

SHAFTESBURY CAPITAL PLC

(Incorporated and registered in the United Kingdom with Registration Number 07145051 and registered in South Africa as an external company with Registration Number 2010/003387/10)
JSE code: SHC ISIN: GB00B62G9D36
LEI: 549300TTXXZ1SHUI0D54
("Shaftesbury Capital" or "the Company")



AUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

29 FEBRUARY 2024

Delivering on our strategy

Ian Haworth, Chief Executive, commented:

"It has been an excellent start for Shaftesbury Capital, with positive metrics delivered across the business. We set clear priorities and are pleased with the pace and performance over the first year with significant rental income growth and cost savings driving financial performance. There is strong leasing activity and pipeline across all uses with 526 leasing transactions completed at rents on average 10 per cent ahead of December 2022 ERV.

Despite geopolitical and macroeconomic uncertainty, our portfolio has demonstrated its exceptional qualities with a stable portfolio valuation. There is a broad pool of investors attracted to prime West End real estate as demonstrated by recent sales totalling £145 million at a premium to valuation.

Backed by our strong balance sheet, unique portfolio and talented team, we are confident of delivering further rental growth and attractive returns in the years ahead as the leading central London mixed-use REIT."

Overview

- Excellent leasing activity across all uses; 526 leasing transactions were completed, representing £37.0 million of rent, 10.0 per cent ahead of 31 December 2022 ERV ("Estimated Rental Value") and introducing 68 new retail and hospitality brands and concepts
- Annualised gross income increased 10.4 per cent like-for-like to £192.8 million (pro forma Dec 22: £174.7 million). ERV growth resulting in 6.9 per cent like-for-like increase to £236.9 million (pro forma Dec 22: £221.4 million)
- Valuation movement of wholly-owned portfolio -0.8 per cent on a like-for-like basis at £4.8 billion (pro forma Dec 2022 £4.9 billion) with ERV growth offset by equivalent yield movement of 26 basis points to 4.34 per cent (pro forma Dec 2022: 4.08 per cent)
- EPRA NTA of 190 pence per share (Dec 2022 reported pre-merger and June 2023: 182 pence per share and 194 pence per share respectively)
- Low vacancy: 2.1 per cent of ERV available to let
- £145 million of asset disposals completed to date, 8 per cent ahead of valuation, with several other assets under offer
- Strong balance sheet with access to £486 million of liquidity and EPRA LTV of 31 per cent (Dec 2022: 28 per cent). Completion of refinancing of merger loan

facility through a new £200 million secured loan and £350 million senior unsecured loan facility

- Rental growth, cash conversion and cost control resulting in strong earnings performance. Proposed final dividend of 1.65 pence per share and a full-year dividend of 3.15 pence per share (H1: 1.5 pence; H2: 1.65 pence)
- Excellent progress on integration; renewed purpose and values which form the basis of how we operate

Medium-term targets and outlook

- Over the medium-term we are targeting rental growth of 5-7 per cent per annum. With stable cap rates, this would result in average total property returns of 7-9 per cent and total accounting returns of 8-10 per cent
- Despite the uncertain geopolitical and macroeconomic backdrop, our strong performance and leasing pipeline together with positive trading conditions across our West End locations provide us with confidence in the growth prospects for our exceptional portfolio

Highlights

Key financials

- Total equity value of £3.5 billion (Dec 2022 reported pre-merger: £1.6 billion)
- 2023 total property return 2.2 per cent; Total accounting return 5.8 per cent; Total shareholder return 33.1 per cent
- Underlying earnings of £60.4 million, equivalent to 3.7 pence per share (Jun 2023: £27.5 million)
- Adjusted EPRA cost ratio 40 per cent, targeting a significant reduction towards 30 per cent over the medium-term through income growth and cost control

Excellent operational momentum delivering income and rental growth

- High footfall and strong trading conditions across our prime West End portfolio, customers reporting sales in aggregate 10 per cent above 2022 levels
- 526 leasing transactions completed in 2023 with contracted rent of £37.0 million, comprising:
 - 188 commercial lettings and renewals: £24.2 million, 11.2 per cent ahead of 31 Dec 2022 ERV; 13.0 per cent ahead of previous passing rents; and
 - 338 residential lettings and renewals: £12.8 million, 11.7 per cent above previous passing rents
- Annualised gross income up 10.4 per cent like-for-like to £192.8 million (pro forma 2022: £174.7 million)
- Portfolio reversionary potential of £44.1 million, with current ERV 23 per cent ahead of annualised gross income

Wholly-owned portfolio valuation

- Portfolio valuation movement of -0.8 per cent on a like-for-like basis to £4.8 billion (pro forma Dec 2022 £4.9 billion)
 - H1: +0.2 per cent, H2: -1.0 per cent
- Portfolio ERV up 6.9 per cent on a like-for-like basis to £236.9 million (pro forma Dec 2022: £221.4 million)

- H1: +3.3 per cent, H2: +3.6 per cent, reflecting strong leasing demand across all uses
- Equivalent yield: +26 basis points to 4.34 per cent (pro forma Dec 2022: 4.08 per cent)
 - H1: +10 basis points, H2: +16 basis points
- Equivalent yield on commercial portfolio (excluding residential) of 4.58 per cent

Robust and flexible balance sheet

- Liquidity of £486 million (cash of £186 million and £300 million undrawn facilities)
- Net debt of £1.5 billion (pro forma Dec 2022: £1.5 billion) and EPRA loan-to-value ratio of 31 per cent (Dec 22: 28 per cent)
- Completion of early refinancing of merger loan facility through a new long-term secured loan of £200 million and medium-term unsecured bank facility of £350 million
- Additional hedging put in place in December 2023 for £250 million of notional value for 2025 which collars SONIA between 2.0 and 3.0 per cent, in addition to existing caps for £350 million in 2024 at 2.3 per cent
- The current weighted average cash cost of drawn debt is 4.2 per cent (Jun 2023: 4.3 per cent) which reduces taking into account interest income on cash deposits and the benefit of interest rate hedging to an effective cash cost of 3.4 per cent
- Weighted average maturity of drawn debt of 5 years (Jun 2023: 4 years)
- Modest capital commitments of £24.8 million

Commitment to environment, sustainability and supporting our local communities

- Combined 2030 Net Zero Carbon Pathway published based on our approach of future proofing our heritage properties
- Sustainable refurbishment activity continues across the portfolio enhancing the energy performance credentials; 80 per cent EPC rating of A-C, up 17 percentage points during the year
- Continued support of community-led initiatives and charities which work with organisations active in the West End

Refer to Glossary of terms on pages 56 to 59 of the full announcement.

KEY FINANCIALS

	As at 31 December 2023	As at 31 December 2022
Total equity ¹	£3,480.2m	£1,561.6m
Total equity per share ¹	190.3p	183.2p
Total accounting return	5.8%	(13.6)%
EPRA net tangible assets ¹	£3,479.4m	£1,552.2m
EPRA net tangible assets per share ¹	190.3p	182.1p
Total property return	2.2%	2.8%
Property portfolio market value ²	£4,795.3m	£1,743.7m

	For the year ended 31 December 2023	For the year ended 31 December 2022
Gross profit	£141.9m	£57.3m
Profit/(loss) for the year ³	£750.4m	£(211.8)m
Basic earnings/(loss) per share ¹	45.5p	(24.9)p
Headline earnings/(loss) per share ¹	0.6p	(24.8)p
EPRA earnings per share ¹	2.7p	6.7p
Underlying earnings per share ¹	3.7p	2.2p
Dividend per share ⁴	3.15p	2.5p
Total shareholder return	33.1%	-35.9%

1. Refer to note 2 'Performance Measures' on page [42] of the full announcement.
2. Refer to note 10 'Property Portfolio' on page [48] of the full announcement.
3. Refer to the 'Income Statement' on page [33] of the full announcement.
4. Refer to note 8 'Dividends' on page [46] of the full announcement.

This results announcement is the responsibility of the Directors of Shaftesbury Capital. It is only a summary of the information contained in the full announcement and does not contain full or complete details.

Any investment decision should be based on consideration of the full announcement accessible from 29 February 2024 via the JSE cloudlink at <https://senspdf.jse.co.za/documents/2024/jse/isse/SHCE/FY24Result.pdf> and also available on the Company's website at <https://www.shaftesburycapital.com/en/investors/results-reports-presentations.html>.

Copies of the full announcement may also be requested by contacting the Company (feedback@shaftesburycapital.com or telephone +44 (0)20 3214 9170).

The consolidated audited preliminary annual financial statements and this announcement were approved by the Board of Directors on 28 February 2024. The auditors, PricewaterhouseCoopers LLP, have reported on the consolidated audited preliminary annual financial statements for the year ended 31 December 2023 under section 495 of the Companies Act 2006. The auditors' report is unqualified and does not contain a statement under section 498(2) or (3) of the Companies Act 2006. The Company's statutory financial statements for the year ended 31 December 2022 have been filed with the Registrar of Companies and those for the year ended 31 December 2023 will be filed following the Company's Annual General Meeting.

DIVIDENDS

The Directors of Shaftesbury Capital have proposed a final cash dividend of 1.65 pence per ordinary share (ISIN GB00B62G9D36) payable on Friday, 31 May 2024.

Dates

The following are the salient dates for payment of the proposed 2023 final cash dividend:

Proposed 2023 final dividend announced	Thursday, 29 February 2024
Sterling/Rand exchange rate struck	Monday, 15 April 2024

Sterling/Rand exchange rate and dividend amount in Rand announced by 11:00am (South African time)	Tuesday, 16 April 2024
Split between PID and Non-PID confirmed	Tuesday, 16 April 2024
Last day to trade cum-dividend*	Tuesday, 23 April 2024
Ordinary shares listed ex-dividend on the JSE, Johannesburg Stock Exchange	Wednesday, 24 April 2024
Ordinary shares listed ex-dividend on the London Stock Exchange	Thursday, 25 April 2024
Record date for the final dividend in UK and South Africa	Friday, 26 April 2024
Deadline for submission of declaration of eligibility to receive gross PID payment to UK registrar (COB)	Friday, 26 April 2024
Annual General Meeting	Thursday, 23 May 2024
Dividend payment date for shareholders	Friday, 31 May 2024

The proposed 2023 final cash dividend is subject to approval at the Company's Annual General Meeting, to be held on Thursday, 23 May 2024.

*South African shareholders should note that, in accordance with the requirements of Strate, the last day to trade cum-dividend will be Tuesday, 23 April 2024. No dematerialisation of shares will be possible from Wednesday, 24 April 2024 to Friday, 26 April 2024 inclusive. No transfers between the UK and South Africa registers may take place from close of business on Tuesday, 16 April 2024 to Friday, 26 April 2024 inclusive.

The above dates are proposed and subject to change.

The Property Income Distribution ("PID") element (being 0.65 pence) will be subject to a deduction of a 20 per cent UK withholding tax unless exemptions apply. The non-PID element (being 1.0 pence) will be treated as an ordinary UK company dividend.

Information for shareholders

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

UK shareholders - PIDs

Certain categories of shareholders may be eligible for exemption from the 20 per cent UK withholding tax and may register to receive their dividends on a gross basis. Further information, including the required forms, is available from the 'Investor Information' section of the Company's website (<https://www.shaftesburycapital.com/en/investors/investor-information.html>), or on request from our UK registrars, Link Group. Validly completed forms must be received by Link Group no later than the dividend Record Date, as advised; otherwise the dividend will be paid after deduction of tax.

South African shareholders

The proposed 2023 final cash dividend declared by the Company is a foreign payment and the funds are sourced from the UK.

PIDs: A 20 per cent UK withholding tax is applicable to a PID. South African shareholders may apply to HMRC after payment of the PID element of the proposed 2023 final cash dividend for a refund of the difference between the 20 per cent UK withholding tax and the UK/South African double taxation treaty rate of 15 per cent.

The PID element of the proposed 2023 final cash dividend will be exempt from income tax but will constitute a dividend for Dividends Tax purposes, as it will be declared in respect of a share listed on the exchange operated by the JSE. SA Dividends Tax will therefore be withheld from the PID element of the proposed 2023 final cash dividend at a rate of 20 per cent, unless a shareholder qualifies for an exemption and the prescribed requirements for effecting the exemption are in place by the requisite date. Certain shareholders may also qualify for a reduction of SA Dividends Tax liability to 5 per cent, (being the difference between the SA dividends tax rate and the effective UK withholding tax rate of 15 per cent) if the prescribed requirements for effecting the reduction are in place by the requisite date.

Non-PID: The non-PID element of the proposed 2023 final cash dividend will be exempt from income tax but will constitute a dividend for SA Dividends Tax purposes, as it will be declared in respect of a share listed on the exchange operated by the JSE. SA Dividends Tax will therefore be withheld from the non-PID element of the proposed 2023 final cash dividend at a rate of 20 per cent, unless a shareholder qualifies for an exemption and the prescribed requirements for effecting the exemption are in place by the requisite date.

Other overseas shareholders:

Other non-UK shareholders may be able to make claims for a refund of UK withholding tax deducted pursuant to the application of a relevant double taxation convention. UK withholding tax refunds can only be claimed from HMRC, the UK tax authority.

Additional information on PIDs can be found at <https://www.shaftesburycapital.com/en/investors/investor-information/reit.html>

Shaftesbury Capital has a primary listing on the LSE and secondary listings on the JSE and A2X.

ENQUIRES:

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A presentation to analysts and investors will take place today at 8:30am (UK time) at the offices of UBS, 5 Broadgate, London, EC2M 2QS. The presentation will also be available to analysts and investors through a live audio call and webcast and after the event on the Group's website at www.shaftesburycapital.com

A copy of this announcement is available for download from our website at www.shaftesburycapital.com and hard copies can be requested via the website or by

contacting the Company (feedback@shaftesburycapital.com or telephone +44 (0)20 3214 9150).

DISCLAIMER

This press release contains "forward-looking statements" regarding the belief or current expectations of Shaftesbury Capital PLC, its Directors and other members of its senior management about Shaftesbury Capital PLC's businesses, financial performance and results of operations. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Shaftesbury Capital PLC and are difficult to predict, that may cause actual results, performance or developments to differ materially from any future results, performance or developments expressed or implied by the forward-looking statements. These forward-looking statements speak only as at the date of this press release. Except as required by applicable law, Shaftesbury Capital PLC makes no representation or warranty in relation to them and expressly disclaims any obligation to update or revise any forward-looking statements contained herein to reflect any change in Shaftesbury Capital PLC's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The information contained in this press release does not purport to be comprehensive and has not been independently verified.

Any information contained in this announcement on the price at which shares or other securities in Shaftesbury Capital PLC have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance. No statement in this press release is intended to be a profit forecast and no statement in this press release should be interpreted to mean that earnings per share of Shaftesbury Capital PLC for the current or future financial years would necessarily match or exceed the historical published earnings per share of Shaftesbury Capital PLC.

Certain industry and market data contained in this press release has come from third party sources. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of accuracy or completeness of such data.

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