/(loss) for the period[3]	**£799.1m**	£(11.4)m
Basic earnings/(loss) per share[1]	**54.2p**	(1.3)p
Headline earnings/(loss) per share[1]	**0.8p**	(10.9)p
EPRA earnings per share[1]	**0.7p**	1.4p
Underlying earnings per share[1]	**1.9p**	0.4p
Interim dividend per share[4]	**1.5p**	0.8p

1. Refer to note 2 'Performance Measures' on page 32.
2. Refer to note 10 'Investment Properties' on page 38.
3. Refer to the 'Statement of Comprehensive Income' on page 23.
4. Refer to note 8 'Dividends' on page 36.
5. Prior period comparatives have been restated to reflect a change in accounting policy following clarification by the IFRS Interpretations Committee ("IFRIC") during 2022 of how a lessor should account for the forgiveness of lease payments and for the representation of expected credit losses, which are now included within Costs. Details of the restatements and impact on prior period comparatives are set out in note 1 'Changes in accounting policies'.

Presentation of information

The all-share merger of Capital & Counties Properties PLC ("Capco") and Shaftesbury PLC to create Shaftesbury Capital PLC ("Shaftesbury Capital") completed on 6 March 2023. The financial information included within the interim results presents the results of Shaftesbury Capital with the consolidated statement of comprehensive income reflecting the standalone performance of Capco for the period 1 January to 6 March and the performance of the merged business, Shaftesbury Capital, between that date and 30 June 2023. The 30 June 2023 balance sheet reflects the position of the combined Group as at 30 June 2023. The 2022 comparative information relates to Capco only.

Pro forma information has been included for the balance sheet to provide relevant comparative information. More information on pro forma data, and reconciliation to reported numbers, is included on page 48. Where pro forma information has been included within the results this is noted as pro forma.

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A presentation to analysts and investors will take place today at 9:00am (UK time) at the offices of UBS, 5 Broadgate, London, EC2M 2QS. The presentation will also be available to analysts and investors through a live audio call and webcast and after the event on the Group's website at www.shaftesburycapital.com

A copy of this announcement is available for download from our website at www.shaftesburycapital.com and hard copies can be requested via the website or by contacting the Company (feedback@shaftesburycapital.com or telephone +44 (0)20 3214 9170).

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

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.

OPERATING AND PORTFOLIO REVIEW

Overview

The merger of Capital & Counties Properties PLC ("Capco") and Shaftesbury PLC completed on 6 March 2023 to create the leading central London mixed-use REIT, Shaftesbury Capital PLC ("Shaftesbury Capital"). This announcement sets out financial and operating information in relation to the six months ended 30 June 2023, the first set of results for Shaftesbury Capital.

Shaftesbury Capital owns an impossible to replicate portfolio in some of the most iconic destinations in the heart of London's vibrant West End. Trading activity is strong across the portfolio, with customers reporting sales in aggregate 15 per cent above 2019 levels on a like-for-like basis. Footfall across the West End is high, buoyed by increasing international visitor numbers. With strong demand across all uses, leasing performance has been excellent and available space remains low. Against a backdrop of economic uncertainty, the resilient performance over the period demonstrates the exceptional qualities of the portfolio delivering growth in rents and ERV, and stability of the portfolio valuation in a market where yields have widened.

There has been excellent progress on integration of the business. We expect to locate in a single office in Covent Garden over the autumn, with integration of systems and processes to continue in H2 2023. As referred to in the trading update on 14 June 2023, there have already been significant cost savings across the business as we progress towards an effective and efficient organisational structure and cost base. Actions taken to date are expected to result in annualised cost savings of circa £9 million. Our current expectation is that total cost savings will be £13.5 million. In addition to cost savings, we are beginning to see the delivery of broader benefits from the merger, including cross-location marketing, use of data insights, providing space for customers across different parts of the portfolio and other incremental revenue opportunities.

Key areas of focus include delivering continued growth in cash rents, developing and pursuing asset management and street level initiatives. Additionally, having carried out an investment review, currently we anticipate capital recycling of approximately 5 per cent of the portfolio. Selected assets are expected to be brought to market over the coming months.

We continue to take a responsible and forward-looking approach, operating in an environmentally sustainable manner and contributing positively to the communities in which we operate. There was broad alignment in both the legacy companies' sustainability approaches. We will continue with the "retrofit first" approach to our heritage buildings, recognising they are substantial long-term stores of carbon, which will be reflected in a combined Net Zero Carbon Pathway, to be published later this year. We continue to support charities which address the needs in our local communities and work with our local authorities and residents on opportunities to improve the public realm.

NTA as at 30 June 2023 was 194 pence per share (pro forma Dec 2022: 193 pence per share). Annualised gross income increased by 6 per cent to £188 million and is now ahead of pre-pandemic levels (2019: £187 million). ERV increased by 3.3 per cent (like-for-like) to £235 million, 25 per cent above annualised gross income, but £23 million below pre-pandemic levels. Underlying administration costs were £17.9 million for the period. Underlying earnings for the six-month period to 30 June 2023 are £27.5 million, equivalent to 1.9 pence per share (based on the weighted average number of shares during the period of 1.47 billion), and the Board has declared an interim dividend of 1.5 pence per share (based on 1.82 billion shares, excluding shares held by Group entities).

Higher interest rates and inflation are impacting the broader investment market. However, investment yields in the West End, which primarily comprises freehold properties and often smaller lot-sizes, have been traditionally less volatile during periods of economic uncertainty than the wider UK property market with a broad pool of domestic and international investors attracted by the prospects of security, together with long-term income and capital growth.

Outlook

We have had an excellent start as a newly merged company. We are pleased with how the team has come together delivering strong performance with many operating metrics now trending above pre-pandemic levels. The performance over the period demonstrates the exceptional qualities of our portfolio delivering growth in rent and ERV. We have a strong pipeline of leasing demand and trading conditions across our West End portfolio are positive, which provides confidence in its growth prospects.

There is significant revenue growth potential to be captured, not only through the £46 million gap between annualised gross income and ERV (which is still £23 million below pre-pandemic levels of £258 million), but also through the generation of further rental growth. Together with cost savings, this bodes well for future earnings growth, despite the increase in financing costs. Shaftesbury Capital is financially strong with a resilient and flexible capital structure and access to significant liquidity.

As long-term responsible owners, we are committed to implementing our ESC strategy, particularly achieving Net Zero Carbon by 2030 with a combined pathway to be published later this year.

The Group's attractive and adaptable mixed-use portfolio has a diversified income stream, low capex requirements and a long history of sustained demand exceeding availability of space, resulting in resilience and high occupancy levels, underpinning long-term prospects for income and rental growth.

London and, in particular, the West End are attractive on a global basis. With healthy consumer demand, customer sales and long-term resilience, competition for space in our areas is anticipated to remain strong. With our active management strategy, implemented by our experienced and entrepreneurial team, we look ahead with confidence as the leading central London mixed-use REIT and aim to continue delivering long-term economic and social value for our stakeholders.

Portfolio valuation

The valuation of the wholly owned property portfolio increased by 0.1 per cent (like-for-like) in the period to £4.9 billion, equivalent to approximately £1,670 per square foot on average. ERV increased across all uses, 3.3 per cent blended (like-for-like) and the equivalent yield was 4.2 per cent, reflecting 10 basis points of outward movement.

Whilst continuing economic uncertainties have led to greater caution among investors and lower transaction volumes, London remains attractive to international and domestic investors. This is particularly so in the West End, where investment provides the prospect of security, high occupancy, low capex and reliable growing long-term cash flows.

Independent valuations of the wholly owned portfolio undertaken by CBRE and Cushman & Wakefield represent the aggregated value of predominantly freehold properties. There is no reflection of any premium which potential investors may ascribe to the comprehensive ownership of retail, hospitality and leisure properties in adjacent, or adjoining, locations in London's West End where there is a long record of demand exceeding availability of space. This may lead prospective purchasers to regard certain parts of the portfolio, for example by street, to have a greater value than the aggregate of the individual property values. Such parties may consider a combination of some, or all, parts of the portfolio to have a greater value than currently reflected in the valuation, which has been prepared in accordance with Royal Institution of Chartered Surveyors guidelines.

Portfolio by use as at 30 June 2023	Retail	Hospitality and leisure	Offices	Residential	Wholly owned portfolio
Valuation (£m)[1]	1,651.1	1,650.8	897.7	696.9	**4,896.5**
Annualised gross income (£m)	64.3	71.4	30.1	22.5	**188.3**
ERV (£m)	78.2	79.3	51.3	25.9	**234.7**
Net initial yield	3.4%	4.0%	2.8%	2.3%	**3.3%**
Topped up net initial yield	3.9%	4.2%	3.5%	n/a	**3.7%**
Equivalent yield	4.2%	4.4%	4.7%	2.7%	**4.2%**
L-f-L valuation movement	+0.2%	+0.2%	+0.2%	-0.2%	**+0.1%**
L-f-L ERV movement	+2.8%	+3.9%	+2.7%	+4.3%	**+3.3%**
WAULT (years)	4	9	4	1	**5**
Area (sq. ft. m)	0.8	1.0	0.7	0.4[2]	**2.9**

1. Excludes £2 million of Group properties in Lillie Square Holdings.
2. Excluding long-leasehold residential interests.

Portfolio by location as at 30 June 2023	Covent Garden	Carnaby | Soho	Chinatown	Fitzrovia	Wholly owned portfolio
Valuation (£m)[1]	2,572.4	1,514.4	691.6	118.1	**4,896.5**
Annualised gross income (£m)	96.8	56.4	30.1	5.0	**188.3**
ERV (£m)	122.3	75.1	31.5	5.8	**234.7**
Net initial yield	3.3%	3.2%	3.8%	3.5%	**3.3%**
Topped up net initial yield	3.7%	3.6%	3.9%	3.8%	**3.7%**
Equivalent yield	4.1%	4.3%	4.1%	4.2%	**4.2%**
L-f-L valuation movement	+0.2%	+0.4%	+0.5%	-6.8%	**+0.1%**
L-f-L ERV movement	+4.3%	+2.3%	+2.4%	+0.7%	**+3.3%**
WAULT (years)	5	4	6	5	**5**
Area (sq. ft. m)[2]	1.5	0.9	0.4	0.1	**2.9**

1. Excludes £2 million of Group properties in Lillie Square Holdings.
2. Excluding long- leasehold residential interests.

The portfolio valuation has been broadly unchanged overall with ERV growth across all uses and locations offset by an outward yield movement. Covent Garden generated ERV growth of 4.3 per cent primarily driven by leasing and asset management activity across retail and hospitality space. 40 new commercial leases and renewals were agreed 3.8 per cent ahead of ERV.

Across Carnaby | Soho, ERV growth was 2.3 per cent during the period, as a result of 37 new commercial leases and renewals agreed 7.5 per cent ahead of ERV, primarily driven by office letting and asset management activity.

During the period, 7 new commercial leases and renewals were agreed in Chinatown, 6.6 per cent ahead of ERV. ERV growth was 2.4 per cent over six months.

In Fitzrovia, 5 new commercial leases were agreed 10 per cent ahead of ERV. The ERV growth was 0.7 per cent during the period which reflected the small volume of transactions together with the less consolidated nature of our holdings, compared with our other locations.

The equivalent yield for the combined portfolio is 4.2 per cent (pro forma Dec 2022: 4.1 per cent). The methodology for the combined portfolio has been aligned and is based on the effective annual yield to a purchaser on the gross market value, assuming rent is receivable annually in arrears, and that the property becomes fully occupied and that all rents revert to the current market level (ERV as at 30 June 2023) at the next review date or lease expiry. Shaftesbury PLC previously reported the equivalent yield based on quarterly rents in advance, reflecting reversions to current market rent. On that basis, the equivalent yield for the combined portfolio would have been 4.3 per cent (pro forma Dec 2022: 4.2 per cent).

Our property interests comprise a combination of properties which are wholly owned and a 50 per cent share of property held in the Longmartin and Lillie Square joint ventures. The condensed consolidated interim financial statements, prepared under IFRS, include the Group's interest in the joint ventures as one-line items in the Statement of Comprehensive Income and Balance Sheet. Joint ventures account for an additional £231 million of property interests (50 per cent).

Strong occupational markets

The Group's portfolio of adaptable mixed-use buildings provides diversified income streams. There is 2.9 million square feet of area overall, comprising 1.8 million square feet of retail, hospitality and leisure space together with 0.7 million square feet of offices and over 700 residential apartments.

Operational performance across the portfolio has been strong with rental and income growth, and low vacancy, buoyed by sustained healthy demand. As the market continues to gravitate towards the best locations, the West End has attracted target brands and concepts. 27 new brands and concepts were introduced in the first half of the year.

Rental values continue to recover although retail and hospitality and leisure ERVs are currently 20 per cent and 7 per cent, respectively, below pre-pandemic levels. Office and residential market rents are now 5 per cent and 15 per cent ahead of pre-pandemic levels.

Over the six months to 30 June 2023, 220 leasing transactions with a combined rental value of £15.1 million concluded, comprising:

- 89 commercial lettings and renewals: £10.5 million, 6 per cent ahead of 31 Dec 2022 ERV; and
- 131 residential lettings: £4.6 million, 13 per cent above previous passing rents.

Leasing transactions concluded during the period

Use	Transactions	New contracted rent (£m)	% above Dec-22 ERV
Retail	37	5.1	6
Hospitality & leisure	18	1.7	4
Offices	34	3.7	7
Residential	131	4.6	5
Total	220	15.1	5

In addition, 41 commercial rent reviews with a rental value of £7.7 million were concluded on average 7 per cent ahead of previous passing rents.

Retail (33 per cent of the portfolio by ERV)

There has been continued improvement in trading over the period, with certain categories such as performance wear, premium and luxury outperforming significantly. We closely monitor trends in consumer demand to target brands and concepts relevant to our consumers with a strong omni channel presence, across a broad mix of categories.

The portfolio includes 410 shops, located primarily in Covent Garden, Carnaby and Soho. There is strong demand from British, independent and global brands ranging from start-ups to established retailers seeking global flagships, which are attracted by the seven-days-a-week footfall and trading environment. With a broad range of unit sizes and rental tones on offer from £175 per square foot Zone A to over £1,000 per square foot Zone A rent, we can cater for a variety of retailers and provide flexibility for expansion within our portfolio.

Retailers are increasingly focusing on fewer stores, placing greater emphasis on global location, consumer experience, service and flagship retailing with better digital engagement. The West End, and particularly our portfolio, continues to be a destination of choice for both market entry and retail expansion.

Currently, the retail leasing market is strong, with various units attracting interest from multiple occupiers. Recent signings across the retail portfolio include luxury watch brand Tissot on James Street and the re-location and upsizing of the Arc'teryx store from Long Acre to King Street creating a new London flagship in Covent Garden, whilst in Carnaby, Hollister and OG Kicks have opened on Foubert's Place. There has been a number of openings including the new flagship Uniqlo store, Sessun, Mejuri and Gramicci in Covent Garden and Farah in Soho.

During the period, 37 retail leasing transactions completed with a rental value of £5.1 million.

Hospitality and leisure (34 per cent of the portfolio by ERV)

The portfolio offers a diverse range of food concepts, from accessible casual to premium dining. In our experience, an innovative hospitality and leisure offering provides a halo effect on footfall, increasing dwell time, and drives improved trading in our areas. Competition for available hospitality accommodation has been strong throughout the period. With availability of restaurant and leisure space being constrained by strong trading prospects together with local planning and licensing policies, and we are seeing a high rate of renewals from existing customers.

The restaurant offering continues to evolve, with Story Cellar, the second restaurant venture from two Michelin Star chef, Tom Sellers, opening in Seven Dials and Argentinian restaurant Gaucho opening on James Street, Covent Garden. Crudo Cevicheria, London's first build-your-own cevicheria, opened its latest site in Seven Dials.

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. Kaleido and El Pollote have recently joined the stable of interesting dining concepts in Carnaby.

Chinatown is a sought-after location in the heart of the West End's entertainment district. During the period, pan Asian restaurant concept, YiQ signed its debut restaurant in Chinatown while Japanese restaurant High Yaki launched its unique take on Japanese barbecue in Newport Place, joining an unmatched collection of authentic regional Chinese and pan-Asian restaurants.

During the period, 18 hospitality and leisure leasing transactions completed with a rental value of £1.7 million.

Office (22 per cent of the portfolio by ERV)

The portfolio offers 0.7 million square feet of office space. Typically, office accommodation is occupied by media, creative, tech and professional services businesses, however, there is a growing number of customers relocating from other central London locations as employers continue to recognise the importance of a vibrant atmosphere in attracting and retaining staff.

Despite the economic backdrop, office ERV increased 2.7 per cent in the period, reflecting the continued shortage of high-quality office space across the West End. There is a flight to quality with a preference for fully fitted space and low-density use, provided on flexible lease terms. Our office product continues to be well received, achieving growing levels of pricing with more recent transactions setting a new rental tone of over £100 per square foot. The Carnaby and Covent Garden development pipeline is well-positioned to capture this demand, with their high amenity value and excellent environmental credentials.

During the period, 34 office leasing transactions with a rental value of £3.7 million were concluded.

Residential (11 per cent of the portfolio by ERV)

The central London residential letting market continues to be particularly healthy, with interest from a broad range of customers. With sustained demand, any space which becomes available typically goes under offer within a matter of days, with improving rental levels, now 15 per cent above 2019 levels. During the first half, 131 residential lettings and renewals with a rental value of £4.6 million completed and, at 30 June 2023 only 4 units were available to let.

Annualised gross income and ERV

At 30 June 2023, gross annualised income had increased by 5.6 per cent to £188 million and is now above pre-pandemic levels (2019: £187 million). ERV was £235 million, up 3.3 per cent over the period (like-for-like), £23 million below its pre-pandemic level (2019: £258 million).

A key priority is to deliver growth in cash rents, capturing the reversion between annualised gross income and the valuers' ERV as well as generating sustained ERV growth, initially back to its pre-pandemic level. Our active 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 through converting the portfolio's reversionary potential into contracted income and cash flow, whilst establishing new rental tones, the benefit of which is often compounded across nearby buildings.

As at 30 June 2023, the portfolio's reversion was £46.4 million, with the opportunity to grow annualised gross income by 25 per cent to match current ERV. The components of this reversion are set out below.

Components of the reversion

	30 June 2023 £m
Annualised gross income	**188.3**
Contracted	20.5
Under offer	7.6
Available to let	5.3
Under refurbishment	15.7
Net under/(over)-rented	(2.7)
ERV	**234.7**

High occupancy

At 30 June 2023, EPRA vacancy (including units under offer) was 5.9 per cent of portfolio ERV; 3.4 per cent was under offer and 2.5 per cent was available to let.

Under offer

Use	% of portfolio ERV	ERV (£m)	Area ('000 sq. ft.)
Retail	0.8	1.7	19
Hospitality & leisure	0.4	0.9	9
Offices	2.1	4.6	51
Residential	0.1	0.4	6
Total	3.4	7.6	85

Available-to-let space

Use	% of portfolio ERV	ERV (£m)	Area ('000 sq. ft.)
Retail	1.1	2.4	26
Hospitality & leisure	0.3	0.6	9
Offices	1.0	2.2	29
Residential	0.1	0.1	2
Total	2.5	5.3[1]	66

1. Includes 11 units let on a temporary basis (ERV: £1.3 million).

Refurbishment activity

Active asset management and refurbishment initiatives continue to unlock income and value as well as enhance environmental performance across the portfolio. During the period, refurbishments with an ERV of £6.9 million completed, of which £5.5 million is contracted or under offer. Following completion of its refurbishment, 72 Broadwick Street has been recognised at the Building London Planning Awards for the Best Mixed-Use Scheme.

At 30 June 2023, the ERV of space held for or under refurbishment amounted to £15.7 million across 0.2 million square feet, representing 6.7 per cent of portfolio ERV.

Capital commitments as at 30 June 2023 were £22.8 million. On average, approximately 1 per cent of portfolio value is expected to be invested per annum.

Held for or under refurbishment

Use	% of portfolio ERV	ERV (£m)	Area ('000 sq. ft.)
Retail	1.3	2.9	27
Hospitality & leisure	2.2	5.2	90
Offices	2.7	6.4	87
Residential	0.5	1.2	25
Total	**6.7**	**15.7**	**229**

Acquisitions and disposals

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. A review has been undertaken to identify assets which offer greater potential to add value and generate higher income and total returns, and preparations are underway to dispose of assets which do not meet these criteria. Currently, we anticipate capital recycling of approximately 5 per cent of the wholly owned portfolio value.

Presently, our priority is to maximise the potential from investment opportunities in the existing portfolio. Acquisition opportunities which meet our strict criteria to deliver attractive long-term rental growth and total returns have remained limited, with assets in the area tightly held. In February 2023, we completed the lease regear of the Royal Opera House Arcade in Covent Garden for £12.9 million. We are well-positioned with access to significant liquidity to act on appropriate market opportunities.

Consumer engagement through activations, events and extensive cultural programme

We offer unique customer experiences across our vibrant, thriving destinations with an active programme of campaigns and activations driving footfall and longer-term consumer engagement. We engage directly with consumers across our social media channels through a comprehensive campaign calendar with brand partnerships. Large parts of the portfolio are predominantly pedestrianised offering al fresco dining.

At Covent Garden the historic Piazza is animated through events and cultural installations with an extensive programme of activities including the Peter Rabbit Easter adventure, a partnership with NYX Professional Makeup and Warner Brothers to launch the limited-edition Barbie the Movie Collection and the summer sculpture trail in partnership with conservation charity Tusk across the enlarged Covent Garden portfolio. For Earth Day Covent Garden partnered with recycling initiative 'Every Can Counts' to create a sustainable installation on the Piazza.

Following the success of previous spend incentive campaigns, American Express has returned this year, with a number of brands participating across the enlarged Covent Garden portfolio. For Pride, over 2,000 unique Pride flags adorned the Market Building spreading messages in support of the LGBTQ+ community, with donations being made to Pride in London.

During the period, Carnaby offered a number of foodie experiences as part of its Street Eat campaign including seasonal menus and a restaurant hopping tour. Carnaby's vibrant summer installation made from recycled plastic from local shops and restaurants launched along with the wider summer campaign "Carnaby in Colour" while in Soho, Beats and Eats celebrated Soho's unique dining scene, spanning across more than 20 different cuisines offering a selection of special menus, activations and promotions.

Chinatown continues to see good engagement across both its Chinese and Western social media channels, with a creative programme of campaigns designed to engage audiences and drive footfall. A new summer installation of hand-crafted parasols has launched as part of a wider 'Art of Chinatown' campaign, celebrating the unique creativity of the district.

In celebration of the Coronation of King Charles III, a variety of activities took place across the portfolio, including welcoming Their Majesties King Charles III and Queen Camilla to the Covent Garden estate on 17 May 2023.

People

Our employees have a shared passion for the West End. The long-term success of our business relies on the knowledge, experience and commitment of our innovative and enthusiastic team. There are a number of initiatives to support our employees including regular Company-wide meetings and forums as we adapt our structures and ways of working to ensure we continue to be a forward-looking cohesive and effective team. The views and opinions of our colleagues are sought and make an important contribution to decisions across the business. Greater scale and breadth provide enhanced development opportunities for individuals.

Sustainability and environmental stewardship

We are committed to minimising the impact of our operations on the environment and recognise the opportunity and obligation to make a positive difference. It is our objective to become a UK leader in sustainability for heritage properties, and we will continue to re-use, re-purpose and improve our buildings to enhance energy performance credentials.

Prior to the merger Capco and Shaftesbury independently set science-based targets to achieve Net Zero Carbon by 2030. A combined Net Zero Carbon Pathway will be published later this year based on a "retrofit first" approach which recognises that our heritage buildings represent substantial long-term carbon stores. We are committed to transparent reporting through recognised indices. Despite the merger and the subsequent name change from Capco to Shaftesbury Capital, both Capco and Shaftesbury's recent submissions to relevant indices relate only to their individual activities and approach for the most recent financial year. The results, in particular for GRESB and CDP will reflect the pre-merger entities. The 2023 submissions, to be made during 2024, will be based on the Company's combined activities and approach.

We continue to enhance the environmental performance of our portfolio whenever refurbishment works are undertaken, targeting a minimum EPC rating of B on all refurbishment projects. Across the estate, approximately 68 per cent now have an EPC rating of C or above, the minimum level required by April 2027. This represents approximately 5 percentage points uplift across the portfolio.

Green leases, which encourage greater collaboration on data to enhance energy performance are standard for new customers across the portfolio. Following the successful pilot of Carbon Risk Real Estate Monitor ("CRREM") analysis on a number of properties in the Covent Garden portfolio, we are planning to roll this out across the wider portfolio to support the development of science-based carbon reduction pathways at an individual building level.

Stakeholder and community engagement

As a responsible, long-term investor, community engagement and collaboration are integral to our strategy and activities. We value the communities that make our places thrive.

With our experience and knowledge of the West End, we make an important contribution to safeguarding its long-term appeal and prospects. Our stakeholders include local authorities, neighbouring owners and business improvement districts, industry groups, residents, and charitable organisations.

We continue to work with our local authorities and residents to make public realm enhancements to improve both air quality and the experience and appeal of our vibrant and thriving places for visitors, workers, residents, businesses and communities. These include pedestrianisation, streetscape improvements, providing outdoor seating and schemes to reduce traffic congestion and pollution.

Our community programme prioritises initiatives and charity partners in the West End. We continue our support for, and engagement with local charities, to address needs in our local communities, providing funding, advice and staff volunteering. Activities over the period include sponsorship of the Westminster Scholar programme, Young Westminster Youth Project, Young Camden Foundation Youth Project and West End Community Trust.

Our portfolio is located close to major cultural attractions. We continue our support of culture and the arts, including the patronage of the Donmar Theatre in Seven Dials, as well as partnerships with the Society of London Theatres, British Fashion Council, British Beauty Council and London & Partners.

Joint ventures

We own 50 per cent of the Longmartin and Lillie Square joint ventures and in the summaries below, all figures represent our 50 per cent share.

Longmartin

At 30 June 2023, Longmartin's long leasehold property was valued at £159 million (Dec 2022: £160 million). After allowing for capital expenditure, the valuation decrease was 1.1 per cent. ERVs increased by 3.4 per cent. The equivalent yield was 4.6 per cent, an increase of 34 basis points over the period (Dec 2022: 4.3 per cent). The joint venture has a £60 million fixed-rate term loan maturing in 2026. As at 30 June 2023, net debt was £57.5 million, resulting in LTV of 36 per cent.

Lillie Square

The property valuation at 30 June 2023 was £72 million, a 3 per cent decline (like-for-like) (Dec 2022: £77 million). In addition, Shaftesbury Capital owns £2 million of other related assets adjacent to the Lillie Square estate. The sale of three units completed during the period representing gross proceeds of £2.7 million. At 30 June 2023, our share of cash was £7.5 million.

FINANCIAL REVIEW

Presentation of information

The all-share merger of Capital & Counties Properties PLC ("Capco") and Shaftesbury PLC to create Shaftesbury Capital PLC ("Shaftesbury Capital") completed on 6 March 2023. The financial review presents the results of Shaftesbury Capital with the consolidated statement of comprehensive income reflecting the standalone performance of Capco for the period 1 January to 6 March and the performance of the merged business, Shaftesbury Capital, between the completion date of 6 March and 30 June 2023. The 30 June 2023 balance sheet reflects the position of the combined Group. The 2022 comparative information relates to Capco pre-merger.

Reflecting the Company's focus primarily on the wholly owned portfolio, all information is presented on an IFRS basis, with Group share (which included the share of joint ventures on a proportionally consolidated basis) no longer being presented. Key performance metrics have been restated to reflect this change. Pro forma information has been included for the balance sheet to provide relevant comparative information. Further details on pro forma information, and reconciliation to reported numbers, is included on page 48.

Financial highlights

The first half of 2023 has been characterised by strong operational momentum across our portfolio, with strong leasing demand across all uses resulting in high occupancy and rental growth. Footfall trends across the West End are positive, buoyed by increasing international visitor numbers, contributing to growth in sales for our retail and hospitality customers. Against a backdrop of economic uncertainty, the resilient performance over the period demonstrates the exceptional qualities of our portfolio, which has generated growth in annualised income and ERV as well as an unchanged valuation.

Underlying earnings for the six-month period to 30 June 2023 were £27.5 million, equivalent to 1.9 pence per share based on the weighted average number of shares during the period of 1.47 billion. Net rental income has increased in the period, offset in part by higher finance costs and administration expenses. The Directors have declared an interim cash dividend in respect of the period of 1.5 pence per share.

The wholly owned portfolio has been independently valued at £4,898.5 million, reflecting a 0.1 per cent like-for-like increase relative to the pro forma 31 December 2022 valuation of £4,857.8 million. ERV increased by 3.3 per cent (like-for-like) to £235 million and the equivalent yield was 4.2 per cent, reflecting outward movement of 10 basis points.

Overall EPRA NTA (net tangible assets) per share increased by 6.4 per cent in the period from 182.1 pence at 31 December 2022 to 193.8 pence. Combined with the 1.7 pence per share dividend paid to shareholders during the period, the total return for the half year is 7.4 per cent. Total shareholder return for the first half was 9.6 per cent, reflecting dividends paid and the increase in the share price from 106.5 pence to 115.1 pence.

Significant progress has been made on cost savings across the business, ahead of the phasing included in the merger documentation, which set out a run rate of £12.0 million within two years, of which £6.0 million would be achieved within a year of completion. Actions to date are expected to result in annualised cost savings of circa £9 million, primarily in administration costs. Further integration activity continues as we work towards an effective and efficient organisational structure and cost base. The current expectation for total cost savings is now £13.5 million. We are also beginning to identify broader benefits from the merger including incremental revenue opportunities.

The Group has a strong balance sheet with a focus on resilience, flexibility and efficiency. There is significant headroom against debt covenants and access to liquidity, comprising cash and undrawn facilities of £457.3 million as at 30 June 2023 (31 December 2022: £416.5 million). 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 our capital structure for the longer term, taking advantage of the Group's enhanced credit profile.

Accounting implications of the merger

From an accounting perspective, Capco was the deemed acquirer of Shaftesbury PLC. The book value of Shaftesbury PLC's net assets has been adjusted to reflect their fair value at the completion date of 6 March 2023, in accordance with IFRS 3.

The major adjustments required by IFRS 3 included:

- the derecognition of Shaftesbury tenant lease incentives and deferred letting fees of £42.0 million held within 'Other receivables'. The balance would have been amortised to net rental income on a straight-line basis over the remaining term of the lease to earlier of break or expiry. As a result of this adjustment, net rental income for the legacy Shaftesbury PLC assets from 6 March 2023 will only reflect amortisation of new tenant lease incentives and deferred letting fees.
- £959.8 million of fixed rate debt held by Shaftesbury PLC was fair valued at £889.0 million, resulting in a £70.8 million difference. The Group's 50 per cent share of the Longmartin joint venture debt was also fair valued at £56.6 million, a

£3.4 million reduction to nominal value of £60 million, leading to the total difference of £74.2 million. £24.6 million of this difference has been derecognised through other finance costs during the first half of 2023 on redemption of the Chinatown and Carnaby Bonds. The remainder will be amortised as a charge to other finance costs over the remaining term of the debt facilities with a £2.0 million charge recorded in the period. At 30 June 2023 the unamortised balance of the fair value adjustment was £47.6 million which equates to an additional 2.6 pence per share in EPRA NTA.

Consideration issued on completion of the merger was in the form of 3.356 Shaftesbury Capital shares for each Shaftesbury PLC share, with a total of 1,096 million shares being issued (including 128.4 million shares issued to a Capco-controlled entity in respect of secured shares previously held as collateral for the exchangeable bonds). The Shaftesbury Capital share price was trading at a 32 per cent discount to EPRA NTA on 6 March 2023, which in turn results in the deemed value of the consideration being at a discount to the fair value of Shaftesbury PLC's net assets on completion. This discount, referred to under IFRS as a 'bargain purchase' gain, amounted to £803.7 million and has been recognised under the provisional completion accounting in the consolidated statement of comprehensive income.

Prior to the merger, Capco-owned 25.2 per cent of Shaftesbury PLC shares with the investment held as a "financial asset at fair value through profit and loss". The investment was revalued on 3 March 2023 based on the closing share price of 421.6 pence resulting in a fair value gain of £52 million during the period. Following the merger, Shaftesbury PLC is fully consolidated with no separate investment held.

Accounting policies have been aligned following the merger. As a result, tenant lease incentives and deferred letting fees, which were previously amortised to lease expiry, have been amended to be amortised on a straight-line basis to the earlier of lease break date or expiry. This change has led to a £5.1 million reduction in net rental income in the current period with a corresponding reduction in other receivables. As tenant lease incentives and deferred letting fee balances are deducted from the market value of investment property to calculate the portfolio carrying value, this adjustment is also reflected through investment property carrying value and the revaluation movement, and consequently it does not impact net asset value or profit for the period.

In addition, for legacy Capco, letting fees deferred in the balance sheet and amortised to property costs on a straight-line basis had not been previously deducted from the market value of investment property. Since the related leases are included in the valuation, the investment property carrying value has been reduced by £4.1 million, being the balance of deferred letting fees carried on the balance sheet at 1 January 2023. This adjustment is included within the valuation movement for the period.

Alternative performance measures

As is usual practice in the real estate sector, alternative performance measures ("APMs") are presented for certain indicators, including earnings, earnings per share and net tangible assets, making adjustments set out by EPRA in its Best Practice Recommendations. These recommendations are designed to make the financial statements of public real estate companies more comparable across Europe, enhancing the transparency, comparability and coherence of the sector. Further details on APMs used, including details on pro forma information, and how they reconcile to IFRS, are set out on page 47.

One of the key performance measures which the Group uses is underlying earnings. This aligns with the main principles of EPRA earnings which provides a measure of recurring income on a transparent and consistent basis. EPRA earnings excludes valuation movements on the wholly owned and joint venture properties, fair value changes of financial instruments and listed investments, cost of early close out of debt, gain on bargain purchase and merger-related transaction costs. Certain Group adjustments, such as adjusting for non-recurring integration costs, which are not removed from EPRA earnings, are made to calculate underlying earnings. EPRA adjustments for Lillie Square, including profit on sale of trading property, are removed from underlying earnings as they are not considered to be recurring and part of the core nature of the business.

Change in accounting policy

As reported in Capco's 2022 Annual Report, the Group adopted the IFRS Interpretations Committee ("IFRIC") agenda decisions released in October 2022 in relation to how a lessor should account for the forgiveness of lease payments as well as demand deposits with restrictions on use arising from a contract with a third party. The Group adopted the change in accounting policy prior to the year ended 31 December 2022 and, for completeness, the comparative 30 June 2022 results have now also been restated for the retrospective application of the change. The adjustment has reduced gross profit and underlying earnings by £1.1 million and IFRS loss after tax by £0.2 million for the comparative period.

From an APM perspective, tenant deposits have been excluded from cash and available facilities and net debt calculations as they do not represent liquidity which the Group would look to access.

FINANCIAL PERFORMANCE

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

The 30 June 2023 statement of comprehensive income represents the standalone performance of Capco for the period to 6 March 2023 and that of the combined Group from that date to 30 June 2023. The comparative information for 30 June 2022 is the previously reported results of Capco, reflecting the accounting policy change referred to above.

	30 June 2023 £m	Restated 30 June 2022 £m
Net rental income	**58.3**	26.9
(Loss)/gain on revaluation of investment property	**(16.8)**	81.7
Change in fair value of listed equity investment	**52.0**	(90.2)
Other income	**2.6**	3.9
Administration expenses[1]	**(57.5)**	(21.8)
Net finance costs[2]	**(21.5)**	(14.3)
Share of Longmartin joint venture profit	**0.2**	–
Taxation	**–**	(5.5)
Other[3]	**(21.9)**	7.9
	(4.6)	(11.4)
Gain on bargain purchase	**803.7**	–
Profit/(loss) for the period	**799.1**	(11.4)
Basic earnings/(loss) per share	**54.2p**	(1.3)p
EPRA earnings[4]	**10.8**	12.0
EPRA earnings per share[4]	**0.7p**	1.4p
Underlying earnings[4]	**27.5**	3.2
Underlying earnings per share[4]	**1.9p**	0.4p
Weighted average number of shares[5]	**1,473.3m**	851.3m

1. Administration expenses include £39.6 million of non-underlying costs (30 June 2022: £9.0 million) substantially related to merger-related transaction and integration costs, which are considered non-recurring in nature.
2. Excludes other finance income and costs and change in fair value of derivative financial instruments (included in "Other" above).
3. Includes other costs, impairment of other receivables and other finance income and costs including the change in fair value of derivatives and amortisation of merger adjustments for the fair value of Shaftesbury debt adjustment on merger.
4. Further details regarding EPRA and Underlying earnings are disclosed on page 32.
5. 1,953.2 million shares are in issue as at 30 June 2023. Following the issuance of 1,095.6 million shares on 6 March 2023, the weighted average number of shares for the six months ended 30 June 2023 is 1,473.3 million. The weighted average number of shares excludes 128.4 million own shares held as collateral for the exchangeable bond and 3.1 million shares held by the Group's approved Employee Benefit Trust.

Net rental income

	30 June 2023 £m	Restated 30 June 2022 £m
Rent receivable	**73.4**	29.6
Straight lining of tenant lease incentives[1]	**0.5**	3.0
Service charge income	**8.5**	3.3
Revenue	**82.4**	35.9
Expected credit loss provision	**(1.6)**	(1.2)
Property expenses[1]	**(13.4)**	(4.5)
Service charge expenses	**(8.5)**	(3.3)
Impairment of tenant lease incentives	**(0.6)**	–
Net rental income	**58.3**	26.9

1. 30 June 2023 includes £5.1 million reduction for the change in accounting policy to adjust the amortisation period for tenant lease incentives and deferred letting fees. £4.1 million adjustment is recorded through straight lining of tenant lease incentives and £1.0 million in property expenses.

Rent receivable has increased reflecting the positive letting activity across the portfolio.

Straight lining of tenant lease incentives, after a non-cash charge of £4.1 million reflecting the change in accounting policy noted above, has increased revenue by £0.5 million in the period. Excluding the change in accounting policy, the impact of straight lining tenant lease incentives would have increased income by £4.6 million, reflecting the large volume of new leases signed in the period.

With improving trading conditions, cash collection levels have normalised. Charges for the expected credit loss, at £1.6 million, are materially consistent with the comparative period.

As at 30 June 2023 the balance sheet provision for expected credit losses for rent receivable was £5.0 million representing 30 per cent of the rent receivable balance. As at 31 December 2022 the legacy Capco provision was £4.0 million representing 34 per cent of the rent receivable balance. The reduction in the percentage provided compared to gross receivables reflects positive trading conditions.

Loss on revaluation of investment property

The market valuation of the wholly owned portfolio has increased by 0.1 per cent like-for-like between December 2022 (pro forma) and June 2023 to £4,898.5 million. ERV increased by 3.3 per cent (like-for-like) and the equivalent yield was 4.2 per cent, reflecting outward movement of 10 basis points.

The loss on revaluation of £16.8 million recorded in the income statement is based on carrying value of investment property after adjustments for lease incentives and capital expenditure and takes into account valuation movements on the legacy Shaftesbury investment property between the fair value on completion of the merger and the valuation at 30 June 2023.

Other income

Dividend income of £2.6 million was received from the previously held 25.2 per cent shareholding in Shaftesbury PLC on 15 February 2023 in relation to the final quarter of 2022.

Administration expenses

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Depreciation	**0.1**	0.1
Other administration expenses	**17.8**	12.7
Underlying administration expenses	**17.9**	12.8
Merger-related transaction costs	**36.2**	9.0
Merger-related integration costs	**3.4**	–
Administration expenses	**57.5**	21.8

In addition to underlying administration expenses of £17.9 million, merger-related transaction costs of £36.2 million have been incurred during the period, with the majority related to successful completion of the transaction.

One-off merger-related integration costs of £3.4 million have been incurred. Delivering recurring cost synergies is a priority for the Group with actions taken to date expected to result in annualised cost savings of circa £9 million, which represents significant progress ahead of the phasing included in the merger documentation (which set out a run rate of £12.0 million within two years, of which £6.0 million would be achieved within a year of completion).

Net finance costs

Net finance costs include interest on the additional £385 million of fixed rate debt secured on legacy Shaftesbury PLC assets acquired on completion of the merger. The £576 million loan facility was drawn in full in April 2023 to fund the redemption of the £575 million Chinatown and Carnaby Bonds.

Finance income increased by £5.1 million to £5.7 million during the period, comprising £2.6 million for cash on deposit and £3.1 million in relation to interest rate hedging arrangements.

Share of Longmartin joint venture profit

Our share of Longmartin's post-tax profit was £0.2 million for the period 6 March to 30 June 2023. Our share of the revaluation deficit was £0.2 million. Excluding the revaluation and fair value adjustment on debt and including the £0.2 million interest received on the interest-bearing loan provided to the joint venture, our share of underlying earnings from Longmartin was £0.9 million. £0.5 million dividend was received in June 2023.

Taxation

The Group's tax policy, which has been approved by the Board and is disclosed on our website, is aligned with the business strategy. The Group seeks to protect shareholder value by structuring operations in a tax efficient manner, having taken external advice as appropriate, which complies with all relevant tax law and regulations and does not adversely impact our reputation as a responsible taxpayer. As a Group, we are committed to acting in an open and transparent manner.

Consistent with the Group's policy of complying with relevant tax obligations, the Group maintains a constructive and open working relationship with HMRC which regularly includes obtaining advance clearance on key transactions where the tax treatment may be uncertain. The Group maintains a low-risk rating from HMRC, which has been confirmed following a detailed business risk review during 2022.

As a UK REIT, the Group is exempt from UK corporation tax on income and gains from qualifying activities and, as a result, there is no tax charge in the period. As a minimum, 90 per cent of the income arising from qualifying activities and 100 per cent of the Property Income Distribution ("PID") element of the dividend received from Shaftesbury PLC by the Group in the pre-merger period are required to be distributed as a PID to the shareholders of the Group. Non-REIT activities, such as disposals of trading property, are subject to UK corporation tax. A tax charge can arise for the Group (23.5 per cent for the current year) if the minimum PID requirement is not met within 12 months of the end of the relevant year. The Group expects to meet the PID requirements for the prior periods and current year within the allowed timelines.

UK REIT provisions also require the Group to satisfy certain tests to maintain its REIT status. We expect to satisfy all requirements needed to maintain REIT status throughout 2023.

Dividends

The Board has declared an interim dividend of 1.5 pence per share, reflecting the progression in underlying earnings and cash generation. The total gross dividend payable is £29 million of which £2 million relates to the Group entity which holds 128.4 million shares as security under the terms of the exchangeable bonds. The entity has provided an undertaking not to exercise its voting rights in respect of such ordinary shares but will receive the declared dividend, substantially all of which should subsequently be retained by the Group following the dividend threshold test as set out in the exchangeable bond conditions. In addition, the dividend will not be paid in relation to the 3.1 million shares held by the Group's approved Employee Benefit Trust.

The interim dividend will be paid in cash as an ordinary dividend on 18 September 2023 to shareholders on the register at 25 August 2023.

During the first half, in respect of the period pre merger, Capco paid a second interim dividend of 1.7 pence per Capco share and Shaftesbury paid a dividend of 2.7 pence per Shaftesbury share.

SUMMARY BALANCE SHEET

The 31 December 2022 balance sheet reflects the Capco position only. The pro forma balance sheet has been included in order to provide additional information for comparative purposes.

	30 June 2023 £m	Pro forma[1] 31 December 2022 £m	31 December 2022 £m
Investment property	**4,865.2**	4,829.2	1,715.1
Investment in joint ventures	**84.4**	86.8	0.2
Financial assets at fair value	**–**	–	356.9
Net debt[2]	**(1,553.5)**	(1,488.2)	(633.5)
Other assets and liabilities	**157.6**	98.6	122.9
Net assets	**3,553.7**	3,526.4	1,561.6
EPRA net tangible assets	**3,541.3**	3,526.4	1,552.2
EPRA net tangible assets per share (pence)	**193.8p**	193.0p	182.1p
Adjusted, diluted number of shares[3]	**1,827.2m**	1,827.2m	852.3m

1. Pro forma information is explained in further detail on page 48.
2. Net debt based on nominal value of debt drawn less cash, excluding tenant deposits of £14.4 million (31 December 2022 and pro forma: £13.4 million).
3. Number of shares as at 30 June 2023 excludes 128.4 million shares held as collateral for the exchangeable bond and 3.1 million within an approved Employee Benefit Trust. Total share capital in issuance, including these components, was 1,953.2 million shares as at 30 June 2023.

EPRA NTA

The EPRA NTA movement primarily reflects the effect of the completed merger transaction and an unchanged property valuation. As referred to above, through the completion accounting the legacy Shaftesbury PLC debt, including our share of the Longmartin joint venture, which had a nominal value of £444.8 million was fair valued and was held at £397.2 million as at 30 June 2023. This difference of £47.6 million, or 2.6 pence in terms of EPRA NTA per share, will reverse as the balance sheet value of the debt accretes to nominal value over the remaining term of the debt. The impact of this unwind is excluded from underlying earnings.

Investment property

The carrying value of the wholly owned portfolio has remained broadly unchanged over the period at £4,865.2 million (pro forma: £4,829.2 million). On 28 February 2023 the Group acquired the remaining interest in the Royal Opera House Arcade for £12.9 million, including costs. Other capital expenditure during the period was £15.2 million.

The market valuation of the wholly owned portfolio increased from December 2022 (pro forma) to June 2023 by 0.1 per cent on a like-for-like basis to £4,898.5 million. ERV increased by 3.3 per cent (like-for-like) and the equivalent yield was 4.2 per cent, reflecting 10 basis points outward movement. The MSCI Capital Return for the equivalent period was a 1.6 per cent reduction.

Total property return for the period was 1.4 per cent. The MSCI Total Return Index recorded 1.2 per cent for the corresponding period.

Investment in joint ventures

The figures below represent our 50 per cent share.

Longmartin

At 30 June 2023, Longmartin's long leasehold property was valued at £159.0 million (Dec 2022: £160.0 million) reflecting a reduction of 1.1 per cent. ERVs increased by 3.4 per cent, and, at 30 June 2023, the equivalent yield was 4.62 per cent, an increase of 34 basis points over the period (Dec 2022: 4.28 per cent).

Longmartin has a £60.0 million fixed-rate term loan maturing in 2026. As at 30 June 2023, net debt, based on nominal value, was £57.5 million resulting in LTV of 36.2 per cent.

Lillie Square

The property valuation as at 30 June 2023 was £72.2 million, a 3.1 per cent like-for-like decline against the 31 December 2022 valuation of £77.0 million. In total, 354 Phase 1 and 2 units have been handed over, with 66 units available.

The sale of three units completed during the period representing £2.7 million gross proceeds. Our share of cash was £7.5 million and there is no external debt.

Debt and gearing

The Group maintains a strong financial position, with diversified sources of funding, significant headroom against debt covenants, access to liquidity, modest capital commitments, substantial unencumbered asset value and is well-protected against interest rate movements.

The Group's cash and undrawn committed facilities as at 30 June 2023 were £457.3 million (pro forma: £521.6 million).

	30 June 2023 £m	Pro forma[1] 31 December 2022 £m	31 December 2022 £m
Cash and cash equivalents[2]	**157.3**	221.6	116.5
Undrawn committed facilities	**300.0**	300.0	300.0
Cash and undrawn committed facilities	**457.3**	521.6	416.5
Commitments	**(22.8)**	(35.6)	(1.7)
Available resources	**434.5**	486.0	414.8

1. Pro forma information is explained in further detail on page 48.
2. Excludes tenant deposits of £14.4 million (pro forma merger and 31 December 2022: £13.4 million).

As at 30 June 2023, the Group had capital commitments of £22.8 million.

The gearing measure most widely used in the industry is loan-to-value ("LTV") which at 30 June 2023 was 31.7 per cent. This is comfortably within the Group's limit of no more than 40 per cent. EPRA LTV was 30.8 per cent.

	30 June 2023 £m	Pro forma[1] 31 December 2022 £m	31 December 2022 £m
Cash and cash equivalents	**157.3**	221.6	116.5
Debt at nominal value	**(1,710.8)**	(1,709.8)	(750.0)
Net debt	**(1,553.5)**	(1,488.2)	(633.5)
Loan-to-value	**31.7%**	31.0%	36.3%
EPRA loan-to-value	**30.8%**	n/a	28.0%
Interest cover	**199.5%**	n/a	181.3%
Weighted average debt maturity – drawn and undrawn facilities[2]	**4.1 years**	n/a	4.2 years
Weighted average debt maturity – drawn facilities	**4.2 years**	n/a	4.5 years
Weighted average cost of debt[3]	**4.3%**	n/a	2.7%
Drawn debt with interest rate protection[4]	**100%**	n/a	100%

1. Pro forma information is explained in further detail on page 48.
2. Excludes the £576 million loan facility agreement as at 31 December 2022.
3. As at 30 June 2023 the weighted average cost of debt reduces to an effective running cash cost of 3.4 per cent taking account of interest on cash deposits and interest rate caps.
4. Taking account of interest on cash deposits and interest rate caps.

At 30 June 2023, Group net debt was £1.6 billion. In April 2023 the £576 million loan facility was drawn in full to fund the redemption of the £575 million Carnaby and Chinatown bonds.

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. Additional interest rate hedging was put into place in April which caps SONIA exposure at 3.75 per cent for a further £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 4.3 per cent, which reduces to an effective running cash cost of 3.4 per cent taking account of interest on cash deposits and interest rate caps.

A number of financing options are being explored to refinance medium-term debt maturities and to further strengthen the capital structure over the longer term.

NET DEBT AND CASH FLOWS

Movement in net debt	£m
31 December 2022	**(633.5)**
Debt acquired on merger[1]	**(959.8)**
Cash acquired on merger	**118.1**
	(1,475.2)
Operating inflow	**21.8**
Investing outflow	**(24.8)**
Financing outflow	**(3.4)**
Dividends paid	**(14.5)**
Non-underlying	**(57.4)**
30 June 2023	**(1,553.5)**

1. Debt acquired at nominal value.

Excluding cash and debt acquired as part of the merger, net debt increased by £78.3 million to £1,553.5 million as at 30 June 2023. The increase is largely due to:

- Operating cash inflows of £21.8 million reflecting growing net rental income and continuing positive cash collections, partly offset by higher administrative and finance costs following drawdown of the loan facility to refinance the redemption of the Carnaby and Chinatown bonds.
- Investing cash outflows of £24.8 million, including £15.1 million capital expenditure and £12.9 million for the Royal Opera House Arcade lease regear. £3.2 million has been received from the Longmartin joint venture in the period comprising a dividend of £0.5 million and £2.7 million loan repayment.
- £3.4 million movement on financing reflects the payment in relation to the additional interest rate hedging.
- On 20 March 2023 a dividend amounting to £14.5 million was paid.
- Non-underlying represents payment of merger-related transaction and integration costs. Certain merger-related transaction costs were included in the Shaftesbury PLC acquisition balance sheet but have been paid after the merger date and, therefore, reflect the difference between the costs included in the statement of comprehensive income of £39.6 million and the statement of cash flows.

Going concern

Further information on the going concern assessment is set out in note 1 to the condensed consolidated interim financial statements.

The Company has a strong balance sheet with EPRA loan-to-value of 31 per cent and access to cash and undrawn facilities of £457 million as at 30 June 2023. There remains sufficient liquidity and debt covenant headroom even in a downside "severe but plausible" scenario.

There continues to be a reasonable expectation that the Group will have adequate resources to meet both ongoing and future commitments for at least 12 months from the date of signing these condensed consolidated interim financial statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these condensed consolidated interim financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The Board has overall responsibility for Group risk management. It determines risk appetite and reviews principal risks and uncertainties regularly, together with the actions taken to mitigate them. The Board has delegated the responsibility for the review of the adequacy and effectiveness of the Group's internal control framework to the Audit Committee.

Risk is a standing agenda item at management meetings. This gives rise to a risk-aware culture and consistency in decision-making across the organisation, in line with the corporate strategy and risk appetite. All corporate decision-making takes risk into account, in a measured way, while continuing to drive an entrepreneurial culture.

The Executive Committee is responsible for the day-to-day commercial and operational activity across the Group and is, therefore, responsible for the management of business risk. The Executive Risk Committee, comprising the Executive Committee, the General Counsel, the Joint Group Financial Controllers, the Director of Sustainability & Technology and Head of Sustainability, is the executive level management forum for the review and discussion of risks, controls and mitigation measures. The corporate and business division risks are reviewed on a regular basis by the Executive Risk Committee so that trends and emerging risks can be identified, considered, managed appropriately and reported to the Board.

Further details of how we manage risk are set out on pages 43 to 49 of the 31 December 2022 Annual Report and remain consistent since the merger.

Risk outlook

During the period there has been strong operating performance across the portfolio, reflecting the benefits of our active asset management, together with the exceptional qualities and long-term resilience of the West End. There has been excellent leasing demand across all uses and high occupancy levels.

Despite the recovery in the operating environment and trading conditions, risk remains heightened, reflecting the current macroeconomic backdrop, manifesting in, amongst other things, inflation and increased borrowing rates which may have an impact on valuations, availability and cost of funding, our customers' profitability and consumer behaviour. The uncertainty on the future demand for and use of lettable space, evolution of consumer behaviour and travel patterns remains a consideration and the Board continues to monitor these areas.

If current global or UK macroeconomic conditions persist or deteriorate, or there is an increase in geopolitical uncertainty, this could impact UK real estate markets, resulting in downward pressure on the value of the Group's properties and net rental income.

Many of the Group's customers are exposed to the changes and challenges facing the retail and hospitality sectors, including macroeconomic factors, such as availability and cost of credit for customers and their businesses, the potential for the level of consumer spending to be impacted by the increase in the cost of living, business and consumer confidence, inflation rates, energy costs, supply chain disruption, labour shortages and other operational costs.

In recent years, the UK has also experienced heightened economic and political uncertainty after voting to leave the EU. Uncertainty remains in relation to long-term international trade arrangements and the overall impact on the UK economy.

The Group's operations may be adversely affected if it fails to comply with climate and environmental regulation or its own environmental, social or governance standards. Operations may also be adversely affected by climate and environment related risks, which could lead to significant costs to mitigate environmental impacts.

Following completion of the merger, operational and business risks were reassessed across the Group with no principal differences noted. The Group's success is dependent upon its ability to integrate and deliver the full benefits and synergies. A dedicated integration working team, headed by the Chief Operating Officer, has been established and is assisting the business functions with integration. The integration team reports regularly to the Executive Committee and Board on progress to date. Integration is progressing well, and further activity continues as we work towards an effective and efficient organisational structure and cost base. Company wide in person meetings, "Get To Know You" events and regular communication on the integration pathway have been made available to all employees.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Emerging risks

The Group monitors its emerging risks and considers mitigating actions which the Group currently deploys and could deploy with regards to these emerging risks. Emerging risks include the economic and geopolitical consequences of Russia's invasion of Ukraine, regulatory changes, UK political uncertainty, changes to consumer behaviour and changes to the way in which real estate will be used in the future, how lease arrangements are structured, as well as changes to tax and economic policy impacting real estate (including landlord and tenant legislation, residential rent control, capital gains, VAT and other sales taxes, stamp duty and business rates). The impact of developments in technology in areas such as artificial intelligence is being monitored, including whether they represent material risks or opportunities to the Group.

Principal risks and uncertainties

The main areas of the Group's principal risks and uncertainties are summarised below. These principal risks are not exhaustive. The Group monitors a number of additional risks and adjusts those considered 'principal' as the risk profile of the business changes. Following completion of the merger, a review has been conducted with no additional principal risks identified due to the significant overlap in the operational and business risks faced by both legacy businesses, as set out in the most recent annual reports and merger documentation. See also the risks inherent in the compilation of financial information, as disclosed in note 1 'Principal Accounting Policies' within 'Critical accounting judgements and key sources of estimation and uncertainty'.

Key principal risk areas	
Economic, political and operating environment	• Inability of the Group to adopt the appropriate strategy or to react to changing market conditions or changing consumer behaviour • Decline in real estate valuations due to macroeconomic conditions • Impact of higher interest rates and lack of availability or increased cost of debt or equity funding • Inflationary pressures on operating costs including energy • Uncertain political climate and/or changes to legislation and policies • Adverse impact on business and consumer confidence, increase material costs, disrupted supply chains and reduced labour supply • Catastrophic event such as a terrorist attack, natural disaster, health pandemic or cyber security crime
People	• Inability to retain and recruit the right people and develop leadership skills within the business • The Group has a relatively limited headcount, resulting in key person risk
Compliance with law and regulations	• Breach of legislation, regulation or contract • Inability to monitor or anticipate legal or regulatory changes • Accidents causing loss of life or very serious injury to employees, contractors, customers and visitors to the Group's properties; or near misses of the same • Exit from REIT regime due to non-compliance with REIT requirements
Climate change	• Physical impact on our assets from rising temperatures or other extreme climate-related event such as flooding • Transitional challenge of increasing and more onerous compliance and reporting requirements, as well as retrofitting, insuring or leasing our assets in a heritage environment on an appropriate whole life carbon basis • Inability to keep pace with the evolving regulatory developments or customer and consumer demand for approach to manage and mitigate climate-related risk
Leasing and asset management	• Inability to achieve target rents or to attract target customers due to market conditions • Competition from other locations/formats • Unfavourable planning policy, legislation or action impacting on the ability to secure planning approvals or consents

DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibilities

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules (DTR) 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

A list of current Directors is maintained on the Shaftesbury Capital website: www.shaftesburycapital.com.

By order of the Board

Ian Hawksworth

Chief Executive

2 August 2023

Situl Jobanputra

Chief Financial Officer

2 August 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2023

	Note	Six months ended 30 June 2023 £m	Restated Six months ended 30 June 2022[1] £m
Revenue	3	**82.4**	35.9
Costs[2]	3	**(24.1)**	(9.0)
Gross profit	3	**58.3**	26.9
Other income		**2.6**	3.9
Administration expenses	4	**(57.5)**	(21.8)
(Loss)/gain on revaluation and sale of investment property	10	**(16.8)**	81.7
Change in value of investments and other receivables		**2.2**	(3.6)
Change in fair value of financial assets through profit or loss	15	**52.0**	(90.2)
Operating profit/(loss)		**40.8**	(3.1)
Finance income	5	**5.7**	0.6
Finance costs	6	**(27.2)**	(14.9)
Other finance income	5	**2.0**	1.7
Other finance costs	6	**(26.3)**	(7.1)
Change in fair value of derivative financial instruments	15	**0.2**	16.9
Net finance costs		**(45.6)**	(2.8)
Operating loss after finance costs		**(4.8)**	(5.9)
Profit from joint ventures	11	**0.2**	–
Gain on bargain purchase	9	**803.7**	–
Profit/(loss) before tax		**799.1**	(5.9)
Taxation	7	**–**	(5.5)
Profit/(loss) and comprehensive income/(expense) for the period		**799.1**	(11.4)
Earnings/(loss) per share			
Basic earnings/(loss) per share	2	**54.2p**	(1.3)p
Diluted earnings/(loss) per share	2	**54.0p**	(1.3)p
Weighted average number of shares	2	**1,473.3m**	851.3m

1. Prior period comparatives have been restated to reflect a change in accounting policy following clarification by the IFRS Interpretations Committee ("IFRIC") during 2022 of how a lessor should account for the forgiveness of lease payments and for the representation of expected credit losses, which are now included within Costs. Details of the restatements and impact on prior period comparatives are set out in note 1 'Changes in accounting policies'.
2. Included in costs is a £1.6 million charge (30 June 2022: £1.2 million charge) of expected credit loss in relation to rent receivables.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2023

	Note	**As at 30 June 2023 £m**	As at 31 December 2022 £m
Non-current assets			
Investment properties	10	**4,865.2**	1,715.1
Property, plant and equipment		**1.7**	0.6
Investment in joint ventures	11	**84.4**	0.2
Financial assets at fair value through profit or loss	15	**–**	356.9
Derivative financial assets	15	**19.6**	12.1
Trade and other receivables	12	**126.7**	115.6
		5,097.6	2,200.5
Current assets			
Trade and other receivables	12	**31.7**	20.8
Cash and cash equivalents	13	**171.7**	129.9
		203.4	150.7
Total assets		**5,301.0**	2,351.2
Non-current liabilities			
Borrowings	14	**(1,654.8)**	(738.3)
Lease liabilities		**(3.5)**	(5.4)
Derivative financial liabilities	15	**(7.2)**	(3.3)
		(1,665.5)	(747.0)
Current liabilities			
Lease liabilities		**(0.5)**	(0.7)
Trade and other payables		**(81.3)**	(41.9)
		(81.8)	(42.6)
Total liabilities		**(1,747.3)**	(789.6)
Net assets		**3,553.7**	1,561.6
Equity			
Share capital	16	**488.2**	212.8
Other components of equity		**3,065.5**	1,348.8
Total equity		**3,553.7**	1,561.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2022

	Note	Share capital £m	Share premium £m	Own shares £m	Capital redemption reserve £m	Merger reserve[2] £m	Share-based payment reserve £m	Other reserves £m	Retained earnings[1] £m	Total equity £m
Balance at 1 January 2022[1]		212.8	232.5	–	1.5	293.7	7.7	(0.3)	1,038.9	1,786.8
Loss and total comprehensive expense for the six months ended 30 June 2022[1]		–	–	–	–	–	–	–	(11.4)	(11.4)
Transactions with owners										
Dividends	8	–	–	–	–	–	–	–	(8.5)	(8.5)
Fair value of share-based payment		–	–	–	–	–	1.0	–	–	1.0
Balance at 30 June 2022[1]		212.8	232.5	–	1.5	293.7	8.7	(0.3)	1,019.0	1,767.9

1. Prior period comparatives have been restated to reflect a change in accounting policy following clarification by the IFRS Interpretations Committee ("IFRIC") during 2022 of how a lessor should account for the forgiveness of lease payments. Details of the restatements and impact on prior period comparatives are set out in note 1 'Changes in accounting policies'.
2. Represents non-qualifying consideration received by the Group following the share placing in May 2014, and previous share placements. The amounts taken to the merger reserve do not currently meet the criteria for qualifying consideration and therefore will not form part of distributable reserves.

For the six months ended 30 June 2023

	Note	Share capital £m	Share premium £m	Own shares[1] £m	Capital redemption reserve £m	Merger reserve £m	Share-based payment reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2023		**212.8**	**232.5**	**–**	**1.5**	**293.7**	**9.8**	**(0.4)**	**811.7**	**1,561.6**
Profit and total comprehensive income for the six months ended 30 June 2023		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**799.1**	**799.1**
Transactions with owners										
Completion of all-share merger[2]	9	**273.9**	**–**	**(32.1)**	**–**	**962.3**	**–**	**–**	**–**	**1,204.1**
Dividends	8	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(14.5)**	**(14.5)**
Issue of shares and realisation of share-based payment reserve on employee share options[3]		**1.5**	**–**	**(0.8)**	**–**	**–**	**(9.8)**	**–**	**11.9**	**2.8**
Fair value of share-based payment		**–**	**–**	**–**	**–**	**–**	**0.6**	**–**	**–**	**0.6**
Balance at 30 June 2023		**488.2**	**232.5**	**(32.9)**	**1.5**	**1,256.0**	**0.6**	**(0.4)**	**1,608.2**	**3,553.7**

1. Represents the nominal value of 128,350,794 shares issued to a controlled entity in respect of secured shares previously held as collateral for the exchangeable bonds and 3,146,886 shares held by the Group's Employee Benefit Trust in respect of employee share awards.
2. Represents non-qualifying consideration received following the all-share merger with Shaftesbury PLC completed on 6 March 2023.
3. Represents the issue of 6,170,629 new shares and subsequent realisation of the outstanding share-based payment reserve on the close out of the Capco share scheme prior to completion of the all-share merger. 3,146,886 shares were bought back and are held by the Group's approved Employee Benefit Trust in respect of employee share awards.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2023

	Note	**Six months ended 30 June 2023 £m**	Restated Six months ended 30 June 2022[1] £m
Cash flows from operating activities			
Cash (utilised in)/generated from operations	19	**(12.6)**	18.4
Finance costs paid		**(28.0)**	(16.2)
Interest received		**6.0**	0.6
Net cash (outflow)/inflow from operating activities		**(34.6)**	2.8
Cash flows from investing activities			
Purchase and development of property		**(28.0)**	(4.8)
Dividends received from joint ventures		**0.5**	–
Cash acquired in a business combination	9	**118.1**	–
Loans to joint ventures repaid		**2.7**	17.3
Net cash inflow from investing activities		**93.3**	12.5
Cash flows from financing activities			
Borrowings repaid		**(575.0)**	(200.0)
Borrowings drawn		**576.0**	–
Acquisition of derivative financial instruments		**(3.4)**	–
Cash dividends paid	8	**(14.5)**	–
Net cash outflow from financing activities		**(16.9)**	(200.0)
Net movement in cash and cash equivalents		**41.8**	(184.7)
Cash and cash equivalents at 1 January		**129.9**	331.1
Cash and cash equivalents at period end	13	**171.7**	146.4

1. Prior period comparatives have been restated following clarification by IFRIC on classification of funds with externally imposed restrictions. Tenant deposits totalling £12.4 million at 30 June 2022 were reclassified from other receivables to cash and cash equivalents. Further details of the restatement are set out in note 1 'Changes in accounting policies'.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES

General Information

Shaftesbury Capital PLC (formerly Capital & Counties Properties PLC) (the "Company"), was incorporated and registered in England and Wales on 3 February 2010 under the Companies Act as a public company limited by shares, registration number 7145051. The registered office of the Company is Regal House, 14 James Street, London, WC2E 8BU, United Kingdom. The principal activity of the Company is to act as the ultimate parent company of the Shaftesbury Capital PLC Group (the "Group"), whose principal activity is the development and management of property.

Following the all-share merger ("the merger") on 6 March 2023 of Capital & Counties Properties PLC ("Capco") with Shaftesbury PLC to form Shaftesbury Capital, the Group's assets principally comprise investment property within the West End of London, including Covent Garden, Chinatown, Carnaby, Soho and Fitzrovia.

Basis of preparation

The Group's condensed consolidated interim financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

These condensed consolidated interim financial statements have been prepared using the same accounting policies as used in the preparation of the Capco (now Shaftesbury Capital) financial statements for the year ended 31 December 2022, except for changes in accounting policies below. The Capco (now Shaftesbury Capital) Annual Report and financial statements for the year ended 31 December 2022 were prepared in accordance with United Kingdom-adopted International Accounting Standards ("IFRS") and the applicable legal requirements of the Companies Act 2006.

The condensed consolidated interim financial statements are prepared in British pounds sterling.

The condensed consolidated interim financial statements for the six months ended 30 June 2023 are reviewed, not audited, and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2022 were approved by the Capco Board of Directors on 28 February 2023 and delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement made under Section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements have been prepared under the historical cost convention as modified for the revaluation of property, derivative financial instruments and equity investments held at fair value through profit or loss.

There is no material seasonal impact on the Group's financial performance.

All income, expenses and cash flows are generated from continuing operations.

These condensed consolidated interim financial statements were approved by the Board of Directors on 2 August 2023.

Accounting policies

The accounting policies used by the Group in these condensed consolidated interim financial statements are consistent with those applied in the Capco (now Shaftesbury Capital) financial statements for the year to 31 December 2022, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the period as well as alignment of accounting policies post completion of the merger.

New accounting policies

In the current period, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board that are effective for annual periods that begin on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed consolidated interim financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards:

- IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 (amendment) (Disclosure of Accounting Policies)
- IAS 8 'Accounting Policies, Changes in Accounting Estimates, and Errors' (amendment) (Definition of Accounting Estimates)
- IAS 12 'Income Taxes' (amendment) (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

New accounting policies continued

At the date of approval of the condensed consolidated interim financial statements the following standards and interpretations which have not been applied in these condensed consolidated interim financial statements were in issue but not effective, and in some cases have not been adopted for use under UK-adopted international accounting standards:

- IAS 1 'Presentation of Financial Statements' (amendment) (Non-current Liabilities with Covenants)
- IFRS 16 'Leases' (amendment) (Lease liability in a sale and leaseback)
- IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (amendment) (Sale or contribution of assets between an investor and its associate or joint venture)

The Group has assessed the impact of these new standards and interpretations and does not anticipate any material impact on the condensed consolidated interim financial statements.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method (at the point the Group gains control over a business as defined by IFRS 3 'Business Combinations').

The cost of an acquisition is measured as the aggregate of the consideration transferred, which includes the cash paid and the aggregate of the fair values, at the date of exchange, of other assets transferred, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, and the amount of any non-controlling interests in the acquiree.

Acquisition-related costs are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date.

Goodwill represents the excess of the cost of acquisition of a business combination over the fair value of the identifiable net assets of the business acquired at the date of acquisition. In the case that the fair value of the identifiable net assets acquired is greater than the total consideration paid, negative goodwill arises on the acquisition. The negative goodwill is recognised as a gain on bargain purchase in the Statement of Comprehensive Income.

Changes in accounting policies

Following the merger an alignment of accounting policies has been conducted between Capco and Shaftesbury PLC leading to the following amendments for the condensed consolidated interim financial statements.

Tenant lease incentives and deferred letting fees – change in lease term

Under IFRS 16 'Leases' the lease term is defined as the non-cancellable period of a lease, together with both periods covered by an option to extend or terminate the lease if the lessee is reasonably certain to exercise that option.

Previously, in the Capco (now Shaftesbury Capital) financial statements, the Group amortised tenant lease incentives and deferred letting fees on a straight-line basis over the lease term to lease expiry as the assumption was that lessees were reasonably certain not to exercise their option at break date. This has been amended such that the assumption is now that all lessees are reasonably certain to terminate at the break date and therefore they are now amortised over this lease period.

The comparative financial information has not been restated to reflect this change in accounting policy as the adjustment is not material and would have no impact on net assets nor profit for the period and has instead been adjusted prospectively. As a result, the straight-lining of lease incentives has been adjusted by £4.1 million and deferred letting fees have been adjusted by £1.0 million in the Statement of Comprehensive Income, with a reduction of £5.1 million within other receivables in the Balance Sheet. As tenant lease incentives and deferred letting fees are deducted from the market value of investment property to reach the carrying value, the adjustment is also reflected through investment property on the Balance Sheet and revaluation of investment property in the Statement of Comprehensive Income.

Adjustment to investment property for deferred letting fees

Previously in the Capco (now Shaftesbury Capital) financial statements the Group accounted for deferred letting fees in the balance sheet and amortised to property costs on a straight-line basis over the lease term without a corresponding deduction from the market value of investment property due to not being material. Deferred letting fees are considered initial direct costs and are deducted from the market value of investment property to calculate the carrying value. A £4.1 million adjustment has been made, reflecting the balance as at 1 January 2023, as a deduction from investment property and there is a corresponding revaluation loss. The adjustment is not material and therefore has not been applied retrospectively.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Prior year changes in accounting policies

IFRIC restatement

Rent concessions – forgiveness of past due rents receivable and tenant deposit adjustment

In October 2022, IFRIC finalised an agenda decision in regard to how a lessor should account for the forgiveness of lease payments under IFRS 9 'Financial Instruments' ("IFRS 9") and IFRS 16 'Leases' ("IFRS 16"). The decision concluded that for any rent receivable past its due date, which was subsequently forgiven, the lessor should apply the expected credit loss model under IFRS 9 and account for the forgiveness as an impairment to the statement of comprehensive income. Alongside this, any forgiveness of future rent would be deemed to meet the definition of a lease modification under IFRS 16, with the resulting impact accounted for by spreading the concession over the remaining lease term in accordance with IFRS 16. On entering into a lease modification, any directly attributable costs associated with the lease are derecognised. The Group had previously concluded that under IFRS there had been a policy choice to account for any rent forgiveness for rent receivable after its due date under either IFRS 9 or IFRS 16. Accordingly, the Group had elected to account for all relevant rent concessions as a lease modification under IFRS 16, and in addition the directly attributable costs associated with the leases were derecognised as non-underlying costs.

An IFRIC agenda decision regarding Demand Deposits with Restrictions on Use arising from a Contract with a Third Party, which concluded that the contractual restrictions on the use of the amounts held in the demand deposit do not change the nature of the deposit and that the Group can access those amounts on demand, therefore, the demand deposit should be included as a component of 'cash and cash equivalents' in its statement of cash flows.

The Group adopted the treatment set out in both these IFRIC agenda decisions in its accounting policies for 2022. Details of the agenda decisions are set out in the 2022 Annual Report of Capco. These changes in accounting treatment have been applied retrospectively and the 30 June 2022 comparative information has been restated in the condensed consolidated statement of comprehensive income and condensed consolidated statement of cash flows.

The adjustment for the forgiveness of past due rent receivables as at 30 June 2022 has reduced gross profit by £1.1 million and loss for the period by £0.2 million. Underlying earnings reduced by £1.1 million, or 0.1 pence per share.

The Group previously disclosed tenant deposits as other receivables in the consolidated financial statements. Following the IFRIC agenda decision issued in the prior year, an adjustment was made to other receivables to reclassify tenant deposits totalling £12.4 million at 30 June 2022 from other receivables to cash and cash equivalents. From an alternative performance measure perspective, tenant deposits have been excluded from cash and available facilities and net debt calculations as they do not represent liquidity which the Group would look to access.

Segmental information

IFRS 8 requires operating segments to be reported in a manner consistent with the internal financial reporting reviewed by the chief operating decision maker. The chief operating decision maker of the Group is the Executive Committee. The Executive Committee is responsible for regularly reviewing the Group's internal reporting in order to assess performance and for allocation of resources, and consists of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and the Executive Directors.

Previously, the Group determined the operating segments to be organised into the following divisions:

- Covent Garden;
- Other, which comprised the Shaftesbury Investment, the Group interest in Innova and other head office companies and investments; and
- Lillie Square, which represents the Group's interests in the Lillie Square joint venture and a number of smaller properties in the adjacent area.

Following the merger, the information reviewed by the Executive Committee is prepared on a basis consistent with these condensed consolidated interim financial statements. That is, the information is provided and monitored at a Group level and includes the IFRS reported results, EPRA and Underlying measures (previously the information provided was on a Group share basis). The management information previously presented for the Lillie Square and Other segments is no longer separately reported to the Executive Committee, as it makes up a small proportion of the combined Group post-merger, or in the case of the Shaftesbury Investment, is no longer relevant. These former segments no longer meet the requirements under IFRS 8 to be separately reported.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Going concern

The Directors have considered the appropriateness of adopting the going concern basis in preparing the condensed consolidated interim financial statements. The Group's going concern assessment covers the period to 30 September 2024 (the "going concern period"), being at least 12 months from the date of authorisation of these condensed consolidated interim financial statements.

Trading activity is strong across the portfolio, with retail, hospitality and leisure customers reporting sales in aggregate 15 per cent above 2019 on a like-for-like basis. Footfall trends across the West End are positive, buoyed by increasing international visitor numbers.

There is strong leasing demand across all uses delivering rental growth, vacancy remains low and rent collection patterns have normalised. There continues to be macro-economic and political uncertainty, including the rising interest rate and inflationary environment as well as geopolitical risks. The West End and the Group's unique portfolio of prime investments are not completely insulated, however, they have demonstrated remarkable resilience.

We maintain a strong balance sheet with a focus on resilience, flexibility and efficiency. There is significant headroom against debt covenants and access to significant liquidity, £457 million as at 30 June 2023.

In preparing the assessment of going concern, the Board has considered projections of the Group's liquidity, committed capital expenditure, income, costs, cash flows and debt covenants. The Group has assessed a base and "severe-but-plausible" downside scenario.

As at the period end, the Group had net debt of £1.6 billion, a LTV ratio of 32 per cent and Group interest cover of 2 times. The Group is projected to have sufficient cash reserves and undrawn facilities to meet debt maturities during the going concern period. Drawn debt is at fixed rates or currently has interest rate protection in place. Interest rate hedging is in place which 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 Group's debt matures between August 2024 and 2037. The revolving credit facility, which is currently undrawn has a maturity of September 2025, with a one-year extension option to September 2026, subject to lender consent. £57.5 million of private placement debt matures in August 2024 and is assumed to be funded through cash and undrawn facilities. The £576 million loan facility matures in December 2024, with a six-month extension option to June 2025, subject to lender consent.

The Group's financial resources are expected to be sufficient to cover its commitments over the going concern period, including in the severe-but-plausible downside scenario.

Relative to the Group's base forecast, the severe-but-plausible downside scenario includes the following key assumptions:

- Substantial reduction in forecast rental income due to a combination of extended voids and tenant failures;
- Elevated SONIA rates in excess of current market expectations; and
- Declines in rental values, along with a widening of valuation yields, resulting in reduced asset values.

The near-term impact of climate change risks within the going concern period have been considered in the severe-but-plausible downside scenario and are expected to be immaterial.

Under the severe-but-plausible downside scenario, the Group is expected to remain in compliance with its loan-to-value and interest cover covenants of its individual financing arrangements.

In addition to considering a severe-but-plausible downside scenario, the Board has also undertaken reverse stress testing, which indicated that the Group could withstand a decrease in excess of 40 per cent in income and valuations, before reaching the limit on all financial covenants.

Based on their analysis, the Directors are satisfied that there is a reasonable expectation that the Group will be able to meet its ongoing and future commitments for at least 12 months from the date of approval of the condensed consolidated interim financial statements and have therefore resolved that the Group's condensed consolidated interim financial statements be prepared on a going concern basis.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Critical accounting judgements and key sources of estimation uncertainty

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires the Directors to make judgements and estimates that affect the reported amounts of assets, liabilities, equity, income and expenses from sources not readily apparent. Although these estimates are based on management's best knowledge of the amount, historical experiences and other factors, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period.

The most significant area of estimation uncertainty in these condensed consolidated interim financial statements is in respect of the valuation of the property portfolio, including the merger date valuation of the investment properties acquired in the business combination, where external valuations are obtained.

The fair value of the Group's investment and trading property (trading property included within the Lillie Square joint venture) at 30 June 2023 was determined by independent, appropriately qualified external valuers CBRE and Cushman & Wakefield for the wholly owned investment properties, JLL for the Lillie Square joint venture and Knight Frank for the Longmartin joint venture. The valuations conform to the Royal Institution of Chartered Surveyors ("RICS") Valuation Professional Standards.

As various inputs used in the valuation calculations are based on assumptions, property valuations are inherently subjective and subject to a degree of estimation uncertainty. The Group's external valuers have made a number of assumptions as outlined within note 10 'Investment Property' in forming their opinion on the valuation of the Group's investment and trading properties. These assumptions are in accordance with the RICS Valuation Professional Standards, however, if any prove to be incorrect, it may mean that the value of the Group's properties differs from their valuation reported in these condensed consolidated interim financial statements, which could have a material effect on the Group's financial position. The key unobservable inputs used in the valuation models and a sensitivity analysis for each are disclosed on page 39.

Other areas of estimation in the condensed consolidated interim financial statements (which are not considered critical) include REIT compliance, the impairment of and expected credit loss allowance on trade receivables, share-based payments and the fair value estimation of the remaining assets acquired and liabilities assumed in the business combination and the likelihood of contingent liabilities resulting in future liabilities for the Group.

The significant judgement in the preparation of these condensed consolidated interim financial statements included determining the accounting acquirer in the business combination. As set out in IFRS 3 'Business Combinations', one of the combining entities is required to be identified as the acquirer and one as the acquiree. In a business combination effected primarily by exchanging equity interests, the acquirer is usually the entity that issues its equity interests. The pertinent facts and circumstances of the merger have been reviewed and considered by management and it is the Directors' view that although on completion, Shaftesbury PLC shareholders (excluding the existing Capco shareholding in Shaftesbury) owned approximately 53 per cent of the combined Group, having regard to a number of factors, Capco is the acquirer for IFRS 3 accounting purposes. Upon merger Capco was the entity issuing its equity interests and already held a 25.2 per cent shareholding in Shaftesbury since 2020. The balance of the Board, Executive Directors and Executive Committee in the combined Group was also assessed. Following completion of the merger the Board comprises six Shaftesbury and four Capco directors. The three Executive Directors comprise two Capco directors, the Chief Executive and Chief Financial Officer, and one Shaftesbury director, the Chief Operating Officer. Following completion of the merger, an Executive Committee, comprising three Capco and two Shaftesbury leadership team members, has been established and is responsible for the day-to-day management and operation of the Group. The transaction, whilst implemented through an offer, was effectively structured as a merger with the economic terms having regard to relative NTAs and market capitalisations.

2 PERFORMANCE MEASURES

The Group has applied the European Securities and Markets Authority guidelines on alternative performance measures ("APMs") in these interim results. An APM is a financial measure of historical or future financial performance, position or cash flow of the Group which is not a measure defined or specified in IFRS.

As is usual practice in the sector, the Group presents APMs for certain indicators, including earnings, earnings per share and net tangible assets, making adjustments set out by EPRA in its Best Practice Recommendations. These recommendations are designed to make the financial statements of public real estate companies more comparable across Europe, enhancing the transparency, comparability and coherence of the sector.

One of the key performance measures which the Group uses is underlying earnings. The measure aligns with the main principles of EPRA earnings which provides a measure of recurring income on a transparent and consistent basis. EPRA earnings excludes valuation movements on the wholly owned and joint venture properties, fair value changes of financial instruments and listed investments, cost of early close out of debt, gain on bargain purchase and merger-related transaction costs.

Certain Group adjustments, such as adjusting for non-recurring integration costs, which are not removed from EPRA earnings, are made to calculate underlying earnings. On completion of the merger and alignment of accounting policies for tenant lease incentives and deferred letting fees a £5.1 million reduction to gross profit has been recorded in the current period. As the adjustment is non-recurring and non-cash the impact has been adjusted from underlying earnings.

On completion of the merger, a fair value exercise was performed on the Shaftesbury PLC balance sheet, with the debt (including the impact to the fair value of the investment in the Longmartin joint venture arising from underlying fair value of debt) adjusted to be held at a fair value of £945.6 million compared to the nominal value of £1,019.8 million. The fair value adjustment will be amortised to other finance costs over the remaining term of the debt facilities. In the current period, EPRA earnings has been adjusted by £24.6 million, in relation to the accelerated unwind on the early redemption of the Chinatown and Carnaby Bonds in April 2023. The remaining adjustment for the other debt facilities has been adjusted from underlying earnings within other finance costs.

A summary of the number of shares, on a basic and diluted basis, in issue at the period end, and on a weighted average basis for the six-month period, is set out in the table below:

Number of shares

	Six months ended 30 June 2023 Weighted average million	**30 June 2023 In issue million[1]**	Six months ended 30 June 2022 Weighted average million	31 December 2022 In issue million
Ordinary shares	**1,557.7**	**1,953.2**	851.3	851.5
Own shares – employee benefit trust	**(2.1)**	**(3.1)**	–	–
Own shares – collateral for exchangeable bond	**(82.3)**	**(128.4)**	–	–
Number of shares - basic	**1,473.3**	**1,821.7**	851.3	851.5
Dilutive effect of contingently issuable share option awards[2]	**5.1**	**5.1**	1.3	0.8
Dilutive effect of contingently issuable deferred share awards[2]	**0.4**	**0.4**	0.1	–
Number of shares - diluted	**1,478.8**	**1,827.2**	852.7	852.3

1. Due to the settlement of share options under the employee benefit scheme prior to the merger, and the all-share merger completing on 6 March 2023, 1,101.7 million shares have been issued in the period.
2. In the period ended 30 June 2022, contingently issuable share options and deferred share awards were excluded from the weighted average dilutive number of shares when calculating IFRS, EPRA and underlying dilutive loss per share because they were anti-dilutive.

Earnings per share - IFRS

	Six months ended 30 June 2023 £m	Restated Six months ended 30 June 2022 £m
Basic earnings/(loss)	**799.1**	(11.4)
Basic earnings/(loss) per share (pence)	**54.2p**	(1.3)p
Diluted earnings/(loss) per share (pence)	**54.0p**	(1.3)p

2 PERFORMANCE MEASURES CONTINUED

Earnings per share – EPRA and Underlying

	Note	Six months ended 30 June 2023 £m	Restated Six months ended 30 June 2022 £m
Basic earnings/(loss)		**799.1**	(11.4)
EPRA Group adjustments:			
Loss/(gain) on revaluation of investment property	10	**16.8**	(81.7)
Change in value of investments and other receivables		**(2.2)**	3.6
Change in fair value of financial assets at fair value through profit or loss		**(52.0)**	90.2
Change in fair value of derivative financial instruments	15	**(4.1)**	(6.1)
Gain on bargain purchase	9	**(803.7)**	–
Accelerated unwind of unamortised finance costs and interest on early close out of debt[1]		**24.6**	5.9
Merger-related transaction costs	4	**36.2**	9.0
Deferred tax adjustments		**–**	1.2
EPRA joint venture adjustments:			
Profit on sale and transfer of trading property		**(4.7)**	(0.3)
Loss on revaluation and sale of investment property		**0.4**	–
Write down of trading property		**0.4**	1.6
EPRA earnings		**10.8**	12.0
EPRA earnings per share (pence)		**0.7p**	1.4p
Underlying earnings adjustments:			
Merger-related integration costs	4	**3.4**	–
Other finance income[2]	5	**(1.8)**	(1.7)
Other finance costs		**2.0**	1.2
Impact of change in accounting policy on gross profit		**5.1**	–
Joint ventures adjustment – Lillie Square[3]		**4.1**	(1.3)
Taxation		**–**	3.8
Change in fair value of derivative financial instruments – exchangeable bond option	15	**3.9**	(10.8)
Underlying earnings		**27.5**	3.2
Underlying earnings per share (pence)		**1.9p**	0.4p

1. All unamortised finance costs, including the fair value adjustment of the bonds on completion of the merger, have been accelerated on early redemption of the Carnaby and Chinatown bonds in April 2023. Prior year adjustment relates to the non-recurring costs in connection with the early repayment of £75 million of private placement notes and the repayment of the £125 million secured loan.
2. Represents interest receivable by the Group on the interest-bearing loans issued to the Lillie Square joint venture.
3. Relates to adjustments in relation to the Lillie Square joint venture. These are excluded from underlying earnings as Lillie Square is not considered part of the core underlying business of the Group.

Net assets per share

	As at 30 June 2023			As at 31 December 2022		
	EPRA NRV £m	**EPRA NTA £m**	**EPRA NDV £m**	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS total equity[1]	**3,553.7**	**3,553.7**	**3,553.7**	1,561.6	1,561.6	1,561.6
Unrecognised surplus on trading property – joint venture	**1.2**	**1.2**	**1.2**	7.1	7.1	7.1
Fair value of derivative financial instruments	**(19.6)**	**(19.6)**	**–**	(12.1)	(12.1)	–
Fair value adjustment of exchangeable bond[2]	**0.6**	**0.6**	**–**	(4.8)	(4.8)	–
Real Estate Transfer Tax	**338.7**	**–**	**–**	116.0	–	–
Difference between fair value and carrying value of debt[3]	**–**	**–**	**124.8**	–	–	121.4
Deferred tax adjustments[4]	**5.4**	**5.4**	**–**	0.4	0.4	–
NAV	**3,880.0**	**3,541.3**	**3,679.7**	1,668.2	1,552.2	1,690.1
NAV per share (pence)	**212.3p**	**193.8p**	**201.4p**	195.8p	182.1p	198.3p

1. IFRS total equity of 194.5 pence per share (31 December 2022: 183.2 pence per share).
2. Adjustment to remove the exchangeable bond option fair value and include the exchangeable bond liability at nominal value of £275 million.
3. Excludes the fair value of the exchangeable bond option component. It includes our 50% share of secured term loans in the Longmartin joint venture.
4. Deferred tax adjustment includes our share of deferred tax in the Longmartin joint venture.

2 PERFORMANCE MEASURES CONTINUED

Headline earnings per share

Headline earnings per share is calculated in accordance with Circular 1/2023 issued by the South African Institute of Chartered Accountants, a requirement of the Group's Johannesburg Stock Exchange secondary listing. This measure is not a requirement of IFRS.

	Six months ended 30 June 2023			Restated Six months ended 30 June 2022		
	Earnings £m	**Shares million**	**Earnings per share (pence)**	Loss £m	Shares million	Loss per share (pence)
Basic earnings/(loss)	**799.1**	**1,473.3**	**54.2**	(11.4)	851.3	(1.3)
Group adjustments:						
Gain on bargain purchase	**(803.7)**			–		
Loss/(gain) on revaluation and sale of investment property	**16.8**			(81.7)		
Headline earnings/(loss)	**12.2**	**1,473.3**	**0.8**	(93.1)	851.3	(10.9)
Dilutive effect of contingently issuable share option awards		**5.1**			1.3	
Dilutive effect of contingently issuable deferred share awards		**0.4**			0.1	
Diluted headline earnings/(loss)	**12.2**	**1,478.8**	**0.8**	(93.1)	852.7	(10.9)

3 GROSS PROFIT

	Six months ended 30 June 2023 £m	Restated Six months ended 30 June 2022 £m
Rental receivable	**73.4**	29.6
Straight-lining of tenant lease incentives[1]	**0.5**	3.0
Service charge income	**8.5**	3.3
Revenue	**82.4**	35.9
Expected credit loss provision	**(1.6)**	(1.2)
Property expenses[1]	**(13.4)**	(4.5)
Service charge expenses	**(8.5)**	(3.3)
Impairment of tenant lease incentives	**(0.6)**	–
Costs	**(24.1)**	(9.0)
Gross profit	**58.3**	26.9

1. 30 June 2023 includes £5.1 million relating to the change in accounting policy to reflect the adjustment to amortisation period for tenant lease incentives and deferred letting fees. £4.1 million of the adjustment is recognised through the straight lining of tenant lease incentives and £1.0 million in property expenses. Refer to note 1 'Changes in accounting policies' for further details.

All revenue has been generated from operations within the United Kingdom.

4 ADMINISTRATION EXPENSES

Included within administration expenses in the consolidated statement of comprehensive income are:

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Depreciation	**0.1**	0.1
Merger-related transaction costs[1]	**36.2**	9.0
Merger-related integration costs	**3.4**	–
Other administration expenses	**17.8**	12.7
Administration expenses	**57.5**	21.8

1. Costs relate to transaction fees and expenses in respect of the all-share merger with Shaftesbury. Details are set out in note 9 'Gain on bargain purchase'.

5 FINANCE INCOME

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Finance income:		
On deposits and other	**2.6**	0.6
On interest rate derivatives	**3.1**	–
Finance income	**5.7**	0.6
Other finance income:		
On loans to joint ventures[1]	**2.0**	1.7
Other finance income	**2.0**	1.7

1. Represents £0.2 million (30 June 2022: nil) interest income on the loan due from the Longmartin joint venture and £1.8 million (30 June 2022: £1.7 million) on the loan due from the Lillie Square joint venture.

6 FINANCE COSTS

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
On bank facilities and loan notes	**16.2**	10.4
On exchangeable bonds[1]	**4.2**	4.1
On mortgage bonds[2]	**1.7**	–
On secured loans	**4.8**	–
On obligations under lease liabilities	**0.3**	0.4
Finance costs	**27.2**	14.9
Other finance costs:		
Non-underlying finance charges[3]	**26.3**	7.1
Other finance costs	**26.3**	7.1

1. On 30 November 2020 the Group issued £275 million of secured exchangeable bonds maturing in March 2026. The net proceeds received from the issue of the exchangeable bonds have been split between the financial liability element and an option component. The debt component is accounted for at amortised cost and, after taking into account transaction costs, accrues interest at an effective interest rate of 3.1 per cent, of which 2 per cent (£2.8 million for the six-month period) represents the cash coupon on the bond.
2. Interest incurred on the £575 million Chinatown and Carnaby bonds from 6 March 2023 up to their redemption in April 2023.
3. Non-underlying finance charges have been excluded from the calculation of underlying earnings as these are non-recurring costs and do not represent the underlying performance of the business. The current period charge relates to the unwind of the fair value adjustment of the debt on completion of the merger as discussed in note 9 'Gain on bargain purchase'. It is comprised of £24.6 million for the unwind on the early redemption of the Chinatown and Carnaby bonds and £1.7 million on the remaining facilities. In the prior period the costs were in connection with the early repayment of £75.0 million of private placement notes, the repayment of the £125.0 million secured loan and the cost of entering the loan facility.

7 TAXATION

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Deferred income tax:		
On accelerated capital allowances	**0.1**	–
On fair value of derivative financial instruments	**–**	1.2
On Group losses	**–**	3.8
On other temporary differences	**(0.1)**	0.5
Deferred income tax	**–**	5.5
Total taxation charge in the consolidated statement of comprehensive income	**–**	5.5

As a UK REIT, the Group is exempt from UK corporation tax on income and gains from qualifying activities. Non-qualifying activities are subject to UK corporation tax.

The main corporation tax rate increased from 19 to 25 per cent with effect from 1 April 2023. As a result of this change in tax rate, a blended rate of 23.5 per cent will be applicable to the Group for the year ending 31 December 2023.

8 DIVIDENDS

	Pence per share PID	Pence per share Non-PID	**Six months ended 30 June 2023 £m**	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
Ordinary shares					
For year ended 31 December 2021:					
Final dividend of 1.0 pence per share[1]	**0.5**	**0.5**	**–**	8.5	8.5
For year ended 31 December 2022:					
First interim dividend of 0.8 pence per share[2]	**0.8**	**–**	**–**	–	6.8
Second interim dividend of 1.7 pence per share[3]	**0.7**	**1.0**	**14.5**	–	–
Dividend expense for the period			**14.5**	8.5	15.3

1. Final dividend was paid on 8 July 2022.
2. First interim dividend was paid on 19 September 2022 (SA) and 20 September 2022 (UK).
3. Second interim dividend was paid on 20 March 2023.

As a UK REIT, Shaftesbury Capital must distribute at least 90 per cent of the Group's income profits from its tax-exempt property rental business, and 100 per cent of the Group's UK REIT investment profits, by way of a Property Income Distribution ("PID").

These distributions can be subject to withholding tax at 20 per cent. Dividends from profits of the Group's taxable residual business are ordinary dividends and will be taxed as an ordinary dividend. A corporation tax charge would arise for the Group at the prevailing tax rate if the minimum PID requirement is not met within 12 months of the end of the period.

On 3 August 2023, the Directors declared an interim dividend for 2023 of 1.5 pence per ordinary share, which will be paid wholly as an ordinary dividend. The interim cash dividend will be paid on 18 September 2023 to all shareholders on the register on 25 August 2023.

9 GAIN ON BARGAIN PURCHASE

The Capco and Shaftesbury PLC all-share merger completed on 6 March 2023, with Capco also being renamed to Shaftesbury Capital PLC on this date. The merger has brought together two respected real estate companies, with properties located in the West End, to create a leading mixed-use central London REIT. Further information is included in the prospectus relating to the merger.

Prior to the all-share merger, Capco held a 25.2 per cent shareholding in Shaftesbury PLC which was held at fair value through profit and loss. On the completion date, 6 March 2023, the fair value of Shaftesbury PLC shares was 421.6 pence per share. Therefore, Capco's previously held interest of 96,971,003 Shaftesbury PLC shares was valued at £408.8 million on this date. Of this shareholding, 38,245,171 shares were held as collateral in respect of the £275 million Exchangeable Bonds ('EBs'), issued by Capco in 2020.

Upon the merger becoming effective, Shaftesbury PLC Shareholders received 3.356 Shaftesbury Capital shares for each Shaftesbury PLC share held, totalling 1,095,549,228 shares (including 128,350,794 shares issued to a Capco controlled entity in respect of secured shares previously held as collateral for the exchangeable bonds).

The table below sets out the fair value of the identifiable net assets acquired, and consideration transferred on the completion date. As the fair value of the identifiable net assets acquired was greater than the total consideration paid, due to the Shaftesbury Capital share price trading at a 32 per cent discount to the last reported net asset value, a gain on bargain purchase has been recognised in the statement of comprehensive income for the period ended 30 June 2023.

As at 30 June 2023, the Group remains in the measurement period for the recognition of assets acquired and liabilities assumed during the merger. The values provided in the following table are therefore provisional and could be subject to adjustment until the measurement period ends 12 months after completion, being March 2024.

9 GAIN ON BARGAIN PURCHASE CONTINUED

	Book value as at 6 March 2023 £m	Fair value adjustments[1] £m	Fair value as at 6 March 2023 £m
Assets			
Investment properties[2]	3,099.0	42.0	**3,141.0**
Investment in joint venture	82.3	2.4	**84.7**
Property, plant and equipment	0.2	–	**0.2**
Trade and other receivables	70.2	(42.0)	**28.2**
Cash and cash equivalents[3]	118.1	–	**118.1**
Total assets	3,369.8	2.4	**3,372.2**
Liabilities			
Borrowings	(954.0)	65.0	**(889.0)**
Trade and other payables	(66.6)	–	**(66.6)**
Total liabilities	(1,020.6)	65.0	**(955.6)**
Net assets acquired	2,349.2		
Fair value of net assets acquired			**2,416.6**

Consideration transferred:	
Issue of 1,095,549,228 ordinary share of 25 pence per share[4]	1,363.9
Shares previously held by Capco	(159.8)
Consideration: fair value of shares issued	**1,204.1**
Fair value of shares previously held	408.8
Fair value of consideration and shares previously held	**1,612.9**
Gain on bargain purchase	**803.7**
Merger-related transaction costs[5]	**(36.2)**
Total gain on business combination recognised in the statement of comprehensive income	**767.5**

1. Details of completion date fair value adjustments required under IFRS 3 are set out in the notes below.
2. Investment property, excluding the Group's share of investment property held within the Longmartin joint venture, was externally valued and reported at market value on the merger date.
3. No cash consideration was included within the transaction. The cash held by Shaftesbury PLC on 6 March 2023 reflects the cash acquired on completion of the merger as included within the consolidated statement of cash flows.
4. The calculation of consideration is based on the Capco closing share price of 124.5 pence per share on 3 March 2023. Shaftesbury PLC shares, excluding the 25.2 per cent shareholding held by Capco, were exchanged for Capco shares at a ratio of 3.356 shares per Shaftesbury PLC share.
5. Transaction-related costs of £36.2 million incurred in connection with the all-share merger have been recorded within administration expenses in the consolidated statement of comprehensive income.

Fair value adjustments have arisen on the following:

- Tenant lease incentives and deferred letting fees – The carrying value of investment properties and trade and other receivables has been adjusted to derecognise £42.0 million of tenant lease incentives and deferred letting fees held prior to merger.
- Investment in joint venture – The fair value of the investment in joint venture includes investment property and borrowings at fair value. The Group's 50 per cent share of the £120.0 million fixed rate debt held in the joint venture, was fair valued at £56.6 million, resulting in a £3.4 million fair value adjustment due to the current interest rate environment. An additional tax adjustment of £0.8 million was recognised on the fair value adjustment of the term loan. Capitalised issue costs associated with the debt of £0.2 million (our share) were derecognised on completion and the fair value of the debt and corresponding deferred tax adjustment will be amortised over the remaining term of the debt facility.
- Gross rent receivables of £11.9 million with an expected credit loss provision on merger date of £3.1 million were deemed to be at fair value of £8.8 million.
- Borrowings – Fixed rate debt with a nominal value of £959.8 million was fair valued at £889.0 million, a £70.8 million difference due to the current interest rate environment. The fair value adjustment is offset by £5.8 million of capitalised issue costs associated with the debt which were derecognised on completion. The fair value adjustment will be amortised to other finance costs over the remaining term of the debt facilities. Following the redemption of the Carnaby and Chinatown bonds in April, £24.6 million of the fair value adjustment was accelerated and recognised in other finance costs in the period. £44.5 million of the £70.8 million (wholly owned) adjustment remains at 30 June 2023, which will be amortised over the remaining term of the debt facilities.

9 GAIN ON BARGAIN PURCHASE CONTINUED

The revenue and loss before tax of the Shaftesbury PLC Group are set out in the table below.

	1 January 2023 to 5 March 2023 £m[1]	6 March 2023 to 30 June 2023 £m[2]	**Pro-forma Shaftesbury PLC Group £m**
Revenue	24.9	47.7	72.6
Loss before tax[3]	(1.7)	(15.8)	(17.5)

1. 1 January 2023 – 5 March 2023 (pre-merger) Shaftesbury PLC Group revenue and loss before tax obtained from internal management accounts of Shaftesbury PLC and have not been adjusted for accounting policy alignments or fair value adjustments.
2. 6 March 2023 – 30 June 2023 (post-merger) Shaftesbury PLC Group revenue and loss before tax are included in the Group condensed consolidated statement of comprehensive income for the six months ended 30 June 2023 and take into account adjustments relating to accounting policy alignment and the unwind of the fair value adjustments on the term loans and deferred tax in Longmartin.
3. Loss before tax for the periods 1 January 2023 – 5 March 2023 and 6 March 2023 – 30 June 2023 includes revaluation movements and merger-related transaction and integration costs. Excluding these items, estimated underlying earnings for the period 1 January 2023 – 5 March 2023 were £5 million.

The pro forma information is provided for illustrative purposes only and is not necessarily indicative of the results of the combined Group that would have occurred had the merger actually completed at the beginning of the financial year, or indicative of future results of the combined Group.

10 INVESTMENT PROPERTIES

	30 June 2023 £m	31 December 2022 £m
At 1 January	**1,715.1**	1,705.6
Investment property acquired on merger at 6 March 2023 fair value	**3,141.0**	–
Additions from acquisitions	**12.9**	–
Additions from subsequent expenditure	**15.2**	10.3
Disposals	**(2.2)**	–
Loss on revaluation	**(16.8)**	(0.8)
Carrying value of investment property	**4,865.2**	1,715.1
Adjustment in respect of fixed head leases	**(4.0)**	(6.1)
Adjustment in respect of tenant lease incentives and deferred letting fees	**37.3**	34.7
Market value of investment property	**4,898.5**	1,743.7

	30 June 2023 £m	31 December 2022 £m
The investment properties valuation comprises:		
Freehold properties	**3,855.5**	940.1
Leasehold properties	**1,043.0**	803.6
Market value of investment property	**4,898.5**	1,743.7

The fair value of the Group’s investment property at 30 June 2023 was determined by independent, appropriately qualified external valuers, CBRE and Cushman & Wakefield. The valuations conform to the Royal Institution of Chartered Surveyors (“RICS”) Valuation Professional Standards. Fees paid to valuers are based on fixed price contracts.

Each year the Company appoints the external valuers. The valuers are selected based upon their knowledge, independence and reputation for valuing assets such as those held by the Group.

Valuations are performed bi-annually and are performed consistently across all properties in the Group’s portfolio. At each reporting date appropriately qualified employees of the Group verify all significant inputs and review computational outputs. Valuers submit and present summary reports to the Group’s Audit Committee, with the Executive Directors reporting to the Board on the outcome of each valuation round.

Valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property-by-property basis, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and the likelihood of achieving and implementing this change in use in arriving at its valuation.

10 INVESTMENT PROPERTIES CONTINUED

The fair value of the Group's investment properties has primarily been determined using a market approach, which provides an indication of value by comparing the subject asset with similar assets for which price information is available. The external valuers use information provided by the Group, such as tenancy information and capital expenditure expectations. In deriving fair value, the valuer also makes a series of assumptions, using professional judgement and market observations. These assumptions include, but are not limited to, market yields, ERVs and void periods. The key assumptions are the equivalent yields and estimated future rental income (ERVs), as set out within the Analysis of Property Portfolio on page 53. Equivalent yields are based on current market prices, depending on, inter alia, the location, condition and use of the properties. ERVs are calculated using a number of factors which include current rental income, market comparatives and local occupancy levels. Whilst there is market evidence for the key inputs, and recent transaction prices for similar properties, there is still a significant element of estimation and judgement. As a result of adjustments made to market observable data, these significant inputs are deemed unobservable.

As highlighted within the Group's Net Zero Carbon Pathway published in December 2021, developments and refurbishments form a key element of the Group's 2030 Net Zero Carbon Commitment. During the six-month period ended 30 June 2023, the Group's additions from subsequent expenditure were £15.2 million (year ended 31 December 2022: £10.3 million). This sum included both capital works which enhanced the environmental performance of assets, and design stage work to deliver environmental enhancements. While new ground up development forms a limited part of the Group activity, the design stage on refitting and refurbishment, particularly of heritage buildings, is equally important to deliver Whole Life Carbon efficiency.

Non-financial assets carried at fair value, as is the case for investment property held by the Group, are required to be analysed by level depending on the valuation method adopted under IFRS 13 'Fair Value Measurement' ("IFRS 13").

The different valuation levels are defined as:

Level 1: valuation based on quoted market prices traded in active markets;

Level 2: valuation based on inputs other than quoted prices included within Level 1 that maximise the use of observable data either directly or from market prices or indirectly derived from market prices; and

Level 3: where one or more inputs to valuation are not based on observable market data. Valuations at this level are more subjective and therefore more closely managed, including sensitivity analysis of inputs to valuation models.

When the degree of subjectivity or nature of the measurement inputs changes, consideration is given as to whether a transfer between fair value levels is deemed to have occurred. Unobservable data becoming observable market data would determine a transfer from Level 3 to Level 2. All investment properties held by the Group are classified as Level 3 in the current and prior period.

Sensitivity to changes in key assumptions

As noted in the critical accounting judgements and key sources of estimation and uncertainty section in note 1, the valuation of the Group's property portfolio is inherently subjective. As a result, the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the commercial property market.

The sensitivity analysis below illustrates the impact on the fair value of the Group's properties, from changes in the key assumptions:

	Change in ERV			
	-10%	**-5%**	**+5%**	**+10%**
	£m	**£m**	**£m**	**£m**
(Decrease)/increase in fair value	(413.0)	(207.3)	212.9	427.5
	Change in Yield			
	-0.5%	**-0.25%**	**+0.25%**	**+0.5%**
	£m	**£m**	**£m**	**£m**
Increase/(decrease) in fair value	702.7	327.3	(288.2)	(544.7)

The table above shows movements in key assumptions in isolation. These key unobservable inputs are interdependent. All other factors being equal, a higher equivalent yield would lead to a decrease in the valuation, and an increase in estimated rental value would increase the capital value, and vice versa. However, there are interrelationships between the key unobservable inputs which are partially determined by market conditions, which would impact these changes.

At 30 June 2023, the Group was contractually committed to £22.8 million (31 December 2022: £1.7 million) of future expenditure for the purchase, construction, development and enhancement of investment property. Refer to note 17 'Capital commitments' for further information on capital commitments.

11 INVESTMENT IN JOINT VENTURES

Investment in joint ventures is measured using the equity method. All joint ventures are held with other joint venture investors on a 50:50 basis. At 30 June 2023, joint ventures comprise the Longmartin joint venture ("Longmartin") and the Lillie Square joint venture ("LSJV"). The Group disposed of its interest in Innova Investment ("Innova") on 15 May 2023.

Longmartin

Longmartin was established as a joint venture arrangement with The Mercer's Company. This joint venture owns a long leasehold interest in a 1.9-acre cluster of mixed-use buildings, centred on St Martin's Courtyard in Covent Garden, which offers a range of hospitality, leisure and retail concepts, alongside over 100,000 sq. ft. of office space and 75 apartments.

The summarised statement of comprehensive income and balance sheet used for equity accounting purposes are presented below.

Longmartin	6 March 2023 to 30 June 2023 £m
Summarised statement of comprehensive income	
Revenue	6.0
Net rental income	4.3
Administration expenses	(0.1)
Loss on revaluation of investment property	(0.4)
Other income	–
Taxation	(0.6)
Net finance costs[1]	(2.8)
Profit for the period after taxation	**0.4**

Longmartin	30 June 2023 £m
Summarised balance sheet	
Investment property	328.0
Cash and cash equivalents	5.1
Other non-current assets	2.2
Other current assets	1.3
Amounts payable to joint venture partners[2]	(23.1)
Non-current borrowings[1]	(113.8)
Other non-current liabilities	(22.4)
Other current liabilities	(8.5)
Net assets	**168.8**
Capital commitments	**0.2**
Fair value at the end of the period:	
Properties valued by Knight Frank LLP	318.0
Finance lease asset	11.2
Lease incentives and costs included in receivables	(1.2)
Carrying value of investment property	**328.0**

1. Net finance costs and the carrying value of non-current borrowings include the unwind and remaining balance of the adjustment of debt to fair value on completion of the merger. The £120.0 million fixed rate debt held in the joint venture, was valued at £113.2 million on completion of the merger, resulting in a £6.8 million fair value adjustment due to the current interest rate environment, of which £0.6 million was amortised through finance costs in the current period.
2. During the period, Longmartin repaid £5.3 million of its loan from joint venture partners following the return of £5.3 million cash held on deposit as a waiver guarantee with its external lender. The remaining loan balance of £23.1 million can be split £0.7 million (current) and £22.4 million (non-current).

Investment properties owned by the Longmartin joint venture (in which the Group has a 50 per cent interest) have been valued at 30 June 2023 by professionally qualified external valuers, Knight Frank LLP, who are members of the Royal Institution of Chartered Surveyors. Adjustments are made to the fair value of Longmartin's investment properties to arrive at the book value at 30 June 2023, as set out above.

11 INVESTMENT IN JOINT VENTURES CONTINUED

LSJV

LSJV was established as a joint venture arrangement with the Kwok Family Interests ("KFI") in August 2012. The joint venture was established to own, manage and develop land interests at Lillie Square. LSJV comprises Lillie Square LP, Lillie Square GP Limited, acting as general partner to the partnership, and its subsidiaries. All major decisions regarding LSJV are taken by the Board of Lillie Square GP Limited, through which the Group shares strategic control.

The summarised statement of comprehensive income and balance sheet of LSJV are presented below.

LSJV	**Six months ended 30 June 2023 £m**	Six months ended 30 June 2022 £m
Summarised statement of comprehensive income		
Revenue	**5.4**	4.4
Net rental (expense)/income	**(0.3)**	0.2
Proceeds from the sale of trading property	**5.3**	3.1
Loss on revaluation of investment property	**(0.5)**	–
Profit on transfer of trading property to investment property	**8.3**	–
Cost of sale of trading property	**(4.0)**	(2.4)
Agent, selling and marketing fees	**(0.2)**	(0.1)
Write down of trading property	**(0.7)**	(3.1)
Administration expenses	**(0.1)**	(0.1)
Net finance costs[1]	**(3.4)**	(3.5)
Profit/(loss) for the period after taxation	**4.4**	(5.9)

1. Net finance costs include £3.4 million (30 June 2022: £3.5 million) interest payable on the interest bearing loans issued to the joint venture by the Group and KFI. Finance income receivable by the Group from LSJV of £1.7 million (30 June 2022: £1.7 million) is recognised in the consolidated statement of comprehensive income within other finance income.

LSJV	**30 June 2023 £m**	31 December 2022 £m
Summarised balance sheet		
Investment property[1]	**30.9**	8.8
Trading property	**112.7**	131.0
Cash and cash equivalents	**15.1**	11.8
Other non-current assets	**5.5**	5.5
Other current assets	**2.4**	1.9
Amounts payable to joint venture partners[2]	**(220.4)**	(217.5)
Other current liabilities	**(3.1)**	(3.1)
Net liabilities	**(56.9)**	(61.6)
Capital commitments	**0.8**	1.6

1. The joint venture leased 12 units (31 December 2022: 5 units) to tenants on short-term leases. Units are transferred from trading property to investment property upon entering the lease.
2. Amounts payable to joint venture partners include working capital facilities advanced by the Group and KFI of £28.3 million (31 December 2022: £28.2 million) and a £163.0 million loan advanced by the Group and KFI to the joint venture. The carrying value of the loan, including accrued interest was £176.6 million (31 December 2022: £172.9 million). Recoverable amounts receivable by the Group, net of impairments, are recognised on the consolidated balance sheet within non-current trade and other receivables.

11 INVESTMENT IN JOINT VENTURES CONTINUED

Reconciliation of investment in joint ventures

The table below reconciles the opening to closing carrying value of investment in joint ventures as presented in the consolidated balance sheet.

Investment in joint ventures	Longmartin £m	LSJV £m	Innova £m	Total £m
At 1 January 2022	–	–	0.2	**0.2**
At 31 December 2022	–	–	0.2	**0.2**
Investment in joint venture acquired	84.7	–	–	**84.7**
Share of profit for the period[1]	0.2	2.2	–	**2.4**
Profit allocated to previous losses restricted[2]	–	(2.2)	–	**(2.2)**
Dividend received	(0.5)	–	–	**(0.5)**
Disposal of joint venture	–	–	(0.2)	**(0.2)**
At 30 June 2023	**84.4**	**–**	**–**	**84.4**

1. The share of post-tax loss from joint ventures in the consolidated statement of comprehensive income of £0.2 million comprises the profit from the Longmartin joint venture of £0.4 million, offset by £0.2 million unwind of the fair value adjustment of debt on completion of the merger, and the profit from the Lillie Square joint venture for the year of £2.2 million and restricted loss totalling £2.2 million.
2. Profit allocated to previous restricted losses represent the Group's share of profit in LSJV in the period allocated to the cumulative losses which exceed the Group's investment in the joint venture. Cumulative losses of £28.6 million have been restricted to date (31 December 2022: £30.8 million) and as a result the carrying value of the investment in LSJV is nil (31 December 20 22: nil) in accordance with the requirements of IAS 28.

12 TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 £m	As at 31 December 2022 £m
Non-current		
Prepayments and accrued income[1]	**28.3**	31.6
Other receivables[2]	**3.7**	–
Amounts receivable from joint ventures[3]	**94.7**	84.0
Trade and other receivables	**126.7**	115.6
Current		
Rent receivable[4]	**11.9**	8.0
Other receivables	**2.4**	2.6
Prepayments and accrued income[1]	**12.4**	10.2
Amounts receivable from joint ventures[3]	**5.0**	–
Trade and other receivables	**31.7**	20.8

1. Includes tenant lease incentives and deferred letting fees of £37.3 million (31 December 2022: £39.0 million).
2. Non-current other receivables include £3.7 million of restricted cash held on deposit as security for certain secured term loans and secured bank facilities where there are certain conditions restricting their use.
3. Amounts receivable from joint ventures represent loans provided to LSJV and Longmartin. Of the amounts due, £88.3 million relates to LSJV and £11.4 million relates to Longmartin. For LSJV, £88.3 million (31 December 2022: £86.4 million) is included in non-current. It relates to an interest-bearing loan provided by the Group, which bears interest at 4.25 per cent per annum and is repayable on demand. As it is not the intention of the Group to call on the loan in the next 12 months it has been presented as non-current. The loan has been impaired by £0.1 million during the period (31 December 2022: £2.4 million). Included within current amounts due from LSJV is £28.3 million (31 December 2022: £28.2 million) for working capital funding. It has been impaired by £28.3 million (31 December 2022: £28.2 million). For Longmartin, of the £11.4 million due (31 December 2022: nil), £6.4 million is included in non-current and £5.0 million is included in current. Amounts due relate to an interest bearing loan at a rate of 4.45 per cent per annum and is repayable on demand.
4. Rent receivable is shown net of an expected credit loss provision of £5.0 million (31 December 2022: £4.0 million).
5. At 30 June 2023, cash deposits totalling £17.2 million (31 December 2022: nil) were held against tenants' rent payment obligations. The deposits are held in bank accounts administered by the Group's managing agents and are not included within the Group balance sheet. The Group also holds tenant deposits of £14.4 million (31 December 2022: £13.4 million) in bank account administered by Group Treasury which is included within Cash and Cash Equivalents in the Group balance sheet.

13 CASH AND CASH EQUIVALENTS

	30 June 2023 £m	31 December 2022 £m
Cash at hand	**5.8**	2.1
Cash on short-term deposits	**151.5**	114.4
Cash	**157.3**	116.5
Tenant deposits	**14.4**	13.4
Cash and cash equivalents	**171.7**	129.9

14 BORROWINGS

	30 June 2023						
	Carrying value £m	Secured £m	Unsecured £m	Fixed rate £m	Floating rate £m	Fair value £m	Nominal value £m
Bank loans	**572.2**	**–**	**572.2**	**–**	**572.2**	**576.0**	**576.0**
Loan notes (USPPs)	**474.0**	**–**	**474.0**	**474.0**	**–**	**395.2**	**475.0**
Secured loans	**340.3**	**340.3**	**–**	**340.3**	**–**	**326.0**	**384.8**
Exchangeable bonds	**268.3**	**268.3**	**–**	**268.3**	**–**	**232.1**	**275.0**
Total borrowings	**1,654.8**	**608.6**	**1,046.2**	**1,082.6**	**572.2**	**1,529.3**	**1,710.8**
Cash, excluding tenant deposits							**(157.3)**
Net debt							**1,553.5**

	31 December 2022						
	Carrying value £m	Secured £m	Unsecured £m	Fixed rate £m	Floating rate £m	Fair value £m	Nominal value £m
Bank loans	(2.5)	–	(2.5)	–	(2.5)	–	–
Loan notes	473.9	–	473.9	473.9	–	393.4	475.0
Exchangeable bonds	266.9	266.9	–	266.9	–	228.9	275.0
Total borrowings	738.3	266.9	471.4	740.8	(2.5)	622.3	750.0
Cash, excluding tenant deposits							(116.5)
Net debt							633.5

The Group has a £300 million revolving credit facility, which is undrawn at 30 June 2023. The facility had an initial three-year term, which was extended for a further one year period to September 2025. The facility has a further one year option to extend, subject to lender consent.

In April 2023, the loan facility of £576 million was drawn down in full to fund the redemption of the £575 million Chinatown and Carnaby Bonds.

£384.8 million (nominal value) of the Group's borrowings are secured by fixed charges over certain investment properties held by subsidiaries, with a market value of £1,010.9 million (31 December 2022: £nil), and by floating charges over the assets of the Company and/or certain subsidiaries.

There are currently no restrictions on the remittance of income from investment properties.

Undrawn facilities and cash attributable to the Group, excluding tenant deposits and cash held within the joint ventures, at 30 June 2023 were £457.3 million (31 December 2022: £416.5 million).

The fair value of the Group's borrowings has been estimated using the market value for floating rate borrowings, which approximates nominal value, and discounted cash flow approach for fixed rate borrowings, representing Level 2 fair value measurements as defined by IFRS 13. The different valuation levels are defined in note 10 'Investment Property'.

15 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The table below sets out each class of financial asset and financial liability at 30 June 2023 and 31 December 2022:

	Note	30 June 2023 Carrying value £m	30 June 2023 Gain/(loss) to profit or loss £m	31 December 2022 Carrying value £m	31 December 2022 Gain/(loss) to profit or loss £m
Derivative financial assets[1]		**19.6**	**4.1**	12.1	11.0
Total held for trading assets		**19.6**	**4.1**	12.1	11.0
Cash and cash equivalents	13	**171.7**		129.9	
Other financial assets[2]		**117.7**		94.6	
Total cash and other financial assets		**289.4**		224.5	
Investment held at fair value through profit or loss[3]		**–**	**52.0**	356.9	(239.5)
Total investment held at fair value through profit or loss		**–**	**52.0**	356.9	(239.5)
Derivative financial liabilities[4]		**(7.2)**	**(3.9)**	(3.3)	28.8
Total held for trading liabilities		**(7.2)**	**(3.9)**	(3.3)	28.8
Borrowings	14	**(1,654.8)**	–	(738.3)	
Other financial liabilities[5]		**(63.4)**	–	(32.6)	
Total borrowings and other financial liabilities		**(1,718.2)**	–	(770.9)	

1. Represents non-traded derivative instruments held by the Group to manage its exposure to interest rate risk. Interest rate derivatives are currently in place for £500 million of notional value for 2023 and £350 million for 2024 (31 December 2022: £200 million).
2. Includes rent receivable, amounts due from joint ventures and other receivables.
3. Financial assets at fair value through profit or loss previously comprised the 97.0 million shares held in Shaftesbury PLC. Following the completion of the all-share merger on 6 March 2023 the investment was derecognised. A fair value gain of £52.0 million (30 June 2022: loss of £90.2 million) has been recognised in the period reflecting the movement in the share price from 368 pence at 31 December 2022 to 421.6 pence on 3 March 2023.
4. Represents the fair value of the option component of the exchangeable bond.
5. Includes trade and other payables (excluding rents in advance) and lease liabilities.

Fair value estimation

Financial instruments carried at fair value are required to be analysed by level depending on the valuation method adopted under IFRS 13 'Fair Value Measurement'. The different levels are defined as per note 10.

The table below present the Group's financial assets and liabilities recognised at fair value at 30 June 2023 and 31 December 2022. There were no transfers between levels during the period.

	30 June 2023 Level 1 £m	30 June 2023 Level 2 £m	30 June 2023 Level 3 £m	30 June 2023 Total £m	31 December 2022 Level 1 £m	31 December 2022 Level 2 £m	31 December 2022 Level 3 £m	31 December 2022 Total £m
Financial assets at fair value through profit or loss								
Listed equity investment	–	–	–	–	356.9	–	–	356.9
Held for trading assets								
Derivative financial assets	–	**19.6**	–	**19.6**	–	12.1	–	12.1
Total assets	–	**19.6**	–	**19.6**	356.9	12.1	–	369.0
Held for trading liabilities								
Derivative financial liabilities	–	**(7.2)**	–	**(7.2)**	–	(3.3)	–	(3.3)
Total liabilities	–	**(7.2)**	–	**(7.2)**	–	(3.3)	–	(3.3)

The fair values of derivative financial instruments are determined from observable market prices or estimated using appropriate yield curves at the period end by discounting the future contractual cash flows to the net present values. Listed equity investments are carried at fair value on the balance sheet and representing Level 1 fair value measurement. The fair value of listed equity investments is based on quoted market prices traded in active markets.

The fair values of the Group's cash and cash equivalents, other financial assets carried at amortised cost and other financial liabilities are not materially different from those at which they are carried in these condensed consolidated interim financial statements.

16 SHARE CAPITAL AND SHARE PREMIUM

Issue type	Issue price (pence)	Number of shares	Share capital £m	Share premium £m
At 1 January 2023		851,450,638	212.8	232.5
Issued to satisfy employee share scheme awards[1]	25	6,170,629	1.5	–
Issued on completion of all-share merger[2]	25	1,095,549,228	273.9	–
At 30 June 2023		**1,953,170,495**	**488.2**	**232.5**

1. On 2 March 2023, 6,170,629 new shares were issued to satisfy employee share scheme awards.
2. On completion of the all-share merger on 6 March 2023, 1,095,549,228 new shares were issued (including 128,350,794 shares issued to a Capco controlled entity in respect of secured shares previously held as collateral for the exchangeable bonds). See note 9 'Gain on bargain purchase' for further details.

17 CAPITAL COMMITMENTS

At 30 June 2023, the Group was contractually committed to £22.8 million (31 December 2022: £1.7 million) of future expenditure for the purchase, construction, development and enhancement of investment, development and trading property. The full amount is committed 2023 expenditure.

The Group's share of joint venture capital commitments arising on LSJV amounts to £0.4 million (31 December 2022: £0.8 million) and Longmartin amounts to £0.1 million.

18 CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of legislation, sustainability targets, legal claims, guarantees, warranties and indemnities arising from the ordinary course of business. There are no contingent liabilities that require disclosure or recognition in the condensed consolidated interim financial statements.

19 CASH FLOW INFORMATION

(a) Cash flows from operating activities

	Note	Six months ended 30 June 2023 £m	Restated Six months ended 30 June 2022 £m
Profit/(loss) before tax[2]		**799.1**	(5.9)
Adjustments:			
Loss/(gain) on revaluation and sale of investment property[2]		**16.8**	(81.7)
Gain on bargain purchase		**(803.7)**	–
Change in value of investments and other receivables		**(2.2)**	3.6
Change in fair value of financial assets at fair value through profit or loss		**(52.0)**	90.2
Depreciation		**0.1**	0.1
Amortisation of tenant lease incentives and other direct costs[2]		**2.7**	(1.5)
Provision for expected credit loss[2]		**1.6**	1.2
Profit from joint venture		**(0.2)**	–
Share-based payment[1]		**0.6**	1.0
Finance income	5	**(5.7)**	(0.6)
Other finance income	5	**(2.0)**	(1.7)
Finance costs	6	**27.2**	14.9
Other finance cost	6	**26.3**	7.1
Change in fair value of derivative financial instruments		**(0.2)**	(16.9)
Change in working capital:			
Change in trade and other receivables[2]		**2.6**	(5.9)
Change in trade and other payables		**(23.6)**	14.5
Cash (utilised)/generated from operations		**(12.6)**	18.4

1. Relates to the IFRS 2 'Share-based payment' charge.
2. Prior period comparatives have been restated to reflect changes in accounting policy detailed in note 1 'Changes in accounting policies'.

19 CASH FLOW INFORMATION CONTINUED

(b) Reconciliation of cash flows from financing activities

The table below sets out the reconciliation of movements of liabilities to cash flows arising from financing activities:

	Note	Borrowings	Derivative liability – exchangeable bond	Total liabilities from financing activities
		£m	£m	£m
Balance at 1 January 2023		**738.3**	**3.3**	**741.6**
Cash flows from financing activities				
Bank loan drawn		**576.0**	–	**576.0**
Repayment of secured bonds		**(575.0)**	–	**(575.0)**
Total cash flows used in financing activities		**1.0**	–	**1.0**
Non-cash movements from financing activities				
Debt acquired on completion of all-share merger		**889.0**	–	**889.0**
Amortisation		**26.5**	–	**26.5**
Changes in fair value	15	–	**3.9**	**3.9**
Total non-cash flows from financing activities		**915.5**	**3.9**	**919.4**
Balance at 30 June 2023		**1,654.8**	**7.2**	**1,662.0**

20 RELATED PARTY TRANSACTIONS

Transactions between the Group and its joint ventures

Transactions during the period between the Group and its joint ventures, which are related parties, are disclosed in notes 11 'Investment in joint ventures', 12 'Trade and other receivables' and 17 'Capital commitments'.

Property purchased by Directors of the Company

A related party of the Group, Lillie Square GP Limited, entered into the following related party transactions as defined by IAS 24 'Related Party Disclosures':

Henry Staunton, Chairman of Capco up to 6 March 2023, and Situl Jobanputra, Chief Financial Officer of Shaftesbury Capital, either solely or together with family members, own apartments in the Lillie Square development. As owners of apartments and car parking space in the Lillie Square development, the Directors are required to pay annual ground rent, insurance premium fees, maintenance work fees and bi-annual service charge fees. The disclosures in respect of these purchases were included in previous financial statements. In addition, Henry Staunton, together with a family member, owns a car park space in the Lillie Square development.

The transactions with Directors are conducted at fair and reasonable market price based upon similar comparable transactions at that time. Where applicable, appropriate approval has been provided. Lillie Square GP Limited acts in the capacity of general partner to Lillie Square LP, a joint venture between the Group and KFI.

ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED)

The Group has applied the European Securities and Markets Authority guidelines on alternative performance measures ("APMs") in these interim results. An APM is a financial measure of historical or future finance performance, position or cash flow of the Group which is not a measure defined or specified in IFRS. Set out below is a summary of the APMs.

Many of the APMs included are based on the EPRA Best Practice Recommendations reporting framework, a set of standard disclosures for the property industry, which aims to improve the transparency, comparability and relevance of published results of public real estate companies in Europe.

The Group also uses underlying earnings, property portfolio and financial debt ratio APMs. Financial debt ratios are supplementary ratios which we believe are useful in monitoring the capital structure of the Group. Additionally, loan-to-value and interest cover are covenants within many of the Group's borrowing facilities.

APM	Definition of measure	Nearest IFRS measure	Explanation and reconciliation	Six months ended 30 June 2023	Six months ended 30 June 2022
Underlying earnings[1]	Profit/(loss) for the period excluding unrealised and one-off items	Profit for the period	Note 2	**£27.5m**	£3.2m
Underlying earnings per share[1]	Underlying earnings per weighted number of ordinary shares	Basic earnings per share	Note 2	**1.9p**	0.4p
EPRA earnings[1]	Recurring earnings from core operational activity	Profit for the period	Note 2	**£10.8m**	£12.0m
EPRA earnings per share[1]	EPRA earnings per weighted number of ordinary shares	Basic earnings per share	Note 2	**0.7p**	1.4p

APM	Definition of measure	Nearest IFRS measure	Explanation and reconciliation	As at 30 June 2023	As at 31 December 2022
EPRA NTA	Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model	Net assets attributable to shareholders	Note 2	**£3,541.3m**	£1,552.2m
EPRA NTA per share	EPRA NTA per the diluted number of ordinary shares	Net assets attributable to shareholders per share	Note 2	**193.8p**	182.1p
Market value of investment property[2]	Market value of wholly owned investment property portfolio	Investment properties	Note 10	**£4,898.5m**	£1,743.7m
Interest cover	Underlying operating profit divided by net underlying finance costs	N/A	N/A	**223.1%**	181.3%
Loan-to-value[2]	Net debt, at nominal value and excluding tenant deposits, divided by market value of investment property	N/A	N/A	**31.7%**	36.3%[3]
Gross debt with interest rate protection	Proportion of the gross debt with interest rate protection	N/A	N/A	**100%**	100%
Weighted average cost of debt[4]	Cost of debt weighted by the drawn balance of external borrowings	N/A	N/A	**4.3%**	2.7%
Cash and undrawn committed facilities[2]	Cash and cash equivalents, excluding tenant deposits, plus undrawn committed facilities	N/A	Financial Review	**£457.3m**	£416.5m

1. Prior period comparatives have been restated to reflect change in accounting policy on how a lessor should account for the forgiveness of lease payments. See note 1 for further details.
2. Prior period comparatives have been restated based on changes to the definition following the all-share merger with Shaftesbury PLC and the Board focus on the wholly owned portfolio. Due to the fair value exercise performed on merger, and the Shaftesbury PLC debt accounted for at fair value, net debt metrics have been adjusted to be based on nominal value rather than carrying value.
3. The 31 December 2022 loan-to-value represents the Capco only calculation which excludes the £356.9 million 25.2 per cent shareholding held in Shaftesbury but includes the exchangeable bond which was secured by collateral on the shareholding. The net debt to gross assets ratio was 27.9 per cent.
4. As at 30 June 2023 the weighted average cost of debt reduces to an effective running cash cost of 3.4 per cent taking account of interest on cash deposits and interest rate caps.

PRO FORMA INFORMATION (UNAUDITED)

The all-share merger of Capco and Shaftesbury PLC to create Shaftesbury Capital completed on 6 March 2023. Pro forma information has been included for the balance sheet to provide relevant comparative information. The table below details the summary pro forma information and reconciliation on how the information has been calculated.

APM	Definition of measure	Nearest IFRS measure	Explanation and reconciliation	Pro forma 31 December 2022
EPRA NTA	Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model	Net assets attributable to shareholders	Table 1	**£3,526.4m**
EPRA NTA per share	EPRA NTA per the diluted number of ordinary shares	Net assets attributable to shareholders per share	Table 1	**193.0p**
Market value of investment property	Market value of wholly owned investment property portfolio	Investment properties	Table 2	**£4,857.8m**
Net debt	Total borrowings, at nominal value, less cash and cash equivalents, excluding tenant deposits	N/A	Table 3	**£1,488.2m**
Loan-to-value	Net debt divided by market value of investment property	N/A	Table 4	**30.6%**
Cash and undrawn committed facilities	Cash and cash equivalents, excluding tenant deposits, plus undrawn committed facilities	N/A	Table 5	**£521.6m**
Commitments	Capital commitments of the group as at the reporting date	N/A	Table 6	**£35.6m**

Table 1 – Pro forma balance sheet and EPRA NTA

A pro forma balance sheet and EPRA NTA have been provided to reflect the combined position of both companies as at 31 December 2022 property valuation and assumed all merger-related transaction costs have been incurred. This is to provide a more comparable measure for the 30 June 2023 EPRA NTA position.

Capco and Shaftesbury PLC had different reporting year ends being December and September respectively. In providing pro forma information the latest reported results of each Company have been used adjusted for property valuations to be held as at 31 December 2022 and all merger-related transaction costs paid or accrued.

	Capco 31 December 2022[1] £m	Capco adjustments[2] £m	Shaftesbury 30 September 2022[3] £m	Shaftesbury adjustments[4] £m	Pro forma £m
Carrying value investment property	1,715.1	–	3,144.4	(30.3)	**4,829.2**
Investment in joint ventures	0.2	–	86.6	–	**86.8**
Financial assets at fair value	356.9	(356.9)	–	–	**–**
Net debt	(633.5)	(13.0)	(804.6)	(37.1)	**(1,488.2)**
Other assets and liabilities	122.9	(1.4)	32.1	(55.0)	**98.6**
Net assets	1,561.6	(371.3)	2,458.5	(122.4)	**3,526.4**
Group adjustments:					
Unrealised surplus trading property – joint venture	7.1	–	–	–	**7.1**
Fair value of derivative financial instruments and exchangeable bond	(16.9)	–	–	–	**(16.9)**
Dilutive effect of share options	–	–	0.5	–	**0.5**
Deferred tax adjustment	0.4	–	8.9	–	**9.3**
EPRA net tangible assets	1,552.2	(371.3)	2,467.9	(122.4)	**3,526.4**
EPRA net tangible assets per share (pence)					**193.0p**
Adjusted, diluted number of shares[5]					**1,827.2m**

PRO FORMA INFORMATION CONTINUED (UNAUDITED)

The following adjustments have been made to gain the pro forma information:

1. Capco 31 December 2022 reflects the summary IFRS and EPRA NTA as reported in the Capco 2022 Annual Report.
2. The following adjustments are made to the Capco 31 December 2022 reported numbers on a pro forma basis:
    - Financial assets at fair value – As at 31 December 2022 represents the 25.2 per cent investment in Shaftesbury PLC held by Capco. On completion of the merger no separate investment is held.
    - Net debt - increase of £13.0 million for merger-related transaction costs paid between 31 December 2022 and on completion of the merger.
    - Other assets and liabilities – adjusted by £1.4 million merger-related transaction costs accrued on merger date.
3. Shaftesbury 30 September 2022 reflects the summary IFRS and EPRA NTA as reported in the Shaftesbury PLC 30 September 2022 Annual Report.
4. The following adjustments are made to the Shaftesbury PLC 30 September 2022 reported numbers on a pro forma basis:
    - Investment property – reflects the 31 December 2022 valuation, as determined by external valuers, included in the Shaftesbury PLC trading update announced on 30 January 2023. Due to the fair value exercise performed on completion, the tenant lease incentives and deferred letting fees are derecognised. An offsetting adjustment is included in other assets and liabilities and is therefore net assets neutral.
    - Net debt – increase of £37.1 million for working capital and merger-related transaction costs paid between 30 September 2022 and on completion of the merger.
    - Other assets and liabilities – adjusted by £11.3 million merger-related transaction costs accrued on merger date and £43.7 million tenant lease incentives and deferred letting fees derecognised on completion.
5. Number of shares is based on 30 June 2023 which excludes 128.4 million shares held as collateral for the exchangeable bond and 3.1 million held within an approved Employee Benefit Trust. Total share capital in issuance, including these components, is 1,953.2 million shares as at 30 June 2023. 1,095.5 million shares were issued on 6 March 2023 in connection with the merger.

Table 2 – Market value investment property

To provide a consistent metric on the performance of the portfolio, like-for-like (L-f-L) valuation movements are included in the interim results. The movement is based on the market value of investment property, with the opening position based on the 31 December 2022 external valuations. A reconciliation has been provided below from reported carrying value to market value.

	Capco 31 December 2022[1] £m	Capco adjustments £m	Shaftesbury 30 September 2022[2] £m	Shaftesbury adjustments[3] £m	Pro forma £m
Carrying value investment property	1,715.1	–	3,144.4	(30.3)	**4,829.2**
Adjustment in respect of head leases, tenant lease incentives and deferred letting fees	28.6	–	43.7	(43.7)	**28.6**
Market value of investment property as at 31 December 2022	**1,743.7**	**–**	**3,188.1**	**(74.0)**	**4,857.8**

1. As reported in the Capco 31 December 2022 Annual Report.
2. As reported in the Shaftesbury PLC 30 September 2022 Annual Report.
3. Reflects the 31 December 2022 valuation, as determined by external valuers included in the Shaftesbury PLC trading update announced on 30 January 2023. Due to the fair value exercise performed on completion, the tenant lease incentives and deferred letting fees are derecognised.

Estimated rental value as at 31 December 2022 has been combined from the external valuation reports prepared by CBRE and Cushman & Wakefield, for both Companies. ERV is a key assumption determined by the external valuers and included the Capco 2022 Annual Report and in the Shaftesbury PLC trading update announced on 30 January 2023.

Annualised gross income is the sum of the last reported number of both Companies.

2019 ERV and annualised gross income amounts are stated as the sum of 30 September 2019 Shaftesbury PLC and 31 December 2019 Capco balances as previously reported.

Table 3 – Net debt

	Capco 31 December 2022[1] £m	Capco adjustments[3] £m	Shaftesbury 30 September 2022[2] £m	Shaftesbury adjustments[3] £m	Pro forma £m
Cash	116.5	(13.0)	155.2	(37.1)	**221.6**
Debt at nominal value	(750.0)	–	(959.8)	–	**(1,709.8)**
Net debt	**(633.5)**	**(13.0)**	**(804.6)**	**(37.1)**	**(1,488.2)**

1. As reported in the Capco 31 December 2022 Annual Report.
2. As reported in the Shaftesbury PLC 30 September 2022 Annual Report.
3. Reflects working capital and merger-related transaction costs paid prior to completion of the merger. The adjusted cash for Shaftesbury PLC of £118.1 million is consistent with the cash acquired within the Consolidated Statement of Cash Flows.

PRO FORMA INFORMATION CONTINUED (UNAUDITED)

Table 4 – Loan-to-value

		Pro forma £m
Net debt at nominal value	Table 3	**(1,488.2)**
Market value of investment property as at 31 December 2022	Table 2	**4,857.8**
Loan-to-value		**30.6%**

Table 5 – Cash and undrawn facilities

	Capco 31 December 2022[1] £m	Capco adjustments[3] £m	Shaftesbury 30 September 2022[2] £m	Shaftesbury adjustments[3] £m	Pro forma £m
Cash	116.5	(13.0)	155.2	(37.1)	**221.6**
Undrawn committed facilities[4]	300.0	–	–	–	**300.0**
Cash and undrawn committed facilities	**416.5**	**(13.0)**	**155.2**	**(37.1)**	**521.6**

1. As reported in the Capco 31 December 2022 Annual Report.
2. As reported in the Shaftesbury PLC 30 September 2022 Annual Report.
3. Reflects working capital and merger-related transaction costs paid prior to completion of the merger. The cash for Shaftesbury PLC of £118.1 million agrees to the cash acquired within the Consolidated Statement of Cash Flows.
4. The Group has a £300 million RCF, which was undrawn at 31 December 2022 and remains undrawn at 30 June 2023.

Table 6 – Commitments

	Capco 31 December 2022[1] £m	Shaftesbury 30 September 2022[2] £m	Pro forma £m
Commitments	**1.7**	**33.9**	**35.6**

1. As reported in the Capco 31 December 2022 Annual Report.
2. As reported in the Shaftesbury PLC 30 September 2022 Annual Report.

EPRA MEASURES (UNAUDITED)

EPRA Net Reinstatement Value ("EPRA NRV"), EPRA Net Tangible Assets ("EPRA NTA") and EPRA Net Disposal Value ("EPRA NDV") are alternative performance measures that are calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA) to provide a transparent and consistent basis to enable comparison between European property companies. EPRA NTA is considered to be the most relevant measure for the Group's operating activity and is the primary measure of net asset value.

The following is a summary of EPRA performance measures and key Group measures. The measures are defined in the Glossary.

EPRA measure	Definition of measure	Table	30 June 2023	31 December 2022
EPRA NTA	Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model	Note 2	**£3,541.3m**	£1,552.2m
EPRA NTA per share	EPRA NTA per the diluted number of ordinary shares	Note 2	**193.8p**	182.1p
EPRA NDV	EPRA NTA amended to include the fair value of financial instruments and debt	Note 2	**£3,679.7m**	£1,690.1m
EPRA NDV per share	EPRA NDV per the diluted number of ordinary shares	Note 2	**201.4p**	198.3p
EPRA NRV	EPRA NTA amended to include real estate transfer tax	Note 2	**£3,880.0m**	£1,668.2m
EPRA NRV per share	EPRA NRV per the diluted number of ordinary shares	Note 2	**212.3p**	195.8p
EPRA LTV (Loan-to-Value)	Ratio of net debt, including net payables, to the sum of the total property value, including net receivables, of the Group, its subsidiaries and joint ventures, all on a proportionate basis, expressed as a percentage	3	**30.8%**	28.0%
EPRA vacancy	ERV of unlet units (including those under offer) expressed as a percentage of the ERV of the portfolio excluding units under development	1	**5.9%**	n/a

EPRA measure	Definition of measure	Table	30 June 2023	30 June 2022
EPRA earnings[1]	Recurring earnings from core operational activity	Note 2	**£10.8m**	£12.0m
EPRA earnings per share[1]	EPRA earnings per weighted number of ordinary shares	Note 2	**0.7p**	1.4p

1. Prior period comparatives have been restated to reflect change in accounting policy on how a lessor should account for the forgiveness of lease payments. See note 1 for further details.

1. EPRA VACANCY RATE

	30 June 2023 £m
Estimated rental value of vacant space	12.9
Estimated rental value of the portfolio less development and refurbishment estimated rental value	219.0
EPRA vacancy rate	**5.9%**

EPRA vacancy rate is presented for the wholly owned investment property portfolio only. £7.6 million of this is under offer, leaving 2.5 per cent net space available to let.

2. PROPERTY RELATED CAPEX

	30 June 2023		
	Group (excluding Joint ventures) £m	Joint Ventures £m	Total Group £m
Acquisitions	**12.9**	–	12.9
Development	–	**0.4**	0.4
Investment property			
Incremental lettable space	**0.2**	–	0.2
No incremental lettable space	**15.0**	**0.1**	15.1
Total Capex	**28.1**	**0.5**	**28.6**
Conversion from accrual to cash basis	(0.1)	0.1	–
Total Capex on cash basis	**28.0**	**0.6**	**28.6**

The property-related capex related to the standalone performance of Capco for the period to 6 March 2023 and that of the combined Group from that date to 30 June 2023.

EPRA MEASURES CONTINUED (UNAUDITED)

3. EPRA LTV

	30 June 2023		
	Group £m	**Share of joint venture £m**	**Total £m**
Borrowings from financial institutions	**1,435.8**	**60.0**	**1,495.8**
Exchangeable bond	**275.0**	**–**	**275.0**
Exclude:			
Cash and cash equivalents[1]	**(171.7)**	**(10.8)**	**(182.5)**
Net debt (B)	**1,539.1**	**49.2**	**1,588.3**
Investment properties at fair value	**4,898.5**	**174.5**	**5,073.0**
Properties under development	**–**	**57.6**	**57.6**
Net receivables	**77.0**	**(55.1)**	**21.9**
Total property value (A)	**4,975.5**	**177.0**	**5,152.5**
EPRA LTV (B/A)			**30.8%**

1. Includes tenant deposits of £14.4 million held as security against tenant rent payments which are subject to certain restrictions and therefore not available for general use by the Group.

	31 December 2022		
	Group £m	Share of joint venture £m	Total £m
Borrowings from financial institutions	475.0	–	475.0
Exchangeable bond	275.0	–	275.0
Exclude:			
Cash and cash equivalents[1]	(129.9)	(6.1)	(136.0)
Net debt (B)	620.1	(6.1)	614.0
Investment properties at fair value	1,743.7	4.4	1,748.1
Properties under development	–	72.6	72.6
Net receivables	94.5	(75.8)	18.7
Financial assets	356.9	–	356.9
Total property value (A)	2,195.1	1.2	2,196.3
EPRA LTV (B/A)			28.0%

1. Includes tenant deposits of £13.4 million held as security against tenant rent payments which are subject to certain restrictions and therefore not available for general use by the Group.

ANALYSIS OF PROPERTY PORTFOLIO (UNAUDITED)

1. PROPERTY VALUATION ANALYSIS

The like-for-like valuation and ERV growth has been prepared on a pro forma basis reflecting the movement from 31 December 2022 to 30 June 2023. The valuation information as at 31 December 2022 reflects the external valuations performed by both companies as announced within the Capco 2022 Annual Report and Shaftesbury PLC 2022 trading update announced on 30 January 2023.

Wholly owned portfolio valuation by use

30 June 2023	Retail	Hospitality and leisure	Offices	Residential	Wholly owned portfolio
Fair value (£m)[1]	1,651.1	1,650.8	897.7	696.9	**4,896.5**
% of total fair value	34%	34%	18%	14%	**100%**
L-f-L valuation movement	+0.2%	+0.2%	+0.2%	-0.2%	**+0.1%**
Annualised gross income (£m)	64.3	71.4	30.1	22.5	**188.3**
% of annualised gross income	34%	38%	16%	12%	**100%**
ERV (£m)	78.2	79.3	51.3	25.9	**234.7**
L-f-L ERV movement	+2.8%	+3.9%	+2.7%	+4.3%	**+3.3%**
% of ERV	33%	34%	22%	11%	**100%**
Average ERV (£ psf)	103	79	73	58	**80**
Net initial yield	3.4%	4.0%	2.8%	2.3%	**3.3%**
Topped up net initial yield	3.9%	4.2%	3.5%	n/a	**3.7%**
Equivalent yield	4.2%	4.4%	4.7%	2.7%	**4.2%**
WAULT (years)	4	9	4	1	**5**
Area (sq. ft. m)	0.8	1.0	0.7	0.4[2]	**2.9**
Units	410	405	382	710[2]	**1,907**

1. Excludes £2 million of Group properties in Lillie Square Holdings.
2. Excludes long-leasehold residential interests.

Wholly owned portfolio valuation by location

30 June 2023	Covent Garden	Carnaby | Soho	Chinatown	Fitzrovia	Wholly owned portfolio
Fair value (£m)[1]	2,572.4	1,514.4	691.6	118.1	**4,896.5**
% of total fair value	53%	31%	14%	2%	**100%**
L-f-L valuation movement	+0.2%	+0.4%	+0.5%	-6.8%	**+0.1%**
Annualised gross income (£m)	96.8	56.4	30.1	5.0	**188.3**
% of annualised gross income	51%	30%	16%	3%	**100%**
ERV (£m)	122.3	75.1	31.5	5.8	**234.7**
L-f-L ERV movement	+4.3%	+2.3%	+2.4%	+0.7%	**+3.3%**
% of ERV	52%	32%	13%	3%	**100%**
Net initial yield	3.3%	3.2%	3.8%	3.5%	**3.3%**
Topped up net initial yield	3.7%	3.6%	3.9%	3.8%	**3.7%**
Equivalent yield	4.1%	4.3%	4.1%	4.2%	**4.2%**
WAULT (years)	5	4	6	5	**5**
Area (sq. ft. m)[2]	1.5	0.9	0.4	0.1	**2.9**
Units[2]	827	636	342	102	**1,907**

1. Excludes £2 million of Group properties in Lillie Square Holdings.
2. Excludes long-leasehold residential interests.

FINANCIAL COVENANTS

	30 June 2023			
	Maturity	Nominal as at 30 June 2023[1] £m	LTV covenant	Interest cover covenant
Secured term loans	2029 – 2035	384.8	60% - 70%	1.4x – 1.5x
Private placements	2024 – 2037	475.0	60%	1.2x
Revolving credit facility (undrawn)[2]	2025	300.0	60%	1.2x
Exchangeable bond	2026	275.0	N/A	N/A
Loan facility[3]	2024	576.0	60%	1.0x

1. The loan values are the nominal values at 30 June 2023. The balance sheet value of the loans includes unamortised fees.
2. The Group has a £300 million RCF, which is undrawn at 30 June 2023, and has a further one year option to extend subject to lender consent.
3. The loan facility of £576 million which was drawn down in full in April 2023 to fund redemption of the Chinatown and Carnaby Bonds. The facility has an initial maturity in June 2024, extendable by six months (borrower option) to December 2024, and a further six month extension option to June 2025 subject to lender consent.

DIVIDENDS

The Directors of Shaftesbury Capital declared an interim cash dividend of 1.5 pence per ordinary share (ISIN GB00B62G9D36) payable on 18 September 2023.

Dates

The following are the salient dates for payment of the interim cash dividend:

Sterling/Rand exchange rate struck	Monday, 14 August 2023
Sterling/Rand exchange rate and dividend amount in Rand announced	Tuesday, 15 August 2023
Ordinary shares listed ex-dividend on the JSE, Johannesburg Stock Exchange	Wednesday, 23 August 2023
Ordinary shares listed ex-dividend on the London Stock Exchange	Thursday, 24 August 2023
Record date for the cash interim dividend in UK and South Africa	Friday, 25 August 2023
Dividend payment date for shareholders	**Monday, 18 September 2023**

South African shareholders should note that, in accordance with the requirements of Strate, the last day to trade cum-dividend will be Tuesday, 22 August 2023 and that no dematerialisation or rematerialisation of shares will be possible from Wednesday, 23 August 2023 to Friday 25 August 2023 inclusive. No transfers between the UK and South African registers may take place from close of business on Tuesday, 15 August 2023 to Friday, 25 August 2023 inclusive.

The above dates are proposed and subject to change.

The interim cash dividend will be paid wholly as an ordinary dividend (non-PID). There will be no PID element of the interim cash dividend. As such, the entire interim cash dividend will be treated as an ordinary UK company dividend and no element of the interim cash dividend will be subject to a deduction of a 20 per cent UK withholding tax.

Information for shareholders

The information below is included only as a general guide to taxation for shareholders based on Shaftesbury Capital's understanding of the law and the practice currently in force. Any shareholder who is in any doubt as to their tax position should seek independent professional advice.

UK shareholders

There is no PID element of the interim cash dividend. The entire interim cash dividend will be paid as an ordinary dividend (non-PID) and therefore treated as an ordinary UK company dividend.

South African shareholders

The interim cash dividend declared by the Company is a foreign payment and the funds are sourced from the UK.

PIDs: There is no PID element of the interim cash dividend.

Non-PID: The entire interim cash dividend will be paid as an ordinary UK dividend (non-PID), and as such the entire interim cash dividend will be exempt from income tax but will constitute a dividend for SA Dividends Tax purposes, as it will be declared in respect of a share listed on the exchange operated by the JSE. SA Dividends Tax will therefore be withheld from the entire interim cash dividend at a rate of 20 per cent, unless a shareholder qualifies for an exemption and the prescribed requirements for effecting the exemption are in place by the requisite date.

Additional information on PIDs and ordinary dividends (non-PIDs) can be found at https://www.shaftesburycapital.com/en/investors/investor-information/reit.html

GLOSSARY

Alternative Performance Measure (APM)

A financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

Annualised gross income

Total annualised actual and "estimated income" from leases at a valuation date. It includes sundry non-leased income and estimated turnover related rents. No rent is attributed to leases which were subject to rent free periods at that date. It does not reflect any head rents and estimated irrecoverable outgoings at the valuation date. "Estimated income" refers to gross ERVs in respect of rent reviews outstanding at the valuation date and, where appropriate, ERV in respect of lease renewals outstanding at the valuation date where the fair value reflects terms for a renewed lease.

Best Practices Recommendations (BPR)

Standards set out by EPRA to provide comparable reporting between investment property companies.

Contracted income

Includes rent frees and contracted rent increases.

Capco

Capco represents Capital & Counties Properties PLC and all its subsidiaries and Group undertakings. Following the all-share merger with Shaftesbury PLC on 6 March 2023 the Company was renamed Shaftesbury Capital PLC.

Cash and undrawn committed facilities

Cash and cash equivalents, excluding tenant deposits, plus undrawn committed facilities.

CDP

Carbon Disclosure Project Worldwide, a global not-for-profit sustainability disclosure system. Shaftesbury Capital participates in the CDP Climate Change Programme.

Combined Group

The Capco Group and Shaftesbury Group following merger completion.

CRREM

Carbon risk real estate monitor

Diluted figures

Reported amounts adjusted to include the dilutive effects of potential shares issuable under employee incentive arrangements.

Energy Performance Certificate (EPC)

An asset rating setting out how energy efficient a building is, rated by its carbon dioxide emission on a scale of A to G, with A being the most energy efficient.

EPRA

European Public Real Estate Association, the publisher of Best Practice Recommendations intended to make financial statements of public real estate companies in Europe clearer, more transparent and comparable.

EPRA earnings

Profit or loss for the period excluding gains or losses on the revaluation and sale of investment property, profit on sale of subsidiaries, impairment of other receivables, write down of trading property, changes in fair value of derivative financial instruments, associated close-out costs of debt, gain on bargain purchase, merger-related transaction costs and the related tax on these items.

EPRA earnings per share

EPRA earnings divided by the weighted average number of shares in issue during the period.

EPRA loan-to-value (LTV)

Ratio of net debt, including net payables, to the sum of the total property value, including net receivables, of the Group, its subsidiaries and joint ventures, all on a proportionate basis, expressed as a percentage. The calculation includes trading properties at fair value and debt at nominal value.

EPRA net disposal value (NDV)

The net assets as at the end of the period including the excess of the fair value of trading property over its cost, revaluation of other non-current investments and the fair value of fixed interest rate debt over their carrying value.

EPRA net disposal value per share

EPRA net disposal value divided by the diluted number of ordinary shares.

EPRA net tangible assets (NTA)

The net assets as at the end of the period including the excess of the fair value of trading property over its cost and revaluation of other non-current investments, excluding the fair value of financial instruments and deferred tax on revaluations.

EPRA net tangible assets per share

EPRA net tangible assets divided by the diluted number of ordinary shares.

EPRA net reinstatement value (NRV)

The net assets as at the end of the period including the excess of the fair value of trading property over its cost and excluding the fair value of financial instruments, deferred tax on revaluations and diluting for the effect of those shares potentially issuable under employee share schemes plus a gross up adjustment for related costs such as Real Estate Transfer Tax.

EPRA net reinstatement value per share

EPRA net reinstatement value divided by the diluted number of ordinary shares.

EPRA vacancy

ERV of unlet units (including those under offer) expressed as a percentage of the ERV of the wholly owned property portfolio excluding units under development.

ESC

Environment, Sustainability and Community.

Estimated rental value (ERV)

The external valuers' estimate of the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of the property.

Fair value

The amount at which an asset or liability could be exchanged between two knowledgeable, willing and unconnected parties in an arm's length transaction at the valuation date.

Gearing

Nominal value of Group borrowings expressed as a percentage of EPRA net assets.

GRESB

The Global Real Estate Sustainability Benchmark, a sustainability index. Shaftesbury Capital participates in the GRESB Real Estate Assessment.

Headline earnings per share

Headline earnings per share is calculated in accordance with Circular 1/2023 issued by the South African Institute of Chartered Accountants ("SAICA"), a requirement of the Group's JSE listing. This measure is not a requirement of IFRS.

HMRC

HM Revenue and Customs.

IFRIC

International Financial Reporting Interpretations Committee.

IFRS

International Financial Reporting Standards.

Innova

Innova Investment Limited Partnership was the former 50 per cent joint venture between the Group and Network Rail Infrastructure Limited. The Group disposed of its interest on 15 May 2023.

JSE

Johannesburg Stock Exchange.

Kwok Family Interests (KFI)

Joint venture partner in the Lillie Square development.

Leasing activity

The rental value secured from lettings, rent reviews and lease renewals during a period.

Like-for-like property

Property which has been owned throughout both periods, without significant capital expenditure in either period, so income can be compared on a like-for-like basis. For the purposes of comparison of capital values, this will also include assets owned at the previous balance sheet date but not necessarily throughout the prior period.

Loan-to-value (LTV)

LTV is calculated on the basis of net debt divided by the market value of the wholly owned property portfolio.

Longmartin

Longmartin Properties Limited is a 50 per cent joint venture between the Group and The Mercers' Company.

LSJV

The Lillie Square joint venture is a 50 per cent joint venture between the Group and Kwok Family Interests.

MSCI

Producer of an independent benchmark of property returns.

NAV

Net Asset Value.

Net initial yield

The net initial income at the valuation date expressed as a percentage of the gross valuation. Yields reflect net income after deduction of any ground rents, head rents and rent charges and estimated irrecoverable outgoings at the valuation date.

Net debt

Total borrowings, at nominal value, less cash and cash equivalents, excluding tenant deposits.

Net rental income (NRI)

Gross rental income less ground rents, payable service charge expenses and other non-recoverable charges, having taken due account of expected credit loss provisions and adjustments to comply with International Financial Reporting Standards regarding tenant lease incentives.

Net Zero Carbon

When there is a balance between the amount of GHG emissions produced and the amount removed from the atmosphere targeting initially reduction in GHG emissions resulting from our buildings and operations and then offsetting any unavoidable residual emissions.

Nominal equivalent yield

Effective annual yield to a purchaser on the gross market value, assuming rent is receivable annually in arrears, and that the property becomes fully occupied and that all rents revert to the current market level (ERV) at the next review date or lease expiry.

Property income distributions (PIDs)

Distribution under the REIT regime that constitutes at least 90 per cent of the Group's taxable income profits arising from its qualifying property rental business, by way of dividend. PIDs can be subject to withholding tax at 20 per cent. If the Group distributes profits from its non-qualifying business, the distribution will be taxed as an ordinary dividend in the hands of the investors.

Real estate investment trust (REIT)

A REIT is exempt from corporation tax on income and gains of its property rental business (qualifying activities) provided a number of conditions are met. It remains subject to corporation tax on non-exempt income and gains (non-qualifying activities) which would include any trading activity, interest income and development and management fee income.

Real Estate Transfer Tax

Purchasers' cost as included within the independent valuation of investment and trading properties.

Reversionary potential

The amount by which ERV exceeds annualised gross income, measured at a valuation date.

RICS

Royal Institution of Chartered Surveyors.

Science-based target

A carbon emissions target that is in line with the scale of reductions determined to be required to prevent the worst effects of climate change.

Shaftesbury PLC

Shaftesbury represents Shaftesbury PLC and all its subsidiaries and Group undertakings, collectively referred to as the Shaftesbury Group.

Shaftesbury Capital

With effect from 6 March 2023, Capital & Counties Properties PLC changed its name to Shaftesbury Capital PLC (also referred to as "the Company" or "Shaftesbury Capital"), and all its subsidiaries and Group undertakings, collectively referred to as "the Group".

Sterling Overnight Interbank Average Rate (SONIA)

The average overnight Sterling risk-free interest rate, set in arrear, paid by banks for unsecured transactions.

Tenant lease incentives

Any incentives offered to tenants to enter into a lease. Typically incentives are in the form of an initial rent-free period and/or a cash contribution to fit-out the premises. Under International Financial Reporting Standards the value of incentives granted to tenants is amortised through the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Topped-up net initial yield

Net initial yield adjusted for the expiration of rent-free periods.

Total property return (TPR)

Capital growth including gains and losses on disposals plus rent received less associated costs, including ground rent.

Total return (TR)

The movement in EPRA NTA per share plus dividends per share paid during the period.

Total shareholder return (TSR)

The movement in the price of an ordinary share plus dividends paid during the period assuming re-investment in ordinary shares.

Underlying earnings

EPRA earnings adjusted for merger-related integration costs, non-recurring adjustments for changes in accounting policies, changes in fair value of derivative financial instruments (exchangeable bond), fair value adjustment unwind of the Shaftesbury PLC fair value exercise performed on the debt on merger, taxation and adjustments in relation to the Lillie Square joint venture, as not considered part of the core underlying business of the Group

Underlying earnings per share (EPS)

Underlying earnings divided by the weighted average number of shares in issue during the period.

Valuation growth/decline

The valuation movement and realised surpluses or deficits arising from the Group's investment property portfolio expressed as a percentage return on the valuation at the beginning of the period adjusted, on a time weighted basis, for acquisitions, disposals and capital expenditure. When measured on a like-for-like basis, the calculation excludes those properties acquired or sold during the period.

Weighted average unexpired lease term (WAULT)

The unexpired lease term to the earlier of break or lease expiry weighted by ERV for each lease.

Zone A

A means of analysing and comparing the rental value of retail space by dividing it in to zones parallel with the main frontage. The most valuable zone, Zone A, falls within a 6m depth of the shop frontage. Each successive zone is valued at half the rate of the zone in front of it. The blend is referred to as being 'ITZA' ("In Terms of Zone A").

INDEPENDENT REVIEW REPORT TO SHAFTESBURY CAPITAL PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Shaftesbury Capital PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim results of Shaftesbury Capital PLC for the six month period ended 30 June 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Consolidated Balance Sheet as at 30 June 2023;
- the Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Statement of Cash Flows for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim results for the six months ended 30 June 2023 of Shaftesbury Capital PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim results for the six months ended 30 June 2023 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim results for the six months ended 30 June 2023, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim results for the six months ended 30 June 2023 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim results for the six months ended 30 June 2023, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results for the six months ended 30 June 2023 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
2 August 2023

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.