



**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**20 March 2025**

**Shaftesbury Capital PLC**

**Shaftesbury Capital PLC and Norges Bank Investment Management establish Covent Garden partnership**

Further to the announcement dated 19 March 2025, Shaftesbury Capital PLC ("Shaftesbury Capital" or the "Group") is pleased to announce that it has formed a strategic, long-term partnership (the "Partnership") with Norges Bank Investment Management ("NBIM"), the Norwegian sovereign wealth fund, in respect of its Covent Garden estate.

Shaftesbury Capital has exchanged contracts for the sale of a 25 per cent non-controlling interest in the Covent Garden estate to NBIM (the "Transaction") with Shaftesbury Capital retaining 75 per cent ownership and management control over the estate. The Transaction values the Covent Garden estate at £2.7 billion, in line with its independent property valuation as at 31 December 2024 (adjusted for a small asset acquisition post year-end), with expected gross cash proceeds of approximately £570 million. Completion of the Transaction is expected to take place in early April 2025.

Covent Garden is a world-class global destination in the heart of the West End of London, centred around the iconic Piazza, the Market Building and surrounding streets, together with Seven Dials. It is a mixed-use portfolio of assets, with 74 per cent of the property value represented by retail and food & beverage and 26 per cent by office and residential. The estate is a vibrant, high-footfall destination, which provides a seven-days-a-week trading environment and exposure to a diverse customer base which has proven to be resilient throughout economic cycles.

The portfolio has a net initial yield of 3.6 per cent, annualised gross income of £104 million and an estimated rental value (ERV) of £134 million as at 31 December 2024. The portfolio covers some 220 buildings and over 850 units, across 1.4 million square feet (excluding 0.1 million square feet of long-leasehold residential interests).

**Benefits of the transaction**

The Board of Shaftesbury Capital (the "Board") believes that the Transaction will provide a number of strategic and financial benefits, including:

- Creation of a strategic partnership with a leading global investor with a long-term investment horizon and knowledge of and established presence in London's West End;
- Positions the business for enhanced investment and expansion opportunities both within the Partnership and the broader Group, adding to its growth prospects;
- Substantial cash investment by NBIM, valuing the Covent Garden estate at £2.7 billion, in line with the independent property valuation undertaken by CBRE as at 31 December 2024;
- The Transaction is expected to be earnings-enhancing and neutral to 2024 EPRA net tangible assets per share. Shaftesbury Capital will retain control and management of the Covent Garden estate, with fee income from the Partnership reflecting the running costs of managing the estate; and
- Strengthened balance sheet and enhanced financial flexibility across the Group, with a range of options to deploy the proceeds, including acquisitions, investment into the existing Shaftesbury Capital portfolio and reduction of net debt.

**Ian Hawksworth, Chief Executive of Shaftesbury Capital, said:**

*"We are pleased to announce the formation of a £2.7 billion long-term, strategic partnership with NBIM. This investment by a leading global real estate investor demonstrates the quality of our portfolio. This partnership brings together two long-term investors who have a shared confidence in and ambitions for the growth prospects of the Covent Garden estate and the West End."*

*Through partnering with private capital, this transaction leverages our operating expertise and assets, enhancing growth and expansion opportunities across our portfolio whilst strengthening our financial position and providing significant optionality to the Group."*

*As demonstrated by our recent 2024 results, Shaftesbury Capital's portfolio is anticipated to deliver long-term sustained income and value growth. Backed by a strong balance sheet, we are well-positioned to capitalise on market opportunities in London's West End."*

**Jayesh Patel, Head of UK Real Estate at NBIM, said:**

*"We are delighted to announce our investment into the Covent Garden estate, creating a long-term partnership with Shaftesbury Capital. This investment underscores our belief in the strength of London with the portfolio complementing our other high quality West End investments. Covent Garden is one of the world's most recognised retail, leisure and cultural destinations and we look forward to supporting Shaftesbury Capital's management team, with their strong track record of delivering the growth potential of this prime West End estate."*

**Background to the transaction**

The Transaction highlights the value of our prime central London estates with aggregated ownership, and characterised by strength of demand, high occupancy, low capital requirements and reliable growing long-term cash flows.

Shaftesbury Capital has assembled the Covent Garden estate, now comprising some 220 buildings over many years, and implemented a comprehensive leasing strategy and a creative approach to asset management alongside strategic consumer marketing, selective refurbishment and development, and enhancement of the public realm. This unique portfolio in the heart of London's West End represents one of the world's most desirable real estate locations.

#### Use of proceeds

The Transaction provides increased financial flexibility, with a range of options to deploy the proceeds to enhance long-term returns for shareholders, including:

- Acquisition opportunities in both Covent Garden and across the wider Group, with a number of buildings currently under review;
- Investment into the existing Shaftesbury Capital portfolio including refurbishment, asset management and repositioning opportunities, to realise the long-term potential of our assets; and
- Repayment of outstanding debt, whilst maintaining access to significant liquidity.

Shaftesbury Capital has a strong balance sheet and maintains an active and disciplined approach to capital allocation. Proceeds will be used initially to reduce drawn debt, in particular partial repayment of the Canada Life term loan (£67.4 million of the £135 million, which will utilise approximately £42 million of the proceeds net of restricted cash), and in due course repayment of the £275 million of exchangeable bonds due in March 2026. In the meantime, cash will be held on deposit until deployed.

#### Financial effects of the Transaction

Shaftesbury Capital is expected to receive gross cash proceeds of approximately £570 million from NBIM, representing 25 per cent of the estimated net asset value of the Covent Garden group of approximately £2.3 billion (as at 31 December 2024). The existing Covent Garden debt of £380 million, comprising unsecured private placement loan notes, will remain within the Covent Garden group following completion of the Transaction. Covent Garden is expected to have an initial cash balance of approximately £25 million on completion.

The Transaction is expected to be neutral to 31 December 2024 EPRA NTA per share for Shaftesbury Capital.

The Transaction is anticipated to be earnings enhancing for Shaftesbury Capital, reflecting adjustments to Group share of net rental income, asset management fee income and costs to be borne directly by the Partnership (totalling approximately £4.5 million initially at Group share on an annualised basis), and the reduction in finance costs resulting from lower net debt. It is expected that there will be the opportunity to enhance earnings further over time as the proceeds are reinvested.

Following the Transaction, and before deployment of proceeds, the Group EPRA loan to value ratio will be 16 per cent on a pro forma, proportionally consolidated basis, compared with 27 per cent at the end of 2024. This is based on Shaftesbury Capital's debt and cash balances as at 31 December 2024, adjusted for the net Transaction proceeds, and the independent property valuation of the Shaftesbury Capital portfolio as at 31 December 2024. Net debt to EBITDA is estimated to reduce from approximately 11 to seven times. On completion, Shaftesbury Capital will have access to £1.1 billion of liquidity, including £450 million of committed undrawn facilities.

Shaftesbury Capital will continue to consolidate fully the Covent Garden estate into its Group financial statements. A non-controlling interest will be recognised by Shaftesbury Capital reflecting NBIM's 25 per cent interest in Covent Garden. The illustrative impact of the Transaction on the Group, based on reported 2024 results, would be to reduce the Group's share of property at market value to £4.4 billion (compared with £5.0 billion on a Group share basis at year end), a reduction in net debt from £1.4 billion to £0.7 billion and the net asset value of the Group being unchanged at £3.7 billion.

Key financial metrics	31 Dec 2024	Pro-forma <sup>1</sup>
Property portfolio	£5.0bn	£4.4bn
Net debt	£1.4bn	£0.7bn
Net asset value (NTA or net tangible assets)	£3.7bn	£3.7bn
EPRA NTA per share (pence)	200p	200p
EPRA LTV	27%	16%
Net debt to EBITDA	11x	7x
Liquidity	£0.6bn	£1.1bn

1. Pro forma Dec 2024 reflects proportionate consolidation of 75% of Covent Garden and 50% of Lillie Square

#### Additional information

As a result of its existing shareholding in Shaftesbury Capital, NBIM is defined as a related party to Shaftesbury Capital under the UK Listing Rules ("UKLR") and, as a result, the Transaction constitutes a related party transaction under UKLR 8R.

The Board confirms its view that the Transaction is fair and reasonable as far as the shareholders of Shaftesbury Capital are concerned and that the Board has been so advised by Rothschild & Co in its role as Shaftesbury Capital's sponsor and financial adviser in connection with the Transaction.

#### Enquiries:

##### Shaftesbury Capital PLC

+44 (0)20 3214 9150

Ian Hawsworth

Chief Executive

Situl Jobanputra

Chief Financial Officer

Sarah Corbett

Director of Commercial Finance and Investor Relations

##### Rothschild & Co (Financial adviser and sponsor to Shaftesbury Capital)

+44 (0)20 7280 5000

Alex Midgen

Peter Everest

Jake Shackelford

#### Media enquiries:

UK: Hudson Sandler

Michael Sandler

+44 (0)20 7796 4133

UK: RMS Partners

Simon Courtenay

+44 (0)20 3735 6551

SA: Instinctif

Louise Fortuin

+27 (0)11 447 3030

**A live audio call and webcast on the Transaction to analysts and investors will take place today at 08:30am (UK time) at <https://stream.brrmedia.co.uk/broadcast/67d4476dl9d2d898348937eb>**

It will be available on the Group's website at [www.shafesburycapital.com](http://www.shafesburycapital.com)

Rothschild & Co is acting as financial adviser and sponsor in relation to the Transaction. Herbert Smith Freehills is acting as legal adviser to Shaftesbury Capital in relation to the Transaction.

#### **About Shaftesbury Capital**

Shaftesbury Capital PLC ("Shaftesbury Capital") is the leading central London mixed-use REIT and is a constituent of the FTSE-250 Index. Our property assets under management, valued at £5.0 billion, extend to 2.7 million square feet of lettable space across the most vibrant areas of London's West End. With a diverse mix of shops, restaurants, cafés, bars, residential apartments and offices, our destinations include the high footfall, thriving neighbourhoods of Covent Garden, Carnaby, Soho and Chinatown. Our properties are close to the main West End Underground stations and transport hubs for the Elizabeth Line. Shaftesbury Capital shares are listed on the London Stock Exchange ("LSE") (primary) and the Johannesburg Stock Exchange ("JSE") (secondary) and the A2X (secondary).

#### **Our purpose**

Investing to create thriving destinations in London's West End where people enjoy visiting, working, and living.

#### **Our values**

We have a set of values that are fundamental to our behaviour, decision making and the delivery both of our purpose and strategy: Act with integrity; Take a creative approach; Listen and collaborate; Take a responsible, long-term view; and Make a difference.

#### **Principal terms of the Transaction**

Shaftesbury Capital and NBIM entered into a sale and purchase agreement on 20 March 2025. Pursuant to this, NBIM will pay cash consideration of approximately £570 million to Shaftesbury Capital for the acquisition of 25 per cent of the shares in the holding company for the Covent Garden estate, ("CG TopCo"), currently a wholly-owned subsidiary of Shaftesbury Capital and the owner of the entirety of the Covent Garden properties (following completion of an internal reorganisation). As part of the Transaction, Covent Garden will elect for REIT status.

The final consideration payable is subject to adjustment under a customary completion accounts mechanism.

Prior to completion of the Transaction, Shaftesbury Capital will complete an internal reorganisation to transfer all Covent Garden properties into the ownership of CG TopCo.

On completion of the Transaction, Shaftesbury Capital and NBIM will enter into an agreed form shareholders' agreement, pursuant to which Shaftesbury Capital will retain day-to-day control over the Covent Garden estate, subject to a limited number of customary reserved matters for NBIM, in keeping with its non-controlling minority shareholding.

The shareholders' agreement contains customary transfer restrictions, including minimum shareholdings, pre-emption rights and drag along and tag along rights for both shareholders.

Shaftesbury Capital and NBIM are each subject to a three-year lock-up period, subject to certain exceptions including in the case of a takeover of Shaftesbury Capital.

#### **Management arrangements**

Shaftesbury Capital will provide day-to-day asset management and property management services to the Partnership through an asset management agreement.

Asset management fees will be paid by the Partnership to Shaftesbury Capital, reflecting the running costs of managing the estate.

#### **Important notices**

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, any offer to sell or issue, or any solicitation or recommendation of an offer to purchase, subscribe for or otherwise acquire, or the solicitation of any offer to dispose of, any securities in Shaftesbury Capital. Nothing contained in this Announcement is intended to, nor shall it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever and, in particular, must not be used in making any investment decision.

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This Announcement has been prepared for the purpose of complying with English law and the applicable laws and regulations of the UK (including the UK Listing Rules and the Disclosure Guidance and Transparency Rules) and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws and regulations of jurisdictions outside the United Kingdom.

This Announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation in respect of Shaftesbury Capital. The person responsible for arranging for the release of this Announcement on behalf of Shaftesbury Capital is Ruth Pavey, Company Secretary.

#### **Important notices regarding the Financial Adviser**

N. M. Rothschild and Sons Limited ("Rothschild & Co"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Shaftesbury Capital and no one else in connection with the Transaction and will not be responsible to any other person for providing the protections afforded to its clients or for providing advice in connection with the Transaction, the contents of this Announcement or any other matter referred to herein.

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#### **Cautionary note regarding forward-looking statements**

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Transaction and other information published by Shaftesbury Capital may contain statements which are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the fact that they do not relate

to be, "forward-looking statements". These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Shaftesbury Capital about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this Announcement may include statements relating to the expected effects of the Transaction on Shaftesbury Capital, the expected timing of the Transaction and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "targets", "hopes", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases of similar meaning or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. These statements are based on assumptions and assessments made by Shaftesbury Capital in light of its experience and its perception of historical trends, current conditions, future developments and other factors they believe appropriate. Although Shaftesbury Capital believe that the expectations reflected in such forward-looking statements are reasonable, Shaftesbury Capital can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the renegotiation of contracts or licences; fluctuations in demand and pricing in the commercial property industry; changes in government policy and taxations; changes in political conditions, economies and markets in which Shaftesbury Capital operates; changes in the markets from which Shaftesbury Capital raises finance; the impact of legal or other proceedings; changes in accounting practices and interpretation of accounting standards under IFRS; changes in interest and exchange rates; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this document.

Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors.

Neither Shaftesbury Capital, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements.

Other than in accordance with their legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA), Shaftesbury Capital is not under any obligation, and Shaftesbury Capital expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### **Pro forma**

The unaudited pro forma metrics have been prepared for illustrative purposes only, to illustrate the impact of the Transaction, as if it had been undertaken as at 31 December 2024. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of the Group. Future results of the Group may differ materially from those presented in the unaudited pro forma balance sheet due to various factors.

#### **No Profit Forecasts or Estimates**

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share or dividend per share for Shaftesbury Capital, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for Shaftesbury Capital.

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