



PRESS RELEASE

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FOR IMMEDIATE RELEASE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

CAPITAL & COUNTIES PROPERTIES PLC (“Capco” or “the Company”)

Acquisition of significant stake in Shaftesbury PLC

Capco today announces that it has agreed to acquire a 26.3% shareholding in Shaftesbury PLC (“Shaftesbury”) across two tranches for total consideration of £436 million, at a price of 540 pence per Shaftesbury share (the “Investment”), representing a discount of 13.9% to the closing Shaftesbury share price on 29 May 2020.

The shares are being acquired from Veloqx (Jersey) Limited, as trustee of the Veloqx settlement, a discretionary trust established by Samuel Tak Lee for the benefit of himself and his immediate family.

Highlights

- Unique opportunity to acquire a significant stake in an exceptional mixed-use real estate portfolio, adjacent to Capco’s world-class Covent Garden estate
- Attractive investment and entry price relative to historical levels and the Board’s view of the future long-term prospects for prime central London
- Consistent with Capco’s strategy to invest in attractive and complementary opportunities on or near the Covent Garden estate
- Capco maintains a strong balance sheet with access to significant liquidity – on a pro forma basis as at 31 March 2020, the Investment results in an LTV of 30%, with £525 million of cash and undrawn committed facilities

Ian Hawksworth, Chief Executive of Capco, commented:

“As long-term investors in the Covent Garden estate and the West End, the investment in Shaftesbury represents a unique opportunity to deploy our capital in an exceptional portfolio at an attractive entry price, which we believe will generate long-term value for Capco shareholders.

Capco’s world-class estate, strong balance sheet and significant financial flexibility ensure that the Company is well positioned. Whilst we can expect continued market uncertainty in the near term, we are confident about the long-term fundamentals and prospects for the West End and prime central London.”

Investment structure and shareholder approval

The acquisition of 64.4 million shares for £348 million in cash, representing 20.9% of Shaftesbury's shares, is expected to complete on 3 June 2020. A subsequent tranche of 16.3 million shares for £88 million in cash, representing 5.3% of Shaftesbury's shares, constitutes a Class 1 transaction for the purposes of the FCA Listing Rules. Completion of the second tranche is therefore conditional on Capco shareholder approval. A circular will be sent to Capco shareholders in due course.

Background to and strategic rationale for the Investment

Capco is positioned as a strongly capitalised prime central London REIT centred around its world-class Covent Garden estate. Capco entered 2020 looking forward to the next phase of growth for the business from a position of financial strength.

Whilst COVID-19 has had a significant impact on the Group's customers and business in the near term, the Capco Board continues to believe in the resilience and long-term fundamentals of prime central London and in particular the West End.

The Investment represents a unique opportunity to acquire a significant stake in an exceptional mixed-use real estate portfolio.

Similar to Capco's world-class estate at Covent Garden, Shaftesbury's portfolio in the heart of London's West End has been characterised by careful strategic assembly and creative asset management over time.

Sizeable stakes in such portfolios in central London are rarely available and the Investment represents a unique opportunity.

Attractive investment and entry price relative to historic levels and the Board's view of the future long-term prospects for prime central London

Whilst the impact of COVID-19 has put downward pressure on share prices and the likely trajectory of property valuation levels across the central London real estate sector, the price paid represents:

- A discount of 44.9% versus Shaftesbury's last 12 month share price high of 979.5 pence on 23 October 2019
- A discount of 45.0% versus Shaftesbury's last reported EPRA NAV per share of 982 pence as at 30 September 2019

The Board believes the Investment is at an attractive valuation, with an implied price of approximately £1,200 per square foot and a yield of 3.3% based on Shaftesbury's 2019 total dividend of 17.7 pence per share.

Consistent with Capco's strategy to invest in attractive opportunities on or near the Covent Garden estate

The Group continues to maintain a disciplined approach to capital allocation, assessing the merits of all capital decisions including investment in owned assets, development and repositioning

opportunities, accretive acquisitions on or near the Covent Garden estate, disposal of non-strategic assets and the return of surplus capital to shareholders as appropriate.

The Investment is consistent with this strategy, and Capco's deployment of capital to date, to grow its central London property investment business, centred around the Covent Garden estate.

Shaftesbury's portfolio is one which Capco has a strong appreciation for based on the Capco management team's own track record and experience of operating a prime central London real estate portfolio.

Capco maintains a strong balance sheet with access to significant liquidity

As set out in the Company's COVID-19 update on 26 March 2020, total Group cash was approximately £250 million with a further £120 million of deferred consideration to be received from the Earls Court sale, of which £105 million will be at the end of 2020 and £15 million in December 2021.

The Investment is being funded fully through the £705 million Covent Garden revolving credit facility, of which £255 million remains available for drawdown.

Based on the Group's net debt as at 31 March 2020 and the carrying value of the Group's property portfolio as at 31 December 2019 and assuming payment of the total consideration of £436 million, Capco's loan to value ratio ("LTV") would be 30% and cash and undrawn committed facilities would be £525 million. In addition there is a further £120 million of proceeds from the sale of Earls Court to be received.

The Investment will be reported as an equity investment in the Group's financial statements.

Given the capital deployed towards the Investment, the Board has decided not to complete the return of £100 million to shareholders through the share buyback programme announced earlier this year, under which £12 million had been returned to shareholders prior to being suspended in March 2020.

Further details on the Investment

On 30 May 2020, Capco and PEL (UK) Limited, Orosi (UK) Limited and Orosi (UK) 2 Limited (the "Sellers") (which are each indirectly owned by Veloqx (Jersey) Limited as trustee of the Veloqx settlement (a discretionary trust established by Samuel Tak Lee for the benefit of himself and his immediate family)) entered into a sale and purchase agreement in relation to 64.4 million shares, representing 20.9% of Shaftesbury shares (the "First SPA"), constituting a Class 2 transaction for the purposes of the FCA Listing Rules. The consideration under the First SPA will be satisfied at completion by a payment in cash to the Sellers of £348 million.

On 30 May 2020, Capco and the Sellers also entered into a second sale and purchase agreement in relation to 16.3 million shares, representing 5.3% of Shaftesbury shares (the "Second SPA"), constituting a Class 1 transaction, as a result of the aggregation with the transaction effected under the First SPA, for the purposes of the FCA Listing Rules. Completion of the transaction under the Second SPA is subject to and can only occur upon satisfaction of a Capco shareholder approval condition. The consideration under the Second SPA will be satisfied at completion by a payment in

cash to the Sellers of £88 million. The transaction under the Second SPA will not proceed to completion if the shareholder approval condition is not satisfied on or before the date which is twelve weeks after the date of the Second SPA and it will automatically terminate. Subject to satisfaction of the condition, completion of the Second SPA is anticipated to occur by the end of August 2020.

Rothschild & Co is acting as lead financial adviser and sponsor to Capco on the transaction. BofA Securities is acting as financial adviser and corporate broker to Capco on the transaction.

The person responsible for arranging the release of this announcement is Leigh McCaveny, Acting Company Secretary.

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About Capital & Counties Properties PLC ("Capco")

Capital & Counties Properties PLC is one of the largest listed property investment companies in central London and is a constituent of the FTSE-250 Index. Capco's landmark estate at Covent Garden was valued at £2.6 billion (as at 31 December 2019) where its ownership comprises over 1.2 million square feet of lettable space. The Company is listed on the London Stock Exchange and the Johannesburg Stock Exchange. www.capitalandcounties.com

About Shaftesbury PLC

Shaftesbury is a Real Estate Investment Trust with a portfolio of real estate assets in London's West End. Focused on food, beverage, retail and leisure, its portfolio is clustered mainly in Carnaby, Seven Dials and Chinatown, but also includes substantial ownerships in East and West Covent Garden, Soho and Fitzrovia.

Extending to 15.2 acres, the portfolio, comprises 607 restaurants, cafés, pubs and shops, extending to 1.1 million sq. ft., 0.4 million sq. ft. of offices and 610 apartments. In addition,

Shaftesbury holds a 50% interest in the Longmartin Joint Venture, which has a long leasehold interest, extending to 1.9 acres, in St Martin's Courtyard in Covent Garden.

For the financial year ended 30 September 2019, Shaftesbury reported net rental income of £98.0 million and profit before tax of £26.0 million, with year-end total assets and a portfolio valuation, including its share of the Longmartin Joint Venture, of £4.0 billion.

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Such forward-looking statements are based on beliefs, expectations and assumptions of the Capco Board and other members of senior management regarding Capco's present and future business strategies, the timetable for the Investment, the benefits to be derived from the Investment and the environment in which Capco and/or Shaftesbury will operate in the future. Although the Capco Board and other members of senior management believe that these beliefs and assumptions are reasonable, by their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond Capco's control. Capco and/or Shaftesbury's actual operating results, financial condition, dividend policy and the development of the industry in which they operate may differ materially from the impression created by the forward-looking statements contained in this announcement. In addition, even if the operating results, financial condition and dividend policy of Capco and/or Shaftesbury, and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

You are advised to read this announcement and any circular (when published) in their entirety for a further discussion of the factors that could affect Capco and/or Shaftesbury's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

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Certain data in this announcement, including financial information, has been rounded. As a result of the rounding, the totals of data presented in this announcement may vary slightly from the actual arithmetic totals of such data.

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