

Sustainable Finance Framework

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1. Introduction

1.1 About

Shaftesbury Capital PLC (“Shaftesbury Capital”) is a leading Real Estate Investment Trust (REIT) which invests in mixed use properties in London’s West End, including Covent Garden, Carnaby Street, Soho and Chinatown. The portfolio of c.635 buildings consists of a diverse mix of shops, restaurants, cafés, bars, offices and residential homes extending to 2.7 million square feet of lettable space.

Shaftesbury Capital was established in March 2023 following the merger of Capital & Counties Properties PLC (“Capco”) and Shaftesbury PLC (“Shaftesbury”). This resulted in the bringing together of two complementary, but diverse portfolios concentrated in iconic, high footfall destinations in London’s vibrant West End. We are long-term responsible custodians of thriving destinations across the West End. Our aim is to build lasting relationships with community stakeholders that maximise the value generated from our own resources and influence.



1.2 Approach to Sustainability

Our sustainability strategy is founded on future proofing our heritage buildings, and creating sustainable and healthy places where people enjoy visiting, working and living. We take a responsible and forward-looking approach, operating in an environmentally sustainable manner and supporting our local communities.

Where possible, we re-use and enhance existing buildings, rather than opting for demolition and redevelopment. This sustainable approach increases energy efficiency whilst avoiding unnecessary additional carbon emissions and the use of materials associated with new construction.

We contribute to a range of causes, including homelessness and food hardship, with a particular emphasis on creating opportunities for local young people. Our destinations are integral to our local communities, providing a catalyst for long-term economic benefits. Aside from cash donations, we contribute space in the form of reduced rent and our employees' time through volunteering activities with local organisations.

We have set a commitment to be Net Zero Carbon by 2040, taking a "retrofit first" approach through which we endeavour to first reduce greenhouse gas ("GHG") emissions from our buildings and operations, and then offset any unavoidable residual emissions.

We published our initial combined Shaftesbury Capital Net Zero Carbon Pathway (the "**Pathway**") in 2023, following the completion of the merger. In January 2025, the Science Based Targets initiative ("SBTi") validated our baseline figures and the targets we had set, including our new long-term carbon reduction target. To reflect the reduced level of offsetting permitted, the Board has approved a revised Net Zero Carbon target date of 2040. Our updated Net Zero Carbon Pathway is available on our corporate website¹.

Within the Pathway, we define Net Zero Carbon as follows "*Shaftesbury Capital will achieve Net Zero Carbon when there is a balance between the amount of GHG emissions produced and the amount removed from the atmosphere. Our approach aims to first reduce GHG emissions resulting from buildings and operations by at least 90 per cent from our baseline year in line with SBTi, then offset any unavoidable residual emissions. This will mean we have achieved Net Zero Carbon*".

Due to changes in the SBTi definition of an SME which took effect on 1 January 2024², we are no longer restricted to the SBTi's target validation route for small and medium sized enterprises ("**SMEs**"). Under the SBTi rules, we are required to set a single scope 3 target, and we have therefore combined our near-term Scope 3 target (this previously consisted of separate operational and embodied carbon targets).

We also acknowledge the SBTi requirement to set a 'long-term target' to achieve a 90 per cent reduction across Scope 1, 2 and 3 emissions, with this needing to be achieved on or before 2050. We have set a 90 per cent reduction target for all scopes by 2040.

Our climate change risks and opportunities are set out in our annual Task Force on Climate-related Financial Disclosures ("TCFD") report and our disclosures in this report are consistent with all eleven recommendations of the TCFD³. Additionally, we monitor and report our greenhouse gas emissions ("GHG") and operational energy consumption in compliance with the requirements of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 and the extension of these regulations to include the Streamlined Energy and Carbon Reporting ("SECR").

Shaftesbury Capital utilises recognised indices and benchmarks to provide an independent measure of our sustainability achievements. As of 2025, these include the Global Real Estate Sustainability Benchmark ("GRESB") - score 66, the Morgan Stanley Capital International Total Return All Property Index ("MSCI") - rating BBB and the Carbon Disclosure Project Worldwide ("CDP") disclosure system - rated B for climate disclosure (as at 2024). In 2025, we achieved a European Real Estate Association ("EPRA") Gold award for sustainability reporting.



1. Net Zero Carbon Pathway (net-zero-carbon-pathway.pdf)
2. SBTi Glossary, July 2024, Version 1.2 (<https://sciencebasedtargets.org/resources/files/SBTi-Glossary.pdf>)
3. Annual Report, 2024 page 66 (annual_report_2024.pdf)

1.3 Sustainability Governance and Risk Management

Sustainability governance

Sustainability is at the heart of our values, and we are committed to delivering the change that is required to achieve our sustainability aspirations. The Board has oversight of sustainability, with Ian Hawksworth as Chief Executive, having overall responsibility. Day-to-day review of sustainability is undertaken by members of the Executive Committee and the senior management team, with regular reporting to the Board.





Sustainability governance - Net Zero Carbon Pathway

Our commitment to being Net Zero Carbon by 2040 is core to our business strategy. To support this, we have a robust governance framework to ensure that progress against our Net Zero Carbon Pathway is closely monitored and reported to the Board. Day to day implementation is the responsibility of our Sustainability team, supported by the ESC Management Committee.

Our Net Zero Carbon Pathway is a live plan and progress will be monitored by the ESC Management Committee on a quarterly basis with updates to the ExCo and the Board at least annually.

Risk Management

The Board has overall responsibility for Group risk management. The Board has delegated responsibility for the review of the adequacy and effectiveness of the Group's internal control framework to the Audit Committee. Under the oversight of the Group's Board and Executive Committee, we have continued to embed the TCFD recommendations into all our relevant practices. Climate risks and opportunity are considered by the Audit Committee on behalf of the Board, with day-to-day management through the Executive Committee.

The Executive Committee is responsible for the day-to-day commercial and operational activity across the Group and is, therefore, responsible for the management of business risk. The Executive Committee has responsibility for reporting ESC matters to the Board.

Awareness of climate-related risks is integrated into the organisation via staff engagement and training. For certain areas of responsibility, specific job-related individual training is delivered, for example relating to matters such as EPCs, gathering of data and embodied carbon calculations. The Executive Director responsible for sustainability and the Head of Sustainability are members of the Executive Risk Committee and are responsible for highlighting climate risks in the context of wider business risk discussions.

Climate-related disclosures in our statutory reporting are considered by the Audit Committee.

Further details on our risk management process and principal risks are set out in our Annual Report.

Investment strategy

Our investment strategy aims to improve the overall energy efficiency and climate resilience of our portfolio through our refurbishment programme. Based on estimates as of March 2025, we will spend approximately 0.14 per cent of portfolio value per year on energy efficiency upgrades.

We expect to incur approximately £40 - 45m by 2030 to achieve energy efficiency improvements required for expected changes to the Minimum Energy Efficiency Standards ("MEES") regulation (which is likely to require non-domestic private rented properties reach EPC B by April 2030). These sums are already included in our capital expenditure budgets and the Group sets a minimum requirement of an EPC B rating in its commercial refurbishment programmes and has set sustainability requirements for our development projects.

We continue to refine our estimate of the incremental costs of delivering changes required to ensure assets are within a Carbon Risk Real Estate Monitor ("CRREM") aligned 1.5°C Net Zero Carbon Pathway. In 2024, we completed a detailed energy efficiency review on 40 of our assets to determine actions required to align with CRREM decarbonisation targets. A further exercise has been completed to extrapolate the cost across the portfolio using a range of assumptions such as applicability of interventions on individual assets and estimated capital expenditure requirement. These assumptions will be refined in time to validate the findings and embed the required actions in our development operations, determining where costs are additional to our planned activities. The analysis shows that our investment in asset refurbishment can lower operational costs to an extent that may result in improved commercial terms, reduced void periods and improved investment yields as assets meet customer and investor requirements.

In our supply chain, we continue to prioritise partners and products which demonstrate high ethical and environmental standards. Our design scope prioritises climate resilience and adaptation. We continue to work with industry bodies and technology partners to invest in research and development, to trial technologies which support our goals.

2. Sustainability-Linked Financing Framework

Aligned with our corporate purpose, we are committed to integrating sustainability into our everyday operations, as well as into our investment and financing strategy. The sustainability-linked financing structure encompasses the overall sustainability performance of Shaftesbury Capital as a Group, beyond our assets and operations, including the holistic and dynamic dimension of sustainability throughout the corporate value chain.

We have chosen three Key Performance Indicators (“KPIs”) that are relevant, core and material to the overall business and that are of high strategic significance to the Group’s current and future operations. We have selected these three KPIs as we believe they are well aligned with our strategy and the main sustainability issues in the Real Estate sector.

The KPIs relate to carbon emission reductions and energy efficiency. The built environment has a significant emissions footprint. It is responsible directly and indirectly for 34 per cent of global energy consumption and 26 per cent of global energy-related emissions (IEA, 2023)⁴. In 2022, around 8 per cent of global energy and process-related emissions were related to the use of fossil fuels in buildings, around 18 per cent to the generation of electricity and heat used in buildings, and a further 4 per cent were related to the embodied emissions of buildings - being the manufacture of cement, steel, and aluminium used for construction. Beyond CO₂, fugitive emissions from fluorinated GHGs are also a substantial, and growing, source of emissions for the buildings sector, mainly arising from refrigeration and air-conditioning equipment.

For each of these KPIs, we have set measurable and ambitious Sustainability Performance Targets (“SPTs”).

Our Sustainability-Linked Financing Framework (the “Framework”) is aligned to ICMA’s Sustainability-Linked Bond Principles (“SLBP”) 2024⁵ and to the LMA’s Sustainability-Linked Loan Principles 2023⁶.

The following five core components form the basis of the Framework:

- 1 Selection of key performance indicators (KPIs);
- 2 Calibration of sustainability performance targets (SPTs);
- 3 Characteristics of Sustainability-Linked Instruments;
- 4 Reporting; and
- 5 Verification.

The Framework will cover the following financing instruments;

- Sustainability-Linked Bonds; and
- Sustainability-Linked Loans

4. IEA – Tracking Clean Energy Progress 2023 (<https://www.iea.org/energy-system/buildings>)

5. ICMA’s Sustainability-Linked Bond Principles 2024 (<https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf>)

6. LMA’s Sustainability-Linked Loan Principles 2023 (https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#:~:text=Sustainability%2DLinked%2DLoan%2DPrinciples%2D2023_V07.pdf)



2.1 Selection of Key Performance Indicators (KPIs)

We have identified three KPIs to be used in potential sustainability-linked financings. One or more of the KPIs identified will be selected for any sustainability-linked financing, and this will be specified in the relevant instrument's specific documentation as applicable.

KPI 1: Achieve an annual reduction in absolute Scope 1 and 2 emissions

Definition and Scope	Methodology	Rationale for KPI and Materiality
– Scope 1 emissions are direct emissions including fuel combustion in owned or directly controlled boilers, backup generators and vehicles, and fugitive emissions from air conditioning. We consider these to be Scope 1 emissions where they are our responsibility within the managed portfolio. – Scope 2 emissions are indirect energy emissions which include purchased electricity throughout the Group's operations within landlord-controlled parts. Figures relate to landlord-controlled common areas such as lobbies, staircases, vacant units, including when small refurbishments are under way and are therefore minimal. – As set out in our Pathway⁷, we will reduce our absolute scope 1 and 2 emissions by 60 per cent from a 2019 baseline by 2030. As of 2024, our Scope 1 and 2 emissions have reduced 34 per cent compared to our reported 2019 baseline. – The baseline is based on October 2018 – September 2019 (Shaftesbury PLC) and January 2019 to December 2019 (Capco) data. Both reflect pre-pandemic data and are considered to be an accurate representation of business operations. – Further information on our GHG emissions methodology can be found in our latest annual report.⁸	– We monitor and report our Greenhouse Gas emissions ("GHG") and operational energy consumption in compliance with the requirements of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 ("SRRD") and the extension of these regulations to include the Streamlined Energy and Carbon Emissions reporting ("SECR"). Shaftesbury Capital has engaged an independent third party to conduct an annual verification of the calculation of GHG emissions assertion data, in accordance with industry-recognised standards. Our annual verification statement and greenhouse gas methodology can be found on our website. – In respect of Scope 2 emissions, those arising from generated electricity usage are reported in two ways. Firstly, Shaftesbury Capital calculates the location-based emissions which reflect emissions according to the energy mix of the National Grid. Second, we report market-based emissions which reflect the energy mix provided by our energy suppliers. This helps Shaftesbury Capital to demonstrate the reduction in emissions as a result of purchasing energy from suppliers who generate renewable energy. – We have used consumption data for reporting the majority of Scope 1 and Scope 2 emissions. We are continuing to improve the quality of our landlord data with the ongoing installation of smart meters that connect to a data management platform. As of 2024, 67 per cent of landlord energy utility supply is recorded by smart meters, with the remainder instructed for installation. – Where there have been data gaps, we have used reasonable estimations such as pro-rata extrapolations to ensure complete coverage for the reporting year. A similar approach has been taken in the creation of the baseline. – In 2024 we set an updated, combined baseline for our trajectory to 2030 using a full year of emissions data for the combined business from 2023. The existing target has been set in line with a location-based approach so that we remain focused on the underlying decarbonisation of the buildings. This baseline and target were validated by the SBTi in January 2025.	– In 2024, our Scope 1 and 2 emissions accounted for approximately 4.09 per cent of our total reported GHG emissions. – Scope 1 and 2 emissions are where we have the most direct control, and the associated energy consumption has a direct financial cost to the business. Well-managed data and energy efficient landlord spaces demonstrate that we are actively improving our portfolio where we have the most operational control. This target is core to the measurement of our overall progress in the ongoing energy efficiency improvements of our portfolio and achieving the targets set out in our Pathway. – For the period 1 January 2024 to 31 December 2024, total Scope 1 and 2 GHG emissions (using the location-based method) were 1,668 tonnes of carbon dioxide (tCO₂e). 67.8 per cent of these were Scope 1 emissions and 32.2 per cent of these were Scope 2 emissions.⁹

7. Net Zero Carbon Pathway, page 3 (2040 Net Zero Carbon Pathway)

8. Annual Report, page 234 (annual_report_2024.pdf)

9. Annual Report 2024, page 94 (annual_report_2024.pdf)

KPI 2: Achieve an annual reduction in absolute downstream leased asset emissions from tenant energy

Definition and Scope	Methodology	Rationale for KPI and Materiality
– Scope 3 emissions are other indirect emissions from sources not owned or controlled by Shaftesbury Capital, including customer (tenant) and supply chain emissions. – In respect of this target, we are including only emissions related to downstream leased assets (tenant energy consumption) in our properties where the leasing arrangements put responsibility for energy operation and direct payment for supply on the tenants. In 2024, these downstream leased assets made up 57.26 per cent of our total emissions. As set out in our Pathway¹⁰, we will reduce our absolute scope 3 emissions by 50 per cent from a 2019 baseline by 2030.	– We monitor and report our Greenhouse Gas emissions (“GHG”) and operational energy consumption in compliance with the requirements of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 (“SRRD”) and the extension of these regulations to include the Streamlined Energy and Carbon Emissions reporting (“SECR”). Shaftesbury Capital has engaged an independent third party to conduct an annual verification of the calculation of GHG emissions assertion data, in accordance with industry-recognised standards. Our verification statement can be found on the corporate website. – As of 2024, we use various methods to capture actual data including meter reads, billing information, property technology feeds and letters of authority from occupiers for approximately 57 per cent of the downstream leased assets, by area. – The remaining emissions are calculated based on industry best practice estimation methods and are verified, as described in our GHG methodology.¹¹ – For the 2019 baseline year, we have used a method provided by the Chartered Institution of Building Services Engineers (CIBSE) and estimated electricity and fuel based on floor space, property type and average electricity consumption. This has enabled us to set a baseline for the portfolio using a consistent approach. The CIBSE approach aligns with the requirements of the GHG Protocol and SBTi methodology. – We intend to refine our reporting as data availability and quality improves. To put this in context, our portfolio consists of c.635 buildings with c.1,900 lettable units. We are working to improve data collection e.g. via smart meters, and so the accuracy is consistently improving. – Further details are set out in our GHG methodology which can be found on our corporate website¹².	– In 2024, emissions from downstream leased assets totalled 57.26 per cent of our total calculated GHG footprint, therefore representing the most material element of our emissions. – Addressing emissions from our tenants is a critical part of our Pathway. Whilst we have less direct control over tenant operations, we can still make material improvements to the energy efficiency of our buildings, remove gas from our buildings and influence tenant behaviour by, for example, using green lease incentives. In our 2024 Annual Report, we were able to report Scope 3 emissions year-on-year comparison for the first time¹³. Our Scope 3 emissions decreased by 3.8% year-on year, demonstrating our ongoing improvement in the breadth and completeness of our reporting. – Improving the energy efficiency of our portfolio and subsequent tenant carbon emissions will help to increase the long-term resilience and value of our portfolio. It will also have a positive benefit to our tenants through the resulting reduction in their energy costs.

10. Net Zero Carbon Pathway, page 3 (2040 Net Zero Carbon Pathway)

11. Annual Report, page 234 (annual_report_2024.pdf)

12. Annual Report, page 234 (annual_report_2024.pdf)

13. Annual Report, page 93 (annual_report_2024.pdf)

KPI 3: Achieve an annual increase in the percentage of eligible commercial units by ERV achieving an EPC rating of B or above

Definition and Scope

- An Energy Performance Certificate (“EPC”) is a legally valid document which provides an energy efficiency rating (displayed on an A-G scale). Under the Minimum Energy Efficiency Standards (“MEES”) regulations, since 2018 all new lettings are required to have an EPC of grade “E” or above to demonstrate their energy efficiency. As of April 2023, this all applies to all lettings, including the continuation of an existing lease.
- As of December 2024, 87.6 per cent of our entire portfolio by Estimated Rental Value (“ERV”) has EPC ratings of “A – C”. This is an increase of 7.6 percentage points from 31 December 2023.
- When considered by ERV, 63.7 per cent of our portfolio has EPC ratings of “A – B”, rising to 70 per cent for commercial property, which is a 14 per cent increase from year-end 2023.
- Reporting EPC by ERV enables us to better understand the value of income from the business that would be at risk if we did not comply with MEES regulations. Due to the significant variability in the size of our assets, using a simple count of EPCs by unit is less representative of the position of the portfolio.
- This EPC target will help prioritise energy efficient measures and investments in properties with higher carbon emissions in order to reduce their overall environmental impact while maximising profitability.
- Additionally, measuring carbon emissions by ERV can also provide us with more accurate and meaningful metrics for benchmarking and comparing the sustainability performance of different properties within the portfolio.
- As of December 2024, approximately 1.4 per cent of our portfolio by ERV does not require an EPC. This primarily relates to outdoor space, basement space where there is no heating or cooling, long-lease residential property outside the scope of MEES, or demises such as sub-stations.
- A further 2.8 per cent of our portfolio by ERV is currently undergoing refurbishment.

Methodology

- EPC methodology is a standardised approach used to assess and rate the energy efficiency of buildings. The EPC calculation methodology is based on the Standard Assessment Procedure (“SAP”) in the UK, which is the government-approved method for assessing a property’s energy performance. SAP uses a mathematical model that considers various factors such as the property’s size, construction materials, insulation, heating systems, and lighting to calculate its energy efficiency rating.
- We maintain a database to manage our EPC ratings. This database allows us to identify and action assets that have a rating of C and below, including at lease events.
- 2023 was the first year that we calculated EPCs on the basis of ERV so we cannot apply historical data.
- In 2024, we expanded CRREM-aligned audits to 40 assets. The findings from these CRREM-aligned audits identified both the interventions required and estimated related costs. We will continue the use of CRREM to refine the estimate of these costs.

KPI 3: Achieve an annual increase in the percentage of eligible commercial units by ERV achieving an EPC rating of B or above

Rationale for KPI and Materiality

- Improving our EPC ratings is a clear measure of how we are improving energy efficiency and climate resilience in our portfolio. It is well understood by the wider market and remains a key measure of our medium-term transitional climate change risk.
- An EPC rating is a key sustainability regulatory requirement, and this target will ensure we are prepared for the expected changes to the MEES regulations ahead of 2030 (which will likely require non-domestic private rented properties to reach EPC B by April 2030).
- This target challenges the business to continue to take early action on EPCs, rather than risking additional cost and practical implications (including stranded asset risk) of addressing EPCs closer to 2030.
- Our sustainability strategy is founded in future proofing our heritage buildings. It is estimated that 80 per cent of the buildings that will exist in 2050 are already built and the responsible retrofit of these buildings will be critical to meeting long-term national Net Zero Carbon goals. Due to the heritage nature of our portfolio, which is all in conservation areas and c.27 per cent of which is listed, we continue to improve the sustainability performance of our building stock whilst also protecting unique heritage and abiding by planning requirements.
- Improving energy efficiency within these buildings is a key part of our strategy and we have identified demonstrating whole life carbon benefit of heritage stock and the ability to leverage our expertise in the decarbonisation of heritage buildings as a medium-term opportunity. In addition to this opportunity, as identified in our TCFD report, there is an evolving risk in relation to the potential conflict between heritage buildings and energy efficiency regulations. Including heritage buildings at the heart of our sustainability strategy ensures we maintain appropriate focus and consideration in this evolving area.
- We estimated in 2024 a capital expenditure of approximately £40 - £45m to 2030 to achieve the energy efficiency improvements required for expected changes to the MEES regulations. This also contributes to meeting our decarbonisation targets.
- Our commercial refurbishment scope already mandates a minimum EPC rating of B in line with proposed MEES regulations, therefore these sums are already included in our capital expenditure budgets for business planning. While this figure remains an estimate, it is informed by our detailed CRREM-aligned audits and takes into account our progress to date¹⁴ with 70 per cent of the commercial portfolio by ERV now holding an EPC rating of A-B.
- Our initial CRREM-aligned audits shows that our investment in asset refurbishment may result in lower operational costs. This could create an opportunity for improved commercial terms, reduced void periods and improved investment yields. Improved EPC scores assist the assets in meeting customer and investor requirements. Buildings that do not enhance their sustainability capabilities may not meet debt or equity market requirements, resulting in reduced access to capital.
- Beyond the regulatory EPC requirements, our CRREM-aligned audits have demonstrated that our portfolio can be upgraded to meet the commitments in our Pathway, and we continue to expand the use of CRREM to refine the estimate of these costs. However, the analysis to date gives confidence that there is no requirement to change our long-term investment strategy, in terms of either building stock or location. In addition to the ranged estimates in this report, we will continue to publish anticipated costs identified through the CRREM-aligned audit process, in future TCFD reporting.

14. Annual Report 2024, page 36 (annualReport_2024.pdf)

2.2 Calibration of Sustainability Performance Targets (SPTs)

The Sustainability Performance Targets are fully aligned to our Net Zero Carbon Roadmap and the sustainability strategy published in our Net Zero Carbon Pathway¹⁵ and 2024 Annual Report¹⁶. The targets reflect our high level of ambition and long-term aim to contribute to the relevant global United Nations Sustainable Development Goals (SDGs).

For each Sustainability-Linked Instrument issued under this Framework, the appropriate SPTs and the dates at which compliance with the SPTs will be assessed will be at the point of the Group's financial year end. This is currently 31 December. This will be detailed in the relevant instrument's specific documentation (e.g. the final terms of any Sustainability-Linked Bond or the Facility Agreement of any Sustainability-Linked Loan).

15. 2024 Pathway (2040 Net Zero Carbon Pathway)

16. Annual Report, 2024 (annual_report_2024.pdf)



KPI 1: Achieve an annual reduction in absolute Scope 1 and 2 emissions

Calibration of the target: trajectory based on Shaftesbury Capital public target: achieve a cumulative reduction in absolute Scope 1 and 2 emissions reduction of 60 per cent from a 2019 baseline by 2030.

	Baseline FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
tCO₂e	2,535	2,102	1,916	1,936	1,812	1,667
Year-on-year % change¹⁷	N/A	-17.1%	-8.8%	+1%	-6.4%	-8.0%

These targets are aligned to our Pathway and the following SDGs.



The baseline is based on 2018/19 (Shaftesbury) and 2019 (Capco) data. Both reflect pre-pandemic data and are considered to be more representative of the long-term business operations than a baseline derived in a year affected by the pandemic. Both businesses applied the methodology set out in the GHG Protocol to calculate the baseline. The originally published baseline of each company has been combined without adjustment.

17. Year-on year change provided for reference purposes only, the SPT target is included separately.

18. 2024 Pathway, page 8 (2040 Net Zero Carbon Pathway)

Strategies to achieve the SPTs

We are taking the following actions to reduce Scope 1 and 2 emissions:

Actions

- reductions will be primarily driven by ongoing energy efficiency improvements across the portfolio;
- implementation of corporate energy efficiency measures across our head office and landlord-controlled areas;
- use of smart energy monitoring technology;
- continuous progress towards the phase out of gas boilers and electrification of our assets;
- in-depth CRREM-aligned audits of major assets across the portfolio and undertaking to apply lessons to the wider portfolio;
- procurement of Renewable Energy Guarantees of Origin (“REGO”) backed renewable energy providers for our own energy and consumption; and
- maximising the number of buildings generating renewable energy through existing technology and innovation.

In our Pathway, we have committed to prioritising emissions reductions before offsetting¹⁸. Our commitments reflect the SBTi requirement to achieve a 90 per cent reduction before offsetting residual emissions.

Please note that we intend to offset residual Scope 1 and 2 emissions from 2025. All Scope 1 and 2 offsets will be carbon removal offset schemes, in line with the International Carbon Reduction and Offset Accreditation (“ICROA”) and registered with a reputable carbon credit methodology, for example, Gold Standard. We will seek to align with ISO14086 and therefore will not claim ‘carbon neutrality’ despite all residual Scope 1 and 2 emissions being offset.

Potential barriers

The following external factors may represent hurdles in achieving this SPT:

- Potential conflict between heritage requirements and energy efficiency;
- Increased costs to analyse and meet new requirements; and
- Adoption of fossil fuels removal and technologies constrained by electrical supply capacity to our buildings.

KPI 2: Achieve an annual reduction in absolute downstream leased asset emissions from tenant energy

Calibration of the target: trajectory based on Shaftesbury Capital public target: achieve a cumulative reduction in Scope 3 emissions of 50 per cent from a 2019 baseline by 2030.

	Baseline FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
KPI 2 tCO₂e	33,872	30,073	28,203	26,909	20,703	23,344
Year-on-year % change	N/A	-11.2%	-6.2%	-4.6%	-23%	12.8%

For the reporting years 2020 to 2022, we have used a method provided by the Chartered Institution of Building Services Engineers (CIBSE) and estimated electricity and fuel based on floor space, property type and average electricity consumption. The CIBSE approach aligns with the requirements of the GHG Protocol and SBTi.

Major emission reductions seen in 2023 were in part driven by tenant engagement, the roll out of Automatic Meter Reads (AMRs) and the use of PropTech Solutions. In 2024, an increase in tenant emissions was reported due to the application of a more accurate estimation methodology.

In addition, our rolling programme of energy efficient refurbishments delivers incremental energy performance benefits, which is reflected in the emission reductions seen in 2023. We recognise that the use of estimations in the calculation of tenant emissions may lead to changes in relative performance as the coverage of actual data increases.

Please note that this data has not historically been presented externally for the combined business and is presented here as an indication of the decarbonisation trajectory based on benchmark data.

These targets are aligned to our Pathway and the following SDG's.



19. Annual Report, 2024, page 89 (annual_report_2024.pdf)

20. 2024 Pathway, page 8 (2040 Net Zero Carbon Pathway)

Strategies to achieve the SPTs:

We are taking the following actions to reduce Scope 3 emissions:

Actions

- taking a retrofit-first approach;
- increase use of automatic data scraping. As of 2024, there is 57% coverage of actual energy use data from tenants, by area¹⁹;
- continue to improve data, reducing the need for estimations;
- in-depth CRREM-aligned audits of major assets across the portfolio and undertaking to apply lessons to the wider portfolio;
- trialling of energy generation technology including PV roof tiles;
- replacing gas heating and cooking with electricity and implementing replacement technologies throughout the portfolio in this regard;
- building occupier engagement to promote low-carbon behaviour and data sharing, and promoting green tariffs;
- embedding green leases to influence occupier fitouts (including revising lease clauses to ensure customer fitouts do not negatively impact EPC ratings); and
- working with a low-carbon supply chain and materials to minimise embodied carbon associated with construction. As of 2024, we have been able to collate data for 53% of all refurbishment projects, by spend.

In our Pathway, we have committed to prioritising emissions reductions before offsetting²⁰. Our commitments reflect the SBTi requirement to achieve a 90 per cent reduction before offsetting residual emissions.

Please note that we will offset all residual scope 3 emissions from at least 2040. All Scope 3 offsets will be carbon removal offset schemes, in line with the International Carbon Reduction and Offset Accreditation ("ICROA") and registered with a reputable carbon credit methodology, for example, Gold Standard.

Potential barriers

The following external factors may represent hurdles in achieving the SPT:

- potential conflict between heritage requirements and energy efficiency;
- increased costs to analyse and meet new requirements;
- adoption of fossil fuels removal and technologies constrained by electrical supply capacity to our buildings; and
- potential lack of willingness from occupiers to engage on energy efficiency.

KPI 3: Achieve an annual increase in the percentage of eligible commercial units by ERV achieving an EPC rating of B or above.

Calibration of the target: trajectory based on Shaftesbury Capital's public target of staying ahead of current MEES regulations. Shaftesbury Capital intends for 95% of Eligible Commercial Units to be at EPC B level by 2030.

"Eligible commercial units" are commercial units that:

- are legally required to have an EPC; or
- have not been registered by Shaftesbury Capital as exempt on the Private Rented Sector (PRS) Exemptions Register;
- are not undergoing refurbishment or development works; or
- have not been acquired by Shaftesbury Capital in the previous two-year period.

We do not have past performance data for this SPT as we did not monitor EPC levels on an ERV basis. On a forward-looking basis, we are satisfied that our target is comparable to and, in some cases, more stretching than our peer group.

These targets are aligned to our Pathway and the following SDG's.



Strategies to achieve the SPTs:

We are taking the following actions to meet the EPC target:

Actions

- setting EPC targets in all development briefs;
- review of current EPCs to identify actions that are required and develop action plans to align with lease events;
- ongoing electrification of the portfolio, with plans to remove gas boilers where practicable;
- CRREM-aligned audits of the portfolio - we have undertaken detailed energy efficiency audits in line with CRREM on a sample of our buildings;
- in 2025, we are developing our strategy for improving EPC ratings over and above our planned development activities. This strategy, which includes automated tracking of assets with EPCs in need of improvement and integrating EPC improvement into development project tracking, will be fully operational in 2027, enabling us to increase the rate at which EPCs targets are achieved.
- low carbon retrofits – a number of major low-carbon retrofits have been carried out across the business, including at 72 Broadwick Street, Carnaby and the office refurbishment project on site at 27B Floral Street, Covent Garden.

Potential barriers

The following external factors may represent hurdles in achieving the SPT:

- significant progress has been made in improving EPCs in 2024, in part due to the reassessment of buildings and addressing those assets in our portfolio that had higher EPC ratings. We expect this process to become more challenging as we deal with buildings that are harder to treat, owing to for example, heritage related restrictions;
- emerging regulation, including enhanced GHG emissions reporting requiring more detailed disclosures and evolving regulations such as MEES becoming increasingly difficult to implement, especially in heritage buildings where we see a potential conflict between heritage and energy efficiency. Energy performance in buildings continues to require improvements beyond that of MEES requirements for both domestic and commercial properties;
- a lack of low cost technologies currently available to rollout at scale (for example Air Source Heat Pump technology);
- changes in climate, including flood risk, heat stress and extreme weather events;
- changes in market trends, including customers demanding greater sustainability credentials, faster than we can provide; and
- new policies regarding heritage buildings, including upgrade requirements and adaptation of low carbon products and technologies in heritage buildings.

2.3 Characteristics of the Sustainability-Linked Instrument

The financial characteristics of the instrument will be impacted, as applicable, by a step-up (or step-down) coupon adjustment or an increased (or decreased) margin adjustment, such adjustment to be commensurate and meaningful. This is depending on the nature of the instrument, with the relevant adjustment made in line with the achievement or non-achievement of the selected KPIs and applicable SPTs as at the Target Observation Dates (in respect of a Bond) and on the annual test date (in respect of a Loan).

We will recalculate our baselines and/or SPTs in case of changes that materially affect, positively or negatively, the value of the KPI(s) to reflect any significant or structural changes to the Group and/or any external parameters (such as the company structure, methodology for calculating inventory, methodology for calculating the target, any discovery of significant errors). Any such changes will be communicated within the annual reporting.

If, for any reason, the performance level against each SPT cannot be calculated or observed as prescribed or not in a satisfactory manner (non-satisfactory manner to be understood as a verification assurance certificate provided by an independent auditor containing a reservation or the independent auditor not being in a position to provide such certificate), the step-up coupon or increased margin adjustment of the instrument will be applicable.

2.4 Reporting

We will publish and keep readily available and easily accessible on our external website a Sustainability section of our Annual Report and our annual EPRA Data Report (the "Report"). The Report will be made available annually until we have reported on the performance of the SPTs on the stated Target Observation Date (in respect of a Bond) and on the annual test date (in respect of a Loan).

The Report will include:

- Information on the performance and monitoring of the selected KPI.
- Verification assurance report relative to the SPT outlining the performance against the SPT and the related impact, and timing of such impact, on the instrument's financial performance; and
- Any relevant information enabling investors to monitor the progress of the SPT.

Information may also include when feasible and possible:

- Illustration of the positive sustainability impacts of the performance improvements; and/or
- Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.

2.5 Verification

Our performance of the carbon emission KPIs defined in the Framework, at the relevant Target Observation Date, will be verified by an external auditor as part of the Group's annual sustainability report audit process. We will provide verification to a limited level of assurance, the result of which will be included in the annual sustainability report.



3. External Review

Our Sustainability-Linked Financing Framework, has been reviewed by DNV Business Assurance Services UK Limited who provided a Second Party Opinion (SPO) confirming the alignment of the Framework with the ICMA Sustainability-Linked Bond Principles (SLBP) 2024 as well as the alignment with the LMA Sustainability-Linked Loan Principles (SLLP) 2023. The SPO will be made available on Shaftesbury Capital's website.



4. Amendments to this Framework

We will review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market. We will also review this Framework in case of material changes in methodology, and in particular KPIs and/or the SPT calibration.

Such review may result in the Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of a qualified provider of Second Party Opinions. Any future updated version to this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Verifier.

The updated Framework if any will be published on our website and will replace this Framework.



5. Disclaimer

The Sustainability-Linked Financing Framework (“the Framework”) does not constitute or form part of and should not be construed as any offer or invitation to sell or issue, or solicitation of any offer to purchase or subscribe for, any securities of Shaftesbury Capital (“Issuer”) or any subsidiary or affiliate of Shaftesbury Capital in any jurisdiction or an inducement to enter into investment activity nor should it or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, any purchase, sale or subscription for any securities of the issuer or any subsidiary or affiliate of Shaftesbury Capital or be relied on in connection with any contract or commitment, or investment decision whatsoever. Neither the Framework nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Any person into whose possession such documents may come must inform themselves about, and observe any applicable restrictions on distribution.

Any bonds or other debt instrument that may be issued by Shaftesbury Capital or its subsidiaries or affiliates from time to time, including any sustainability-linked securities, shall be offered by means of a separate prospectus or offering document (including supplement thereto) in accordance with all applicable laws (including any selling restrictions). Any decision to purchase any such securities should be made solely on the basis of the information contained in any such prospectus or offering document (including any supplement thereto) provided in connection with the offering of such securities, and not on the basis of this Framework.

The information and opinions contained in this Framework are provided as of the date of this Framework and are subject to change without notice. None of Issuer or any of its subsidiaries or affiliates assume any responsibility or obligation to update or keep current or revise the information or opinions contained in this Framework, regardless of whether such information or opinions are affected by the results of new information, future events or otherwise. Undue reliance should not be placed on the information and opinions contained in this Framework. This Framework represents current Issuer policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights, or obligations. This Framework is intended to provide non-exhaustive, general information. The information contained in this Framework does not purport to be comprehensive and, unless differently specified in this Framework, has

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This Framework does not create any legally enforceable obligations against the Issuer or any subsidiary or affiliate of the Issuer or any of each of its members, directors, officers, agents, employees, or advisers. Failure to adhere or comply with any terms of this Framework, including, without limitation, failure to achieve any sustainability targets or goals set forth herein, will not constitute an event of default or breach of contractual obligations under the terms and conditions of any such sustainability-linked securities. This Framework is not intended to be and should not be construed as providing legal or financial advice.

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