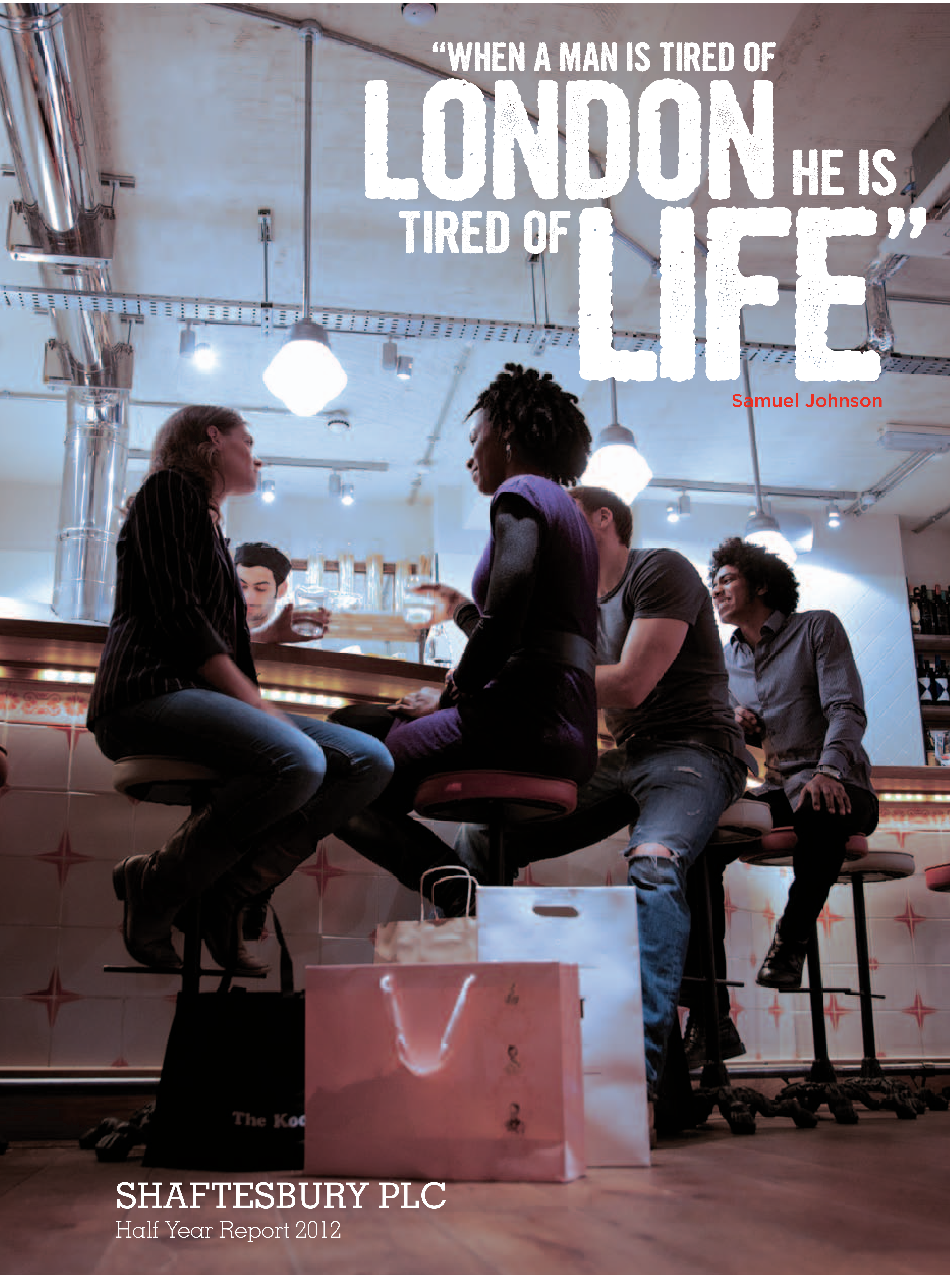


"WHEN A MAN IS TIRED OF LONDON HE IS TIRED OF LIFE"

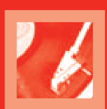
Samuel Johnson

SHAFTESBURY PLC

Half Year Report 2012

Dr Samuel Johnson (1709 – 1784) was an English author, famous as a poet, essayist, literary critic, biographer and editor.

In the 1760s Dr Samuel Johnson with other leading literary figures, founded The Club which met weekly at the Turk's Head Tavern, 9 Gerrard Street. Within Chinatown, 9 Gerrard Street is owned by Shaftesbury and is occupied by the New Loon Moon Supermarket.

financial highlights

Net property income (6 months)

£35.5 million – **up 10.6%**

31.3.2011: **£32.1 million**

EPRA adjusted profit before tax (6 months)

£16.1 million – **up 15.0%**

31.3.2011: **£14.0 million**

Dividends declared in respect of half year

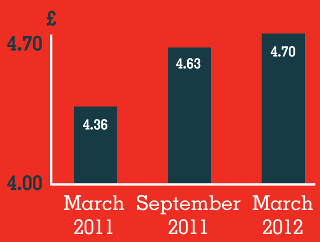
5.95p per share – **up 8.2%**

31.3.2011: **5.50p per share**

EPRA adjusted diluted earnings per share

6.3p per share – **up 5.0%**

31.3.2011: **6.0p per share**



EPRA adjusted diluted net asset value

£4.70 per share – **up 1.5%**

30.9.2011: **£4.63**

results overview

Financial highlights

		Six months ended 31.3.2012	31.3.2011	Year ended 30.9.2011
Net property income	£m	**35.5**	32.1	66.6
Property assets at book value	£m	**1,735.2**	1,580.1	1,675.4
EPRA adjusted results*				
Profit before tax	£m	**16.1**	14.0	29.2
Diluted earnings per share	Pence	**6.3**	6.0	11.9
Net assets	£m	**1,188.1**	1,100.2	1,164.0
Diluted net asset value per share	£	**4.70**	4.36	4.63
Dividends				
Interim dividend per share	Pence	**5.95**	5.50	5.50
Final dividend per share	Pence	**–**	–	5.75
Total distribution declared in respect of the financial period	£m	**14.9**	13.8	28.4
Unadjusted results				
Profit before tax	£m	**38.1**	101.0	115.7
Diluted earnings per share	Pence	**15.0**	43.1	47.0
Net assets	£m	**1,077.5**	1,052.1	1,053.7
Diluted net asset value per share	£	**4.27**	4.17	4.19

* Adjusted in accordance with EPRA Best Practice Recommendations.

Performance summary

		Shaftesbury Group	Benchmark
Capital value return			IPD UK Monthly Index: Capital Growth*
	Six months ended 31.3.2012	**+1.4%**	**– 0.8%**
	Six months ended 31.3.2011	*+3.2%*	*+1.1%*
	Year ended 30.9.2011	*+7.2%*	*+1.7%*
Total return			IPD UK Monthly Index: Total Return*
	Six months ended 31.3.2012	**+3.4%**	**+2.5%**
	Six months ended 31.3.2011	*+5.3%*	*+4.5%*
	Year ended 30.9.2011	*+11.3%*	*+8.7%*
Net asset value return			
Based on EPRA adjusted net assets	Six months ended 31.3.2012	**+2.8%**	
	Six months ended 31.3.2011	*+6.6%*	
	Year ended 30.9.2011	*+14.4%*	
Based on unadjusted net assets	Six months ended 31.3.2012	**+3.3%**	
	Six months ended 31.3.2011	*+11.7%*	
	Year ended 30.9.2011	*+13.7%*	
Total shareholder return			FTSE 350 Super Sector Real Estate Index:
	Six months ended 31.3.2012 (closing share price: £4.93)	**+6.9%**	**+10.7%**
	Six months ended 31.3.2011 (closing share price: £4.73)	*+10.6%*	*+14.2%*
	Year ended 30.9.2011 (closing share price: £4.68)	*+10.0%*	*– 0.4%*

* Source: Investment Property Databank Ltd © 2012.
Shaftesbury Group data (other than total shareholder return) derived from financial results.

"LIFE IS AN ENDLESS STRUGGLE OF FRUSTRATIONS AND CHALLENGES BUT EVENTUALLY YOU FIND A HAIR STYLIST YOU LIKE"

Lana Turner

business review

London's West End continues to prosper, underpinned by robust visitor numbers and trading. This is in contrast to the UK economy generally, where business and consumer confidence is subdued and the timing of any sustained recovery is uncertain.

Throughout the first six months of the financial year our portfolio has been virtually fully let as demand for uses across our West End locations remains healthy. Like-for-like rental income has grown by 3.5% compared with the first half of last year as we have continued to meet or exceed ERVs on lettings, lease renewals and rent reviews. Since 30 September 2011 we have seen a significant increase of £2.9 million in the reversionary potential of our portfolio, which now stands at £17.6 million.

We have acquired investments totalling £29.4 million during the period, principally in Soho. Expenditure on schemes amounted to £8.5 million. We have now secured planning consent for two important schemes in Carnaby, the first of which will start in June 2012.

In December 2011 we added £60 million to our financial resources through a fifteen year loan, at a fixed rate of 4.43%, raised in the Longmartin joint venture.

Results

EPRA adjusted profit before tax for the six months ended 31 March 2012 amounted to £16.1 million, compared with £14.0 million for the same period last year, an increase of £2.1 million or 15%.

Rents receivable across the Group rose by £3.7 million to £40.3 million (31.3.2011: £36.6 million) reflecting income from acquisitions together with continuing good demand and low levels of vacant space across our wholly owned portfolio and within the Longmartin joint venture. Net property income rose to £35.5 million (31.3.2011: £32.1 million), an increase of £3.4 million.

Provision for current tax on the EPRA adjusted profit for the period, which amounted to £0.3 million (31.3.2011: £0.1 million), arose in the Longmartin joint venture, which is outside our REIT group. Within the wholly owned Group, no taxation liabilities have arisen as its activities are largely tax-exempt under REIT legislation.

EPRA adjusted profit after tax for the period amounted to £15.8 million (31.3.2011: £13.9 million), an increase of 13.7%.

	Six months ended		Year ended
	31.3.2012	31.3.2011	30.9.2011
	£m	£m	£m
Profit before tax reported in the Group Statement of Comprehensive Income	**38.1**	101.0	115.7
Adjusted for:			
Surplus arising on revaluation of investment properties	**(22.3)**	(49.6)	(110.6)
Movement in fair value of financial derivatives	**0.3**	(37.4)	24.1
EPRA adjusted profit before tax	**16.1**	14.0	29.2
Taxation charge reported in the Group Statement of Comprehensive Income	**(0.3)**	(0.9)	(1.9)
Adjusted for:			
Deferred tax*	–	0.8	1.5
EPRA adjusted profit after taxation	**15.8**	13.9	28.8
Net assets reported in the Group Balance Sheet	**1,077.5**	1,052.1	1,053.7
Adjusted for:			
Fair value adjustment in respect of financial derivatives	**104.9**	43.1	104.6
Deferred tax*	**5.7**	5.0	5.7
EPRA adjusted net assets	**1,188.1**	1,100.2	1,164.0
EPRA adjusted diluted net asset value per share	**£4.70**	£4.36	£4.63

* Arising on the revaluation of investment properties and in respect of capital allowances.

EPRA adjusted net assets at 31 March 2012 amounted to £1,188.1 million, resulting in a diluted net asset value per share of £4.70. This represents an increase of 7p over the period, an uplift of 1.5%. The increase in the EPRA adjusted diluted net asset value per share before the payment of the 2011 final dividend of 5.75p per share was 12.75p, an uplift of 2.75%.

Interim dividend

Your directors are pleased to declare an interim dividend of 5.95p per share, an increase of 8.2% on last year's interim dividend of 5.50p. The interim dividend will be paid entirely as a Property Income Distribution (PID).

The rate of growth of future distributions will reflect the underlying growth in the Group's net rental income and profits.

Portfolio valuation

Our portfolio has been valued at 31 March 2012 at £1,739.5 million, resulting in a revaluation surplus for the half year of £22.3 million. Adjusting for acquisitions and capital expenditure during the period, our portfolio has increased in value by 1.4%, compared with the IPD UK Monthly Index: Capital Growth which declined by 0.8% over the same period.

Growth in income continues to be the principal driver of the increase in the value of our portfolio. Generally equivalent yields attributed to secure, well let investments have been stable since mid-2010. In the case of our wholly owned portfolio, at 31 March 2012 our valuers attributed an equivalent yield of 4.92%, compared with 4.93% at 30 September 2011 and 5.10% at 30 September 2010. The valuation of the Longmartin joint venture's portfolio reflects an equivalent yield of 4.79% (30.9.2011: 4.80%).

Our portfolio has continued to generate increased contracted rents and higher ERVs from a combination of sustained tenant demand, high levels of occupancy, changes of use and new schemes. Our focus on retail, restaurant, leisure and residential uses, which for the landlord are less prone to long-term obsolescence, results in a low level of capital expenditure which enhances our capital value return.

Over the six months ended 31 March 2012 each of our principal villages grew in value by around 1.6%. Our Soho holdings, which represent 6% of our portfolio, fell in value by 2.7%, which is to be expected at this early stage of assembling ownerships and refurbishment activity. Our interest in the Longmartin joint venture's properties, which represents 7% of our portfolio, rose in value by 2.1% as a result of rising rental income following the expiry of rent free periods and an increase in total ERV.

At 31 March 2012 the Group portfolio's current gross income amounted to £79.3 million, an increase of £1.8 million over the period. Acquisitions during the period added £1.2 million and the expiry of rent free periods in Longmartin added £0.9 million to current gross income. This additional income was partly offset by an increase in the amount of contracted income which was subject to rent free periods at the valuation date. The underlying growth in current gross income over the period was around 1.4%.

Our valuers have estimated the rental value of the Group's portfolio at 31 March 2012 at £96.9 million, compared with £92.2 million at 30 September 2011. Of the increase of £4.7 million, acquisitions contributed £1.4 million and the two large schemes in Carnaby we will be starting later this year added £2.0 million. Good demand for accommodation in our villages and the numerous other schemes we have in hand across the portfolio were the main drivers of the general increase in ERVs across the portfolio totalling £1.3 million.

Portfolio reversionary potential

	Valuers' estimates			Attributable to	
	Current gross income* £m	ERV £m	Reversionary potential £m	Wholly owned portfolio £m	Longmartin £m
At 30 September 2008	60.4	80.2	19.8	13.9	5.9
At 30 September 2009	63.4	78.3	14.9	9.7	5.2
At 30 September 2010	68.3	83.9	15.6	10.5	5.1
At 30 September 2011	77.5	92.2	14.7	11.6	3.1
At 31 March 2012	**79.3**	**96.9**	**17.6**	**15.4**	**2.2**
Contracted reversion at 31 March 2012			**5.3**	**3.7**	**1.6**

* Excludes pre-lettings and contracted rent free periods.


"FASHIONS FADE STYLE IS ETERNAL"
Yves Saint Laurent

The Group's reversionary potential at 31 March 2012 amounted to £17.6 million (30.9.2011: £14.7 million), an increase of £2.9 million over the period. Within the wholly owned portfolio, the reversionary potential is now estimated at £15.4 million (30.9.2011: £11.6 million), an increase of £3.8 million. The fall of £0.9 million in the reversion in the Longmartin portfolio resulted from the expiry of rent free periods. We expect its reversion will grow over time particularly as St Martin's Courtyard becomes established as a shopping and restaurant destination.

Shops and restaurants account for 71% of the estimated reversionary potential within the wholly owned portfolio. Demand for these uses in London's West End remains strong and tends not to be cyclical, giving us confidence that their current reversions will be realised over a five year review cycle. Through our management strategies, which foster environments where our tenants can prosper, we expect over time to deliver further growth in rental values and income.

Strategy

The objective of our strategy is to produce sustained growth in net rental income from our property portfolio which is delivered to shareholders through steadily rising distributions. Long term rental growth in turn underpins the growth in the value of our investments, which is a key element of shareholders' total return.

We achieve our objective through focussing our investments exclusively in London's West End, concentrating on central locations which attract visitors in numbers unmatched by any other city in the western world.

London and its economy benefit from many unique features, which have their origins in its long and exceptional history. Until the 1920s it was the world's largest city; even today it is Europe's largest city and fifth in the world measured by GDP.

London's importance and prosperity have created within the West End world class heritage and cultural attractions together with an unrivalled variety of shopping, eating and leisure choices, which attract millions of domestic and international visitors. With an extensive and improving transport network, visitors to the West End are also drawn from London's eight million residents, some 20 million people in the south of England who are easily able to visit for the day, and from across the UK.

Reflecting the importance of the visitor-based economy in our chosen locations, our strategy is to establish clusters of ownerships in areas which have, or have the potential for, retail and leisure uses. In the West End these uses have a long history of sustained demand.

We achieve our objective of delivering sustainable growth through:

- Using our extensive local knowledge to identify well located areas which are often neglected and lack a cohesive strategy for uses and tenant mix, essential to attract footfall and bring prosperity;
- Acquiring buildings which are often dilapidated, and as our clusters of ownership grow, we implement a long-term holistic management approach, restoring buildings, improving the public realm and creating and maintaining a mix of uses and tenants which attract visitors and spending. Establishing the conditions in which our commercial tenants – particularly those in retail, restaurants and leisure – are able to prosper is essential for long term sustainable rental growth;
- Working closely with Westminster City Council and Camden Council, neighbouring owners and other stakeholders in the local community to promote the West End and its many attractions to the widest audience and to create the conditions for visitors to have an enjoyable experience which they will want to repeat.

Our portfolio

Extending to over 12½ acres, our wholly owned portfolio now comprises 1,315,000 sq. ft. of commercial space and around 267,000 sq. ft. of residential accommodation. We own over 500 individual buildings, clustered in villages, virtually all of which have a mix of uses. Typical of the locations we invest in, the lower floors of our buildings contain the most valuable uses of retail, restaurant and leisure. These uses now extend to 907,000 sq. ft. and provide 71% of our current gross income and represent 71% of ERV in the wholly owned portfolio. Upper floors of our buildings are mainly offices, residential or a combination of both.

Our wholly owned portfolio now includes 329 shops extending to 410,000 sq. ft. They provide 36% of current gross income and have a weighted average unexpired lease term of four years. 62% of our retail income is generated by 82 shops which have rents of over £100,000 per annum; 61 of those shops are in Carnaby. Our 247 smaller shops account for the remaining 38%.

Demand for retail space in our locations remains strong, particularly from overseas retailers seeking to establish a presence in London, which is widely regarded as being the world's best city for quality and choice of shopping. We seek out and encourage interesting new retailers and concepts to ensure our villages respond to ever changing tastes and spending patterns.

Portfolio summary

	Fair Value £m	% of portfolio	Current gross income £m	ERV £m
Wholly owned portfolio				
Carnaby	575.5	33%	25.7	35.3
Covent Garden	492.3	28%	22.7	25.9
Chinatown	408.0	24%	19.9	20.9
Soho	99.5	6%	4.3	5.5
Charlotte Street	40.0	2%	1.8	2.2
	1,615.3	93%	74.4	89.8
Longmartin joint venture*	124.2	7%	4.9	7.1
Total portfolio	**1,739.5**	**100%**	**79.3**	**96.9**

* Shaftesbury Group's share.

	Wholly owned portfolio			Longmartin joint venture*		
	Number	Area sq.ft.	% of current gross income	Number	Area sq.ft.	% of current gross income
Shops	329	410,000	36%	23	69,000	43%
Restaurants, cafes and leisure	216	497,000	35%	8	43,000	19%
Offices		408,000	18%		102,000	18%
Residential	399	267,000	11%	75	55,000	20%
Total		**1,582,000**	**100%**		**269,000**	**100%**

*Shaftesbury Group has a 50% interest in the above.

We now have 216 restaurants, cafes, bars and clubs totalling 497,000 sq. ft. They provide 35% of our current income and have a weighted unexpired lease term of twelve years. In the West End these leisure uses are in great demand, but supply is limited by restrictive local planning and licensing policies. As we only provide accommodation in shell form, tenants' investment is substantial and leases are often granted for terms of 25 years. As a result these leases are valuable assets for the tenant as well as the landlord in our locations and provide us with very secure income.

Our offices, which extend to 408,000 sq. ft., provide 18% of our current gross income. Our offices are generally small, typically of 1,500 sq. ft. or less, with an average current rent of £37 per sq. ft. and a weighted average unexpired lease term of three years. Many of our offices are occupied by businesses connected to their village location; fashion, media and creative firms in Carnaby and Covent Garden and businesses servicing the Far Eastern community in Chinatown. Whilst they are important in our villages, the small size of our units, cyclicality of office demand and costs of obsolescence borne by the landlord lead us to seek alternative uses for smaller offices.

We now have 399 apartments extending to 267,000 sq. ft., which provide 11% of current passing income. Many of these apartments have been created by conversion from office use. We usually let rather than sell our apartments which preserves flexibility in the management of our buildings and villages. There is continuing good demand and rental growth for our centrally located apartments.

The Longmartin joint venture's portfolio comprises a 1.9 acre island site at the junction of Long Acre and St Martin's Lane and is centred on St Martin's Courtyard, a mixed use scheme completed in 2011. It comprises 23 shops and eight restaurants across 112,000 sq. ft., which produce 62% of its current income, and 102,000 sq. ft. of offices which contribute 18%. In addition 75 apartments totalling 55,000 sq. ft., produce 20% of its current income.

Portfolio activity

Our acquisition strategy is very focussed both geographically and in the nature of the properties which interest us. Owners in our areas are always reluctant to sell assets which have shown long term resilience and are difficult to replace. Their reticence has increased in the current environment of historically low interest rates and general financial uncertainty.

In the six months ended 31 March 2012 we acquired properties totalling £29.4 million, of which £27.0 million are in Soho and £2.4 million in Covent Garden. These acquisitions comprised twelve shops and four restaurants extending to 25,000 sq. ft., 3,000 sq. ft. of offices and three apartments. We continue to seek new investments and are particularly keen to add to restaurant and leisure uses in our portfolio.

Capital expenditure across the portfolio over the period amounted to £8.5 million, of which £1.2 million arose in the Longmartin joint venture. Generally our capital expenditure is low in relation to the size of our portfolio as we only provide accommodation in shell form for our principal uses of retail, restaurants and leisure.

As our investments are in Conservation Areas and many of the buildings we own are listed, our schemes can be intricate. It can often take considerable time to secure the necessary consents and then vacant possession before works can start. Much of the expenditure we incur is to create or reconfigure retail and restaurant space, refurbish or convert smaller offices to other uses and invest in the public realm in and around our villages.

At 31 March 2012 we had over 40 schemes of varying size and complexity in hand across our villages. This is typical of our usual level of activity. The cumulative impact of our numerous projects makes an important contribution to our income and capital growth over time.

We have postponed a number of projects until the autumn as in practice new external construction work in our areas will be suspended in the period leading up to and during the Olympics.

Occupancy levels have remained high throughout the period. When space has become available, re-letting has generally been achieved with minimal void periods. New commercial lettings during the period totalled £3.2 million, of which £1.2 million arose from the retail and office lettings in the scheme at 36/39 Carnaby Street we completed in December 2011.

At 31 March 2012 the ERV of vacant commercial space in the wholly owned portfolio amounted to £3.1 million, equivalent to 3.9% of commercial ERV. Of this, £1.5 million, representing 1.9% of commercial ERV, was held for or under refurbishment and £1.6 million, equivalent to 2.0% of commercial ERV, was available to let.

Whilst the general level of vacant space continues to be low, the two major schemes in Carnaby which we will be starting later this year will inevitably result in a significant increase in the amount of space we have under refurbishment and loss of income throughout the period until summer 2014. Across the two schemes, 32,000 sq. ft. of existing commercial space currently producing a gross income of some £1.0 million per annum will be vacated.

At 31 March 2012 we had 369 completed apartments, of which eleven were vacant, together with 30 units under construction.

Within the Longmartin joint venture's portfolio, one retail unit was vacant (ERV £0.1 million) and the refurbishment of 10,000 sq. ft. of offices was nearing completion (ERV £0.6 million). Three apartments were undergoing refurbishment as part of a phased programme to improve unmodernised accommodation.

Vacant commercial space at 31 March 2012 (wholly owned portfolio only)

Held for or under refurbishment	Shops	Restaurants and leisure	Offices	Total	% of total commercial ERV
ERV – £m	0.5	0.2	0.8	**1.5**	**1.9%**
Area – sq. ft.	6,000	5,000	22,000	**33,000**	
Number of units	7	4			
Available					
ERV – £m					
Ready to let	0.5	0.1	0.6	**1.2**	**1.5%**
Under offer	–	0.2	0.2	**0.4**	**0.5%**
	0.5	0.3	0.8	**1.6**	**2.0%**
Area – sq. ft.	10,000	6,000	20,000	**36,000**	
Number of units	12	6			

"LONDON IS A NATION NOT A CITY"

Benjamin Disraeli

Carnaby

Carnaby is our largest single village, representing 33% by value of the Group's portfolio. 49% of the village's current gross income comes from its 126 shops. The 233,000 sq. ft. of offices, which provide 32% of its current income, account for nearly half of the offices in our wholly owned portfolio.

Carnaby has an international reputation for youth fashion, a market in which tastes change at an ever faster pace. We respond to this by actively managing the tenant mix and introducing new retailers and concepts, often with their origins outside the UK, to ensure the area continues to appeal to its fashion conscious visitors. At present we have no large shops to let but we anticipate opportunities will arise in the coming months to secure space for new retailers.

During the period we secured planning consent for two important new schemes which will provide space which meets the demand for larger shops.

We will start the first scheme, which is on the north side of Foubert's Place, in June 2012. It will include three new large shops and one reconfigured unit by combining existing small shops totalling 5,300 sq. ft. with space currently used as offices at the rear of Lasenby House. These shops, which on completion will extend to 10,800 sq. ft., will be available in summer 2013. In addition, we have pre-let the remaining 15,000 sq. ft. of unrefurbished offices on the upper floors of Lasenby House for a term of 30 years to the adjacent Liberty department store. The capital cost of the scheme is estimated to be £4.25 million.

The second scheme has frontages to the south side of Foubert's Place and Kingly Street. Existing structures will be demolished and replaced by 8,200 sq. ft. of retail on Foubert's Place and restaurant space will be relocated to a new 6,500 sq. ft. unit on Kingly Street. The upper floors will include 7,000 sq. ft. of offices and twelve apartments. We expect the scheme will commence by early 2013 and the first units will be available from autumn 2014. The capital cost is estimated to be £13.5 million.

During the period of construction these schemes will involve a loss of current income and an increase in non-recoverable costs, which we do not capitalise. However, once completed and let they are expected to produce additional income of some £2 million per annum. Importantly the much improved retail space in Foubert's Place should significantly improve the long term rental prospects of this busy pedestrianised street which connects Regent Street and Carnaby Street.

Following improvements to Kingly Street, which were completed last year, we have seen much improved footfall. The variety and quality of restaurants is improving, along with rental levels. The relocated restaurant space referred to above will further improve the northern end of the street and is already attracting interest from potential occupiers.

Apart from these two larger schemes, we have a number of other projects in hand across the village involving the reorganisation of uses and refurbishment of buildings. They include the refurbishment of 24,000 sq. ft. of more modern offices, currently producing an income of £1.1 million, which we expect to commence by the end of 2012.

Covent Garden

Our holdings in Covent Garden, including our share of the Longmartin joint venture, represent 35% by value of our portfolio. Our wholly owned holdings, concentrated in the districts of Seven Dials, Coliseum and the Opera Quarter, have a wide mix of uses, typical of this distinctive area. Retail provides 36% of our current gross income and restaurants 33%. Covent Garden has a growing residential community and apartments now provide 16% of our current income, exceeding the 15% we receive from offices.

During the period we acquired two properties which included two shops and three apartments, at a cost of £2.4 million.

As with our other villages, we are keen to introduce new retailers and concepts, particularly in Monmouth Street and Earlham Street. These streets are increasingly important pedestrian routes which are already benefitting from footfall from the 400,000 sq. ft. new office development just north of Seven Dials which is now fully occupied. In the medium term, we expect significant pedestrian flows from the Crossrail and underground transport hub now under construction at Tottenham Court Road.

We have several conversion and refurbishment projects in progress. We have also identified a number of opportunities to introduce alternative and more profitable uses such as retail and residential in place of offices, and have obtained, or are in the process of seeking, the requisite planning consents.

In the joint venture, we are close to completing a 10,000 sq. ft. office refurbishment in a building that adjoins St Martin's Courtyard. We have also commenced a rolling programme of refurbishment of some of the older apartments in neighbouring blocks.

Improvements to the public realm remain an important element of our strategy and we have further projects in hand with both Westminster City Council and Camden Council. However, implementation of schemes which affect traffic flows is delayed until the autumn in order to avoid disruption in the period leading up to and during the Olympics.

Chinatown

Chinatown is the most central of our villages, at the heart of London's prime entertainment and leisure district, and our investments here represent 24% by value of our portfolio.

63% of the current gross income comes from our 68 restaurants, which thrive on the high visitor numbers and late hours of trading in this unique and vibrant central location. Chinatown continues to experience a generational change in its restaurant variety which is adding to the rich diversity in South East Asian cuisine.

Our capital expenditure in Chinatown is modest as a consequence of the high proportion of restaurants which tend to be let for longer lease terms, but we continue to identify and implement new projects within our existing holdings to enhance income and capital values.

Westminster City Council's £15 million refurbishment of Leicester Square is nearing completion. We know from our experience that improvements to the public realm such as this major scheme are important catalysts for long term regeneration. We are now discussing with the Council further potential improvements to streets linking Chinatown and Leicester Square.

Soho

Our holdings across Soho now total £99.5 million and represent 6% by value of the Group's portfolio. During the period our acquisitions totalled £27 million comprising ten shops (13,600 sq. ft.), four restaurants (11,500 sq. ft.) and 3,000 sq. ft. of offices.

Berwick Street is at the centre of our Soho holdings. It is a very busy north – south pedestrian route through Soho, but suffers from fragmented ownership, a dilapidated public environment, rundown buildings and a struggling street market. As a consequence rental values are low, but we see considerable scope for improvement as these issues are addressed.

We welcome and encourage investment by others in the area as a whole, which complement our own ideas and plans for long-term regeneration. A number of important schemes are under discussion or in hand in Berwick Street and nearby streets which, over time, should add to the area's appeal.

Charlotte Street

Our holdings in and around the southern end of Charlotte Street represent 2% by value of our portfolio. 60% of our current income comes from the thirteen restaurants, bars and cafes we own in the area. Since 31 March 2012 we have acquired a further restaurant and residential property at a cost of £5.0 million.

This lively and cosmopolitan area is home to a long established and interesting variety of restaurants and also has a flourishing residential community. In the coming years it will benefit from important new schemes at Fitzroy Place (formerly the site of the Middlesex Hospital), the redevelopment of the 2.3 acre Royal Mail site at Rathbone Place and the regeneration which is planned around the Tottenham Court Road transport interchange now under construction. These projects will bring a significant increase in the local working and residential population and footfall generally. We are aware that restaurateurs are keen to establish a presence in the area in anticipation of this increased activity.

"ONE CANNOT THINK WELL, LOVE WELL, SLEEP WELL, IF ONE HAS NOT DINED WELL"

Virginia Woolf

"IF NEW YORK IS AN OIL PAINTING LONDON IS A WATERCOLOR"

Peter Shaffer

Results in detail

EPRA adjusted profit before tax, which eliminates the effects of non-cash fair value movements in properties and financial instruments, was £16.1 million, up £2.1 million or 15% from the £14.0 million reported for the same period last year. Including the non-cash fair value movements, profit before tax was £38.1 million (31.3.2011: £101.0 million).

Tenant demand remains strong, occupancy levels have been stable and the incidence of tenant defaults has been low. Along with acquisitions, this has helped deliver growth in rents receivable of 10.1% to £40.3 million compared to the first half of last year (31.3.2011: £36.6 million). On a like-for-like basis, rents receivable in the wholly owned portfolio grew 3.5% compared to the first half of last year. Acquisitions added a further £1.1 million, and our Longmartin joint venture, which is now virtually fully let, delivered an extra £1.1 million in rents receivable compared with the six months to 31 March 2011.

After property charges of £4.8 million (31.3.2011: £4.5 million), net property income grew £3.4 million to £35.5 million (31.3.2011: £32.1 million).

Administration expenses were £4.7 million (31.3.2011: £4.1 million) and included £0.5 million (31.3.2011: £0.5 million) for employee annual bonuses and £0.9 million (31.3.2011: £0.8 million) in respect of equity settled remuneration.

Net finance costs (including settlements under the interest rate swap contracts) were £14.7 million (31.3.2011: £14.0 million) and were covered 2.1 times by operating profit before investment property revaluation movements (31.3.2011: 2.0 times), above the 1.5 times minimum required by our bank loan agreements. Our unhedged bank debt has continued to benefit from short term interest rates remaining at unprecedented low levels. Whilst short term rates have increased recently, at 31 March 2012 the marginal cost of additional borrowings under our revolving credit facilities remained under 2%.

With gilt and low risk bond yields continuing at historically low levels, the fair value deficit of our long-term interest rate swaps has risen by £0.3 million to £104.9 million since 30 September 2011. Whilst the movement over the last six months is relatively small, there has been considerable volatility in the deficit over the past eighteen months. In the six months to 31 March 2011 it decreased by £37.4 million to £43.1 million, but then rose by £61.5 million in the second half of the financial year. At the end of January 2012, it had risen a further £21.5 million, only to fall by £21.2 million by 31 March 2012. This non-cash accounting adjustment (which is excluded from our banking covenants) is kept under review by the Board and we continue to take the view that crystallising part or all of the fair value deficit would not benefit the Group at present.

As a REIT, the Group's activities are largely exempt from tax. However, our Longmartin joint venture is outside of the REIT group and the current tax charge for the period is £0.3 million (31.3.2011: £0.1 million).

EPRA adjusted diluted earnings per share were up 5% to 6.3p compared to the first six months of last year (31.3.2011: 6.0p). Taking into account the Group's continued strong financial position, we have declared an interim dividend of 5.95p per share, up 8.2% on last year's interim dividend of 5.50p. This is covered 1.06 times by EPRA adjusted earnings per share (31.3.2011: 1.09 times) and will be paid entirely as a PID.

Cash flows and finance

A combination of acquisitions, low vacancy and growing rents have increased cash generated from operating activities by £2.2 million to £31.5 million (31.3.2011: £29.3 million), comfortably covering finance costs of £14.2 million. The surplus after interest covered the February 2012 dividend payment of £14.5 million and tax payments of £0.3 million.

Borrowings have increased by £43.2 million to £538.5 million over the first half of the year, principally as a result of acquisitions and capital expenditure on properties, which totalled £39.5 million. Of the total debt, £121.0 million is fixed rate borrowing (30.9.2011: £61.0 million) and £417.5 million is floating rate (30.9.2011: £434.3 million), of which £360 million is hedged through interest rate swaps.

Gearing (based on nominal value of debt and measured against EPRA adjusted net assets) was 45%, up 2% from 43% at 30 September 2011 and comfortably within our maximum limit of 175% permitted in our bank loan agreements. In the wholly owned Group the ratio of debt to the fair value of property assets at 31 March 2012 was 31% (30.9.2011: 30%), well below the limit of 66.7% permitted in our loan agreements.

At 31 March 2012, we had £157.5 million undrawn committed loan facilities at our disposal (30.9.2011: £140.7 million). The Board monitors our overall committed facilities at all times to ensure that we have sufficient resources to meet our future cash commitments and comply with our loan covenants.

Our intention is to continue growing the portfolio through acquisition, redevelopment and active management. In a typical year, capital expenditure on our wholly owned portfolio is under 1% of its value, but this will increase over the coming two years as a result of the two large schemes in Carnaby.

Our financing policy is to ensure our funding reflects the long-term nature of our investment strategy. In December 2011, our Longmartin joint venture raised £120 million through a 15 year secured loan at a fixed rate of 4.43%. Our £60 million share of the proceeds was used to repay existing bank revolving credit facilities and, as such, was then available for re-drawing. This loan helped diversify our debt portfolio and increased our weighted average maturity of all debt to 7.1 years (30.9.2011: 6.9 years).

Our earliest bank debt maturities are in 2016. We maintain a dialogue with existing and potential lenders to ensure our debt structure evolves and continues to reflect the long term nature of our portfolio and investment strategy.

Taking into account the impact of interest rate hedging, interest on 89% of our borrowings was fixed at 31 March 2012 (30.9.2011: 85%). The weighted average all-in cost of debt was 5.42% at 31 March 2012 (30.9.2011: 5.39%).

The average margin over LIBOR on amounts drawn from the wholly owned Group's bank facilities at 31 March 2012 was 0.86% (30.9.2011: 0.85%), which would rise to 1.04% if we drew the facilities in full. These margins are considerably below the level that would currently be available so that, if current conditions in debt markets continue or deteriorate further, our finance costs will rise as we approach maturity of our current arrangements from 2016 onwards.

Performance and benchmarking

Our performance for the period, measured against our chosen benchmarks is set out in the table on page 2.

With our valuation yields remaining largely unchanged, growth in contracted rents and ERVs resulted in a capital value return of 1.4% in the first half of the year, 2.2% higher than our benchmark, the IPD UK Monthly Index: Capital Growth, which reported a decline of 0.8%. Similarly, our total return of 3.4% exceeded our benchmark IPD UK Monthly Index: Total Return by 0.9%.

Our total shareholder return for the six months to 31 March 2012 was 6.9% compared to 10.7% shown by our benchmark index, the FTSE Super Sector Real Estate Index. Taking the twelve months to 31 March 2012, our total shareholder return was 6.4% compared with our benchmark index, which recorded a decline of 3.2%.

Principal risks and uncertainties

The principal risks facing the Group for the remaining six months of the financial year, which are consistent with those set out in the Annual Report for the year ended 30 September 2011, are summarised below:

- *Location of property assets*
  The Group's properties are concentrated in London's West End. Events which discourage visitors to this high profile area, such as threats to public safety, security and health or of transport disruption could result in a reduction in visitor numbers. A material decline, if sustained for a long period, would adversely affect the local visitor-based economy and demand for the Group's shops and restaurants in particular.

  All of the Group's properties are within the jurisdictions of Westminster City Council and the London Borough of Camden. Changes to their policies, particularly those relating to planning and licensing, could have a significant impact on the Group's ability to maximise the long term potential of its assets;
- *Property valuations*
  Reduction in value of the Group's portfolio and the consequent effect on the Group's asset value would adversely impact its ability to continue to meet covenants in its loan agreements;
- *Tenant risk*
  As a result of adverse conditions in the wider economy, a restriction in the availability of credit for consumers and businesses could lead to lower levels of consumer spending, a higher level of business failures and difficulties for new ventures in raising start-up capital;
- *Environmental legislation*
  All of the Group's properties are in Conservation Areas and many are listed. The future use of older buildings may be restricted if they become subject to environmental performance standards which they are unable to meet.

Board changes

Christopher Ward joined the Board as Finance Director in January 2012. John Emly, a non-executive director since 2000, retired from the Board in February 2012.

John Manser, the Chairman of the Company, has advised the Board of his intention to retire at the conclusion of the 2013 Annual General Meeting expected to be held on 8 February 2013. The Board is pleased to announce that Jonathan Lane, presently the executive Deputy Chairman, will succeed him as non-executive Chairman.

As part of its succession planning, the Board expects to announce later this year the appointment of two additional non-executive directors to augment the experience and balance of independence of the Board. A search process to identify suitable candidates is well advanced.

Prospects

There is a continuing climate of economic uncertainty in the UK and in Europe, which is now being exacerbated by the extensively reported problems within the Eurozone. These concerns are likely to add to the pressures on consumer confidence in the period ahead.

In contrast London's West End continues to be busy and prosperous. Its reputation as a destination of world renown continues to grow, and this summer's major events – the Queen's Diamond Jubilee and the Olympics – will put the city firmly in the world's spotlight. These events are a unique opportunity for London to promote its many attractions to a global audience. However, in the short term there will be some disruption to the normal patterns of life in this already busy city.

Our portfolio, underwritten by the West End's special features and attractions, continues to flourish. As a result of our long term management strategies, which create and sustain prosperous environments for our tenants, good demand continues for all uses in each of our villages. We will shortly commence important new schemes in Carnaby which will in the short term temper the growth in our income but will deliver long term improvements to our revenue.

We remain confident that our unique portfolio will continue over time to deliver rising income and rental values. This in turn should bring long term growth in capital values which, coupled with low obsolescence in our assets, should allow us to maintain our record of out-performing the wider property market.

Brian Bickell
Chief Executive

Christopher Ward
Finance Director

23 May 2012

portfolio analysis

at 31 March 2012

		Note	Carnaby	Covent Garden	Chinatown	Soho
Total portfolio	Fair Value	1	£575.5m	£492.3m	£408.0m	£99.5m
	% of total Fair Value		33%	28%	24%	6%
	Current gross income	2	£25.7m	£22.7m	£19.9m	£4.3m
	ERV	3	£35.3m	£25.9m	£20.9m	£5.5m
Shops	Number		126	105	60	34
	Area – sq. ft.		174,000	132,000	60,000	36,000
	% of current gross income	4	49%	36%	23%	32%
	% of ERV	4	51%	39%	23%	33%
	Average unexpired lease length – years	5	3	4	7	4
Restaurants, cafes and leisure	Number		38	83	68	15
	Area – sq. ft.		79,000	158,000	194,000	37,000
	% of current gross income	4	14%	33%	63%	32%
	% of ERV	4	13%	32%	62%	31%
	Average unexpired lease length – years	5	10	11	13	8
Offices	Area – sq. ft.		233,000	99,000	42,000	26,000
	% of current gross income	4	32%	15%	6%	17%
	% of ERV	4	30%	14%	7%	16%
	Average unexpired lease length – years	5	3	2	3	2
Residential	Number		69	169	86	43
	Area – sq. ft.		46,000	119,000	61,000	27,000
	% of current passing rent	4	5%	16%	8%	19%
	% of ERV	4	6%	15%	8%	20%

*Shaftesbury Group's share

basis of valuation

at 31 March 2012

	Note	Carnaby	Covent Garden	Chinatown	Soho
Overall initial yield	7	4.14%	4.30%	4.57%	4.01%
Initial yield ignoring contractual rent free periods	8	4.65%	4.42%	4.60%	4.14%
Overall equivalent yield	9	5.15%	4.75%	4.80%	5.03%
Tone of retail equivalent yields	10	4.87 – 5.65%	4.50 – 5.75%	4.65 – 5.75%	5.00 – 6.41%
Tone of retail estimated rental values – ITZA £ per sq. ft.	10	£115 – £430	£50 – £450	£140 – £300	£95 – £250
Tone of restaurant equivalent yields	10	4.90 – 5.25%	4.50 – 5.75%	4.65 – 5.25%	5.00 – 5.29%
Tone of restaurant estimated rental values – £ per sq. ft.	10	£77.50 – £100	£45 – £130	£135 – £338 ITZA	£60 – £110
Tone of office equivalent yields	10	5.00 – 6.25%	5.00 – 5.75%	5.75 – 6.25%	5.00 – 6.00%
Tone of office estimated rental values – £ per sq. ft.	10	£35 – £65	£27 – £47.50	£29 – £42	£27.50 – £42.50
Tone of residential estimated rental values – £ per annum	10	£12,220 – £72,800	£11,700 – £67,600	£9,100 – £32,000	£13,000 – £54,600

	Charlotte Street	Wholly owned portfolio	Longmartin*	Total portfolio
	£40.0m	£1,615.3m	*£124.2m	£1,739.5m
	2%	93%	7%	100%
	£1.8m	£74.4m	*£4.9m	£79.3m
	£2.2m	£89.8m	*£7.1m	£96.9m
	4	329	23	
	8,000	410,000	69,000	
	5%	36%	43%	
	4%	39%	37%	
	4	4	5	
	13	216	8	
	29,000	497,000	43,000	
	60%	35%	19%	
	54%	32%	15%	
	13	12	15	
	8,000	408,000	102,000	
	12%	18%	18%	
	16%	18%	34%	
	2	3	6	
	32	399	75	
	14,000	267,000	55,000	
	23%	11%	20%	
	26%	11%	14%	
	3.95%	4.29%	3.37%	
	4.10%	4.52%	4.02%	
	4.80%	4.92%	4.79%	
	5.25 – 6.00%		4.50 – 6.00%	
	£83 – £115		£93.50 – £440	
	4.75 – 5.25%		5.00 – 6.00%	
	£60 – £80		£36.50 – £66.75	
	6.00 – 7.00%		5.00 – 6.00%	
	£30 – £35		£32.50 – £57.50	
	£10,900 – £22,100		£17,160 – £85,800	

Notes

1. The Fair Values at 31 March 2012 (the "valuation date") in respect of our villages are, in each case, the aggregate of the Fair Values of several different property interests located within close proximity which, for the purpose of this analysis are combined to create each village. The different interests within each village were not valued as a single lot.
2. Current gross income includes total annualised actual and 'estimated income' reserved by leases. No rent is attributed to leases which were subject to rent free periods at the valuation date. Current gross income does not reflect any ground rents, head rents or rent charges and estimated irrecoverable outgoings at the valuation date. 'Estimated income' refers to gross estimated rental values in respect of rent reviews outstanding at the valuation date and, where appropriate estimated rental values in respect of lease renewals outstanding at the valuation date where the Fair Value reflects terms for a renewed lease.
3. ERV is the respective valuers' opinion of the annualised rental value of the properties, or parts thereof, reflecting the terms of the relevant leases or, if appropriate, reflecting the fact that certain of the properties, or parts thereof, have been valued on the basis of vacant possession and the assumed grant of a new lease. Where appropriate, ERV assumes completion of developments which are reflected in the valuations. Estimated rental value does not reflect any ground rents, head rents or rent charges and estimated irrecoverable outgoings.
4. The percentage of current gross income and the percentage of ERV in each of the use sectors are expressed as a percentage of total gross income and total ERV for each village.
5. Average unexpired lease length has been calculated by weighting the leases in terms of current rent reserved under the relevant leases and, where relevant, by reference to tenants' options to determine leases in advance of expiry through effluxion of time.
6. Where mixed uses occur within single leases, for the purpose of this analysis the majority use by rental value has been adopted.
7. The initial yield is the net initial income at the valuation date expressed as a percentage of the gross valuation. Yields reflect net income after deduction of any ground rents, head rents and rent charges and estimated irrecoverable outgoings at the valuation date.
8. The initial yield ignoring contractual rent free periods has been calculated as if the contracted rent is payable from the valuation date. For Longmartin this includes 100% of income from tenants who are, or will be paying, 50% as an initial rent.
9. Equivalent yield is the internal rate of return, being the discount rate which needs to be applied to the expected flow of income so that the total amount of income so discounted at this rate equals the capital outlay at values current at the valuation date. The equivalent yield shown for each village has been calculated by merging together the cash flows and Fair Values of each of the different interests within each village and represents the average equivalent yield attributable to each village from this approach.
10. The tone of rental values and yields is the range of rental values or yields attributed to the majority of the properties.
11. All commercial floor areas are net lettable. All residential floor areas are gross internal. All floor areas are stated as existing at the valuation date.
12. For presentation purposes percentages have been rounded to the nearest integer.

unaudited group statement of comprehensive income

for the six months ended 31 March 2012

	Note	Six months ended **31.3.2012** **£m**	Six months ended 31.3.2011 £m	Year ended 30.9.2011 £m
Continuing operations				
Revenue from properties	3	**43.7**	39.9	81.4
Property charges	4	**(8.2)**	(7.8)	(14.8)
Net property income	5	**35.5**	32.1	66.6
Administration expenses		**(3.8)**	(3.3)	(8.0)
Charge in respect of equity settled remuneration	6	**(0.9)**	(0.8)	(1.6)
Total administration expenses		**(4.7)**	(4.1)	(9.6)
Operating profit before investment property valuation movements		**30.8**	28.0	57.0
Investment property valuation movements	11	**22.3**	49.6	110.6
Operating profit		**53.1**	77.6	167.6
Finance income		**0.1**	–	–
Finance costs	7	**(14.8)**	(14.0)	(27.8)
Change in fair value of derivative financial instruments	16	**(0.3)**	37.4	(24.1)
Net finance costs		**(15.0)**	23.4	(51.9)
Profit before tax		**38.1**	101.0	115.7
Current tax		**(0.3)**	(0.1)	(0.4)
Deferred tax		**–**	(0.8)	(1.5)
Tax charge for the period	8	**(0.3)**	(0.9)	(1.9)
Profit after tax and total comprehensive income		**37.8**	100.1	113.8
Earnings per share:	9			
Basic		**15.1p**	43.5p	47.4p
Diluted		**15.0p**	43.1p	47.0p
EPRA adjusted diluted		**6.3p**	6.0p	11.9p

The notes on pages 24 to 34 form an integral part of the condensed consolidated half year financial statements.

unaudited group balance sheet

as at 31 March 2012

	Note	31.3.2012 £m	31.3.2011 £m	30.9.2011 £m
Non-current assets				
Investment properties	11	**1,735.2**	1,580.1	1,675.4
Lease incentives	12	**8.0**	6.3	7.0
Office assets and vehicles		**0.6**	0.5	0.6
		1,743.8	1,586.9	1,683.0
Current assets				
Trade and other receivables	13	**14.6**	13.6	15.7
Cash and cash equivalents		**7.8**	1.5	2.0
Total assets		**1,766.2**	1,602.0	1,700.7
Current liabilities				
Trade and other payables	14	**35.0**	30.6	36.2
Non-current liabilities				
Borrowings	15	**543.1**	471.2	500.5
Derivative financial instruments	16	**104.9**	43.1	104.6
Deferred tax liabilities		**5.7**	5.0	5.7
Total liabilities		**688.7**	549.9	647.0
Net assets		**1,077.5**	1,052.1	1,053.7
Equity				
Ordinary shares	17	**62.7**	62.5	62.6
Share premium		**122.8**	122.1	122.9
Share option reserve		**3.5**	2.8	3.1
Retained earnings		**888.5**	864.7	865.1
Total equity		**1,077.5**	1,052.1	1,053.7
Net asset value per share:	18			
Basic		**£4.29**	£4.21	£4.21
Diluted		**£4.27**	£4.17	£4.19
EPRA adjusted diluted		**£4.70**	£4.36	£4.63

The notes on pages 24 to 34 form an integral part of the condensed consolidated half year financial statements.

unaudited group cash flow statement

for the six months ended 31 March 2012

	Note	Six months ended 31.3.2012 £m	Six months ended 31.3.2011 £m	Year ended 30.9.2011 £m
Cash flows from operating activities				
Cash generated from operating activities	19	**31.5**	29.3	57.3
Interest received		**0.1**	–	–
Interest paid		**(14.3)**	(13.9)	(27.2)
Corporation tax paid		**(0.3)**	(4.4)	(4.6)
Net cash generated from operating activities		**17.0**	11.0	25.5
Cash flows from investing activities				
Property acquisitions		**(30.3)**	(40.0)	(64.0)
Capital expenditure on properties		**(9.1)**	(7.8)	(15.3)
Proceeds from sale of property		**0.4**	–	–
Purchase of office assets and vehicles		**(0.1)**	(0.2)	(0.3)
Net cash used in investing activities		**(39.1)**	(48.0)	(79.6)
Cash flows from financing activities				
Proceeds from Share Placing		**–**	99.8	99.8
Proceeds from exercise of employee share options		**–**	–	0.9
Increase/(decrease) in borrowings	15	**43.2**	(50.5)	(21.4)
Facility arrangement costs	15	**(0.7)**	(0.6)	(0.6)
Payment of head lease liabilities		**(0.1)**	(0.1)	(0.3)
Equity dividends paid	10	**(14.5)**	(12.0)	(24.2)
Net cash from financing activities		**27.9**	36.6	54.2
Net change in cash and cash equivalents		**5.8**	(0.4)	0.1
Cash and cash equivalents at the beginning of the period		**2.0**	1.9	1.9
Cash and cash equivalents at the end of the period		**7.8**	1.5	2.0

The notes on pages 24 to 34 form an integral part of the condensed consolidated half year financial statements.

unaudited group statement of changes in shareholders' equity

for the six months ended 31 March 2012

	Ordinary shares £m	Merger reserve £m	Share premium £m	Share based payments reserve £m	Retained earnings £m	Total £m
At 1 October 2011	**62.6**	**–**	**122.9**	**3.1**	**865.1**	**1,053.7**
Profit and total comprehensive income for the period ended 31 March 2012	**–**	**–**	**–**	**–**	**37.8**	**37.8**
Transactions with owners:						
Dividend paid during the period	**–**	**–**	**–**	**–**	**(14.6)**	**(14.6)**
Shares issued in connection with the exercise of employee share options	**0.1**	**–**	**(0.1)**	**–**	**–**	**–**
Fair value of share based payments	**–**	**–**	**–**	**0.6**	**–**	**0.6**
Transfer in respect of options exercised	**–**	**–**	**–**	**(0.2)**	**0.2**	**–**
At 31 March 2012	**62.7**	**–**	**122.8**	**3.5**	**888.5**	**1,077.5**
At 1 October 2010	56.8	–	122.1	2.7	682.1	863.7
Profit and total comprehensive income for the period ended 31 March 2011	–	–	–	–	100.1	100.1
Transactions with owners:						
Dividend paid during the period	–	–	–	–	(12.0)	(12.0)
Shares issued in connection with Share Placing	5.7	96.5	–	–	–	102.2
Transfer to retained earnings	–	(96.5)	–	–	96.5	–
Transaction costs associated with Share Placing	–	–	–	–	(2.4)	(2.4)
Fair value of share based payments	–	–	–	0.5	–	0.5
Transfer in respect of options exercised	–	–	–	(0.4)	0.4	–
At 31 March 2011	62.5	–	122.1	2.8	864.7	1,052.1
At 1 October 2010	56.8	–	122.1	2.7	682.1	863.7
Profit and total comprehensive income for the year ended 30 September 2011	–	–	–	–	113.8	113.8
Transactions with owners:						
Dividends paid during the year	–	–	–	–	(25.7)	(25.7)
Shares issued in connection with Share Placing	5.7	96.5	–	–	–	102.2
Transfer to retained earnings	–	(96.5)	–	–	96.5	–
Transaction costs associated with Share Placing	–	–	–	–	(2.4)	(2.4)
Shares issued in connection with the exercise of employee share options	0.1	–	0.8	–	–	0.9
Fair value of share based payments	–	–	–	1.2	–	1.2
Transfer in respect of options exercised	–	–	–	(0.8)	0.8	–
At 30 September 2011	62.6	–	122.9	3.1	865.1	1,053.7

The notes on pages 24 to 34 form an integral part of the condensed consolidated half year financial statements.

notes to the half year results

for the six months ended 31 March 2012

1. General information

The condensed consolidated half year financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2011 were approved by the Board of Directors on 30 November 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The condensed half year financial statements have been reviewed, not audited.

Basis of preparation

These half year financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. They should be read in conjunction with the annual financial statements for the year ended 30 September 2011, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Significant judgements, assumptions and estimates

The preparation of financial statements requires management to make judgements, assumptions and estimates that affect the application of accounting policies and amounts reported in the Group Statement of Comprehensive Income and Balance Sheet. Such decisions are made at the time the financial statements are prepared and adopted based on the best information available. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent.

The measurement of fair value constitutes the principal area of judgement exercised by the Board in the preparation of these financial statements. The fair valuations of investment properties, derivative financial instruments and share options are carried out by external advisors whom the Board considers to be suitably qualified to carry out such valuations.

Certain statements in this Half Year Report are forward looking. Although the Group believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements.

The Group undertakes no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

2. Accounting policies

Changes in accounting policies

The accounting policies applied are consistent with those of the previous financial year.

New accounting standards and interpretations

New and amended standards and interpretations need to be adopted in the first half year financial statements issued after their effective date (or date of early adoption). There are no new IFRSs or IFRICs that are effective for the first time for this half year period that have a material impact on the Group.

The following new standard is relevant to the Group but not yet effective in the year ending 30 September 2012 and will have a significant impact on the Group's financial statements:

Standard	Effective from	Impact on financial statements
IFRS 11 Joint Arrangements	1 January 2013	The Group currently accounts for its joint venture using proportionate consolidation. Under IFRS 11, joint ventures must be accounted for on an equity basis. This will result in the Group recognising a single line item for the investment and its share of the joint venture's profit or loss. This change will not affect the Group's net assets or profit after tax.

3. Revenue from properties and segmental information

	Six months ended		Year ended
	31.3.2012	31.3.2011	30.9.2011
	£m	£m	£m
Rents receivable (adjusted for lease incentives):			
Wholly owned Group	**37.5**	34.9	71.1
Group's share of Longmartin joint venture (note 20)	**2.8**	1.7	4.3
Rents receivable	**40.3**	36.6	75.4
Recoverable property expenses	**3.4**	3.3	6.0
	43.7	39.9	81.4

Rents receivable include lease incentives recognised of £1.2 million (31.3.2011: £0.9 million; 30.9.2011: £1.9 million).

The chief operating decision maker has been identified as the Board, which is responsible for reviewing the Group's internal reporting in order to assess performance and the allocation of resources.

The Group's properties, which are all located in London's West End, are managed as a single portfolio. Its properties, which are of a similar type, are combined into villages. All of the villages are geographically close to each other and have similar economic features and risks.

For the purposes of IFRS 8, each village is considered to be a separate operating segment. However, in view of the similar characteristics of each village, and the reporting of all investment, income and expenditure to the Board at an overall Group level, the aggregation criteria set out in IFRS 8 have been applied to give one reportable operating segment.

The Board assesses the performance of the reportable operating segment using measures of net property income and investment property valuation. All financial information provided to the Board is prepared on a basis consistent with these half year financial statements and, as the Group has only one reportable segment, the measures used in assessing the business are set out in the Group Statement of Comprehensive Income.

4. Property charges

	Six months ended		Year ended
	31.3.2012	31.3.2011	30.9.2011
	£m	£m	£m
Property operating costs	**2.2**	1.8	3.8
Fees payable to managing agents	**0.9**	0.8	1.6
Letting, rent review, and lease renewal costs	**1.2**	1.4	2.5
Village promotion costs	**0.5**	0.5	0.9
Property outgoings	**4.8**	4.5	8.8
Recoverable property expenses	**3.4**	3.3	6.0
	8.2	7.8	14.8

5. Net property income

	Six months ended		Year ended
	31.3.2012	31.3.2011	30.9.2011
	£m	£m	£m
Wholly owned Group	**33.2**	30.9	63.1
Group's share of Longmartin joint venture (note 20)	**2.3**	1.2	3.5
	35.5	32.1	66.6

6. Charge in respect of equity settled remuneration

	Six months ended		Year ended
	31.3.2012	31.3.2011	30.9.2011
	£m	£m	£m
Charge in respect of share based remuneration	**0.6**	0.5	1.2
Employer's national insurance in respect of share awards and share options vested or expected to vest	**0.3**	0.3	0.4
	0.9	0.8	1.6

7. Finance costs

	Six months ended		Year ended
	31.3.2012	31.3.2011	30.9.2011
	£m	£m	£m
Debenture stock interest and amortisation	**2.5**	2.5	5.1
Bank and other interest	**5.2**	4.0	7.6
Amounts payable under derivative financial instruments	**7.0**	7.4	14.8
Amounts payable under head leases	**0.1**	0.1	0.3
	14.8	14.0	27.8

8. Taxation

The wholly owned Group is subject to taxation as a REIT; its property rental business (both income and capital gains) is exempt from taxation. The tax charge of £0.3 million is the Group's share of its joint venture's tax charge, which is not part of the REIT group.

9. Earnings per share

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

	Six months ended 31.3.2012 Profit after tax £m	31.3.2012 EPS pence	Six months ended 31.3.2011 Profit after tax £m	31.3.2011 EPS pence	Year ended 30.9.2011 Profit after tax £m	30.9.2011 EPS pence
Basic	**37.8**	**15.1**	100.1	43.5	113.8	47.4
Diluted	**37.8**	**15.0**	100.1	43.1	113.8	47.0
EPRA adjusted:						
Investment property valuation movements	**(22.3)**	**(8.8)**	(49.6)	(21.3)	(110.6)	(45.6)
Movement in fair value of derivative financial instruments	**0.3**	**0.1**	(37.4)	(16.1)	24.1	9.9
Deferred tax on property valuations and capital allowances	**–**	**–**	0.8	0.3	1.5	0.6
EPRA adjusted diluted	**15.8**	**6.3**	13.9	6.0	28.8	11.9
EPRA adjusted basic	**15.8**	**6.3**	13.9	6.0	28.8	12.0

	31.3.2012	31.3.2011	30.9.2011
Weighted average number of ordinary shares in issue (million)	**250.8**	230.1	240.2
Weighted average number of ordinary shares in issue for the calculation of diluted earnings per share (million)	**252.3**	232.1	242.3

The difference between the weighted average and diluted average number of ordinary shares arises from the potentially dilutive effect of outstanding options granted over ordinary shares.

10. Dividends paid

	Dividend per share – pence	Six months ended 31.3.2012 £m	Six months ended 31.3.2011 £m	Year ended 30.9.2011 £m
Final dividend paid in respect of:				
Year ended 30 September 2011	5.75	**14.6**	–	–
Year ended 30 September 2010	5.25	**–**	11.9	11.9
Interim dividend paid in respect of:				
Six months ended 31 March 2011	5.50	**–**	–	13.8
		14.6	11.9	25.7

An interim dividend in respect of the six months ended 31 March 2012 of 5.95p per ordinary share amounting to approximately £14.9 million was declared by the Board on 23 May 2012. The interim dividend will be paid entirely as a PID on 6 July 2012 to shareholders on the register at 15 June 2012. The dividend will be accounted for as an appropriation of revenue reserves in the year ending 30 September 2012.

11. Investment properties

	31.3.2012 £m	31.3.2011 £m	30.9.2011 £m
At beginning of period	**1,670.0**	1,475.3	1,475.3
Acquisitions	**29.4**	42.0	64.9
Refurbishment and other capital expenditure	**8.5**	7.8	19.2
Disposals	**(0.4)**	–	–
Net surplus on revaluation	**22.3**	49.6	110.6
	1,729.8	1,574.7	1,670.0
Add: head lease liabilities	**5.4**	5.4	5.4
Book value at end of period	**1,735.2**	1,580.1	1,675.4
Fair Value at end of period:			
Properties valued by DTZ Debenham Tie Leung Limited	**1,615.3**	1,469.0	1,558.0
Properties valued by Knight Frank LLP	**124.2**	113.2	120.5
	1,739.5	1,582.2	1,678.5
Add: head lease liabilities	**5.4**	5.4	5.4
Less: lease incentives	**(9.7)**	(7.5)	(8.5)
Book value at end of period	**1,735.2**	1,580.1	1,675.4

Investment properties were subject to external valuation as at 31 March 2012 by qualified professional valuers, being members of the Royal Institution of Chartered Surveyors, either working for DTZ Debenham Tie Leung Limited, Chartered Surveyors (in respect of the Group's wholly owned portfolio) or Knight Frank LLP, Chartered Surveyors (in respect of properties owned by Longmartin Properties Limited), both firms acting in the capacity of External Valuers. All such properties were valued on the basis of Fair Value in accordance with the RICS Valuation Standards.

Investment properties include freehold properties valued at £1,513.1 million, leasehold properties with an unexpired term of over 50 years valued at £130.5 million and a notional apportionment of value in respect of part freehold/part leasehold properties, where the apportionment in respect of the leasehold element with over 50 years unexpired is £95.9 million.

Capital commitments

	31.3.2012 £m	31.3.2011 £m	30.9.2011 £m
Wholly owned Group:			
Authorised and contracted	**6.4**	4.0	4.8
Authorised but not contracted	**12.9**	0.4	0.8
Group's share of Longmartin joint venture:			
Authorised and contracted	**0.2**	4.4	–
Authorised but not contracted	**0.2**	1.7	0.6

12. Lease incentives

	31.3.2012 £m	31.3.2011 £m	30.9.2011 £m
Lease incentives recognised to date	**9.7**	7.5	8.5
Less: included in trade and other receivables (note 13)	**(1.7)**	(1.2)	(1.5)
	8.0	6.3	7.0

The unamortised amount of lease incentives is allocated between amounts to be charged against rental income within one year of the Balance Sheet date and amounts which will be charged against rental income in subsequent periods.

Prior to 30 September 2011, the unamortised balance of lease incentives was included within trade and other receivables. The amounts disclosed in the period to 31 March 2011 have been reclassified as described above. The reclassification has not affected the Group's previously reported net assets.

13. Trade and other receivables

	31.3.2012 £m	31.3.2011 £m	30.9.2011 £m
Amounts due from tenants	**9.4**	9.7	10.8
Provision for doubtful debts	**(0.4)**	(0.3)	(0.3)
	9.0	9.4	10.5
Lease incentives	**1.7**	1.2	1.5
Other receivables and prepayments	**3.9**	3.0	3.7
	14.6	13.6	15.7

At 31 March 2012, cash deposits totalling £10.4 million were held against tenants' rent payment obligations (31.3.2011: £10.1 million; 30.9.2011: £10.4 million).

14. Trade and other payables

	31.3.2012 £m	31.3.2011 £m	30.9.2011 £m
Rents and service charges invoiced in advance	**17.2**	16.3	17.4
Corporation tax payable	**0.3**	0.1	0.3
Amounts due in respect of property acquisitions	**–**	2.0	0.9
Trade payables and accruals in respect of capital expenditure	**5.7**	4.3	6.3
Other trade payables and accruals	**11.8**	7.9	11.3
	35.0	30.6	36.2

15. Borrowings

	Nominal value £m	Unamortised premium and issue costs £m	31.3.2012 £m	31.3.2011 £m	30.9.2011 £m
8.5% First Mortgage Debenture Stock 2024	**61.0**	**2.7**	**63.7**	63.8	63.8
Secured bank loans	**417.5**	**(2.8)**	**414.7**	402.0	431.3
Secured term loan	**60.0**	**(0.7)**	**59.3**	–	–
Debenture and secured loans	**538.5**	**(0.8)**	**537.7**	465.8	495.1
Head lease obligations	**5.4**	**–**	**5.4**	5.4	5.4
Total borrowings	**543.9**	**(0.8)**	**543.1**	471.2	500.5

The secured term loan is the Group's share of a £120 million loan, which the Longmartin joint venture entered into in December 2011.

Availability and maturity of borrowings 31 March 2012
The expected maturity and availability of the Group's borrowings, based on nominal values are as follows:

	Facilities Committed £m	Facilities Undrawn £m
Repayable between 10 and 15 years	**121.0**	–
Repayable between 5 and 10 years	**200.0**	**82.7**
Repayable between 2 and 5 years	**375.0**	**74.8**
	696.0	**157.5**
Head lease obligations – leases expiring in 168 years	**5.4**	**–**
At 31 March 2012	**701.4**	**157.5**
At 31 March 2011	641.4	169.8
At 30 September 2011	641.4	140.7

Movement in borrowings during the period

	1.10.2011 £m	Cash flows £m	Non-cash items £m	31.3.2012 £m
8.5% First Mortgage Debenture Stock 2024	**(63.8)**	**–**	**0.1**	**(63.7)**
Secured bank loans	**(434.3)**	**16.8**	**–**	**(417.5)**
Secured term loan	**–**	**(60.0)**	**–**	**(60.0)**
Facility arrangement costs	**3.0**	**0.7**	**(0.2)**	**3.5**
Head lease obligations	**(5.4)**	**–**	**–**	**(5.4)**
	(500.5)	**(42.5)**	**(0.1)**	**(543.1)**
Six months ended 31 March 2011	(522.2)	51.1	(0.1)	(471.2)
Year ended 30 September 2011	(522.2)	22.0	(0.3)	(500.5)

15. Borrowings (continued)

Interest rate profile of interest bearing borrowings

	31.3.2012		31.3.2011		30.9.2011	
	Debt £m	**Weighted average interest rate %**	Debt £m	Weighted average interest rate %	Debt £m	Weighted average interest rate %
Floating rate borrowings						
LIBOR-linked loans (interest rates fixed until June 2012 at latest, including margin)	**57.5**	**1.67%**	45.2	1.52%	74.3	1.60%
Hedged borrowings						
Interest rate swaps (including margin)	**360.0**	**5.73%**	360.0	5.72%	360.0	5.72%
Total bank borrowings	**417.5**	**5.17%**	405.2	5.25%	434.3	5.02%
Fixed rate borrowings						
Secured term loan (interest rate fixed until December 2026)	**60.0**	**4.43%**	–	–	–	–
8.5% First Mortgage Debenture Stock (interest rate fixed until March 2024)	**63.7**	**7.93%**	63.8	7.93%	63.8	7.93%
Weighted average cost of borrowings		**5.42%**		5.82%		5.39%

16. Fair value of financial derivatives

	31.3.2012 £m	31.3.2011 £m	30.9.2011 £m
Interest rate swaps			
At beginning of period	**(104.6)**	(80.5)	(80.5)
Fair value movement (charged)/credited in the Group Statement of Comprehensive Income	**(0.3)**	37.4	(24.1)
At end of period	**(104.9)**	(43.1)	(104.6)

Changes in the fair value of the Group's financial derivatives, which are not held for speculative purposes, are reflected in the Group Statement of Comprehensive Income. They have been valued by J. C. Rathbone Associates Limited by reference to the mid-point of the yield curve at the Balance Sheet date.

Interest rate hedging in place at 31 March 2012

At 31 March 2012, the Group had in place fixed rate interest swaps on a notional principal of £360 million, at a weighted average rate of 4.87%, with a weighted average maturity of 20.8 years. The swaps are settled against three month LIBOR.

8.5% Mortgage Debenture Stock 2024

	31.3.2012 £m	31.3.2011 £m	30.9.2011 £m
Fair value deficit not recognised in the reported results for the period	**(11.8)**	(9.4)	(11.4)

17. Ordinary shares

During the period, 586,019 ordinary 25p shares were issued in connection with the exercise of nil cost options granted under the LTIP.

18. Net assets value per share

The EPRA adjusted net asset value per share figures are calculated in accordance with EPRA's Best Practice Recommendations.

	31.3.2012 Net assets £m	**31.3.2012 Per share £**	31.3.2011 Net assets £m	31.3.2011 Per share £	30.9.2011 Net assets £m	30.9.2011 Per share £
Basic	**1,077.5**	**4.29**	1,052.1	4.21	1,053.7	4.21
Fair value of derivative financial instruments	**104.9**	**0.42**	43.1	0.17	104.6	0.42
Deferred tax on property valuations and capital allowances	**5.7**	**0.02**	5.0	0.02	5.7	0.02
EPRA adjusted basic	**1,188.1**	**4.73**	1,100.2	4.40	1,164.0	4.65
Basic	**1,077.5**		1,052.1		1,053.7	
Additional equity if all vested share options are exercised	**2.0**		2.9		2.0	
Diluted	**1,079.5**	**4.27**	1,055.0	4.17	1,055.7	4.19
Fair value deficit in respect of 8.5% Mortgage Debenture Stock 2024	**(11.8)**	**(0.05)**	(9.4)	(0.03)	(11.4)	(0.05)
EPRA adjusted diluted triple net	**1,067.7**	**4.22**	1,045.6	4.14	1,044.3	4.14
Fair value deficit in respect of 8.5% Mortgage Debenture Stock 2024	**11.8**	**0.05**	9.4	0.03	11.4	0.05
Fair value of derivative financial instruments	**104.9**	**0.41**	43.1	0.17	104.6	0.42
Deferred tax on property valuations and capital allowances	**5.7**	**0.02**	5.0	0.02	5.7	0.02
EPRA adjusted diluted	**1,190.1**	**4.70**	1,103.1	4.36	1,166.0	4.63
Ordinary shares in issue (million)		**251.1**		250.0		250.5
Diluted ordinary shares in issue (million)		**253.1**		252.8		252.1

The calculations of diluted net asset value per share show the potentially dilutive effect of options granted over ordinary shares outstanding at the Balance Sheet date and include the increase in shareholders' equity which would arise on the exercise of these options.

19. Cash generated from operating activities

	Six months ended **31.3.2012 £m**	Six months ended 31.3.2011 £m	Year ended 30.9.2011 £m
Operating activities			
Operating profit	**53.1**	77.6	167.6
Adjustment for non-cash items:			
Lease incentives recognised	**(1.2)**	(0.9)	(1.9)
Charge in respect of share based remuneration	**0.6**	0.5	1.2
Depreciation	**0.1**	0.1	0.2
Investment property valuation movements	**(22.3)**	(49.6)	(110.6)
Cash flows from operations before changes in working capital	**30.3**	27.7	56.5
Change in trade and other receivables	**1.4**	(0.3)	(2.0)
Change in trade and other payables	**(0.2)**	1.9	2.8
Cash generated from operating activities	**31.5**	29.3	57.3

20. Results of joint venture

The Shaftesbury Group's 50% share of the results, assets and liabilities of the Longmartin joint venture included in the Group results for the period were as follows:

	Six months ended		Year ended
Statement of Comprehensive Income	**31.3.2012 £m**	31.3.2011 £m	30.9.2011 £m
Rents receivable (adjusted for lease incentives)	**2.8**	1.7	4.3
Recoverable property expenses	**0.1**	0.1	0.3
Revenue from properties	**2.9**	1.8	4.6
Property expenses	**(0.5)**	(0.5)	(0.8)
Recoverable property expenses	**(0.1)**	(0.1)	(0.3)
Property charges	**(0.6)**	(0.6)	(1.1)
Net property income	**2.3**	1.2	3.5
Administration expenses	**(0.1)**	(0.2)	(0.4)
Operating profit before investment property valuation movements	**2.2**	1.0	3.1
Investment property valuation movements	**1.8**	3.6	5.0
Operating profit	**4.0**	4.6	8.1
Net finance costs	**(0.7)**	(0.3)	(0.6)
Profit before tax	**3.3**	4.3	7.5
Tax charge for the period	**(0.3)**	(0.9)	(1.9)
Comprehensive income for the period	**3.0**	3.4	5.6
Dividends paid	**(1.4)**	(0.4)	(1.1)
Movement in retained earnings	**1.6**	3.0	4.5

Balance Sheet	**31.3.2012 £m**	31.3.2011 £m	30.9.2011 £m
Non-current assets			
Investment properties at book value	**120.7**	116.8	123.1
Lease incentives	**2.9**	1.6	2.3
	123.6	118.4	125.4
Current assets	**50.5**	2.8	3.6
Total assets	**174.1**	121.2	129.0
Current liabilities	**6.5**	16.9	22.4
Non-current liabilities			
Secured term loan	**60.0**	–	–
Other non-current liabilities	**10.5**	10.5	11.1
Total liabilities	**77.0**	27.4	33.5
Net assets attributable to the Shaftesbury Group	**97.1**	93.8	95.5

21. Related party transactions

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

Transactions between Shaftesbury PLC and its joint venture, which is also a related party, have all been eliminated on consolidation except for administration fees of £0.1 million (31.3.2011: £0.2 million; 30.9.2011: £0.1 million).

independent review report to Shaftesbury PLC

for the six months ended 31 March 2012

Introduction

We have been engaged by the Company to review the condensed consolidated half year financial statements in the half year report for the six months ended 31 March 2012, which comprises the Unaudited Group Statement of Comprehensive Income, the Unaudited Group Balance Sheet, the Unaudited Group Cash Flow Statement, the Unaudited Group Statement of Changes in Shareholders' Equity and related notes. We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated half year financial statements.

Directors' responsibilities

The half year report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half year report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated half year financial statements included in this half year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated half year financial statements in the half year report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half year financial statements in the half year report for the six months ended 31 March 2012 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
1 Embankment Place
London
WC2N 6RH

23 May 2012

directors' responsibility statement

The Directors confirm that the condensed consolidated half year financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and that the half year management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the Annual Report.

A list of current Directors is maintained on the Shaftesbury PLC website: www.shaftesbury.co.uk and is set out on page 37.

On behalf of the Board

Brian Bickell
Chief Executive

Christopher Ward
Finance Director

23 May 2012

corporate timetable

Financial calendar

Interim Management Statement (second half)	July/August 2012
Annual results to be announced (provisional)	29 November 2012
2013 Annual General Meeting (provisional)	8 February 2013

Dividends and Debenture interest

Proposed 2012 interim dividend:	
Ex-dividend	13 June 2012
Record date	15 June 2012
Payment date	6 July 2012
Debenture Stock interest to be paid	30 September 2012

directors, officers and advisors

P John Manser, CBE, DL, FCA
Chairman and non-executive director

Jonathan S Lane, MA, FRICS
Deputy Chairman

Brian Bickell, FCA
Chief Executive

Simon J Quayle, BSc, MRICS
Executive Director

Thomas J Welton, MRICS
Executive Director

Christopher Ward, MA (Oxon), ACA
Finance Director

W Gordon McQueen, BSc, CA, FCIBS
Senior Independent Director

Jill C Little
Non-executive director

Oliver J D Marriott
Non-executive director

Hilary S Riva, OBE
Non-executive director

Secretary and registered office

Penny Thomas, LLB (Hons), FCIS
Pegasus House
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Registered Number: 1999238

Stockbrokers

J. P. Morgan Cazenove
Merrill Lynch International
Espirito Santo Investment Bank

Debenture Stock trustee

Prudential Trustee Company Limited

Principal banks

Bank of Scotland
Clydesdale Bank PLC
GE Real Estate Finance Limited
Lloyds TSB Bank plc
Nationwide Building Society

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Solicitors

Hogan Lovells International LLP
Eversheds LLP
Forsters LLP

Valuers

DTZ Debenham Tie Leung Limited (wholly owned portfolio)
Knight Frank LLP (Longmartin joint venture)

Websites

Corporate:
www.shaftesbury.co.uk

Includes Annual and Half Year Reports library from 2002 and recent corporate announcements.

News alert service allows registered users to receive e-mail alerts of new announcements.

Villages:
www.carnaby.co.uk
www.chinatownlondon.org
www.operaquarter.co.uk
www.sevendials.co.uk
www.stmartinscourtyard.com

shareholder information

Registrar

Equiniti Limited maintains the Group's Register of Members. They may be contacted at:

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

Telephone 0871 384 2294 (International +44 121 415 7047). Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' costs may vary.

Shareholder accounts may be accessed online through www.shareview.co.uk. This gives secure access to account information and permits shareholders to amend address information and payment instructions. There is also a Shareview dealing service which is a simple and convenient way to buy or sell shares in the Group.

Impact of REIT status on payment of dividends

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

For further information and the forms for completion to apply for dividends to be paid gross, please see the Group's website or contact the Group's registrar. The deadline for completed forms to be with the Group's registrar for payment of the 2012 interim dividend is 15 June 2012.

Sharegift

The Orr Mackintosh Foundation operates a voluntary charity share donation scheme for retail shareholders who wish to dispose of small numbers of shares whose value makes it uneconomic to sell them. Details are available from www.sharegift.org or the Group's registrar.

glossary of terms

Capital value return
The valuation movement and realised surpluses or deficits arising from the Group's investment portfolio expressed as a percentage return on the valuation at the beginning of the period adjusted for acquisitions and capital expenditure.

Company
The Company is Shaftesbury PLC whose shares are listed on the London Stock Exchange.

Diluted earnings per share
Earnings per share adjusted to include the potentially dilutive effect of outstanding options granted over ordinary shares.

Diluted net asset value
Net asset value per share adjusted to include the potentially dilutive effect of outstanding options granted over ordinary shares.

Earnings per share (EPS)
Profit after tax divided by the weighted average number of ordinary shares in issue during the period.

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

European Public Real Estate Association (EPRA)
EPRA develops policies for standards of reporting disclosure, ethics and industry practices. It publishes Best Practice Recommendations for financial reporting, with the aim of providing universal performance measures to aid comparability between real estate companies.

EPRA adjusted EPS
EPS adjusted to determine the level of recurring income arising from operational activities. It excludes all items which are not relevant to the underlying and recurring portfolio performance such as property and derivative financial instrument fair valuation movements and deferred tax which is not expected to crystallise.

EPRA adjusted net asset value
EPRA adjusted net asset value aims to provide a consistent long-term performance measure, by adjusting net asset value for assets and liabilities that are not expected to crystallise such as the fair value of derivative financial instruments and deferred tax on property valuation movements.

EPRA adjusted triple net asset value
EPRA adjusted net asset value incorporating the fair value of debt.

Estimated rental value (ERV)
ERV is the market rental value of properties owned by the Group, estimated by the Group's valuers.

Fair Value
The amount at which an asset or liability could be exchanged between two knowledgeable willing unconnected parties in an arm's length transaction at the valuation date.

Gearing
Nominal value of Group borrowings expressed as a percentage of Group shareholders' funds, adjusted to exclude the fair value of interest rate swaps.

Group
Group refers to Shaftesbury PLC, its subsidiaries and its 50% interest in the Longmartin joint venture.

Gross domestic product (GDP)
GDP refers to the market value of all final goods and services produced in a given period.

Head lease
A lease under which the Group holds an investment property.

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

Interest cover ratio
The interest cover ratio is a measure of the number of times the Group can make interest payments with its net property income.

Derivative financial instruments
An interest rate swap is a financial derivative where two parties exchange future interest payments based on a specified notional amount. One party pays fixed interest and the other pays a floating rate usually based on LIBOR.

International Financial Reporting Standards (IFRS)
IFRS is a set of accounting standards developed by the International Accounting Standards Board, an independent, not-for-profit organisation.

The goal of IFRS is to provide a global framework for public companies to prepare and disclose their financial statements.

Investment Property Databank (IPD)
IPD is an independent provider of real estate performance analysis publishing detailed information on real estate market returns.

Joint venture
A joint venture is an entity that is controlled by two or more parties under a contractual agreement. Decisions on financial and operating policies essential to the operation, performance and financial position of the venture require agreement from all parties.

Lease incentives
An incentive offered to a prospective tenant to enter into a lease. For Shaftesbury this is usually in the form of an initial rent free period. Under IFRS, the value of the lease incentive is spread over the non-cancellable life of the lease.

Like-for-like portfolio
The like-for-like portfolio includes all properties that have been held excluding any properties which were acquired or sold during the relevant period.

Loan-to-value ratio
Nominal value of borrowings expressed as a percentage of property assets charged as security.

London Interbank Offered Rate (LIBOR)
LIBOR is the reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money markets.

Long Term Incentive Plan (LTIP)
An arrangement under which an employee is awarded shares in the Company at nil cost, subject to a period of continued employment and the attainment of NAV and TSR targets over a 3 year vesting period.

Net asset value (NAV)
Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.

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

Real Estate Investment Trust (REIT)
A REIT is a tax designation for an entity or group investing in real estate that reduces or eliminates corporation tax providing certain criteria obligations set out in tax legislation are met.

Total return
A combination of the capital value return and net property income from the portfolio for the year expressed as percentage return on the valuation at the beginning of the period adjusted for acquisitions and capital expenditure.

Total shareholder return
The change in the market price of an ordinary share plus dividends reinvested expressed as a percentage of the share price at the beginning of the period.

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page 6: Monmouth Street, Seven Dials
page 10: Gerrard Street, Chinatown
page 13: **Mishkins**, Catherine Street, Opera Quarter
page 14: **The Delicate Mayhem Gallery**, Russell Street, Opera Quarter

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"Sir, if you wish to have a just notion of the magnitude of this city, you must not be satisfied with seeing its great streets and squares, but must survey the innumerable little lanes and courts. It is not in the showy evolutions of buildings, but in the multiplicity of human habitations which are crowded together, that the wonderful immensity of London consists."

Samuel Johnson

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shaftesbury.co.uk