

Financial Highlights

		2002	2001*	% Change
Net property revenue	£'000	34,239	30,634	+11.8%
Profit before disposals	£'000	10,896	11,195	-2.7%
Profit after taxation	£'000	9,714	9,232	+5.2%
Basic earnings per share before disposals	pence	8.28	8.51	-2.7%
Basic earnings per share after taxation	pence	7.38	7.02	+5.1%
Dividends per share	pence	3.56	3.25	+9.5%
Gross property assets	£'000	698,195	647,250	
Shareholders' funds	£'000	375,563	375,511	
Net asset value per share	pence	285	284	+0.4%

* As restated in accordance with FRS 19

Chairman's statement

I am pleased to report another active year despite challenging market conditions.

Shareholders' funds at 30th September 2002 totalled £375.6 million, equivalent to an undiluted net asset value per share of £2.85. This compares to shareholders' funds of £373.5 million and an undiluted net asset value per share of £2.84 at the previous year end.

Profit on ordinary activities before asset disposals for the year ended 30th September 2002 amounted to £10.9 million, compared with £11.2 million in 2001. Disposals of investment assets during the year produced a surplus over book value of £2.1 million (2001 - £1.5 million), resulting in a profit after disposals of £13.0 million (2001 - £12.7 million).

After provision for current and deferred taxation of £3.3 million (2001 - £3.5 million), profit after disposals and taxation amounted to £9.7 million (2001 - £9.2 million).

Your Directors are pleased to recommend a final dividend of 2.31p per share (2001 - 2.10p). Together with the interim dividend of 1.25p, the total dividend for the year will be 3.56p per share, an increase of 9.5% over last year's distribution of 3.25p and reflects our confidence in your Company's prospects. As our net income continues to grow we intend to maintain a progressive dividend policy.

We have continued to secure our choice of tenants for our retail and leisure schemes as they become available despite a climate of economic uncertainty throughout the year. As stated at the time of our Interim Results in May 2002, our refurbishment schemes in Carnaby and Covent Garden have restrained the growth in our net income in the current year but these projects are now nearing completion.

The estimated total rental value of our portfolio at the year end was approximately £50 million per annum. Within this total, the estimated rental value of projects in hand, but not let and of properties available to let was over £5 million per annum.

Our property portfolio has been valued as at 30th September 2002 at £698.2 million resulting in a revaluation deficit of £3.1 million, a reduction of 0.4% on book value. Within our portfolio, we have seen growth in rental values of shops and restaurants of on average 5% during the year, which is being sustained, and yields for these uses have improved marginally. Retail and restaurant uses now account for approximately 70% of the value of our portfolio. However, occupier demand for offices continues to be weak with falls in rental values of around 20%. In

situations where unexpired office lease terms are short, there has been a sharp deterioration in yields. Offices now represent approximately 20% of the value of our portfolio.

During the year, £51 million of our total acquisitions of £55 million were located in Covent Garden, near to Seven Dials. These included the strategically important acquisitions in November 2001 covering two-thirds of an acre between Seven Dials and Long Acre.

The West End of London remains an important destination for Londoners as well as domestic and overseas tourists, with an unrivalled mix of historic sites, theatres, cultural attractions, shopping, restaurants and bars. There has been an increase in overseas visitors this year although numbers are still below the peak of 18 months ago. We believe our villages will continue to benefit from the trend towards increased spending on leisure and eating out and the growth in "short break" holidays, with London's West End a popular city centre destination.

We continue to develop and promote the special characteristics and identities of our Carnaby, Covent Garden and Chinatown villages, where we have an exceptional mix of uses and an increasing emphasis on retail and leisure activities. These two uses now represent 64% of our current income, a proportion which continues to increase each year.

Our portfolio includes 234 shops totalling 325,000 sq. ft., which provide 37% of current income. Demand in both Carnaby and Seven Dials Covent Garden from independent UK and overseas retailers remains very firm. The average rental levels in our Villages, although increasing, are still under one half of those in neighbouring prime locations that are increasingly dominated by high street multiples. This provides us with the opportunity to continue creating rental growth in our villages and yet remain competitive against nearby prime rents.

We now own 135 restaurants, bars and clubs, extending to 335,000 sq.ft. which currently provide 27% of our income. We continue to see strong demand from experienced independent operators who appreciate the strength of our locations and our policy of discouraging large restaurant chains. We consider that Westminster City Council's current plans to further restrict restaurants and bars in our area are misguided and are likely to distort supply and demand and hinder the improvement of established operations.

The average unexpired lease terms of our shops is 9 years and of our restaurants 17 years.

We have 465,000 sq.ft. of offices which account for 31% of current income. We have continued our policy of further reducing the amount of offices, both through change of use and disposal. During the year we have sold three non-core buildings comprising 80,000 sq.ft. of offices. The average unexpired lease term of our remaining offices is 8 years.

Our financial resources remain strong. During the period since October 2001, we have raised further bank finance of £55 million, including a £25 million increase in our long term loan facility. We currently have approximately £55 million of unused facilities at our disposal to fund further acquisitions in our chosen locations.

I would like to extend my gratitude to Neil Benson, who will be retiring from the Board at the 2003 Annual General Meeting. Neil has been a Director of the Company since it was established in 1986. His experience and practical advice have been invaluable throughout this exciting period as we have grown from a private company to our present size and status.

The outlook for the coming year remains uncertain. At present we see no general upturn in demand from office occupiers but we expect the popularity of our locations, particularly with fashion and media businesses, will allow us to benefit at an early stage from any recovery in demand. We have ever greater confidence in our villages as exceptional retail and leisure destinations and we continue to increase the proportion of our income derived from these uses. I am confident that with our sound financial position and growing rental stream, we are well placed to deliver solid growth in income and capital values.

Peter L Levy
Chairman,
3rd December 2002

Business Review

Carnaby

We are finalising plans to provide larger units to meet the increasing demand for such shops on Carnaby Street, which has become apparent from the demand for the first phase of the Kingly Court project.

Comparing our valuers' opinion of value to book cost, which includes capital expenditure of £14 million during the year, produces a deficit on revaluation equivalent to 3.6% of book cost. The retail and leisure elements of our Carnaby holdings have continued to exceed our expectations. However, values as a whole have been reduced as a result of the relatively large proportion of income in Carnaby that is still derived from offices (43%) and also our specific policy of keeping some offices on short leases where we see potential for change of use to retail in the longer term.

We are currently reconstructing Kingly Court to create a predominately retail and leisure courtyard with new access from Carnaby Street. The scheme comprises approximately 57,000 sq. ft. of retail and leisure and 23,000 sq. ft. of offices. With the exception of a single shop still under construction, the first phase comprising seven shops, two clubs and a restaurant has now been completed in shell form. All of the completed shops and the two clubs have been pre-let and we expect to complete an agreement for lease of the restaurant by the end of December 2002. Our new retailers include Puma, Mambo, Ben Sherman and Henri Lloyd who are all opening flagship stores. There is unprecedented demand for the last remaining shop in this phase, which is expected to be completed by the end of December. This first phase represents 50% of the rental value of the whole project.

The final phase of shopping within Kingly Court itself, totalling approximately 20,000 sq. ft., will be completed in April 2003 and will provide up to 30 flexible units from 250 sq.ft. upwards. We are encouraged by the current unsolicited interest in these new units in advance of completion and marketing. The office element of the scheme is now virtually completed and we have commenced marketing this high quality space.

In Spring 2003 we will start to remodel eight of our existing shops on the south east side of Carnaby Street, immediately opposite the new entrance to Kingly Court. We are finalising plans to provide larger units to meet the increasing demand for such shops on Carnaby Street, which has become apparent from the demand for the first phase of the Kingly Court project. Completion of this scheme is anticipated in phases within 12 months. We continue to explore more opportunities to improve and extend retail uses elsewhere in the Village.

In October 2002, in spite of the falling demand for offices, we extended the short tenancy on our largest freehold office investment of 55,000 sq.ft. to create a new lease on full repairing and insuring terms until 2018. This building alone represents 22% of our office income in Carnaby and houses the editorial teams of a number of leading fashion and lifestyle publications. Interestingly, most of our other recent major office lettings during the year and current interest in offices has also been from fashion related businesses, which are attracted by Carnaby's growing reputation as a specialist retail location.

Covent Garden

The broad mix of uses and unusual street pattern gives Covent Garden and Seven Dials in particular a unique bohemian atmosphere. Our strategy is to accentuate these characteristics through the careful choice of appropriate tenants.

Purchases during the year totalled £51 million, the principal one of which was the Wellington House block, which was bought in November 2001 and has for the moment increased offices by 45,000 sq.ft.

The reduction in the value of the offices, particularly Wellington House which is also let on short leases, has reduced the value of our Covent Garden Estate as a whole by 1.4%. Wellington House was acquired specifically with a view to development for retail and other uses and consequently the short lease terms are essential for our plans. This situation is likely to persist for the time being whilst we explore the site's full potential and assess the added value that our ideas will bring to our adjoining holdings in Seven Dials.

Other purchases in Covent Garden during the year have included four restaurants, a club, and a shop with mixed uses above.

All of our retail and restaurant projects completed during the year have been let. At Shorts Gardens, the conversion of 7,000 sq.ft. from offices to retail is due for completion in April 2003. Current interest suggests that these new shops will let readily on completion.

The broad mix of uses and unusual street pattern gives Covent Garden and Seven Dials in particular a unique bohemian atmosphere. Our strategy is to accentuate these characteristics through the careful choice of appropriate tenants. We are encouraged by the high quality of our new retailers who have opened in and around Seven Dials this year. Also, we have found that those of our offices that are available for long-term letting have attracted leading businesses within the leisure and entertainment sectors.

Chinatown

Chinatown remains in demand with restaurant and leisure businesses which are attracted by the location, long hours of trading and high visitor density, particularly at evenings and weekends.

Business in Chinatown has remained resilient during 2002. This is in spite of trade having been disrupted for four months in the summer whilst a gas main was replaced throughout Gerrard Street and even though the number of overseas tourists has not yet returned to the levels seen in 2000.

In March 2002, we pre-let a restaurant on Shaftesbury Avenue on terms which exceeded our expectations. This was only the second vacant unit where we have secured possession in over 11 years. Chinatown remains in demand with restaurant and leisure businesses which are attracted by the location, long hours of trading and high visitor density, particularly at evenings and weekends. Where possible, we seek to increase residential uses to accommodate those who work in the area.

With the exception of 8,000 sq.ft. of offices, Chinatown remains fully let. Most of our offices are let to solicitors, accountants and other businesses directly associated with this flourishing Far Eastern community.

Our discussions with Westminster City Council during the year have led to a joint study to identify practical and effective ways to improve essential services and to create an attractive 24 hour environment. During 2003, the Council will, with our support, be implementing an improved refuse collection and highway cleaning plan. Recently, the Council has also proposed a programme of further improvements to the public areas for 2003 and 2004 which we welcome and will support.

Deferred Taxation

The Company has adopted Financial Reporting Standard 19 "Deferred Taxation", which requires us to provide in full for deferred tax on timing differences arising from the differing treatment of certain items of expenditure for accounting and taxation purposes, unless those timing differences can be demonstrated to be permanent. Full provision is required even where the Directors consider the likelihood of an actual liability crystallising is remote.

In order to comply with this Standard, we have been obliged to provide for a theoretical deferred taxation liability amounting to £2.9 million at 30th September 2002 in respect of capital allowances claimed by the Company. This is equivalent to a reduction in net asset value per share of 2p. This liability would only arise in the event of a sale of the properties on which the allowances were claimed and assumes the Company would be unable to agree with a purchaser a transfer value of allowances that could mitigate or eliminate any liability to repay allowances previously claimed.

Shaftesbury in the Community

The Company's policy is to align its charitable support and community involvement to its areas of investment in London's West End, where the arts, theatre and music are essential ingredients. The Company is also fully aware of the social problems that co-exist in this high profile environment. Financial support continues to be provided to the National Campaign for the Arts and the Association of British Orchestras. Management advice, on a non-executive basis is also given to the Theatres Trust Great Britain.

The Company has increased its help, advice and financial assistance to other non-political community groups and charities operating in Carnaby, Covent Garden and Chinatown. These include the Soho Green Project, where we are funding a part-time administrator for two years to help obtain consents and finance for a secure playground for the local primary school. We have extended our work with the London branch of the Samaritans and in October we provided them with a shop in Carnaby Street, where they were able to sell designer clothes and launch their new branding. We continue to provide active support to the Hungerford Drugs Project and are helping to procure additional funding for work on drug related issues in Soho. We are currently considering increasing our involvement with the Soho Family Centre, which specialises in providing support and education services to poorer families in Soho and with specific emphasis on local Chinese and Bangladeshi communities.

We continue actively to support the work of the Covent Garden Community Association, the Seven Dials Monument Charity, the Chinatown Working Party and the London Chinatown Chinese Association.

We have been a member of the FTSE4Good index since its inception.

Throughout our Villages, we work closely with Westminster City Council and Camden Council to ensure the local environments are properly maintained to provide safe, welcoming areas for the benefit of our tenants, their staff and customers, and local residents. We recognise that services provided by these statutory bodies at times suffer due to insufficient funding and the sheer weight of visitor numbers. With our detailed local knowledge and experience we seek to identify specific problem areas and, where necessary, fund additional services or projects that will benefit the public environment in our locations. In particular, we are providing financial support to a new public CCTV scheme in the West End that will become fully operational during 2003. This new scheme, which will augment our own investment in CCTV in our Villages, will improve public safety and security in the West End.

Finance

We have continued our strategy of securing long and medium term finance together with hedging a proportion of our floating rate debt to provide certainty of finance costs and protect against future adverse rate movements.

In November 2001 we increased our medium term bank facilities by £30 million, and in November 2002 agreed an increase in our long term bank loan of £25 million. We expect to draw down these additional long term funds during December 2002. We currently have unused facilities of approximately £55 million, which will enable us to act quickly as further investment opportunities arise but without incurring excessive non-utilisation costs. Our intention is to continue to seek finance from a limited number of UK-based banks on terms that allow us maximum flexibility in terms of the operation of the facilities and the active management of our portfolio.

The increase in our borrowings during the year arose principally from the net investment in our property portfolio, with purchases and capital expenditure totalling £73.2 million and £21.2 million realised from disposals. We expect that, as our current extensive schemes in Carnaby complete in 2003, we will be in a position to finance our anticipated level of refurbishment expenditure from within our growing revenue cash flow surpluses.

Gearing at the year end, calculated by reference to the nominal rather than book value of our debt, was 79%, well within our self-imposed gearing limit of 100%. The ratio of net debt to property assets was 42% (2001 - 38%). Net interest charges were covered 1.56 times (2001 - 1.67 times) by recurring operating profits. This level of cover will increase considerably in the coming year as our income stream improves. The Board monitors the level of current and forecast debt and interest cover on a regular basis and keeps under review the Company's strategy regarding the appropriate levels of debt and equity finance.

During the year, the Company entered into further interest rate hedges and restructured existing hedging arrangements to take advantage of favourable market conditions. The effect of these transactions, once our forward start arrangements commence in mid-2003, is to provide the Company with an average fixed rate of 5.27% (excluding margin) on long and medium term bank borrowings for an average of 11 years. The hedging agreements can be extended at the banks' option for up to a further 10 years.

At 30th September 2002, the fair value of the Company's debt and interest rate hedges compared to book value gave rise to a deficit of £30.7 million (2001 – deficit £15.3 million) or £21.5 million (2001 - £10.7 million) after tax relief. This is equivalent to a reduction in net assets per share of 23p (2001 – 12p) or 16p (2001 – 8p) after tax relief. The Company has no legal obligation nor any present intention to crystallise this theoretical liability by the early repayment of its debt or the early termination of its interest rate hedges.

Jonathan S Lane, Chief Executive

Brian Bickell, Finance Director

3rd December 2002

Directors, officers and advisers

- 1 Peter L Levy, OBE, FRICS** Non-executive Director and Chairman. Founder of Shaftesbury PLC.
Age: 63 years.
- 2 Jonathan S Lane, MA, FRICS** Chief Executive. Joined in 1986 as managing director. Overall responsibility for the Group's strategy and day-to-day operations.
Age: 57 years.
- 3 Brian Bickell, FCA** Finance Director. Joined in 1986 and appointed a Director in 1987. His responsibilities include finance strategy, accounting, taxation and all company secretarial and compliance matters.
Age: 48 years.
- 4 Simon J Quayle, BSc, MRICS** Director. Joined in 1987 and appointed a Director in 1997. Responsible for strategy and management in Carnaby and parts of the Covent Garden estate.
Age: 44 years.
- 5 Thomas J C Welton, MRICS** Director. Joined in 1989 and appointed a Director in 1997. Responsible for strategy and management in Chinatown and parts of the Covent Garden estate.
Age: 41 years.
- 6 Neil W Benson, FCA.** Non-executive Director (appointed 1986). Senior partner of Lewis Golden & Co, Chartered Accountants. Non-executive director and Chairman of Davis Service Group Plc.
Age: 65 years.
- 7 P John Manser, CBE, DL, FCA.** Senior non-executive Director (appointed 1997) and Chairman of the Audit Committee. Chairman of Intermediate Capital Group PLC. Deputy Chairman of Fitzhardinge PLC. Non executive director of South African Breweries PLC.
Age: 62 years.
- 8 John R K Emlly, FCIS.** Non-executive Director (appointed 2000) and Chairman of the Remuneration Committee. Investment director of the Civil Aviation Authority Pension Fund. Director of the JP Morgan Fleming Mid-Cap Investment Trust plc and the F&C Income Growth Investment Trust plc.
Age: 61 years.
- 9 Alastair W MacDonald** Non-executive Director (appointed 2001). Formerly a director of and adviser to a number of property investment companies and funds.
Age: 56 years

Secretary and Registered Office

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Registrars

Lloyds Bank Registrars,
The Causeway, Worthing,
West Sussex BN99 6DA

Web sites

Corporate: www.shaftesbury.co.uk
Includes Annual and Interim Reports library from 1998 and recent corporate announcements. News Alert Service allows registered users to receive E-mail alerts of any new announcements.

Stockbrokers

Dresdner Kleinwort Wasserstein
Merrill Lynch International

Merchant Bankers

Dresdner Kleinwort Wasserstein

Principal Bankers

Bradford & Bingley plc
Clydesdale Bank PLC
Lloyds TSB Bank Plc

Debenture Stock Trustee

Prudential Trustee Company Limited

Auditors

PricewaterhouseCoopers

Solicitors

Lovells
Eversheds

Carnaby: www.carnaby.co.uk

Extensive information on tenants and events in Carnaby.

Valuers

DTZ Debenham Tie Leung Limited

Directors' Report

The Directors present their report and the financial statements for the year ended 30th September 2002.

A review of the development of the Company's business during the year and future prospects is included in the Chairman's Statement and Business Review which should be read in conjunction with this report.

Principal Activity

The Company is engaged in investment in commercial properties and their improvement through refurbishment and active management.

Results and Dividends

The results for the year ended 30th September 2002 are set out in the Group Profit and Loss Account on page 33.

An interim dividend of 1.25p per Ordinary Share was paid on 28th June 2002.

The Directors recommend a final dividend in respect of the year ended 30th September 2002 of 2.31p per Ordinary Share, making a total dividend for the year of 3.56p per Ordinary Share (2001 – 3.25p). If authorised at the Annual General Meeting, the dividend will be paid on 7th February 2003 to members on the register at the close of business on 10th January 2003.

Share Capital

During the year, 79,910 Ordinary Shares of 25p each were issued fully paid at prices in the range £1.085 to £1.98 pursuant to the exercise of share options granted under the Company's Share Option Schemes.

Authority to Issue Shares

A Special Resolution will be proposed at the Annual General Meeting to authorise the Directors to allot the Company's unissued Ordinary Shares for cash, or otherwise pro-rata to existing shareholders in connection with a rights issue and up to a maximum nominal amount of £1,640,000, which is equivalent to approximately 5% of the Company's issued Ordinary Share capital. The authority, if granted, would be valid only until the earlier of 15 months from the date of the passing of the resolution or the next Annual General Meeting.

Purchase of Own Shares

The Company's Articles of Association contain a provision allowing the Directors to purchase the Company's own shares subject to the prior authority of the members having been obtained. A Special Resolution will be proposed at the Annual General Meeting for the purpose of seeking general authority to effect such purchases within the limits set out. The Directors are of the opinion that it would be advantageous for the Company to be in a position to purchase its own shares through the London Stock Exchange, should market conditions and price justify such action. The proposed authority would enable the Company to purchase up to a maximum of 13,166,000 ordinary shares, representing approximately 10% of the Ordinary shares currently in issue, with a stated upper limit on the price payable which reflects the requirements of the Listing Rules. Purchases would only be made after the most careful consideration, where the Directors believed that an increase in earnings or net assets per share would result and where purchases were, in the opinion of the Directors, in the best interests of the Company and its shareholders. The Directors consider that it is prudent to obtain the proposed authority, although the Directors do not have any present intention of implementing this strategy.

Directors

The Directors of the Company who served during the year ended 30th September 2002, together with their interests in the Ordinary Share capital of the Company, were as follows:

	Ordinary Shares of 25p each		
	1.10.01	30.9.02	27.11.02
Beneficial interests:			
Peter L Levy	4,060,592	3,262,092	3,262,092
Jonathan S Lane	86,937	107,082	107,082
Brian Bickell	63,162	101,846	101,846
Simon J Quayle	44,957	101,792	101,792
Thomas J C Welton	5,041	5,041	5,041
Neil W Benson	76,950	76,950	76,950
P John Manser	55,000	55,000	55,000
C Richard Plummer (resigned 29.1.2002)	13,394	-	-
John R K Emyl	5,000	10,000	15,000
Alastair W MacDonald (appointed 3.12.2001)	-	41,000	41,000
Non-beneficial interests:			
Peter L Levy:			
As trustee of The Joseph Levy Charitable Foundation	500,000	500,000	500,000
Peter L Levy and Neil W Benson:			
As trustees of other trusts	44,058	44,058	44,058

At 30th September 2002 the trustee of the Shaftesbury PLC Employee Benefit Trust held a total of 142,586 Ordinary Shares in respect of awards granted but not delivered to certain Directors under the Company's Executive Share Award Scheme (now terminated) and the Deferred Annual Bonus Scheme. Outstanding awards at 30th September 2002 were as follows:

Date of Award	J S Lane	B Bickell	S J Quayle	T J C Welton
Executive Share Award Scheme				
24th December 1997	15,076	10,050	12,563	10,050
Exercised in year	(15,076)	(10,050)	(12,563)	-
7th January 1999	5,069	19,423	16,187	15,105
Exercised in year	(5,069)	(19,423)	(16,187)	-
4th January 2000	10,388	5,740	5,463	5,204
Deferred Annual Bonus Scheme				
5th December 2001	31,665	25,700	16,062	17,209
	42,053	31,440	21,525	47,568

Each award of Ordinary Shares may be delivered to an individual at a consideration of £1 at any time between three and seven years after the date of grant of an award in the case of the Executive Share Award Scheme and between two and seven years in the case of the Deferred Annual Bonus Scheme.

Details of options granted to Executive Directors under the Company's Share Option Schemes are set out in the Directors' Remuneration Report on page 29.

At the forthcoming Annual General Meeting:

- J S Lane and S J Quayle will retire by rotation and will offer themselves for re-election
- N W Benson will retire and is not seeking re-election

J S Lane and S J Quayle have service contracts with the Company which are terminable by either party upon giving not less than twelve months prior notice of termination.

None of the Directors had a material interest in any contract of significance with the Company, or any of its subsidiaries, at any time during the year.

Substantial Shareholdings

Other than Directors referred to above, at 27th November 2002 the Company had been notified that the following held, or were beneficially interested in, 3% or more of the Company's Ordinary Shares:

Co-operative Insurance Society Limited	Percentage of Ordinary Share Capital 6.42
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Aviva plc	5.06
Prudential plc	4.94
Legal & General Investment Management Limited	4.13

Payment of Suppliers

The policy of the Company is to settle suppliers' invoices within the terms of trade agreed with individual suppliers. Where no specific terms have been agreed, payment is usually made within one month of receipt of goods or services. At 30th September 2002, creditors in respect of invoiced supplies represented 26 days' purchases.

Charitable Donations

During the year the Group made charitable donations amounting to £62,000.

Auditors

A resolution proposing the reappointment of PricewaterhouseCoopers as auditors to the Company, and authorising the Directors to agree their remuneration, will be proposed at the Annual General Meeting.

By Order of the Board
Brian Bickell
 3rd December 2002

Corporate Governance

The Board of Directors is responsible to shareholders for the management and control of the Company's activities and is committed to high standards of Corporate Governance. The Board confirms that the Company has complied with the provisions of the Combined Code throughout the year. The application of the principles contained in the Combined Code is described below.

The Board of Directors

The Board comprised four executive Directors and five non-executive Directors throughout the year under review. Each of the executive Directors is a member of a recognised professional body and is expected to act in accordance with the ethical principles of the relevant body.

The roles of Chairman and Chief Executive are split. The non-executive Directors are of high calibre and contribute wide ranging business experience to the Board's decision making process. Other than the Chairman (who had previously been an executive Director) each non-executive Director is considered to be independent of the executive team and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Biographies of each member of the Board are set out on page 22.

C R Plummer was the senior non-executive Director until his retirement from the Board on 29 January 2002. He was succeeded by P J Manser, who has been senior non-executive since that date. N W Benson will be retiring from the Board and the Committees on which he serves at the 2003 Annual General Meeting.

The Board meets at least five times a year to formulate strategy and monitor and control operating and financial performance. There is a formal schedule of matters reserved to the Board for decision which includes, inter alia, approval of all investment property acquisitions and disposals, refurbishment and property management strategies and all significant aspects of finance. In addition to Board meetings, there is regular communication with non-executive Directors to ensure they are fully aware of all aspects of the Company's operations.

All Directors have access to the Company Secretary, who is responsible for ensuring that Board procedure, corporate governance, statutory and compliance obligations are met. Directors may seek independent professional advice at the Company's expense in furtherance of their duties as Directors.

All Directors are required to submit themselves for re-election at the Annual General Meeting following their appointment and thereafter at three yearly intervals.

The Board has established three committees to deal with specific aspects of the Company's affairs.

Audit Committee

The Audit Committee comprises P J Manser as Chairman, N W Benson, J R K Emly and A W MacDonald.

The Committee meets at least three times a year, with the Company's auditors and executives in attendance by invitation. It monitors the framework of financial controls and reviews published financial information. In addition, it advises the Board on the appointment of external auditors and their remuneration for both audit and non-audit work.

Remuneration Committee

The Remuneration Committee comprises J R K Emly as Chairman, N W Benson, P J Manser and A W MacDonald.

The Committee considers the employment terms and remuneration of executive Directors. Proposals in respect of matters relating to Directors' remuneration are submitted to the Board for approval before implementation.

Nomination Committee

Comprising P L Levy (Chairman), N W Benson, J R K Emly, P J Manser and A W MacDonald, the Nomination Committee considers the selection and nomination of candidates for directorship.

Relations with Shareholders

The Company encourages dialogue with all shareholders at the Annual General Meeting and during the year. The Chief Executive and Finance Director meet investor representatives at least annually to discuss strategic and other issues within the constraints imposed to ensure the protection of price sensitive information which has not already been made available to all shareholders.

Corporate Social Responsibility

The Board recognises the importance of social, environmental and ethical matters in the conduct of the Company's business. Policies and practices in matters relating to Corporate Social Responsibility are reported to and discussed by the Board.

During the year the Board appointed RPS Consultants to advise on the development of the Company's policies and procedures. A revised and extended Statement of Policies relating to social, environmental and ethical aspects of the Company's business has been produced and adopted by the Board. The statement has been issued to all staff and key property and corporate advisers. In addition, it has been made available in full on the Company's web site and will be provided to shareholders and the public on request.

The Company has approved a programme for 2002/03 which will implement the Company's Statement of Policies throughout its operations.

The Company has been included in the FTSE 4 Good Index, which is intended as a guide for socially responsible investment.

Details of the Company's community and environmental activities are set out in the Business Review on page 21.

Internal Control

The Directors are responsible for the Company's systems of internal controls and for reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risks faced by the business and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has reviewed the effectiveness of the Company's systems of internal control which have been in place during the year and confirms that systems to identify, evaluate and manage the significant risks faced by the Company have been in place throughout the year under review and up to the date of approval of this Annual Report. The aim of these systems is to provide reasonable assurance that material risks and problems are identified and appropriate action taken at an early stage.

The key elements of the Company's procedures and internal financial control framework are:
a) The close involvement of the executive Directors in all aspects of day-to-day operations,

including regular meetings with senior staff to review all operational aspects of the business.

- b) Clearly defined responsibilities and limits of authority. The Board has responsibility for strategy and has adopted a schedule of matters which are required to be brought to it for decision.
- c) A comprehensive system of financial reporting and forecasting. Financial accounts are prepared quarterly and submitted to the Board. Profit and cash flow forecasts are prepared at least quarterly, approved by the Board and used to monitor actual performance.
- d) Regular meetings of the Board and Audit Committee at which financial information is reviewed and business risks are identified and monitored.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

By Order of the Board

Brian Bickell

3rd December 2002

Directors' Remuneration

The Remuneration Committee ("the Committee") is comprised solely of independent non-executive Directors and has been chaired by J R K Emly since the retirement of C R Plummer from the Board on 29th January 2002. Other members of the Committee who have served during the year were N W Benson, P J Manser and A W MacDonald (from 3rd December 2001).

The Committee meets at least twice a year to consider the employment terms and remuneration of executive Directors. Proposals in respect of matters relating to Directors' remuneration are submitted to the Board for approval.

The Board considers that the Company has complied throughout the year with the requirements of the Listing Rules of the Financial Services Authority.

Policy

The key policy objective of the Committee is to secure the employment of high calibre executive Directors with the skills and experience necessary to direct and manage the affairs of the Company so as to maximise shareholder value on a sustainable basis. This is achieved by a combination of:

- a basic salary package, which recognises the responsibilities of individual Directors and reflects salary and benefit levels of comparable positions in the real estate sector;
- an Annual Bonus Scheme, which provides rewards in relation to both Company and personal performance in a particular year;
- long term incentives which allow executives to participate in increases in shareholder value delivered over time by the Company.

In determining the components of total remuneration, the Committee seeks to incentivise Directors, placing emphasis on rewards for performance and delivery of shareholder value. Accordingly, the performance-related elements constitute a substantial proportion of the overall remuneration package.

The Committee has appointed New Bridge Street Consultants to provide independent external advice in formulating its recommendations to the Board to implement these remuneration policies. New Bridge Street Consultants only provide advice to the Company in respect of Directors' remuneration.

Terms of Employment and Remuneration

The executive Directors are employed under service contracts terminable by either party giving not less than 12 months' notice. A maximum of 12 months' salary and benefits would be payable by the Company in the event of termination without notice. The Company has no other financial obligations in the event of an early termination of an executive Director's contract.

With effect from 2002, remuneration levels are reviewed annually on 1st December (previously 1st October).

The principal benefits provided to executive Directors include a fully expensed car, life assurance (including widow's pension) and permanent health insurance. The Company makes a pension contribution of 25% (2001 – 17.5%) of basic salary in respect of each executive Director. Beyond this the Company has no further obligation in respect of funding Directors' pensions.

Fees payable to non-executive Directors are reviewed periodically by the Board, having taken advice from New Bridge Street Consultants.

Annual Bonus Scheme

The Company operates an Annual Bonus Scheme. Under this Scheme, executive Directors and staff may receive a bonus based on a range of Company and personal performance measures over each financial year. A participant may elect to receive all or part of any bonus in the form of Ordinary Shares or cash. The value of the bonus is increased by 25% for that part taken in shares rather than cash. Shares will be awarded under a Deferred Annual Share Bonus Scheme, which allows participants to exercise their right to entitlement after a minimum period of two years and no later than seven years after the date of the award.

Long Term Incentive Arrangements

The Company operates a Discretionary Share Option Scheme which provides for performance conditions to be applied to the exercise of share options granted under the scheme. In order to align the long term interests of shareholders and executives, performance is measured in terms of growth in net assets per ordinary share, prior to distributions. The Company's performance over an initial three year period will be compared to that of a Peer Group of quoted real estate companies selected by the Committee. The relevant performance period will commence on the first day of the financial year in which the options are granted.

The following performance targets will be applied:

Net Asset Value Performance	Proportion of options exercisable
Upper quartile	100%
Median	30%
Between median and upper quartile	Pro-rata between 30% and 100%
Below median	Nil

If the performance target is not met in full after three years, it will be retested at the end of the fourth and fifth financial years and, to the extent the target has not been met by the end of the fifth year, the relevant option will lapse.

These performance conditions are designed to motivate and incentivise management to perform at the highest level with no options exercisable for below median performance.

The Committee selected a Peer Group of 15 comparable listed real estate companies with market capitalisations in the approximate range £200-£600 million in respect of options granted during 2001. Three of those companies have subsequently de-listed. The Committee considers the remaining 12 companies provide a Peer Group of adequate size and composition to provide a meaningful comparator against which to assess the Company's performance.

Other than in exceptional circumstances, the market value of options granted to a participant in any financial year will not exceed three times their basic salary at the date of grant. The Committee expects to make grants of share options annually, following the preliminary announcement of annual results, usually in early December. A Peer Group will be established at the time of grant which will be of sufficient size and composition to provide a genuine and representative comparator group.

Calculations of performance will be reviewed by the Company's auditors prior to the vesting of any options.

Sharesave Scheme

The Company also operates an Inland Revenue approved Sharesave Scheme. The Scheme allows employees to save each month with a building society over a three, five or seven year period up to a maximum of £250 per month. At the end of the period employees may use their savings, plus a tax free bonus, to buy Ordinary Shares in the Company at a 20% discount to the market price prevailing shortly before they commenced saving. There have been no offers under the scheme during the year. **Remuneration**

Directors' remuneration for the year ended 30th September 2002 was as follows:

		2002	2001
		£'000	£'000
Aggregate emoluments	Executive Directors	1,345	1,188
	Chairman and other non-executive Directors	179	178
		1,524	1,366

Executive Directors

		JS Lane	B Bickell	SJ Quayle	TJC Welton	Total
		£'000	£'000	£'000	£'000	£'000
Basic Salary		272	190	165	140	767
	2001	246	147	147	131	671
Annual bonus		169	134	83	75	424
	2001	163	103	83	75	424
Benefits		43	17	24	18	93
	2001	35	19	24	15	93
Aggregate Emoluments		484	341	272	248	1,345
	2001	444	269	254	221	1,188
Pension Contribution		66	48	41	35	190
	2001	42	26	26	23	117 *

Chairman and other non-executive Directors

	2002	2001
	£'000	£'000
P L Levy (Chairman)	75	79
N W Benson	25	25
J R K Emly	25	24
A W MacDonald (appointed 3.12.2001)	21	-
P J Manser	25	25
C R Plummer (resigned 29.1.2002)	8	25
	179	178

* Includes benefits of £4,000 and in addition the Company paid pension contributions totalling £2,000.

Remuneration continued

Executive Directors' basic salaries were reviewed with effect from 1st December 2002 to the following levels:

	£'000
J S Lane	285
B Bickell	210
S J Quayle	175
T J C Welton	160

Salary-related benefits will be adjusted to reflect these new salary levels.

The Committee's recommendations during the period from 1st October 2001 to the date of this Report regarding Directors' remuneration have been accepted by the Board without amendment.

Share Options

Directors' share options during the year ended 30th September 2002 granted under the Company's 1987 Employee Share Option Scheme (now closed), the unapproved 1997 Executive

Share Option Scheme (now closed), the 2001 Discretionary Share Option Scheme and Sharesave Scheme were as follows:

Date of Grant	Grant Price	Exercise Period	Number of Ordinary Shares			
			J S Lane	B Bickell	S J Quayle	TJC Welton
1987 Scheme						
10.1.94	£1.065	1997-2004	38,380	23,376	11,238	11,238
4.1.95	£0.77	1998-2005	62,808	37,628	28,166	28,166
4.1.96	£1.085	1999-2006	18,423	9,211	28,085	28,085
Exercised in year				(9,211)	(28,085)	
1997 Scheme						
8.12.97	£1.98	2000-2004	75,758	41,666	35,354	32,829
3.12.98	£1.665	2001-2008	96,096	54,054	45,045	42,042
29.11.99	£2.42	2002-2009	49,104	27,136	25,844	24,552
2001 Scheme*						
21.2.01	£2.945	2004-2011	164,000	99,830	99,830	89,135
13.12.01	£2.735	2004-2011	242,230	138,940	120,660	102,380
Sharesave Scheme						
13.3.2001	£2.26	2006	7,466	7,466	7,466	7,466

* Performance conditions as described above apply to options granted under the 2001 Discretionary Share Option Scheme prior to vesting. Options may vest no earlier than three years after grant and no later than five years after grant. No options granted under the Scheme have yet vested.

No options lapsed during the year. The Committee does not anticipate any changes to the conditions of the Schemes under which options have been granted.

The mid-market price of the Company's Ordinary Shares at 30th September 2002 was £1.985 and during the year then ended was quoted in the range £1.985 - £3.00.

	B Bickell £'000	S J Quayle £'000
Gains realised on options exercised during year (market price at date of exercise - £2.125)	10	29

In addition to the share options referred to above, certain Directors hold entitlements to Ordinary shares in respect of that part of awards granted under the Company's Annual Bonus Scheme which they have elected to take by way of shares rather than cash. Details of these outstanding entitlements are set out in the Directors' Report on page 25.

On behalf of the Board

John R K Emly

Remuneration Committee Chairman
3rd December 2002

Summary of Valuers' Report To the Directors of Shaftesbury PLC

In accordance with your instructions, we have undertaken a valuation of the various commercial and residential freehold and long leasehold property interests as at 30th September 2002 (the "date of valuation") held by Shaftesbury PLC (the "Company"), as referred to in our valuation report dated 27th November 2002 ("our Report").

All properties have been subject to external inspections between August and November 2002 and a number were subject to internal inspections.

The valuation has been made in accordance with the appropriate sections of the current Practice Statements and Guidance Notes contained within the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors, (the "Manual"). The valuation has been undertaken by external valuers, qualified for the purpose of the valuation. We are instructed by the Company to act as property and asset managers in respect of the property known as Wellington House.

In accordance with the provisions of Practice Statement 2.7 of the Manual, in undertaking our valuation, we have lotted together certain individual properties to form a separate property (a "Property" or "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 valuation would allow a purchaser to capitalise on the estate management advantages and opportunities available from such comprehensive ownership.

A high proportion of the total value of the Company's properties and Properties is accounted for by properties and Properties situated in adjacent and/or adjoining locations in three 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. These areas are all dominated by retail and restaurant uses. In our opinion, at the date of valuation, 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 and Properties which make up those parts.

As required by the provisions of the Manual, in undertaking our valuations, we have valued each property or Property separately, rather than valuing the portfolio as a whole or in combinations of parts. The "total" valuation figure below is the aggregated value of the separate properties or Properties within the the various categories of tenure referred to below.

All valuations were on the basis of open market value. We have assessed open market value in accordance with Practice Statement 4.2 of the Manual.

We have not made any allowance for vendor's sale costs nor for any tax liabilities which may arise upon the disposal of any of the properties or Properties. We have made deductions to reflect purchaser's normal acquisition costs.

A full explanation of the assumptions made in our valuation and details of the sources of information are contained within our Report.

We have measured certain of the properties, or parts of properties, either on site or by scaling from floor plans. The Company or its managing agents have provided us with the floor areas of the remaining properties or parts of properties.

We have read the majority of leases and related documents provided to us in respect of the commercial properties. Where we have not read leases we have relied on tenancy information provided by the Company.

Certain properties were subject to works of repair or refurbishment at 30th September 2002, or were subject to outstanding retentions and fees in respect of projects already completed at that date. In these instances, the Company advised us of the amount of the outstanding costs. However, we have been advised by the Company that accrual is made in its financial statements as at 30th September 2002 for the costs to complete these projects or settle outstanding retentions and fees. Accordingly, we have not deducted these outstanding sums from our valuations. The total amount of such costs is £6,339,093 and details of the individual sums are included in our Report.

As referred to above, we have lotted together certain individual properties to form a separate Property or separate Properties. In the case of one Property which comprises a number of individual properties, the majority of such buildings are held freehold but certain of them are held on long leases. In order to divide our valuation of this property between the categories of freehold and long leasehold, we have undertaken a notional apportionment of value between the freehold elements and the long leasehold elements which together comprise the relevant Property. The amounts arising from this notional apportionment of value have been included in the figures representing the freehold and long leasehold categories below. The amounts arising from the notional apportionment do not themselves represent the open market value of the two elements.

As at the date of valuation, negotiations had been ongoing for some time between the Company and the tenant of the offices within the property known as National Magazine House which forms

part of the Company's ownership within the Carnaby Estate. These negotiations were in respect of a new reversionary lease to be granted to the tenant to take effect on the expiry of the current lease in September 2003. Negotiations were well advanced and the matter was in solicitors' hands at the date of valuation. However the reversionary lease was not completed until 31st October 2002. The reversionary lease is for a term of 15 years from September 2003 at an initial rent of £2,270,000 per annum payable after a rent free period. Our open market valuation of the Carnaby Estate as at 30th September 2002 does not reflect in full the effect of the grant of the reversionary lease due to its completion after the date of valuation. However, as instructed by the Company, we have undertaken an additional valuation of the Carnaby Estate based on the assumption that the reversionary lease had been completed as at 30th September 2002. In preparing our valuation on this basis it is necessary for us to make a valuation on a "special assumption," namely an assumption which is additional and/or different from those included in Practice Statement 4. This is provided for in PS 4.12 of the RICS Appraisal and Valuation Manual "where a valuer reasonably considers:

- a) that the proper purpose(s) of the valuation would be best served by the provision of such a valuation; and
- b) that the actual circumstances prevailing at the time of the valuation in respect of the subject property are not the same as he expects might obtain at a time relevant to the purpose for which the valuation is provided".

In the circumstances of this instruction, we consider the above special assumption may be regarded as realistic, relevant and valid.

The Company owns a number of properties on a freehold basis where it also holds long leasehold interests within the freehold and has not merged the interests. For the purposes of the freehold/long leasehold split below, we have included such properties within the freehold category.

Having regard to the foregoing, we are of the opinion that the aggregates of the open market values, as at 30th September 2002, of the freehold and long leasehold property interests owned by the Company, subject to the assumptions and comments in our Report dated 27th November 2002, were as follows:-

Freehold properties	£667,810,000	(Six hundred and sixty-seven million, eight-hundred and ten thousand pounds)
Long leasehold properties	£23,485,000	(Twenty-three million, four hundred and eighty-five thousand pounds)
Total	£691,295,000	(Six hundred and ninety-one million, two hundred and ninety-five thousand pounds)

In addition, based on the special assumption in respect of National Magazine House as referred to above, we are of the opinion that the aggregates of the open market values as at 30th September 2002, of the freehold and long leasehold property interests owned by the Company, subject to the assumptions and comments in our Report dated 27th November 2002 were as follows:

Freehold properties	£674,710,000	(Six hundred and seventy-four million, seven hundred and ten thousand pounds)
Long leasehold properties	£23,485,000	(Twenty-three million, four hundred and eighty-five thousand pounds)
Total	£698,195,000	(Six hundred and ninety-eight million, one hundred and ninety-five thousand pounds)

A long lease is one with an unexpired term in excess of 50 years.

The contents of our Report are confidential to Shaftesbury PLC for the specific purpose to which it refers and are for its use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of the contents of our Report or this summary. Before our Report or this summary, or any part thereof, are reproduced or referred to, in any document, circular or statement, and before their contents, or any part thereof, are disclosed orally to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained. Such publication or disclosure

will not be permitted unless, where relevant, it incorporates the special assumption referred to herein. For the avoidance of doubt such approval is required whether or not DTZ Debenham Tie Leung are referred to by name and whether or not the contents of our Report or this summary are combined with others.

G C Rushmore, FRICS

DTZ Debenham Tie Leung Limited
International Property Advisers
One Curzon Street
London W1A 5PZ

Directors' Responsibilities

It is the responsibility of the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period.

The Directors are responsible for ensuring that applicable accounting standards have been followed and in the opinion of the Directors suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements.

It is also the responsibility of the Directors to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the Group and for preventing and detecting fraud and other irregularities.

The basis on which the auditors carried out their audit and formed their opinion is set out in their report on page 32.

The maintenance and integrity of the Company's website is the responsibility of the Directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report To the Members of Shaftesbury PLC

We have audited the financial statements which comprise the Group profit and loss account, the Group and Company balance sheet, the Group cash flow statement, the statement of total recognised gains and losses, the statement of historical cost profits and losses, the reconciliation of movements in shareholders' funds and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority. This opinion has been prepared for and only for the Company's members in accordance with Section 235 of the Companies Act 1985

and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only, the chairman's statement, the business review, the directors' report, the directors' remuneration report, the corporate governance statement, the summary of valuers' report and the directors' responsibility statement.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30th September 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London
3rd December 2002

Group Profit and Loss Account **For the year ended 30th September 2002**

	Note	2002	2001
		£'000	(as restated)* £'000
Gross rental income		38,855	33,726
Rents payable		(32)	(72)
Other property charges		(4,584)	(3,020)
Net Property Revenue		34,239	30,634

Administrative expenses	2	(3,822)	(3,130)
		30,417	27,504
Income receivable from listed investment		-	334
Operating Profit		30,417	27,838
Surplus on disposal of investment assets	4	2,106	1,465
Profit Before Interest and Taxation		32,523	29,303
Net interest payable	5	(19,521)	(16,643)
Profit on Ordinary Activities Before Taxation		13,002	12,660
Taxation	6	(3,288)	(3,428)
Profit on Ordinary Activities After Taxation		9,714	9,232
Dividends	7	(4,679)	(4,272)
Retained Profit for the Financial Year	19	5,035	4,960
Earnings Per Ordinary Share	8		
Before asset disposals and taxation		- basic - diluted	8.51p 8.48p
After asset disposals before taxation		- basic - diluted	9.88p 9.60p
After asset disposals and taxation		- basic - diluted	7.02p 7.00p

*As restated in accordance with FRS19 - See note 1.
All operations relate to continuing activities.

Group and Company Balance Sheet As at 30th September 2002

	Note	2002 £'000	2001 (as restated)* £'000
Fixed Assets			
Tangible Assets			
Investment properties	9	698,195	647,250
Premises, equipment and vehicles	10	286	256
		698,481	647,506
Current Assets			
Debtors	11	10,087	9,525
Creditors:			
Falling due within one year	12	(28,563)	(26,390)
Net Current Liabilities		(18,476)	(16,865)
Total Assets Less Current Liabilities		680,005	630,641
Creditors:			
Falling due after more than one year			
8.5% First Mortgage Debenture Stock 2024	13	(138,845)	(139,164)
Secured long term bank loan	14	(49,619)	(49,590)
Secured medium term bank loans	15	(113,109)	(66,120)
Provisions for liabilities and charges deferred taxation	17	(2,869)	(2,256)
		375,563	373,511
Capital and Reserves			
Called up share capital	18	32,915	32,895
Share premium account	19	119,066	118,971

Revaluation reserve	19	179,362	192,313
Profit and loss account	19	44,220	29,332
Shareholders' Funds		375,563	373,511
Net Asset Value per Ordinary Share	20		
- Basic		£2.85	£2.84
- Diluted		£2.84	£2.83

* As restated in accordance with FRS 19 – See note 1.

On behalf of the Board who approved the financial statements on 3rd December 2002.

Jonathan S Lane **Chief Executive**
Brian Bickell **Finance Director**

Group Cash Flow Statement

For the year ended 30th September 2002

	Note	2002	2001
		£'000	£'000
Net Cash Inflow from Operating Activities	21	31,790	24,639
Returns on Investments and Servicing of Finance			
Interest received		35	56
Interest paid		(19,079)	(16,337)
Net cash outflow		(19,044)	(16,281)
Taxation			
Corporation tax paid		(3,268)	(1,777)
Capital Expenditure and Financial Investment			
Acquisition of and expenditure on investment properties		(73,189)	(64,217)
Sales of investment properties		21,152	-
Sale of listed investment		-	14,965
Net purchase of premises, equipment and vehicles		(144)	(94)
Net cash outflow		(52,181)	(49,346)
Equity Dividends Paid		(4,401)	(4,075)
Cash Outflow before use of Financing and Cash Resources		(47,104)	(46,840)
Financing			
Net proceeds of shares issued for cash		115	20
Drawdown of secured long term bank loan		-	49,575
Drawdown/(repayment) of secured medium term bank loans	22	46,989	(2,755)
Movement in Cash Balances		-	-

Other Primary Statements

For the year ended 30th September 2002

	2002	2001
	£'000	(as restated)* £'000
Statement of Total Recognised Gains and Losses		
Profit on ordinary activities after taxation	9,714	9,232
Unrealised net (deficit)/surplus on revaluation of investment properties	(3,098)	17,180

Total Recognised Gains Relating to the Year	6,616	26,412
Prior year adjustment (see note 1)	(2,256)	-
Total Recognised Gains since the last Annual Report	4,360	26,412
Historical Cost Profits and Losses		
Profit on ordinary activities before taxation	13,002	12,660
Investment asset revaluation surpluses realised in year	9,853	2,871
Historical Cost Profit on Ordinary Activities Before Taxation	22,855	15,531
Taxation	(3,288)	(3,428)
Historical Cost Profit After Taxation	19,567	12,103
Dividends	(4,679)	(4,272)
Retained Historical Cost Profit for the Year	14,888	7,831
Reconciliation of Movements in Shareholders' Funds		
Profit on ordinary activities after taxation	9,714	9,232
Dividends	(4,679)	(4,272)
	5,035	4,960
Unrealised (deficit)/surplus on revaluation of investment properties	(3,098)	17,180
	1,937	22,140
Net proceeds of shares issued during the year	115	20
Net Addition to Shareholders' Funds in Year	2,052	22,160
Opening Shareholders' funds		
- As previously stated	375,767	352,917
- Prior year adjustment (see note 1)	(2,256)	(1,566)
As restated	373,511	351,351
Closing Shareholders' Funds	375,563	373,511

* As restated in accordance with FRS 19 – See note 1.

Notes to the Financial Statements

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared on the historical cost basis of accounting, with the exception of certain fixed assets which are stated at revalued amounts. The financial statements have been prepared in accordance with accounting standards applicable in the United Kingdom.

Change in Accounting Policy

The Group has adopted FRS 19 "Deferred Taxation" which requires full provision to be made in respect of temporary timing differences arising from the differing treatment of certain expenditure for accounting and taxation purposes. Under this Standard, full provision is required even in circumstances where the likelihood of an actual taxation liability crystallising is remote. Previously the Group's policy was to provide deferred taxation only in respect of timing differences which were expected to reverse in the foreseeable future. The effect of this change in accounting policy is as follows:

	2002	2001
	£'000	£'000
Profit and loss account		
Increase in tax charge	613	690
Balance Sheet		
Reduction in profit and loss account reserve – Cumulative deferred tax liability	2,869	2,256

Basis of Consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and its subsidiaries made up to the balance sheet date. As permitted by Section 230 of the Companies Act 1985, no profit and loss account is presented for the Company.

Investments in subsidiaries are stated in the Company's balance sheet based at their net asset value.

Investment Properties

Investment properties are revalued annually by external professional valuers on an open market basis.

Any surplus or temporary deficit arising on the revaluation of investment properties is transferred to the revaluation reserve. Permanent diminutions in value below cost are charged in the profit and loss account.

Additions to properties include costs of a capital nature only. All other property expenditure is written off in the profit and loss account as incurred. No finance costs are capitalised.

Where refurbishment projects are in progress or are valued as completed at the balance sheet date, the costs to be incurred in completing such projects are accrued in full, to the extent they are contractually committed, in the financial statements.

Amounts received by way of dilapidations from tenants vacating properties are credited against the cost of reinstatement works. Where the company has no intention of carrying out such works, the amounts received are credited to the profit and loss account.

Purchases and Sales of Investment Properties

Purchases and sales of investment properties are recognised in the financial statements on the date at which there is a legally binding and unconditional contract. On the disposal of an investment property the surplus or deficit is calculated by reference to the book value at the date of sale and included in the profit and loss account.

Depreciation and Amortisation of Properties

In accordance with SSAP 19, no provision is made for depreciation of freehold properties or amortisation of leasehold properties with over 20 years unexpired. The Companies Act 1985 requires all properties to be depreciated which conflicts with the generally accepted accounting principle, set out in SSAP 19. The Directors consider that, as these properties are held for long term investment and are revalued annually, to depreciate them would not give a true and fair view and it is necessary to adopt SSAP19 in order to give a true and fair view. It is not practicable to quantify the depreciation or amortisation which might otherwise have been charged.

Depreciation of Other Assets

Depreciation is provided on short leasehold office premises, equipment and motor vehicles to write their cost down to their estimated residual values over their estimated useful lives at the following rates:

Short leasehold office premises	- over the period of the lease on cost, assuming no residual value
Computer equipment	- 25% per annum on cost
Other office equipment	- 20% per annum on cost
Motor vehicles	- 25% per annum on written down value

Rents Receivable

Rents receivable include rents invoiced to tenants and rents accrued in accordance with UITF 28, excluding value added tax. Service charges and other amounts invoiced to tenants are credited against the related expenditure included in other property charges.

Cost of Raising Finance

Expenses and discounts relating to the issue of long term debt are deducted from the proceeds and written off in the profit and loss account over the life of the debt instrument. Any premium arising on the issue of long term debt is added to the proceeds and credited to the profit and loss account over the life of the debt instrument.

The costs of organising long and medium term bank facilities are written off in the profit and loss account over the term of the facilities.

Financial Instruments

Amounts receivable or payable under the terms of interest rate hedging agreements are accrued over the period to which they relate and are credited or charged to interest payable in the profit and loss account.

Deferred Taxation

Following the change in accounting policy referred to above, deferred tax is now provided in respect of all temporary timing differences arising from the differing treatment of certain expenditure for accounting and taxation purposes. Deferred tax is not provided in respect of the corporation tax liability which could arise in the event of realisation of investment properties at the values stated in the financial statements. Deferred tax liabilities are not discounted. Deferred tax assets are recognised when recoverability is considered reasonably certain.

2 Administrative Expenses

	2002	2001
	£'000	£'000
Included under this heading are the following:		
Auditors' remuneration for audit services (Group and Company)	58	53
Fees payable to PricewaterhouseCoopers in connection with other professional services		

(principally taxation advice)	46	51
Depreciation	102	85
Operating lease rentals - office premises	210	210
Staff costs (including executive Directors):		
Salaries and annual bonuses	1,784	1,540
Social security costs	221	185
Pension contributions	235	143
	2,240	1,868

A proportion of costs relating to estate management staff is recoverable from tenants.

The Company operates a defined contribution pension arrangement for executive Directors and staff. The amount charged in the profit and loss account is equal to the contributions payable during the year.

Average number of employees:	2002	2001
Executive Directors	4	4
Administration	9	8
Estate management	2	2
	15	14

3 Directors' Emoluments

A summary of Directors' emoluments, including the disclosures required by the Companies Act 1985, is set out in the Directors' Remuneration Report on pages 28 to 29.

4 Surplus on Disposal of Investment Assets

	2002	2001
	£'000	£'000
Properties		
Net proceeds of sale of properties	21,102	-
Book value at date of sale	(18,996)	-
	2,106	-
Listed investment		
Net proceeds of sales of shares	-	14,965
Book value at date of sale	-	(13,500)
	2,106	1,465

5 Net Interest Payable

Interest payable:		
Debenture stock interest and amortisation	10,902	10,902
On bank loans	8,654	5,801
	19,556	16,703
Interest receivable	(35)	(60)
	19,521	16,643

6 Taxation

UK Corporation tax on revenue profit	2,800	2,700
Provision in respect of timing differences	613	690
	3,413	3,390
Under/(over) provisions in prior years	(125)	38
Charge for the year	3,288	3,428
Factors affecting the current tax charge:		
Profit on Ordinary Activities	13,002	12,660
Tax at standard Corporation tax rate (30%)	3,900	3,798
Capital allowances claimed in excess of depreciation	(613)	(690)

Income from listed investment not subject to Corporation tax	-	(100)
Capital losses utilised to offset gains on disposal of investment assets	(632)	(439)
Expenses not deductible for tax purposes and other items	145	131
Current tax charge for the year	2,800	2,700

7 Dividends

Interim dividend of 1.25p (2001 - 1.15p) paid on 28th June 2002	1,641	1,512
Proposed final dividend of 2.31p (2001 - 2.10p)	3,038	2,760
	4,679	4,272

The trustee of the Company's Employee Benefit Trust waived dividends in respect of 227,685 shares (2001 - 130,318 shares) during the year.

8 Earnings Per Ordinary Share

The calculations of earnings per Ordinary Share are based on the following:

Profit on ordinary activities:		2002	2001
Before disposals and taxation	£'000	10,896	11,195
After disposals before taxation	£'000	13,002	12,660
After taxation	£'000	9,714	9,932
Weighted average number of Ordinary Shares in issue	'000	131,617	131,577
Dilutive average number of Ordinary Shares	'000	131,909	131,942

The difference between the weighted average and dilutive average number of Ordinary Shares arises from the potentially dilutive effect of outstanding options granted over Ordinary Shares.

9 Investment Properties

	£'000
Freeholds	
At 1st October 2001	647,250
Acquisitions	54,663
Refurbishment and other expenditure	18,376
Disposals	(18,996)
Net deficit on revaluation	(3,098)
At 30th September 2002	698,195
Historical cost of properties included above at valuation	518,833

Investment properties were subject to external valuation as at 30th September 2002 by qualified professional valuers, being members of the Royal Institution of Chartered Surveyors, working for DTZ Debenham Tie Leung, Chartered Surveyors, acting in the capacity of External Valuers. All such properties were valued on the basis of open market value in accordance with the RICS Appraisal and Valuation Manual. On this basis, the valuers reported their opinion of value at £691,295,000. In addition, the valuers have provided a valuation in respect of one property on a "special assumption" which reflects the completion of a material reversionary lease since the balance sheet date. The Directors consider it is appropriate to adopt the valuation of this property based on the special assumption relating to this transaction as a Directors' valuation in order that these financial statements present a true and fair view. On this basis, the Company's investment properties are valued at £698,195,000.

A summary of the report by DTZ Debenham Tie Leung describing the basis of their valuations (which does not form part of these financial statements) is set out on pages 30 to 31.

Freehold properties include leasehold properties with an unexpired term of over 50 years valued at £17,020,000 and a notional apportionment of value in respect of a part freehold/part leasehold property, where the apportionment in respect of the leasehold element with over 50 years unexpired is £6,275,000.

Capital Commitments:	2002	2001
	£'000	£'000

Authorised	-	-
Authorised and contracted	-	2,440

Other creditors and accruals at 30th September 2002 include provisions for outstanding contracted expenditure in respect of projects in progress or completed at that date of £8,115,000 (2001 - £8,049,000)

10 Premises, Equipment and Vehicles

	Short Leasehold Office Premises £'000	Equipment and Vehicles £'000	Total £'000
Cost			
At 1st October 2001	114	538	652
Additions	-	198	198
Disposals	-	(175)	(175)
At 30th September 2002	114	561	675
Depreciation			
At 1st October 2001	82	314	396
Charge for the year	12	91	102
Eliminated on disposals	-	(110)	(110)
At 30th September 2002	94	295	389
Net book value at 30th September 2002	20	266	286

11 Debtors

	2002	2001
	£'000	£'000
Amounts due from tenants	7,543	7,400
Rents not yet due but recognised in advance in accordance with UITF28	1,797	1,447
Other debtors and prepayments	747	678
	10,087	9,525

12 Creditors falling due within one year

Rents invoiced in advance	8,046	7,078
Dividend proposed	3,038	2,760
Corporation tax payable	1,446	2,039
Capital expenditure accruals	8,115	8,049
Other creditors and accruals	7,918	6,464
	28,563	26,390

Other creditors and accruals include £2,367,000 (2001 - £1,600,000) in respect of amounts secured by way of fixed charges on certain investment properties and floating charges over the Company's assets.

13 8.5% First Mortgage Debenture Stock 2024

	Nominal value of stock £'000	Net premium less issue expenses £'000	Net £'000
At 1st October 2001	132,000	7,164	139,164
Amortisation of net premium, credited to profit and loss account	-	(319)	(319)
At 30th September 2002	132,000	6,845	138,845

The debenture stock is secured by fixed charges over certain investment properties together with a floating charge over the assets of the Company.

14 Secured Long Term Bank Loan

Loan

	principal £'000	Expenses £'000	Net £'000
At 1st October 2001	50,000	(410)	49,590
Amortisation of expenses	-	29	29
At 30th September 2002	50,000	(381)	49,619

The loan, which is repayable in full in March 2016, is secured on certain investment properties and a floating charge over the assets of the Company.

In November 2002 the long term loan facility was increased by £25 million to £75 million.

15 Secured Medium Term Bank Loans

	2002 £'000	2001 £'000
Repayable:		
Between two and five years	56,969	-
After five years	56,140	66,120
	113,109	66,120

Borrowings are secured by fixed charges over certain investment properties and floating charges over the assets of the Company and a subsidiary undertaking.

The Company's loan agreements allow for part of the facility commitments to be provided by way of overdrafts, which are available throughout the term of those facilities. At 30th September 2002, bank loans included overdrafts of £140,000, which have been classified according to the maturity dates of the facilities under which they are made available. Similarly, bank loans, all of which have been drawn for periods of less than one year, have been classified according to the relevant facility maturity date.

16 Financing

An explanation of the Company's objectives and policies for the financing of its operations is set out in the Business Review on page 20.

The Company's main financial instruments are its 8.5% Mortgage Debenture Stock, bank loans and cash at bank, and short term debtors and creditors. The disclosures below exclude short term debtors and creditors.

The Company does not trade financial instruments.

Availability and maturity of financial facilities

	Available £'000	2002 Actual £'000	Undrawn £'000	Available £'000	2001 Actual £'000	Undrawn £'000
Medium term bank loan facilities expiring:						
August 2007	75,000	56,969	18,031	45,000	33,106	11,894
October 2008	75,000	56,140	18,860	75,000	33,014	41,986
	150,000	113,109	36,891	120,000	66,120	53,880
Long term bank loan Repayable March 2016 (book value)		49,619		49,590	-	
£132 million 8.5% Mortgage Debenture Stock Repayable March 2024 (book value)		138,845			139,164	
Debt at 30th September 2002		301,573			254,874	

The availability of the Company's bank facilities is subject to granting security over properties of sufficient value to meet the loan to value ratios required under the facility agreements.

Interest rate hedging

The Company has entered into the following interest rate hedges:

Commencement Date	Principal £'000	Fixed Rate	Termination Date	Counterparty Option to Extend to
October 2001	20,000	5.32%	October 2011	October 2021
January 2002	25,000	5.27%	January 2016	January 2026
January 2002	25,000	5.24%	June 2016	June 2026
May 2003	30,000	5.27%	November 2012	November 2022
August 2003	20,000	5.28%	November 2012	November 2022

There were no other hedging arrangements in place during the year.

Interest rate profile of financial liabilities

	2002 Weighted Average Debt £'000	Interest Rate %	Weighted Average Debt £'000	2001 Interest Rate %
Floating rate borrowings LIBOR loans maturing by 30th September 2003 at latest	92,728	4.85	115,710	6.03
Hedged borrowings Interest rate hedges in operation at 30th September 2002	70,000	5.27		
Fixed rate borrowing 8.5% Mortgage Debenture Stock-interest rate fixed for 22.5 years until 31st March 2024	138,845	8.08	139,164	8.06
Weighted average cost of borrowings*		6.62		7.14

* As at 30th September 2002, ignoring contracted interest rate hedges commencing in 2003.

Fair values of financial instruments

	Book Value £'000	2002 Fair Value £'000	Deficit £'000	Book Value £'000	2001 Fair Value £'000	Deficit £'000
8.5% Mortgage Debenture 2024	138,845	158,268	(19,423)	139,164	148,170	(9,006)
LIBOR-linked loans	162,728	164,064	(1,336)	115,710	120,920	(5,210)
Interest rate hedging agreements	-	(9,933)	(9,933)	-	(1,045)	(1,045)
			(30,692)			(15,261)

The fair value of the Company's 8.5% Mortgage Debenture Stock has been calculated by reference to the mid-market price of the stock at the year end. The fair value of the LIBOR-linked loans are based on the LIBOR rate that would have been secured had the loans been drawn on the last day of the financial year. The fair value of interest rate hedging agreements represents the net present value of the difference between the contracted fixed rates payable and the rates that could have been secured if those agreements were entered into on the last day of the financial year. Information regarding interest and hedging rates was obtained from external sources.

The Company does not intend to redeem its Mortgage Debenture Stock in advance of its redemption date of 31st March 2024, when repayment will be at par value of £132,000,000.

Amounts payable or receivable under the Company's hedging arrangements will be dealt with in the profit and loss account on an accruals basis. LIBOR-linked loans will be redrawn on maturity at interest rates prevailing at that time.

17 Deferred Taxation

	2002 £'000	2001 £'000
At beginning of year (as restated – see Note 1)	2,256	1,566
Provided in year	613	690
At 30th September 2002	2,869	2,256

The provision at the year end relates to timing differences in respect of capital allowances.

No provision has been made in respect of the liability to corporation tax which would arise in the event of realisation of properties at the values stated in the financial statements. At 30th September 2002, after deducting capital losses of approximately £11,243,000 (2001 - £23,000,000), the estimated contingent corporation tax liability amounted to £41,500,000 (2001 - £42,500,000).

18 Called Up Share Capital

	2002	2001	2002	2001
	Number	Number	£'000	£'000
	'000	'000		
Ordinary Shares of 25p each Authorised	200,000	200,000	50,000	50,000
Issued, called up and fully paid At 1st October 2001	131,580	131,570	32,895	32,893
Issued in connection with the exercise of share options	80	10	20	2
At 30th September 2002	131,660	131,580	32,915	32,895

The following options to subscribe for Ordinary Shares granted to certain Directors and staff under the Company's Share Option Schemes were outstanding at 30th September 2002:

	Ordinary Shares of 25p each	Option Exercise Price	Exercise Period
Date of Grant			
1987 Employee Share Option Scheme			
10th January 1994	84,232	£1.065	1997 - 2004
4th January 1995	156,768	£0.770	1998 - 2005
4th January 1996	46,508	£1.085	1999 - 2006
	287,508		
1997 Executive Share Option Schemes			
8th December 1997	185,607	£1.980	2000 - 2007
3rd December 1998	239,639	£1.665	2001 - 2008
29th November 1999	146,374	£2.420	2002 - 2009
	571,620		
2001 Executive Share Option Schemes*			
21st February 2001	547,900	£2.945	2004 - 2011
13th December 2002	745,245	£2.735	2004 - 2011
	1,293,145		
2001 Sharesave Scheme			
19th February 2001	60,668	£2.260	2004 - 2006
Total number of Ordinary Shares under option at 30th September 2002	2,212,941		

*Options subject to performance conditions being satisfied prior to vesting.

19 Reserves

	Share Premium Account £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Total £'000
Group and Company				
At 1st October 2001	118,971	192,313	31,588	342,872
Prior year adjustment (see note 1)	-	-	(2,256)	(2,256)
As restated	118,971	192,313	29,332	340,616
Retained profit for the year	-	-	5,035	5,035
Net deficit on revaluation				

of investment properties	-	(3,098)	-	(3,098)
Investment property revaluation surpluses realised in year	-	(9,853)	9,853	-
Premium arising on issue of shares during year (net of expenses)	95	-	-	95
At 30th September 2002	119,066	179,362	44,220	342,648

20 Net Asset Value

The calculations of net asset value per Ordinary Share are based on the following:

		2002	2001
Shareholders' funds	£'000	375,767	352,917
Shareholders' funds - diluted	£'000	377,081	375,148
Ordinary Shares in issue	'000	131,660	131,580
Diluted Ordinary Shares	'000	132,580	132,775

The calculations of diluted net asset value per Ordinary Share show the potentially dilutive effect of outstanding options granted over Ordinary Shares.

21 Net Cash Inflow from Operating Activities

	2002	2001
	£'000	£'000
Net revenue from properties	34,239	30,634
Administrative expenses	(3,822)	(3,130)
Depreciation (adjusted for profits/losses on disposals)	110	85
Income from listed investment	-	334
Increase in debtors	(562)	(2,711)
Increase/(decrease) in creditors	1,825	(573)
	31,790	24,639

22 Reconciliation of Net Cash Flow to Movement in Net Debt

Increase in secured long term bank loans	-	(49,575)
(Increase)/decrease in secured medium term bank loans	(46,989)	2,755
Non cash movements	290	303
Movement in net debt in year	(46,699)	(46,517)
Net debt at 1st October 2001	(254,874)	(208,357)
Net debt at 30th September 2002	(301,573)	(254,874)

23 Analysis of Changes in Net Debt

	30.9.2001	Cash flows	Non-cash items	30.9.2002
	£'000	£'000	£'000	£'000
8.5% Mortgage Debenture Stock 2024	(139,164)	-	319	(138,845)
Secured long term bank loan	-	(49,590)	(29)	(49,619)
Secured medium term bank loans	(66,120)	(46,989)	-	(113,109)
	(254,874)	(46,989)	290	(301,573)

24 Shares in Subsidiary Undertakings

The Company has three subsidiary undertakings which are wholly owned, registered in England and Wales and have been dormant throughout the year. The subsidiary companies have no material assets or liabilities other than intra-group indebtedness.

25 Leasing Commitments

At 30th September 2002 there were annual commitments under non-cancellable property leases as follows:

2002	2001
£'000	£'000

Group and Company		
Leases expiring between two and five years	219	210
Leases expiring after more than five years	32	32

Five Year Financial Summary

Balance Sheets

	2002	2001	2000	1999*	1998*
	£'000	£'000	£'000	£'000	£'000
Investment Properties					
At 1st October	647,250	560,029	422,777	322,740	272,150
Additions	54,663	52,344	90,765	62,920	23,212
Refurbishment expenditure	18,376	17,697	10,253	10,185	6,065
Disposals	(18,996)	-	(13,443)	(8,244)	(7,490)
Revaluation (deficit)/surplus	(3,098)	17,180	49,677	35,176	28,803
At 30th September	698,195	647,250	560,029	422,777	322,740
Listed investment	-	-	13,500	12,693	10,597
Other assets	286	256	244	245	288
	698,481	647,506	573,773	435,715	333,625
Net current (liabilities)/assets	(18,476)	(16,865)	(12,499)	(10,770)	14,004
Creditors falling due after more than one year	(301,573)	(254,874)	(208,357)	(177,356)	(140,119)
Deferred taxation	(2,869)	(2,256)	(1,566)	(756)	(307)
Shareholders' Funds	375,563	373,511	351,351	246,833	207,203
Movements in Shareholders' Funds					
Retained profit for year	5,035	4,960	4,167	2,158	4,476
Net (deficit)/surplus on revaluation of investment assets	(3,098)	17,180	50,452	37,272	28,803
Net proceeds of share issues	115	20	49,899	200	21
Net increase in shareholders' funds in year	2,052	22,160	104,518	39,630	33,300
Opening shareholders' funds	373,511	351,351	246,833	207,203	173,903
Closing shareholders' funds	173,903	373,511	351,351	246,833	207,203
Reported Basic Net Asset Value per Ordinary Share**	285p	284p	267p	229p	193p
Mid market Share price At 30th September	193p	269.5p	248.5p	235p	172.5p

Profit and Loss Accounts

	2002	2001	2000	1999	1998*
	£'000	£'000	£'000	£'000	£'000
Gross rental income	38,855	33,726	28,090	22,110	19,508
Rents payable	(32)	(72)	(105)	(31)	(32)
Other property charges	(4,584)	(3,020)	(2,879)	(2,036)	(1,791)
Net property revenue	34,239	30,634	25,106	20,043	17,685
Administrative expenses	(3,822)	(3,130)	(2,918)	(2,192)	(1,976)
	30,417	27,504	22,188	17,851	15,709
Income from listed investment	-	334	319	307	307
Operating profit	30,417	27,838	22,507	18,158	16,016
Surplus on disposal of investment assets	2,106	1,465	1,747	-	2,119
	32,523	29,303	24,254	18,158	18,135
Net interest payable	(19,521)	(16,643)	(14,125)	(10,995)	(9,039)
Profit on ordinary					

activities before taxation	13,002	12,660	10,129	7,163	9,096
Taxation	(3,288)	(3,428)	(2,019)	(2,049)	(1,934)
Profit on ordinary activities after taxation	9,714	9,932	8,110	5,114	7,162
Dividends	(4,679)	(4,272)	(3,943)	(2,956)	(2,686)
Retained Profit for Year	5,035	4,960	4,167	2,158	4,476
Basic Post Tax Earnings per Ordinary Share**	7.38p	7.02p	6.64p	4.64p	6.51p
Total Dividends declared per Ordinary Share	3.56p	3.25p	3.00p	2.75p	2.50p

*Results for the years 1998 and 1999 have not been restated to reflect the adoption of UITF 28 "Operating Lease Incentives". Results for 2000 – 2002 reflect this change in accounting policy adopted in 2001.

**Earnings per Ordinary Share have been adjusted to reflect the bonus elements of Company's rights issue in March 2000. Reported net assets and dividends per Ordinary Share have not been adjusted.

Shareholders and Financial Calendar

Shareholders

At 30th September 2002:

	No.	Shares held '000	%
Pension and investment funds and companies holding in excess of 250,000 shares	61	115,151	87.5
Directors and connected parties	15	7,157	5.4
Other corporate and nominee shareholders	280	8,169	6.2
Individuals	202	1,183	0.9
		131,660	100.0

Financial Calendar

Annual results announced	3rd December 2002
Annual report posted to shareholders	17th December 2002
Annual General Meeting	22nd January 2003
2003 Interim results to be announced	May 2003

Dividends and Interest

Proposed 2002 Final Dividend:	
Ex-dividend	8th January 2003
Record date	10th January 2003
Payment date	7th February 2003
2003 Interim Dividend to be paid	27th June 2003
Debenture Stock interest to be paid	31st March 2003 and 30th September 2003

Notice of Annual General Meeting

Notice Is Hereby Given that the Seventeenth Annual General Meeting of Shaftesbury PLC will be held at Pegasus House, 37/43 Sackville Street, London W1S 3DL, on 22nd January 2003 at 10.00 a.m. for the following purposes:

1. To receive and adopt the audited financial statements for the year ended 30th September 2002, and the reports of the Directors and auditors.

2. To approve the report of the Remuneration Committee for the year ended 30th September 2002.
3. To declare a final dividend of 2.31p per Ordinary Share.
4. To re-elect J S Lane who retires as a Director by rotation in accordance with the Articles of Association.
5. To re-elect S J Quayle who retires as a Director by rotation in accordance with the Articles of Association.
6. To re-elect A W MacDonald who retires as a Director having been appointed since the last Annual General Meeting.
7. As special business to consider and, if thought fit, pass the following resolution as a Special Resolution:

THAT the Directors be and they are hereby empowered in accordance with Section 95 of the Companies Act 1985 (the "Act") to allot equity securities (as defined in Section 94(2) of the Act) for cash as if Section 89(1) of the Act did not apply to any such allotment provided that this power should be limited to:

(a) the allotment of equity securities in connection with an offer by way of rights in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them but subject to such exclusions as the Directors may deem necessary or expedient to deal, inter alia, with shares representing fractional entitlements and legal or practical problems arising under the laws of, or the requirements of a recognised regulatory body or a stock exchange in, any territory; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £1,640,000;

and shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

8. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:

THAT the Company is hereby unconditionally and generally authorised to make market purchases (as defined in section 163(3) of the Companies Act 1985) of Ordinary Shares of 25p each in the capital of the Company provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 13,166,000 (representing 10.00 per cent, of the issued share capital of the Company as at 30th September 2002);

(b) the minimum price, exclusive of expenses, which may be paid for each such Ordinary Share is £0.25;

(c) the maximum price, exclusive of expenses, which may be paid for each such Ordinary Share is an amount equal to not more than 5.0 per cent. above the average of the middle market quotations for such share as derived from the Daily Official List of the UK Listing Authority for the five business days immediately preceding the day on which the share is contracted to be purchased;

(d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company; and

(e) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or

partly at the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

By Order of the Board

Brian Bickell
Secretary
3rd December 2002

Pegasus House
37/43 Sackville Street
London W1S 3DL

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company. A form of proxy for use by members is enclosed. Forms of proxy must be lodged with the Registrar not less than 48 hours before the Meeting.
2. Appointment of a proxy will not preclude a member from attending and voting in person at the Meeting.
3. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 20th January 2003 shall be entitled to attend and vote at the aforesaid meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.00 p.m. on 20th January 2003 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. A statement of transactions of the Directors (and their family interests) in the Ordinary Share capital of the Company and copies of Directors' contracts of service may be inspected at the registered office of the Company during normal business hours on weekdays (Saturdays and public holidays excepted) from the date of this notice to the date of the Annual General Meeting, and at the place of the Meeting from 9.00 a.m. until the conclusion of the Meeting.