

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your Central Securities Depository Participant (“CSDP”), stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended (“FSMA”) if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.**

This document (the “**document**” or “**Supplementary Prospectus**”) comprises a supplementary prospectus for the purposes of Article 23 of Regulation (EU) 2017/1129 which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (“**EUWA**”) (the “**UK Prospectus Regulation**”) relating to Capital & Counties Properties PLC (“**Capco**” or the “**Company**”, and together with its subsidiary and group undertakings, the “**Capco Group**”) prepared in accordance with section 87G of FSMA, and prepared and made available to the public in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of the FSMA (the “**Prospectus Regulation Rules**”).

This document has been approved as a supplementary prospectus by the Financial Conduct Authority (the “**FCA**”), as competent authority under the UK Prospectus Regulation, filed with the FCA and made available to the public in accordance with section 3.2 of the UK Prospectus Rules. The FCA only approves this document as a supplementary prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation; such approval should not be considered as an endorsement of the Company that is, or of the quality of the New Capco Shares that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the securities.

This Supplementary Prospectus is supplementary to, and must be read in conjunction with, the prospectus published by the Company on 7 July 2022 in relation to its proposed issue and application for admission to the premium listing segment of the Official List of the FCA (the “**Official List**”) and to trading on the Main Market for listed securities of the London Stock Exchange of up to 1,095,507,008 new ordinary shares in connection with the recommended all-share merger of Capco and Shaftesbury PLC (“**Shaftesbury**”) (the “**Original Prospectus**”). Save as disclosed in this document, since the publication of the Original Prospectus, there have been no significant new factors, material mistakes or inaccuracies relating to the information contained in the Original Prospectus.

The Company, the directors of the Company (the “**Directors**”) and the proposed directors of the Company (the “**Proposed Directors**”), whose names appear in paragraph 1 of Part III entitled “*Additional Information*” of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors and the Proposed Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

**Prospective investors should read the Original Prospectus and the Supplementary Prospectus (including the information incorporated by reference in the Original Prospectus and the Supplementary Prospectus) as a whole. In particular, prospective investors should read Part II of this document entitled “*Supplementary Information*” for a discussion of the new significant factors that should be considered in connection with any investment in the Capco Shares.**



## **Capital & Counties Properties PLC**

(Incorporated and registered in England and Wales with registered number 07145051 and registered as an external company with registration number 2010/003387/10 in South Africa.)

(Subject to the Merger becoming Effective, to be renamed as Shaftesbury Capital PLC)

ISIN: GB00B62G9D36      LEI: 549300TTXXZ1SHUI0D54

**Proposed issue and application for admission to the premium listing segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange of up to 1,095,507,008 new ordinary shares in connection with the recommended all-share merger of Capco and Shaftesbury**

*UK Sponsor and Lead Financial Adviser*

**Rothschild & Co**

*Joint Financial Advisers and Joint Corporate Brokers*

**Jefferies**

*JSE Sponsor*

**Java Capital**

**UBS**

*Joint Corporate Broker*

**Peel Hunt**

The Existing Capco Shares have been admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's (the "**LSE**") main market for listed securities (the "**Main Market**"). The Existing Capco Shares have a secondary listing, and are traded, on the Main Board of the JSE Limited (the "**JSE**").

Applications will be made to (i) the FCA for the New Capco Shares to be admitted to the premium listing segment of the Official List and the London Stock Exchange for the New Capco Shares to be admitted to trading on the Main Market, and (ii) the JSE for the New Capco Shares to be admitted to listing and trading on the Main Board of the JSE (collectively, "**Admission**"). It is expected that Admission will become effective and that dealings in the New Capco Shares on the LSE and the JSE will commence on or shortly following the Effective Date which, subject to satisfaction of the Conditions, is now expected to occur during the first quarter of 2023.

The New Capco Shares will, when issued, rank *pari passu* in all respects with each other and with all Existing Capco Shares, including the right to receive and retain all dividends and other distributions (other than, if applicable, any Permitted Capco Dividends) declared, made or paid in respect of the Existing Capco Shares by reference to a record date falling after the Scheme Record Time.

No Capco Shares or any other securities in the Company have been marketed to, nor are available for purchase, in whole or in part, by the public in the United Kingdom or elsewhere in connection with the admission of the New Capco Shares to the Official List and to trading on the Main Market of the London Stock Exchange and on the Main Board of the JSE. **This document and the Original Prospectus does not constitute or form part of an offer or any invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue Capco Shares. None of the Capco Shares referred to in this document and the Original Prospectus shall be sold, issued or transferred in any jurisdiction in contravention of applicable law.** Neither this document or the Original Prospectus are prospectuses for the purposes of the South African Companies Act 71 of 2008 and, as such, no prospectus is required to be filed with the South African Companies and Intellectual Property Commission in respect of the Scheme. As a result, this document and the Original Prospectus do not comply with the substance and form requirements for a prospectus or advertisements set out in the South African Companies Act 71 of 2008 and the South African Companies Regulations 2011, and has not been approved by, and/or registered with, the South African Companies and Intellectual Property Commission.

Investors should only rely on the information contained in this document, the Original Prospectus and any documents incorporated in this document and the Original Prospectus by reference. No person has been authorised to give any information or make any representations other than those contained in this document, the Original Prospectus and any document incorporated by reference in this document and the Original Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation, neither the delivery of this Supplementary Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company, the Capco Group, Shaftesbury, the Shaftesbury Group and/or the Combined Group, each taken as a whole since the date of this Supplementary Prospectus or that the information in it is correct as at any time after the date of this Supplementary Prospectus. The Company will comply with its obligation to publish further supplementary prospectuses and other information containing further updated information as required by law or by a regulatory authority and, in particular, its obligations under the Prospectus Regulation Rules, the Listing Rules, the Market Abuse Regulation (Regulation (EU) 596/2014) and its delegated and implementing regulations, which forms part of UK domestic law by virtue of the EUWA and the Disclosure Guidance and Transparency Rules (as appropriate) but assumes no further obligation to publish additional information.

N.M. Rothschild & Sons Limited ("**Rothschild & Co**") is authorised and regulated in the United Kingdom by the FCA. Rothschild & Co is acting exclusively for the Company as UK Sponsor and lead financial adviser and no one else in connection with the contents of this document, the Original Prospectus, the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus, and will not regard any other person (whether or not a recipient of this document or the Original Prospectus) as a client in relation to the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Rothschild & Co, nor for providing advice in relation to the contents of this document, the Original Prospectus, the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus.

Jefferies International Limited (“**Jefferies**”) is authorised and regulated in the United Kingdom by the FCA. Jefferies is acting exclusively for the Company as joint financial adviser and corporate broker and no one else in connection with the contents of this document, the Original Prospectus, the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus, and will not regard any other person (whether or not a recipient of this document or the Original Prospectus) as a client in relation to the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Jefferies, nor for providing advice in relation to the contents of this document, the Original Prospectus, the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus.

UBS AG London Branch (“**UBS**”) is authorised by the Prudential Regulation Authority (the “**PRA**”) and subject to regulation by the FCA and limited regulation by the PRA. UBS is acting exclusively for the Company as joint financial adviser and corporate broker and no one else in connection with the contents of this document, the Original Prospectus, the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus, and will not regard any other person (whether or not a recipient of this document or the Original Prospectus) as a client in relation to the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of UBS, nor for providing advice in relation to the contents of this document, the Original Prospectus, the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus.

Peel Hunt LLP (“**Peel Hunt**”) is authorised and regulated in the United Kingdom by the FCA. Peel Hunt is acting exclusively for the Company as joint corporate broker and no one else in connection with the contents of this document, the Original Prospectus, the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus, and will not regard any other person (whether or not a recipient of this document or the Original Prospectus) as a client in relation to the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Peel Hunt, nor for providing advice in relation to the contents of this document, the Original Prospectus, the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus.

Barclays Bank PLC, acting through its Investment Bank (“**Barclays**”), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for Capco as joint financial adviser and no one else in connection with the Merger and will not be responsible to anyone other than Capco for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Merger or any other matter referred to in this document or the Original Prospectus. In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the US Securities Exchange Act of 1934, Barclays and its affiliates will continue to act as exempt principal trader in Shaftesbury and Capco securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

BNP Paribas SA is authorised and regulated by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution. In the UK, BNP Paribas London Branch (“**BNP Paribas**” or “**BNP Paribas London Branch**”) is deemed authorised by the PRA with deemed variation of permission, and is subject to regulation by the FCA and limited regulation by the PRA. Details of the Temporary Permissions Regime, which allows firms based in the European Economic Area to operate in the UK for a limited period while seeking full authorisation, are available on the FCA’s website. BNP Paribas London Branch is registered in the UK under number FC13447 and UK establishment number BR000170, and its UK establishment office address is 10 Harewood Avenue, London NW1 6AA. BNP Paribas is acting exclusively as joint financial adviser for Capco and no one else in connection with the matters described in this document or the Original Prospectus and will not be responsible to anyone other than Capco for providing the protections afforded to clients of BNP Paribas or for providing advice in relation to the matters described in this document, the Original Prospectus or any transaction or arrangement referred to herein.

HSBC Bank plc (“**HSBC**”), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively as joint financial adviser to Capco and no one else in connection with the matters described in this document or the Original Prospectus and will not be responsible to anyone other than Capco for providing the protections afforded to clients of HSBC, or for providing advice in connection with the matters referred to herein. Neither HSBC nor any of its group undertakings or affiliates owes or accepts any

duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of HSBC in connection with this document, the Original Prospectus or any matter referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Rothschild & Co, Jefferies, UBS, Peel Hunt, Barclays, BNP Paribas and HSBC (together, the “**Banks**”) under FSMA or the regulatory regime established thereunder, none of the Banks nor any of their respective subsidiaries, branches or affiliates, shall assume any duty, liability or responsibility whatsoever (whether direct or indirect) to any person for any acts or omissions of the Company as to the contents of this document or the Original Prospectus, or makes any representation or warranty, express or implied, as to the contents of this document or the Original Prospectus, including its accuracy, completeness, verification or sufficiency or for any other statement made or purported to be made by or on Capco’s behalf, or by the Banks, or on the Banks’ behalf, and nothing in this document or the Original Prospectus will be relied upon as a promise or representation in this respect, whether to the past or future. To the fullest extent permitted by law, the Banks and their respective subsidiaries, branches and affiliates accordingly disclaim all and any duty, liability and responsibility whether arising in tort, contract, statute or otherwise (save as referred to above) in respect of this document, the Original Prospectus or any such statement or otherwise.

Java Capital Trustees and Sponsors Proprietary Limited (“**Java Capital**”), which is regulated by the JSE, which is licensed as a securities exchange and is regulated by the Financial Sector Conduct Authority and the Prudential Authority of South Africa, is acting as JSE Sponsor exclusively for the Company and no one else in connection with the Merger and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to the clients of Java Capital, nor for providing advice in relation to the Merger, Admission or any other matter or arrangement referred to in this document or the Original Prospectus. As the Company’s JSE sponsor, Java Capital has a responsibility to the JSE to ensure compliance by the Company with the JSE Listings Requirements and notify the JSE of any deviation from the JSE Listings Requirements. Java Capital is satisfied that there is nothing in this document or the Original Prospectus that is in conflict with the JSE Listings Requirements.

Apart from the responsibilities and liabilities, if any, which may be imposed on Java Capital under the South African Financial Markets Act, 19 of 2012 or the regulatory regime established thereunder, neither Java Capital nor any of its subsidiaries, branches or affiliates, shall assume any duty, liability or responsibility whatsoever (whether direct or indirect) to any person for any acts or omissions of the Company as to the contents of this document or the Original Prospectus, or makes any representation or warranty, express or implied, as to the contents of this document or the Original Prospectus, including its accuracy, completeness, verification or sufficiency or for any other statement made or purported to be made by or on Capco’s behalf, or by Java Capital, or on Java Capital’s behalf, and nothing in this document or the Original Prospectus will be relied upon as a promise or representation in this respect, whether to the past or future. To the fullest extent permitted by law, Java Capital and its subsidiaries, branches and affiliates accordingly disclaim all and any duty, liability and responsibility whether arising in tort, contract, statute or otherwise (save as referred to above) in respect of this document, the Original Prospectus or any such statement or otherwise.

## **NOTICE TO OVERSEAS SHAREHOLDERS**

The release, publication or distribution of this Supplementary Prospectus, and the issue and sale of the New Capco Shares, in certain jurisdictions other than the United Kingdom may be restricted by law. This Supplementary Prospectus has been prepared to comply with requirements of English law, the Listing Rules, the Prospectus Regulation Rules and the rules of the LSE and the JSE and information disclosed may not be the same as that which would have been disclosed if this Supplementary Prospectus had been prepared in accordance with the laws of jurisdictions outside of the United Kingdom. Unless otherwise determined by the Company, and permitted by applicable law and regulation, New Capco Shares will not be offered, directly or indirectly, in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction. Accordingly, copies of this Supplementary Prospectus and all documents relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction, and persons who receive, or come into the possession of, this Supplementary Prospectus and all documents relating to the Merger (including custodians, nominees and trustees) should inform themselves about and observe any such restrictions.

No action has been or will be taken by the Banks, Java Capital or the Company that would permit possession or distribution of this document, the Original Prospectus or any other material relating to the Capco Shares in any country or jurisdiction where action for that purpose is required, other than in the United Kingdom.

Any failure to comply with these requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such requirements by any person.

The availability of the New Capco Shares to Shaftesbury Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

No public offering of the New Capco Shares is being made in the United Kingdom, the United States or elsewhere.

## **NOTICE TO UNITED STATES INVESTORS**

The New Capco Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, pledged, or otherwise transferred, directly or indirectly, in the United States absent registration under the US Securities Act or an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The New Capco Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other governmental or regulatory authority in the United States, nor have any of the foregoing authorities confirmed, passed upon, determined or endorsed the merits of the Merger or the accuracy or adequacy of the information contained in this document or the Original Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Merger is intended to be implemented by way of the Scheme. The New Capco Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Shaftesbury Shareholders (whether or not US persons) who are or will be affiliates (within the meaning of the US Securities Act) of Capco or Shaftesbury prior to, or of the Company after, the Effective Date will be subject to certain US transfer restrictions relating to the New Capco Shares received pursuant to the Merger (as described in the paragraph below).

The New Capco Shares generally should not be treated as “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive securities under the Merger (other than “affiliates” as described in the paragraph below) may resell them without restriction under the US Securities Act.

Under US securities laws, persons who are or will be deemed to be affiliates (as defined under the US Securities Act) of the Company or Shaftesbury prior to, or of the Company after, the date of Admission may not resell the New Capco Shares received in connection with the Merger without registration under the US Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders. Investors who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any resale of New Capco Shares received in connection with the Merger.

Investors in the United States should note that the Merger relates to the shares of an English company and is proposed to be made by means of a scheme of arrangement provided for under, and governed by, the law of England and Wales. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended will apply to the Scheme. Moreover, the Scheme will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. The financial information included in this Supplementary Prospectus has been or will have been prepared in accordance with IAS 40, the UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006, and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles generally accepted in the US. If the Merger is implemented by way of an offer, it will be done in compliance with the applicable rules under the US Securities Exchange Act of 1934.

Shaftesbury and Capco are each organised under the laws of England and Wales. All of the officers and directors of Shaftesbury and Capco are residents of countries other than the United States. It may therefore be difficult for US investors to enforce their rights and any claim arising out of US securities law. It may not be

possible to sue Shaftesbury and Capco (or their officers and directors) in a non-US court for violations of US securities laws. It may be difficult to compel Capco, Shaftesbury and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

Each US investor is urged to consult his, her or its independent professional adviser immediately regarding the tax consequences of the Merger.

#### **NOTICE TO ALL INVESTORS**

Any reproduction or distribution of this document or the Original Prospectus, in whole or in part, and any disclosure of its contents or use of any information contained in or incorporated by reference into this document or the Original Prospectus for any purpose other than in considering an investment in the New Capco Shares is prohibited. By accepting delivery of this document and/or the Original Prospectus, each recipient agrees to the foregoing.

Neither the contents of this document, the Original Prospectus nor any subsequent communication from the Company, the Capco Directors, the Proposed Directors, the Capco Group, the Shaftesbury Group, the Banks, Java Capital or any other person involved in the Merger or any of their respective affiliates, officers, directors, employees or agents are to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

In making an investment decision, investors must rely on their own examination, analysis and enquiry of the Company, the Capco Group, Shaftesbury, the Shaftesbury Group and/or the Combined Group and the terms of the Merger, including the merits and risks involved. The investors also acknowledge that: (i) they have not relied on the Banks, Java Capital or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document or the Original Prospectus for their investment decision; (ii) they have relied only on the information contained in this document, the Original Prospectus and the documents (or parts thereof) incorporated in this document and the Original Prospectus by reference; and (iii) no person has been authorised to give any information or to make any representation concerning the Company, the Capco Group, Shaftesbury, the Shaftesbury Group and/or the Combined Group or the New Capco Shares or the Merger (other than as contained in this document and the Original Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Capco Group, Shaftesbury, the Shaftesbury Group, the Combined Group, the Banks and/or Java Capital. None of the Company, the Capco Group, Shaftesbury, the Shaftesbury Group, the Combined Group, the Banks and/or Java Capital nor any of their respective representatives is making any representation to any acquirer of the New Capco Shares in the Merger regarding the legality of an investment by such acquirer under the laws applicable to such purchaser.

Without limitation, unless expressly stated herein, the contents of the Company, the Capco Group, Shaftesbury, the Shaftesbury Group and/or the Combined Group's websites, and any links accessible through such websites do not form part of this document or the Original Prospectus.

This document is dated 29 November 2022.

**PART I**  
**IMPORTANT INFORMATION**

**1. General**

The contents of the Original Prospectus and the Supplementary Prospectus should not be construed as legal, business or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice. In making an investment decision, each prospective investor must rely on their own examination, analysis and enquiry of the Company, the Capco Group, Shaftesbury, the Shaftesbury Group and/or the Combined Group and the terms of the Merger, including the merits and risks involved.

No person has been authorised to give any information or make any representations other than those contained in the Original Prospectus and the Supplementary Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, the Proposed Directors, the Capco Group, the Shaftesbury Group, the Banks, Java Capital or any other person involved in the preparation of this document and/or the Original Prospectus. Any decision to invest in the New Capco Shares should be based on a consideration of the Original Prospectus and the Supplementary Prospectus as a whole by the investor. No representation or warranty, express or implied, is made by the Company, the Directors, the Proposed Directors, the Capco Group, the Shaftesbury Group, the Banks, Java Capital or any other person involved in the preparation of the Original Prospectus and the Supplementary Prospectus as to the accuracy or completeness of such information or representation. Nothing contained in the Original Prospectus and the Supplementary Prospectus is, or shall be relied upon as, a promise or representation by the Company, the Directors, the Proposed Directors, the Capco Group, the Shaftesbury Group, the Banks, Java Capital or any other person involved in the preparation of the Original Prospectus and the Supplementary Prospectus as to the past, present or future.

The Banks and their affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company for which they would have received customary fees. The Banks and their affiliates may provide such services to the Company and any of its affiliates in the future.

Save as disclosed in this Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to information included in the Original Prospectus has arisen or been noted, as the case may be, since the publication of the Original Prospectus.

**2. Forward-looking statements**

The Original Prospectus and the Supplementary Prospectus include forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this document, including, without limitation, those regarding the Capco Group's intentions, beliefs or current expectations concerning, among other things, their future financial condition and performance and results of operations; their strategy, plans, objectives, prospects, growth, goals and targets; future developments in the industry and markets in which the Capco Group and/or the Shaftesbury Group participate or are seeking to participate; and anticipated regulatory changes in the industry and markets in which the Capco Group and/or the Shaftesbury Group operate. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "project", "should" or "will" or, in each case, their negative, or other variations or comparable terminology.

By their nature, forward-looking statements are subject to known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Capco Shareholders and potential investors are cautioned that forward-looking statements are not guarantees of future performance and that the Capco Group's, the Shaftesbury Group's and, following Completion, the Combined Group's actual financial condition, results of operations, cash flows and distributions to shareholders, development of their financing strategies, 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 document. In addition, even if their financial condition, results of operations, cash flows and distributions to shareholders, development of their financing strategies, and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements should, therefore, be construed in light of the foregoing risk factors and the other factors identified in Part II of the Original Prospectus entitled “*Risk Factors*”. Undue reliance should not be placed on these forward-looking statements. Any forward-looking statements in the Supplementary Prospectus are made as at the date of this document and are not intended to give any assurance as to future results. The Capco Group will update this document as required by applicable law, including the Listing Rules, Prospectus Regulation Rules, MAR, the Disclosure Guidance and Transparency Rules, the requirements of the LSE and the JSE, but otherwise the Capco Group, the Shaftesbury Group, the Banks and Java Capital expressly disclaim any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. You are advised to read the Original Prospectus, the Supplementary Prospectus and the information incorporated by reference in the Original Prospectus and the Supplementary Prospectus in their entirety. In light of these risks, uncertainties and assumptions, the events described in the forward looking statements in the Original Prospectus, the Supplementary Prospectus and/or the information incorporated by reference therein and herein may or may not occur. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in the Original Prospectus.

## PART II

### SUPPLEMENTARY INFORMATION

*This Supplementary Prospectus is being published in relation to the Merger. This Supplementary Prospectus is a regulatory requirement under the UK Prospectus Rules. This Supplementary Prospectus is supplemental to, and should be read in conjunction with, the Original Prospectus published by the Company on 7 July 2022. To the extent that there is any inconsistency between a statement in this Supplementary Prospectus and a statement contained in the Original Prospectus, the statement in this Supplementary Prospectus will prevail. Any decision to invest in the Capco Shares should be based on consideration of the Original Prospectus, as supplemented by this Supplementary Prospectus, and the information incorporated by reference therein and herein as a whole.*

#### 1. Background

Following the publication of the Original Prospectus on 7 July 2022, Shaftesbury published its preliminary results in relation to its full year audited financial information for the year ended 30 September 2022 (the “**Shaftesbury Group 2022 Preliminary Results**”) on 29 November 2022.

The Company considers the publication of the Shaftesbury Group 2022 Preliminary Results to be a significant new factor relating to the information contained in the Original Prospectus and, accordingly, this Supplementary Prospectus has been prepared in accordance with Article 23 of the UK Prospectus Regulation and PR 3.4 of the Prospectus Regulation Rules.

Other than as otherwise disclosed in this Supplementary Prospectus, there is no further information that is required to be disclosed in this Supplementary Prospectus pursuant to Article 23 of the UK Prospectus Regulation.

#### 2. Publication of Shaftesbury Group 2022 Preliminary Results

On 7 July 2022, the Company published the Original Prospectus. On 29 November 2022, Shaftesbury published the Shaftesbury Group 2022 Preliminary Results which are set out in Appendix 1 (*Shaftesbury Group 2022 Preliminary Results*) of this document.

#### 3. Amendments to the Summary Information

##### 3.1 Key financial information

As a result of the publication of the Shaftesbury Group 2022 Preliminary Results, this Supplementary Prospectus amends the summary information which forms part of the Original Prospectus with the addition of the following information to Element B.2 and Element D 1.4 as set out below:

| Section B—Issuer                               |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                   |       |       |       |                                                |       |         |         |                                        |       |         |         |
|------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--|-------------------------|--|--|--|------|------|------|--|--|-----------|--|--|--|-------------|--|-------------------|-------|-------|-------|------------------------------------------------|-------|---------|---------|----------------------------------------|-------|---------|---------|
| Element                                        | Disclosure requirement                    | Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                   |       |       |       |                                                |       |         |         |                                        |       |         |         |
| B.2                                            | Selected historical financial information | <p><i>The Shaftesbury Group</i></p> <p>The selected financial information set out below has been extracted without material adjustment from the Shaftesbury Group 2022 Preliminary Results:</p> <p><i>Summary Consolidated Income Statement</i></p> <table><tr><td></td><td colspan="3">Year ended 30 September</td></tr><tr><td></td><td>2022</td><td>2021</td><td>2020</td></tr><tr><td></td><td></td><td>(audited)</td><td></td></tr><tr><td></td><td></td><td>(£ million)</td><td></td></tr><tr><td>Revenue . . . . .</td><td>123.1</td><td>112.7</td><td>124.5</td></tr><tr><td>Operating profit / (loss) for the year . . . .</td><td>147.8</td><td>(153.7)</td><td>(638.3)</td></tr><tr><td>Profit / (loss) for the year . . . . .</td><td>119.1</td><td>(194.9)</td><td>(699.5)</td></tr></table> |         |  | Year ended 30 September |  |  |  | 2022 | 2021 | 2020 |  |  | (audited) |  |  |  | (£ million) |  | Revenue . . . . . | 123.1 | 112.7 | 124.5 | Operating profit / (loss) for the year . . . . | 147.8 | (153.7) | (638.3) | Profit / (loss) for the year . . . . . | 119.1 | (194.9) | (699.5) |
|                                                | Year ended 30 September                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                   |       |       |       |                                                |       |         |         |                                        |       |         |         |
|                                                | 2022                                      | 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2020    |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                   |       |       |       |                                                |       |         |         |                                        |       |         |         |
|                                                |                                           | (audited)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                   |       |       |       |                                                |       |         |         |                                        |       |         |         |
|                                                |                                           | (£ million)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                   |       |       |       |                                                |       |         |         |                                        |       |         |         |
| Revenue . . . . .                              | 123.1                                     | 112.7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 124.5   |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                   |       |       |       |                                                |       |         |         |                                        |       |         |         |
| Operating profit / (loss) for the year . . . . | 147.8                                     | (153.7)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (638.3) |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                   |       |       |       |                                                |       |         |         |                                        |       |         |         |
| Profit / (loss) for the year . . . . .         | 119.1                                     | (194.9)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (699.5) |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                   |       |       |       |                                                |       |         |         |                                        |       |         |         |

| Section B—Issuer                             |                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |           |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
|----------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------|--|--|--|------|------|------|--|--|-----------|--|--|--|-------------|--|------------------------|---------|---------|---------|-----------------------------|---------|---------|-----------|----------------------|---------|---------|---------|--|-------------------------|--|--|--|------|------|------|--|--|-----------|--|--|--|-------------|--|----------------------------------------------|------|-----|-----|---------------------------------------------|--------|--------|--------|----------------------------------------------|--------|-------|------|
| Element                                      | Disclosure requirement                                            | Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |           |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
|                                              |                                                                   | <p><i>Summary Consolidated Balance Sheet</i></p> <table><tr><td></td><td colspan="3">As at 30 September</td></tr><tr><td></td><td>2022</td><td>2021</td><td>2020</td></tr><tr><td></td><td></td><td>(audited)</td><td></td></tr><tr><td></td><td></td><td>(£ million)</td><td></td></tr><tr><td>Total assets . . . . .</td><td>3,455.2</td><td>3,356.6</td><td>3,351.3</td></tr><tr><td>Total liabilities . . . . .</td><td>(996.7)</td><td>(983.9)</td><td>(1,070.7)</td></tr><tr><td>Net assets . . . . .</td><td>2,458.5</td><td>2,372.7</td><td>2,280.6</td></tr></table> <p><i>Summary Consolidated Statements of Cash Flow</i></p> <table><tr><td></td><td colspan="3">Year ended 30 September</td></tr><tr><td></td><td>2022</td><td>2021</td><td>2020</td></tr><tr><td></td><td></td><td>(audited)</td><td></td></tr><tr><td></td><td></td><td>(£ million)</td><td></td></tr><tr><td>Net cash flows from operating activities . .</td><td>32.9</td><td>8.9</td><td>2.5</td></tr><tr><td>Net cash flows from investment activities .</td><td>(55.2)</td><td>(55.5)</td><td>(55.9)</td></tr><tr><td>Net cash flows from financing activities . .</td><td>(33.8)</td><td>185.1</td><td>72.2</td></tr></table> <p>There are no qualifications to Ernst &amp; Young LLP’s audit report on the consolidated financial information of the Shaftesbury Group for the year ended 30 September 2022, 30 September 2021 and 30 September 2020.</p> |           | As at 30 September |  |  |  | 2022 | 2021 | 2020 |  |  | (audited) |  |  |  | (£ million) |  | Total assets . . . . . | 3,455.2 | 3,356.6 | 3,351.3 | Total liabilities . . . . . | (996.7) | (983.9) | (1,070.7) | Net assets . . . . . | 2,458.5 | 2,372.7 | 2,280.6 |  | Year ended 30 September |  |  |  | 2022 | 2021 | 2020 |  |  | (audited) |  |  |  | (£ million) |  | Net cash flows from operating activities . . | 32.9 | 8.9 | 2.5 | Net cash flows from investment activities . | (55.2) | (55.5) | (55.9) | Net cash flows from financing activities . . | (33.8) | 185.1 | 72.2 |
|                                              | As at 30 September                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |           |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
|                                              | 2022                                                              | 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2020      |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
|                                              |                                                                   | (audited)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |           |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
|                                              |                                                                   | (£ million)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |           |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
| Total assets . . . . .                       | 3,455.2                                                           | 3,356.6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 3,351.3   |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
| Total liabilities . . . . .                  | (996.7)                                                           | (983.9)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | (1,070.7) |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
| Net assets . . . . .                         | 2,458.5                                                           | 2,372.7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2,280.6   |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
|                                              | Year ended 30 September                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |           |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
|                                              | 2022                                                              | 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2020      |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
|                                              |                                                                   | (audited)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |           |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
|                                              |                                                                   | (£ million)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |           |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
| Net cash flows from operating activities . . | 32.9                                                              | 8.9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2.5       |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
| Net cash flows from investment activities .  | (55.2)                                                            | (55.5)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | (55.9)    |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
| Net cash flows from financing activities . . | (33.8)                                                            | 185.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 72.2      |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |
| D.1.4                                        | Key information on the admission to trading on a regulated market | <p><b>Costs and expenses:</b> The total costs and expenses (exclusive of recoverable VAT) payable by the Combined Group in connection with the Merger and the issue and Admission of the New Capco Shares are estimated to be approximately £77.6 million. This consists of £34.7 million of total costs, incurred and expected, by the Capco Group, £37.0 million of total costs, incurred and expected, by the Shaftesbury Group and stamp duty of 0.5% on the purchase price of the Shaftesbury Shares to be acquired pursuant to the Merger (estimated to amount to £5.9 million).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |           |                    |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                        |         |         |         |                             |         |         |           |                      |         |         |         |  |                         |  |  |  |      |      |      |  |  |           |  |  |  |             |  |                                              |      |     |     |                                             |        |        |        |                                              |        |       |      |

#### 4. Update on Capco General Meeting and Shaftesbury General Meeting and Completion

As announced by Capco on 29 July 2022, the resolutions required to approve and implement the Merger were passed by the requisite majority of Capco Shareholders at the Capco General Meeting held on 29 July 2022.

In addition, as announced by Shaftesbury on 29 July 2022, the requisite majority of Scheme Shareholders voted to approve the Scheme at the Court Meeting and the requisite majority of Shaftesbury Shareholders voted to pass the Special Resolution at the General Meeting in connection with the amendment to the Shaftesbury Articles and the implementation of the Scheme.

The completion of the Merger remains subject to the satisfaction (or waiver, where applicable) of the Conditions set out in paragraph 15.2 (*Conditions to the Merger*) of Part VII (*Information on the Merger*) of the Original Prospectus, including the satisfaction of the CMA Condition and the approval of the Court.

It is expected that Completion of the Merger, subject to satisfaction of the Conditions, will now occur during the first quarter of 2023.

#### 5. Pre-Completion Permitted Dividends

Pursuant to the Scheme Document, the Original Prospectus and the announcement dated 26 October 2022, the Capco Board and the Shaftesbury Board have agreed to changes to the terms of the Permitted Shaftesbury Dividends and Permitted Capco Dividends set out in the Scheme Document and the Original Prospectus. Such changes will facilitate the payment of dividends to Capco Shareholders and Shaftesbury Shareholders in respect of the three-month period ending 31 December 2022, given that Completion is now expected to occur during the first quarter of 2023.

## 5.1 Permitted Shaftesbury Dividends

Under the terms of the Merger, the Capco Board agreed that the Shaftesbury Board would be entitled to pay the Shaftesbury Full Year Dividend in respect of the year ending 30 September 2022. On 28 November 2022, and as stated in the pre-Completion dividends announcement released by Shaftesbury on 29 November 2022, the Shaftesbury Board declared a dividend of 5.1 pence per Shaftesbury Share for the Shaftesbury Full Year Dividend. The timing of the payment of the Shaftesbury Full Year dividend will be brought forward from the expected timeframe set out in the Scheme Document and the Original Prospectus, with the record date for the Shaftesbury Full Year Dividend of 9 December 2022 and payment to be made on 21 December 2022.

In addition, the Shaftesbury Board and Capco Board have agreed that Shaftesbury may declare and pay a dividend of up to 2.7 pence per Shaftesbury Share in respect of the three-month period ending 31 December 2022 (the “**Shaftesbury Q1 2023 Dividend**”) with the exact dividend amount (if any) to be announced in due course. The Shaftesbury Q1 2023 Dividend will be declared and paid to Shaftesbury Shareholders before the Effective Date and will constitute a Permitted Shaftesbury Dividend.

## 5.2 Permitted Capco Dividends

Under the terms of the Merger, the Shaftesbury Board agreed that the Capco Board would be entitled to pay the Capco Pro Rata Second Interim Dividend of up to 1 pence per Capco Share in respect of the three-month period ending 30 September 2022. In addition, the Shaftesbury Board and Capco Board have agreed that Capco may declare and pay a dividend of up to 0.7 pence per Capco Share in respect of the three-month period ending 31 December 2022 (the “**Capco Q4 2022 Dividend**”), with the exact dividend amount (if any) to be announced in due course.

The Capco Q4 2022 Dividend will be combined with the Capco Pro Rata Second Interim Dividend and paid as one dividend of up to 1.7 pence per Capco Share, covering the six-month period ending 31 December 2022 (together, the “**Capco Second Interim Dividend**”). The Capco Second Interim Dividend will constitute a Permitted Capco Dividend.

The Shaftesbury Board and the Capco Board have agreed that the Shaftesbury Q1 2023 Dividend is to be declared before the Capco Second Interim Dividend is declared and paid before the Capco Second Interim Dividend is paid. This is to allow for the dividend amount received by Capco in respect of the Shaftesbury Shares held by the Capco Group on the record date for the Shaftesbury Q1 2023 Dividend to be included in the amount of the Capco Second Interim Dividend to be paid to Capco Shareholders.

The record date for the Capco Second Interim Dividend will be prior to the Effective Date and will be announced in due course. The Capco Second Interim Dividend will be paid within 30 Business Days of the record date of the Capco Second Interim Dividend.

## 5.3 Equalisation Dividends

As noted above, the Shaftesbury Board and Capco Board have agreed that the Shaftesbury Q1 2023 Dividend will constitute a Shaftesbury Permitted Dividend and that the Capco Second Interim Dividend will constitute a Capco Permitted Dividend. Accordingly, if and to the extent declared and paid in accordance with paragraphs 5.1 and 5.2 above, the Shaftesbury Board and the Capco Board have agreed that the Shaftesbury Q1 2023 Dividend and the Capco Second Interim Dividend can be declared and paid in each case without any adjustment to the Exchange Ratio under the terms of the Merger.

As set out in the Scheme Document and the Original Prospectus, any distributions in addition to the Capco Permitted Dividends and the Shaftesbury Permitted Dividends will however be treated as either an Excess Capco Dividend or an Excess Shaftesbury Dividend, as relevant, and the equalisation dividend mechanics set out in the Scheme Document and the Original Prospectus shall apply.

## PART III

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company, the Directors and the Proposed Directors, whose names appear below, accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Company, the Directors and the Proposed Directors, the information contained in the Supplementary Prospectus is in accordance with the facts and this document makes no omission likely to affect its import.

The Directors and Proposed Directors of the Company as at the date of the Supplementary Prospectus are:

| Name                                 | Position                                                          |
|--------------------------------------|-------------------------------------------------------------------|
| <b><i>The Directors</i></b>          |                                                                   |
| Henry Staunton . . . . .             | Current Chairman of the Company                                   |
| Ian Hawksworth . . . . .             | Current Chief Executive of the Company                            |
| Situl Jobanputra . . . . .           | Current Chief Financial Officer of the Company                    |
| Michelle McGrath . . . . .           | Current Executive Director of the Company                         |
| Anthony Steains . . . . .            | Current Senior Independent Director of the Company                |
| Charlotte Boyle . . . . .            | Current Independent Non-executive Director of the Company         |
| Jonathan Lane . . . . .              | Current Independent Non-executive Director of the Company         |
| <b><i>The Proposed Directors</i></b> |                                                                   |
| Jonathan Nicholls . . . . .          | Proposed Chairman of the Combined Group                           |
| Chris Ward . . . . .                 | Proposed Chief Operating Officer of the Combined Group            |
| Richard Akers . . . . .              | Proposed Senior Independent Director of the Combined Group        |
| Ruth Anderson . . . . .              | Proposed Independent Non-executive Director of the Combined Group |
| Helena Coles . . . . .               | Proposed Independent Non-executive Director of the Combined Group |
| Jennelle Tilling . . . . .           | Proposed Independent Non-executive Director of the Combined Group |

#### 2. Significant change

##### 2.1 The Capco Group

There has been no significant change in the financial position or financial performance of the Capco Group since 30 June 2022, being the date to which the last interim financial information has been published.

##### 2.2 The Shaftesbury Group

There has been no significant change in the financial position or financial performance of the Shaftesbury Group since 30 September 2022, being the date to which the last full year financial information has been published.

#### 3. Valuations

The property valuations for the Capco Group Properties as at 30 September 2022 are set out in the Capco Valuation Reports in Appendix 2 (*Valuation Reports*) of this document.

The property valuations for the Shaftesbury Group Properties as at 30 September 2022 are set out in the Shaftesbury Valuation Reports in Appendix 2 (*Valuation Reports*) of this document.

There has been no material change to the value of the Capco Group's Properties since 30 September 2022. There has been no material change to the value of the Shaftesbury Group's Properties since 30 September 2022.

#### 4. No material change

Each of the Company, the Directors and the Proposed Directors confirm that, other than as disclosed in this Supplementary Prospectus, there have been: (i) no material changes to the information disclosed in the Original Prospectus which are material in the context of the Original Prospectus, and (ii) no material changes to the matters listed in Rule 27.2(b) of the Code since the publication of the Original Prospectus.

## 5. Material contracts in respect of the Capco Group

During the period since publication of the Original Prospectus, the Company exercised a one-year extension option on the Capco Covent Garden RCF, extending the maturity date to September 2025. The Capco Covent Garden RCF remains undrawn and has a further one-year extension option, subject to lender consent.

## 6. Merger-related fees and expenses

### 6.1 Capco Group Fees and Expenses

As a result of the Merger now expected to become Effective during the first quarter of 2023, the aggregate fees and expenses now expected to be incurred by the Capco Group in connection with the Merger (excluding any applicable VAT) are as follows:

| <u>Category</u>                                       | <u>Amount<br/>(millions)</u> |
|-------------------------------------------------------|------------------------------|
| Financial arrangements <sup>(1)</sup>                 | £ 3.3                        |
| Financial and corporate broking advice <sup>(1)</sup> | £15.6                        |
| Legal advice <sup>(2)</sup>                           | £10.6                        |
| Accounting and tax advice                             | £ 1.1                        |
| Public relations advice                               | £ 0.3                        |
| Other professional services                           | £ 1.7                        |
| Other costs and expenses                              | £ 2.1                        |
| <b>Total</b>                                          | <b><u>£34.7</u></b>          |

Notes:

(1) The total amount payable depends on (amongst other things) whether the Merger becomes Effective.

(2) The fees for these services, which comprise legal and anti-trust advice, are uncapped and the final level of fees will be calculated by reference to the time costs incurred, taking account of the outcome of the Merger (including the regulatory approval process). The amount(s) included reflect the time costs incurred up to the Latest Practicable Date and an estimate of the further time required, based on a mid-case set of assumptions around the regulatory approval process.

In addition, stamp duty of 0.5% on the purchase price of the Shaftesbury Shares acquired pursuant to the Merger will be payable by Capco (which, as at the Latest Practicable Date, would be approximately £5.9 million).

### 6.2 Shaftesbury Group Fees and Expenses

As a result of the Merger now expected to become Effective during the first quarter of 2023, the aggregate fees and expenses now expected to be incurred by the Shaftesbury Group in connection with the Merger (excluding any applicable VAT) are as follows:

| <u>Category</u>                                       | <u>Amount<br/>(millions)</u> |
|-------------------------------------------------------|------------------------------|
| Financial arrangements                                | £ 0.6                        |
| Financial and corporate broking advice <sup>(1)</sup> | £25.4                        |
| Legal advice <sup>(2)</sup>                           | £ 5.3                        |
| Accounting and tax advice                             | £ 0.2                        |
| Public relations advice                               | £ 0.5                        |
| Other professional services                           | £ 1.6                        |
| Other costs and expenses                              | £ 3.4                        |
| <b>Total</b>                                          | <b><u>£37.0</u></b>          |

Notes:

(1) The total amount payable depends on (amongst other things) whether the Merger becomes Effective.

(2) The fees for these services, which comprise legal and anti-trust advice, are uncapped and the final level of fees will be calculated by reference to the time costs incurred, taking account of the outcome of the Merger (including the regulatory approval process). The amount(s) included reflect the time costs incurred up to the Latest Practicable Date and an estimate of the further time required, based on a mid-case set of assumptions around the regulatory approval process.

## 7. Consents

CBRE of Henrietta House, Henrietta Place, London, W1G 0RE, United Kingdom has given and has not withdrawn its written consent to the inclusion of the Capco Valuation Report in this document, and has authorised the content of its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 3 of the Prospectus Delegated Regulation.

Cushman & Wakefield of 125 Old Broad Street, London, EC2N 1AR, United Kingdom has given and has not withdrawn its written consent to the inclusion of the Shaftesbury Valuation Report in this document, and has authorised the content of its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 3 of the Prospectus Delegated Regulation.

JLL of 30 Warwick Street, London, W1B 5NH, United Kingdom has given and has not withdrawn its written consent to the inclusion of the Capco Valuation Report in this document, and has authorised the content of its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 3 of the Prospectus Delegated Regulation.

Knight Frank of 55 Baker Street, London, W1U 8AN, United Kingdom has given and has not withdrawn its written consent to the inclusion of the Shaftesbury Valuation Report in this document, and has authorised the content of its reports for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 3 of the Prospectus Delegated Regulation.

## 8. Documents available for inspection

In addition to the documents set out in paragraph 23 (*Documents available for inspection*) of Part XVI (*Additional Information*) of the Original Prospectus, copies of the following documents will be available for inspection on the Company's website at [www.capitalandcounties.com/investors/investorinformation/merger-shaftesbury-plc](http://www.capitalandcounties.com/investors/investorinformation/merger-shaftesbury-plc) and during normal business hours on Monday to Friday (excluding public holidays in England and Wales) at the Company's registered office at Regal House, 14 James Street, London, WC2E 8BU, United Kingdom for a period of 12 months from the date of publication of this document:

- the Capco Valuation Reports and the Shaftesbury Valuation reports;
- the Supplementary Prospectus; and
- the consent letters referred to in paragraph 7 above.

## 9. Documents incorporated by reference

The Original Prospectus is incorporated by reference in, and forms part of, this document. To the extent that any part of the Original Prospectus itself contains information which is incorporated by reference, such information shall not form part of this document.

Any statement which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

## 10. Definitions

Certain terms used and not otherwise defined in this Supplementary Prospectus, including capitalised terms, are defined in Part XVIII (*Definitions*) of the Original Prospectus.

In this Supplementary Prospectus the following expressions have the following meaning unless the context otherwise requires:

|                                          |                                                                                                                          |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>Capco Group Properties</b> . . . . .  | the Capco Group portfolio valued by the Capco Valuers                                                                    |
| <b>Capco Valuation Reports</b> . . . . . | the valuation reports of the Capco Valuers which are set out in Appendix 2 ( <i>Valuation Reports</i> ) of this document |
| <b>Latest Practicable Date</b> . . . . . | 28 November 2022, being the latest practicable date prior to the publication of this document                            |

|                                                         |                                                                                                                                |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>Shaftesbury Group 2022 Preliminary Results</b> . . . | the full year audited financial information for the year ended 30 September 2022 of the Shaftesbury Group                      |
| <b>Shaftesbury Group Properties</b> . . . . .           | the Shaftesbury Group portfolio valued by the Shaftesbury Valuers                                                              |
| <b>Shaftesbury Valuation Reports</b> . . . . .          | the valuation reports of the Shaftesbury Valuers which are set out in Appendix 2 ( <i>Valuation Reports</i> ) of this document |

This Supplementary Prospectus is dated 29 November 2022.

**APPENDIX 1**  
**SHAFTESBURY GROUP 2022 PRELIMINARY RESULTS**

# SHAFTESBURY 2022 FULL YEAR RESULTS

## Growth in EPRA NTA, income, earnings and dividends

### **Strong recovery in footfall and spending; sustained occupier demand across all uses; return to pre-pandemic occupancy**

Shaftesbury PLC, the Real Estate Investment Trust that owns a 16.4-acre portfolio in the heart of London's West End, today announces its results for the year ended 30 September 2022.

Brian Bickell, Chief Executive, commented:

*"The year has seen a rapid rebound in the West End economy as Covid-related disruption receded and patterns of everyday activity returned to pre-pandemic normality. The sustained recovery in footfall and trading since the early months of 2022 has been matched by the strength of occupier demand in our carefully curated and popular locations.*

*Although London and the West End cannot be immune from the unprecedented range of challenges which are now dominating the national outlook, their long-term prospects remain bright, thanks to their enduring appeal to global, domestic and local visitors, businesses and investors, their dynamic economies and ability to attract talent and creativity from across the world. These features are mirrored in the locations in which we invest and, together with our proven, innovative management strategy and our experienced and enthusiastic team, reinforce our confidence in the long-term potential of our exceptional portfolio."*

### **Overview**

- Rapid rebound in West End economy.
- Sustained recovery in confidence and activity driving growing footfall and spending ahead of 2019 levels; occupiers reporting average monthly sales now 6% ahead of pre-pandemic levels - hospitality and leisure: +6%, retail +6%.
- Strong demand for space across all uses has led to a return to pre-Covid occupancy levels and growth in rental values.
- 59 new hospitality and retail lettings during the year.
- Rent collection: 99%, back to pre-pandemic levels.
- Material improvement in earnings reflecting recovery in operating conditions.
- Cash generated from operating activities up 61.4% to £61.8 million following cessation of Covid-rent support and improvements in rent collections and occupancy.
- Dividends for the year: 9.9p per share, +54.7% year-on-year.
- Net zero carbon commitment: 2030; carbon-neutral in our operations: 2025.
- Prospects for London and the West End remain bright, despite current range of macroeconomic challenges. We remain confident in long-term potential of our exceptional portfolio.
- Proposed merger update:
  - Merger approved by Shaftesbury and Capco shareholders.
  - Currently engaged in customary pre-notification discussions with the CMA, which remain ongoing.
  - Proposed merger is now expected to become effective during the first quarter of 2023, subject to satisfaction or, where applicable, waiver of outstanding conditions.
  - Arrangements to facilitate payment of further dividends by Shaftesbury and Capco for the quarter ended 31 December 2022 announced today.

## Materially improved earnings reflecting recovery in operating conditions

| Statement of Comprehensive Income         |       | 2022         | 2021    | Change    |
|-------------------------------------------|-------|--------------|---------|-----------|
| <b>Reported results</b>                   |       |              |         |           |
| Net property income                       | £m    | <b>82.8</b>  | 64.7    | 28.0%     |
| Profit/(loss) after tax                   | £m    | <b>119.1</b> | (194.9) | +£314.0m  |
| Basic earnings/(loss) per share           | Pence | <b>31.0</b>  | (52.0)  | +£83.0p   |
| <b>Dividends for year ended 30.9.22</b>   |       |              |         |           |
| Second interim dividend                   | Pence | <b>5.1</b>   | 4.0*    | 27.5%     |
| First interim dividend                    | Pence | <b>4.8</b>   | 2.4     | 100.0%    |
| Total dividends for the year              | Pence | <b>9.9</b>   | 6.4     | 54.7%     |
| <b>EPRA results<sup>1</sup></b>           |       |              |         |           |
| Earnings                                  | £m    | <b>19.3</b>  | 13.3    | 45.1%     |
| Earnings per share                        | Pence | <b>5.0</b>   | 3.5     | 42.9%     |
| Underlying EPRA earnings/(loss)           | £m    | <b>38.0</b>  | (7.4)   | +£45.4m   |
| Underlying EPRA earnings/(loss) per share | Pence | <b>9.9</b>   | (2.0)   | +11.9p    |
| <b>Cash flow</b>                          |       |              |         |           |
| Cash generated from operating activities  | £m    | <b>61.8</b>  | 38.3    | 61.4%     |
| <b>Balance Sheet</b>                      |       |              |         |           |
| Reported net assets                       | £m    | <b>2,459</b> | 2,373   | 3.6%      |
| EPRA NTA per share <sup>1</sup>           | £     | <b>6.41</b>  | 6.19    | 3.6%      |
| Total Accounting Return <sup>1</sup>      | %     | <b>5.0%</b>  | (14.6)% | +19.6ppts |

\* 2021: Final dividend

- Net property income up 28.0% to £82.8m (2021: £64.7m):
  - 38.2% increase in invoiced rent to £113.3m (2021: £82.0m) reflecting improved occupancy and cessation of occupier rental support.
  - Rental income, after adjustments for lease incentives: £110.4m (2021: £105.0m); +5% like-for-like.
  - Significant reduction in charges for impairments and expected credit losses, down £13.7m to £4.0m (2021: £17.7m) as trading conditions improve and rent collection rates return to pre-pandemic levels.
  - Irrecoverable property costs up £1.0m to £23.6m (2021: £22.6m) with increased leasing volumes, maintenance expenditure, additional marketing activity and property management fees.
- Profit after tax: £119.1m (2021: £194.9m loss).
  - Increase primarily due to £99.5m revaluation gain (2021: £196.9m revaluation deficit) and improved net property income, partly offset by one-off costs associated with the proposed merger.
  - EPRA earnings<sup>1</sup>: £19.3m, up 45.1% (2021: £13.3m). EPRA earnings per share<sup>1</sup>: 5.0p (2021: 3.5p).
  - Underlying EPRA earnings per share<sup>1</sup>, after adjusting for accounting impact of Covid rent waivers and one-off costs associated with proposed merger: 9.9p (2021: loss per share 2.0p).
- EPRA NTA<sup>1</sup>: £6.41 per share, up 3.6% (2021: £6.19) predominantly due to net revaluation gains.

### Increased dividends

- Second interim dividend for year ended 30 September 2022 (referred to as the “Shaftesbury Full Year Dividend” in the proposed merger Scheme Document), paid in place of a final dividend: 5.1p (+27.5% vs 2021 final dividend).
  - To be paid as a PID on 21 December 2022.
  - Ex-dividend date: 8 December 2022
  - Record date: 9 December 2022
  - Dividend covered by underlying EPRA earnings per share.
- Total dividends for year: 9.9p, up 54.7% (2021: 6.4p).

## **Strong demand across all uses driving growing income and rental values; vacancy now at pre-pandemic levels**

- Leasing transactions with a rental value of £40.9m completed during the year (2021: £33.9m):
  - Commercial: £32.4m; +8.5% vs 9.21 ERV.
  - Residential: £8.5m; +11.4% vs previous rents.
  - £4.4m of lettings and renewals completed since 1 October 2022; further lettings in solicitors' hands.
- EPRA vacancy: 4.0% of portfolio ERV (2021: 6.0%), of which 1.6% was under offer.
- Rent collection back to pre-pandemic levels: 99% of invoiced rent now collected for year ended 30 September 2022.

## **Wholly-owned portfolio valuation: £3.2bn; full year increase<sup>2</sup>: 3.6%, with first half gains<sup>2</sup> (+7.5%) partly reversed in the second half (H2: -3.6%) as valuation yields increased**

- Valuation increases<sup>2</sup> across all uses: hospitality and leisure +4.5%; retail +0.9%; offices +3.6%; residential +5.7%.
- Equivalent yield: +18 bps to 4.10% (2021: 3.92%)
  - First half: -6 bps to 3.92% due to improved operational conditions
  - Second half: +24 bps, reflecting impact on investor sentiment of globally-rising finance rates and deterioration in macroeconomic outlook
- Portfolio ERV up 9.0%<sup>2</sup> to £145.8m (2021: £131.7m)
  - increases in both halves across all uses, reflecting letting activity and much-improved occupier market sentiment.
  - now 4.6% below pre-pandemic level at 30.9.2019 (like-for-like).
- Portfolio reversionary potential: £29.9m, 25.8% above annualised current income (2021: £23.9m; 22.2%).

## **Longmartin joint venture valuation<sup>3</sup>: £167.0m; full year increase<sup>2</sup>: +0.2%**

- Equivalent yield 4.28% (2021: 4.03%).
- ERV growth<sup>2</sup> of 6.2%; retail down 1.3%, other uses up over the year.

## **Portfolio investment: adapting and improving buildings; core acquisitions**

- Returned to actively securing vacant space where we see opportunities to accelerate schemes, including those put on hold during the pandemic.
  - Capital expenditure in the year: £35.9m.
  - Redevelopment and refurbishment schemes across 168,000 sq. ft. (8.3% of portfolio ERV) underway at 30 September 2022.
- 72 Broadwick Street:
  - Fourth floor office space and 15 apartments completed and let ahead of expectations.
  - Work on first to third floor offices continues; ERV £3.3m, 2.3% of portfolio ERV.
- Long leasehold interest at 92-104 Berwick Street acquired in May 2022 for £29.2m<sup>4</sup>.
- Seven other acquisitions during the year: £26.1m<sup>4</sup>.
- Two disposals in the year: Gross proceeds of £11.4m.

## **Sustainability**

- Net zero carbon strategy
  - Targeting net zero carbon by 2030; Carbon neutral in our own operations by 2025.
- Continuing focus on re-use and repurposing buildings, prioritising retention of existing structures rather than demolition and rebuilding.
- Commitment to support local communities, particularly focusing on young people. Community investment evaluated at £1.0m in 2022.

## Finance

- Compliance with financial covenants. Headroom<sup>5</sup>:
  - Valuation decrease: c. 49%.
  - Relevant measures of net income decrease: c. 68%.
- Available resources<sup>6</sup> £155.2m.
- LTV<sup>1,7</sup>: 25.2% (2021: 24.9%).
- Weighted average maturity of debt facilities<sup>6</sup>: 7.7 years; earliest maturity<sup>6</sup>: £290m mortgage bonds 2027.

## Proposed merger update

- On 16 June 2022, Shaftesbury and Capco announced a recommended all-share merger.
- Merger approved by Shaftesbury and Capco shareholders at respective shareholder meetings on 29 July 2022.
- Merger remains subject to satisfaction or, where applicable, waiver of the remaining conditions set out in Part Three of the Scheme Document, including satisfaction of the CMA condition and the Court sanctioning the Scheme.
- Currently engaged in customary pre-notification discussions with the CMA, which remain ongoing.
- CMA has not yet commenced its Phase 1 review and therefore the merger is now expected to become effective during the first quarter of 2023.
- Arrangements to facilitate the payment of dividends by Shaftesbury and Capco in respect of the quarter to 31 December 2022 agreed, given that the merger effective date is now expected to occur during the first quarter of 2023:
  - Timing of payment of second interim dividend, noted above, brought forward from expected timeframe set out in the proposed merger Scheme Document.
  - Shaftesbury permitted to declare and pay a further interim dividend of up to 2.7p per share; to be paid before the merger becomes effective.
  - Capco permitted to declare and pay a further dividend of up to 0.7p per share; to be combined with the dividend of up to 1.0p per share for the period from 1 July 2022 to 30 September 2022 set out in the Scheme Document; such dividend to be declared before the merger becomes effective.
  - Further details are set out in a Regulatory News Service announcement released today.

1. Alternative performance measure ("APM"). The Group uses a number of measures to assess and explain its performance, some of which are considered to be APMs as they are not defined under IFRS. See page 50.
2. Like-for-like.
3. Our 50% share.
4. Including acquisition costs.
5. Loan to value covenant and interest cover covenant headroom across all secured financing arrangements assuming top up with available unsecured assets and cash deposits where permitted.
6. Pro forma, adjusting to remove undrawn £100m revolving credit facility which matures in February 2023.
7. Based on net debt.

For further information:

**Shaftesbury PLC 020 7333 8118**  
Brian Bickell, Chief Executive  
Chris Ward, Chief Financial Officer

**RMS Partners 020 3735 6551**  
Simon Courtenay 07958 754273  
**MHP 020 3128 8100**  
Oliver Hughes 020 3128 8622  
Rachel Farrington 020 3128 8613

**Shaftesbury PLC LEI:** 213800N7LHKFNTDKAT98

See Glossary of terms on pages 60 to 64.

The person responsible for arranging the release of this announcement is Desna Martin, Company Secretary.

## Presentation

There will be a presentation to analysts at the London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS at 9.30 am on Tuesday 29 November 2022.

The presentation can also be accessed live via webcast or conference call. The live webcast will be available via: [https://brrmedia.news/SHB\\_FY22](https://brrmedia.news/SHB_FY22); or <https://stream.brrmedia.co.uk/broadcast/634ed5696815e65bb9fdc128>; or the Group's website [www.shaftesbury.co.uk](http://www.shaftesbury.co.uk).

A recording of the webcast will be available via these links later in the day.

Conference call: In order to join via phone at 9:30am, please dial in 5-10 minutes before the start time on:

UK wide: +44 33 0551 0200  
UK Toll free: 0808 109 0700  
New York: +1 212 999 6659  
USA toll free: +1 866 966 5335

Please quote Shaftesbury when prompted by the operator. The presentation document is available on the Group's website.

### **Bondholders**

For bondholders, there will be a credit update conference call at 11.00 am on Friday 9 December 2022. Those wishing to participate in the call should obtain an access code ahead of the call by contacting Stuart Bell on 020 3542 3921 or [stuart.bell@idcm.eu.com](mailto:stuart.bell@idcm.eu.com).

### **Notes for Editors**

*Shaftesbury is a Real Estate Investment Trust which invests exclusively in the heart of London's West End. Focused on food, beverage, retail and leisure, our 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 16.4 acres, the portfolio comprises over 600 restaurants, cafés, pubs and shops, extending to 1.1 million sq. ft., 0.5 million sq. ft. of offices and 632 apartments. All our properties are close to the main West End Underground stations, and within ten minutes' walk of the two West End transport hubs for the Elizabeth Line, at Tottenham Court Road and Bond Street.*

*In addition, we have 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.*

### **Our purpose**

*Our purpose is to contribute to the success of London's West End by curating lively and thriving villages where people live, work and visit. Our proven management strategy is to create and foster distinctive, attractive and prosperous locations. We have an experienced and innovative management team focused on delivering our long-term strategic objectives.*

### **Our values**

*We have five core values that are fundamental to our behaviour, decision making and the delivery both of our purpose and strategic objectives: being human in how we operate, original in how we nurture talent and think, community minded in our approach to the West End, being responsible and long-term in our approach to everything.*

### **Our approach to sustainability**

*Our sustainability strategy encompasses our long-established approach of reducing the environmental impact of our operations through refurbishment, change of use and reconfiguration, working with, and supporting our local community, and using our knowledge and experience to influence and motivate, to achieve positive outcomes.*

### **Forward-looking statements**

*This document, the latest Annual Report and Shaftesbury's website may contain certain "forward-looking statements" with respect to Shaftesbury PLC (the Company) and the Group's financial condition, results of its operations and business, and certain plans, strategy, objectives, goals and expectations with respect to these items and the economies and markets in which the Group operates. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "anticipates", "aims", "due", "could", "may", "should", "expects", "believes", "intends", "plans", "targets", "goal" or "estimates" or, in each case, their negative or other variations or comparable terminology.*

*Forward-looking statements are not guarantees of future performance. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.*

*Any forward-looking statements made by, or on behalf of, Shaftesbury PLC speak only as of the date they are made, and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Except as required by its legal or statutory obligations, Shaftesbury PLC does not undertake to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.*

*Information contained in this document relating to Shaftesbury PLC or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance. Nothing contained in this document, the latest Annual Report or Shaftesbury's website should be construed as a profit forecast or an invitation to deal in the securities of the Company.*

*Ends.*

## Chief Executive's statement

The year has seen a rapid rebound in the West End economy as Covid-related disruption receded and patterns of everyday activity returned to pre-pandemic normality. The sustained recovery in footfall and trading since the early months of 2022 has been matched by the strength of occupier demand in our carefully curated and popular locations.

There are now growing concerns regarding the medium-term outlook for global and domestic economies. However, the pace of recovery over the last year and the inherent resilience of the West End and our portfolio means we are well placed to weather uncertainties and challenges which may be ahead.

### Results and dividends

We have seen a recovery in net property income this year, up 28.0% to £82.8 million (2021: £64.7 million). With the withdrawal of rental support for our occupiers from October 2021 and the return to normal levels of occupancy, rents invoiced increased by 38% over the year. After adjustments for lease incentives, rental income was up 5.1% to £110.4 million (2021: £105.0 million). Charges for expected credit losses and impairments were much reduced, down 77.4% to £4.0 million (2021: £17.7 million), reflecting normalised rent recoveries and improved trading conditions. Property costs<sup>1</sup> have increased, reflecting increased activity during the pandemic recovery, and remain at c. 21.5% of rental income.

Administrative expenses, before merger costs, totalling £22.2 million (2021: £21.6 million) and net finance charges of £29.5 million (2021: £30.2 million) were broadly unchanged from 2021. Costs incurred to date in connection with the proposed merger with Capco, amounting to £13.2 million, have been expensed in the Income Statement this year.

Over the year, the valuation of our wholly-owned portfolio rose from £3.0 billion to £3.2 billion, a like-for-like increase of 3.6%. Total portfolio ERV grew to £145.8 million (2021: £131.7 million), a like-for-like increase of 9.0% with growth across all uses.

In the first half, our valuers reported investment yields tightened from 3.92% to 3.86% as operational conditions improved. However, in the latter part of the second half, globally-rising finance rates and a deteriorating macroeconomic outlook adversely affected investment market sentiment, resulting in equivalent yield expansion of 24bps. Taking the year as a whole, our portfolio's equivalent yield moved from 3.92% to 4.10%, and the net revaluation surplus amounted to £99.5 million (2021: deficit £196.9 million).

The profit for the year after the annual revaluation surplus and taxation amounted to £119.1 million, compared with a loss in 2021 of £194.9 million. EPRA earnings<sup>2</sup> were up 45.1% to £19.3 million (2021: £13.3 million), after a £13.2 million charge for merger-related costs (2021: £Nil). Underlying EPRA earnings<sup>2</sup>, which adjusts for the cost of waivers granted during the pandemic as if they had been recognised in the Income Statement immediately when granted, and excludes the exceptional charge for merger-related costs, were £38.0 million, compared with a loss last year amounting to £7.4 million.

At 30 September 2022, EPRA NTA<sup>2</sup> stood at £6.41 (2021: £6.19), an increase of 3.6% over the year. Of the 22p net increase, the annual revaluations in the wholly-owned and Longmartin portfolios accounted for 25.9p, and EPRA earnings accounted for 5.0p. Dividend payments during the year totalled 8.8p.

Reflecting the recovery in our underlying EPRA earnings this year, the Board has declared a second interim dividend of 5.1p, bringing dividends for the year to 9.9p. The total distribution for the year will amount to £38.0 million. Declared in place of a final dividend for the year, the second interim dividend will be paid on 21 December 2022.

As set out in a separate announcement released today, we have reached agreement with Capco to pay a further interim dividend of up to 2.7p per share in respect of the quarter to 31 December 2022, to be paid before the proposed merger becomes effective.

See Dividends on page 24.

1. Excluding recoverable service charge costs.

2. Alternative performance measure: see page 50.

## **Operating environment**

This year saw a marked recovery in confidence, footfall and sales across our villages. Whilst the Omicron Covid variant led the Government to reintroduce certain restrictions for seven weeks between December and January, the impact on activity was limited and short-lived, and, from the end of January, we saw a rapid bounce back in activity in our areas.

Footfall continued to improve, typically building through the working week and peaking at weekends. In the first half of the year the footfall recovery was concentrated in domestic visitors, residents and the return of local office workers. Since early summer we have seen growing numbers of international tourists and further improving trading performance, helped by the Platinum Jubilee celebrations. Inevitably, recent public transport disruption has had a short-term impact on daily visitor numbers, but our hospitality and retail occupiers continue to report good trading. Anecdotally, they are optimistic for the important and traditionally busy period leading up to, and through Christmas and New Year, without the Covid-related disruption of the last two years.

The opening of the central section of the Elizabeth Line in May has resulted in a noticeable increase in footfall on streets closest to the much improved and extended Tottenham Court Road station. Passenger numbers have also increased significantly since the opening in October of the line's Bond Street station, with its new access at Hanover Square, a few minutes' walk from Carnaby. In November, the next stage of the line's implementation schedule has provided a direct link from Heathrow airport into the West End, with an average journey time of just 35 minutes. These important new transport hubs, which are close to much of our portfolio, and the improved connectivity and convenience they are already providing, are now set to make an important long-term contribution to the prosperity of the West End.

With the steady return to normal operational conditions, rent collection rates have continued to improve, with 99% collected in respect of the year ended 30 September 2022. Importantly the pace of rent collection is now quicker than in 2019, reflecting the benefit of switching the vast majority of our occupiers from quarterly to monthly billing.

## **Occupational markets**

Our strategy of supporting our occupiers through the very challenging periods of pandemic lockdowns and restrictive trading rules was successful in mitigating vacancy in our hospitality and retail space. As restrictions were gradually lifted in summer last year, the distinctive and popular line up of dining, leisure and retail choices we provide was largely intact, resulting in a sustained recovery in footfall and spending in our locations, enhancing their reputation for resilience and appeal, as well as our credentials as a supportive and responsible landlord. These factors have underpinned the strong demand for both commercial and residential space across our locations and our EPRA vacancy levels have now stabilised at around 4% of total portfolio ERV.

When hospitality or retail space does become available, occupier interest is considerable and we are seeing many new, well-financed concepts, often from existing or experienced operators. Rental values have continued to recover and, for hospitality accommodation, they are now at 95.1% of pre-Covid levels. For retail space, they remain 14.9% below pre-Covid levels (up from -20.8% a year ago), as structural changes in retailer requirements and customer spending patterns, together with a surplus of vacant space in the West End, continue to affect general letting market sentiment.

Office space in our locations is in demand, as employers now recognise the importance of the lively atmosphere in our central West End villages in attracting and retaining staff. Our more flexible leasing packages and fully-furnished options are proving popular with occupiers. Having been largely stable during the period of Covid disruption, our office rents are now 3.0% above 2019 levels on average.

Demand for residential accommodation grew quickly last year as overseas students and workers returned to central London, rapidly absorbing the unusually high level of vacancy which arose at the start of pandemic restrictions in 2020. As a result, we have had very limited vacancy in our 632 rental apartments throughout the year and market rental levels are now 10.5% above 2019 levels. The demand/availability tension in the residential market shows no sign of lessening, but we are mindful of potential rent affordability issues which could impact our occupiers.

## **Refurbishment activity**

In the latter months of 2021, with the West End's post-Covid recovery firmly established and growing occupier demand in our locations, we relaxed our self-imposed 18-month moratorium on new schemes. We have now returned to our long-established strategy of proactively seeking to secure vacant possession of space to improve our buildings, unlocking latent income and capital value potential. Improving the environmental performance of the accommodation we provide in every scheme is a key priority in our sustainability and net zero carbon commitments.

During the year, we have worked on over 12% of our floorspace, incurring capital expenditure of £35.9 million. We have delivered 100,000 sq. ft. of new or refurbished space and, at 30 September 2022, schemes underway extended to 53,000 sq. ft. of hospitality and retail space, 94,000 sq. ft. of offices and 21,000 sq. ft. of residential accommodation.

Our largest scheme, 72 Broadwick Street, completed in May 2022. To date, retail, office and residential space with a rental value of £2.9 million has been let and hospitality space with a rental value of £0.2 million is under offer. Disappointingly, Equinox, the US gym operator, withdrew from its pre-letting of 28,700 sq. ft. of space on the second and third floors of the building, which we are now reconfiguring and fitting out for office use. Whilst this will incur additional expenditure, we anticipate achieving higher rental income. The works are expected to complete in summer 2023. Together with 9,000 sq. ft. of office space on the first floor which will be offered fully fitted, the total ERV of office space to be let is £3.3 million.

We are continuing to identify and progress schemes which we anticipate will start in 2023. Inevitably building cost inflation is likely to continue to impact day one returns on construction schemes across the real estate sector. As long-term owners, we assess our projects on the basis of their long-term income and capital value benefits to us, together with any compound benefits to our adjacent ownerships.

## **Acquisitions and disposals**

In our local market, opportunities to acquire buildings which meet our strict criteria are usually limited. Our focus is on buildings which add to and complement our existing ownership clusters, and which have potential, through a combination of physical improvement and integration with our existing holdings, to deliver long-term growth in income and capital values. With the West End's rapid post-pandemic recovery and positive prospects, existing owners, typically private rather than institutional, continue to be reluctant to sell their resilient and scarce assets.

Against this backdrop, this year we have completed acquisitions totalling £55.3 million. We were particularly pleased to finally acquire a long leasehold interest in 19,200 sq. ft. of retail and hospitality space in the recently redeveloped lower floors of 92-104 Berwick Street, which has always been key to our long-term strategy for this busy part of Soho. Acquired for £27.5 million (exclusive of purchase costs), we are now investing £2.6 million to put the 14,000 sq. ft. of vacant space into a market-standard condition expected by occupiers prior to commencing marketing. Other acquisitions comprised seven buildings which further consolidated holdings in our ownership clusters.

As part of our regular review of our portfolio to identify buildings we no longer consider to be core to our long-term strategy, in the first half we disposed of two buildings, producing gross proceeds of £11.4 million, 9.6% above their 2021 year end valuation.

## **Finance**

At 30 September 2022, our loan-to-value ratio was 25.2% and available resources amounted to £255.2 million, including a £100 million undrawn revolving credit facility, which matures in February 2023. In light of the proposed merger, it is currently expected that this facility will be retired at maturity, given the other sources of liquidity in the combined group.

In the event that the proposed merger with Capco becomes effective, change of control provisions in our secured mortgage bonds will be triggered, which give bondholders the right to redeem their bonds at par. To provide funding certainty in the event that some or all of the bondholders exercise this change of control right, Capco has arranged a £576 million loan facility with a term of up to three years. Based on current market conditions, any drawdown of this facility will increase financing costs for the combined group, although steps will be taken to mitigate this, capitalising on the increased strength of the combined group balance sheet following completion.

## **Sustainability**

With clear evidence of accelerating climate change across every continent, there is an imperative to address its causes and implications and the over-arching need to decarbonise the world's economy. In November 2021, we launched a refreshed sustainability policy, which included our targets and roadmap to be carbon neutral in our own operations by 2025, and a net zero carbon business by 2030.

Our business has always focused on the preservation and improvement of existing buildings to minimise the carbon and resource impacts associated with demolition and rebuilding. This approach is inherently sustainable for our portfolio and makes an important contribution to future-proofing the West End's heritage of protected and period building stock. Over many years, we have focused on enhancing the environmental performance of our properties as a key aspect of improving the space we provide. Currently, 61% of our demises have an EPC grade of C or above.

We are now preparing for the introduction by the Government of higher energy performance standards in the years ahead and are confident we will achieve or exceed the minimum levels of performance to ensure our space continues to be lettable and meets occupiers' expectations. We refurbish approximately 10% of our portfolio each year and an initial high-level assessment of a representative sample of our 600+ buildings has suggested that the additional cost of achieving compliance with the new standards could be in the region of £25 million over the period to 2030. This could increase our average annual capital expenditure by around 10%.

Of growing importance in the years ahead will be the need to work with our occupiers to reduce the carbon impact of their business activities, in both how they fit out and use the premises they lease from us. In the case of our hospitality and retail space, the sustainability credentials of prospective occupiers are already important criteria in our selection process, and we are providing guidelines to address sustainability in occupier fit outs. In 2023, we shall be engaging with our commercial occupiers to gain a better understanding of their sustainability aims and actions so our support can be targeted most effectively.

## **Community**

As a responsible, long-term landowner and business, engagement and collaboration with our wide range of stakeholders has always been integral to our strategy and values. With our experience and forensic knowledge of the West End, accumulated over 36 years, we are able to make an important contribution to addressing the challenges in its complex ecosystem and often competing interests, to help find solutions to safeguard its long-term appeal and prospects.

Our local stakeholders include a wide variety of organisations from local authorities, neighbouring owners and business improvement districts, industry groups, resident groups, grassroots charities and organisations seeking to address social issues in our locality and beyond. Our active engagement, which goes beyond just financial support, helps deliver progress on the aims and ambitions we share with our community partners.

We continue to work with local authorities, neighbours and residents to address public realm issues, including extending pedestrian-priority areas and providing outdoor seating where suitable, lessening traffic congestion and pollution, and sharing our practical experiences of retro-fitting older buildings. These are important aspects of our long-term sustainability strategy and demonstrate how collaboration can leverage our experience to produce better outcomes far beyond our local ownerships and community.

Meanwhile, we continue our support and engagement with local charities and not-for-profit organisations, to address needs in the communities in our locations and beyond, providing funding, free or subsidised accommodation, advice and staff volunteering. We have evaluated our community contribution this year at £1.0 million.

## **People**

We have always recognised that the long-term success of our business relies on the knowledge, experience and commitment of our innovative and enthusiastic team and our culture of responsible stewardship, transparency, collaboration and engagement. Beyond our team, we have a wide range of out-sourced professional advisors and service providers, who share our values and make an important contribution to our achievements.

Alongside the growth of our internal resource in recent years, which has brought us new skills and ideas, we have continued to invest in employee personal development, as well as adapting our structures and ways of working to ensure we continue to be a cohesive and effective management team. Importantly, the views and opinions of all our colleagues are widely sought and make an important contribution to our decisions across all aspects of the business. Over many years, we have found this open, collegiate culture fosters constructive challenge, embraces change and respect for new ideas, and importantly brings an inherent resilience in the face of testing situations, such as we faced during the unprecedented period of pandemic disruption.

Recognising that the proposed merger with Capco has inevitably resulted in considerable uncertainty for our people, we have introduced a number of initiatives to support our colleagues through this unsettling period. It is a testament to the team's commitment and resilience that, despite uncertainties and considerable additional workloads related to the merger process, the day-to-day running of the business has been largely unaffected, delivering a good operational performance and progress on our sustainability priorities and various internal projects.

I would like to thank my colleagues, and our external partners, for their exceptional contributions to our progress this year.

## Outlook

The exceptional features of London and the West End have enabled their economies to largely recover from the disruption caused by the pandemic. The actions we took in 2020 and 2021 to support our occupiers and protect our portfolio have been rewarded with a rapid return to normal operating conditions in our locations over the last 12 months, and a much-improved financial performance.

From the early months of 2022, many countries have been faced with common challenges arising from the after-effects of the pandemic and the consequences of Russia's illegal invasion of Ukraine. Together, they have led to supply chain disruption, labour shortages, rising inflation and higher interest rates, resulting in declining consumer confidence and a deteriorating medium-term global economic outlook. Whilst inflation is expected to start to decline in 2023, in common with all businesses it will continue to impact our operating and capital expenditure costs in the near term.

We have already seen an impact on investment market sentiment, with our valuers reporting an outward yield shift in the second half. The future direction of yields will be heavily influenced by macro factors and the medium-term outlook for UK interest rates. However, the prospect of continuing to deliver a robust operational performance from our portfolio will be important in tempering the impact on investor sentiment of adverse conditions in the wider real estate market. .

Although London and the West End cannot be immune from the unprecedented range of challenges which are now dominating the national outlook, their long-term prospects remain bright, thanks to their enduring appeal to global, domestic and local visitors, businesses and investors, their dynamic economies and ability to attract talent and creativity from across the world. These features are mirrored in the locations in which we invest and, together with our proven, innovative management strategy and our experienced and enthusiastic team, reinforce our confidence in the long-term potential of our exceptional portfolio.

**Brian Bickell**

28 November 2022

## Portfolio report

Sustained recovery in confidence and activity with footfall, spend and occupancy recovering to pre-pandemic levels and rental values returning to growth. The portfolio valuation grew in the year, but first half gains were partly reversed in the second half as valuation yields increased in response to globally-rising finance rates and the deterioration in the macroeconomic outlook.

### Operating environment and leasing activity

The exceptional and enduring appeal of the West End and our villages and their inherent resilience have been reflected in the sustained recovery in confidence and activity following the relaxation of Covid restrictions last year. In our locations, monthly footfall continues to track higher than 2021, buoyed by the return of domestic visitors, growing numbers of office workers choosing to spend time in our lively areas over working from home, and a rebound in international visitors.

Despite wider UK trends, consumer spending in the West End remains good. Since spring 2022, our hospitality, retail and leisure occupiers have reported trading revenues, on average, at or above 2019 levels, with monthly sales now 6% ahead of pre-pandemic levels. Demand for space in our carefully curated, popular locations continues to be strong across all uses, reflected in a return to pre-Covid occupancy levels and further growth in rental values.

The central section of the Elizabeth Line opened in May 2022 and a full service is expected by spring 2023. At both Tottenham Court Road and Bond Street stations, passenger traffic has increased significantly since opening in May and October 2022, respectively. Our portfolio, located a short walk from these new interchanges, is well placed to benefit from the material long-term increase in visitors and spending this new service is expected to bring.

With good occupier demand, leasing momentum has continued. During the year, we concluded 243 commercial and 270 residential leasing transactions with a combined rental value of £40.9 million, 20.6% above the volume in 2021, with healthy increases over September 2021 ERVs and previous rents.

### Leasing transactions concluded during the year

|                                          | 2022     |          |             | 2021 |
|------------------------------------------|----------|----------|-------------|------|
|                                          | H1<br>£m | H2<br>£m | £m          | £m   |
| <b>Commercial</b>                        |          |          |             |      |
| Lettings and lease renewals <sup>1</sup> | 13.3     | 12.2     | <b>25.5</b> | 20.6 |
| Rent reviews                             | 3.3      | 3.6      | <b>6.9</b>  | 3.4  |
|                                          | 16.6     | 15.8     | <b>32.4</b> | 24.0 |
| <b>Residential</b>                       | 2.3      | 6.2      | <b>8.5</b>  | 9.9  |
|                                          | 18.9     | 22.0     | <b>40.9</b> | 33.9 |

1. Includes estimated turnover rent, where applicable.

### Occupancy

Over the year, vacancy has reduced across all uses. At 30 September 2022, EPRA vacancy totalled £5.8 million and represented 4.0% of portfolio ERV, down from 6.0% at 30 September 2021 and 4.7% at 31 March 2022. Of the total, 2.4% was available to let and 1.6% was under offer.

### Available-to-let space

At 30 September 2022, available-to-let space represented 2.4% of ERV (2021: 2.9%) and extended to 46,000 sq. ft. (2021: 53,000 sq. ft.), with decreases in both retail and offices, offset by a small increase in hospitality and leisure space. Residential vacancy has been negligible throughout the year.

|                            | Hospitality<br>and leisure | Retail <sup>1</sup> | Offices | Residential | Total |
|----------------------------|----------------------------|---------------------|---------|-------------|-------|
| <b>ERV (£m)</b>            |                            |                     |         |             |       |
| 2022                       | 1.0                        | 1.6                 | 0.9     | -           | 3.5   |
| 2021                       | 0.6                        | 2.0                 | 1.3     | -           | 3.9   |
| <b>% of portfolio ERV</b>  |                            |                     |         |             |       |
| 2022                       | 0.7%                       | 1.1%                | 0.6%    | -           | 2.4%  |
| 2021                       | 0.4%                       | 1.5%                | 1.0%    | -           | 2.9%  |
| <b>Area ('000 sq. ft.)</b> |                            |                     |         |             |       |
| 2022                       | 13                         | 18                  | 15      | -           | 46    |
| 2021                       | 6                          | 25                  | 22      | -           | 53    |

1. Includes five shops let on temporary basis with an ERV of £0.4 million (0.3% of portfolio ERV); 2021: £1.0 million; 0.8% of portfolio ERV.

### Space under offer

At 30 September 2022, space under offer extended to 36,000 sq. ft. (2021: 57,000 sq. ft.) and represented 1.6% of ERV (2021: 3.1%).

|                            | Hospitality<br>and leisure | Retail | Offices | Residential | Total |
|----------------------------|----------------------------|--------|---------|-------------|-------|
| <b>ERV (£m)</b>            |                            |        |         |             |       |
| 2022                       | 0.7                        | 0.4    | 0.9     | 0.3         | 2.3   |
| 2021                       | 1.5                        | 1.8    | 0.6     | 0.2         | 4.1   |
| <b>% of portfolio ERV</b>  |                            |        |         |             |       |
| 2022                       | 0.5%                       | 0.3%   | 0.6%    | 0.2%        | 1.6%  |
| 2021                       | 1.1%                       | 1.5%   | 0.4%    | 0.1%        | 3.1%  |
| <b>Area ('000 sq. ft.)</b> |                            |        |         |             |       |
| 2022                       | 10                         | 7      | 13      | 6           | 36    |
| 2021                       | 24                         | 18     | 9       | 6           | 57    |

### Hospitality and leisure (36% of portfolio ERV)

With the post-pandemic return in footfall and spending, the promising recovery in the leasing market previously reported has continued through 2022, despite growing headwinds including inflation, staffing challenges and increasing finance costs. Our hospitality and leisure operators are reporting trade, on average, 6% ahead of 2019 levels and, anecdotally, businesses are reporting positive levels of advance bookings for the forthcoming Christmas period.

Demand is typically from experienced domestic independent concepts, although interest from international operators has increased over recent months. Demand for smaller, partially- or fully-fitted sites, which remain in short supply, remains strong and presents an opportunity to re-let space quickly should such space become available. Occupiers are attracted by the opportunities for outside seating and the vibrancy of our seven-day-a-week locations.

Lettings and renewals with a rental value of £5.4 million were completed in the year, with rents achieved 9.4% ahead of September 2021 ERV. Rent reviews totalled £5.7 million, 20.2% above previous rents. We are achieving lettings on conventional lease terms.

At 30 September 2022, five restaurants, two cafés and one bar were available to let, extending to 13,000 sq. ft. and with an ERV of £1.0 million. Additionally, six restaurants and cafés, extending to 10,000 sq. ft. (ERV: £0.7 million), were under offer.

### Retail (28% of portfolio ERV)

Retail trading continued to grow throughout the year, albeit initially at a slower pace than we saw for hospitality and leisure. However, by April 2022, average sales data showed trade at pre-pandemic levels and is now on average 6% ahead of 2019 levels.

Occupier demand has shown a similar recovery, with interest from independent brands, and both domestic and international retailers. We continue to see growing demand from online brands looking for space in areas that resonate with their target audience. For many retailers, the costs of online trade have increased significantly, and our space provides an affordable opportunity to showcase their product and build their brand through better connection with their customers. We are also seeing increasing levels of interest from “home-grown” brands that manufacture their products in the UK and are relatively more insulated from the global supply chain issues experienced by those who manufacture or source their products overseas. Brands with good sustainability credentials are increasingly important to our customer base and this remains a factor in our careful selection of occupiers.

Having often structured retail leases with turnover-related or stepped base rents during the pandemic and the early stages of recovery, leases have now generally reverted to conventional, pre-pandemic terms, although we continue to see transactions spending longer in solicitors’ hands than they would have in the past.

With economic uncertainties, pressure on operating costs and relatively short lease terms, retailers continue to expect a higher specification of landlord’s basic fit out, and our generally smaller “white-boxed” units meet this need. This fit out is re-useable for future occupiers.

Reflecting growing demand during the year, we completed lettings and renewals with a rental value of £11.7 million, representing almost half our total commercial letting volume. Rents, on average, were 3.8% above September 2021 ERV. Rent reviews with rental value of £0.7 million were concluded, 6.2% ahead of previous rents.

During the year, retail EPRA vacancy reduced from 3.0% of total ERV to 1.4%, a normal, pre-pandemic level. At 30 September 2022, 14 shops, extending to 18,000 sq. ft., were available to let (ERV: £1.6 million), including five let on a temporary basis (ERV: £0.4 million). Seven shops with a combined ERV of £0.4 million were under offer.

### **Offices (22% of portfolio ERV)**

Demand for office space in our villages continues to be strong, particularly for high quality suites, with occupiers attracted to the best space, prioritising collaborative working environments in vibrant areas with good amenities. To meet this demand, we are increasingly fitting out our office suites and creating outdoor terraces so that the quality of the office space holds as much appeal as the location.

Our “Assemble by Shaftesbury” offer for offices over 800 sq. ft., which provides occupiers with lease flexibility, speed of occupation and collaboration space, continues to be popular and benefits us through shorter letting voids, reduced lease incentives and higher rents. The market for fitted-out office space is maturing and occupiers are becoming ever more sophisticated consumers of workspaces. Responding to this, we are developing an “Assemble Premium” proposition to flex our offer, particularly for our larger floorplates, to deliver fitted space at the right price point, to the right specification, for the right occupier, which we plan to trial in our high specification refurbishment schemes being delivered next year.

During the year, we concluded lettings and renewals with a rental value of £8.4 million, 8.2% up on September 2021 ERV. These included the letting of 17,000 sq. ft. at 72 Broadwick Street to a global investment group; an example of the recent trend for financial businesses being drawn to Soho by both the quality of the space and amenities offered. Rent reviews with rental value of £0.5 million were completed, 26.9% ahead of previous rents.

Over the year, office vacancy reduced by 0.2 percentage points to 1.2% of portfolio ERV at 30 September 2022, of which 0.6% was under offer. 20 suites, extending to 15,000 sq. ft. (ERV £0.9 million) were available to let.

### **Residential (14% of portfolio ERV)**

The central London residential letting market has been particularly strong in the year, with interest from a broad range of occupiers, including overseas students. Our proposition of characterful period buildings with modern specification which are located in vibrant well-managed villages is extremely popular. Apartments are often letting within days of coming to market, usually with competitive bidding, and we have rarely had more than two available to let at any time this year.

In anticipation that demand would accelerate in 2022, we intentionally agreed a number of one-year lettings in 2021, shorter than our usual three years. We have, therefore, been able to let or agree renewals this year on nearly half of our apartments in a buoyant market, with £8.5 million of lettings and renewals, 11.4% ahead of previous rents. 26 new or refurbished apartments were let during the year, including 15 new fully-furnished apartments on the top floor of 72 Broadwick Street, all of which let within days of launch at rents ahead of expectations.

At 30 September 2022, we had one available apartment and eight flats were under offer.

### **Occupancy outlook**

Leasing momentum has continued since 1 October 2022 with commercial and residential lettings and renewals with a rental value of £4.4 million concluded and further lettings have been put into solicitors' hands.

At 30 September 2022, refurbishment schemes underway represented 8.3% of portfolio ERV (see below). Most of these schemes will complete in the coming financial year, which will initially increase EPRA vacancy but will provide a useful contribution to income and earnings once let.

Despite the strong post-pandemic recovery experienced this year, the macroeconomic outlook has deteriorated in recent months. Whilst we have not yet seen a significant impact on footfall or trading in our areas, rising inflation could reduce consumer confidence. Together with increasing cost, or reduced availability of finance, this could place additional pressures on occupiers, which could lead to increased vacancy and reduced occupier demand. Our portfolio in popular West End destinations has long demonstrated a high level of resilience and a relative low vacancy rate. We remain confident that the fundamentals of our strategy and our portfolio will continue to be important to potential occupiers:

- the domestic and international appeal of the West End and our popular locations;
- the size and relative affordability of our space;
- our flexible approach to leasing; and
- our proven village management strategies.

Together these will provide us with a degree of protection from national headwinds.

### **Rent collection**

With the operating environment recovering strongly, our pandemic-related rental support ceased at the end of September 2021. Rent collection rates have recovered to levels in line with those before the pandemic, reflecting the much-improved trading environment and the lifting of the Government's moratorium on landlords' ability to recover commercial rent arrears in late March 2022. For the year to 30 September 2022, we have now collected 99% of invoiced rent.

### **Refurbishment and reconfiguration schemes**

A key aspect of our management strategy is to continually improve and, where appropriate, repurpose the space we offer to meet ever-changing occupier requirements and improve its environmental performance. Our initiatives unlock latent value and enhance our portfolio's long-term income prospects.

Our focus during the pandemic was to protect existing income and new schemes were put on hold, other than by exception. With the return of sustained occupier demand and limited vacancy across our portfolio, from early 2022 we resumed our strategy of actively securing vacant possession of space where we see opportunities to accelerate income- and value-enhancing schemes, including those put on hold during the pandemic.

At 30 September 2022, space held for, or under, refurbishment extended to 168,000 sq. ft., and represented 8.3% of total ERV, down from 8.9% last year, with the impact of completion of elements of our 72 Broadwick Street scheme being partly offset by an increase in other schemes during the year. Capital expenditure during the year totalled £35.9 million, including £9.9 million at 72 Broadwick Street, Carnaby.

#### **72 Broadwick Street, Carnaby**

At our mixed-use scheme at 72 Broadwick Street, the fourth floor office space and residential accommodation were handed over in the year. Along with the retail unit handed over in 2021, they have been let in the year at a combined rent of £2.9 million.

The first floor office space, extending to 9,000 sq. ft., is being fully fitted out to a high specification that will maximise its appeal to potential occupiers. Marketing of the space is now underway.

In April 2022, Equinox, the US gym operator, informed us that it was no longer able to complete its lease of the second and third floors. Following termination of the agreement for lease, the 28,700 sq. ft. space is now being converted, fitted out and marketed for office use, with completion expected in summer 2023. Whilst this requires further expenditure, we expect increased rental income from the space. At 30 September 2022, the ERV of these three floors was £3.3 million (2.3% of portfolio ERV). The remaining cost to complete this scheme is estimated at £8.2 million.

The scheme has retained most of the building's original structure, in line with our sustainable building re-use strategy. It incorporates a number of sustainability features including low carbon heat pumps, photovoltaic panels and integrated biodiversity including extensive planters, living walls and a green roof.

### Space held for or undergoing refurbishment

|                            | Hospitality<br>and leisure | Retail | Offices | Residential | Total | % of<br>portfolio<br>ERV |
|----------------------------|----------------------------|--------|---------|-------------|-------|--------------------------|
| <b>ERV (£m)</b>            |                            |        |         |             |       |                          |
| <b>72 Broadwick Street</b> |                            |        |         |             |       |                          |
| 2022                       | -                          | -      | 3.3     | -           | 3.3   | 2.3%                     |
| 2021                       | 2.6                        | -      | 2.3     | 0.7         | 5.6   | 4.2%                     |
| <b>Other schemes</b>       |                            |        |         |             |       |                          |
| 2022                       | 2.1                        | 1.7    | 4.0     | 1.0         | 8.8   | 6.0%                     |
| 2021                       | 0.8                        | 1.1    | 3.6     | 0.7         | 6.2   | 4.7%                     |
| <b>Total</b>               |                            |        |         |             |       |                          |
| 2022                       | 2.1                        | 1.7    | 7.3     | 1.0         | 12.1  | 8.3%                     |
| 2021                       | 3.4                        | 1.1    | 5.9     | 1.4         | 11.8  | 8.9%                     |
| <b>Area ('000 sq. ft.)</b> |                            |        |         |             |       |                          |
| 2022                       | 29                         | 24     | 94      | 21          | 168   |                          |
| 2021                       | 45                         | 17     | 84      | 24          | 170   |                          |

### Other schemes

At 30 September 2022, other schemes extended to 130,000 sq. ft. with an ERV of £8.8 million (6.0% of portfolio ERV), of which 17,000 sq. ft. (ERV: £1.2 million; 0.8% of portfolio ERV) was under offer.

During the year, we commenced new schemes with an ERV of £6.3 million and completed projects with an ERV of £5.0 million. New projects include two larger grade-A office-led schemes in Carnaby:

| Scheme Description       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Estimated<br>cost to date<br>£m | Cost<br>to date<br>£m | Estimated<br>completion |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------|-------------------------|
| 5-7<br>Carnaby<br>Street | <ul style="list-style-type: none"> <li>Extension and refurbishment of 3<sup>rd</sup> floor office space, and construction of new 4<sup>th</sup> and 5<sup>th</sup> floor offices with terrace at 6<sup>th</sup> floor</li> <li>Sustainability features including living wall, terrace greening, improved energy rating</li> <li>Area: 12,800 sq. ft.</li> <li>ERV: £1.0m, c. 45.6% higher than pre-scheme ERV</li> </ul>                                                                                                                                                             | £4.7m                           | £1.6m                 | Summer<br>2023          |
| 2-4<br>Kingly<br>Street  | <ul style="list-style-type: none"> <li>Combination and reconfiguration of three buildings, including one acquired during the pandemic, to provide four floors of offices with roof terrace, a bar (pre-let) and a new restaurant, both fronting Kingly Street and Kingly Court</li> <li>Retaining most of the original building structures</li> <li>Sustainability features including terrace greening, improved energy rating</li> <li>3,200 sq. ft. newly configured bar pre let</li> <li>Area: 14,400 sq. ft.</li> <li>ERV: £1.2m, c. 35.6% higher than pre-scheme ERV</li> </ul> | £8.4m                           | £2.4m                 | Winter<br>2023          |

Other schemes include 14,000 sq. ft. of retail and hospitality space at 92-104 Berwick Street in Soho. Representing £1.1 million of ERV, this space is being fitted out to a high-quality white-box standard and we expect strong interest from occupiers when it is launched to the market in early 2023.

Remaining schemes underway comprise 21,000 sq. ft. of hospitality space, 13,000 sq. ft. of retail space, 35,000 sq. ft. of office accommodation and 29 apartments.

## **Longmartin asset management**

In the following narrative, all figures (except areas) represent our 50% share.

During the year, lettings and rent reviews with a rental value of £1.3 million were concluded (2021: £1.7 million), including 3 newly refurbished offices with a rental value of £0.4 million.

To date, 99% of invoiced rent for the year has been collected and 1% remains outstanding.

At 30 September 2022, the ERV of Longmartin's vacant space was £0.5 million (2021: £0.7 million). Space with an ERV of £0.6 million was under refurbishment (2021: £0.6 million), which included 12,000 sq. ft. of office accommodation, 8,000 sq. ft. of hospitality space, shops extending to 19,000 sq. ft. and five apartments. Capital expenditure in the year was £2.2 million.

## **Acquisitions and disposals**

In May 2022, we acquired a 200-year ungeared leasehold interest in the lower floors of 92-104 Berwick Street, Soho, for £29.2 million (including purchase costs). The interest comprises c. 15,700 sq. ft. of retail accommodation and c. 3,600 sq. ft. which is suitable for restaurant use. Importantly, this strategic acquisition takes our ownership to over 50% of active frontages on Berwick Street. Of the total space, 5,200 sq. ft. is let to a supermarket, which is open and trading. The remainder is vacant and being fitted out to bring it into a lettable condition for occupiers.

We acquired seven other buildings in Soho, Covent Garden, Chinatown and Fitzrovia for £26.1 million (including acquisition costs). These buildings further consolidate the holdings in our ownership clusters, bringing additional long-term value creation opportunities.

With the rapid recovery in the West End economy, existing owners, typically private rather than institutional, remain reluctant to part with their resilient and scarce buildings, other than if their personal circumstances change.

During the period, we sold two non-core buildings for £11.4 million (gross), 9.6% above book value at 30 September 2021.

## **Wholly-owned portfolio valuation**

At 30 September 2022, the portfolio was valued at £3.2 billion (2021: £3.0 billion). The like-for-like increase over the year was 3.6%, comprising a 7.5% increase in the six months to 31 March 2022, followed by a decrease of 3.6% in the second half.

Encouragingly, rental values have grown across all uses during the year, reflecting the recovery in the trading environment, occupier demand and occupancy, and demonstrating the exceptional qualities, appeal and long-term resilience of our portfolio. ERV growth for the year was 9.0%, comprising 6.4% in the first half and 2.4% in the second half. Portfolio ERV is now 4.6% lower than pre-pandemic levels, recovering c. 63% of the 12.5% decline experienced during the 18 months to 31 March 2021.

This year, the valuers removed the remaining provision for Covid rent waivers, which totalled £10.6 million at 30 September 2021. Also, to reflect the sustained recovery in trading across the portfolio, they reinstated potential income from turnover-related income top-ups, primarily in respect of restaurants, which has added £3.7 million to the year end valuation.

At 30 September 2022, our valuers reported an outward shift in yields for commercial uses of circa 25 bps to reflect the impact on investment market sentiment of globally rising finance rates and the deterioration in the macroeconomic outlook. Over the year, the portfolio's equivalent yield increased 18 bps to 4.10%, comprising a contraction of 6 bps from 3.92% in the six months to 31 March 2022, and expansion of 24 bps in the second half.

After allowing for acquisitions, disposals, capital expenditure and changes in lease incentives and costs included in receivables, the revaluation surplus for the year was £99.5 million.

## Valuation analysis at 30 September 2022

|                                             | Hospitality<br>and leisure | Retail | Offices | Residential | 2022<br>Total | 2021<br>Total |
|---------------------------------------------|----------------------------|--------|---------|-------------|---------------|---------------|
| Valuation (£m)                              | 1,143                      | 852    | 622     | 571         | <b>3,188</b>  | 3,011         |
| Annualised current income (£m) <sup>1</sup> | 46.8                       | 31.8   | 19.3    | 18.0        | <b>115.9</b>  | 107.8         |
| ERV (£m)                                    | 52.2                       | 40.3   | 32.8    | 20.5        | <b>145.8</b>  | 131.7         |
| Topped up initial yield                     | 4.1%                       | 4.1%   | 3.2%    | N/A         | <b>3.5%</b>   | 3.5%          |
| <b>Equivalent yield</b>                     |                            |        |         |             |               |               |
| 30 September 2021                           | 4.2%                       | 4.2%   | 4.6%    | 2.2%        | <b>3.9%</b>   |               |
| 31 March 2022                               | 4.1%                       | 4.2%   | 4.4%    | 2.3%        | <b>3.9%</b>   |               |
| <b>30 September 2022</b>                    | 4.4%                       | 4.4%   | 4.6%    | 2.6%        | <b>4.1%</b>   |               |
| <b>LfL valuation movement<sup>2</sup></b>   |                            |        |         |             |               |               |
| - 6 months to 31 March 2022                 | 7.8%                       | 7.1%   | 8.6%    | 6.4%        | <b>7.5%</b>   | (10.1)%       |
| - 6 months to 30 September 2022             | (3.1%)                     | (5.8%) | (4.6%)  | (0.6%)      | <b>(3.6%)</b> | 5.2%          |
| <b>- Year to 30 September 2022</b>          | 4.5%                       | 0.9%   | 3.6%    | 5.7%        | <b>3.6%</b>   | (5.4)%        |
| <b>LfL ERV change<sup>2</sup></b>           |                            |        |         |             |               |               |
| - 6 months to 31 March 2022                 | 6.4%                       | 5.9%   | 4.0%    | 11.1%       | <b>6.4%</b>   | (6.3)%        |
| - 6 months to 30 September 2022             | 1.7%                       | 1.5%   | 0.6%    | 9.4%        | <b>2.4%</b>   | (0.1)%        |
| <b>- Year to 30 September 2022</b>          | 8.2%                       | 7.5%   | 4.6%    | 21.5%       | <b>9.0%</b>   | (6.4)%        |

1. Including estimated turnover-related income; excluding stepped rents and rent-free periods.

2. Like-for-like, taking into account acquisitions, disposals, capital expenditure and adjusting for reclassifications between categories. Alternative performance measure. See page 50.

### Hospitality and leisure

During the year, the valuation of hospitality and leisure space increased on a like-for-like basis by 4.5%, driven by ERV growth of 8.2%, of which 6.4% was in the first half. Valuation yield compression at 31 March 2022 contributed to a first half valuation increase of 7.8%, but this had reversed by 30 September 2022, leading to a like-for-like fall in capital values of 3.1% in the second half. Like-for-like, hospitality and leisure ERV now stands at 4.9% below its pre-pandemic level, recovering from the low point of 12.1% at 30 September 2021.

### Retail

The valuation of our retail accommodation grew, on a like-for-like basis, by 0.9% during the year, with the 7.1% growth reported at 31 March 2022 largely reversing in the second half, with yield expansion of 26 basis points, partly offset by ERV growth.

Over the year, ERVs grew on a like-for-like basis by 7.5%, with 5.9% growth in the six months to March 2022 and 1.5% in the second half. Overall retail ERVs remain 14.9% (like-for-like) below 2019 levels, up from -20.8% at 30 September 2021.

Where there are turnover elements in retail leases, the valuers assess a prudent estimate of the cash flow these are likely to deliver.

### Offices

Like-for-like office valuations grew 3.6% in the financial year, with growth of 8.6% in the first six months of the year partly offset by a decline of 4.6% in the second half as the 23 basis points of valuation yield compression reported at 31 March 2022 reversed.

ERVs grew 4.0% in the first six months of the year, and a more modest 0.6% in the second half. Among our four uses, office ERVs showed greatest resilience in the pandemic, having only fallen by 3.3%; they now stand at 3.0% above 2019 levels on a like-for-like basis.

### Residential

Our like-for-like residential values increased by 6.4% in the six months to 31 March 2022 reflecting an improved residential investment market. However, as concerns over the wider economy came to the fore, there was a modest 0.6% decrease in the second half, resulting in a 5.7% increase overall. The average capital value of our apartments is £1,472 per sq. ft. (2021: £1,405 per sq. ft.).

Due to high occupational demand, central London and West End residential rents have increased significantly, resulting in a 21.5% increase in ERVs spread evenly across the two halves of the year. Residential ERVs are now 10.5% above the 2019 pre-pandemic level, despite having registered a 9.1% decline by September 2021.

### Potential for greater value

Cushman & Wakefield, independent valuer of our wholly-owned portfolio, has continued to note that:

- our portfolio is unusual in its substantial number of predominantly restaurant, leisure and retail properties in adjacent, or adjoining, locations in London's West End; and
- there is a long record of strong occupier demand for these uses in this location and, as a result, high occupancy levels, which underpin the long-term prospects for rental growth.

Consequently, they have reiterated to the Board that some prospective purchasers may recognise the rare and compelling opportunity to acquire, in a single transaction, substantial parts of the portfolio, or the portfolio in its entirety. 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 included in these results, which has been prepared in accordance with RICS guidelines.

### Valuation outlook

With a deteriorating macroeconomic outlook and globally rising finance rates, investor appetite – even for the best locations – may be reduced in the short term. There may be less liquidity available and finance costs are expected to remain higher than the levels of the last decade, which is likely to put upward pressure on yields. However, a flight to quality for the very best assets in resilient locations could offer some support for yields.

The value of control over areas cannot be underestimated, bringing the ability to curate and drive growth over the long term which, together with the proven resilience of our areas and the prospects for long-term rental growth, will continue to be important in investor sentiment towards our portfolio.

Economic headwinds have not yet had a significant impact on footfall and trading in our areas. However, a reduction in consumer confidence and spending, together with pressure on occupiers' operating and finance costs could dampen demand, and consequently moderate near-term rental growth. However, benefiting from the West End's domestic and international appeal and its broad, relatively affluent visitor base, our portfolio has long demonstrated a high level of resilience and a relatively low vacancy rate. We remain confident that our popular locations, together with the size and relative affordability of our space, our flexible approach to leasing and proven village management strategies, will continue to be important to potential occupiers, providing us with a degree of protection from national headwinds.

### Annualised current income and ERV

Over many years, our long-term village management strategy has delivered sustained growth in both annualised current income and rental values; key drivers of long-term value creation. The pandemic interrupted this pattern as office and residential vacancy rose sharply, and retail and leisure occupiers were subject to long periods of closure or restricted trading. As market conditions started to normalise in the latter months of 2021, we resumed our focus on active asset management with the aim of 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 holdings.

At 30 September 2022, the portfolio's reversion was £29.9 million, 25.8% ahead of annualised current income, which compares with £23.9 million at September 2021.

The components of this reversion are set out below.

### Components of the reversion

|                 | Total<br>£m  |
|-----------------|--------------|
| Current income  | 115.9        |
| Contracted      | 12.1         |
| EPRA vacancy    | 5.8          |
| Schemes         | 12.1         |
| Net over-rented | (0.1)        |
| <b>ERV</b>      | <b>145.8</b> |

## Longmartin valuation

In the narrative below, all figures represent our 50% share.

At 30 September 2022, Longmartin's long leasehold property was valued at £167.0 million (2021: £164.5 million). After allowing for capital expenditure, the valuation increase was 0.2% with growth in the first six months being offset by a second-half decline. Like-for-like, ERVs increased 6.2%, of which 4.1% was recorded in the first half of the year. At 30 September 2022, the equivalent yield was 4.28%, an increase of 25 basis points over the year (2021: 4.03%).

After allowing for capital expenditure and changes in lease incentives and costs included in receivables, the revaluation deficit was £0.4 million.

|                         | Valuation<br>£m | % of<br>portfolio | LfL ERV<br>growth/<br>(decline)<br>2022 | Change in<br>equivalent yield<br>(basis points) | LfL valuation<br>growth/<br>(decline)<br>2022 |
|-------------------------|-----------------|-------------------|-----------------------------------------|-------------------------------------------------|-----------------------------------------------|
| Hospitality and leisure | 41.9            | 25%               | 0.4%                                    | (4)                                             | 4.0%                                          |
| Retail                  | 23.5            | 14%               | (1.3)%                                  | 33                                              | (8.7)%                                        |
| Offices                 | 71.7            | 43%               | 5.1%                                    | 26                                              | (0.2)%                                        |
| Residential             | 29.9            | 18%               | 28.7%                                   | N/A                                             | 6.3%                                          |
|                         | <b>167.0</b>    | <b>100%</b>       | <b>6.2%</b>                             | <b>25</b>                                       | <b>0.2%</b>                                   |

The valuation of hospitality and leisure increased 4.0% during the year with ERVs broadly flat and equivalent yield compressing by 4 basis points overall, reflecting letting progress.

Retail rental values declined a further 1.3% during the year. Together with a 33 basis point increase in equivalent yield, reflecting deterioration in investor sentiment, the retail valuation decreased by 8.7% during the year.

Offices are the largest component of Longmartin's portfolio by use. ERVs grew on a like-for-like basis by 5.1%, of which 4.4% was recorded in the first half of the year. This growth was offset by the impact of equivalent yield expansion of 26 basis points, resulting in a 0.2% decline in valuation over the year.

Residential benefited from an unusually buoyant West End letting market this year, leading to 28.7% growth in rental values. Valuation growth was 6.3%.

## Financial report

Net property income improved following the sustained recovery in operating conditions this year. Net assets increased, driven by portfolio valuation growth in the first half, which was tempered by a deterioration in the macroeconomic outlook towards the end of the year leading to a valuation decline over the second half.

### Presentation of financial information

As is usual practice in our sector, we produce alternative measures for certain indicators, including earnings, earnings per share and net tangible assets, making adjustments set out by EPRA in its Best Practices Recommendations. These recommendations are designed to make the financial statements of public real estate companies more comparable across Europe, enhancing the transparency and coherence of the sector. Further details on APMs used, and how they reconcile to IFRS, are set out on page 50.

### Underlying EPRA earnings

Last year, we introduced an alternative earnings measure, Covid-adjusted EPRA earnings, which adjusted EPRA earnings as if the cost of waivers offered to tenants during the pandemic had been recognised immediately in the Income Statement rather than spread over the remaining lease term. This year, we have revised this APM to also exclude the impact of exceptional costs related to the proposed merger. The APM, now referred to as "Underlying EPRA earnings", provides users of the financial statements with a measure of normalised operating results and allows comparability of typical earnings.

Whilst this APM is not in accordance with IFRS, we consider that it provides useful supplementary information to assess earnings on a normalised basis, as well as under IFRS and is one measure the Board uses in considering dividends.

### Summary income statement

|                                                              | 2022<br>£m   | 2021<br>£m     |
|--------------------------------------------------------------|--------------|----------------|
| Rental income <sup>1</sup>                                   | 110.4        | 105.0          |
| Charges for expected credit losses and impairments           | (4.0)        | (17.7)         |
| Property costs <sup>1</sup>                                  | (23.6)       | (22.6)         |
| Net property income                                          | 82.8         | 64.7           |
| Administrative expenses                                      | (22.2)       | (21.6)         |
| Costs in relation to proposed merger                         | (13.2)       | -              |
| Valuation surplus/(deficits) and disposal profits            | 100.4        | (196.8)        |
| <b>Operating profit/(loss)</b>                               | <b>147.8</b> | <b>(153.7)</b> |
| Net finance costs                                            | (29.5)       | (30.2)         |
| Share of Longmartin post-tax profit/(loss)                   | 0.8          | (11.0)         |
| <b>Profit/(loss) before tax</b>                              | <b>119.1</b> | <b>(194.9)</b> |
| Tax                                                          | -            | -              |
| <b>Reported profit/(loss) for the year</b>                   | <b>119.1</b> | <b>(194.9)</b> |
| <b>Basic earnings/(loss) per share</b>                       | <b>31.0p</b> | <b>(52.0)p</b> |
| <b>EPRA earnings<sup>2</sup></b>                             | <b>19.3</b>  | <b>13.3</b>    |
| <b>EPRA earnings per share<sup>2</sup></b>                   | <b>5.0p</b>  | <b>3.5p</b>    |
| <b>Underlying EPRA earnings/(loss)<sup>2</sup></b>           | <b>38.0</b>  | <b>(7.4)</b>   |
| <b>Underlying EPRA earnings/(loss) per share<sup>2</sup></b> | <b>9.9p</b>  | <b>(2.0)p</b>  |

1. Excluding recoverable service charge costs.

2. Alternative performance measure. See page 50.

Profit after tax for the year of £119.1 million compares with a loss after tax last year of £194.9 million. The difference, amounting to £314.0 million, was predominantly due to the investment property revaluation surplus in the wholly-owned portfolio of £99.5 million, compared with a deficit last year of £196.9 million.

The other main movements compared with last year were:

- an increase in net property income of £18.1 million, reflecting the recovery in operating conditions which has led to a return to pre-pandemic occupancy and rent collection levels, together with a significant reduction in expected credit losses and impairment charges. These improvements were partially offset by an increase in non-recoverable property costs due to increased activity across the portfolio following the lifting of pandemic restrictions;

- costs associated with the proposed merger amounting to £13.2 million; and
- a reduction in the net revaluation loss (after allowing for capital expenditure and the movement in lease incentives and deferred letting costs) in the Longmartin joint venture, our share of which was £0.4 million, compared with £11.3 million last year.

Basic earnings per share amounted to 31.0p, compared with a loss per share last year of 52.0p.

### EPRA earnings

EPRA earnings is a measure of the level of underlying operating results and an indication of the extent to which dividends are supported by recurring earnings. In our case, EPRA earnings exclude portfolio valuation movements, profits on disposal of investment properties, and deferred tax arising in the Longmartin joint venture.

EPRA earnings increased by 45.1% to £19.3 million (2021: £13.3 million), resulting in EPRA earnings per share of 5.0p, 42.9% higher than last year (2021: 3.5p).

| <b>EPRA earnings<sup>1</sup></b>              | <b>£m</b> | <b>£m</b>     |
|-----------------------------------------------|-----------|---------------|
| <b>2021</b>                                   |           | <b>13.3</b>   |
| <b>Movements:</b>                             |           |               |
| Rental income                                 | 5.4       |               |
| Expected credit losses and impairment charges | 13.7      |               |
| Property costs                                | (1.0)     |               |
| <b>Net property income</b>                    |           | <b>18.1</b>   |
| Costs in relation to proposed merger          | (13.2)    |               |
| Administrative costs                          | (0.6)     |               |
| Net finance costs                             | 0.7       |               |
| Longmartin                                    | 1.0       |               |
|                                               |           | <b>(12.1)</b> |
| <b>2022</b>                                   |           | <b>19.3</b>   |

1. Alternative performance measure. See page 50.

### Underlying EPRA earnings

Underlying EPRA earnings were £38.0 million, which compares with a loss last year of £7.4 million. The year-on-year improvement of £45.4 million, reflected:

- an increase of £19.2 million in EPRA earnings before exceptional merger-related costs; and
- the add back of non-cash charges to EPRA earnings of £5.5 million resulting from the amortisation of Covid waivers this year, net of impairment provisions. In the previous year, EPRA earnings benefitted from the recognition of income in respect of these waivers, net of impairment provisions, amounting to £20.7 million.

Underlying EPRA earnings per share amounted to 9.9p, 98.0% above EPRA earnings per share.

|                                                  | <b>2022</b> | <b>2021</b> |
|--------------------------------------------------|-------------|-------------|
| <b>Underlying EPRA earnings<sup>1</sup></b>      | <b>£m</b>   | <b>£m</b>   |
| EPRA earnings                                    | <b>19.3</b> | 13.3        |
| Costs in relation to proposed merger             | <b>13.2</b> | -           |
|                                                  | <b>32.5</b> | 13.3        |
| Covid adjustments                                | <b>5.5</b>  | (20.7)      |
| <b>Underlying EPRA earnings/(loss)</b>           | <b>38.0</b> | (7.4)       |
| <b>Underlying EPRA earnings/(loss) per share</b> | <b>9.9p</b> | (2.0)p      |

1. Alternative performance measure. See page 50.

At 30 September 2022, the balance of accrued income in respect of Covid waivers was £19.6 million, and the associated impairment provisions, amounted to £1.1 million. The balance will continue to amortise through the Income Statement over a number of years, in line with the related unexpired lease terms. Currently, we anticipate that approximately 75% of the balance will be amortised over the coming five years. We make estimates when assessing the level of provisions and these estimates could change in future years which would change the amount charged to the Income Statement. These estimates are set out in note 3 to the financial statements.

This year, costs associated with the proposed merger amounted to £13.2 million. We expect to incur a further £26.1 million for financial and legal advice, transaction costs and professional fees. See note 23 to the financial statements.

### Operating profit before investment property disposals and valuation movements

Compared with last year, invoiced rent increased by 38.2% to £113.3 million (2021: £82.0 million), predominantly reflecting the cessation of rental support granted to occupiers and higher occupancy levels. After allowing for lease incentive adjustments, including the impact of income accrued in respect of Covid rent waivers, rental income, excluding service charge income, increased by £5.4 million to £110.4 million (2021: £105.0 million). On a like-for-like basis the increase in rental income over the year was 5.0%.

|                                | 2022<br>£m   | 2021<br>£m   |
|--------------------------------|--------------|--------------|
| Invoiced rent                  | 113.3        | 82.0         |
| Covid-related lease incentives | (6.1)        | 22.4         |
| Other lease incentives         | 3.2          | 0.6          |
| <b>Rental income</b>           | <b>110.4</b> | <b>105.0</b> |

Rent collections have recovered to levels in line with those before the pandemic. Although we continue to recover some of the arrears from previous years, the prospect of recovering a material amount of remaining balances, which built up during the pandemic, is remote. With conditions improving throughout the year, charges for expected credit losses against tenant receivables decreased by £14.6 million to £1.8 million (2021: £16.4 million). Impairment charges in respect of lease incentive and deferred letting cost balances increased by £0.9 million to £2.2 million (2021: £1.3 million). Whilst operating conditions have strongly recovered, tenant default risk remains elevated, with pandemic-related challenges replaced by macroeconomic headwinds.

Property charges, excluding recoverable service charge costs, increased by £1.0 million to £23.6 million (2021: £22.6 million) and represented 21.4% of rental income (2021: 21.5%). The increase was largely due to:

- increased letting, lease renewal and rent review costs following the high volume of leasing activity during the year;
- additional maintenance activity across our villages, some of which relates to projects which were put on hold during the pandemic;
- increased property management fees; and
- additional marketing costs, with activity reverting to pre-pandemic levels.

With increased occupancy, vacancy-related costs including business rates were reduced.

After irrecoverable costs and charges for expected credit losses and impairments, net property income for the year was £82.8 million, £18.1 million above last year (2021: £64.7 million).

Administrative expenses increased by £0.6 million in the year, to £22.2 million (2021: £21.6 million).

|                                | 2022<br>£m  | 2021<br>£m  |
|--------------------------------|-------------|-------------|
| Total employee costs           | 15.7        | 14.7        |
| Other administrative expenses  | 6.5         | 6.9         |
| <b>Administrative expenses</b> | <b>22.2</b> | <b>21.6</b> |

Total employee costs were £15.7 million, an increase of £1.0 million over the year, which reflected:

- the impacts of the 2021 pay review and an increase in headcount last year, which added to the skills and resource in our team, together increased costs by £0.9 million over the year; and
- an increase in the charge for annual bonuses, including National Insurance, of £1.3 million.

This was largely offset by a £1.2 million year-on-year decrease in charges for equity-settled remuneration, including provisions for National Insurance, driven by the decrease in our share price this year, compared with an additional charge following the share price increase in 2021.

Other administrative costs decreased by £0.4 million to £6.5 million, mainly due to lower professional fees, partly offset by an increase in irrecoverable VAT.

### Valuation surplus and disposal profits

Our wholly-owned portfolio's revaluation surplus was £99.5 million (2021: deficit of £196.9 million). This represented a like-for-like valuation increase of 3.6%, comprising a 7.5% increase in the first half of the year and a 3.6% decrease in the second half.

During the year, we sold two buildings and received lease extension premiums from residential long leaseholders. Together, these realised a net profit on disposal of £0.9 million.

### Net finance costs

Net finance costs decreased by £0.7 million to £29.5 million (2021: £30.2 million) largely reflecting savings in bank interest and loan issue cost amortisation following the equity raise in November 2020, as well as an increase in interest income to £1.0 million (2021: £0.7 million).

### Share of Longmartin post-tax profit

Our share of Longmartin's post-tax profit was £0.8 million, which compares with an £11.0 million share of its post-tax loss last year. Our share of its revaluation deficit was £0.4 million (2021: £11.3 million). Excluding the revaluation and related deferred tax movements, our share of EPRA earnings from Longmartin increased by £1.0 million to £1.4 million (2021: £0.4 million) largely due to reduced charges for expected credit losses.

### Tax

As a REIT, the Group's activities are largely exempt from corporation tax and, as a result, there is no tax charge in the year (2021: £nil). We continue to meet the requirements in the REIT regulations.

### Dividends

As a REIT, we are required to distribute a minimum of 90% of rental profits, calculated by reference to tax rather than accounting rules, as a PID. Notwithstanding this, our policy is to maintain progressive growth in dividends, reflecting the long-term trend in our income and underlying EPRA earnings. To the extent that dividends for a year exceed the amount available to distribute as a PID, we pay the balance as ordinary dividends.

The Board has declared a second interim dividend in respect of the year of 5.1p per share (2021: final dividend 4.0p), to be paid as PID on 21 December 2022. The ex-dividend and record dates are 8 December 2022 and 9 December 2022 respectively. The second interim dividend, referred to as the "Shaftesbury Full Year Dividend" in the proposed merger Scheme Document, is being paid in place of a final dividend for the year. The timing of payment of this dividend has been brought forward from the expected timeframe set out in the Scheme Document.

Together with the interim dividend of 4.8p paid in July 2022, this will bring dividends in respect of the 2022 financial year to 9.9p, in line with underlying EPRA earnings per share.

As set out in a separate announcement, released today, we have reached agreement with Capco to pay a further interim dividend of up to 2.7p per share in respect of the quarter to 31 December 2022, to be paid before the proposed merger becomes effective, currently expected in the first quarter of 2023.

### Balance Sheet

|                                            | 2022<br>£m     | 2021<br>£m     |
|--------------------------------------------|----------------|----------------|
| Investment properties                      | 3,144.4        | 2,964.1        |
| Investment in joint venture                | 86.6           | 85.8           |
| Net debt                                   | (804.6)        | (748.5)        |
| Other net assets                           | 32.1           | 71.3           |
| <b>Net assets</b>                          | <b>2,458.5</b> | <b>2,372.7</b> |
| <b>EPRA NTA per share<sup>1</sup></b>      | <b>£6.41</b>   | <b>£6.19</b>   |
| <b>Total Accounting Return<sup>1</sup></b> | <b>5.0%</b>    | <b>(14.6)%</b> |

1. Alternative performance measure. See page 50.

The increase in net assets of £85.8 million during the year was largely due to profit after tax of £119.1 million, offset by the dividends paid of £33.8 million.

### EPRA NTA

EPRA NTA adjusts reported net assets to provide a measure of the fair value of net assets on a long-term basis. Assets and liabilities which are not expected to crystallise in normal circumstances are excluded. In our case, the calculation excludes deferred tax related to property valuation surpluses and deficits in the Longmartin joint venture.

Total accounting return measures shareholder value creation, taking into account the movement in EPRA NTA together with dividends paid.

During the year, EPRA NTA per share increased by 3.6% to £6.41 (2021: £6.19) principally due to the revaluations of the wholly-owned portfolio and investment properties held by Longmartin, which added 26p per share. EPRA earnings of 5.0p were offset by dividends paid amounting to 8.8p. Total Accounting Return was 5.0% (2021: -14.6%).

| <b>EPRA NTA<sup>1</sup></b>          | <b>Pence per share</b> |
|--------------------------------------|------------------------|
| <b>2021</b>                          | <b>619</b>             |
| Revaluation movements                |                        |
| - Six months ended 31 March 2022     | 60                     |
| - Six months ended 30 September 2022 | (34)                   |
|                                      | 26                     |
| EPRA earnings                        | 5                      |
| Dividends                            | (9)                    |
| <b>2022</b>                          | <b>641</b>             |

1. Alternative performance measure. See page 50.

### Liquidity

At 30 September 2022, available liquidity was £255.2 million (2021: £311.3 million) comprising £155.2 million of cash and our undrawn revolving credit facility of £100 million. Capital commitments to be funded from these resources totalled £33.9 million.

The revolving credit facility matures in February 2023 and, at the date of this report, is no longer available to be drawn. In light of the proposed merger, it is currently expected that this facility will be retired at maturity. The table below shows the liquidity position at 30 September 2022, as reported in the financial statements, and pro forma to remove this undrawn revolving credit facility.

|                                      | <b>2022</b>   | Pro-forma <sup>1</sup> | <b>2021</b> |
|--------------------------------------|---------------|------------------------|-------------|
|                                      | <b>£m</b>     | <b>2022</b>            | <b>£m</b>   |
| Cash                                 | <b>155.2</b>  | 155.2                  | 211.3       |
| Undrawn revolving credit facility    | <b>100.0</b>  | -                      | 100.0       |
| <b>Available resources</b>           | <b>255.2</b>  | 155.2                  | 311.3       |
| Commitments                          | <b>(33.9)</b> | (33.9)                 | (18.8)      |
| <b>Pro-forma available resources</b> | <b>221.3</b>  | 121.3                  | 292.5       |

1. Pro-forma, adjusting to remove the undrawn £100 million revolving credit facility.

### Net debt and cash flows

| <b>Movement in net debt</b>             | <b>£m</b>    |
|-----------------------------------------|--------------|
| <b>2021</b>                             | <b>748.5</b> |
| Operating cash inflow                   | (61.8)       |
| Net interest paid                       | 28.9         |
| Net portfolio investment                | 69.0         |
| Interest cover covenant waiver deposits | (13.8)       |
| Dividend                                | 33.8         |
| <b>2022</b>                             | <b>804.6</b> |

At 30 September 2022, net debt was £804.6 million (2021: £748.5 million). The increase of £56.1 million was largely due to:

- cash inflow from operating activities, before net interest payments, of £61.8 million, £23.5 million higher over the year (2021: £38.3 million). The year-on-year increase reflects the improvement in earnings through the post-pandemic recovery.
- net interest paid of £28.9 million, down £0.5 million over the year (2021: £29.4 million).
- net portfolio investment of £69.0 million (2021: £48.8 million), comprising capital expenditure of £32.9 million, and £47.4 million in respect of acquisitions, net of £11.3 million of disposal proceeds.

- deposits in respect of the interest cover covenant waivers during the pandemic, amounting to £13.8 million, were returned now that the waiver periods have ended and we are compliant with financial covenants.

### Financial position

Our loan-to-value ratio increased from 24.9% to 25.2%, largely due to investment in the portfolio in the year. At 30 September 2022, the weighted average maturity of debt facilities was 7.0 years and the blended cost of debt was 3.1% (2021: 3.1%). On a pro-forma basis, adjusting to remove the undrawn revolving credit facility, the weighted average debt maturity increases to 7.7 years and the blended cost of finance decreases to 3.0%, as set out in the table below.

### Debt summary<sup>1</sup>

|                                               | 2022<br>£m | Pro-forma <sup>2</sup><br>2022<br>£m | 2021<br>£m |
|-----------------------------------------------|------------|--------------------------------------|------------|
| Debt <sup>3</sup>                             | 959.8      | 959.8                                | 959.8      |
| Cash                                          | (155.2)    | (155.2)                              | (211.3)    |
| Net debt                                      | 804.6      | 804.6                                | 748.5      |
| Loan-to-value <sup>4,5</sup>                  | 25.2%      | 25.2%                                | 24.9%      |
| Gearing <sup>4,5,7</sup>                      | 32.6%      | 32.6%                                | 31.4%      |
| Interest cover <sup>4,6</sup>                 | 1.6x       | 1.6x                                 | 1.4x       |
| % drawn debt fixed                            | 100%       | 100%                                 | 100%       |
| Blended cost of debt <sup>4,8</sup>           | 3.1%       | 3.0%                                 | 3.1%       |
| Marginal cost of undrawn RCF                  | 3.2%       | -                                    | 1.1%       |
| Weighted average maturity of debt (years)     | 7.0        | 7.7                                  | 8.0        |
| <b>Sources of finance (fully drawn basis)</b> |            |                                      |            |
| Bonds                                         | 54%        | 60%                                  | 54%        |
| Term loans                                    | 36%        | 40%                                  | 36%        |
| Revolving credit facilities                   | 10%        | -                                    | 10%        |

1. Data excludes our 50% share of Longmartin's non-recourse debt.

2. Pro-forma, adjusting to remove the undrawn £100m revolving credit facility.

3. Excludes loan issue costs

4. Alternative performance measure. See page 50.

5. Based on net debt.

6. Ratio of operating profit before investment property disposals and valuation movements to net finance costs.

7. Based on EPRA NTA.

8. Including non-utilisation fees on undrawn revolving credit facility.

### Debt maturity profile

| Year of maturity | Facility type                          | Total facility<br>£m |
|------------------|----------------------------------------|----------------------|
| 2023             | Revolving credit facility <sup>1</sup> | 100                  |
| 2027             | Bonds                                  | 290                  |
| 2029             | Term loan                              | 135                  |
| 2030             | Term loan                              | 130                  |
| 2031             | Bonds                                  | 285                  |
| 2035             | Term loan                              | 120                  |

1. Undrawn at 30 September 2022.

### Impact of the proposed merger

The proposed merger remains subject to satisfaction or, where applicable, waiver of the remaining conditions set out in Part Three of the Scheme Document, including satisfaction of the CMA condition and the Court sanctioning the Scheme. The Scheme Document, dated 7 July 2022, is available on the Company's and Capco's website.

We are currently engaged in customary pre-notification discussions with the CMA, which remain ongoing. The CMA has not yet commenced its Phase 1 review and therefore the proposed merger is now expected to become effective during the first quarter of 2023.

It is expected that our £100 million revolving credit facility will be retired as this will no longer be required given the other sources of liquidity in the combined group.

In the event that the proposed merger becomes effective, and as set out in paragraph 15 of part one of the Scheme Document:

- our term loans with Aviva and Canada Life will remain in place; and
- change of control provisions in the terms of our secured mortgage bonds will be triggered, whereby bondholders would be entitled to 'put' their bonds at par plus any accrued interest.

Capco has entered into a £576 million loan facility agreement, for a term of up to three years, to provide funding certainty in the event that some or all of the holders of the Shaftesbury Mortgage Bonds exercise their change of control redemption right following completion. Based on current market conditions, any drawdown of this loan facility agreement will result in increased financing costs for the combined group, which it would seek to mitigate by capitalising on the increased strength of its balance sheet following completion.

#### **Debt covenants**

We have complied with our interest cover and loan-to-value covenants across all facilities throughout the year. We have assessed covenant compliance as part of our going concern and viability analyses, for both Shaftesbury on a standalone basis and for the combined group following the proposed merger. In our severe-but-plausible downside scenario, we anticipate that we will continue to meet these covenants, either absolutely or through use of cash cure remedies, for the period of the Viability Statement.

#### **Longmartin finance**

The figures below represent our 50% share.

The Longmartin joint venture has a £60 million fixed-rate term loan maturing in 2026, which is non-recourse to Shaftesbury.

At 30 September 2022, Longmartin's net debt was £57.5 million, representing a loan-to-value ratio of 34.4%, down from 34.9% at 30 September 2021, due to a modest property valuation increase in the year. Longmartin was compliant with its loan covenants throughout the year.

# Group statement of comprehensive income

For the year ended 30 September 2022

|                                                                                      | Notes | 2022<br>£m   | 2021<br>£m |
|--------------------------------------------------------------------------------------|-------|--------------|------------|
| Revenue                                                                              |       | 123.1        | 112.7      |
| Expected credit losses                                                               |       | (1.8)        | (16.4)     |
| Impairment charges                                                                   |       | (2.2)        | (1.3)      |
| Property charges                                                                     |       | (36.3)       | (30.3)     |
| <b>Net property income</b>                                                           | 5     | <b>82.8</b>  | 64.7       |
| Administrative expenses                                                              | 6     | (22.2)       | (21.6)     |
| Costs in relation to the proposed merger                                             | 23    | (13.2)       | -          |
| <b>Operating profit before investment property disposals and valuation movements</b> |       | <b>47.4</b>  | 43.1       |
| Profit on disposal of investment properties                                          | 7     | 0.9          | 0.1        |
| Net revaluation surplus/(deficit) on investment properties                           | 10    | 99.5         | (196.9)    |
| <b>Operating profit/(loss)</b>                                                       |       | <b>147.8</b> | (153.7)    |
| Finance income                                                                       |       | 1.0          | 0.7        |
| Finance costs                                                                        | 8     | (30.5)       | (30.9)     |
| Share of post-tax profit/(loss) from joint venture                                   | 12    | 0.8          | (11.0)     |
| <b>Profit/(loss) before tax</b>                                                      |       | <b>119.1</b> | (194.9)    |
| Tax charge for the year                                                              | 9     | -            | -          |
| <b>Profit/(loss) and total comprehensive income/(loss) for the year</b>              |       | <b>119.1</b> | (194.9)    |
| <b>Earnings/(loss) per share:</b>                                                    |       |              |            |
| Basic and diluted                                                                    | 21    | 31.0p        | (52.0)p    |

# Group balance sheet

As at 30 September 2022

|                                | Notes | 2022<br>£m     | 2021<br>£m |
|--------------------------------|-------|----------------|------------|
| <b>Non-current assets</b>      |       |                |            |
| Investment properties          | 10    | 3,144.4        | 2,964.1    |
| Accrued income                 | 11    | 30.5           | 34.1       |
| Investment in joint venture    | 12    | 86.6           | 85.8       |
| Property, plant and equipment  |       | 0.8            | 1.0        |
| Trade and other receivables    | 13    | 15.0           | 15.9       |
|                                |       | <b>3,277.3</b> | 3,100.9    |
| <b>Current assets</b>          |       |                |            |
| Trade and other receivables    | 13    | 22.7           | 44.4       |
| Cash and cash equivalents      | 14    | 155.2          | 211.3      |
| <b>Total assets</b>            |       | <b>3,455.2</b> | 3,356.6    |
| <b>Current liabilities</b>     |       |                |            |
| Trade and other payables       | 15    | 43.2           | 31.6       |
| <b>Non-current liabilities</b> |       |                |            |
| Borrowings                     | 16    | 953.5          | 952.3      |
| <b>Total liabilities</b>       |       | <b>996.7</b>   | 983.9      |
| <b>Net assets</b>              |       | <b>2,458.5</b> | 2,372.7    |
| <b>Equity</b>                  |       |                |            |
| Share capital                  | 18    | 96.1           | 96.1       |
| Share premium                  |       | 653.8          | 653.8      |
| Share-based payments reserve   |       | 1.4            | 2.4        |
| Retained earnings              |       | 1,707.2        | 1,620.4    |
| <b>Total equity</b>            |       | <b>2,458.5</b> | 2,372.7    |

# Group cash flow statement

For the year ended 30 September 2022

|                                                         | Notes | 2022<br>£m    | 2021<br>£m    |
|---------------------------------------------------------|-------|---------------|---------------|
| <b>Operating activities</b>                             |       |               |               |
| Cash generated from operating activities                | 20    | 61.8          | 38.3          |
| Interest received                                       |       | 0.4           | 0.2           |
| Interest paid                                           |       | (29.3)        | (29.6)        |
| <b>Net cash from operating activities</b>               |       | <b>32.9</b>   | <b>8.9</b>    |
| <b>Investing activities</b>                             |       |               |               |
| Investment property acquisitions                        |       | (47.4)        | (19.1)        |
| Investment property disposals                           | 7     | 11.3          | 5.2           |
| Capital expenditure on investment properties            |       | (32.9)        | (34.9)        |
| Purchase of property, plant and equipment               |       | -             | (0.1)         |
| Increase in cash held in restricted accounts            |       | -             | (5.4)         |
| Decrease in cash held in restricted accounts            | 14    | 13.8          | 0.3           |
| Increase in loans to joint venture                      |       | -             | (1.5)         |
| <b>Net cash used in investing activities</b>            |       | <b>(55.2)</b> | <b>(55.5)</b> |
| <b>Financing activities</b>                             |       |               |               |
| Proceeds from share issue                               | 18    | -             | 307.0         |
| Share issue costs                                       | 18    | -             | (12.6)        |
| Repayment of borrowings                                 | 16    | -             | (100.0)       |
| Equity dividends paid                                   | 19    | (33.8)        | (9.3)         |
| <b>Net cash (used in)/from financing activities</b>     |       | <b>(33.8)</b> | <b>185.1</b>  |
| <b>Net change in cash and cash equivalents</b>          |       | <b>(56.1)</b> | <b>138.5</b>  |
| Cash and cash equivalents at the beginning of the year  | 14    | 211.3         | 72.8          |
| <b>Cash and cash equivalents at the end of the year</b> | 14    | <b>155.2</b>  | <b>211.3</b>  |

# Group statement of changes in equity

For the year ended 30 September 2022

|                                                           | Notes | Share capital<br>£m | Share premium<br>£m | Share-based<br>payments<br>reserve<br>£m | Retained<br>earnings<br>£m | Total<br>equity<br>£m |
|-----------------------------------------------------------|-------|---------------------|---------------------|------------------------------------------|----------------------------|-----------------------|
| <b>At 1 October 2021</b>                                  |       | <b>96.1</b>         | <b>653.8</b>        | <b>2.4</b>                               | <b>1,620.4</b>             | <b>2,372.7</b>        |
| <b>Profit and total comprehensive income for the year</b> |       | -                   | -                   | -                                        | <b>119.1</b>               | <b>119.1</b>          |
| <b>Dividends paid</b>                                     | 19    | -                   | -                   | -                                        | <b>(33.8)</b>              | <b>(33.8)</b>         |
| <b>Share-based payments</b>                               |       | -                   | -                   | <b>0.5</b>                               | -                          | <b>0.5</b>            |
| <b>Release on exercise of share options</b>               |       | -                   | -                   | <b>(1.5)</b>                             | <b>1.5</b>                 | -                     |
| <b>At 30 September 2022</b>                               |       | <b>96.1</b>         | <b>653.8</b>        | <b>1.4</b>                               | <b>1,707.2</b>             | <b>2,458.5</b>        |
| At 1 October 2020                                         |       | 76.9                | 378.6               | 1.3                                      | 1,823.8                    | 2,280.6               |
| Loss and total comprehensive loss for the year            |       | -                   | -                   | -                                        | (194.9)                    | (194.9)               |
| Dividends paid                                            | 19    | -                   | -                   | -                                        | (9.3)                      | (9.3)                 |
| Share-based payments                                      |       | -                   | -                   | 1.9                                      | -                          | 1.9                   |
| Release on exercise of share options                      |       | -                   | -                   | (0.8)                                    | 0.8                        | -                     |
| Share issue                                               | 18    | 19.2                | 275.2               | -                                        | -                          | 294.4                 |
| At 30 September 2021                                      |       | 96.1                | 653.8               | 2.4                                      | 1,620.4                    | 2,372.7               |

# Notes to the financial statements

For the year ended 30 September 2022

## 1. Basis of preparation

The preliminary announcement does not constitute statutory financial statements of the Group.

The results for the year ended 30 September 2022 included in this preliminary announcement are extracted from the audited financial statements for the year ended 30 September 2022, which were approved by the directors on 28 November 2022. The auditor's report on those financial statements was unqualified and did not include a statement under Section 498(2) or 498(3) of the 2006 Companies Act.

The 2022 Annual Report is expected to be available on the Group's website in December 2022. The financial statements for the year ended 30 September 2022 have not yet been delivered to the Registrar of Companies.

The auditor's report on the financial statements for the year ended 30 September 2021 was unqualified and did not include a statement under Section 498(2) or 498(3) of the 2006 Companies Act. The financial statements for the year ended 30 September 2021 have been delivered to the Registrar of Companies.

### Consideration of climate change

In preparing the financial statements, the directors considered the impact of climate change, particularly in the context of climate risk and opportunity and risk management. No material impact on the financial reporting judgements and estimates has been identified. In particular, the directors considered the impact of climate change in respect of the following areas:

- going concern and viability of the Group; and
- the valuation of investment properties.

Societal expectations are driving government action that may impose further requirements and cost on companies in the future. Therefore, risks associated with climate change could, over time, impose changes that may potentially impact (amongst other things) levels of capital expenditure. However, currently the financial statements cannot capture such possible future outcomes as these are not yet known.

Whilst there is currently no medium-term impact expected from climate change, the directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in the preparation of the Group's financial statements.

### Going concern

The Group's going concern assessment covers the period from the date of authorisation of these consolidated financial statements to 31 December 2023 (the "going concern period").

As set out in note 23, the Board have recommended, and shareholders have approved, a possible all-share merger of the Company with Capco. While subject to satisfaction, or waiver, of various conditions, our current expectation is that the proposed merger will proceed within the going concern period and should it proceed as envisaged, it will result in the Company becoming a wholly-owned subsidiary of Capco, with implications for the Group's financing arrangements. The Board's going concern assessment, therefore, first considers the Group on a standalone basis, and then on the basis that the proposed merger proceeds.

### Standalone basis

#### Key assumptions in forecasts and debt covenant compliance

In preparing the assessment of going concern, the Board has considered forecasts of the Group's available liquidity, committed expenditure, likely ongoing levels of costs, cash flows, income, debt covenants and other performance measures in a severe-but-plausible downside scenario which envisages an economic shock leading to a severe recession. While there are other risks faced by the Group, an economic or other shock of this nature allows us to model the simultaneous confluence of the impact of the Group's principal risks in a single near-term scenario. Relative to our base forecast, this scenario envisages an immediate decline in the Group's rent collection by 12% of contracted rents for a period of 3 months; increases in our total vacancy by approximately 7-8% of ERV throughout the going concern period, a reduction in assumed ERV growth of 6 percentage points over the going concern period and an additional 3 percentage point increase in inflation affecting all expenditure. It is also assumed that there would be an immediate increase in property costs as a result of increased vacancy.

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 this severe-but-plausible downside scenario, it is the Board's expectation that the Group will remain in compliance with the loan-to-value covenants of its individual financing arrangements. In coming to this conclusion, the Board has factored-in the ability to mitigate the risk of individual loan-to-value covenants coming under pressure through the addition of security from the Group's pool of unsecured assets (including the soon-to-be-released secured assets presently charged to its undrawn revolving credit facility, which will expire in February 2023).

The Group anticipates that, under this severe-but-plausible downside scenario, the interest cover covenants in one of its term loans would be breached within the going concern period. For the affected term loan, the Group can make up income shortfalls using negligible cash deposits or additional assets with sufficient contractual income from its pool of unsecured properties throughout the going concern period and expects to have sufficient liquidity, security and cure rights. The interest cover covenants on its other financing arrangements would be adversely impacted but are nonetheless expected to remain in compliance throughout the going concern period. Other than the undrawn RCF, there are no other debt maturities until 2027.

### **Reverse stress testing**

After topping up security in its financing arrangements, from its pool of unsecured properties as needed, the Group estimates that it could withstand a circa 49% decrease in valuations from 30 September 2022 before reaching the limit of its loan-to-value covenants.

The Group has re-calculated its forecast interest cover covenant headroom, assuming the allocation of uncharged assets to debt facilities that would be necessary to sustain these valuation declines, and estimates that it could withstand a circa 68% decrease in the relevant measures of net income from its 30 September 2022 position, before reaching the limit of the interest cover covenants on its mortgage bonds. A uniform decline in income to that degree, would also cause a breach in the interest cover covenants on the secured term loans. However, these breaches could be cured with cash deposits.

In view of the prime nature of the Group's investment property portfolio and its track record of resilience in economic downturns, the Board considers the possibility of declines in valuation or income at these levels to be remote.

### **Conclusion**

Prior to available mitigations, the severe-but-plausible downside scenario would present the Group with significant challenges over the going concern period. However, the Board's assessment is that, in view of the Group's cash reserves, its expected covenant compliance and cure rights, and the reverse stress testing set out above, but before considering the proposed merger, it has a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period.

### **Combined basis**

#### **Change of control clauses in the Group's mortgage bonds and term loans**

The Group's bonds and term loans contain change of control clauses which, if triggered by the proposed merger, would, at the relevant finance provider's discretion require repayment in part or in full. Following completion of the proposed merger, it is currently expected that:

- our secured term loans will remain in place;
- our £100 million revolving credit facility will be retired as this will no longer be required given the other sources of liquidity in the combined group; and
- change of control provisions in the terms of our secured mortgage bonds will be triggered, whereby bondholders would be entitled to 'put' their bonds at par plus any accrued interest.

Capco entered into a £576 million unsecured loan facility agreement to provide funding certainty in the event that some or all of the bondholders exercise their redemption rights following completion of the proposed merger. Based on current market conditions, any drawdown of this loan facility agreement will result in increased financing costs for the combined group, which the combined group would seek to mitigate by capitalising on the increased strength of its balance sheet following completion. The facility extends for two years from 16 June 2022, which may be extended for a further six months at the option of Capco subject to the satisfaction of the extension requirements as outlined in the facility. There is subsequently a further six-month extension option available, which requires lenders' consent. The Board have satisfied themselves that this loan facility agreement remains in place.

### **Assessing the liquidity and prospects of the combined group**

In preparing its assessment of going concern, the Board reviewed a revised and up-to-date forecast of liquidity, cash flow and covenant compliance of the combined group under a severe-but-plausible downside scenario consistent with that outlined above on a standalone basis, considering sustained low levels of rent collection, decreases in ERV growth and increases in vacancy and costs, all occurring in unison.

In assessing the Group's ability to continue as a going concern, the Board has assumed that the holders of the Group's mortgage bonds redeem their holdings on completion of the proposed merger, thus releasing the assets these are secured against to increase the combined group's pool of unsecured assets.

Consistent with the standalone assessment, under this severe downside scenario, the Group estimates that the interest cover covenants on one of its secured term loans would be breached within the going concern period. For the affected term loan, the combined group can make up income shortfalls using negligible cash deposits or additional assets with sufficient contractual income from its pool of unsecured properties throughout the going concern period, and expects to have sufficient liquidity, security and cure-rights.

The interest cover covenants in the combined group's other financing arrangements would be adversely impacted by the severe-but-plausible downside scenario, but are nonetheless expected to be complied with throughout the going concern period.

It is the Group's expectation that the combined group will remain in compliance with the loan-to-value covenants of its debt arrangements even under the severe-but-plausible downside scenario.

In addition to interest cover and loan-to-value covenants, the £576 million loan facility agreement Capco has entered into to cover the potential redemption of the Group's £575 million mortgage bonds is subject to a covenant on the ratio of unencumbered assets to unsecured debt. It is the Group's expectation that the combined group will remain in compliance with the unencumbered assets covenant even under the severe-but-plausible downside scenario.

The Board is satisfied that there is presently no intention to liquidate the Company within the going concern period, post-completion of the proposed merger.

### **Reverse stress testing**

After topping up security in certain of its financing arrangements from its pool of unsecured properties as needed, the Group estimates that the combined group could withstand a circa 43.8% decrease in valuations from 30 September 2022, before reaching the limit of its loan-to-value covenants. At this level, and assuming the allocation of uncharged assets to secured pools necessary to sustain such a decline, the combined group would remain in compliance with the unencumbered assets covenant in the £576 million loan facility agreement.

In the severe-but-plausible downside scenario, the financing arrangements of the combined group with least headroom on their interest cover covenants are the two Shaftesbury secured term loans. However, as noted above, subject to some limitations, breaches in these can be assumed to be cured with cash deposits or by the addition of properties with sufficient contractual income from the combined group's pool of unsecured properties. The £576 million loan facility agreement is projected to have the next lowest headroom in the severe-but-plausible downside scenario. At the point of lowest projected headroom, and assuming no change in projected interest expense, the combined group could sustain a further decline in group net property income of up to 48% before breaching this covenant.

The combined group is expected to have floating rate debt, comprising the £576 million unsecured loan facility agreement and a £300 million revolving credit facility (to the extent drawn) and will, therefore, have exposure to fluctuations in interest rates which the standalone Group does not. However, the potential impact of fluctuation in interest rates is limited as the revolving credit facility is projected to remain undrawn throughout the going concern period in the severe-but-plausible downside. Additionally, the combined group would benefit from partial hedging in the form of interest rate caps to mitigate against the risk of fluctuations in interest rates.

Given the high proportion of fixed costs in the combined group's interest expense under the severe-but-plausible downside scenario, and the hedging in place, the interest cover reverse stress test is relatively insensitive to increases in SONIA. The Board, therefore, considers that the likelihood is remote that increases in SONIA would put material additional pressure on group interest cover covenants during the going concern period.

In view of the prime nature of the combined group's investment property portfolio and resilience in previous economic downturns, the Board considers the possibility of declines in valuation or income at these levels to be remote.

## **Conclusion**

Based on this assessment of the liquidity and prospects of the combined group, the Board has confidence that the proposed merger would not create a material risk to the Group's ability to continue as a going concern.

On this basis, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

## **2. Changes in accounting policies**

The accounting policies and methods of computation used are consistent with those of the previous financial year, with the exception of new standards and amendments to standards, which became effective in the financial year.

### **New standards adopted during the year**

The following standards and amendments to existing standards were relevant to the Group, adopted from 1 October 2021, and did not have a significant impact on the financial statements:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) – Interest rate benchmark reform Phase 2

### **Standards relevant to the Group but not yet effective**

The following amendments to existing standards were relevant to the Group, are not yet effective, and have not been adopted early. They are not expected to have a significant impact on the financial statements:

- Annual Improvements 2018-2020
- IAS 1 (amendments) – Classification of liabilities as current or non-current; Disclosure of Accounting Policies
- IAS 8 (amendments) – Definition of Accounting Estimates
- IAS 12 (amendments) – Deferred taxes related to assets and liabilities arising from a single transaction
- IAS 16 (amendments) – Proceeds before intended use
- IAS 37 (amendments) – Onerous contract; Cost of fulfilling a contract
- IFRS 3 (amendments) – Reference to the Conceptual Framework

## **3. Significant judgements, assumptions and key estimates**

The preparation of the financial statements in accordance with IFRS requires the directors to make judgements and estimates about the carrying amounts of assets and liabilities, in applying the Group's accounting policies. The judgements and estimates are based on historical experience and other relevant factors, including expectations of future events, and are reviewed on a continual basis. Although the estimates are made using the directors' best knowledge of the amount, event or actions, actual results may differ from the original estimates.

The directors did not make any significant judgements in the preparation of these financial statements, which is consistent with the financial statements for the prior year.

The key estimate made in the current year financial statements is the valuation of investment property. This is consistent with the prior year.

Other areas of estimation include the provision for expected credit losses for trade receivables and the impairment of lease incentives and deferred letting costs. In the prior year, these were considered key estimates, however, with conditions improving throughout the year are no longer considered a key area of estimation uncertainty.

### **Key area of estimation uncertainty**

#### **Investment property valuation**

The investment property portfolio is valued by independent third party valuers. Cushman & Wakefield value the properties owned by the Group, and Knight Frank LLP value the properties owned by the Longmartin joint venture.

Valuations are inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental income. As a result, the valuations the Group places on its property portfolio require estimates to be made, including, but not limited to, market yields, ERVs and void periods. These estimates are based on assumptions made by the valuers. The most significant assumptions are those in respect of market yields and ERVs, which are summarised on page 51 and are in accordance with the RICS Valuation - Global Standards. Given the inherent subjectivity, 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. This may mean that the value of the Group's properties differs from their valuation reported in the financial statements, which could have a material effect on the Group's financial position.

Further information on the approach taken by the valuers in valuing the portfolio and a sensitivity analysis on equivalent yields and ERV, which are the most significant assumptions impacting the fair values, is set out in note 10 to the financial statements.

#### **Other area of estimation uncertainty**

##### **Provisions for expected credit losses, impairment of lease incentives and deferred letting costs**

In preparing the financial statements, estimates are made in assessing expected credit losses in respect of trade receivables, lease incentives and deferred letting costs. These estimates draw on historical information, such as recent payment history as well as forecast information, taking into account expectations about trading levels, footfall and tenants' ability to pay arrears, and, with respect to lease incentives and deferred letting costs, whether it is likely tenants will serve out the remainder of the contractual terms of their leases. In assessing provisions, the Group identifies risk factors associated with each use (hospitality and leisure, retail, office and residential).

The Group assesses the likely recovery of trade receivables for potential provisions, which are estimated using a forward-looking expected credit loss model for each receivable from an occupier in order to recognise a lifetime expected credit loss allowance. Expected credit losses totalling £1.8 million (2021: £16.4 million) were charged to the Income Statement in the year.

The gross trade receivables balance subject to estimation uncertainty is £9.7 million (2021: £20.8 million). An increase of 5% to the provision percentage applied would increase the provision by £0.2 million (2021: £0.9 million). A decrease of 5% to the provision percentage applied would decrease the provision by £0.5 million (2021: £1.1 million).

Accrued income from lease incentives and deferred letting costs are subject to impairment review at each year end. In determining the impairment provision, the Group reviews leases on an individual basis, making a provision based on an expected credit loss model, using information available about the likelihood of a lease terminating earlier than the date of contractual break option or expiry.

The gross accrued income balance from lease incentives which is subject to estimation uncertainty is £42.7 million (2021: £46.5 million). An increase of 5% to the provision percentage applied would increase the provision by £1.4 million (2021: £1.9 million). A decrease of 5% to the provision percentage applied would decrease the provision by £0.4 million (2021: £1.3 million).

See note 5 and note 13 for further information on expected credit losses and impairment charges.

## **4. 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 Board. The Board is responsible for reviewing the Group's internal reporting in order to assess performance.

The information reviewed by the Board is prepared on a basis consistent with these financial statements. That is, the information is provided at a Group level and includes both the IFRS reported results and EPRA measures (see page 50 for an explanation on the EPRA measures used in these financial statements).

The Group's properties are all located in London's West End, and are all of a similar type. The properties are typically mixed-use buildings with hospitality, leisure and retail on the lower floors and offices and apartments on the upper floors. As the properties share similar economic characteristics, we consider them to be one operating segment. As such, no segmental financial information is presented.

## 5. Net property income

|                                            | 2022<br>£m    | 2021<br>£m    |
|--------------------------------------------|---------------|---------------|
| Rental income (excluding lease incentives) | 113.3         | 82.0          |
| Adjustment for lease incentives            | (2.9)         | 23.0          |
| <b>Rental income</b>                       | <b>110.4</b>  | <b>105.0</b>  |
| Service charge income                      | 12.7          | 7.7           |
| <b>Revenue</b>                             | <b>123.1</b>  | <b>112.7</b>  |
| Expected credit losses                     | (1.8)         | (16.4)        |
| Impairment charges                         | (2.2)         | (1.3)         |
|                                            | <b>119.1</b>  | <b>95.0</b>   |
| Service charge expenses                    | (12.7)        | (7.7)         |
| Other property charges                     | (23.6)        | (22.6)        |
| <b>Property charges</b>                    | <b>(36.3)</b> | <b>(30.3)</b> |
|                                            | <b>82.8</b>   | <b>64.7</b>   |

Impairment charges of £2.2 million (2021: £1.3 million) include £1.9 million (2021: £1.7 million) for tenant lease incentive balances and £0.3 million (2021: £0.4 million credit) for deferred letting cost balances.

## 6. Administrative expenses

|                                                           | 2022<br>£m  | 2021<br>£m  |
|-----------------------------------------------------------|-------------|-------------|
| Employee costs                                            | 15.7        | 14.7        |
| Depreciation                                              | 0.2         | 0.3         |
| Other head office costs                                   | 6.4         | 6.7         |
|                                                           | <b>22.3</b> | <b>21.7</b> |
| Less: administrative fees received from the joint venture | (0.1)       | (0.1)       |
|                                                           | <b>22.2</b> | <b>21.6</b> |

|                                                 | 2022<br>£m  | 2021<br>£m  |
|-------------------------------------------------|-------------|-------------|
| <b>Employee costs (including the directors)</b> |             |             |
| Wages and salaries                              | 12.3        | 10.5        |
| Social security costs                           | 1.2         | 1.7         |
| Other pension costs                             | 0.6         | 0.5         |
| Equity-settled remuneration                     | 1.6         | 2.0         |
|                                                 | <b>15.7</b> | <b>14.7</b> |

Included within equity-settled remuneration is a charge of £1.1 million (2021: £1.4 million) for the LTIP and SAYE schemes.

## 7. Profit on disposal of investment properties

|                   | 2022<br>£m | 2021<br>£m |
|-------------------|------------|------------|
| Net sale proceeds | 11.3       | 5.2        |
| Book value        | (10.4)     | (5.1)      |
|                   | <b>0.9</b> | <b>0.1</b> |

## 8. Finance costs

|                         | 2022<br>£m  | 2021<br>£m  |
|-------------------------|-------------|-------------|
| Mortgage bond interest  | 13.9        | 13.9        |
| Bank and other interest | 15.4        | 15.7        |
| Issue cost amortisation | 1.2         | 1.3         |
|                         | <b>30.5</b> | <b>30.9</b> |

## 9. Tax charge for the year

The Group's wholly-owned business is subject to taxation as a REIT. Under the REIT regime, income from its rental business (calculated by reference to tax rather than accounting rules) and chargeable gains from the sale of its investment properties are exempt from corporation tax.

## 10. Investment properties

|                                                            | 2022<br>£m     | 2021<br>£m     |
|------------------------------------------------------------|----------------|----------------|
| At the beginning of the year                               | 2,964.1        | 3,115.5        |
| Acquisitions                                               | 55.3           | 13.2           |
| Disposals                                                  | (10.4)         | (5.1)          |
| Refurbishment and other capital expenditure                | 35.9           | 37.4           |
| Net revaluation surplus/(deficit) on investment properties | 99.5           | (196.9)        |
| <b>Book value at 30 September</b>                          | <b>3,144.4</b> | <b>2,964.1</b> |
| Fair value at 30 September:                                |                |                |
| Properties valued by Cushman & Wakefield                   | 3,188.1        | 3,010.5        |
| Lease incentives and costs included in receivables         | (43.7)         | (46.4)         |
| <b>Book value at 30 September</b>                          | <b>3,144.4</b> | <b>2,964.1</b> |

The investment properties valuation comprises:

|                      | 2022<br>£m     | 2021<br>£m     |
|----------------------|----------------|----------------|
| Freehold properties  | 2,957.7        | 2,805.7        |
| Leasehold properties | 230.4          | 204.8          |
|                      | <b>3,188.1</b> | <b>3,010.5</b> |

Investment properties were valued at 30 September 2022 by professionally qualified external valuers. The Group's wholly-owned portfolio is valued by Cushman & Wakefield, members of the Royal Institution of Chartered Surveyors (RICS).

All properties were valued on the basis of fair value and highest and best use, in accordance with IFRS 13 and the RICS Valuation - Global Standards, which incorporate the International Valuation Standards and the Valuation UK National Supplement (the "RICS Red Book") edition current at the valuation date. When considering a property's highest and best use, the valuer considers 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 considers the use a market participant would have in mind when formulating the price it would bid and reflects the cost and likelihood of achieving that use.

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 valuer uses 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 on page 51. 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.

Since the key inputs to the valuation are unobservable, the Group considers all its investment properties fall within Level 3 of the fair value hierarchy in IFRS 13. The Group's policy is to recognise transfers between hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There have been no transfers during the year (2021: none).

The major inputs to the external valuation are reviewed by the senior management team. In addition, the valuer meets with the external auditor and the Audit Committee.

Fees were agreed at fixed amounts in advance of the valuations being carried out. Non-valuation fees, including letting and other advice provided to the Group, represented 41% of total fees for the valuation of the Group's investment properties. Cushman & Wakefield confirmed that the total fees paid by the Group represented less than 5% of its total revenues in the current year.

### Sensitivity analysis

As noted in the significant judgements, assumptions and key estimates section in note 3, the valuation of the Group's property portfolio is inherently subjective. As a result, the valuations the Group places on its property portfolio 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%<br>£m    | -5%<br>£m | +5%<br>£m | +10%<br>£m |
| (Decrease)/increase in the fair value | (276.0)       | (138.5)   | 141.9     | 285.4      |

  

|                                       | Change in Yield |              |             |              |
|---------------------------------------|-----------------|--------------|-------------|--------------|
|                                       | -0.25%<br>£m    | +0.25%<br>£m | +0.5%<br>£m | +0.75%<br>£m |
| Increase/(decrease) in the fair value | 229.7           | (199.8)      | (375.4)     | (531.2)      |

These key unobservable inputs are inter-dependent. All other factors being equal, a higher equivalent yield would lead to a decrease in the valuation of a property, and an increase in the ERV would increase the capital value, and vice versa.

At 30 September 2022, the Group had capital commitments of £33.9 million (2021: £18.8 million). This included £30.2 million relating to future capital expenditure for the enhancement of the Group's investment properties (2021: £15.1 million) and £3.7 million for an acquisition, conditional on certain requirements being met (2021: £3.7 million). See pages 15 to 17 for a discussion of the Group's property activity during the year.

## 11. Accrued income

|                                                         | 2022<br>£m | 2021<br>£m |
|---------------------------------------------------------|------------|------------|
| Accrued income in respect of lease incentives           | 39.5       | 43.9       |
| Less: included in trade and other receivables (note 13) | (9.0)      | (9.8)      |
|                                                         | 30.5       | 34.1       |

At 30 September 2022, the Group held impairment provisions totalling £3.2 million (2021: £2.6 million) against lease incentive balances. See note 3 for further information.

## 12. Investment in joint venture

|                                   | 2022<br>£m  | 2021<br>£m  |
|-----------------------------------|-------------|-------------|
| At the beginning of the year      | 85.8        | 96.8        |
| Share of profit/(losses)          | 0.8         | (11.0)      |
| <b>Book value at 30 September</b> | <b>86.6</b> | <b>85.8</b> |

At 30 September 2022, the joint venture had capital commitments of £0.3 million (2021: £3.6 million) relating to future capital expenditure for the enhancement of its investment properties, of which, the Group's share is 50%.

The summarised Statement of Comprehensive Income and Balance Sheet used for equity accounting purposes are presented below:

|                                                                         | 2022<br>£m  | 2021<br>£m    |
|-------------------------------------------------------------------------|-------------|---------------|
| <b>Statement of Comprehensive Income</b>                                |             |               |
| Rental income                                                           | 13.9        | 14.1          |
| Service charge income                                                   | 2.1         | 1.3           |
| <b>Revenue</b>                                                          | <b>16.0</b> | <b>15.4</b>   |
| Expected credit losses                                                  | (0.1)       | (2.1)         |
| Impairment charges                                                      | (0.3)       | (0.4)         |
| Other property charges                                                  | (2.8)       | (2.7)         |
| Service charge expenses                                                 | (2.1)       | (1.3)         |
| <b>Net property income</b>                                              | <b>10.7</b> | <b>8.9</b>    |
| Administrative expenses                                                 | (0.3)       | (0.3)         |
| <b>Operating profit before investment property valuation movements</b>  | <b>10.4</b> | <b>8.6</b>    |
| Net revaluation deficit on investment properties                        | (0.8)       | (22.6)        |
| <b>Operating profit/(loss)</b>                                          | <b>9.6</b>  | <b>(14.0)</b> |
| Finance costs                                                           | (7.0)       | (7.2)         |
| <b>Profit/(loss) before tax</b>                                         | <b>2.6</b>  | <b>(21.2)</b> |
| Current tax                                                             | (0.6)       | (0.4)         |
| Deferred tax                                                            | (0.5)       | (0.3)         |
| <b>Profit/(loss) and total comprehensive income/(loss) for the year</b> | <b>1.5</b>  | <b>(21.9)</b> |
| <b>Profit/(loss) attributable to the Group</b>                          | <b>0.8</b>  | <b>(11.0)</b> |

|                                             | 2022<br>£m   | 2021<br>£m   |
|---------------------------------------------|--------------|--------------|
| <b>Balance Sheet</b>                        |              |              |
| <b>Non-current assets</b>                   |              |              |
| Investment properties at book value         | 339.9        | 336.4        |
| Accrued income                              | 3.5          | 2.4          |
| Other receivables                           | 1.3          | 1.3          |
|                                             | <b>344.7</b> | <b>340.1</b> |
| <br>                                        |              |              |
| Cash and cash equivalents                   | 5.0          | 5.1          |
| Other current assets                        | 8.4          | 8.5          |
| <b>Total assets</b>                         | <b>358.1</b> | <b>353.7</b> |
| <br>                                        |              |              |
| <b>Current liabilities</b>                  | <b>36.4</b>  | <b>34.1</b>  |
| <b>Non-current liabilities</b>              |              |              |
| Secured term loan                           | 120.0        | 120.0        |
| Other non-current liabilities               | 28.6         | 28.0         |
| <b>Total liabilities</b>                    | <b>185.0</b> | <b>182.1</b> |
| <b>Net assets</b>                           | <b>173.1</b> | <b>171.6</b> |
| <b>Net assets attributable to the Group</b> | <b>86.6</b>  | <b>85.8</b>  |

### 13. Trade and other receivables

|                                                         | 2022<br>£m  | 2021<br>£m  |
|---------------------------------------------------------|-------------|-------------|
| <b>Current trade and other receivables</b>              |             |             |
| Trade receivables                                       | 9.7         | 20.8        |
| Provision for expected credit losses                    | (4.6)       | (14.1)      |
|                                                         | 5.1         | 6.7         |
| Accrued income in respect of lease incentives (note 11) | 9.0         | 9.8         |
| Amounts due from joint venture                          | 2.9         | 1.7         |
| Other taxation                                          | -           | 0.9         |
| Prepayments                                             | 5.2         | 11.3        |
| Other receivables                                       | 0.5         | 14.0        |
| <b>Total current trade and other receivables</b>        | <b>22.7</b> | <b>44.4</b> |
| <b>Non-current trade and other receivables</b>          |             |             |
| Amounts due from joint venture                          | 11.3        | 12.2        |
| Other receivables (note 14)                             | 3.7         | 3.7         |
| <b>Total non-current trade and other receivables</b>    | <b>15.0</b> | <b>15.9</b> |

Trade receivables represent amounts due from tenants. Within this balance is £2.5 million (2021: £3.9 million) owed for service charges. See note 3 for further information on the provision for expected credit losses.

Cash deposits totalling £14.9 million (2021: £8.3 million) were held against tenants' rent payment obligations. The deposits are held in bank accounts administered by the Group's managing agent and are not included within the Group Balance Sheet.

### 14. Cash and cash equivalents

|                                                         | 2022<br>£m | 2021<br>£m  |
|---------------------------------------------------------|------------|-------------|
| Cash at bank                                            | 155.2      | 211.3       |
| <b>Restricted cash (included in other receivables):</b> |            |             |
| Non-current other receivables                           | 3.7        | 3.7         |
| Current other receivables                               | -          | 13.8        |
| <b>Total restricted cash</b>                            | <b>3.7</b> | <b>17.5</b> |

Restricted cash relates to cash held on deposit as security for certain secured term loans and secured bank facilities, and where there are certain conditions restricting their use.

### 15. Trade and other payables

|                                                               | 2022<br>£m  | 2021<br>£m  |
|---------------------------------------------------------------|-------------|-------------|
| Deferred rental income                                        | 6.2         | 3.1         |
| Accruals and deferred service charge income                   | 2.0         | 3.3         |
|                                                               | 8.2         | 6.4         |
| Trade payables and accruals in respect of capital expenditure | 10.3        | 7.3         |
| Other taxation and social security                            | 2.6         | 1.2         |
| Other payables and accruals                                   | 22.1        | 16.7        |
| <b>Total trade and other payables</b>                         | <b>43.2</b> | <b>31.6</b> |

All deferred service charge income of the prior year was recognised as income in the current year.

## 16. Borrowings

|                               | 2022                   |                                  |                     | 2021                   |                                  |                     |
|-------------------------------|------------------------|----------------------------------|---------------------|------------------------|----------------------------------|---------------------|
|                               | Nominal<br>value<br>£m | Unamortised<br>issue costs<br>£m | Book<br>value<br>£m | Nominal<br>value<br>£m | Unamortised<br>issue costs<br>£m | Book<br>value<br>£m |
| Mortgage bonds                | 575.0                  | (3.4)                            | 571.6               | 575.0                  | (3.9)                            | 571.1               |
| Secured bank facility         | -                      | (0.1)                            | (0.1)               | -                      | (0.4)                            | (0.4)               |
| Secured term loans            | 384.8                  | (2.8)                            | 382.0               | 384.8                  | (3.2)                            | 381.6               |
| <b>Total Group borrowings</b> | <b>959.8</b>           | <b>(6.3)</b>                     | <b>953.5</b>        | <b>959.8</b>           | <b>(7.5)</b>                     | <b>952.3</b>        |

In 2021, the Group cancelled its £125.0 million revolving credit facility, which was undrawn. The Group also repaid £100.0 million of drawings against its remaining revolving credit facility. At 30 September 2022, there were no drawings against the Group's secured bank facility (2021: £nil), however, the Group was still able to benefit from it, and as such, unamortised issue costs of £0.1 million (2021: £0.4 million) continue to be carried in the Balance Sheet. The facility, totalling £100.0 million, expires in February 2023. In light of the proposed merger with Capco, it is expected that it will be retired at expiry. See note 23.

Details of the Group's current financial position are discussed on pages 25 to 27.

The Group's borrowings are secured by fixed charges over certain investment properties held by subsidiaries, with a carrying value of £2,566.3 million (2021: £2,444.1 million), and by floating charges over the assets of the Company and/or certain subsidiaries. To the extent there is a fixed charge over a property, consent is needed from the relevant lender for the fixed charge to be removed, for example, in the case of a disposal of that property. There are currently no restrictions on the remittance of income from investment properties.

### Net debt reconciliation

|                                   | 1.10.2021<br>£m | Cash flows    |                | Non-cash<br>items<br>£m | 30.9.2022<br>£m |
|-----------------------------------|-----------------|---------------|----------------|-------------------------|-----------------|
|                                   |                 | Inflows<br>£m | Outflows<br>£m |                         |                 |
| <b>Non-current borrowings</b>     |                 |               |                |                         |                 |
| Mortgage bonds                    | 575.0           | -             | -              | -                       | 575.0           |
| Secured term loans                | 384.8           | -             | -              | -                       | 384.8           |
| Loan issue costs                  | (7.5)           | -             | -              | 1.2                     | (6.3)           |
|                                   | <b>952.3</b>    | <b>-</b>      | <b>-</b>       | <b>1.2</b>              | <b>953.5</b>    |
| Loan issue costs <sup>1</sup>     | 7.5             | -             | -              | (1.2)                   | 6.3             |
| Cash & cash equivalents (note 14) | (211.3)         | (87.3)        | 143.4          | -                       | (155.2)         |
| <b>Net debt</b>                   | <b>748.5</b>    | <b>(87.3)</b> | <b>143.4</b>   | <b>-</b>                | <b>804.6</b>    |

1. Loan issue costs are eliminated in the calculation of net debt.

|                                   | 1.10.2020<br>£m | Cash flows     |                | Non-cash<br>items<br>£m | 30.9.2021<br>£m |
|-----------------------------------|-----------------|----------------|----------------|-------------------------|-----------------|
|                                   |                 | Inflows<br>£m  | Outflows<br>£m |                         |                 |
| <b>Non-current borrowings</b>     |                 |                |                |                         |                 |
| Mortgage bonds                    | 575.0           | -              | -              | -                       | 575.0           |
| Secured bank facility             | 100.0           | -              | (100.0)        | -                       | -               |
| Secured term loans                | 384.8           | -              | -              | -                       | 384.8           |
| Loan issue costs                  | (8.8)           | -              | -              | 1.3                     | (7.5)           |
|                                   | <b>1,051.0</b>  | <b>-</b>       | <b>(100.0)</b> | <b>1.3</b>              | <b>952.3</b>    |
| Loan issue costs <sup>1</sup>     | 8.8             | -              | -              | (1.3)                   | 7.5             |
| Cash & cash equivalents (note 14) | (72.8)          | (351.0)        | 212.5          | -                       | (211.3)         |
| <b>Net debt</b>                   | <b>987.0</b>    | <b>(351.0)</b> | <b>112.5</b>   | <b>-</b>                | <b>748.5</b>    |

1. Loan issue costs are eliminated in the calculation of net debt.

## Availability and maturity of borrowings

|                                  | 2022            |              |               | 2021            |              |               |
|----------------------------------|-----------------|--------------|---------------|-----------------|--------------|---------------|
|                                  | Committed<br>£m | Drawn<br>£m  | Undrawn<br>£m | Committed<br>£m | Drawn<br>£m  | Undrawn<br>£m |
| Repayable in less than 1 year    | 100.0           | -            | 100.0         | -               | -            | -             |
| Repayable between 1 and 5 years  | 290.0           | 290.0        | -             | 100.0           | -            | 100.0         |
| Repayable between 5 and 10 years | 549.8           | 549.8        | -             | 839.8           | 839.8        | -             |
| Repayable after 10 years         | 120.0           | 120.0        | -             | 120.0           | 120.0        | -             |
|                                  | <b>1,059.8</b>  | <b>959.8</b> | <b>100.0</b>  | <b>1,059.8</b>  | <b>959.8</b> | <b>100.0</b>  |

## Interest rate profile of interest bearing borrowings

|                                                  | 2022       |                  | 2021       |                  |
|--------------------------------------------------|------------|------------------|------------|------------------|
|                                                  | Debt<br>£m | Interest<br>rate | Debt<br>£m | Interest<br>rate |
| Secured term loans                               | 384.8      | 3.85%            | 384.8      | 3.85%            |
| Mortgage bonds 2027                              | 290.0      | 2.35%            | 290.0      | 2.35%            |
| Mortgage bonds 2031                              | 285.0      | 2.49%            | 285.0      | 2.49%            |
| <b>Weighted average cost of drawn borrowings</b> |            | <b>2.99%</b>     |            | <b>2.99%</b>     |

The Group also incurs non-utilisation fees on undrawn facilities. At 30 September 2022, the charge on the undrawn facility of £100.0 million (2021: £100.0 million) for the Group was 0.64% (2021: 0.64%).

The credit margin on the Group's secured bank facility was 1.6% (2021: 1.6%).

## 17. Financial instruments

The Group's mortgage bonds and secured term loans are held at amortised cost in the Balance Sheet. The fair value of these financial instruments is £791.2 million (2021: £1,005.1 million). The difference between the fair value and the book value is not recognised in the reported results for the year. The fair values have been calculated based on a discounted cash flow model using the relevant reference gilt and appropriate market spread. The valuation technique falls within Level 2 of the fair value hierarchy in IFRS 13. Change of control provisions in our financing arrangements would be triggered if the proposed merger with Capco becomes effective, as set out in note 23.

The fair values of the Group's cash and cash equivalents, and those financial instruments included within trade and other receivables, interest bearing borrowings (excluding the mortgage bonds and the secured term loans), and trade and other payables are not materially different from the values at which they are carried in the financial statements.

## 18. Share capital

|                                               | 2022<br>number<br>million | 2021<br>number<br>million | 2022<br>£m  | 2021<br>£m  |
|-----------------------------------------------|---------------------------|---------------------------|-------------|-------------|
| Allotted and fully paid (ordinary 25p shares) |                           |                           |             |             |
| At the beginning of the year                  | 384.2                     | 307.4                     | 96.1        | 76.9        |
| Exercise of share options                     | 0.2                       | -                         | -           | -           |
| Share issue                                   | -                         | 76.8                      | -           | 19.2        |
| <b>At 30 September</b>                        | <b>384.4</b>              | <b>384.2</b>              | <b>96.1</b> | <b>96.1</b> |

On 18 November 2020, the Company issued 76.8 million shares, representing approximately 25% of its issued share capital, at £4 per share. After issue costs of £12.6 million, the net proceeds were £294.4 million. Issue costs directly attributable to the transaction have been accounted for as a deduction from share premium. Following the share issue, the Company's issued share capital was 384,167,537.

In respect of the equity issue, Capco and Norges Bank were related parties of Shaftesbury PLC for the purposes of the Listing Rules and participated in the equity issue in respect of 16,250,000 and 19,245,032 shares respectively, for a total consideration of approximately £65 million and £77 million respectively. In respect of Capco, this transaction was disclosed via the Regulatory News Service on 22 October 2020, in accordance with LR11.1.10R. In respect of Norges Bank, the issue of shares was a transaction of sufficient size to require shareholder approval under chapter 11 of the Listing Rules as announced via the Regulatory News Service on

22 October 2020. This approval was granted at the Extraordinary General Meeting on 17 November 2020. Shaftesbury PLC received written confirmation from its sponsor that the terms of the transactions were fair and reasonable as far as Shaftesbury PLC's shareholders were concerned.

## 19. Dividends

|                                   | Pence per share |          | 2022<br>£m  | 2021<br>£m |
|-----------------------------------|-----------------|----------|-------------|------------|
|                                   | PID             | Ordinary |             |            |
| Final dividend for:               |                 |          |             |            |
| Year ended 30 September 2021      | 2.75p           | 1.25p    | 15.4        | -          |
| Interim dividend for:             |                 |          |             |            |
| Year ended 30 September 2022      | 4.8p            | -        | 18.4        | -          |
| Year ended 30 September 2021      | 2.4p            | -        | -           | 9.3        |
| <b>Dividends paid in the year</b> |                 |          | <b>33.8</b> | <b>9.3</b> |

A second interim dividend of 5.1p per share was declared by the Board on 28 November 2022. It will be paid as a PID on 21 December 2022 to shareholders on the register at 9 December 2022. The dividend, totalling £19.6 million, will be accounted for as an appropriation of revenue reserves in the year ending 30 September 2023. See page 24 for commentary on dividends.

## 20. Cash flows from operating activities

|                                                                     | Notes | 2022<br>£m  | 2021<br>£m  |
|---------------------------------------------------------------------|-------|-------------|-------------|
| <b>Operating activities</b>                                         |       |             |             |
| Profit/(loss) before tax                                            |       | 119.1       | (194.9)     |
| <b>Adjusted for:</b>                                                |       |             |             |
| Lease incentives recognised                                         | 5     | 4.8         | (21.3)      |
| Share-based payments                                                |       | 0.5         | 1.9         |
| Depreciation                                                        | 6     | 0.2         | 0.3         |
| Net revaluation (surplus)/deficit on investment properties          | 10    | (99.5)      | 196.9       |
| Profit on disposal of investment properties                         | 7     | (0.9)       | (0.1)       |
| Net finance costs                                                   |       | 29.5        | 30.2        |
| Share of post-tax (profit)/loss from joint venture                  | 12    | (0.8)       | 11.0        |
| <b>Cash flows from operations before changes in working capital</b> |       | <b>52.9</b> | <b>24.0</b> |
| <b>Changes in working capital:</b>                                  |       |             |             |
| Change in trade and other receivables                               |       | 0.9         | 6.4         |
| Change in trade and other payables                                  |       | 8.0         | 7.9         |
| <b>Cash generated from operating activities</b>                     |       | <b>61.8</b> | <b>38.3</b> |

See note 16 for the cash flow movement in net debt.

## 21. Performance measures

### Earnings per share

|                                         | 2022                      |                                             |                                | 2021                    |                                             |                            |
|-----------------------------------------|---------------------------|---------------------------------------------|--------------------------------|-------------------------|---------------------------------------------|----------------------------|
|                                         | Profit<br>after tax<br>£m | Number<br>of shares <sup>1</sup><br>million | Earnings<br>per share<br>pence | Loss<br>after tax<br>£m | Number<br>of shares <sup>1</sup><br>million | Loss<br>per share<br>pence |
| <b>Basic</b>                            | 119.1                     | 384.2                                       | 31.0                           | (194.9)                 | 374.8                                       | (52.0)                     |
| <b>Dilutive effect of share options</b> | -                         | 0.4                                         | -                              | -                       | -                                           | -                          |
| <b>Diluted</b>                          | 119.1                     | 384.6                                       | 31.0                           | (194.9)                 | 374.8                                       | (52.0)                     |

1. Weighted average number of shares.

### EPRA earnings per share

Last year, we introduced an alternative earnings measure, Covid-adjusted EPRA earnings, which adjusted EPRA earnings as if the cost of waivers offered to tenants during the pandemic had been recognised immediately in the Income Statement rather than spread over the remaining lease term. This year, we have revised this APM to also exclude the impact of exceptional costs related to the proposed merger. The APM, now referred to as

“Underlying EPRA earnings”, provides users of the financial statements with a measure of normalised operating results and allows comparability of typical earnings.

The calculations below are in accordance with the EPRA Best Practice Recommendations.

|                                                                             | 2022                      |                                             |                                | 2021                      |                                             |                                |
|-----------------------------------------------------------------------------|---------------------------|---------------------------------------------|--------------------------------|---------------------------|---------------------------------------------|--------------------------------|
|                                                                             | Profit<br>after tax<br>£m | Number<br>of shares <sup>1</sup><br>million | Earnings<br>per share<br>pence | Profit<br>after tax<br>£m | Number<br>of shares <sup>1</sup><br>million | Earnings<br>per share<br>pence |
| <b>Basic</b>                                                                | <b>119.1</b>              | <b>384.2</b>                                | <b>31.0</b>                    | (194.9)                   | 374.8                                       | (52.0)                         |
| EPRA adjustments:                                                           |                           |                                             |                                |                           |                                             |                                |
| Net revaluation (surplus)/<br>deficit on investment<br>properties (note 10) | (99.5)                    |                                             | (25.9)                         | 196.9                     |                                             | 52.5                           |
| Profit on disposal of<br>investment properties (note 7)                     | (0.9)                     |                                             | (0.2)                          | (0.1)                     |                                             | -                              |
| Adjustments in respect of the<br>joint venture:                             |                           |                                             |                                |                           |                                             |                                |
| Investment property valuation<br>deficit                                    | 0.4                       |                                             | 0.1                            | 11.3                      |                                             | 3.0                            |
| Deferred tax                                                                | 0.2                       |                                             | -                              | 0.1                       |                                             | -                              |
| <b>EPRA earnings</b>                                                        | <b>19.3</b>               | <b>384.2</b>                                | <b>5.0</b>                     | 13.3                      | 374.8                                       | 3.5                            |
| Covid-adjustments                                                           | 5.5                       |                                             | 1.5                            | (20.7)                    |                                             | (5.5)                          |
|                                                                             | 24.8                      | 384.2                                       | 6.5                            | (7.4)                     | 374.8                                       | (2.0)                          |
| Proposed merger costs (note 23)                                             | 13.2                      |                                             | 3.4                            | -                         | -                                           | -                              |
| <b>Underlying EPRA earnings/<br/>(loss)</b>                                 | <b>38.0</b>               | <b>384.2</b>                                | <b>9.9</b>                     | (7.4)                     | 374.8                                       | (2.0)                          |

1. Weighted average number of shares.

#### Like-for-like rental growth

|                                                                  | 2022<br>£m   | 2021<br>£m |
|------------------------------------------------------------------|--------------|------------|
| <b>Rental income in current year</b>                             | <b>110.4</b> | 105.0      |
| Adjusted for impact of:                                          |              |            |
| Impact of acquisitions                                           | (0.7)        | (0.3)      |
| Impact of disposals                                              | (0.1)        | (0.2)      |
| <b>Like-for-like rental income in current year (A)</b>           | <b>109.6</b> | 104.5      |
| <b>Rental income in previous year</b>                            | <b>105.0</b> | 114.4      |
| Adjusted for impact of:                                          |              |            |
| Impact of acquisitions                                           | (0.1)        | -          |
| Impact of disposals                                              | (0.5)        | (0.2)      |
| <b>Like-for-like rental income in previous year (B)</b>          | <b>104.4</b> | 114.2      |
| <b>Like-for like growth/(decline) in rental income ((A-B)/B)</b> | <b>5.0%</b>  | (8.5)%     |

## EPRA net asset measures

|                                                           | 2022           |                |                |
|-----------------------------------------------------------|----------------|----------------|----------------|
|                                                           | EPRA NRV<br>£m | EPRA NTA<br>£m | EPRA NDV<br>£m |
| <b>IFRS net assets</b>                                    | 2,458.5        | 2,458.5        | 2,458.5        |
| Dilutive effect of share options <sup>1</sup>             | 0.5            | 0.5            | 0.5            |
| Deferred tax <sup>2</sup>                                 | 8.9            | 8.9            | -              |
| Difference between fair value and carrying value of debt: |                |                |                |
| Secured term loans <sup>3,4</sup>                         | -              | -              | 57.8           |
| Mortgage bonds <sup>4</sup>                               | -              | -              | 113.7          |
| Investment property purchasers' costs                     | 225.5          | -              | -              |
| <b>Total</b>                                              | <b>2,693.4</b> | <b>2,467.9</b> | <b>2,630.5</b> |
| Number of diluted shares (million)                        | 384.9          | 384.9          | 384.9          |
| <b>Diluted net assets per share (£)</b>                   | <b>7.00</b>    | <b>6.41</b>    | <b>6.83</b>    |

|                                                           | 2021           |                |                |
|-----------------------------------------------------------|----------------|----------------|----------------|
|                                                           | EPRA NRV<br>£m | EPRA NTA<br>£m | EPRA NDV<br>£m |
| IFRS net assets                                           | 2,372.7        | 2,372.7        | 2,372.7        |
| Dilutive effect of share options <sup>1</sup>             | 0.8            | 0.8            | 0.8            |
| Deferred tax <sup>2</sup>                                 | 8.6            | 8.6            | -              |
| Difference between fair value and carrying value of debt: |                |                |                |
| Secured term loans <sup>3,4</sup>                         | -              | -              | (51.5)         |
| Mortgage bonds                                            | -              | -              | (1.1)          |
| Investment property purchasers' costs                     | 213.3          | -              | -              |
| <b>Total</b>                                              | <b>2,595.4</b> | <b>2,382.1</b> | <b>2,320.9</b> |
| Number of diluted shares (million)                        | 385.0          | 385.0          | 385.0          |
| <b>Diluted net assets per share (£)</b>                   | <b>6.74</b>    | <b>6.19</b>    | <b>6.03</b>    |

1. Increase in shareholders' equity, which would arise on the exercise of share options.

2. Our 50% share of deferred tax in the joint venture.

3. Includes the wholly-owned Group's secured term loans and our 50% share of secured term loans in the joint venture.

4. See also notes 17 and 23 for information on the fair value of these items and the impact of the proposed merger with Capco.

## Total accounting return (TAR)

|                                 | 2022        | 2021           |
|---------------------------------|-------------|----------------|
|                                 | pence       | pence          |
| Opening EPRA NTA (A)            | 619.0       | 728.0          |
| Closing EPRA NTA                | 641.0       | 619.0          |
| Increase/(decrease) in the year | 22.0        | (109.0)        |
| Dividends paid in the year      | 8.8         | 2.4            |
| TAR (B)                         | 30.8        | (106.6)        |
| <b>TAR % (B/A)</b>              | <b>5.0%</b> | <b>(14.6)%</b> |

## Financing ratios

|                                                                                   | 2022<br>£m   | 2021<br>£m  |
|-----------------------------------------------------------------------------------|--------------|-------------|
| <b>Loan-to-value and gearing</b>                                                  |              |             |
| Nominal value of debt                                                             | 959.8        | 959.8       |
| Cash and cash equivalents                                                         | (155.2)      | (211.3)     |
| Net debt (A)                                                                      | 804.6        | 748.5       |
| Fair value of investment properties (B)                                           | 3,188.1      | 3,010.5     |
| <b>Loan-to-value (A/B)</b>                                                        | <b>25.2%</b> | 24.9%       |
| <br>EPRA NTA (C)                                                                  | <br>2,467.9  | <br>2,382.1 |
| <b>Gearing (A/C)</b>                                                              | <b>32.6%</b> | 31.4%       |
| <br><b>Interest cover</b>                                                         |              |             |
| Operating profit before investment property disposals and valuation movements (A) | 47.4         | 43.1        |
| <br>Finance costs                                                                 | 30.5         | 30.9        |
| Finance income                                                                    | (1.0)        | (0.7)       |
| Net finance costs (B)                                                             | 29.5         | 30.2        |
| <b>Interest cover (A/B)</b>                                                       | <b>1.6x</b>  | 1.4x        |
| <br><b>Cost of debt</b>                                                           |              |             |
| Blended cost of drawn borrowings                                                  | 3.0%         | 3.0%        |
| Commitment fees on undrawn secured bank facilities                                | 0.6%         | 0.6%        |
| Blended cost of debt                                                              | 3.1%         | 3.1%        |

## 22. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions during the year between the Company and its joint venture, which have not been eliminated on consolidation are disclosed below. Amounts due from the joint venture are disclosed in note 13.

|                                     | 2022<br>£m | 2021<br>£m |
|-------------------------------------|------------|------------|
| Administrative fees receivable      | 0.1        | 0.1        |
| Loans advanced to the joint venture | -          | 1.5        |
| Interest receivable                 | 0.6        | 0.6        |

## 23. Proposed merger

On 16 June 2022, the Boards of Shaftesbury and Capco announced the agreement on the terms of a recommended all-share merger to form Shaftesbury Capital PLC. The Board has received the necessary shareholder support for the proposed merger at the Court Meeting and General Meeting on 29 July 2022. The proposed merger is conditional upon satisfaction or waiver of a number of conditions, including the CMA Condition, as set out in Part Three of the Scheme Document dated 7 July, available on the Company's website.

### Contingent liabilities

To date, the Group has incurred £13.2 million of costs in relation to the proposed merger and expects to incur further expenditure for financial and legal advice, transaction costs and professional fees amounting to £26.1 million, of which £24.0 million is contingent on the proposed merger completing.

### Financing arrangements

In the event that the proposed merger with Capco becomes effective, and as set out in paragraph 15 of part one of the Scheme of Arrangement document dated 7 July:

- our term loans with Aviva and Canada Life will remain in place;

- it is expected that our £100 million revolving credit facility will be retired as this will no longer be required given the other sources of liquidity in the combined group; and
- change of control provisions in the terms of our secured mortgage bonds will be triggered, whereby bondholders would be entitled to 'put' their bonds at par plus any accrued interest.

Capco has entered into a £576 million loan facility agreement to provide funding certainty in the event that some or all of the holders of the Shaftesbury Mortgage Bonds exercise their change of control put right following completion. Based on current market conditions, any drawdown of this loan facility agreement will result in increased financing costs for the combined group, which the combined group would seek to mitigate by capitalising on the increased strength of its balance sheet following completion.

### **Longmartin joint venture**

In the event that the proposed merger with Capco becomes effective, change of control provisions in our joint venture agreement provide that:

- Our joint venture partner has a period of nine months to notify the Company that it requires the Company to offer to sell its shares in the joint venture to the joint venture partner. The price payable for the shares is that agreed between the Company and the joint venture partner, or, if no agreement is reached, then as determined by an independent share valuation expert.
- Upon notification by the joint venture partner (as set out above), the voting rights attached both to the shares owned by the Company and to the Company's directors who are appointed to the board of the joint venture are suspended until the Company's shares in the joint venture are transferred to the joint venture partner (or its nominated third party purchaser), or until the joint venture partner waives such suspension.
- If our joint venture partner fails to require the Company to make an offer to sell its shares, within nine months of the change of control or declines the offer to sell, then the offer lapses and the joint venture agreement continues.

## Directors' responsibilities in respect of the financial statements

The directors confirm, that, to the best of their knowledge:

- the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position, performance and cash flows of the Company and Group as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
- they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The contents of this announcement, including the responsibility statement above, have been extracted from the Annual Report for the year ended 30 September 2022, which will be available on publication at [www.shaftesbury.co.uk](http://www.shaftesbury.co.uk). Accordingly, this responsibility statement makes reference to the financial statements of the Company and the Group and the relevant narrative appearing in that Annual Report rather than the contents of this announcement.

On behalf of the Board

**Brian Bickell**  
Chief Executive

**Chris Ward**  
Chief Financial Officer

## Alternative Performance Measures (APMs)

The Group has applied the European Securities and Markets Authority (ESMA) guidelines on alternative performance measures in these annual results. An APM is 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. APMs provide supplementary information which we consider to be useful to the users of the Preliminary Announcement, but should not be viewed in isolation.

Set out below is a summary of APMs used in these annual results. EPRA performance measures are a set of standard disclosures for the property sector as set out by EPRA in its Best Practices Recommendations (BPR). The recommendations are designed to make the financial statements of public real estate companies more comparable across Europe, enhancing the transparency and coherence of the sector. Except for EPRA measures, APMs may not be comparable with similarly titled measures presented by other companies.

| <b>APM</b>                                                  | <b>Nearest IFRS measures</b>                                                | <b>Explanation and reconciliation</b>      |
|-------------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------|
| <b>EPRA earnings and earnings per share</b>                 | Profit and total comprehensive income for the period and earnings per share | Note 21 and Financial report (pages 21-22) |
| <b>Underlying EPRA earnings</b>                             | Profit and total comprehensive income for the period and earnings per share | Note 21 and Financial report (pages 21-22) |
| <b>Like-for-like growth/decline in rental income</b>        | Revenue                                                                     | Note 21 and Financial report (page 23)     |
| <b>EPRA net tangible assets (NTA) and NTA per share</b>     | Net assets                                                                  | Note 21 and Financial report (pages 24-25) |
| <b>EPRA net disposal value (NDV) and NDV per share</b>      | Net assets                                                                  | Note 21                                    |
| <b>EPRA net reinstatement value (NRV) and NRV per share</b> | Net assets                                                                  | Note 21                                    |
| <b>Total accounting return</b>                              | N/A                                                                         | Note 21 and Financial report (pages 24-25) |
| <b>Valuation growth/decline</b>                             | Net surplus/deficit on revaluation of investment properties                 | Portfolio report (pages 17-20)             |
| <b>Net debt</b>                                             | Borrowings less cash and cash equivalents                                   | Note 21 and Financial report (pages 25-26) |
| <b>Loan-to-value</b>                                        | N/A                                                                         | Note 21 and Financial report (page 26)     |
| <b>Gearing</b>                                              | N/A                                                                         | Note 21 and Financial report (page 26)     |
| <b>Blended cost of debt</b>                                 | N/A                                                                         | Note 21 and Financial report (page 26)     |
| <b>Interest cover</b>                                       | N/A                                                                         | Note 21 and Financial report (page 26)     |

Where this report uses like-for-like comparisons, these are defined within the Glossary.

## Portfolio valuation analysis

|                                                | Hospitality<br>& leisure | Retail | Offices | Residential      | Wholly<br>owned<br>portfolio | Longmartin<br>joint<br>venture <sup>1</sup> |
|------------------------------------------------|--------------------------|--------|---------|------------------|------------------------------|---------------------------------------------|
| Fair value (£m)                                | 1,143                    | 852    | 622     | 571              | 3,188                        | 167                                         |
| Annualised current income <sup>5</sup><br>(£m) | 46.8                     | 31.8   | 19.3    | 18.0             | 115.9                        | 6.6                                         |
| ERV (£m)                                       | 52.2                     | 40.3   | 32.8    | 20.5             | 145.8                        | 8.6                                         |
| % of total fair value                          | 36%                      | 27%    | 19%     | 18%              | 100%                         |                                             |
| % of annualised current<br>income              | 40%                      | 27%    | 17%     | 16%              | 100%                         |                                             |
| % of ERV                                       | 36%                      | 28%    | 22%     | 14%              | 100%                         |                                             |
| Average ERV (£ psf)                            | 76                       | 87     | 69      | 53               | 72                           | 66                                          |
| WAULT (years)                                  | 8                        | 3      | 2       | Note 2           |                              | Note 3                                      |
| Initial yield                                  | 3.8%                     | 3.4%   | 2.7%    | 2.2%             | 3.2%                         | 3.2%                                        |
| Topped up initial yield                        | 4.1%                     | 4.1%   | 3.2%    | N/A              | 3.5%                         | 3.7%                                        |
| Equivalent yield                               | 4.4%                     | 4.4%   | 4.6%    | 2.6%             | 4.1%                         | 4.3%                                        |
| Area (sq. ft. m)                               | 0.7                      | 0.4    | 0.5     | 0.4 <sup>4</sup> | 2.0                          | 0.3                                         |
| Units                                          | 325                      | 297    | 313     | 632 <sup>4</sup> |                              | 121                                         |

1. Shaftesbury's 50% share (fair value, annualised current income and ERV).

2. Residential typically let on three-year assured shorthold tenancies with mutual rolling two-month break options after the first six months.

3. Hospitality & leisure: 10 years, retail: 2 years, offices: 7 years.

4. Excluding apartments which are sold off on long leases, covering approximately 224,000 sq. ft.

5. Gross income, including estimated turnover related rents.

## Wholly-owned portfolio valuation by village

|               | Valuation<br>£m | Annualised<br>current<br>income <sup>1</sup><br>£m | ERV<br>£m    | Valuation<br>growth <sup>2</sup><br>% | Equivalent<br>yield<br>% |
|---------------|-----------------|----------------------------------------------------|--------------|---------------------------------------|--------------------------|
| Carnaby       | 1,235           | 41.9                                               | 59.7         | 6.2%                                  | 4.3%                     |
| Covent Garden | 826             | 29.3                                               | 36.2         | 1.8%                                  | 3.9%                     |
| Chinatown     | 705             | 29.3                                               | 30.7         | 1.1%                                  | 4.0%                     |
| Soho          | 293             | 10.7                                               | 13.4         | 4.0%                                  | 4.1%                     |
| Fitzrovia     | 129             | 4.7                                                | 5.8          | 4.4%                                  | 3.9%                     |
| <b>2022</b>   | <b>3,188</b>    | <b>115.9</b>                                       | <b>145.8</b> | <b>3.6%</b>                           | <b>4.1%</b>              |
| 2021          | 3,011           | 107.8                                              | 131.7        | (5.4%)                                | 3.9%                     |

1. Including estimated turnover related rents

2. Like-for-like, taking into account acquisitions, disposals, capital expenditure, and a change of use from leisure to office at our 68 Broadwick Street. Alternative performance measure. See page 50.

## Debt covenants

Set out below is a summary of the financial covenants in our debt agreements. It does not describe every detail in the agreements.

### Interest cover

|                           | Frequency of testing | Summary of measure                                                                                                                | Min         | Comments                                                                                                                                                                                                                |
|---------------------------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bonds                     | Half yearly          | Net property income of specifically secured assets, adjusted to exclude certain costs, to gross interest payable under the bonds. | 1.15x       | Calculation is based on the annualised income accruing at the testing date, or due to accrue within three months. Security top-up (or purchase and cancel sufficient bonds) to 1.25x required if ICR falls below 1.15x. |
| Term loans                | Quarterly            | Net property income of specifically secured assets, adjusted to exclude certain costs, to gross interest payable under the loans. | 1.4x - 1.5x | 3-month backward looking test based on actual receipts. 12-month projected test. Cure rights available.                                                                                                                 |
| Revolving credit facility | Quarterly            | Consolidated net rental income plus dividends from joint venture to consolidated net interest.                                    | 1.5x        | Based on Group half year and full year reported information, and management accounts in the interim quarters.                                                                                                           |

### Loan-to-value

|                           | Frequency of testing | Summary of measure                                                  | Max       | Comments                                                                                           |
|---------------------------|----------------------|---------------------------------------------------------------------|-----------|----------------------------------------------------------------------------------------------------|
| Bonds                     | Half yearly          | Nominal value of bonds to valuation of specifically secured assets. | 66.67%    | Security top-up (or purchase and cancel sufficient bonds) to 60.0% required if LTV exceeds 66.67%. |
| Term loans                | Quarterly            | Debt to valuation of specifically secured assets.                   | 60% - 70% | Cure rights available. Cash waterfall applies if LTV > 65% (£250m term loan).                      |
| Revolving credit facility | Quarterly            | Amounts drawn to valuation of specifically secured assets.          | 66.67%    | Cure rights available. Draw stop at 50% during term of ICR waiver.                                 |

The revolving credit facility also contains a Group gearing covenant, where the ratio of consolidated borrowings to consolidated tangible net worth cannot exceed 1.75x.

### Longmartin term loan

|                | Frequency of testing | Summary of measure                                                                                                               | Max  | Comments                                                                                                |
|----------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------|------|---------------------------------------------------------------------------------------------------------|
| Interest cover | Quarterly            | Net property income of specifically secured assets, adjusted to exclude certain costs, to gross interest payable under the loan. | 1.3x | 3-month backward looking test based on actual receipts. 12-month projected test. Cure rights available. |
| Loan-to-value  | Quarterly            | Debt to valuation of specifically secured assets.                                                                                | 60%  | Cure rights available.                                                                                  |

## Risk management

Risk tolerance and management is embedded across the business, with the tone and culture set by the Board. The risk landscape has evolved throughout the year with pandemic uncertainties receding, only to be replaced with headwinds from the deterioration in the macroeconomic outlook.

### Context

We invest exclusively in the heart of London's West End, concentrating on establishing ownership clusters in iconic, high-footfall locations. This investment strategy has delivered long-term success for the Group. The resilience of our locations has been demonstrated through a sustained recovery in footfall, spending and occupier demand across all uses since Covid restrictions were removed. This strong rebound has driven a return to pre-Covid occupancy levels and rent collection rates. However, the deterioration in the macroeconomic environment over recent months has increased risk levels over the near term.

Important factors in considering risk across the Group include:

- an experienced executive and senior leadership team, with an average tenure of 17 years, and an in-depth knowledge of our business and the West End property market. We are based in one location, close to all our holdings;
- the nature of our portfolio does not expose us to risks inherent in material speculative development schemes;
- our diverse tenant base limits exposure to any single occupier;
- our Balance Sheet is managed on a conservative basis with moderate leverage, long-term finance, a spread of loan maturities, and with the majority of interest costs fixed;
- our culture encourages open dialogue within the whole team and with our wide range of external advisors;
- simple group structure; and
- governance framework which includes clearly defined responsibilities and limits of authority.

The Board's attitude to risk is embedded in the business, with the Strategy and Operations Executive, which includes the executive directors, closely involved in all aspects of the business and significant decisions. The whole Board approves capital, debt and non-routine transactions above a relatively low specified level.

Incentive targets are set to achieve the Group's purpose, long-term strategic objectives and near-term priorities, whilst encouraging decisions to be made on the basis of long-term benefit, rather than short-term gain.

### Risk appetite

Inevitably, investing in one location presents an inherent geographic concentration risk and there are certain external factors which we cannot control. However, in executing our management strategy, we seek to minimise exposure to operational, reputational and financial risks, recognising that our appetite to risk varies across different elements of our strategy.

Our appetite for refurbishment risk is medium, reflecting our long-established practice of proactively seeking to secure vacant possession of space to improve our buildings, unlock latent income and capital value potential, and enhance their environmental performance.

Our appetite for tenant risk remains medium to high. A key aspect of our long-term village management strategy is careful occupier selection. We choose innovative and often independent concepts rather than formulaic national chains. We are interested in what they bring to our villages, rather than prioritising their financial covenant. For us, the security is in the land we own, recognising that occupier demand normally exceeds availability of space in the West End.

We adopt a prudent approach to our capital structure, seeking to minimise financing risk. However, with debt forming part of the funding stack, we accept a low-medium level of risk.

A key long-term strategic priority is to attract, retain and develop a talented team. Staff retention is high, averaging 95% over the past three years. However, in common with all businesses, it is not always possible to retain key individuals, and we accept a low level of risk.

### Monitoring and managing risk

Effective management of risk is critical to the successful delivery of the Group's strategic priorities. Ultimate responsibility for risk rests with the Board but day-to-day management of risk is integrated in the way the Group conducts business and its culture. Risks are addressed as they arise and, where significant, are discussed by

the Strategy and Operations Executive Committee. Issues that have arisen and how risks have changed are key inputs to the Risk Committee.

Our risk management and control framework is shown in the diagram below. It enables us to effectively identify, evaluate and manage our principal and emerging risks.

We consider risk as follows:

- daily at an operational level by senior management;
- weekly at executive director meetings;
- monthly (or more frequently, as required) at Strategy and Operations Executive meetings; and
- bi-annually (or as needed) by the Risk Committee.

The Board has overall responsibility for risk management and the systems of internal control. The Audit Committee monitors the effectiveness of the risk management process and regularly assesses the adequacy and effectiveness of the internal control systems, reporting on its conclusions to the Board. Such systems are designed to manage, rather than eliminate, the risks faced by the business and can provide only reasonable, not absolute, assurance against material misstatement or loss.

The day-to-day management of the Group's portfolio is outsourced with oversight and decision making remaining with the Group. The Group monitors managing agent performance and has established financial and operational controls to ensure that they maintain an acceptable level of service and provide reliable financial and operational information. The managing agent shares its internal control assessments with the Group.

The Risk Committee meets twice a year, or more frequently as needed, and reports to the Audit Committee and Board.

## Principal Risks and Uncertainties

### Risk landscape

With our strategy of investing in one location, the risk of an event which prevents or deters people coming to the West End has long been on our risk register.

With the recovery following the lifting of Covid restrictions, we have seen an increase in footfall, from both domestic visitors, international tourists and the returning workforce as the UK enjoyed its first restriction-free summer since 2019. With the strong recovery in spending in our villages, occupier demand across all uses has been good driving a return to pre-pandemic occupancy levels and rent collection rates.

However, the macroeconomic outlook has deteriorated in recent months and could continue to worsen in the near future. Inflationary pressures and supply chain issues are likely to manifest in higher operating and refurbishment costs for us.

Whilst we have not yet seen a significant impact on footfall or trading in our areas, rising inflation and the cost-of-living crisis could reduce consumer confidence and spending. Together with reduced availability, and increased cost, of finance, this could place additional pressures on occupiers, who are already dealing with their own inflationary pressures, staffing and supply chain challenges, and potentially higher leverage following the pandemic. In turn, this could affect their ability to pay rents, potentially increase tenant default and reduce occupier demand, leading to increased vacancy in our villages and reduced rent collection rates. Whilst these challenges persist, our portfolio in popular West End destinations has long demonstrated a high level of resilience and a relative low vacancy rate, and we remain confident that the domestic and international appeal of the West End and our popular locations, together with the size and relative affordability of our space, our flexible approach to leasing and proven village management strategies, will continue to be important to potential occupiers, providing us with a degree of protection from national headwinds.

With our diverse tenant mix, typically we have not experienced mass failures; the default rate over the past two years remained low, reflecting the mitigating actions we took during the pandemic. It was equally low during the Global Financial Crisis, when trading in the West End remained good, reflecting its enduring appeal to a wide audience and a relatively affluent customer base.

The proposed merger with Capco has brought about change and, inevitably, increased uncertainty for our people. In recognition of this, we have elevated our employee attraction and retention risk from medium to high. In turn, we have introduced a series of programmes to assist with integration and help our people manage change through this process.

### **Other risks associated with the proposed merger**

Other risks associated with the with the proposed merger and the resulting combined group were included in Capco's prospectus, particularly in the "Risk Factors" section (Part II). The prospectus is available on both our and Capco's websites ([www.shafesbury.co.uk](http://www.shafesbury.co.uk) ; [www.capitalandcounties.com](http://www.capitalandcounties.com)).

Material risks relating to the proposed merger include:

- Completion is subject to a number of conditions, including appropriate clearance from the CMA, which may not be satisfied or waived or which may be satisfied subject to conditions imposed by regulatory bodies or other third parties and may result in completion being delayed or the proposed merger not completing.
- The combined group's success will be dependent upon its ability to integrate the two businesses following the proposed merger. Failure to deliver the full benefits and synergies expected from the combined group, and effective operational management and integration, including harmonising business cultures, may impact the success of the proposed merger.
- The terms of certain existing indebtedness, or the need to refinance such indebtedness, is expected to result in an increase in financing costs of the combined group, which are not included in the assessment of the synergies, following completion.

The two businesses are currently engaged in customary pre-notification discussions with the CMA, which remain ongoing. Given this process, the CMA has not yet commenced its Phase 1 review and therefore the proposed merger is now expected to become effective during the first quarter of 2023.

A summary of the impact of the proposed merger on change of control provisions in our financing arrangements and our investment in the Longmartin joint venture are set out in note 23 to the financial statements.

### **Emerging risks**

The Board and Audit Committee review and discuss emerging risks facing the business.

Emerging risks are circumstances or trends which are often rapidly evolving which could significantly impact the Company's financial strength, competitive position or reputation within the next three years or over a longer term. Generally, the impact and probability of occurrence are not yet fully understood and consequently necessary mitigations have not yet fully evolved. A non-exhaustive list of emerging risks is outlined below.

#### **Climate change**

We regard climate change to be a principal risk. We recognise that climate change and the transition to a low carbon economy will present significant long-term risks and opportunities for our business. Whilst we consider the direct physical risks to our portfolio (e.g. flooding) to be low, the longer-term implications of climate change are less well known, and so, over a longer time horizon, this is an emerging risk.

Failure to identify and mitigate risks could lead to disruption to our operations, damage to our reputation, and inhibit our ability to attract visitors and occupiers, which ultimately could lead to a reduction in the value of our portfolio. We are continuing to decarbonise our portfolio and will incur additional costs in the low energy refurbishment of buildings.

#### **Other emerging risks**

Other emerging risks considered include:

- cyber security and its impact on data and IT infrastructure, including both widespread risks such as state-sponsored cyber attacks and those targeted directly at our systems and data. We provide employees with training on IT security topics and have become accredited with Cyber Essentials Plus. However, the cyber security landscape is fast evolving and we continue to evolve to meet new threats;
- supply chain issues, including the impact of the energy crisis and potential for energy rationing to impact both footfall and trading and potentially the operation of data centres;
- IT infrastructure breakdown. We have continued to invest significantly in IT infrastructure and this investment will continue as we transform our data capabilities across the business.

## Principal strategic risks and uncertainties

The Board has carried out a robust assessment of the principal strategic and emerging risks and uncertainties which might prevent the Group achieving its strategic objectives. These risks and uncertainties, their mitigation and the evolution of risk during the year are set out below.

### Macroeconomic factors

#### Potential causes

- Macroeconomic shocks or events.
- Availability of finance and the increasing cost of finance.
- Impact of rising inflation, rising energy costs and the cost-of-living crisis

#### Consequences

- Lower consumer confidence/spending.
- Reduced visitor numbers.
- Reduced business confidence and investment.
- Supply chain disruption, higher import costs and skills shortages.
- Reduced occupier profitability/increased financial distress/default.
- Reduced occupier demand.
- Higher vacancy.
- Downward pressure on rents.
- Reduced rental income and declining earnings.
- Reduced capital values and NTA (amplified by gearing).
- Risk of loan covenant breaches.

#### Mitigation

- Focus on locations and uses which historically have proved to be economically resilient.
- Actively promote our areas to drive footfall.
- Curation of our villages to maintain places that are popular.
- Regularly review our capital structure and debt covenants; forecasts include covenant headroom review.
- Gearing maintained at low levels.
- We maintain a pool of uncharged assets to top up security held by lenders, if required.

#### Commentary

- Pandemic uncertainties receded, only to be replaced with increasing headwinds from the current macroeconomic climate.
- We have not yet seen material impacts of rising inflation, rising energy costs and the cost-of-living crisis on footfall and trading in our villages. However, it is possible these could emerge in the near future, for example after the Christmas period.
- The impacts could manifest in a reduction in rent collections or increased vacancy and lower occupier demand, particularly given concerns over the availability/cost of finance. However, we do not anticipate widespread tenant failure given that our areas have long proved to be resilient and prosperous, and the low failure rate during GFC, and latterly over the last two years by virtue of mitigating actions we took.
- We expect to continue to meet interest cover covenants in our financing facilities. Additionally, our term loans have interest cover cash cure mechanisms.
- Covenants have been reviewed under a severe-but-plausible downside scenario as described in the viability assessment and are expected to be met.

### Decline in the UK real estate market

#### Potential causes

- Changes to political landscape.
- Increasing cost of finance.
- Reduced availability of capital and finance.
- Lower relative attractiveness of property compared with other asset classes.
- Changing overseas investor perception of UK real estate.
- Structural changes in retail and office sectors.

#### Consequences

- Reduced property values.
- Decrease in NTA (amplified by gearing).
- Risk of loan covenant breaches.
- Ability to raise new debt funding curtailed.

### **Mitigation**

- Focus on assets, locations and uses where, in normal conditions, there is a structural imbalance between availability of space and demand.
- Establish asset clusters to provide the opportunity to drive long-term growth and returns.
- Regularly review investment market conditions including bi-annual external valuations.
- Reconfigure and repurpose space to respond to, and anticipate, changing occupier demand.
- Gearing maintained at low levels.
- We maintain a pool of uncharged assets to top up security held by lenders, if required.

### **Commentary**

- The value of control over areas, bringing the ability to curate and drive growth over the long term which will be important in the near-term valuation trend.
- Our wholly-owned portfolio valuation increased by 7.5% in the first half of the year. Improved operating and investment conditions during the second half were offset by greater uncertainties in the macroeconomic environment. This led to a decline in the second half of 3.6%.
- Sustained occupier demand recovery has led to a significant decrease in vacancy.
- Covenants have been reviewed under a severe-but-plausible downside scenario as described in the viability assessment and are expected to be met.

## **Reduction in spending and/or footfall in our areas**

### **Potential causes**

- An event that adversely impacts our occupiers' ability to trade, e.g. pandemics, terrorism or the threat of terrorism.
- Macroeconomic conditions e.g. recession, declining disposable income, unemployment, impacts of rising inflation, rising energy costs and the cost of living crisis.
- Decline in the popularity of the West End and particularly our areas leading to decreasing visitor numbers.
- Changes in consumer tastes, habits and spending power.
- Change in working habits and/or people choosing to live outside of London.
- Competing destinations.

### **Consequences**

- Lower sales densities.
- Reduced tenant profitability/increased occupier financial distress/tenant default.
- Reduced occupier demand.
- Higher vacancy.
- Reduced rental income and declining earnings.
- Reduced ERV, capital values and NTA (amplified by gearing).
- Risk of loan covenant breaches.

### **Mitigation**

- Footfall and customer spending are important ingredients for the success of our restaurant, leisure and retail tenants.
- Key aspects of our management strategy are to: ensure our areas maintain a distinct identity; seek out new concepts, brands and ideas to keep our areas vibrant and appealing; and actively promote our areas.
- The Board regularly monitors performance and prospects.
- Maintain building reinstatement and loss of rent insurance.
- Detailed business continuity and crisis communications plans in place.
- Gearing maintained at low levels.
- We maintain a pool of uncharged assets to top up security held by lenders, if required.

### **Commentary**

- Whilst being invested in one area is a risk, our ownership clusters are also a strength and an opportunity, giving us control and allowing us to curate our villages to maintain places that are popular.
- Increase in footfall over the year with the rebound of international and domestic tourism following the easing of Covid restrictions and office workers returning to offices.
- The Elizabeth Line is now open with a full service expected in early 2023. The opening of this line has made our areas more accessible to a wide range of visitors.
- Covenants have been reviewed under a severe-but-plausible downside scenario as described in the viability assessment and are expected to be met.

## **Significant increase in tenant default/failure**

### **Potential causes**

- Decline in turnover (see reduction in spending and/or footfall in our areas).
- Increasing cost base and supply chain disruption (see macroeconomic factors).
- Occupiers with increased leverage due to the pandemic.
- Economic headwinds including recession, declining disposable income, unemployment, inflation, higher energy prices, cost of finance.

### **Consequences**

- Lower sales densities, reduced tenant profitability.
- Reduced income and earnings.
- Increased vacancy and related costs.
- Frictional cost of re-letting.
- Reduced ERV, capital values and NTA (amplified by gearing).
- Risk of loan covenant breaches.

### **Mitigation**

- Rent from any single tenant is not material - the top ten tenants represent less than 10% of our rent roll.
- Flexible leasing strategy.
- Curation of our villages to drive footfall and spending to give occupiers the potential to thrive.
- Regular monitoring of tenant trading by the senior management team.
- Head of Property Insights provides regular data on tenant trading and footfall.
- Majority of occupiers invoiced monthly to help manage their cash flows.
- Tenant deposits held at 30 September 2022: £14.9 million.
- Gearing maintained at low levels.
- We maintain a pool of uncharged assets to top up security held by lenders, if required.

### **Commentary**

- During the pandemic, our support through, amongst other things, rent concessions was critical for our hospitality, retail and leisure occupiers and tenant failure was relatively limited. Footfall and spending have recovered. Rent collection now back to pre-pandemic levels.
- Occupier demand has improved and available space in our villages has now largely been absorbed. Occupancy now back to pre-pandemic levels.
- Occupiers face a number of headwinds including inflation, energy costs and staff shortages, which could reduce profitability or their ability to service their debt.
- We have not yet seen material impacts of rising inflation, rising energy costs and the cost-of-living crisis on footfall and trading in our villages. However, it is possible these could emerge in the near future, for example after the Christmas period.
- The impacts could manifest in a reduction in rent collections or increased vacancy and lower occupier demand, particularly given concerns over the availability/cost of finance. However, we do not anticipate widespread tenant failure given that our areas have long proved to be resilient and prosperous, and the low failure rate over the last two years and during GFC.
- Covenants have been reviewed under a severe-but-plausible downside scenario as described in the viability assessment and are expected to be met.

## **Failure to attract and retain talented people**

### **Potential causes**

- Uncertainty around the proposed merger increases risk of staff deciding to leave and hampers attracting new employees.

### **Consequences**

- Loss of key knowledge and experience.
- Loss of integral business relationships.

### **Mitigation**

- Remuneration policies to reward good performance.
- Career development and progression framework in place.
- Employee surveys with action on feedback.
- Delivery of development programmes and coaching.
- Support programmes provided to staff to assist with proposed merger integration and help our people manage change through the process.

### **Commentary**

- We have historically maintained a high permanent employee retention rate, reflecting our commitment to look after employees and make Shaftesbury a great place to work.

# Shareholder Information

## Corporate Timetable

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### Dividend and bond interest

Second interim dividend for the year ended 30 September 2022:

|                |                       |
|----------------|-----------------------|
| - Ex-dividend  | 8 December 2022       |
| - Record date  | 9 December 2022       |
| - Payment date | 21 December 2022      |
| Bond interest  | 30 September/31 March |

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### Shareholder enquiries

All enquiries relating to holdings of shares or bonds in Shaftesbury PLC, including notification of change of address, queries regarding dividends and interest payments, or the loss of a certificate, should be addressed to the Company's registrar. Contact details for the registrar are outlined below. Other enquiries should be sent to: [investor.relations@shaftesbury.co.uk](mailto:investor.relations@shaftesbury.co.uk)

### Company website

The Company has a corporate website, which maintains a digital version of the most recent Annual Report and financial statements, as well as other information. Other information includes announcements made by the Company and the current share price of the Company. The site can be found at [www.shaftesbury.co.uk](http://www.shaftesbury.co.uk).

### Effect of REIT status on payment of dividends

As a REIT, we do not pay UK corporation tax in respect of rental profits and chargeable gains relating to our property rental business. However, we are required to distribute at least 90% of the qualifying income (broadly calculated using the UK tax rules) as a PID.

Certain categories of shareholder may be able to receive the PID element of their dividends gross, without deduction of withholding tax. Categories which may claim this exemption include: UK companies, charities, local authorities, UK pension schemes and managers of PEPs, ISAs and Child Trust Funds.

**Further information and the forms for completion to apply for PIDs to be paid gross are available on our website or from the registrar.** Where we pay an ordinary dividend this will be treated in the same way as dividends from non-REIT companies.

### Registrar

Equiniti Limited  
Aspect House, Spencer Road  
Lancing  
West Sussex, BN99 6DA

Telephone 0371 384 2294 (International +44 121 415 7047). Lines open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales). Equiniti can also be contacted by email at: [customer@equiniti.com](mailto:customer@equiniti.com).

Shareholder accounts may be accessed online through [www.shareview.co.uk](http://www.shareview.co.uk). This gives secure access to account information instructions. There is also a Shareview dealing service which is a simple and convenient way to buy or sell shares in the Company.

### Secretary and registered office

**Desna Martin, BCom, FCS(Aust), ACIS**  
22 Ganton Street  
Carnaby  
London W1F 7FD

## Glossary of terms

### **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 current income**

Total annualised actual and 'estimated income' reserved by leases at a valuation date. No rent is attributed to leases which were subject to rent-free periods at that date. It does not reflect any ground rents, head rents nor rent charges 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.

Like-for-like growth in annualised current income is the change during a period, adjusted to remove the impact of acquisitions and disposals, expressed as a percentage of annualised current income at the start of the period.

### **Best Practices Recommendations (BPR)**

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

### **Business Improvement District (BID)**

A defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.

### **Blended cost of debt**

Weighted average cost of drawn borrowings, plus non-utilisation fees on undrawn borrowings.

### **Capco**

Capital & Counties Properties PLC.

### **Carbon emissions**

In the context of this report this is shorthand for greenhouse gas emissions.

### **Combined group**

The Shaftesbury Group and the Capco Group after the proposed merger has taken effect, expected to be known as Shaftesbury Capital PLC.

### **Competition and Markets Authority (CMA)**

The Competition and Markets Authority of the UK.

### **Competition and Markets Authority Condition (CMA Condition)**

Issuance of a decision by the CMA that it is not the CMA's intention to make a Phase 2 CMA Reference, with such a decision being issued on an unconditional basis or else conditional on the CMA's acceptance of undertakings which are reasonably satisfactory to Shaftesbury and Capco (or the applicable time period having expired without a Phase 2 CMA Reference)

### **Compound Annual Growth Rate (CAGR)**

The year-on-year growth rate of an investment over a specified period of time.

### **Direct energy consumption**

Emissions from sources that are owned or controlled by the reporting company.

### **DTR**

The Financial Conduct Authority's Disclosure and Transparency Rules.

### **Embodied Carbon**

The total greenhouse gas (GHG) emissions generated to build or refurbish an asset. This includes emissions from extraction, manufacture/processing, transportation and assembly.

### **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.

**EPRA adjustments**

Standard adjustments to calculate EPRA measures, in accordance with its BPR.

**EPRA earnings**

The level of recurring income arising from core operational activities. It excludes all items which are not relevant to the underlying and recurring portfolio performance.

**EPRA earnings per share**

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

**EPRA Net Disposal Value (NDV)**

The value of net tangible assets, assuming an orderly sale of the business' assets, achieving fair values as reported in the Balance Sheet. It includes deductions for liabilities that would crystallise in this scenario, including deferred tax and the difference between the fair value and carrying value of financial liabilities. When presented as a per share figure, it takes into account the potentially dilutive effect of outstanding options granted over ordinary shares.

**EPRA Net Reinstatement Value (NRV)**

The value of net assets on a long-term basis, assuming no disposals. Assets and liabilities that are not expected to crystallise in normal circumstances, such as deferred taxes on property valuation surpluses, are excluded. It is a reflection of what would be needed to recreate the company. Purchasers' costs which have been deducted in arriving at the fair value of investment properties are added back. When presented as a per share figure, it takes into account the potentially dilutive effect of outstanding options granted over ordinary shares.

**EPRA Net Tangible Assets (NTA)**

A measure of net assets which recognises that companies buy and sell assets and therefore takes into account deferred tax liabilities on sales, unless there is no intention to sell in the long run. When presented as a per share figure, it takes into account the potentially dilutive effect of outstanding options granted over ordinary shares.

**EPRA vacancy**

The rental value of vacant property available (excluding property which is held for, or undergoing, refurbishment), expressed as a percentage of ERV of the total portfolio.

**Equivalent yield**

Equivalent yield is the internal rate of return from an investment property, based on the gross outlays for the purchase of a property (including purchase costs), reflecting reversions to current market rent, and such items as voids and non-recoverable expenditure but disregarding potential changes in market rents.

**ESG**

Environment, Social and Governance.

**Estimated Rental Value (ERV)**

The market rental value of properties, estimated by the Group's Valuers. Like-for-like ERV growth is the change in ERV during a period, adjusted to remove the impact of acquisitions and disposals, expressed as a percentage of ERV at the start of the period.

**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.

**GHG**

Greenhouse gas emissions.

**Gearing**

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

**IFRS**

International Financial Reporting Standards.

**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.

**Interest cover ratio (ICR)**

Operating profit before investment property disposals and valuation movements, divided by finance costs net of finance income.

**Internal Rate of Return (IRR)**

The rate of return that if used as a discount rate and applied to the projected cash flows that would result in a net present value of zero.

**Key Performance Indicator (KPI)**

Activities aligned to business objectives against which the performance of the Group is assessed.

**Leasing activity**

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

**Like-for-like growth in rental income**

The increase in rental income during an accounting period, adjusted to remove the impact of acquisitions, disposals and changes as a result of larger refurbishment schemes, expressed as a percentage of rents receivable in the previous accounting period.

**Listed building**

A building officially recognised as having special historical or architectural interest and therefore protected from demolition or alteration without prior approval.

**Loan-to-value (LTV)**

Net debt expressed as a percentage of the fair value of property assets.

**Long-Term Incentive Plan (LTIP)**

An arrangement under which an employee is awarded options in the Company at nil cost, subject to a period of continued employment and the attainment of performance targets over a three-year vesting period.

**Minimum Energy Efficiency Standards (MEES)**

Applies to private rented residential and non-domestic property to encourage the improvement of the buildings' energy efficiency.

**Net debt**

The nominal value of the Group's borrowings less cash and cash equivalents.

**Net initial yield**

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

**Net Zero Carbon**

When relevant GHG emissions attributable to operations of the business are minimised and outstanding emissions are balanced by removing an equivalent amount from the atmosphere.

**Property Income Distribution (PID)**

A PID is a distribution by a REIT to its shareholders paid out of qualifying profits. A REIT is required to distribute at least 90% of its qualifying profits as a PID to its shareholders.

**Proposed merger or merger**

The proposed acquisition by Capco of Shaftesbury, to be implemented by way of the Scheme or, should Capco so elect with the consent of the Takeover Panel and subject to the terms of a co-operation agreement between the companies, by means of a takeover offer.

**Prospectus**

Prospectus issued by Capco in respect of the proposed merger dated 7 July 2022, available on both ours and Capco's websites ([www.shaftesbury.co.uk](http://www.shaftesbury.co.uk); [www.capitalandcounties.com](http://www.capitalandcounties.com)).

**Real Estate Investment Trust (REIT)**

A REIT is a tax designation for an entity or group investing in real estate that reduces or eliminates corporation tax on rental profits and chargeable gains relating to the rental business, providing certain criteria obligations set out in tax legislation are met.

**Reversionary potential**

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

**Scheme or scheme of arrangement**

The Scheme of Arrangement proposed to be made under Part 26 of the Companies Act 2006 as set out in the Scheme Document (which is available on our website: [www.shaftesbury.co.uk](http://www.shaftesbury.co.uk)), with or subject to any modification, addition or condition which Shaftesbury and Capco agree with and which is approved or imposed by the court.

**Scheme Document**

The document sent to shareholders in connection with the proposed merger.

**Scope 1 emissions**

Direct GHG emissions from owned or controlled sources such as gas used for heating.

**Scope 2 emissions**

Indirect GHG emissions from the generation of purchased energy such as electricity.

**Scope 3 emissions**

All indirect GHG emissions (not included in scope 2) that occur in the value chain of the reporting company.

**Science-Based Targets**

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

**Sharesave or SAYE (Save-As-You-Earn)**

A savings-related share option scheme. Employees are granted options to acquire shares at the end of a three or five-year vesting period using savings accumulated through salary sacrifice.

**Shaftesbury Capital**

See combined group.

**Sterling Overnight Interbank Average Rate (SONIA)**

Overnight risk-free interest rate paid by banks for unsecured Sterling transactions.

**TCFD**

Task Force for Climate-related Financial Disclosure.

**Topped-up net initial yield**

Net initial yield at the valuation date as if the contracted rent in respect of leases which are subject to contractual rent free periods is payable from the valuation date and as if any future stepped rental uplifts under leases had occurred.

**Total Accounting Return (TAR)**

The change in EPRA NTA per ordinary share plus dividends paid per ordinary share during the period of calculation, expressed as a percentage of the EPRA NTA per share at the beginning of the period.

**Underlying EPRA earnings/earnings per share**

EPRA earnings/earnings per share adjusted to remove the impact of rent waivers (where there were no associated lease modifications, such as lease extensions) granted during the Covid 19 pandemic, and exceptional costs associated with the proposed merger.

**Underlying EPRA vacancy**

The rental value of available to let vacant property (excluding property which is held for, or undergoing, refurbishment and EPRA vacancy due to exceptional larger refurbishment schemes) expressed as a percentage of ERV of the Group's investment property portfolio. It is measured at the reporting date and, when reported for a reporting period, it is presented as the quarterly average during that 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.

**WAULT**

Weighted average unexpired lease term, assuming tenant break options are exercised.

**APPENDIX 2**  
**VALUATION REPORTS**

# VALUATION REPORT

Valuation Date: 30 September 2022

In respect of:

Capco's Covent Garden Portfolio

On behalf of:

**The Addressees as stated below**

# Contents

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01

# CONDENSED VALUATION REPORT

# Introduction

**Report Date** 29 November 2022  
**Valuation Date** 30 September 2022  
**Addressees** The Directors and the Proposed Directors (as set out below)  
 Capital & Counties Properties PLC  
 Regal House  
 14 James Street  
 London WC2E 8BU  
 (hereinafter referred to as the "Company")

and

The Directors  
 Shaftesbury PLC  
 22 Ganton Street  
 Carnaby  
 London W1F 7FD  
 (hereinafter referred to as "Shaftesbury")

N.M. Rothschild & Sons Limited  
 New Court  
 St. Swithin's Lane  
 London EC4N 8AL  
 (in their capacity as Sponsor to the Company)  
 (hereinafter referred to as "Rothschild")

Evercore Partners International LLP  
 15 Stanhope Gate  
 London W1K 1LN  
 (in their capacity as Rule 3 Advisor to Shaftesbury)  
 (hereinafter referred to as "Evercore")

(together, the "Addressees")

## Proposed Directors of the Company:

The Proposed Directors of the Company are:  
 Jonathan Nicholls  
 Chris Ward  
 Richard Akers  
 Jennelle Tilling  
 Helena Coles  
 Ruth Anderson

|                       |                                                                                                  |
|-----------------------|--------------------------------------------------------------------------------------------------|
| <b>The Properties</b> | The properties held by the Company as listed in the Schedule of Assets below (the "Properties"). |
|-----------------------|--------------------------------------------------------------------------------------------------|

|                    |                                                                                                                                                                                      |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Instruction</b> | To value the unencumbered freehold, heritable and leasehold interests (as applicable) in the Properties on the basis of Market Value as at the Valuation Date in accordance with the |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                       | terms of engagement entered into between CBRE and the Addressees dated 10 November 2022.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Status of Valuer</b>               | <p>You have instructed us to act as an External Valuer as defined in the current version of the RICS Valuation – Global Standards.</p> <p>Please note that the Valuation may be investigated by the RICS for the purposes of the administration of the Institution’s conduct and disciplinary regulations in order to ensure compliance with the Valuation Standards.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Purpose and Basis of Valuation</b> | <p>The Valuation and the Valuation Report have been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards and the UK national supplement current as at the Valuation Date (the “Red Book”).</p> <p>We understand that our valuation report and the Appendices to it (together the “Valuation Report”) are required for inclusion in a supplementary prospectus to be published by Capco in connection with the all-share merger of Capco and Shaftesbury in accordance with the City Code on Takeovers and Mergers and the JSE Listing Requirements and Takeover Regulations (the “Transaction”) (the “Supplementary Prospectus”) in connection with which new shares of Capco will be admitted (i) to listing on the premium listing segment of the Official List of the Financial Conduct Authority (“FCA”) and to trading on the main market for listed securities on the London Stock Exchange (the “London Stock Exchange”) and (ii) for listing and trading to the Main Board of the Johannesburg Stock Exchange.</p> <p>The effective date of valuation is 30 September 2022.</p> <p>In accordance with the Red Book we have made certain disclosures in connection with this valuation instruction and our relationship with the Addressees.</p> |

**Market Value**

**£1,784,535,000 (One Billion, Seven Hundred and Eighty Four Million, Five Hundred and Thirty Five Thousand Pounds)** exclusive of purchaser's costs and VAT, as shown in Appendix A below.

As set out in Appendix B to this Valuation Report, there are four properties in the portfolio which, individually, have a value of more than 5% of the aggregate of the individual market values. With reference to UK VPGA 2.1 17 of the UK national supplement, two of these properties are considered commercially sensitive by the Company and on their instructions the individual values have therefore not been included.

We are required to show the split of values between freehold and leasehold property. All the properties are held for investment.

| Type                                                   | Number of Properties | Freehold £          | * Long Leasehold £  | Total £               |
|--------------------------------------------------------|----------------------|---------------------|---------------------|-----------------------|
| Value of Freehold Properties held for Investment       | 56                   | £991,700,000        | £0                  | £991,700,000          |
| Value of Long Leasehold Properties held for Investment | 14                   | £0                  | £792,835,000        | £792,835,000          |
| <b>Portfolio Total</b>                                 | <b>70</b>            | <b>£991,700,000</b> | <b>£792,835,000</b> | <b>£1,784,535,000</b> |

\*In excess to 50 years' unexpired term

There are no negative values to report.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached and has been primarily derived using comparable recent market transactions on arm's length terms.

|                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market Conditions – Global Volatility</b> | <p>We would draw your attention to the fact that a combination of global inflationary pressures, higher interest rates, currency movements and the recent geopolitical events in Ukraine and the ongoing impact of the global COVID-19 pandemic in some markets has heightened the potential for greater volatility in property markets over the short-to-medium term.</p> <p>Past experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. You should note that the conclusions set out in this report are only valid as at the valuation date. Where appropriate, we would recommend that the valuation is closely monitored, as we continue to track how market participants respond to current market volatility.</p> |
| <b>Portfolios and Aggregation</b>            | <p>We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Report Format</b>                         | <p>Appendix A of this Valuation Report provides the Property Details and Market Value of the Portfolio lotted by location. Appendix B provides relevant details of those properties which have an individual Market Value in excess of 5% of the total aggregate Market Value of the Portfolio. Appendix C provides a table of information provided to CBRE by the Company.</p>                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Compliance with Valuation Standards</b>   | <p>The Valuation and the Valuation Report have been prepared in accordance with the latest version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the “Red Book”) current as at the Valuation Date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                              | <p>The valuations are compliant with the International Valuation Standards, the Prospectus Regulation Rules and the London Stock Exchange requirements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                              | <p>The Financial Conduct Authority published technical note 'Primary Market TN 619.1' to replace and incorporate the ESMA update (ESMA/2011/81) of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implementation of the European Commission regulation (EC) n. 809/2004 into UK law ("TN 619.1") and, although this does not form part of the UK's EU Retained Law, the Financial Conduct Authority expects Issuers to apply the provisions to the extent relevant. Accordingly, this valuation report is also compliant with paragraphs 128 to 130 (inclusive) of Part III.1 (<i>Property companies</i>) of TN 619.1.</p>                                                                                                                      |
|                                              | <p>The Properties have been valued by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book. We confirm that we have sufficient local and national knowledge of the particular property market involved and have the skills and understanding to undertake the Valuation competently.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                              | <p>Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                              | <p>This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject Properties. Other valuers may reach different conclusions as to the value of the subject Properties. This Valuation is for the sole purpose of providing the intended user with the valuer's independent professional opinion of the value of the subject Properties as at the Valuation Date.</p>                                                                                                                                                                                                                                                                                                                          |
| <b>Sustainability Considerations</b>         | <p>Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding,</p>                                                                                                                                                                                                                                 |

|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                               | <p>energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use. Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Climate Risk Legislation</b>                               | <p>The UK Government is currently producing legislation which enforces the transition to net zero by 2050, and the stated 78% reduction of greenhouse gases by 2035 (based on a 1990 baseline).</p> <p>We understand this to include an update to the Minimum Energy Efficiency Standards, stated to increase the minimum requirements from an E (since 2018) to a B in 2030. The government also intends to introduce an operational rating. It is not yet clear how this will be legislated, but fossil fuels used in buildings, such as natural gas for heating, are incompatible with the UK's commitment to be Net Zero Carbon by 2050.</p> <p>This upcoming legislation could have a potential impact to future asset value.</p> <p>We also note that the UK's introduction of mandatory climate related disclosures (reporting climate risks and opportunities consistent with recommendations by the "Task Force for Climate Related Financial Disclosure" (TCFD)), including the assessment of so-called physical and transition climate risks, will potentially have an impact on how the market views such risks and incorporates them into the sale of letting of assets.</p> <p>The European Union's "Sustainable Finance Disclosure Regulations" (SFDR) may impact on UK asset values due to the requirements in reporting to European investors.</p> |
| <b>Assumptions</b>                                            | <p>The Property Details on which each Valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.</p> <p>If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figures may also be incorrect and should be reconsidered.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Variations and/or Departures from Standard Assumptions</b> | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>TN 619.1 III.I 130 (vi)</b>                                | <p>TN 619.1 III.I 130 (vi) requires us to comment on any differences between the valuation figure in this Valuation Report and the valuation figure included in the Company's latest published annual accounts, which were published as at 31 December 2021.</p> <p>Differences between the published valuation figure as at 31 December 2021 and the present valuation are attributable to a number of factors, including but not limited to:</p> <ul style="list-style-type: none"> <li>■ There have been no acquisitions or disposals in the period.</li> <li>■ Tenancy changes (e.g. new lettings, lease renewals, lease expiries), other rental income changes (e.g. rent reviews, expiry of rent-free periods) and occupancy levels, in particular seven new leases/renewals within the Market Building, significant activity within the food and beverage sector and positive office lettings.</li> <li>■ Capital expenditure and improvements (e.g. refurbishments), in particular a retail unit at 40-43 King Street and the office refurbishment at 5-6 Henrietta Street.</li> <li>■ No planning permissions of note have been granted in the period.</li> </ul>                                                                                                                                                                                          |
| <b>Independence</b>                                           | <p>The total fees, including the fee for this assignment, earned by CBRE Ltd (or other companies forming part of the same group of companies within the UK) from the Company (or other companies forming part of the same group of companies) is less than 5.0% of the total UK revenues.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

|                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       | <p>It is not anticipated this situation will vary in the financial year to 31 December 2022.</p> <p>We confirm that we do not have any material interest in the Company or the Properties.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Previous Involvement and Conflicts of Interest</b> | <p>We confirm that we have previously valued all the properties on behalf of the Company for financial reporting purposes on a bi-annual basis since their acquisition (the first being in 2007).</p> <p>We valued the properties for you for the purposes of the Transaction as at 31 March and 30 June 2022.</p> <p>CBRE Ltd has carried out Valuation, Agency and Professional services on behalf of Capital &amp; Counties for in excess of 20 years.</p> <p>CBRE provide asset management service and agency advice to Shaftesbury.</p> <p>Copies of our conflict of interest checks have been retained within the working papers.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Disclosure</b>                                     | <p>The principal signatory of this report has continuously been the signatory of valuations for the Company and for financial reporting purposes since 2019.</p> <p>CBRE Ltd has continuously been carrying out valuation instructions for the Company since 2007.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Responsibility</b>                                 | <p>For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and Paragraphs 128 to 130 of Part III.1 (<i>Property companies</i>) of TN 619.1.</p> <p>Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Regulation. forming part of the UK's EU Retained Law.</p> |

## Reliance

This report is for the use only of the parties to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents save as set out in "Responsibility" above.

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

## Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to herein.

Yours faithfully

Yours faithfully

David Methuen  
BA (Hons) MRICS  
Senior Director  
**RICS Registered Valuer**  
For and on behalf of CBRE Limited  
+44 207 182 2528  
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Senior Director  
**RICS Registered Valuer**  
For and on behalf of CBRE Limited  
+44 20 7182 2528  
Guy.Schiess@cbre.com

# SCHEDULE OF ASSETS

| Address                               | Town/City | Postcode | Tenure    | Inspection Date |
|---------------------------------------|-----------|----------|-----------|-----------------|
| 7 Garrick Street                      | London    | WC2      | Freehold  | 23.11.2021      |
| 10-14 Bedford Street                  | London    | WC2      | Freehold  | 10.02.2022      |
| 10-13 King Street                     | London    | WC2      | Leasehold | 09.11.2021      |
| 14 King Street                        | London    | WC2      | Freehold  | 09.11.2021      |
| 15 King Street                        | London    | WC2      | Freehold  | 09.11.2021      |
| 16-18 King Street & 28 Bedford Street | London    | WC2      | Freehold  | 09.11.2021      |
| 33 King Street                        | London    | WC2      | Freehold  | 09.11.2021      |
| 34 King Street                        | London    | WC2      | Freehold  | 09.11.2021      |
| Royal Opera House Retail              | London    | WC2      | Leasehold | 08.11.2022      |
| Sussex Mansions, Maiden Lane          | London    | WC2      | Freehold  | 12.11.2021      |
| 28 Maiden Lane                        | London    | WC2      | Freehold  | 09.11.2021      |
| 23-24 Henrietta Street                | London    | WC2      | Freehold  | 14.10.2021      |
| 25-29 Henrietta Street                | London    | WC2      | Leasehold | 14.10.2021      |
| 30-33 Henrietta Street                | London    | WC2      | Freehold  | 14.10.2021      |
| 34 Henrietta Street                   | London    | WC2      | Freehold  | 14.10.2021      |
| Covent Garden Market                  | London    | WC2      | Leasehold | 08.11.2022      |
| Flat 1, 20 The Piazza                 | London    | WC2      | Leasehold | 09.11.2021      |
| 20 The Piazza                         | London    | WC2      | Leasehold | 09.11.2021      |
| 11-12 Russell Street                  | London    | WC2      | Freehold  | 10.02.2022      |
| 10 Russell Street                     | London    | WC2      | Freehold  | 10.02.2022      |
| 9 Russell Street                      | London    | WC2      | Freehold  | 10.02.2022      |

|                                                    |               |            |                  |                   |
|----------------------------------------------------|---------------|------------|------------------|-------------------|
| <b>8 Russell Street</b>                            | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>12.11.2021</b> |
| <b>49 Wellington Street</b>                        | <b>London</b> | <b>WC2</b> | <b>Leasehold</b> | <b>09.11.2021</b> |
| <b>4-7 Russell St/45-49 Wellington Street</b>      | <b>London</b> | <b>WC2</b> | <b>Leasehold</b> | <b>09.11.2021</b> |
| <b>41-43 Wellington Street</b>                     | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>12.11.2021</b> |
| <b>33-35 Wellington Street</b>                     | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>12.11.2021</b> |
| <b>London Transport Museum</b>                     | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>09.11.2021</b> |
| <b>Jubilee Hall</b>                                | <b>London</b> | <b>WC2</b> | <b>Leasehold</b> | <b>08.11.2022</b> |
| <b>1a Henrietta Street</b>                         | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>14.10.2021</b> |
| <b>3 Henrietta Street</b>                          | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>08.11.2022</b> |
| <b>4 Henrietta Street</b>                          | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>14.10.2021</b> |
| <b>5-6 Henrietta Street</b>                        | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>08.11.2022</b> |
| <b>7-8 Henrietta Street</b>                        | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>14.10.2021</b> |
| <b>9-10 Henrietta Street</b>                       | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>14.10.2021</b> |
| <b>11 Henrietta Street &amp; 33 Maiden Lane</b>    | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>14.10.2021</b> |
| <b>14,15 Henrietta Street &amp; 29 Maiden Lane</b> | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>14.10.2021</b> |
| <b>17-18 Henrietta Street</b>                      | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>08.11.2022</b> |
| <b>30 Maiden Lane</b>                              | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>12.11.2022</b> |
| <b>40-41 Maiden Lane</b>                           | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>12.11.2022</b> |
| <b>42-43 Maiden Lane</b>                           | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>12.11.2022</b> |
| <b>44 Maiden Lane</b>                              | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>12.11.2022</b> |
| <b>Tower House</b>                                 | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>10.02.2022</b> |
| <b>Bedford Chambers</b>                            | <b>London</b> | <b>WC2</b> | <b>Leasehold</b> | <b>23.11.2021</b> |

|                                                    |               |            |                  |                   |
|----------------------------------------------------|---------------|------------|------------------|-------------------|
| <b>40-43 King Street</b>                           | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>08.11.2022</b> |
| <b>11-12 Floral Street</b>                         | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>19.11.2021</b> |
| <b>9-10 Floral Street</b>                          | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>19.11.2021</b> |
| <b>22-23 James Street</b>                          | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>23.11.2021</b> |
| <b>21 James Street</b>                             | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>23.11.2021</b> |
| <b>11 James Street</b>                             | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>23.11.2021</b> |
| <b>Regal House</b>                                 | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>08.11.2022</b> |
| <b>37 King Street</b>                              | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>23.11.2021</b> |
| <b>8 King Street</b>                               | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>23.11.2021</b> |
| <b>9 King Street</b>                               | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>23.11.2021</b> |
| <b>7 King Street</b>                               | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>23.11.2021</b> |
| <b>13-14 Floral Street</b>                         | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>19.11.2022</b> |
| <b>Floral Court</b>                                | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>19.11.2022</b> |
| <b>26 King Street</b>                              | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>23.11.2021</b> |
| <b>35 King Street and 17-18 Floral Street</b>      | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>08.11.2022</b> |
| <b>38 King Street and 15-16 Floral Street</b>      | <b>London</b> | <b>WC2</b> | <b>Leasehold</b> | <b>23.11.2021</b> |
| <b>16 Henrietta Street</b>                         | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>14.10.2021</b> |
| <b>19 Henrietta Street &amp; 35 Bedford Street</b> | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>08.11.2022</b> |
| <b>37 Bedford Street</b>                           | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>12.11.2022</b> |
| <b>39-40 Bedford Street</b>                        | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>12.11.2022</b> |
| <b>39 Floral Street</b>                            | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>19.11.2022</b> |
| <b>37 Floral Street</b>                            | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>19.11.2022</b> |

|                           |               |            |                  |                   |
|---------------------------|---------------|------------|------------------|-------------------|
| <b>Floral Place</b>       | <b>London</b> | <b>WC2</b> | <b>Leasehold</b> | <b>10.02.2022</b> |
| <b>15-17 Long Acre</b>    | <b>London</b> | <b>WC2</b> | <b>Leasehold</b> | <b>10.02.2022</b> |
| <b>14 Garrick Street</b>  | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>19.11.2021</b> |
| <b>Walter House</b>       | <b>London</b> | <b>WC2</b> | <b>Leasehold</b> | <b>19.11.2021</b> |
| <b>158-159 Drury Lane</b> | <b>London</b> | <b>WC2</b> | <b>Freehold</b>  | <b>10.02.2022</b> |

## Source of Information and Scope of Works

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sources of Information</b>       | <p>We have carried out our work based upon information supplied to us by the Company, as set out within this report, which we have assumed to be correct and comprehensive.</p> <p>We have included a schedule in Appendix C of the various due diligence items provided to us by the Company and their advisors, for the purposes of our initial valuation as at December 2007 and thereafter on additional properties entering the portfolio.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>The Properties</b>               | Our report contains a brief summary of the Property Details on which our Valuation has been based.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Inspection</b>                   | <p>We have previously inspected all the properties within the scope of our instructions from the Company to carry out valuations for financial reporting purposes, under which we carry out external inspections of the properties every year and all properties are subject to internal re-inspection over a three-year period.</p> <p>In accordance with your instructions, we have not re-inspected the Properties for the purposes of this valuation, except where properties had not been inspected within twelve months of the valuation date.</p> <p>The Company has confirmed that they are not aware of any material changes to the physical attributes of these properties, since the last inspection. We have assumed this advice to be correct.</p> <p>Where properties have not been reinspected, the valuer will not carry out the usual range of enquiries performed during a full inspection of these properties and will make the appropriate assumptions based on the information provided or available that, without a full inspection, cannot be verified. The instructing parties acknowledge and accept the heightened and inherent uncertainty and risks relying upon a valuation prepared on a desktop basis.</p> |
| <b>Areas</b>                        | We have not measured the Properties but have relied upon the floor areas provided to us by the Company or their professional advisors, which we have assumed to be correct and comprehensive, and which the Company has advised us have been calculated using the: Gross Internal Area (GIA), Net Internal Area (NIA) or International Property Measurement Standard (IPMS) 3 – Office, measurement methodology as set out in the latest edition of the RICS Property Measurement Standards.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Environmental Considerations</b> | <p>We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings or the potential presence of other environmental risk factors and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value.</p> <p>We have not carried out investigation into past uses, either of the property or of any adjacent lands, to establish whether there is any potential for contamination from such uses or sites, or other environmental risk factors and have therefore assumed that none exists.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Services and Amenities</b>       | <p>We understand that the Properties are located in an area served by mains gas, electricity, water and drainage.</p> <p>None of the services have been tested by us.</p> <p>Enquiries regarding the availability of utilities/services to any proposed developments are outside the scope of our report.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Repair and Condition</b>         | We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Town Planning</b>                | We have not undertaken planning enquiries.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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**Titles, Tenures and Lettings**

Details of title/tenure under which the Properties are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants

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# Valuation Assumptions

|                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Introduction</b>                          | <p>An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).</p> <p>Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.</p> <p>The Company has confirmed and we confirm that our Assumptions are correct as far as the Company and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.</p> <p>For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.</p> |
| <b>Capital Values</b>                        | <p>Each valuation has been prepared on the basis of “Market Value”), which is defined in the Red Book as:</p> <p>“The estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”</p> <p>The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation Date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.</p> <p>No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.</p> <p>No account has been taken of the availability or otherwise of capital based Government or European Community grants.</p>    |
| <b>Taxation, Costs and Realisation Costs</b> | <p>As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.</p> <p>Our valuations reflect purchasers' statutory and other normal acquisition costs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>VAT</b>                                   | <p>We have not been advised whether the properties are elected for VAT.</p> <p>All rents and capital values stated in this report are exclusive of VAT.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Passing Rent</b>                          | <p>Passing rents quoted in this report are the rents which are currently payable under the terms of the leases. Passing rents exclude service charges and VAT and are prior to deduction of any non-recoverable costs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Net Annual Rent</b>                       | <p>Net annual rent is defined for the purposes of this transaction as “the current income or income estimated by the valuer:</p> <ul style="list-style-type: none"> <li>(i) ignoring any special receipts or deduction arising from the property;</li> <li>(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and</li> <li>(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent”.</li> </ul>                                                                                                                                                                                                                                                                                                     |
| <b>Estimated Net Annual Rental Value</b>     | <p>The estimated net annual rental value is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Rental Values</b>                    | <p>Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:</p> <p>"The estimated amount for which an interest in real property should be leased on the Valuation Date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Fixtures, Fittings and Equipment</b> | <p>Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.</p> <p>Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.</p> <p>Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations.</p> <p>All measurements, areas and ages quoted in our report are approximate.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Environmental Matters</b>            | <p>In the absence of any information to the contrary, we have assumed that:</p> <ul style="list-style-type: none"> <li>a) the Properties are not contaminated and is not adversely affected by any existing or proposed environmental law;</li> <li>b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities;</li> <li>c) in England and Wales, the Properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive – and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it became unlawful for landlords to rent out a business premise from 1st April 2018 – unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption. In Scotland, we have assumed that the Properties possess current EPCs as required under the Scottish Government's Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards equivalent to those introduced by the 2002 building regulations. We would draw your attention to the fact the Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions;</li> <li>d) In January 2021 the Government closed the consultation period that focused on its latest proposals in England and Wales for 'improving the energy performance of privately rented homes'. The key tenets of the proposals are to; reduce emissions; tackle fuel poverty; improve asset quality; reduce energy bills; enhance energy security; and support associated employment. The proposals are wide ranging and they introduce new demands on residential landlords through Energy Performance Certificates ('EPCs'). Existing PRS Regulations set a minimum standard of EPC Band E for residential units to be lettable. The Government proposals see this threshold being raised to EPC Band C for all new tenancies created from 01 April 2025 and for all existing tenancies by 01 April 2028. The principle for relevant building works is to be 'fabric first' meaning maximisation of components and materials that make up the building fabric to enhance, for example, insulation, ventilation and air-tightness. The proposals also cite; compliance measures and penalties for landlords, letting agents and local authorities; and affordability support for carrying out necessary works. The implication is (as with the existing EPC Band E requirement) that private rented units</li> </ul> |

|                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                     | <p>may effectively be rendered unlettable if they fail to meet or exceed the minimum EPC requirement. It is expected that the Government will respond to the consultation process imminently, with any new regulations taking effect shortly thereafter. It is clear that the market is now paying greater attention to EPC ratings, with many landlords implementing asset management programmes to reflect changing policy requirements. Our Valuation reflects market conditions and regulations effective at the Valuation Date; we make no additional allowances for any future works that may be required in order to ensure that the subject assets would remain lettable under revised regulations;</p> <ul style="list-style-type: none"> <li>e) the Properties are either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value; and</li> <li>f) invasive species such as Japanese Knotweed are not present on the Properties.</li> </ul> <p>High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Properties. Our Valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.</p> |
| <b>Repair and Condition</b>                                                                         | <p>In the absence of any information to the contrary, we have assumed that:</p> <ul style="list-style-type: none"> <li>a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;</li> <li>b) the Properties are free from rot, infestation, structural or latent defect;</li> <li>c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, ACM Cladding, High Alumina Cement (HAC), Asbestos, have been used in the construction of, or subsequent alterations or additions to, the Properties; and</li> <li>d) the services, and any associated controls or software, are in working order and free from defect.</li> </ul> <p>We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Title, Tenure, Lettings, Planning, Taxation and Statutory &amp; Local Authority Requirements</b> | <p>Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:</p> <ul style="list-style-type: none"> <li>a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;</li> <li>b) the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;</li> <li>c) the Properties are not adversely affected by town planning or road proposals;</li> <li>d) the building complies with all statutory and local authority requirements including building, fire and health and safety regulations, and that a fire risk assessment and emergency plan are in place;</li> <li>e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Properties to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);</li> <li>f) all rent reviews are upward only and are to be assessed by reference to full current market rents;</li> </ul>                                                                                                                                                                                                                                                                                                                                                         |

- g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- j) where more than 50% of the floorspace of the Properties is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the Properties. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;
- k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;
- l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and
- m) Land Transfer Tax (or the local equivalent) will apply at the rate currently applicable. In the UK, Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land and Buildings Transaction Tax (LABTT) in Scotland or Land Transaction Tax (LTT) in Wales, will apply at the rate currently applicable

## Appendix A: Properties Details

### Property Details: Properties held for Investment

## Appendix B: Properties Exceeding 5% of Aggregate Market Value of Portfolio

### Properties with a Market Value over 5% of the portfolio

## Appendix C: Information Received

## Appendix A: Properties Details

### Property Details: Properties Lotted by location

| SUB-PORTFOLIO | DESCRIPTION, AGE AND TENURE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | TENANCY                                                                                                                                                                                                                                                                                                        | MARKET VALUE |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1             | <p>Centred around Floral Court, a commercial and residential scheme completed in 2018 comprising 9 retail units, 2 restaurants and 45 residential units linking Floral Street and King Street. Floral Place links Long Acre and Floral Court which will be anchored by Uniqlo who will occupy units fronting both streets. The upper parts of the Long Acre properties comprise offices while on other properties there is a mix of offices and residential.</p> <p>Floral Place and 15-17 Long Acre are geared long leasehold interests whilst the majority of the remaining units are held freehold. The residential units (29) fronting Floral Street within Floral Court have been sold off on a long leasehold basis.</p> | <p>Retail typically let on five year terms to a mixture of national and international retailers. The restaurants typically let on terms of at least ten years and the offices five, frequently with a break after three years. The residential is typically let on an AST basis or to a serviced provider.</p> | £525,975,000 |
| 2             | <p>Comprising The Market Building, Royal Opera House Shops, Bedford Chambers and James Street retail. The Market Building, Royal Opera House shops and Bedford Chambers are all listed period buildings. Ground floor uses comprise exclusively retail and food and beverage with some office space above the retail on James Street. The Royal Opera House shops are held long leasehold with a 5% pay away. The remaining properties are held freehold albeit the Market Building and Bedford Chambers are subject to an intermediary long leasehold interest to the Covent Garden Area Trust with an RPI linked ground rent</p>                                                                                             | <p>Retail typically let on terms between five and ten years with restaurants on at least ten years.</p>                                                                                                                                                                                                        | £695,350,000 |
| 3             | <p>The Southern part of the Estate comprising Henrietta Street, Maiden Lane, Bedford Street, Southampton Street, Wellington Street and part of The Piazza including the London Transport Museum and Jubilee Hall. There is a concentration of restaurants around the Piazza and on Henrietta Street and Maiden Lane</p> <p>All properties held freehold with the exception of Walter House on Bedford Street/Strand which is held on a virtual freehold basis</p>                                                                                                                                                                                                                                                              | <p>The London Transport Museum is let on a long term. The restaurants are typically let on terms of at least ten years. The majority of The Jubilee Hall is subject to a long leasehold at a nominal rent.</p>                                                                                                 | £563,210,000 |

## Appendix B: Properties Exceeding 5% of Aggregate Market Value of Portfolio

| PROPERTY ADDRESS                                          | DESCRIPTION, AGE AND TENURE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | TENANCY                                                                                                                                                                                                                        | MARKET VALUE |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| The Market<br>Covent Garden, London<br>WC2                | <p>Covent Garden Market is the Grade II* Listed former covered fruit and vegetable market dating from circa 1830. It now comprises a mixture of retail and restaurant accommodation comprising a total of approximately 6,540 sq m (70,400 sq ft) arranged over basement, ground and first floor levels. The units are split into four parallel arcades fronting the North Hall, Central Avenue and South Hall and provide double frontages throughout. The open areas between the arcades, in the North and South Halls, provide additional space for outside seating and stall holders.</p> <p>The Market and the surface of the Piazza are both held freehold, subject to a long leasehold interest to the Covent Garden Area Trust (CGAT). The property is sub-let back to the freeholder, subject to a ground rent payment rising annually in line with RPI. The current ground rent passing is £54,463.</p> | <p>The Market is let to a total of 47 tenants on a variety of lease terms expiring between 2022 and 2042</p> <p>There are also a number of 'non-leased' sources of income comprising market stalls and promotional events.</p> | £292,200,000 |
| Royal Opera House Retail,<br>Covent Garden, London<br>WC2 | <p>The property comprises the retail units surrounding the Grade I listed Royal Opera House either side of the entrance to the Opera House off the Piazza. The units were created during the substantial reconstruction of the Royal Opera House during the 1990s. The property provides 21 units on ground with some having basement trading and ancillary areas. The units facing the Piazza face into an arcade, whilst those on James Street and Russell Street open directly onto the Street.</p> <p>Long leasehold expiring in 2241. Head rent geared to 5% of passing rents subject to a minimum of £270,000 per annum</p>                                                                                                                                                                                                                                                                                 | <p>The Royal Opera House Retail is let to 13 separate tenants on a variety of lease terms expiring between 2026 and 2034.</p>                                                                                                  | Confidential |
| Floral Court, Covent<br>Garden, London WC2                | <p>Floral Court is a mixed use development between King Street and Floral Street and is arranged around a pedestrian route and courtyard between the two streets. The development completed in 2018 and comprises 9 retail units, 2 restaurants and 45 apartments.</p> <p>The property is held freehold. The 29 residential units on Floral Street have been sold off on a long leasehold basis.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>The commercial element is let to 8 tenants on a variety of terms expiring between 2028 and 2037</p> <p>The residential is single let.</p>                                                                                   | £100,550,000 |
| Bedford Chambers, 1-7<br>The Piazza, London WC2           | <p>Grade II listed building redeveloped in 2009. Located on the western corner of James Street and the Piazza. The mixed retail and office property is arranged over basement, ground, mezzanine and four upper floors.</p> <p>Total floor area is approximately 3,795 sq. m. (40,852 sq. ft.)</p> <p>Freehold, subject to a long leasehold interest to the Covent Garden Area Trust. Sub-let back to freeholder, subject to a ground rent passing of £19,823 rising annually in line with RPI.</p>                                                                                                                                                                                                                                                                                                                                                                                                               | <p>Single let Apple Retail UK until 2034.</p>                                                                                                                                                                                  | Confidential |

Appendix C: Information Received

| Address        | Legal Due Diligence | Tenancy Information* | Technical Due Diligence | Environmental Due Diligence | Measured Survey |
|----------------|---------------------|----------------------|-------------------------|-----------------------------|-----------------|
| All Properties | x                   | x                    | x                       | x                           | x               |

\*Tenancy information includes leases, tenancy schedules and rent review memoranda as appropriate

The Directors and Proposed Directors  
Capital and Counties Properties PLC ("Capco" or "Client")  
Regal House  
14 James Street  
London WC2E 8BU

The Directors  
Shaftesbury PLC ("Shaftesbury")  
22 Ganton Street  
Carnaby  
London W1F 7FD

N.M. Rothschild & Sons Limited  
New Court  
St. Swithin's Lane  
London EC4N 8AL

Evercore Partners International LLP  
15 Stanhope Gate  
London W1K 1LN  
(together, the "Addressees")

**Jones Lang LaSalle Ltd**  
30 Warwick Street London W1B 5NH  
+44 (0)20 7493 4933

jll.co.uk

Our ref      CQS/435003

29<sup>th</sup> November 2022

Dear Sirs

**Terms of Reference**  
**Portfolio**

Lillie Square Developments Limited  
Lillie Square GP Limited  
Lillie Square LP Limited

**The Properties**

We attach at Appendix 1 a schedule of the properties within the portfolio.

**Tenure**

Freehold and Leasehold

**Valuation Date**

30<sup>th</sup> September 2022

**Instruction Date**

25<sup>th</sup> October 2022

**Instruction and Purpose of Valuation**

Our valuation report (the "Valuation Report") of the properties within the Portfolio is for the supplementary prospectus to supplement the prospectus dated 7 July 2022 (the "Supplementary Prospectus") published by the Client in connection with the recommended all share merger between Capco and Shaftesbury, in connection with which new ordinary shares of the Client will be (a) admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's main market for listed securities; and (b) admitted to listing and trading on the main board of the Johannesburg Stock exchange.

**Basis of Valuation**

We confirm that our valuations and report has been prepared in accordance with the current RICS Valuation – Global Standards, incorporating the International Valuation Standards, and the RICS Valuation – Global Standards 2017 – UK national supplement

published by the Royal Institution of Chartered Surveyors (the “RICS Red Book” as applicable) on the basis of the Market Value.

We further confirm our valuations and report are compliant with:-

- the UK appendix 7 “FCA Listing Rules” of RICS Valuation – Professional Standards UK;
- the FCA's technical note 'Primary Market TN 619.1' which replaces and incorporates the ESMA update (ESMA/2011/81) of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implementation of the European Commission Regulation (EC) n. 809/2004 ("TN 619.1"); and
- the FCA's Prospectus Regulation Rules (the “Prospectus Regulation Rules”) (and in particular Rule 5.4.5G of the Prospectus Regulation Rules).

The report is subject to, and should be read in conjunction with, the General Principles Adopted in the Preparation of Valuations and Reports.

No allowance has been made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the property has been considered free and clear of all mortgages or other charges which may be secured thereon.

We have assumed that in the event of a sale of the properties, they would be marketed in an orderly manner and would not all be placed on the market at the same time.

#### **Inspection**

The properties have been inspected during 2021.

#### **Conflicts of Interest**

We confirm that we have previously valued, and are currently instructed to value, the properties on behalf of the Client, on a bi-annual basis for financial reporting purposes.

We do not consider that any of the above provides a conflict of interest preventing us from preparing the valuations.

#### **Disclosures**

In our firm's preceding financial year the proportion of total fees payable by the Client commissioning this valuation was less than 5 per cent. of the firm's total fee income.

It is not anticipated there will be a material increase in the proportion of fees payable to the firm by the client commissioning this Valuation Report since the end of the last financial year or in the next financial year.

#### **Personnel**

The valuation has been prepared by Chris Strathon FRICS, Director and Nick Carter, Director, MRICS and Liam Hall, Surveyor MRICS.

#### **Status**

In preparing this valuation, we have acted as External Valuers as defined in the RICS Red Book, subject to any disclosures made to you.

## **Assumptions**

As detailed in our General Principles, we have made a number of assumptions, including:

We have assumed that a good and marketable title is held and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interests under consideration.

We have assumed that all leases are drawn on standard terms with no unusual or onerous clauses that would impact on value.

We have not undertaken planning enquiries and have assumed that the properties comply with all relevant regulations and legislation.

We have assumed that the properties are structurally sound and that there are no structural, latent or other material defects.

We have assumed that the properties are not affected by environmental contamination.

We have assumed that mains water, gas and electricity are connected to the properties, and that they drain into the public sewer.

We have made no "Special Assumptions".

## **Sources of Information**

We have not carried out any building surveys or environmental risk assessments. We have not measured the properties and have relied upon areas provided. We have not been supplied with Certificates of Title and assumed that the correct legal title is held.

We have relied on all the scheme drawings, floor areas, build costs and infrastructure costs provided by the Client in relation to the development site at Lillie Square.

We have been provided with up to date tenancy schedules and have relied on these for the purpose of the valuations.

## **Valuation Approach**

For the development site we have undertaken residual development appraisals where we have assessed an estimated gross development value based on what can be built on the site in terms of density and size less estimated construction costs, infrastructure costs, contingency, professional fees, section 106 costs, planning fees, finance and profit on cost for this type of development to arrive at a residual land value. We have also made deductions for other relevant costs, such as overage payments and planning risk where appropriate.

For the commercial investment properties we have applied the investment method whereby the income is capitalised at an appropriate investment yield based on comparable transactions in the market place.

For the residential properties, we have used both the investment method if the flats or houses are let and the comparative method.

#### Market Value

|                                                |                     |
|------------------------------------------------|---------------------|
| Lillie Square GP Limited                       | £150,695,000        |
| <i>Capco 50% of Lillie Square GP Limited</i>   | <i>£75,347,500</i>  |
| Lillie Square LP Limited                       | £2,070,000          |
| Lillie Square Developments Limited             | £6,940,000          |
| <i>Capco 50% of Lillie Square Developments</i> | <i>£3,470,000</i>   |
| <b>Total</b>                                   | <b>£159,705,000</b> |

|                    |                    |
|--------------------|--------------------|
| <i>Capco Share</i> | <i>£80,887,500</i> |
|--------------------|--------------------|

|           |              |
|-----------|--------------|
| Freehold  | £158,745,000 |
| Leasehold | £960,000     |

#### Purchaser's Costs

We have allowed for Stamp Duty Land Tax for the land and commercial properties as follows: Market Value of up to £150,000, zero; next £100,000 (the portion from £150,001 to £250,000), 2.00 per cent.; remaining amount (the portion above £250,000), 5.00 per cent.

We have also allowed for agents' and legal fees plus VAT at standard market rates which amounts to 1.80 per cent.

#### Responsibility

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for the Valuation Report and accept responsibility for the information contained in the Valuation Report and confirm that to the best of our knowledge, the information contained in the Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. The Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and Paragraphs 128 to 130 of Part III.1 (Property Companies) of Technical Note 619.1.

#### Reliance

Our report shall be addressed to the Addressees only. We acknowledge that the shareholders or prospective shareholders of the Client may rely on the Valuation Report in the form that is incorporated into the Supplementary Prospectus for the purposes of enabling them to make an informed assessment of the assets and liabilities, financial position, profits, losses and prospects of the Client and the rights attaching to the ordinary shares of the Client.

We further acknowledge that the shareholders or prospective shareholders of Shaftesbury may rely on the Valuation Report in the form that is incorporated into the Supplementary Prospectus.

#### Restrictions on use

This Valuation Report has been prepared for inclusion in the Supplementary Prospectus. Neither the whole of the Valuation Report, nor any part, nor references thereto, may be published in any document, statement, circular or prospectus, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

JLL has given, and has not withdrawn its consent, for the Valuation Report to be included in the Supplementary Prospectus.

We further hereby consent to our Valuation Report being put on public display in accordance with Item 15.1 of Annex 3 to the Prospectus Regulation (EU) 2019/980, which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended, with prior written approval of JLL.

We hereby consent to the Valuation Report being included on a website as required by the Code.

**Difference in valuation figures**

Pursuant to TN 619.1 III.I 130 (vi), we are required to comment on any differences between the valuation figures in this Valuation Report and the valuation figures as at 31 December 2021 included in the Company's latest published annual accounts. The differences between the valuation as at 31 December 2021 and the Valuation Date of approximately 4 per cent. are attributable to:-

- no acquisitions or disposals in the period;
- tenancy changes;
- capital expenditure and improvements (e.g. refurbishments); and
- completion of the sale of units of the completed development.

Yours faithfully

**Chris Strathon FRICS**

Director

For and on behalf of Jones Lang LaSalle Limited

**Nick Carter MRICS**

Director

For and on behalf of Jones Lang LaSalle Limited

## Appendix 1

### Lillie Square Developments Limited: Lillie Square, London

| PROPERTY REF | ADDRESS                                                                                                                                                                 | TENURE   |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1            | 3 Rickett Street, London SW6<br>The former Bolding Estate comprising 2-12 Rickett Street,<br>5-9 Rickett Street, 5-6 Roxby Place and 2b-3c Seagrave<br>Road, London SW6 | Freehold |
| 2            |                                                                                                                                                                         | Freehold |

### Lillie Square GP Limited: Lillie Square, London

| PROPERTY REF | ADDRESS                                                                          | TENURE AND<br>TENANCIES          |
|--------------|----------------------------------------------------------------------------------|----------------------------------|
| 3            | Lillie Square, London SW6 (Includes Roxby Place and<br>former Network Rail land) | Freehold                         |
| 4            | The Atlas Public House, Seagrave Road, London SW6                                | Freehold                         |
| 5            | 19 Seagrave Road, London SW6<br>19A Seagrave Road, London SW6                    | Both properties held<br>Freehold |
| 6            | 1-5 Lillie Road, London SW6                                                      | Freehold                         |
| 7            | 17 Lillie Road, London SW6                                                       | Freehold                         |

### Lillie Square LP Limited: Lillie Square, London

| PROPERTY REF | ADDRESS                             | TENURE AND<br>TENANCIES |
|--------------|-------------------------------------|-------------------------|
| 8            | 4a and 4b Seagrave Road, London SW6 | Leasehold               |
| 9            | 6a and 6b Seagrave Road, London SW6 | Freehold                |

## Portfolio Valuation

Prepared for:

**Shaftesbury PLC**

Valuation Date:

**30 September 2022**



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Strictly Confidential – For Addressee Only

## VALUATION RECORD

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>To:</b>             | <p>The Directors of Shaftesbury PLC ("Shaftesbury")<br/>(the "<b>Company</b>" or "<b>you</b>")<br/>22 Ganton Street<br/>Carnaby<br/>London W1F 7FD</p> <p>The Directors and Proposed Directors of Capital &amp; Counites Properties PLC ("<b>Capco</b>")<br/>Regal House<br/>14 James Street<br/>London WC2E 8BU</p> <p>Evercore Partners International LLP<br/>15 Stanhope Gate<br/>LONDON W1K 1LN<br/>(in its capacity as financial adviser to the Company)</p> <p>N.M. Rothschild &amp; Sons Limited<br/>New Court<br/>St Swithin's Lane<br/>London EC4N 8AL</p> <p>(collectively referred to as the "<b>Addressees</b>")</p> |
| Property:              | A portfolio of investment properties, the address, tenure and property type of which is included in Appendix A (the " <b>Properties</b> " and each a " <b>Property</b> ").                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Report date:</b>    | 29 November 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Valuation date:</b> | 30 September 2022 (" <b>Valuation Date</b> ")                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

## 1. Instructions

### 1.1. Appointment

We are pleased to submit our report and valuation (the "**Valuation Report**"), which has been prepared in accordance with the engagement letter entered into between us dated 23 May 2022 (the "**Engagement Letter**"). This Engagement Letter and the terms set out therein, together with our Terms of Business, which were sent to you with our Engagement Letter, constitute the "**Engagement**", which forms an integral part of this Valuation Report.

Included in the Engagement Letter is the Valuation Services Schedule, which is included as Appendix A ("**VSS**"). It is essential to understand that the contents of this Valuation Report are subject to the various matters we have assumed, which are referred to and confirmed as Assumptions in the Valuation Services Schedule (which forms part of the Engagement). Where Assumptions detailed in the Valuation Services Schedule are also referred to within this Valuation Report they are referred to as an "assumption" or "assumptions". Unless otherwise defined, all capitalised terms herein shall be as defined in the Engagement.

You have informed us that the Properties are categorised as investments.

We have valued the property interests in the above Property as at the Valuation Date. A list of the addresses of each of the properties in the portfolio, together with a note of their tenure, is included in Appendix 1 in the VSS.

### 1.2. Compliance with RICS Valuation – Global Standards

We confirm that the valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards, which incorporate the International Valuation Standards ("**IVS**") and the RICS UK national supplement (the "**RICS Red Book**"), edition current at the Valuation Date. It follows that the valuations are compliant with IVS.

### 1.3. Compliance with the Prospectus Regulation Rules

The valuation and the Valuation Report comply with Rule 5.4.5G of the Prospectus Regulation Rules, the requirements of the London Stock Exchange and Part III.1. of the FCA's technical note 'Primary Market TN 619.1' which replaces and incorporates the ESMA update (ESMA/2011/81) of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implementation of the European Commission Regulation (EC) n. 809/2004 ("**TN 619.1**").

### 1.4. Status of Valuer and Conflicts of Interest

We confirm that all valuers who have contributed to the valuation have complied with the requirements of PS1 of the RICS Red Book. We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. The Valuation is the responsibility of Charles Smith MRICS, who is a member of the RICS Valuer Registration Scheme and is in a position to provide an objective and unbiased Valuation, and who will act as "**External Valuer**" (as defined in the RICS Red Book) qualified for the Purpose of Valuation.

C&W have current involvement with the Properties in that they are the incumbent valuers to the Company and provide biannual valuations for inclusion in the Company's accounts. C&W undertake various instructions in providing property advice to the Company. We therefore confirm that C&W have current, anticipated and previous recent involvement with the Properties. The advice includes regular valuations of the Properties for accounts purposes as well as ongoing agency, development and other advice in respect of the Properties. We refer to paragraph 1.6 regarding the level of fees received from the Company.

In September 2020, we undertook a valuation of the Properties on behalf of the Company for inclusion in a combined prospectus and circular in connection with a proposed firm placing, placing and open offer and offer for subscription of new ordinary shares of the Company.

C&W acted on behalf of the vendor of the property at 47-49 Charing Cross Road when the Company acquired the property in 2017 and have also acted for Longmartin Properties Limited, a joint venture company owned in equal shares by Shaftesbury PLC and the Mercers' Company. C&W are currently instructed as retail letting agents by the Company in respect of all its retail properties.

This involvement has been discussed with the C&W compliance officer and the Company, who have provided written confirmation that, and notwithstanding our previous involvement, we may proceed with the Valuation.

## 1.5. Purpose of Valuation

The purpose of the Valuation Report ("**Purpose of Valuation**") is ;

a) for inclusion in a supplementary prospectus to be published by Capco to supplement the prospectus published by Capco dated 7 July 2022 (the "**Supplementary Prospectus**") in connection with the all-share merger of the Company and Capco (the "**Transaction**"), with which new shares of Capco will be admitted (i) to listing on the premium listing segment of the Official List of the Financial Conduct Authority ("**FCA**") and to trading on the main market for listed securities on the London Stock Exchange (the "**London Stock Exchange**") and (ii) for listing and trading to the Main Board of the Johannesburg Stock Exchange; and for the purposes of this Valuation Report, the Supplementary Prospectus and/or any further supplementary prospectus shall together be referred to as the "**Transaction Documentation**" and "**Transaction Document**" shall mean any such document.

b) to establish whether a material change has occurred in the Valuation of the Properties since the Valuation Date and the date of the relevant Transaction Document.

Therefore, in accordance with PS 2.5 and UK VPS 3 we have made certain disclosures in connection with this valuation instruction and our relationship with you. These are included in item 1.6 below.

## 1.6. Disclosures required under the provisions of PS 2.5 and UK VPS 3

### Signatories

Charles Smith MRICS has been the signatory of Valuation Reports provided to the Company in respect of the Properties for the purpose of inclusion in the Company's report and accounts for a continuous period since 2013. This is the second time that Adam Patterson has been a signatory to a report addressed to the Company.

C&W endorses the RICS view that it is good practice to rotate the valuer responsible for Regulated Purpose Valuations at intervals not exceeding seven years. C&W's policy in this regard is explained in the Engagement.

### Fee income from the Client

C&W's financial year end is 31 December. We confirm that the proportion of fees payable by the Client to C&W in the financial year to 2021 was less than 5%. We anticipate that the proportion of fees for the financial year to 31 December 2022 will remain at less than 5%.

### C&W's relationship with the Company and involvement in the Properties

C&W has been undertaking various instructions for the Company for a number of years and we confirm that we have current, anticipated and previous recent involvement with certain of the Properties. We confirm that this factor has been discussed with the Company who has agreed for C&W to act in such capacities.

C&W have not received an introductory fee or negotiated a purchase of any of the Properties within the last 12 months.

## 1.7. Inspection

The Properties were subject to internal or external inspection, by Chartered Surveyors who are qualified for the purposes of this instruction, between 31 March 2022 and 30 September 2022. We undertake a rolling inspection programme whereby each Property is subject to internal inspection at least once every five years.

The Properties have been revalued for the purpose of this Report without internal inspection of the majority of the Properties.

The Company has confirmed that no material changes to the physical attributes of the Properties or the nature of their location have occurred since our inspection, our valuation as at the Valuation Date and the date of this Report.

## 1.8. Departures

We have made no Departures from the RICS Red Book.

## 1.9. Limitations

The valuation is not subject to any limitations.

## 1.10. Floor Areas

Unless specified otherwise, floor areas and analysis in this report are based on the following bases of measurement, as defined in RICS Property Measurement and RICS Code of Measuring Practice (the edition current at the Valuation Date):

|             |     |
|-------------|-----|
| Retail      | NIA |
| Restaurant  | GIA |
| Office      | NIA |
| Residential | GIA |

## 1.11. Measurement

We have adopted floor areas as provided to us by the Company.

## 1.12. Accommodation

### Source of Floor Areas

The Company or its advisers have provided us with the floor areas of the Properties that are relevant to our valuation. As instructed, we have relied on these areas and have not checked them on site. We have made an Assumption that the floor areas supplied to us have been calculated in accordance with the RICS Property Measurement (the edition current at the Valuation Date).

## 1.13. Sustainability and ESG

Sustainability is an increasingly important factor in the UK real estate market. The UK has committed to net zero carbon by 2050, with legislation already in place to reduce CO2 emissions from buildings. We consider it likely that further legislation and regulations will be introduced in

coming years. Alongside this, occupiers and investors in some sectors are becoming more particular in the sustainability aspects of the buildings they choose to occupy or purchase.

The existence of a green premium for the more sustainable buildings is a matter of ongoing market monitoring, investigation and debate. Appropriate levels of market evidence have yet to be established to demonstrate fully whether additional value can be ascribed to such buildings.

However, it should be noted that the market is evolving due to the focus from both occupiers and investors on a property's sustainability credentials. We expect that awareness of sustainability matters will increase throughout all sectors of the property market.

#### **1.14. Sources of Information**

In addition to information established by us, we have relied on the information obtained from you and others listed in this Valuation Report, and in particular in Appendix B, Sources of Information.

Having taken reasonable care to ensure that, in our professional opinion, the information provided is likely to be reliable, we have made the Assumption that the information provided by you and your respective professional advisers in respect of the Properties we have valued is both full and correct. We have made the further Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

We confirm that the valuation has been undertaken bringing the required levels of independence and objectivity to bear on the instruction, applying professional scepticism to information and data where it is provided and relied on as evidence.

#### **1.15. General Comment**

A high proportion of the total value of the Properties is accounted for by properties situated in adjacent and/or adjoining locations in four specific areas of the West End of London: Carnaby Street and its environs, Chinatown and the adjoining area immediately west of Wardour Street (south of its junction with Shaftesbury Avenue), and the areas around Seven Dials in the western part of Covent Garden and a block of properties to the east of the Central Covent Garden Piazza with its main frontage to Wellington Street. These areas are all dominated by retail and restaurant uses.

In our opinion, at the Valuation Date, this particular unusual confluence of ownership and use characteristics may cause some prospective purchasers to regard parts of the portfolio when combined as having a greater value than the aggregate of the individual values of the combined properties which make up those parts.

All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or Special Assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer's opinion of value would exactly coincide with the price achieved were there an actual sale at the Valuation Date.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation were to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should you contemplate a sale, we strongly recommend that the Properties are given proper exposure to the market.

A copy of this Valuation Report should be provided to your solicitors and they should be asked to inform us if they are aware of any aspect which is different, or in addition, to that we have set out; in which case we will be pleased to reconsider our opinion of value in the light of their advice and / or opinions.

## 2. Taxation and costs

The opinion of value which C&W will attribute to the Properties will be the figure C&W considers would appear in a contract for sale, subject to the appropriate assumptions for the Basis of Value reported. Costs associated with the transaction, including any taxes, legal fees and other expenses, would be payable by the purchaser in addition to the figure reported.

No adjustment will be made by C&W to reflect any liability to taxation that may arise on disposal, or development of the Properties nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance will be made by C&W to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

C&W's valuation figure for the Properties will be that receivable by a willing seller excluding VAT, if applicable.

## 3. VAT

The valuations and rents included in this Valuation Report are net of value added tax at the prevailing rate.

## 4. Property Information

### 4.1. Enquiries

We have undertaken and completed the various matters referred to in the "Scope of Services" section of the VSS in Appendix A. Save as referred to below, the results of our enquiries and inspections do not contradict the Assumptions which we have made and are referred to in the Engagement.

## 5. Basis of Valuation

The basis of value for this Valuation Report as required by FCA's Prospectus Regulation Rules is Market Value and therefore these valuations have been prepared on a Market Value basis.

### Market Value

The value of the Properties has been assessed in accordance with the relevant parts of the current RICS Red Book. In particular, we have assessed Market Value as referred to in VPS4, Item 4 of the current edition of the RICS Valuation - Global Standards which incorporate the International Valuation Standards ("**IVS**") and the RICS UK national supplement (the "**RICS Red Book**"), and applying the conceptual framework which is set out in IVS104:

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

Our valuation as at 30 September 2022 addressed to the Company for financial reporting purposes was on the basis of Fair Value – IFRS (the definition of which is reproduced in Appendix 2 to the Valuation Services Schedule attached at Appendix A). However, the references in the IFRS 13 definition to market participants and a sale make it clear that for most practical purposes the concept of Fair Value is consistent with that of Market Value and so there would be no difference between them in terms of the valuation figure reported.

Our Valuation has been undertaken by us as External Valuers as defined in the RICS Valuation Standards (being independent experts for the purposes of TN 619.1). The Properties are held as

investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

We have also reported the Estimated Net Annual Rent Receivable which represents the total income receivable from all tenancies and licences, (including deemed income on outstanding rent reviews and any deemed income on tenancies that are holding over) less any non-recoverable revenue costs. The deemed income on outstanding rent reviews is our opinion of rental value assessed in accordance with our understanding of the terms of the occupational lease review provisions. Non-recoverable revenue costs include, but are not limited to, such items as any non-recoverable service charge, empty rates, insurance, marketing contribution or ground rent payable by the landlord.

## 6. Assumptions and Special Assumptions

The Glossary in the RICS Red Book refers to an Assumption as a "supposition taken to be true". In this context, Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. A Special Assumption is referred to in the Glossary in the RICS Red Book as an Assumption that "either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date". We confirm that no special assumptions have been made in undertaking our valuation.

## 7. Valuation Approach and Reasoning

Our opinion of the Market Value of the Property has been primarily derived using comparable recent rental and investment market transactions on arm's length terms. We have adopted an investment method of valuation based on an income approach and adopted a suitable market capitalisation rate.

For a property in the course of refurbishment/reconfiguration, the Market Value will reflect the investment value of the completed property, assuming that it had been completed at the valuation date, less the anticipated costs to complete.

Other than as stated below, each Property has been valued individually and we have excluded any addition or deduction that might arise if a sale as a portfolio were contemplated. We have assumed that each of the Properties had been marketed in an orderly way and not placed on the market at the same time.

In accordance with VPS1 Item 3.2 d) and VPGA 9 of the current edition of the RICS Valuation – Global Standards, in undertaking our valuations we have lotted together certain individual properties to form a separate property (each referred to as a "Property", collectively as the "Properties") in the manner we consider to be most likely to be adopted in the case of an actual sale. We consider that lotting the properties together on the basis reflected in our valuations would allow a purchaser to capitalise on the estate management advantages and opportunities available from such comprehensive ownership.

### Market Conditions

Following the initial recovery of the economy from the pandemic, the UK is currently experiencing heightened uncertainty due to a number of factors.

The recent political turmoil observed in the UK has compounded the impact being felt from the war in Ukraine as well as the continued lockdowns in China with the corresponding impact on the pre-existing supply chain issues. These factors have compounded inflationary pressures with annual inflation being at a 40-year high which is resulting in higher costs of living expenses as well as an expectation of further significant increases in the Bank of England base rate.

The financial markets' reaction to the September 2022 'mini-budget' has seen heightened volatility in government gilt yields as well as the SONIA SWAP rates and Sterling against other currencies. The Bank of England has acted to stabilise the markets but confidence remains thin.

Economic commentators and the rating agencies are forecasting a decline in UK GDP with a recession widely predicted.

In recognition of the potential for market conditions to move rapidly in response to wider political and economic changes, we highlight the importance of the Valuation Date as it is important to understand the market context under which the valuation opinion was prepared. At this point we anticipate longer marketing periods being required to elicit bids.

## 8. Valuation

Having regard to the foregoing, we are of the opinion that the aggregate of the Market Values ("Aggregate Value"), as at the Valuation Date, of the freehold and leasehold interests in the Properties owned by the Company, subject to the Assumptions and comments in our Valuation Report and the Appendices, was:

| Valuation              |                       |                                                                                     |
|------------------------|-----------------------|-------------------------------------------------------------------------------------|
| <b>Total Aggregate</b> | <b>£3,188,050,000</b> | <b>(Three billion, one hundred and eighty-eight million, fifty thousand pounds)</b> |

The apportioned values, as at the Valuation Date, of the freehold, long leasehold and part freehold/leasehold elements were as follows:

|                                          |                       |                                                                                     |
|------------------------------------------|-----------------------|-------------------------------------------------------------------------------------|
| Freehold                                 | £726,500,000          | (Seven hundred and twenty-six million, five hundred thousand pounds)                |
| Part freehold,<br>part long<br>leasehold | £2,402,800,000*       | (Two billion, four hundred and two million, eight hundred thousand pounds)          |
| Long<br>Leasehold                        | £58,750,000**         | (Fifty-eight million, seven hundred and fifty thousand pounds)                      |
| <b>Total</b>                             | <b>£3,188,050,000</b> | <b>(Three billion, one hundred and eighty-eight million, fifty thousand pounds)</b> |

\* Within this sum are five properties (each a "Lotted Property") which are the result of the lotting together of several smaller properties. The majority of each Lotted Property is held freehold but includes properties which are held on long leases. Also included is 23/27 New Row which is held part freehold and part leasehold, the majority of the value being in the leasehold element. For details of the tenure of each property, please refer to the Property Schedule in Appendix 1 to Appendix A. We have undertaken a notional apportionment of the Fair Value between the freehold and long leasehold elements of each Lotted Property below. The individual freehold and long leasehold figures above do not themselves represent the Fair Value of the two elements.

\*\* Long leasehold is defined as an interest with an unexpired term of more than 50 years.

| Property                   | Freehold                                                                                                                  | Long Leasehold                                                                                               | Total                                                                                                        |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Carnaby Main Block         | £1,124,800,000<br>(One billion, one hundred and twenty-four million, eight hundred thousand pounds)                       | £24,150,000<br>(Twenty-four million, one hundred and fifty thousand pounds)                                  | £1,148,950,000<br>(One billion, one hundred and forty-eight million, nine hundred and fifty thousand pounds) |
| Chinatown Central          | £369,900,000<br>(Three hundred and sixty-nine million, nine hundred thousand pounds)                                      | £114,350,000<br>(One hundred and fourteen million, three hundred and fifty thousand pounds)                  | £484,250,000<br>(Four hundred and eighty-four million, two hundred and fifty thousand pounds)                |
| Chinatown Western          | £208,550,000<br>(Two hundred and eight million, five hundred and fifty thousand pounds)                                   | £7,500,000<br>(Seven million, five hundred thousand pounds)                                                  | £216,050,000<br>(Two hundred and sixteen million, fifty thousand pounds)                                     |
| Soho – Berwick Street Lot  | £120,000,000<br>(One hundred and twenty million pounds)                                                                   | £8,500,000<br>(Eight million, five hundred thousand pounds)                                                  | £128,500,000<br>(One hundred and twenty-eight million, five hundred thousand pounds)                         |
| Covent Garden – Single Lot | £407,080,000<br>(Four hundred and seven million, eighty thousand pounds)                                                  | £13,520,000<br>(Thirteen million, five hundred and twenty thousand pounds)                                   | £420,600,000<br>(Four hundred and twenty million, six hundred thousand pounds)                               |
| 23/27 New Row              | £800,000<br>(Eight hundred thousand pounds)                                                                               | £3,650,000<br>(Three million, six hundred and fifty thousand pounds)                                         | £4,450,000<br>(Four million, four hundred and fifty thousand pounds)                                         |
| <b>Total</b>               | <b>£2,231,130,000</b><br><b>(Two billion, two hundred and thirty-one million, one hundred and thirty thousand pounds)</b> | <b>£171,670,000</b><br><b>(One hundred and seventy-one million, six hundred and seventy thousand pounds)</b> | <b>£2,402,800,000</b><br><b>(Two billion, four hundred and two million, eight hundred thousand pounds)</b>   |

The figures quoted above are aggregated figures of the individual Market Values for each property interest in the portfolio. If the portfolio were to be sold as a single lot or in groups of properties, the total values could differ significantly.

In arriving at our opinion of Market Value of the aggregate of the interests of the above Properties, we have valued each property individually. We have assumed that the Properties would be marketed in an orderly way and not all placed on the market at the same time.

#### Estimated Net Annual Rent Receivable

The Estimated Net Annual Rent Receivable, which represents the total income receivable from all tenancies and licences, (including deemed income on outstanding rent reviews and any deemed income on tenancies that are holding over) less any non-recoverable revenue costs as at the Valuation Date was:

£109,616,234 per annum (One hundred and nine million, six hundred and sixteen thousand, two hundred and thirty-four pounds per annum)

#### Properties with an individual value of more than 5% of the Company's total aggregate valuation

We have set out below the Properties included in the Aggregate Value where the Company owns a property with a value of more than 5% of the Company's total aggregate valuation.

| Property                         | Description, Age and Tenure                                                                                                                                                                                                                                                                                                                                                                                                                                          | Terms of Existing Tenancies                                                                                                                                                                                                                                                                                                                                                          | Market Value |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Covent Garden Single Lot, London | Primarily centered around the Seven Dials Monument in Covent Garden the "Single Lot" comprises a mix of retail, restaurant, office and residential accommodation. The single lot comprises buildings of various size and ages, including the recently refurbished Thomas Neals Centre. The bulk of the properties are situated on Earlham Street, Monmouth Street, Neal Street and in Neals Yard. The Single Lot is predominantly held freehold albeit there are six | The commercial elements of the property are subject to around 120 commercial leases, the majority of which are on effective full repairing and insuring terms. Lease terms vary; typically they are for terms of five years for retail and office premises and up to 10 years for restaurants. The majority of the residential flats in the upper parts are let on Assured Shorthold | £420,600,000 |

|                                       | commercial long leasehold elements.                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Tenancies for periods of three years.                                                                                                                                                                                                                                                                                                                                                                           |                |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Carnaby Estate, Main Block, London W1 | A primarily retail and restaurant mixed use estate located in London's West End comprising approximately 685,000 sq ft. The property is centred on Carnaby Street and its surrounding streets. We understand that the buildings in the block predominantly date from the 18th to 20 <sup>th</sup> centuries. The majority of the property is freehold with five long leasehold elements on long leases at an aggregate of £23 per annum                                                 | The commercial elements of the property are subject to around 275 leases, the majority of which are on effective full repairing and insuring terms. Lease terms vary; typically they are for terms of five years for retail and office premises and up to 25 years for restaurants. The majority of the residential flats in the upper parts are let on Assured Shorthold Tenancies for periods of three years. | £1,148,950,000 |
| Central Chinatown Block, London W1    | Centred on Gerrard Street and its neighbouring streets to the east of Wardour Street, the property comprises a mixed use block of approximately 215,000 sq ft, primarily in restaurant and retail uses. We understand that the buildings in the block predominantly date from the 18th to 20 <sup>th</sup> centuries. The majority of the property is freehold; there are 15 leasehold interests (11 of which relate to residential flats) at aggregate ground rents of £110 per annum. | The commercial elements of the property are subject to around 90 leases, the majority of which are on effective full repairing and insuring terms. Lease terms vary; typically they are for terms of five years for retail and office premises and up to 25 years for restaurants. The majority of the residential flats in the upper parts are let on Assured Shorthold Tenancies for periods of three years.  | £484,250,000   |
| Western Chinatown Block, London W1    | Centred on the west side of Wardour Street and its neighbouring streets, the property comprises a mixed use block of approximately 130,000 sq ft, primarily in restaurant and retail uses. The property is freehold. We understand that the                                                                                                                                                                                                                                             | The commercial elements of the property are subject to around 45 leases, the majority of which are on effective full repairing and insuring terms. Lease terms vary; typically they are for terms of five years for                                                                                                                                                                                             | £216,050,000   |

|  |                                                                                        |                                                                                                                                                                                            |  |
|--|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | buildings in the block predominantly date from the 18th to 20 <sup>th</sup> centuries. | retail and office premises and up to 25 years for restaurants. The majority of the residential flats in the upper parts are let on Assured Shorthold Tenancies for periods of three years. |  |
|--|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

## Property Disposals

There have been no property disposals since the Valuation Date.

## Paragraph 130 (VI), TN 619.1

Pursuant to paragraph 130, Part III.1 of TN 619.1, we are required to comment on any differences between the valuation figures in this Valuation Report and the valuation figures as at 31 March 2022 included in the Company's latest published annual accounts. The differences between the valuation as at 31 March 2022 and the Valuation Date are predominantly attributable to

- an increase in selective rental values as a result of improved sentiment and robust occupier demand
- an increase in yields applied to the retail, restaurant/leisure and office sectors to reflect deteriorating investor sentiment

The valuation figures included in the Company's latest published annual accounts as at 31 March 2022 totalled £3,261,500,000. The decrease in values between 31 March 2022 and the Valuation Date is £73,600,000, which equates to a decrease of 2.26%. On a like for like basis (reflecting changes in capex, acquisitions and disposals since 30 March 2022), the decrease was around 3.6%.

## 9. Disclosures in accordance with the Prospectus Rules

**It is confirmed that the Valuation Report is issued solely in connection with the Purpose of Valuation for inclusion in the Supplementary Prospectus.**

### Material Difference

We confirm that, in our opinion, there is no material difference between the values stated in this Valuation Report and the values that would be stated were the Valuation Date the date of the Supplementary Prospectus.

### Consent

C&W has given and has not withdrawn its consent to the inclusion of this Valuation Report in the Supplementary Prospectus published by Capco in the form and context in which it is included.

### Responsibility

For the purposes of Prospectus Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge, the information contained in this Valuation Report is in accordance with the

facts and makes no omission likely to affect its import. This Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and TN 619.1.

## 10. Disclosure

Except in connection with the Purpose of the Valuation set out above or as expressly contemplated in the Engagement Letter you must not disclose the contents of this Valuation Report to a third party in any way, including where we are not referred to by name or if the Valuation Report is to be combined with other reports, documents or information, without first obtaining our written approval to the form and context of the proposed disclosure in accordance with the terms of the Engagement. We will not approve any disclosure that does not refer adequately to the terms of the Engagement and any Special Assumptions or Departures that we have made.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced without our prior written consent. To the extent permitted by law, we hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out in the terms of the Engagement.

We hereby consent to our Valuation Report being put on public display in accordance with Item 15.1 of Annex 3 to the Prospectus Regulation (EU) 2019/980, which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.

## 11. Reliance

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

Save for (i) any responsibility to any person arising under Prospectus Regulation Rule 5.3.2R(2)(f) as and to the extent there provided to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the Addressees (save as otherwise provided for in the terms of the Engagement) for any loss suffered by any such other person as a result of, arising out of, or in connection with this Valuation Report or our statement, required by and given solely for the purposes of complying with Annex 3 item 1.2 of the Prospectus Regulation (EU) no. 2019/980 (which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended).

This Valuation Report may be relied upon only in connection with the Purpose of Valuation stated and only by:

- (i) the Addressees;
- (ii) the shareholders and prospective shareholders of the Company;
- (iii) the shareholders and prospective shareholders of Capco; and
- (iv) by such other parties who have signed a Reliance Letter.

Signed for and on behalf of Cushman & Wakefield Debenham Tie Leung Limited

**Charles Smith MRICS**

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## APPENDIX A: ENGAGEMENT

### Services Schedule – Valuation & Advisory

#### 1. Property Details

Appendix 1 includes the address, tenure and property type of each of the properties ("**Properties**", and each a "**Property**") to be valued ("**Property Schedule**").

The Properties are held by various subsidiary companies of Shaftesbury PLC (Shaftesbury PLC and its subsidiary companies are collectively referred to as the "**Client**").

We would draw the Client's attention to the fact that under the ESMA definition of property, only freehold, heritable, leasehold or equivalent property held may be the subject of the formal Valuation Report (as that term is defined below).

It is important to note that, where the Company holds a proportion of the ownership in an individual property via a shareholding in a separate holding vehicle, our valuation will be of the 100% legal property interest held by the holding vehicle. In respect of the properties held in joint ventures or by associates, the Valuation Report will include apportionments of the Market Values of the property interests based on the Company's share of the proportionate interests in the joint ventures or associates.

#### 2. Client

Shaftesbury PLC ("**Client**"). For the avoidance of doubt, none of Capco, Rothschild & Co or Evercore (each as defined below) will constitute a "Client" for the purposes of the Terms of Business.

#### 3. Addressees

The Valuation Report will be addressed to the directors of Shaftesbury PLC, to the directors and proposed directors of Capital & Counties Properties PLC ("**Capco**"), Evercore Partners International LLP (in its capacity as financial adviser and Rule 3 adviser to the Client) and to N.M. Rothschild & Sons Limited ("**Rothschild & Co**") in its role as UK sponsor to Capco (together, the "**Addressees**"), and will also be publicly available when included in the Prospectus.

The Addressees shall be entitled to rely on and enforce the terms of the Engagement as set out in the Engagement Letter and on the Valuation Report subject in each case to the terms of the Engagement.

By relying on the Valuation Report, Capco, Evercore and Rothschild & Co shall be deemed to acknowledge and agree that C&W's duties and obligations to Capco, Evercore and Rothschild & Co under and in connection with the Valuation Report shall be no different or greater and of no longer duration than the duties and obligations which C&W owes to the Client under the Engagement.

C&W shall have no greater liability to the Addressees by virtue of such reliance, either in nature, extent, or in time, than C&W has to the Client under the Engagement and C&W shall be entitled to rely on any limitation in the Engagement and to raise the equivalent rights in defence of liability or indemnity to the Addressees (both jointly and severally) as are available to C&W against the Client under the Engagement.

C&W's limit of liability under this Engagement represents the maximum total liability to Capco, Evercore and Rothschild & Co and to all other parties permitted to rely on the Valuation Report in the aggregate save in respect of the FCA's Prospectus Regulation Rule 5.3.2(R)(2)(f) where the limit of liability does not apply.

Nothing in this Agreement excludes or limits C&W's liability to the extent that such liability may not be excluded or limited as a matter of applicable law or the requirements of the Financial Conduct Authority or the London Stock Exchange.

#### 4. Client Instructions

The Client has instructed C&W to:

- a. undertake a valuation of the legal interests in the Properties described in the Property Schedule ("**Valuation**") as at 31 March 2022 (the "**Valuation Date**");
- b. provide a valuation report in the format referred to in the 'Scope of Services' section below ("**Valuation Report**") for the following purposes of valuation ("**Purposes of Valuation**"). For inclusion in:
  1. a prospectus and/or any supplementary prospectus to be published by Capco in connection with the issue of new ordinary shares in the capital of Capco to the existing shareholders of Shaftesbury as consideration for the acquisition by Capco of the entire issued and to be issued share capital of Shaftesbury not already owned by Capco (the prospectus prepared in connection with the Proposed Transaction being referred to in this letter as the "**Prospectus**") as a result of which new shares of Capco will be admitted (i) to listing on the premium listing segment of the Official List of the Financial Conduct Authority ("**FCA**") and to trading on the main market for listed securities on the London Stock Exchange (the "**London Stock Exchange**") and (ii) for listing and trading to the Main Board of the Johannesburg Stock Exchange;

For the purposes of this letter, the Prospectus and/or any supplementary prospectus shall together be referred to as the "**Transaction Documentation**" and "**Transaction Document**" shall mean any such document;

- c. Establish whether a material change has occurred in the Valuation of the Properties since the Valuation Date and the date of the relevant Transaction Document;
- d. Provide a consent letter, among other things, consenting to the inclusion of the Valuation Report in the Transaction Documentation;
- e. Provide a correct extraction letter in relation to information included in any Transaction Document extracted from the Valuation Report ; and
- f. Provide a bring down comfort letter dated the date of publication and/or release of the relevant Transaction Document .

#### 5. Timetable

C&W will provide: (a) a preliminary draft Valuation Report; and (b) a final Valuation Report.

A timetable covering the delivery of the draft and final Valuation Report will be drawn up and agreed with the Client prior to the commencement of the work.

C&W's work will be dependent upon receiving full co-operation from the Client and timely disclosure of all information, as we may need for the purposes of our work.

#### 6. Basis of Valuation

The basis of valuation for the Valuation Report as required by the FCA Prospectus Regulation Rules is Market Value and therefore the valuations have been prepared on a Market Value basis.

In accordance with the Client's instructions, C&W will undertake the Valuation on the following basis:

##### 6.1 Market Value

Market Value as referred to in VPS4, Item 4 of the current edition of the RICS Valuation - Global Standards which incorporate the International Valuation Standards ("**IVS**") and the RICS UK national supplement (the "**RICS Red Book**"), and applying the conceptual framework which is set out in IVS104:

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion"*

## 6.2 Special Assumptions

The Glossary of the RICS Red Book states that an Assumption "*that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date*" is a "**Special Assumption**".

As instructed, we will not make any Special Assumptions.

## 7. Scope of Services

Included in the Services are:

### 7.1 Valuation Report

Providing a Valuation Report that will be prepared in English. C&W will provide one electronic copy of the Valuation Report and, if requested, one signed hard copy. Where the Valuation Report is required to contain site plans these will be based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, C&W's understanding of the extent of title based on site inspections or copy title plans supplied to C&W. The Client should not rely on C&W's plans to define boundaries.

As agreed, C&W will not provide full details of the valuation approach and reasoning in the Valuation Report. We will provide a summary property schedule for Properties with a value of over 5% of the aggregate valuation.

### 7.2 Currency

Providing a Valuation in UK Pounds Sterling (£).

### 7.3 Inspections

Inspections are undertaken in accordance with the Valuers Brief set out in the letter of appointment from the Company to C&W in respect of undertaking the biannual valuations for inclusion in Company Accounts.

### 7.4 Floor Areas

Adopting floor areas provided to C&W for the purpose of the Valuation, (subject to the provisions of section 12.2 of the Assumptions).

### 7.5 Tenancies & Leasing

Relying on tenancy information provided by the Client, subject to the provisions of section 12.3 of the Assumptions. For the avoidance of doubt, C&W will not read copy leases.

### 7.6 Environmental Matters (including Flooding)

Reviewing the relevant Local Authority websites regarding environmental matters, including contamination and flooding and reviewing (subject to the provisions of section 0 of the Assumptions). For the avoidance of doubt, C&W will not undertake an environmental assessment or prepare a land quality statement, which would be the responsibility of an environmental consultant or chartered environmental surveyor. In this respect, C&W will have regard to any environmental reports provided to C&W (subject to the provisions of section 12.4 of the Assumptions).

### 7.7 Title

Reading a Certificate of Title where this is provided to C&W and C&W will reflect its contents in the Valuation (subject to the provisions of section 12.6 of the Assumptions).

C&W will not inspect the title deeds of the Properties.

Unless agreed in writing in advance with the Client, C&W will not obtain information from the Land Registry.

## 7.8 Condition of Structure & Services, Deleterious Materials and Ground Conditions

Taking into account the general condition of each Property as observed from the inspections undertaken for the purposes of the valuations for accounts purposes as at 31 March 2022 (subject to section 12.7 of the Assumptions). Where a separate condition or structural survey has been undertaken and made available to C&W, C&W will reflect the contents of the survey or condition report in the Valuation Report, but may need to discuss the survey or condition report with the originating surveyor.

## 7.9 Statutory Requirements and Planning

As previously instructed by the Client, C&W will not make enquiries of the relevant planning authorities in respect of each Property. C&W will make verbal enquiries of the Client's planning advisers as appropriate as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. C&W will also seek to ascertain whether any outstanding planning applications exist which may affect any Property, and whether any Property is listed or included in a Conservation Area. C&W will also attempt to verify the existing permitted use of each Property, and endeavour to have sight of any copies of planning permissions. For the avoidance of doubt, C&W will not undertake formal searches.

## 7.10 Exclusion

Where C&W is engaged to prepare a Valuation Report in connection with a proposed transaction in respect of the Properties, expressly excluded from the Services is the provision of any recommendation or otherwise by C&W as to whether to proceed with such a proposed transaction. Accordingly the Client must not in any circumstances construe the Valuation Report as a recommendation whether or not to proceed with such a proposed transaction.

## 8. Basis of Appointment

C&W confirms that:

1. The Valuation and Valuation Report will be undertaken in accordance with the appropriate sections of the current edition of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS UK national supplement (the "**RICS Red Book**"). In this context "current edition" means the version in force at the Valuation Date. .
2. The Valuation Report will comply with Rule 5.4.5G of the FCA's Prospectus Regulation Rules, the requirements of the London Stock Exchange and Part III.1. of the FCA's technical note 'Primary Market TN 619.1' which replaces and incorporates the ESMA update (ESMA/2011/81) of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implementation of the European Commission Regulation (EC) n. 809/2004 ("**TN 619.1**").

The Valuation will be the responsibility of Charles Smith MRICS, who is a member of the RICS Valuer Registration Scheme and is in a position to provide an objective and unbiased Valuation. The Valuation will be undertaken by suitably qualified valuers, who have the knowledge, skills and understanding to undertake the Valuation competently and who will act as "**External Valuers**" (as defined in the RICS Red Book) qualified for the Purpose of Valuation.

C&W does not (and any affiliates of C&W do not) act as external valuers as defined under the Alternative Investment Fund Manager's Directive ("**AIFMD**") legislation, or its equivalent under local law. C&W expressly disclaims any responsibility or obligations under AIFMD and/or its equivalent unless expressly agreed in writing in advance by C&W.

C&W have current involvement with the Properties in that they are the incumbent valuers to the Company and provide biannual valuations for inclusion in the Company's accounts. C&W undertake various instructions in providing property advice to the Company. We therefore confirm that C&W have current, anticipated and previous recent involvement with the Properties. The advice includes regular valuations of the Properties for accounts purposes as well as ongoing agency, development and other advice.

Most recently, in September 2020, we undertook a valuation for inclusion in a combined prospectus and circular in connection with a proposed firm placing, placing and open offer and offer for subscription of new ordinary shares of the Company.

C&W acted on behalf of the vendor of the property at 47-49 Charing Cross Road and have also acted for Longmartin Properties Limited, a joint venture company owned in equal shares by Shaftesbury PLC and the Mercers' Company. C&W are currently instructed as retail letting agents by the Client.

This involvement has been discussed with the C&W compliance officer and the Company, who have provided written confirmation that, and notwithstanding our previous involvement, we may proceed with the Valuation.

C&W confirms that we have had no previous material interest in the Company or material connection or involvement with any of the Properties other than as set out above, and that copies of our conflict of interest checks have been retained within the working papers.

The proposed Valuation is a "**Regulated Purpose Valuation**" (as defined in RICS UK national supplement ("**UKNS**") UK VPS 3. C&W confirms that the Properties do not include any interests which have been acquired by the Client within the 12 months preceding the Valuation Date and in respect of which C&W has either received an introductory fee or negotiated that purchase on behalf of the Client.

In accordance with the provisions of UK VPS 3.1, in terms of any future acquisitions, C&W would be unable to undertake a valuation of a property acquired by a C&W client within the twelve months preceding the Valuation Date if, in relation to that property, C&W received an introductory fee or negotiated the purchase on behalf of that client unless another firm, unconnected with C&W, has provided a valuation of that property for the client at the time of or since the transaction was agreed.

In accordance with PS 2.5 of the RICS Red Book and UK VPS 3, the Valuation Report will set out the length of time Charles Smith MRICS has been the signatory to valuations provided to the Client for the same purpose as the Valuation Report, the length of time C&W has continuously been carrying out that valuation instruction for the Client, the extent and duration of C&W's relationship with the Client and the proportion of C&W's total fee income made up by the fees payable by the Client (to the nearest five percentage points). C&W will require these disclosures to be made in any published references to the Valuation Report.

C&W must seek to ensure there will be no potential conflicts of interest arising not only from C&W's involvement with the Properties and with the Client but also any related parties to the Client. Accordingly, the Client must advise C&W of any relevant parties connected to the Client's organisation.

In accordance with PS 2.5 of the RICS Red Book, C&W confirm our policy on rotation of the valuer accepting responsibility for Regulated Purpose Valuations and a statement of the quality control procedures that C&W has in place, as follows:

*"C&W endorses the RICS view that it is good practice to rotate the valuer responsible for Regulated Purpose Valuations at intervals of not more than seven years, unless there are overriding circumstances to the contrary. C&W discusses the method of rotation of the signatory to Regulated Purpose Valuation reports with its clients.*

*C&W operates internal quality control procedures throughout its valuation practice including a system whereby the valuation of property meeting certain criteria requires the approval of an internal Value Committee."*

## 9. Inclusion in the Transaction Documentation

The Valuation Report is required for inclusion in the Prospectus (and any supplementary prospectus) in connection with, among other things, the Proposed Transaction. C&W understands that the final Prospectus (and any supplementary prospectus) containing the final Valuation Report, will be approved by the FCA. C&W will therefore provide a final copy of the Valuation Report to be incorporated into the Prospectus (and any supplementary prospectus) together with a consent letter addressed to each of the Addressees (in the form set out in Part A of Appendix 2) (the "**Consent Letter**") by which C&W consents to:

1. the inclusion of the Valuation Report within the Prospectus (and any supplementary prospectus) in the form and context in which it is included in each Transaction Document; and
2. the Valuation Report being put on public display in accordance with Item 15.1 of Annex 3 to the Prospectus Regulation (EU) 2019/980 which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended,

provided that: (i) C&W has first approved the form in which the Valuation Report is to appear within the Prospectus (and any supplementary prospectus) and (ii) the consent letter is factually correct.

In addition upon:

1. the date of publication of the Prospectus, to the extent that the Valuation Report is dated prior to the date of publication of any such document;
2. the admission of new shares in Capco as consideration for the Proposed Transaction to the Official List and the Main Market of the London Stock Exchange; and
3. the date of publication of any supplementary prospectus,

C&W will deliver a letter to the Addressees (the "**Bringdown Letter**") and address it to the Addressees and any person who we have allowed to rely on the Valuation Report for the Purpose of the Valuation (excluding members of the general public). The Company will confirm to us the dates on which the events set out in (1) to (3) (where applicable) will occur.

C&W will include the following confirmations in the Valuation Report substantially in the following form:

*"For the purposes of the Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge, the information contained in this Valuation Report is in accordance with the facts and this Valuation Report contains no omissions likely to affect its import. This Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and TN 619.1."*

If required by TN 619.1, the Valuation Report may be required to include an explanation of the differences between 30 September 2021 and the valuation figures as stated in the Valuation Report as required by TN 619.1.

In addition to reproduction of the full text, the other sections of the Prospectus and, if applicable, any supplementary prospectus, may contain certain information extracted or derived from the Valuation Report. If so, C&W will confirm in a letter, addressed to each of the Addressees and dated the date of publication of the Prospectus and dated the date of any supplementary prospectus, whether such information has been properly and accurately extracted or computed from the Valuation Report (in the form set out in Part C of Appendix 2, the "**Correct Extraction Letter**").

C&W also understands that the Client intends to distribute and publish announcements, presentations and other documents in connection with the Proposed Transaction both before and after the publication of the final Transaction Documentation, which may include information extracted from the Valuation Report. Accordingly, we confirm that such information may be included in such announcements, presentations and other documents without our prior written consent, save that, where such announcements, presentation or other documents

refers to C&W, the information may be included only with C&W's prior written consent (which may be by way of email) and with agreed non reliance disclaimer, which consent will not be unreasonably withheld or delayed.

C&W will, where requested: (i) circulate drafts of our Valuation Report and comfort letters and liaise with the Addressees and their respective legal advisers, (ii) provide comments and mark-ups to the draft Transaction Documentation in relation to the property valuation sections and (iii) discuss with the Client, the Addressees and their respective legal advisers, any matters and issues relating to the Valuation as they arise prior to issuing the final form Valuation Report.

C&W acknowledges that Capco and Shaftesbury shareholders or prospective shareholders may, inter alia, rely on the Valuation Report in the form that it is included in any Transaction Document.

Except for any responsibility arising to any person under the FCA's Prospectus Regulation Rule 5.3.2R(2)(f) as and to the extent provided under the FCA's Prospectus Regulation Rules

to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person (save as otherwise set out in this Engagement Letter) for any loss suffered by any such other person as a result of, arising out of, or in accordance with the Valuation Report or our statements set out above required by and given solely for the purposes of complying with:

- a. Annex 3, item 1.2 of the Commission Delegated Regulation (EU) no. 2019/980;
- b. Rule 5.4.5G of the Prospectus Regulation Rules; or
- c. TN 619.1.

## 10. Special and Additional Terms

### 11.1 Use of Valuation Report

g. The Valuation Report may be used only for the Purpose of Valuation referred to in item (b) of 'Client Instructions' in this Services Schedule.

### 11.2 Areas

The areas C&W report will be appropriate for the Purpose of the Valuation but should not be relied upon for any other purpose.

### 11.3 Group of Properties / Lotting

Unless C&W has confirmed otherwise in this Services Schedule, each property will be valued individually; in the case of a portfolio, C&W will assume that each of the Properties would be marketed in an orderly way and not placed on the market at the same time.

In accordance with VPS1 Item 3 d) and VPGA 9 of the current edition of the RICS Valuation – Global Standards, in undertaking our valuations we will lot together certain individual properties to form a separate property in the manner we consider to be most likely to be adopted in the case of an actual sale. We consider that lotting the properties together on the basis reflected in our valuations would allow a purchaser to capitalise on the estate management advantages and opportunities available from such comprehensive ownership.

### 11.4 Limitations

There are no limitations.

### 11.6 Form of the Valuation Report

The Valuation Report will be drawn up to comply with mandatory requirements of the RICS Red Book, the requirements of the relevant provisions of the rules made by the FCA, the Prospectus Regulation Rules (in particular Rule 5.4.5G) and TN 619.1.

### 11.7 Disclosure

We acknowledge that the Valuation Report will be on public display in accordance with Item 15.1 of Annex 3 to the Prospectus Regulation (EU) 2019/980 which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended. C&W will not consent to publication or disclosure of the Valuation Report unless, where relevant, it incorporates adequate reference to the Special Assumptions and/or Departures from the RICS Red Book referred to in this Services Schedule. Where adequate reference to such Special Assumptions and/or Departures are made, such consent will not be unreasonably withheld or delayed.

C&W acknowledges that the Valuation Report may be included in the Transaction Documentation and also in draft versions of the Transaction Documentation in accordance with section 10 above.

In addition, C&W agrees to the Client and Addressees disclosing the Valuation Report, strictly on a non-reliance and no-duty basis:

1. to each of their affiliates; and its, and their respective affiliates, professional advisers, insurers, auditors or bankers;
2. where required by law, order, rule (including the rules of any applicable stock exchange or any other applicable supervisory or regulatory authority having jurisdiction over it or any of its affiliates) or regulation, or a court of competent jurisdiction;
3. in seeking to establish any defence in any legal or regulatory proceeding or investigation relating to the matters set out herein; or
4. in connection with any actual or potential dispute or claim to which it may be a party and which relates to the matters set out herein

### 11.8 Age of Building

h. If C&W states the age of a building in the Valuation Report, this will be an estimate and for guidance only.

### 11.9 Condition of Structure, Foundations, Soil & Services

It is a condition of C&W or any related entity, or any qualified employee, providing advice and opinions as to value, that the Client and/or third parties (whether notified to C&W or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

### 11.10 Plant & Machinery

No allowance will be made by C&W for any items of plant or machinery not forming part of the service installations of the buildings. C&W will specifically exclude all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses. C&W will also exclude furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools, except where such items would ordinarily transfer to a prospective purchaser in the sale of a trading business as a going concern.

### 11.11 Goodwill

No account will be taken by C&W in the Valuation of any business goodwill that may arise from the present occupation of the Properties, except where such business goodwill (excluding any personal goodwill) would ordinarily transfer to a prospective purchaser in the sale of a trading business as a going concern.

### 11.12 Statutory Requirements & Planning

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. Where a Client needs to rely upon the information given about town planning matters, the Client's legal advisers must be instructed to institute such formal searches. C&W recommends that the Client requests C&W to review its comments and Valuation in light of any resultant findings.

### 11.13 Defective Premises Act 1972

No allowance will be made by C&W for rights, obligations or liabilities arising under the Defective Premises Act 1972.

### 11.14 Legal Issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted by C&W for the true interpretation of the legal position of the Client or any other parties in respect of the Valuation. Where C&W expresses an opinion on legal issues affecting the Valuation, then such opinion is subject to verification by the Client with a suitable qualified legal adviser.

### 11.15 Deduction of Notional Purchaser's Costs

The opinion of value which C&W will attribute to the Property will be the figure C&W considers would appear in a contract for sale, subject to the appropriate assumptions for the Basis of Value reported. Costs associated with the transaction, including any taxes, legal fees and other expenses, would be payable by the purchaser in addition to the figure reported.

Furthermore, the Client's attention is drawn to the fact that when assessing Market Value, for balance sheet purposes, C&W will not include directly attributable acquisition or disposal costs in the Valuation. Where C&W is requested to reflect these costs, they will be stated separately.

### 11.16 Taxation & Disposal Costs

No adjustment will be made by C&W to reflect any liability to taxation that may arise on disposal, or development of the Property nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance will be made by C&W to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

C&W's valuation figure for the Property will be that receivable by a willing seller excluding VAT, if applicable.

### 11.17 Monitoring

The compliance of the valuations undertaken in accordance with the RICS Red Book may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

### 11.18 Valuation Components

The components of C&W's valuation calculations (such as future rental values, cost allowances, or void periods) may only be appropriate as part of the valuation calculations and should not be taken as a forecast or prediction of a future outcome. The Client should not rely on any component of the valuation calculations for any other purpose.

### 11.19 Properties to be Developed or in the Course of Development or Requiring Repair/Refurbishment and Recently Completed Developments

Unless specifically agreed in writing to the contrary, C&W's fee assumes that C&W will be provided with information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date. Normally such figures will be provided by the Client's professional advisers involved in the construction programme. Unless specifically instructed to the contrary in writing, C&W will rely on such figures, dates and information and the Client should make this fact known to such advisers. Alternatively, on request, C&W can arrange for independent quantity surveyors to provide an assessment of costs and dates at an additional fee charge.

## 11. Assumptions

The RICS Red Book contains a glossary that defines various terms used in the RICS Red Book that have a special or restricted meaning. One such term is an assumption which is defined as "A supposition taken to be true" ("**Assumption**"). Accordingly in this context, C&W will make certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, the Valuation that C&W will not verify as part of the valuation process but rather, in accordance with the definition in the RICS Red Book, will treat as true because it is agreed that specific investigation by C&W is not required. In the event that any of these Assumptions prove to be incorrect then the Valuation will need to be reviewed.

### 12.1 Confirmation of Assumptions

The Client's counter-signature of the Engagement Letter represents confirmation that all of the Assumptions, referenced within the Assumptions section, are correct.

The Client must promptly notify C&W in writing if any of the Assumptions are incorrect. Should any amendment to the Assumptions set out in the Services Schedule result in an increase in the scope of the Engagement this may result in an appropriate increase in C&W's fees and expenses due under the Engagement.

Where the Properties are subject to a revaluation without re-inspection, unless the Client advises C&W in writing in advance, C&W will make an Assumption that no material changes to the physical attributes of the Properties and the areas in which the Properties are situated have occurred since the Properties were last inspected by C&W.

### 12.2 Areas

Where C&W is provided with floor areas, C&W will make an Assumption that the areas have been measured and calculated in accordance with the current edition of RICS Professional Statement RICS Property Measurement.

### 12.3 Tenancies and Leasing

C&W's opinion of the Market Value will be subject to existing leases of which the Client or its advisors have made C&W aware but otherwise will reflect an Assumption of vacant possession. Where C&W has undertaken to read the leases and related documents provided to it, C&W will make an Assumption that copies of all relevant documents will be sent to C&W and that they are complete and up to date.

Where C&W relies on tenancy and lease information provided to it, unless such information reveals otherwise, C&W will make the Assumption that all occupational leases are on full repairing and insuring terms, with no unusual or onerous provisions or covenants that would affect value.

C&W will make an Assumption that vacant possession can be given of all accommodation which is unlet or occupied by the entity or its employees on service tenancies. C&W will not take account of any leases between subsidiaries unless C&W states otherwise in the Services Schedule.

C&W will not undertake investigations into the financial strength of any tenants unless otherwise referred to in the Valuation Report. Unless C&W has become aware by general knowledge, or has been specifically advised to the contrary, C&W will make an Assumption that:

- a. where a Property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- b. there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, the Valuation will reflect a potential purchaser's likely opinion of the credit worthiness of the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

C&W will take into account any information the Client or its advisors provide concerning tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, C&W will make an Assumption that the relevant Property was let with all alterations and improvements evident during

C&W's inspection (or, in the case of a Valuation without internal inspection, as described within the information provided by the Client).

C&W will also make an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary changes, all notices have been served validly within the appropriate time limits.

#### 12.4 Environmental Matters

If C&W's enquiries or any reports supplied to C&W indicate the existence of environmental problems without providing method statements and costings for remedial works, then C&W may not be able to issue a Valuation Report except on the Special Assumption that the Properties are assumed NOT to be affected by such environmental matters. In certain circumstances, the making of such a Special Assumption may be unrealistic and may be a Departure from the requirements of the RICS Red Book. In these circumstances, the Valuation Report may include a recommendation that an investigation should be undertaken to quantify the costs and that subsequently the Valuation should be reviewed.

Where C&W's enquiries lead C&W to believe that the Properties are unaffected by contamination or other adverse environmental problems, including but not limited to the risk of flooding, mining or quarrying, radon gas, and the proximity of high voltage electrical equipment then, unless the Client instructs C&W otherwise, the Valuation will be based on an Assumption that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value.

If any of the Properties lie within or close to a flood plain, or have a history of flooding, C&W will make the Assumption that building insurance is in place and available to be renewed to the current or any subsequent owner of the relevant Property, without payment of an excessive premium or excess.

In the absence of any information to the contrary, C&W will make the assumption that invasive species such as Japanese Knotweed are not present at the Properties.

Depending on the nature of the investigations made and the information revealed, the Valuation Report may include a statement that, in practice, a purchaser might undertake further investigations and that if these revealed contamination or other adverse environmental problems, then this might reduce the value reported.

#### 12.6 Title

Save as disclosed either in any Certificate of Title or unless specifically advised to the contrary by the Client or its legal advisers and as referred to in the Valuation Report, C&W will make the Assumption that there is good and marketable title in all cases and that the Property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. C&W will also make an assumption that the Property is free from mortgages, charges or other encumbrances.

If verification of the accuracy of any site plans contained in the Valuation Report is required, the matter must be referred to the Client's legal advisers.

C&W will make the Assumption that roads and sewers serving the Property have been adopted and that the Property has all necessary rights of access over common estate roads, paths, corridors and stairways, and rights to use common parking areas, loading areas and other facilities.

#### 12.7 Condition of Structure and Services, Deleterious Materials and Ground Conditions

Due regard will be paid by C&W to the apparent general state of repair and condition of each Property, but a condition or structural survey will not be undertaken, nor will woodwork or other parts of the structure which are covered, unexposed or inaccessible, be inspected. Therefore, C&W will be unable to report that each Property is structurally sound or is free from any defects. C&W will make an Assumption that each Property is free from any rot, infestation, adverse toxic chemical treatments, and structural, design or any other defects other than such as may be mentioned in the Valuation Report.

The current versions of the BRE publication "*List of excluded materials – a change in practice*" and British Council for Offices publication "*Good Practice in the Selection of Construction Materials*" make recommendations for good building practice and whether construction materials are considered to be deleterious, hazardous or harmful ("**Prohibited Materials**"). C&W will not arrange for investigations to be made

to determine whether any Prohibited Materials have been used in the construction or any alterations of the Properties. C&W will not be able to confirm that each Property is free from risk to health and safety or the fitness for purpose (suitability and durability) of any construction works, nor will C&W be able to confirm that the nature or application of any materials do not contravene any relevant British Standard or EU equivalent. For the purposes of the Valuation, C&W will make an Assumption that each Property has been constructed in accordance with good building practice and any investigation of each of the Properties by a Chartered Building Surveyor would not reveal the presence of Prohibited Materials in any adverse condition.

C&W will not carry out an asbestos inspection and will not act as an asbestos inspector in completing the valuation inspection of each Property that may fall within the Control of the Asbestos at Work Regulations 2012. C&W will not make an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2012), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, C&W will make an Assumption that there is a duty holder, as defined in the Control of Asbestos at Work Regulations 2012 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. C&W recommends that such enquiries be undertaken by the Client's legal advisers during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations will be undertaken by C&W to certify that the sites are free from any defect as to foundations. C&W will make an Assumption that all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual or adverse effect on building costs, property values or viability of any development or existing buildings.

C&W will make the Assumptions that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive, and that the site has no archaeological significance, which might adversely affect the present or future occupation, development or value of each Property.

No tests will be carried out by C&W as to electrical, electronic, heating, plant and machinery equipment or any other services nor will the drains be tested. However, C&W will make an Assumption that all building services (including, but not limited to lifts, electrical, electronic, gas, plumbing, heating, drainage, sprinklers, ventilation, air conditioning and security systems) and property services (such as incoming mains, waste, drains, utility supplies etc.) are in good working order and without any defect whatsoever.

## 12.8 Statutory Requirements and Planning

Save as disclosed in a Certificate of Title, or unless otherwise advised, C&W shall make the Assumption that all of the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary, they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, C&W shall also make the Assumption that the Properties are not subject to any outstanding statutory notices as to construction, use or occupation and that all existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

C&W shall make the Assumption that the Properties comply with all relevant statutory requirements.

Energy Performance Certificates ("**EPC**") must be made available for all properties, when bought or sold, subject to certain exemptions. If the Properties are not exempt from the requirements of this Directive C&W shall make an Assumption that an EPC is made available, free of charge, to a purchaser of all the interests which are the subject of the Valuation.

In addition, in England and Wales the Minimum Energy Efficiency Standards Regulations are effective from 1 April 2018. The regulations prohibit the granting of a new tenancy or lease renewal of privately rented residential or business premises which do not have an EPC rating of 'E' or above. C&W will ask the Client or its advisors for information relating to the EPC ratings of the Properties if the Properties are not exempt from these requirements. In any instance where C&W is not provided with an up to date EPC rating C&W will make the Assumption that the Properties meet the minimum requirements to enable it to be let.

In any instance where C&W is to value Properties with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, C&W will make an Assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the Properties, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, the Client must inform C&W and request C&W to reconsider its opinion of value. Advice would be required from the Client's legal advisers and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which C&W will reflect in its reconsideration of value.

If a planning consent is subject to Judicial Review, the Client must inform C&W and request C&W to reconsider its opinion of value. Advice would be required from the Client's legal advisers and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which C&W will reflect in its reconsideration of value.

## 12.9 Information

Notwithstanding the Terms of Business, C&W will make an Assumption that the information provided by the Client and/or its professional advisers in respect of each Property to be valued is both full and correct. C&W will make an Assumption that details of all matters relevant to value within their collective knowledge, including but not limited to matters such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to it, and that such information is up to date.

If the Valuation is required for the purpose of purchase, loan security or other financial transaction, the Client accepts that full investigation of the legal title and any leases is the responsibility of its legal advisers.

Where comparable evidence is included in the Valuation Report, this information is often based on C&W's verbal enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where C&W had reason to believe its general accuracy or where it was in accordance with expectation. It is unlikely that C&W will have inspected comparable properties.

## 12.10 Landlord and Tenant Act 1987

The Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in a building where more than 50% of the floor space is in residential use. Where this is applicable, C&W will make an Assumption that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold or head leasehold interest, and therefore disposal into the open market is unrestricted.

## 12.11 Leasehold Reform Housing and Urban Development Act 1993 and Leasehold Reform Act 1967

If C&W value the freehold or leasehold interest in either blocks of flats or in houses, the following will apply. The Leasehold Reform Housing and Urban Development Act 1993, as amended by the Commonhold and Leasehold Reform Act 2002, or The Leasehold Reform Act 1967 (collectively the "Act") give certain rights to residential tenants to acquire either the freehold/leasehold interest in any building which qualifies under the Act, or the right to lease extension. If this is applicable, C&W shall make an Assumption that no residential tenants have elected under the provisions of that Act to acquire the freehold or head leasehold interests, nor have they elected to acquire a lease extension, unless the Client and/or its advisers specifically inform C&W to the contrary.

## 12.12 Properties to be developed or in the course of development or requiring repair/refurbishment and recently completed developments

Where C&W undertake a Valuation of the completed Properties this will be based on an Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specification, current British Standards and any relevant codes of practice. C&W will also make an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.

## 13. Information requested from Client

Please provide the following information:

- Tenancy schedules

- Service charge details
- Irrecoverable outgoings information
- Details of current negotiations such as rent reviews / lettings / lease renewals / dilapidation claims
- Development costs to be expended/dates of practical completion/ specifications
- Any available information regarding potential EPC capital expenditure

C&W believes that reliance on this information will not render our Valuation Report unreliable.

**Appendix 1 - Property Schedule** (all properties have been inspected externally between 31 March 2022 and 30 September 2022 and internally in accordance with the rolling programme referred to in 7.3 above)

| PROPERTY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | INTEREST                                                                                                                                  | PROPERTY TYPE |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| <b>CARNABY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                           |               |
| <p>The Carnaby Estate Main Block which comprises the following: South Block, Carnaby Estate, London W1: 44-57 Carnaby Street; 1-17 Kingly Street; 15-23 (odd) Ganton Street; 17-25 (odd) Beak Street and Kingly Court;</p> <p>North Block, Carnaby Estate, London W1: 32-43 Carnaby Street, 6-22 Foubert's Place (even), 19-30 Kingly Street, 14-22 Ganton Street and 26 Ganton Street;</p> <p>Foubert's Place East, Carnaby Estate, London W1: 23-43 (odd) Foubert's Place * and 30/31 Great Marlborough Street;</p> <p>37/39 Great Marlborough Street, Carnaby Estate, London W1 &amp;</p> <p>31-35 (odd numbers) Beak Street and 2-4 (inclusive) Carnaby Street, 37, 41*, 43*, 45*, 47 Beak Street, 61-69 Broadwick Street, 5-7 (inclusive) 5a, 8, 9, 10-20 Carnaby Street &amp; 74 Broadwick Street*, 21, 22, 23, 24, 25, 26-27, 28-28a, 29, 30, 31 Carnaby Street, 9-11 (odd numbers), 13-15 (odd numbers), 17, 19, 21, 30-32 (even numbers) Fouberts Place, 2, 4-6 (even numbers), 8, 10, 12, 13, Ganton Street, 27/28 &amp; 35/36 Great Marlborough Street, Lasenby House, Kingly Street, 31 Kingly Street (inc 5 and 7 Fouberts Place), 2 Lowndes Court (inc 12a Newburgh Street), 3 Lowndes Court, 1, 2 Marlborough Court, 33, 34, 35, 36, 37, 47, 49, 51 Marshall Street, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 Newburgh Street, 13-15 (inclusive) Newburgh Street (inc 3, 4 Marlborough Court, 5, 6 Lowndes Court), 16, 17 Newburgh Street, London W1.</p> | All properties are freehold except where marked with an asterisk (within 23-43 Foubert's Place, 23-27 Foubert's Place are held leasehold) | Investment    |
| 20 Beak Street & 6 Upper John Street, London, W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Freehold                                                                                                                                  | Investment    |
| 46-48 Beak Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Freehold                                                                                                                                  | Investment    |
| 61-63 Beak Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Freehold                                                                                                                                  | Investment    |
| 1 & 2 Marshall Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Freehold                                                                                                                                  | Investment    |
| 57 Broadwick Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Freehold                                                                                                                                  | Investment    |
| 37-38 Golden Square, 5-6 Upper James Street & 36 Beak Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Leasehold                                                                                                                                 | Investment    |
| <b>SOHO</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                           |               |
| <p>The Berwick Street Single Lot which comprises the following: 1-4 Berwick Street &amp; 4 Peter Street*, 8, 11, 12, 17, 18, 19, 20, 22, 24, 26, 27-29 (inclusive), 30 Berwick Street &amp; 13 Wardour Mews, 32,</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Freehold with the exception of properties marked with an asterisk                                                                         | Investment    |

| PROPERTY                                                                                                                                                           | INTEREST  | PROPERTY TYPE |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------------|
| 36, 37, 39, 40, 45, 46, 47 Berwick Street & 6a Noel Street, 52, 60, 61, 68, 75, 79, 80, 81, 90 Berwick Street, 18 Broadwick Street, 29 D'Arblay Street, London W1* |           |               |
| Kemp House, 92-104 Berwick Street                                                                                                                                  | Leasehold | Investment    |
| 15/35 Brewer Street, London W1                                                                                                                                     | Freehold  | Investment    |
| 26/28 Brewer Street, London W1                                                                                                                                     | Freehold  | Investment    |
| 49 Brewer Street, London W1*                                                                                                                                       | Leasehold | Investment    |
| 58 Brewer Street, London W1                                                                                                                                        | Freehold  | Investment    |
| 60 Brewer Street, London W1                                                                                                                                        | Freehold  | Investment    |
| 8-12 Broadwick Street, London W1                                                                                                                                   | Freehold  | Investment    |
| 19-25 Broadwick Street, London W1                                                                                                                                  | Freehold  | Investment    |
| 46 Broadwick Street, London W1                                                                                                                                     | Freehold  | Investment    |
| 103 Charing Cross Road, London WC2                                                                                                                                 | Freehold  | Investment    |
| 2/4 Denman Street, London W1                                                                                                                                       | Freehold  | Investment    |
| 12/14 Denman Street.                                                                                                                                               | Freehold  | Investment    |
| 15 Denman Street, London W1                                                                                                                                        | Freehold  | Investment    |
| 50 Frith Street, London W1                                                                                                                                         | Freehold  | Investment    |
| 41 Lexington Street, London W1                                                                                                                                     | Freehold  | Investment    |
| 48 Lexington Street, London W1                                                                                                                                     | Freehold  | Investment    |
| 49 Lexington Street, London W1                                                                                                                                     | Freehold  | Investment    |
| 53 Lexington Street, London W1                                                                                                                                     | Freehold  | Investment    |
| 14/14a Old Compton Street, London W1                                                                                                                               | Freehold  | Investment    |
| 16 Old Compton Street, London W1                                                                                                                                   | Freehold  | Investment    |
| 61 Old Compton Street, London W1                                                                                                                                   | Freehold  | Investment    |
| 23 Romilly Street, London W1                                                                                                                                       | Freehold  | Investment    |
| 1-2 Silver Place and Flat 3, London W1                                                                                                                             | Freehold  | Investment    |

| PROPERTY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | INTEREST                                                          | PROPERTY TYPE |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|---------------|
| CHINATOWN                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                   |               |
| The Central Chinatown Block, which comprises the following: 64-92 (even nos.) 96 & 98 Shaftesbury Avenue and Macclesfield Chambers, 3, 4, 5, 6, 7-11, 13-23, 36, 37, 38, 39 & 48 Gerrard Street, 1/2a Gerrard Place, 1/3, 4 & 8 Horse & Dolphin Yard, 32-32A, 34 & 36 Wardour Street, 2-7 Dansey Place and 2-5, 12 & 13 Macclesfield Street, London W1, 14, 15, 18, 19, 20, 21, 26/27* & 28-30 Lisle Street, 1 & 11-13 Newport Place, 7, 8, 9, 12-13 & 15 Little Newport Street, 21-24a Newport Court, London WC2; Parts of 100-124 Shaftesbury Avenue, London W1* which comprise the following: at ground floor and basement level 100, 102, 104 (no basement), 108, 110, 112, 114, 118, 120 and 124 Shaftesbury Avenue. 7 and 8 Egmont House on the first floor of 116 Shaftesbury Avenue and 5 Egmont House on the second floor. 5 and 7 Nassau House on the first floor and 8 Nassau House on the second floor of 122 Shaftesbury Avenue. Flats 1, 3, 4, 5, 6 and 8 Exeter Mansions on the first, second and fourth floors of 106 Shaftesbury Avenue. Flats 1, 2, 3 and 4 Egmont House on the third and fourth floors of 116 Shaftesbury Avenue. Flat 3 on the fourth floor of Nassau House, 122 Shaftesbury Avenue, London W1; 47-49 Charing Cross Road, London WC2; Central Cross, London WC2* which comprises 51-59 (odd) Charing Cross Road, 28-35 Newport Court and 10-18 (even) Newport Place. | Freehold with the exception of properties marked with an asterisk | Investment    |
| The Western Chinatown Block, which comprises properties at 9, 11, 20, 21, 22/22A & 24, 25, 27, 31, 33/37 & 39 Wardour Street; 29 Wardour Street & 1-4 Rupert Court; 5-8 Rupert Court; 13/21 Wardour Street & 14/16 Rupert Street; 16a, 20, 24, 26, 28, 30, 34, 36/40 & 42 Rupert Street; 50/56, 58/60 & 62 Shaftesbury Avenue; 5 Lisle Street*, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | All properties are freehold with the exception of 5 Lisle Street  | Investment    |
| 4 Leicester Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Freehold                                                          | Investment    |
| FITZROVIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                   |               |
| 8 Charlotte Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Freehold                                                          | Investment    |
| 10 Charlotte Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Freehold                                                          | Investment    |
| 11/13 Charlotte Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Freehold                                                          | Investment    |
| 18 Charlotte Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Freehold                                                          | Investment    |
| 19/23 Charlotte Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Freehold                                                          | Investment    |
| 22 Charlotte Street, London W1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Freehold                                                          | Investment    |
| 28 Charlotte Street, London W1*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Leasehold                                                         | Investment    |

| PROPERTY                                                                                                                                                                                 | INTEREST                                                   | PROPERTY TYPE |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|---------------|
| 30 Charlotte Street, London W1                                                                                                                                                           | Freehold                                                   | Investment    |
| 1 Charlotte Place, London W1                                                                                                                                                             | Freehold                                                   | Investment    |
| 2 Charlotte Place, London W1                                                                                                                                                             | Freehold                                                   | Investment    |
| 5 Charlotte Place, London W1                                                                                                                                                             | Freehold                                                   | Investment    |
| 6 Rathbone Place, London W1                                                                                                                                                              | Freehold                                                   | Investment    |
| 25 Rathbone Place, London W1                                                                                                                                                             | Freehold                                                   | Investment    |
| 29/30/31 Rathbone Place, London W1                                                                                                                                                       | Freehold                                                   | Investment    |
| 47 Rathbone Street, London W1                                                                                                                                                            | Freehold                                                   | Investment    |
| 23 Rathbone Street, London W1                                                                                                                                                            | Freehold                                                   | Investment    |
| 36-39 Newman Street, London W1*                                                                                                                                                          | Leasehold                                                  | Investment    |
| 48 Newman Street, London W1                                                                                                                                                              | Freehold                                                   | Investment    |
| 22 Goodge Street, London W1                                                                                                                                                              | Freehold                                                   | Investment    |
| 27 Goodge Street, London W1                                                                                                                                                              | Freehold                                                   | Investment    |
| 32/34 Goodge Street, London W1                                                                                                                                                           | Freehold                                                   | Investment    |
| 43 Goodge Street, London W1                                                                                                                                                              | Freehold                                                   | Investment    |
| 47 Goodge Street, London W1                                                                                                                                                              | Freehold                                                   | Investment    |
| 49 Goodge Street, London W1                                                                                                                                                              | Freehold                                                   | Investment    |
| 62/64 Goodge Street, London W1                                                                                                                                                           | Freehold                                                   | Investment    |
| 62/63 Tottenham Court Road, 1-7 & 11-13 Goodge Street*                                                                                                                                   | Leasehold                                                  | Investment    |
| OPERA QUARTER                                                                                                                                                                            |                                                            |               |
| The Opera Quarter, which comprises properties at 20/26a, 30/40 & 44 Wellington Street, 1-3 Russell Street, 15/17 & 21/33 Catherine Street and 13/21 & 34/42 Tavistock Street, London WC2 | Freehold                                                   | Investment    |
| Bow Street, London WC2                                                                                                                                                                   | Freehold                                                   | Investment    |
| SEVEN DIALS                                                                                                                                                                              |                                                            |               |
| The Covent Garden Single Lot which comprises the following: 1/1A, 3, 5, 7, 8, 9, 10, 15-23, 36, 38/39 & 43 Earlham Street, 1/1A,                                                         | Freehold (except 7/7A Neals Yard, 8 & 36/38 Earlham Street | Investment    |

| PROPERTY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | INTEREST                                                | PROPERTY TYPE |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------|
| 3, 4, 14-18, 23, 29-39, 42, 44, 46, 48, 50/52, 53, 55, 57/59, 61, 63, 65/67, 69/71 & 73 Monmouth Street, 5/7, 9-11, 13-16, 20-23 Shorts Gardens, 148, 150, 154/6, 178, 180, 184, 186/8 Shaftesbury Avenue, 22, 25A, 27/27A, 29, 30-32, 31, 33, 35/7, 39, 41/45, 47-51, 50, 52, 53A, 54, 55-59, 56, 58, 62, 64, 66, 68-70, 72 & 74 Neal Street, 1-2/2A, 3-7, 8/10, 11/13, 14/15, 16 & 17 Neals Yard, 21 Tower Street, 1, 5, 11-13, 15/17, 19 & 25 Shelton Street, 33-34 Mercer Street, Thomas Neals Centre, London WC2 | and Flat 5, 148 Shaftesbury Avenue which are Leasehold) |               |
| 140 Cambridge Circus WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Freehold                                                | Investment    |
| 15/21 Endell Street & 45 Shelton Street, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Freehold                                                | Investment    |
| 18 Endell Street, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Freehold                                                | Investment    |
| 31 Endell Street, London, WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Freehold                                                | Investment    |
| 37 Endell Street, London, WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Freehold                                                | Investment    |
| 24 Litchfield Street, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Freehold                                                | Investment    |
| 25 Litchfield Street, London, WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Freehold                                                | Investment    |
| 27/29 Shorts Gardens, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Leasehold                                               | Investment    |
| 4-10 Tower Street, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Freehold                                                | Investment    |
| 2-4 Upper St Martins Lane, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Freehold                                                | Investment    |
| 7a Upper St Martins Lane, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Freehold                                                | Investment    |
| 36/38 West Street & 142 Shaftesbury Avenue, London, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Freehold                                                | Investment    |
| COLISEUM                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                         |               |
| 4 Bedfordbury, London, WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Freehold                                                | Investment    |
| 60/61 Chandos Place, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Freehold                                                | Investment    |
| William IV Street & Chandos Place Lot, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Freehold                                                | Investment    |
| 32/34 Cranbourn Street & 77 St Martins Lane, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Freehold                                                | Investment    |
| 44a & 44b Floral Street, London WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Freehold                                                | Investment    |
| 23/25 Garrick Street, London, WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Freehold                                                | Investment    |
| 39 King Street, London, WC2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Freehold                                                | Investment    |

| PROPERTY                           | INTEREST  | PROPERTY TYPE |
|------------------------------------|-----------|---------------|
| 11 Long Acre, London, WC2          | Freehold  | Investment    |
| 4 New Row, London WC2              | Freehold  | Investment    |
| 7-8 New Row, London WC2            | Freehold  | Investment    |
| 12 New Row, London WC2             | Freehold  | Investment    |
| 13 New Row, London WC2             | Freehold  | Investment    |
| 19 New Row, London WC2             | Freehold  | Investment    |
| 21-22 New Row, London W1           | Freehold  | Investment    |
| 23-27 New Row, London WC2          | Leasehold | Investment    |
| 36/36a St Martins Lane, London WC2 | Freehold  | Investment    |
| 37/39 St Martins Lane, London WC2  | Freehold  | Investment    |
| 55/58 St Martins Lane, London WC2  | Freehold  | Investment    |

## APPENDIX B: SOURCES OF INFORMATION

In addition to information established by us, we have relied on the information as listed below:

| Information                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Floor areas                                                                                                                                                                       |
| Leasing information                                                                                                                                                               |
| Floor areas                                                                                                                                                                       |
| Details of planning uses and relevant planning consents                                                                                                                           |
| Service charge information                                                                                                                                                        |
| Details of irrecoverable outgoings                                                                                                                                                |
| Details of current negotiations in hand, including rent reviews, dilapidation claims, details of any CPOs, highway schemes, outstanding requirements under legislation or similar |
| Details of recent, current or proposed marketing of the Property and offers received                                                                                              |
| Costs, timetables and specification details relating to properties in the course of refurbishment / development or to be refurbished / developed in the future                    |
| Potential EPC capital expenditure                                                                                                                                                 |



# Valuation Report

Longmartin Properties Limited

Prepared for Shaftesbury PLC

Valuation date: 30 September 2022

***Important Notice to all readers of this report***

*Unless you are the Client named within this report, or have been explicitly identified by us as a party to whom we owe a duty of care and who is entitled to rely on this report, Knight Frank LLP does not owe or assume any duty of care to you in respect of the contents of this report and you are not entitled to rely upon it.*

The Directors  
Shaftesbury PLC ("Shaftesbury")  
22 Ganton Street  
Carnaby  
London W1F 7FD

For the attention of Shaftesbury PLC

The Directors and Proposed Directors  
Capital & Counties Properties PLC ("Capco")  
Regal House  
14 James Street  
London WC2E 8BU

And

Evercore Partners International LLP ("Evercore")  
15 Stanhope Gate  
London W1K 1LN

N.M. Rothschild & Sons Limited ("Rothschild & Co.")  
New Court  
St Swithin's Lane  
London EC4N 8AL

Date of issue: 29 November 2022  
Our Ref: I:1093115

## Valuation Report - Longmartin Properties Limited

Further to your instructions, we are pleased to provide our Valuation Report in respect of the above properties. If you have any queries regarding this report, please let us know as soon as possible.

## Signed for and on behalf of Knight Frank LLP

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This report has been reviewed, but not undertaken, by:

**Andrew Low** MRICS  
RICS Registered Valuer  
Partner, Valuation & Advisory

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# Executive summary

## Properties to be valued in London WC2 (the "Properties"):

- 1124/138 Long Acre
- 1/5 (odd) Mercer Street
- 10/12 Upper St. Martin's Lane
- Slingsby Place
- 13/14 Upper St. Martin's Lane
- 15-17 Mercer Street & Wellington House
- 6/9 Upper St. Martin's Lane
- Wellington Court
- 2/8 (even) Shelton Street and 7/13 (odd) Mercer Street
- 16/19 Upper St. Martin's Lane
- 139/142 Long Acre, Sussex House and the Sussex Public House, 143 Long Acre
- 20 Upper St. Martin's Lane

# 1. Terms of engagement

## Engagement of Knight Frank LLP

1.1 This valuation report (the "Valuation Report") has been prepared in accordance with our Terms of Engagement letter dated 23 May 2022 and our General Terms of Business for Valuation Services (together the "Agreement").

1.2 We now report to you formally our valuation of properties held in the Longmartin Properties Limited joint venture between Shaftesbury PLC and the Mercers' Company ("The Parties") (the "Valuation"). The Properties have been valued free and clear of the joint venture agreement and the figure reported represents 100% of the Market Value of the Properties.

### Client

1.3 Our client for this instruction is Shaftesbury PLC (the "Client", "you", "your"). We agree that our Valuation Report will be addressed to you, Shaftesbury directors, the directors and proposed directors of Capco, Evercore and Rothschild & Co (together the "Addressees").

1.4 The Addressees shall be entitled to rely on and enforce the terms of the Engagement as set out in the Engagement Letter and on the Valuation Report subject in each case to the terms of the Engagement.

### Valuation standards

1.5 This valuation has been undertaken in accordance with the current editions of RICS Valuation – Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement. References to the "Red Book" refer to either or both of these documents, as applicable. As required by the Red Book, some key matters relating to this instruction are set out below. In this context "current edition" means the version in force at the Valuation Date.

1.6 The valuation and the Valuation Report will comply with Rule 5.4.5G of the Prospectus Regulation Rules, and Part III.1. of the FCA's technical note 'Primary Market TN 619.1' which replaces and incorporates the ESMA update (ESMA/2011/81) of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implementation of the European Commission Regulation (EC) n. 809/2004 ("TN 619.1").

## Independence and expertise

### Regulated Purpose Valuations (RPVs)

1.7 This valuation is a Regulated Purpose Valuation within the meaning of the Red Book, which requires us to make the following disclosures:

- It is our policy to rotate persons responsible for valuations and the signatory to valuations on a seven yearly basis, unless specifically agreed otherwise. In relation to our preceding financial year, the total fees payable by you as a percentage of our total fee income was less than 5%.
- We have acted for the Client for eighteen years. Please note that this relates to any service, not necessarily to valuation services.

- We have been undertaking this valuation role for eighteen years.
- The Lead Valuer (as defined below) has been the signatory to this report for three years. Simon Gillespie has been responsible for this instruction since 2019 and Anthony Dunnett since 2009.

#### **Disclosure of any conflicts of interest.**

We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below:

- We have valued the Properties for the Client within the last 2 years for accounts purposes and for the inclusion in the prospectus for the offering of the Company's securities, known as Project Cooper.

- 1.8 This has been disclosed to you and you have given your consent to us proceeding with this instruction. We confirm that we are not aware of any undisclosed matter giving rise to a potential conflict of interest and that we are providing an objective and unbiased valuation.

#### **Valuer and expertise**

- 1.9 The valuers, on behalf of Knight Frank LLP, with the responsibility for this report are Simon Gillespie MRICS and Rossella Van der Weyden MRICS, RICS Registered Valuers. We confirm that the valuer and additional valuers meet the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
- 1.10 For the purposes of the Red Book, we are acting as External Valuers, as defined therein and by regulations made by the Financial Conduct Authority.
- 1.11 We are appointed as your valuation advisors; our role is limited to providing property valuation services in accordance with the Red Book and the terms of this Agreement.
- 1.12 For the avoidance of doubt, we are not acting as an "External Valuer" for the purposes of Directive 2011/61/EU and/or any implementing legislation, laws or regulations thereof (including, but not limited to, the Alternative Investment Fund Manager's Regulations 2013) ("AIFMD"). We shall not perform the valuation function referred to in Article 19 of AIFMD for the Fund, and, we are not responsible for making the final determination of the value of the Properties nor for the calculation of the Net Asset Value of the Fund.
- 1.13 By entering into this Agreement and instructing us you represent that no notice purporting to appoint or to have appointed us, or any member, employee, partner or consultant of Knight Frank LLP, as your 'external valuer' under AIFMD (or in any respect to have any meaning other than that defined by the Red Book) has been or will be sent to any regulatory body, nor will any announcement or communication of any nature to similar effect be made or sent to your investors. If we are determined to be or reasonably consider that we are at risk of being determined to be an 'external valuer' within the meaning of AIFMD then we reserve the right to terminate this Agreement immediately.
- 1.14 This report has been vetted as part of Knight Frank LLP's quality assurance procedures.

## Use of this Valuation

### Purpose of valuation

- 1.15 The Valuation is provided solely for the purpose (the “Purpose”) of inclusion in a supplementary prospectus (the “**Supplementary Prospectus**”) which is to be published by Capco to supplement the prospectus published by Capco on 7 July 2022 in connection with the all-share merger of the Client and Capco, the proposed issue of new ordinary shares of Capco, and the applications for the new ordinary shares of Capco will be admitted (i) to listing on the premium listing segment of the Official List of the Financial Conduct Authority (“FCA”) and to trading on the main market for listed securities on the London Stock Exchange (the “London Stock Exchange”) and (ii) for listing and trading to the Main Board of the Johannesburg Stock Exchange.

The Valuation may not be used for any other purpose (other than the Purpose set out in this letter), without our express written consent.

For the purposes of this Agreement, the Supplementary Prospectus and any further supplementary prospectus shall together be referred to as the “**Transaction Documentation**” and “**Transaction Document**” shall mean any such document.

### Third party reliance and liability

- 1.16 Save for: (a) the Addressees; and (b) any responsibility to any person arising under Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules as and to the extent there provided, in accordance with Clauses 3 & 4 of the General Terms and to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with the Valuation Report or our statement, required by and given solely for the purposes of complying with Annex 3 Item 1.2 to the Prospectus Regulation (EU) 2019/980 which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.
- 1.17 We acknowledge that shareholders or prospective shareholders of Shaftesbury and/or Capco may rely on the Valuation Report in the form it is included in any Transaction Document.
- 1.18 The Client agrees and acknowledges that we shall have no liability for any error, omission or inaccuracy in the Valuation Report to the extent resulting from our reliance on information provided by or on behalf of the Client unless such use was negligent, reckless or in bad faith or unless otherwise stated.

### Disclosure

- 1.19 Clauses 4.3 to 4.6 of the General Terms limit disclosure and generally prohibits publication of the Valuation and the Valuation Report. As stated therein, the Valuation is confidential to you and the Addressees and neither the whole, nor any part, of the Valuation nor any reference thereto may be included in any published document, circular or statement, nor published in any way, without our prior written consent and written approval of the form or context in which it may appear.
- 1.20 Notwithstanding this, the Valuation Report may be disclosed in accordance with the terms of the Agreement, for the Purpose and as set out below.

- 1.21 Our final Valuation Report will be included in the Supplementary Prospectus to be published by Capco. We will review the sections of the Supplementary Prospectus relating to the Properties and you agree to not publish the Supplementary Prospectus containing the Valuation Report until you have received a Consent Letter from us. We further hereby consent to our Valuation Report being put on public display in accordance with Item 15.1 of Annex 3 to the Prospectus Regulation (EU) 2019/980, which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.
- 1.22 We confirm that, in our opinion, the current valuation on the Property as at the date of this Valuation Report would not be materially different from the valuation of the property as at the Valuation Date.

### Limitations on liability

- 1.23 Knight Frank LLP's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited in accordance with the terms of the Agreement. Knight Frank LLP accepts no liability for any indirect or consequential loss or for loss of profits.
- 1.24 We confirm that we hold adequate and appropriate PII cover for this instruction.
- 1.25 No claim arising out of or in connection with this Valuation may be brought against any member, employee, partner or consultant of Knight Frank LLP. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank LLP.
- 1.26 Nothing in this Agreement excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of applicable law or the requirements of the Financial Conduct Authority or the London Stock Exchange.

### Scope of work

#### Information provided to us which we have relied upon

- 1.27 In this report we have been provided with the following information by you, your advisors or other third parties and we have relied upon this information as being materially correct in all aspects.
- 1.28 In particular, we detail the following:
- Tenancy Schedules provided by Shaftesbury PLC & CBRE
  - Reports on title produced by Herbert Smith LLP on behalf of the Mercers' Company and by Lovells on behalf of Shaftesbury PLC
  - Headleases and occupational leases produced by Shaftesbury PLC
- 1.29 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

#### Investigations carried out by us

- 1.30 We have not made planning enquiries of the Local Authority, but have relied upon information provided Shaftesbury PLC.

**Responsibility**

- 1.31 For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge, the information contained in this Valuation Report is in accordance with the facts and the Valuation Report makes no omission likely to affect its import. The valuation and the Valuation Report comply with Rule 5.4.5G of the Prospectus Regulation Rules and TN 619.1, as amended.

**Consent to publication**

- 1.32 Knight Frank has given and has not withdrawn its consent to the inclusion of this Valuation Report in the Supplementary Prospectus in the form and context in which it is included.

## 2. The Properties

### Interests held in the Joint Venture

- 2.1 The head-leasehold interest held by Longmartin Properties Limited in 124/138 Long Acre, 1/5 (odd) Mercer Street, 10/12 Upper St. Martin's Lane and Slingsby Place, London WC2, dated 1 February 2005, subject to the existing occupational leases.
- 2.2 The head-leasehold interest held by Longmartin Properties Limited in 13/14 Upper St. Martin's Lane, 17 Mercer Street and Wellington House, 6/9 Upper St. Martin's Lane, Wellington Court, 2/8 (even) Shelton Street and 7/13 (odd) Mercer Street, and 15 Mercer Street (basement), London WC2, dated 15 March 2005, subject to the existing occupational leases.
- 2.3 The head-leasehold interest held by Longmartin Properties Limited in 16/19 Upper St. Martin's Lane and 139/142 Long Acre, London WC2 dated 24 May 2005, subject to the existing occupational lease.
- 2.4 The head-leasehold interest held by Longmartin Properties Limited in Sussex House and the Sussex Public House at 143 Long Acre and 20 Upper St. Martin's Lane, London WC2 dated 8 November 2005, subject to the existing occupational leases.
- 2.5 Summary of property information:

Table 1:

| Property                                                                                                      | Description, Age & Tenure                                                                                                                                                                                                  | Terms of Existing Tenancies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 124-143 Long Acre, 6-19 Upper St Martin's Lane, 2-8 Shelton Street and 1-11 & 15/17 Mercer Street, London WC2 | A mixed-use scheme, completed in 2010, comprises retail, restaurants, offices and residential uses. The total area is c.266,000 sq ft.                                                                                     | The property is multi-let on approximately 94 commercial and residential lease. The commercial leases are mostly on effectively full repairing and insuring terms, including rent review. The residential units are predominantly let on Assured Shorthold terms with the landlord responsible for the maintenance and insurance. There are 10 vacant commercial units and 20 residential units representing c. 13% of the total estimated rental value of the property. The WAULT to break/expiry is c 4.3 years, 4.9 years excluding the residential element. |
|                                                                                                               | <b>Tenure:</b><br>Held leasehold under 4 head-leases with lease expiries between March 2125 and March 2180. 3 of the leases are subject to paying 7.50% of the net rents, with the 4th lease subject to a peppercorn rent. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

## Scope of inspection

- 2.6 We were instructed to inspect the Properties externally and we will internally inspect selected parts as part of our ongoing bi-annual inspections of the Estate. We inspected the Properties on 19 January 2022.
- 2.7 In accordance with instructions from The Parties, we have relied on full measurements provided to us by both parties.
- 2.8 We have not undertaken either structure or condition surveys on The Properties and are, therefore, unable to report that The Properties are free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. No tests were carried out on the technical services and we have not investigated ground conditions. In the course of our inspections, due regard has been paid to the apparent state of repair and condition of the Properties. We have had regard to these factors in arriving at our valuation.

## Environmental considerations

### Contamination

- 2.9 Investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank LLP is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.
- 2.10 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the subject property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the property is unaffected.

## Legal title

- 2.11 We have assumed there to be a good and marketable title to the Properties. We have taken account of comments, as far as we are aware, of unusual outgoing, planning proposals, onerous restrictions or local authority intentions which affect the Properties. We confirm that we have taken account of the limited guarantee with which the Mercers Lease is transferred by Mercers Reconstructions.
- 2.12 We have previously been provided with Reports on Title prepared by Herbert Smith LLP on behalf of The Mercers' Company and Lovells on behalf of Shaftesbury PLC and confirm that we have had regard to their contents in carrying out our valuations.
- 2.13 We recommend that our understanding of all legal title issues is referred to your legal advisers. It is also particularly important that your legal advisers should be asked to check whether there have been any transactions relating to the property which reveal price paid information which we should be made aware of.

- 2.14 If any matters come to light as a result of your legal adviser's review of these issues, we request that these matters are referred back to us as this information may have an important bearing upon the values reported.

### **Statutory licences & certificates**

- 2.15 We have assumed that the premises comply with all necessary statutory requirements including fire and building regulations.

#### **Fire safety**

- 2.16 It is a requirement for a fire safety risk assessment to be carried out and for a fire management plan to be maintained. These requirements, which were introduced in 2006 replace the previous requirement for a Fire Certificate. We have not viewed any such documents relating to the property and have assumed for the purposes of our valuation that the relevant requirements have been fully complied with.

### **Taxation and costs**

- 2.17 We have made no allowances in our valuations for expenses of realisation or for taxation which may arise in the event of development or disposals and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.
- 2.18 We have made deductions in our valuations to reflect purchaser's acquisition costs.

## 3. Valuation

### Methodology

- 3.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

#### **Investment method**

- 3.2 Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors.

### Valuation bases

#### **Market Rent**

- 3.3 The basis of valuation for our opinion of rental value is Market Rent. This is defined in RICS Valuation - Global Standards as:

“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

#### **Market Value**

- 3.4 The Properties have been valued on the basis of Market Value which is defined within RICS Valuation - Global Standards as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

### Valuation date

#### **Valuation date**

- 3.5 The valuation date is 30 September 2022.

### Market Value

#### **Market Value**

- 3.6 We are of the opinion that the Market Value of the long leasehold interest in the property, at the valuation date is:

**£334,000,000 Three Hundred and Thirty-Four Million Pounds).**

- 3.7 The Market Value of the Client's apportioned share of the Client's interest in the long leasehold interest in The Properties, at the valuation date is:

**£167,000,000 (One Hundred and Sixty-Seven Million Pounds)**

**Paragraph 130 (vi), TN 619.1**

- 3.8 Since 30 September 2021 to the Valuation Date the Longmartin valuation has increased by 1.52%. This is due to the stabilisation of the retail market plus the improvement in the F&B and Residential markets. Whilst the office market has been broadly stable there has been £6.6 million of capital expenditure plus offers from prospective tenants have been ahead of the Company's September ERVs on the refurbished space on 14 Upper St Martin's Lane and 10 Slingsby Place. We have increased the Company's ERVs on this space (Overall office ERVs up 1.94%) despite losing office space to Aqua restaurant. Secondary office space has remained stable as evidenced by transactional evidence within the Longmartin Estate. Retail rents have been stable and some retail has been reassigned to F&B. Retail yields have moved out 25 bps due to leases nearing expiry. Interest in F&B led to a 25 bps improvement on our yields for the best F&B units on long leases. In terms of residential an increase in income plus an improvement in market sentiment has led to a 6.22% valuation improvement.

