



# Shaftesbury

investor & analyst presentation  
six months ended 31 March 2013

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# agenda

**introduction**

**Brian Bickell**

**financial highlights**

**Chris Ward**

**strategy and portfolio**

**Brian Bickell**

**village activity**

**Simon Quayle and Tom Welton**

**summary and outlook**

**Brian Bickell**

# headlines

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## Profit and dividends

- EPRA adjusted **profit before tax: £15.2m** (H1 2012: £16.1m, H2 2012: £15.1m)
- Interim **dividend: 6.25p** (31.3.2012: 5.95p). Increase 5%

## Demand remains strong

- **All uses and all villages**
- Busy period for lettings: 72 commercial lettings and renewals completed
  - Rental value £5.5m
  - **3.1% above** September 2012 **ERV**
- Available to let **vacancy: 2.8%**, of which 1.1% under offer

## Unusually high level of redevelopment and refurbishment activity

- ERV of all **schemes in hand: £6.2m**
- Scheme on north side of Foubert's Place complete, **2 shops under offer**
- Project on south side of Foubert's Place underway
- **Further schemes identified** within the portfolio

# headlines

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## **EPRA adjusted NAV £5.23 per share (30.9.2012: £4.98)**

- NAV return over period **6.2%** (12 months to 31.3.2013: 13.8%)

## **Portfolio valuation £1,913.1m**

- Capital **growth: +3.4%** (IPD Monthly Index -1.7%)
- Like-for-like **ERV growth: 2%**
- **Reversion: £19.7m** (30.9.2012: £19.0m)

## **Acquisitions £12.4m**

- Strict **investment criteria** – location/type/potential
- Very **limited availability** of suitable opportunities
- **Further purchases** in solicitors' hands

# results

Underlying earnings	H1 2013 £m	H1 2012 £m	Change %
Rent†	41.2	40.3	+2.2%
Property charges†	(5.3)	(4.8)	+10.4%
Net property income	35.9	35.5	+1.1%
Administrative expenses	(4.0)	(3.8)	+5.3%
Charge for equity settled remuneration	(1.3)	(0.9)	+44.4%
Financing costs	(15.4)	(14.7)	+4.8%
Profit before tax*	15.2	16.1	-5.6%
EPS*	6.0p	6.3p	-4.8%
Interim dividend	6.25p	5.95p	+5.0%

- Expected **short-term impact on income** from refurbishment and redevelopment activity
  - Carnaby schemes
  - Office refurbishments
  - Absorbed costs
- Additional **headcount**
- Charge for equity settled remuneration
  - **£1m non-cash charge**
  - £0.3m NI provision

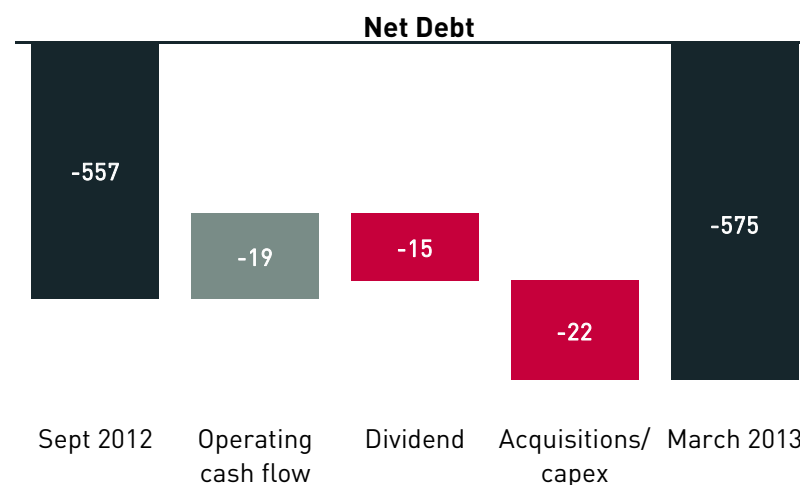
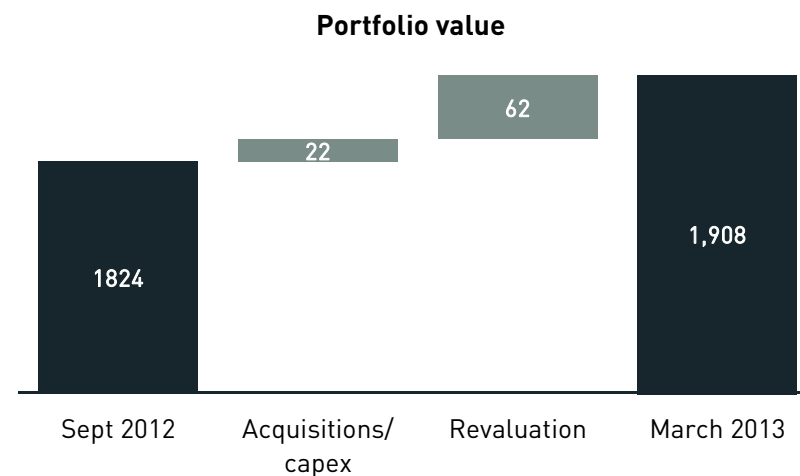
\* EPRA adjusted – see appendices

† Excluding recoverable property expenses

# balance sheet

	March 2013 £m	Sept 2012 £m
Portfolio – book value	1,908	1,824
Net debt	(575)	(557)
Derivatives(fair value)	(128)	(133)
Other assets and liabilities	(19)	(15)
<b>Net assets</b>	<b>1,186</b>	<b>1,119</b>
Adjusted diluted net assets* (£m)	1,323	1,260
<b>Adjusted diluted NAV per share* (£)</b>	<b>£5.23</b>	<b>£4.98</b>

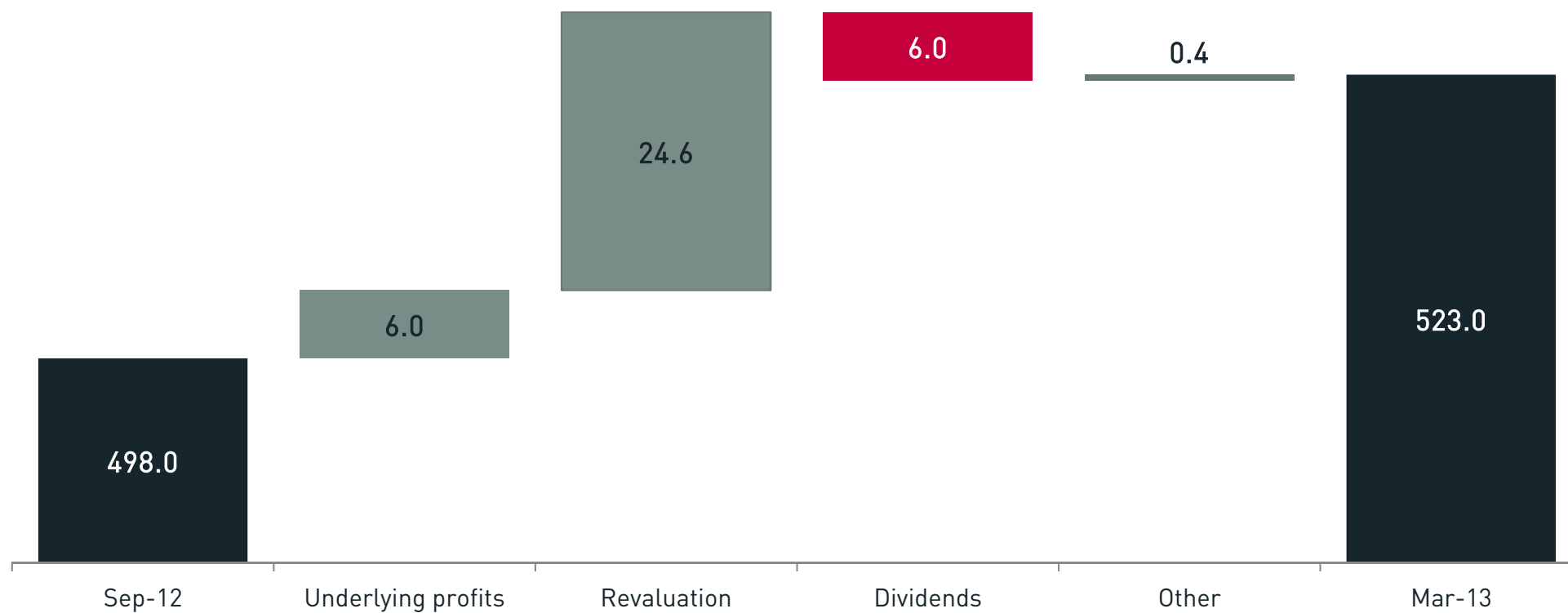
\* EPRA adjusted – see appendices





# NAV\* bridge

pence per share



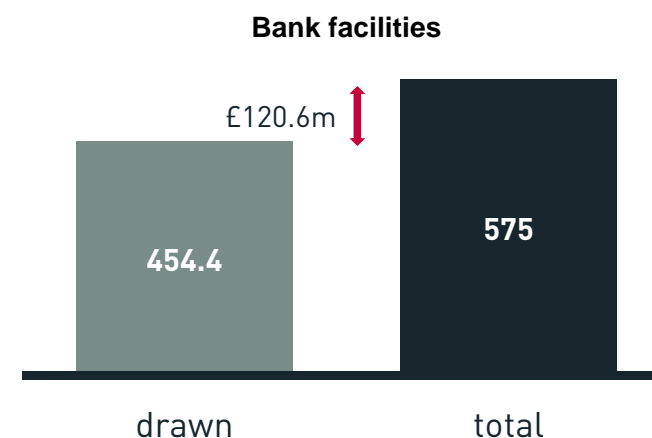
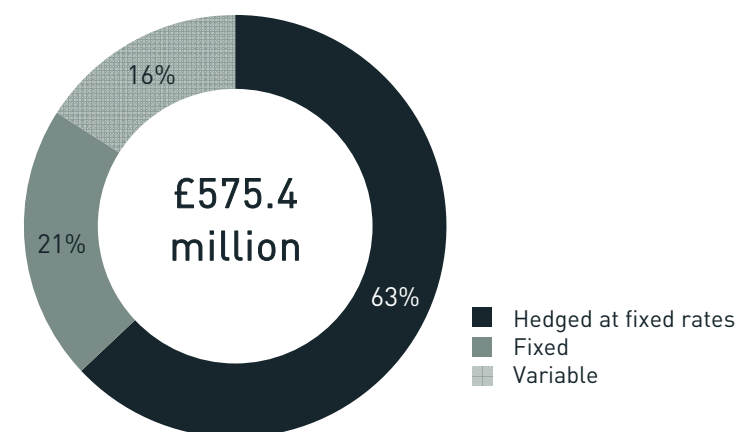
\* EPRA adjusted – see appendices



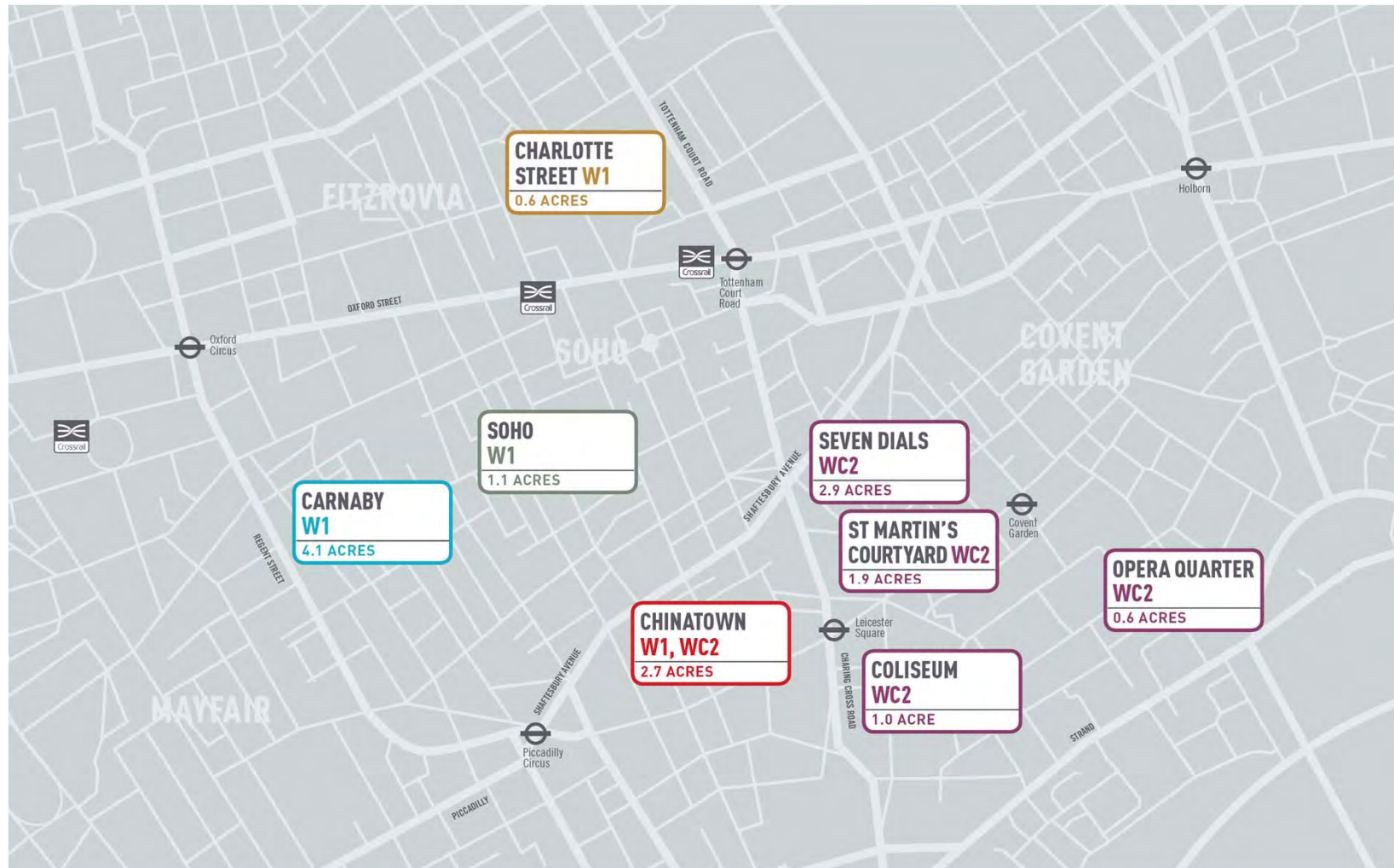
# finance

- Total debt: **£575.4m, up £18.7m** since 30 September 2012
- Undrawn **committed facilities: £120.6m**
- LTV: **30.1%**. Gearing: **43.5%**
- Weighted average interest cost (incl. cost of undrawn facilities): **5.28%, down from 5.43%** at 30 September 2012
- Interest rate swaps fair value deficit: **£128.2m, down £4.6m**
- Weighted average debt maturity **6.3 years**. Earliest maturities: **2016**

see also appendix 9



# our portfolio



# our strategy

- **Long-term rental growth** underpins **sustained growth** in values
- **Focus on shops, restaurants and leisure** in London's West End (71% of wholly owned current income)
- **Consistent management strategies** to create and maintain environments which encourage footfall and in which tenants prosper
- Encourage **mix of uses**
  - Offices (17% of our income) bring an **important local working population**
  - Residential now accounts for 12% of our income



# portfolio valuation

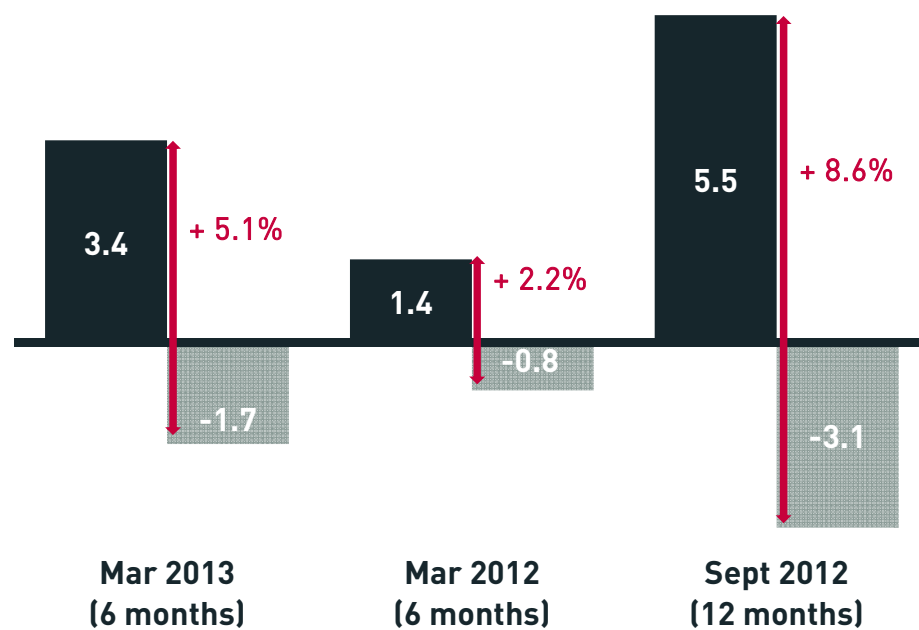
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- Valuation: **£1.91bn** (30.9.2012: £1.83bn)
- Capital value growth **3.4%** (IPD: -1.7%)
- Equivalent **yield compression**
  - wholly owned 4.71% (↓8bp), Longmartin 4.67% (↓6bps)
  - Yield compression for last 12 months: wholly-owned portfolio 21bps, Longmartin 12 bps
- **Demand remains strong**
  - L-f-l ERV growth over 6 months: **+2.0% (+4.3% over past 12 months)**
  - **2.8%** commercial ERV available to let (wholly owned)
- Current annualised **income up £1.9m** to £82.8m (30.9.12: £80.9m)
- Reversion now stands at **£19.7m, up £0.7m** over the period (+3.7%)

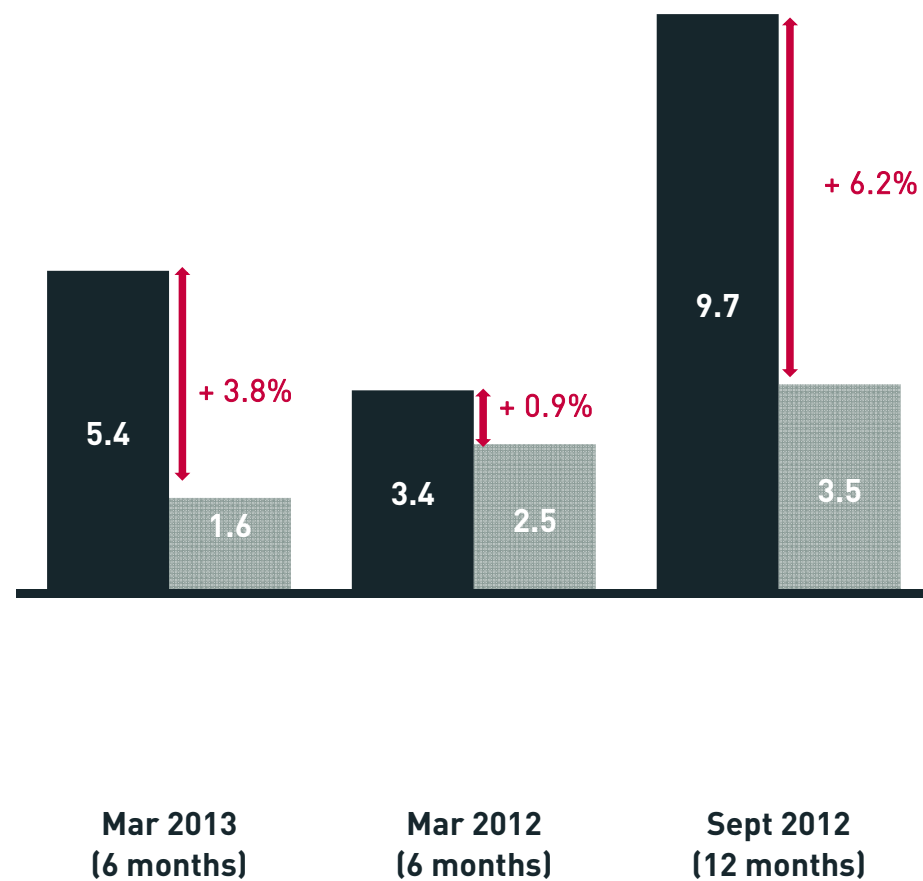
# portfolio benchmarking

## Capital return value (%)

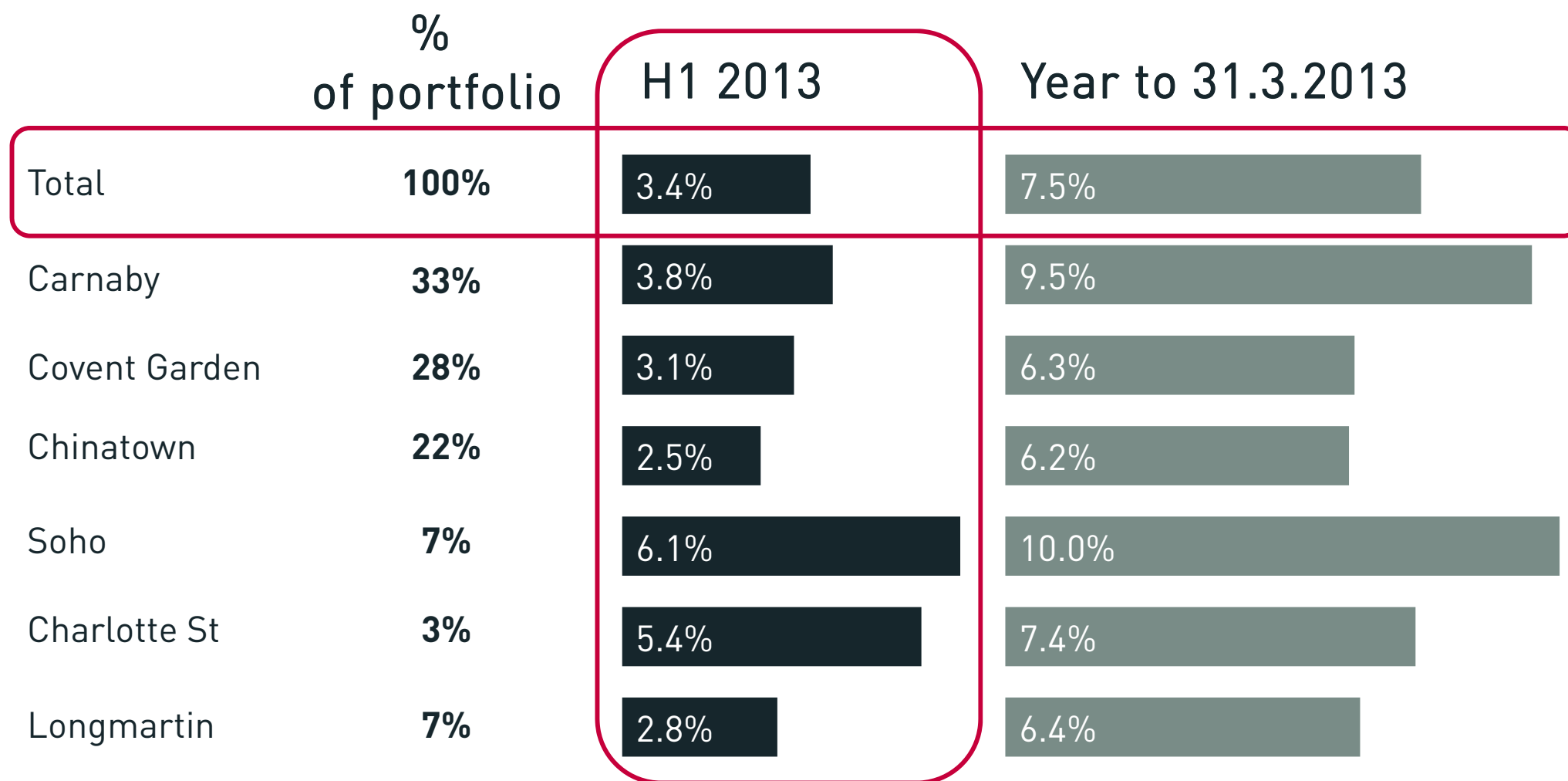
■ Shaftesbury  
■ IPD Monthly Index



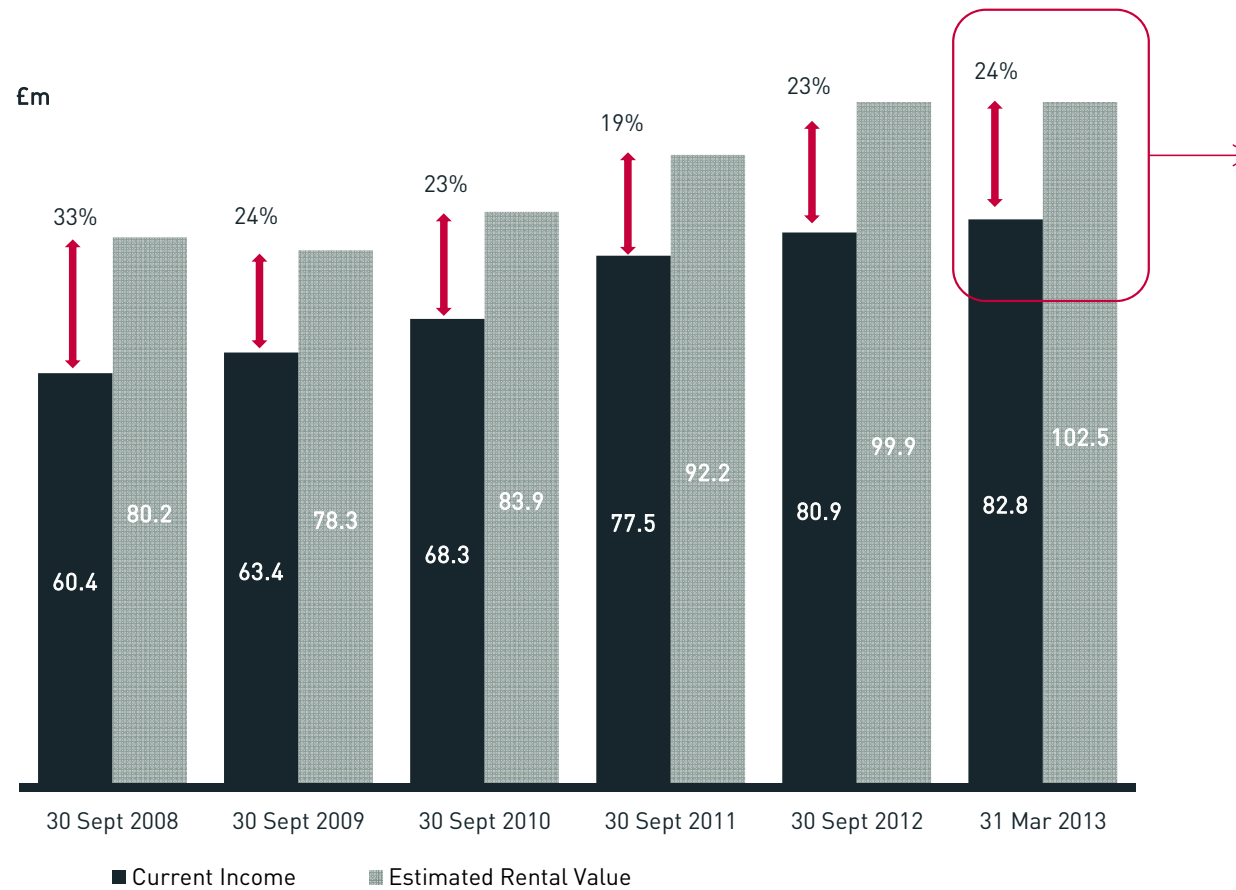
## Total property return (%)



# increase in capital values



# portfolio reversion

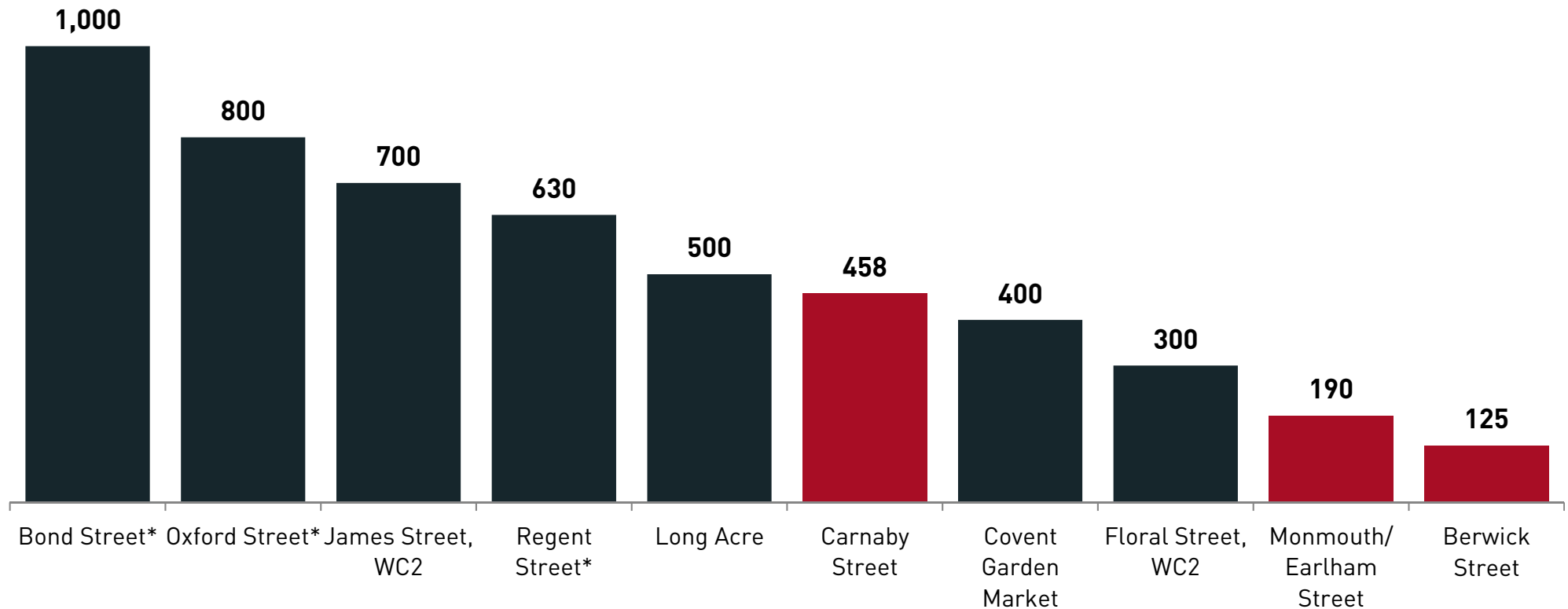


Attributable to:	£m
Wholly owned portfolio	18.2
Longmartin	1.5
<b>Total</b>	<b>19.7</b>

Breakdown	£m
Vacancy (incl. residential)	
- Available	2.7
- Major Carnaby schemes	2.9
- Other schemes	3.3
Contracted	4.2
Under-rented	6.6
<b>Total</b>	<b>19.7</b>



# comparable retail zone A rents



Source: Cushman & Wakefield (March 2013), company data

\* Based on 30 ft zones

# current activity

	<b>Shops £m</b>	<b>Restaurant &amp; leisure £m</b>	<b>Offices £m</b>	<b>Residential £m</b>	<b>Total £m</b>
Carnaby schemes	1.5	0.4	0.6	0.4	2.9
Other schemes	0.2	0.8	1.2	1.1	3.3
<b>Total held for or under refurbishment</b>	<b>1.7</b>	<b>1.2</b>	<b>1.8</b>	<b>1.5</b>	<b>6.2</b>
Available to let	1.2	-	0.3	0.3	1.8
Under offer	0.3	0.4	0.2	-	0.9
<b>Total</b>	<b>3.2</b>	<b>1.6</b>	<b>2.3</b>	<b>1.8</b>	<b>8.9</b>

- Available to let £2.7m
- **Under offer** at 31 March 2013 **£0.9m**
- **£6.2m** held for or under refurbishment
- **Capex** in first half **£9.9m**
- **57 apartments being created or refurbished** at 31 March 2013 – ERV £1.5m, £0.9m expected to be income producing by end of the year
- **Typically over 30 projects** at various stages
- **Continue to identify further schemes** from within the portfolio – driver of rental growth



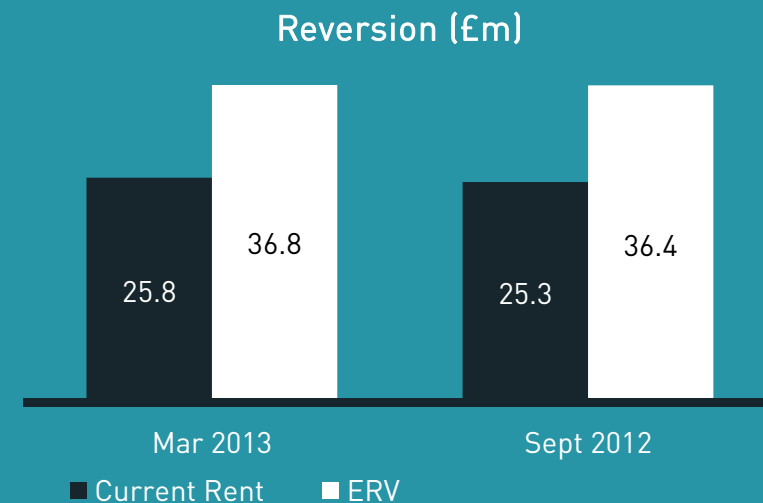
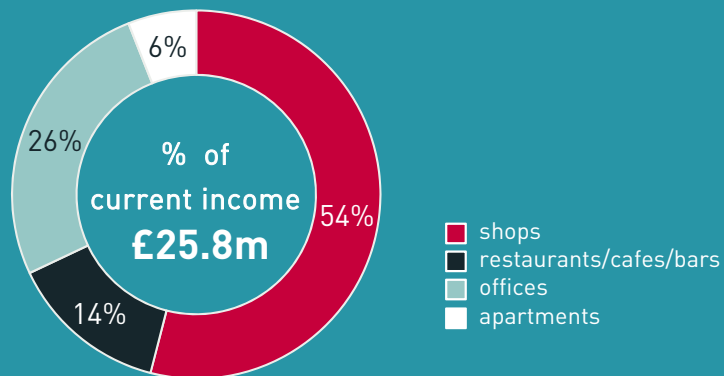
# carnaby

33% of our portfolio

# carnaby

33% of our portfolio

	6 months 31 March 2013	Year ended 30 September 2012
Valuation	£637.4m	£610.1m
Acquisitions	nil	nil
Capital expenditure	£4.2m	£5.7m
Capital value return	3.8%	7.3%
Equivalent yield	4.91%	4.99%



# carnaby

33% of our portfolio

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- **Excellent demand** across all uses
  - Rental growth across the village
- **Busy period** for letting activity
  - 3 new large shops opened
  - 3 more to open shortly
  - 3 new smaller shops on Newburgh Street
- Established **Carnaby Street headline** rent now **£458 psf Zone A** (September 2012: £450)
- Kingly Court **repositioning as a food and beverage destination**
  - New 3,400 sq. ft. restaurant opens in July
  - Further units taken back
- **Strong office demand**
  - 27,500 sq. ft. being refurbished
  - 9,000 sq. ft. under offer
  - In addition, we plan to take 7,400 sq. ft.



# carnaby lettings

**Benefit** —————  
FIRST WORLDWIDE LIFESTYLE STORE



**Dr Martens** —————  
FLAGSHIP STORE



**Evisu** —————  
ONLY STORE



**Filson** —————  
FIRST UK STORE



**Pankhurst London** —————  
FIRST STORE



**Terry de Havilland** —————  
ONLY STORE



**Eleven Paris** —————  
FIRST UK STORE



**Gant Rugger** —————  
FIRST STORE



**Paul Smith Soho** —————  
NEW SOHO CONCEPT



**SCOTCH AND SODA** —————  
UK FLAGSHIP

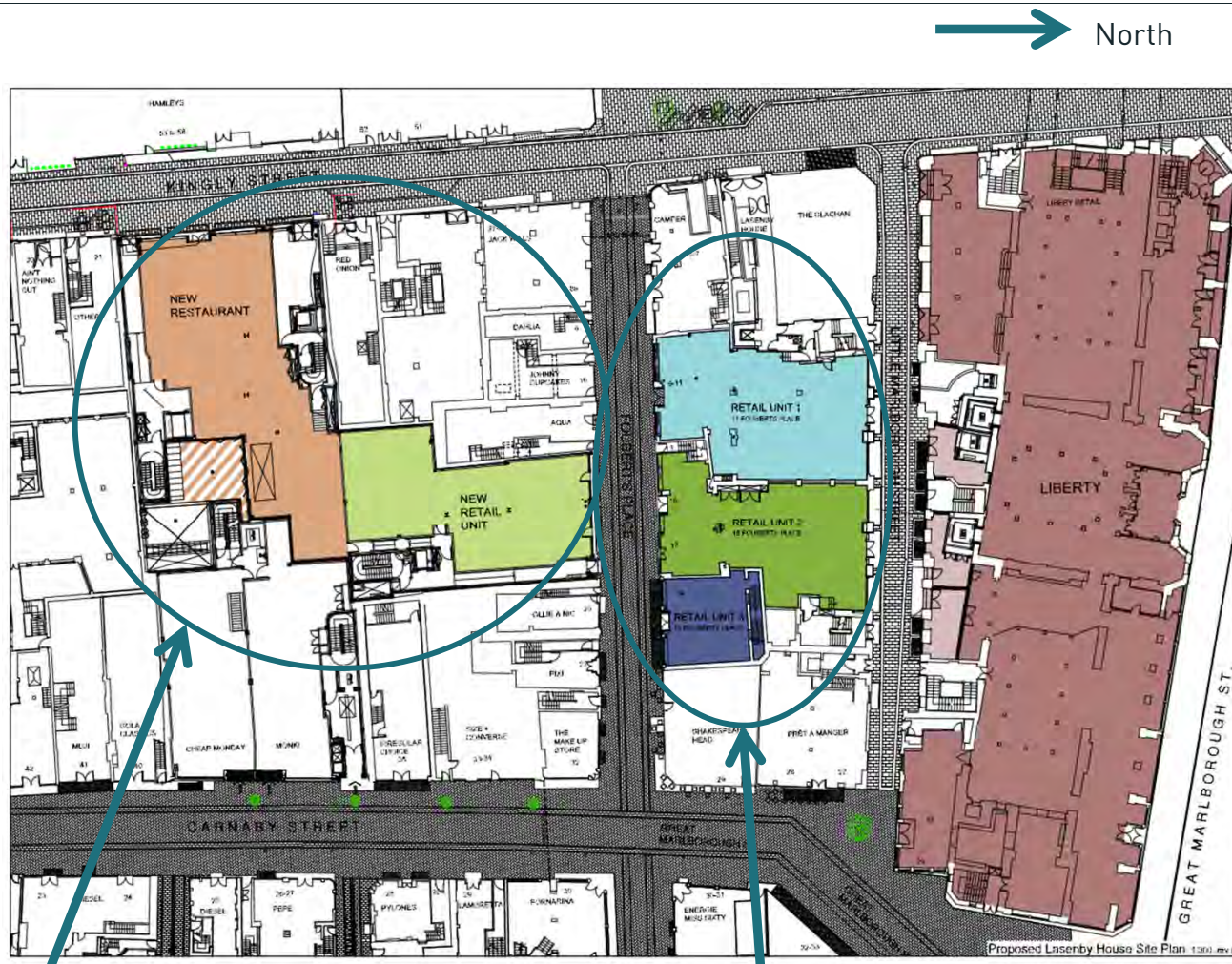


**Superga** —————  
CONCEPT STORE





# carnaby schemes



Foubert's Place/Kingly Street scheme

Lasenby House scheme



# carnaby schemes

## Lasenby House

- **Development completed** on schedule in May 2013
- **3 new shops** (8,600 sq. ft.) on Foubert's Place
  - **2 shops** (5,100 sq. ft.) **under offer** to international retailers
  - **Strong interest in final unit**
- In addition one unit on Foubert's Place reconfigured and enlarged



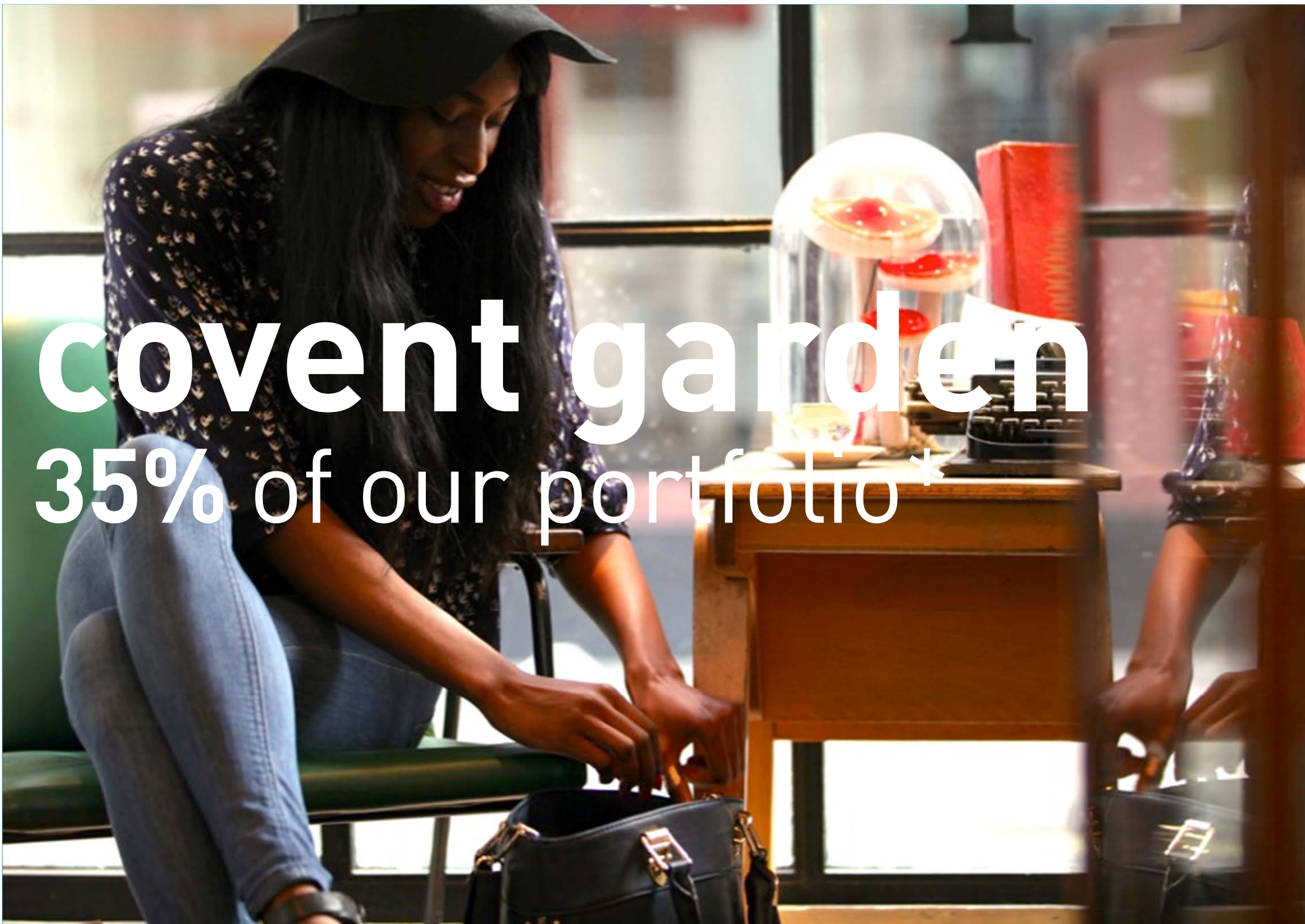
# carnaby schemes

## Foubert's Place/Kingly Street

- **Complete redevelopment** of buildings on south side of Foubert's Place and Kingly Street
- **Previously 14,500 sq.ft.** on site
- **Will provide 32,500 sq.ft.**
  - 7,500 sq.ft. of retail on Foubert's Place
  - 6,500 sq.ft. flagship restaurant on Kingly Street
  - 10,500 sq.ft. offices
  - 12 apartments
- **Completion end of 2014**
  - Cost £13.5m
  - Expected ERV on completion £1.85m



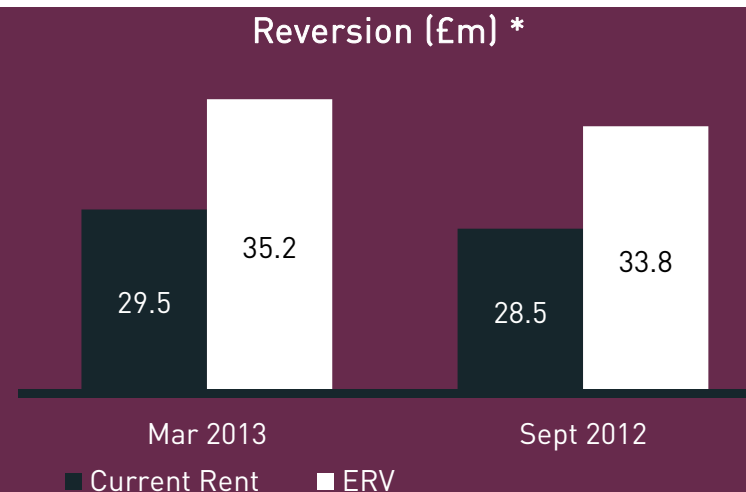
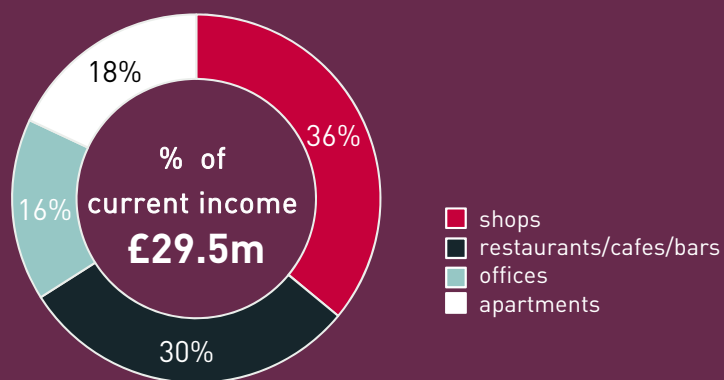




# covent garden

35% of our portfolio\*

	6 months 31 March 2013	Year ended 30 September 2012
Valuation	£670.0m	£637.7m
Acquisitions	£9.5m	£2.5m
Capital expenditure		
– wholly owned	£2.3m	£3.3m
– Longmartin	£1.1m	£1.8m
Capital value return		
– wholly owned	3.1%	4.5%
– Longmartin	2.8%	5.7%
Equivalent yield		
– wholly owned	4.57%	4.64%
– Longmartin	4.67%	4.73%



\* including 50% share of Longmartin

# covent garden

35% of our portfolio\*

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- **Largest investment area** includes Seven Dials, Opera Quarter, Coliseum and Longmartin Joint Venture (50% interest)
- **Acquisitions of £9.5 million** in the half year
- **Robust demand** across all uses
- Retail **repositioning** of Seven Dials progressing with the addition of **several new retailers**
- **Strong restaurant demand** and opportunities to enhance food and beverage offer
- **Office demand remains strong**
- More **residential conversion** schemes
- Public realm improvements

\* including 50% share of Longmartin





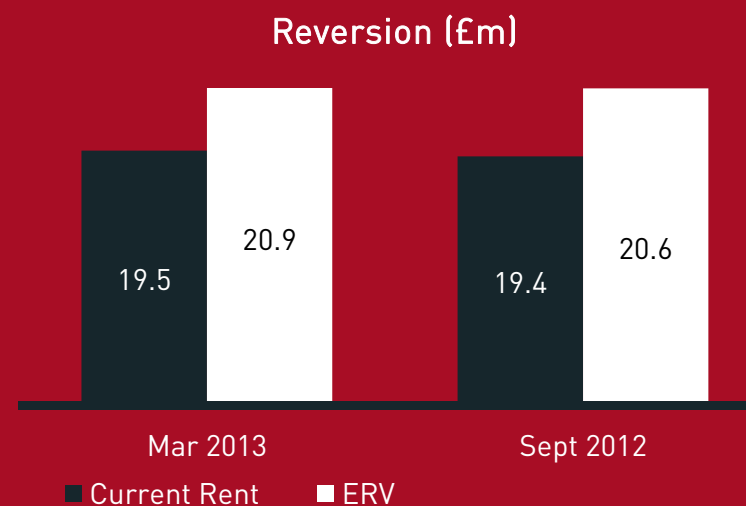
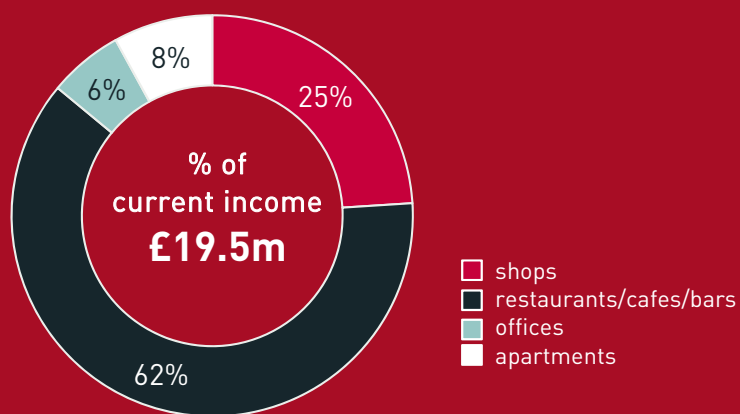
chinatown

22% of our portfolio

# chinatown

22% of our portfolio

	6 months 31 March 2013	Year ended 30 September 2012
Valuation	£423.2m	£412.3m
Acquisitions	Nil	£3.1m
Capital expenditure	£0.8m	£1.0m
Capital value return	2.5%	5.3%
Equivalent yield	4.58%	4.65%





# chinatown

22% of our portfolio

- **Vibrant** restaurant and leisure district
- 62% of income from **restaurant and leisure** uses
- **Strong demand** for all uses
- **Low level of voids**
- New mixed-use **schemes in hand** including two large restaurants
- Opportunities to **upgrade residential** stock
- **Enhancements** to the public realm

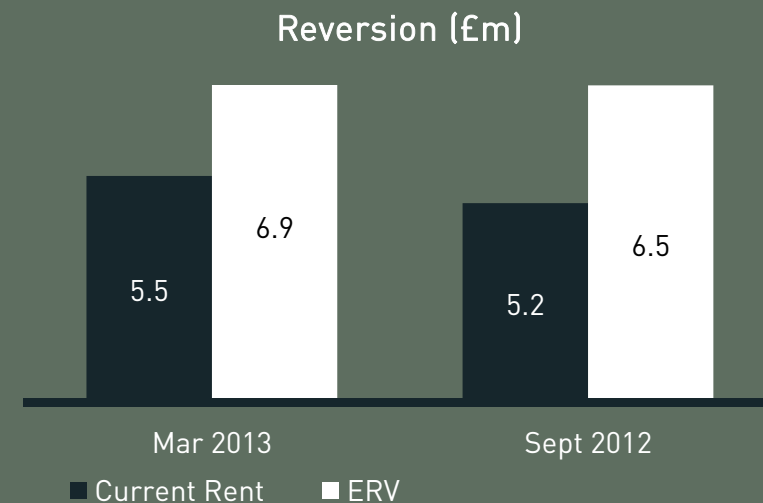
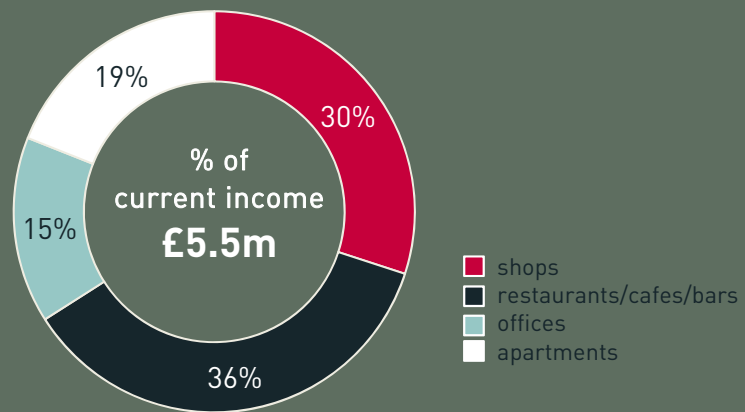


**soho**  
7% of our portfolio

# soho

7% of our portfolio

	6 months 31 March 2013	Year ended 30 September 2012
Valuation	£129.6m	£118.0m
Acquisitions	£2.9m	£29.5m
Capital expenditure	£1.4m	£1.9m
Capital value return	6.1%	0.9%
Equivalent yield	4.86%	4.99%



# soho

7% of our portfolio

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- Now **own 59 shops and restaurants**
- One building purchased in the period
- **Under offer** on two further properties
- **Active refurbishment programme**
- Creating **two restaurants** – both **under offer**
- **Significant development activity** in the area
  - Kemp House
  - Walker's Court
  - Trenchard House
  - Firmdale Hotel scheme in Ham Yard
  - Berwick Street market
  - Further development by Crown Estate in Brewer Street





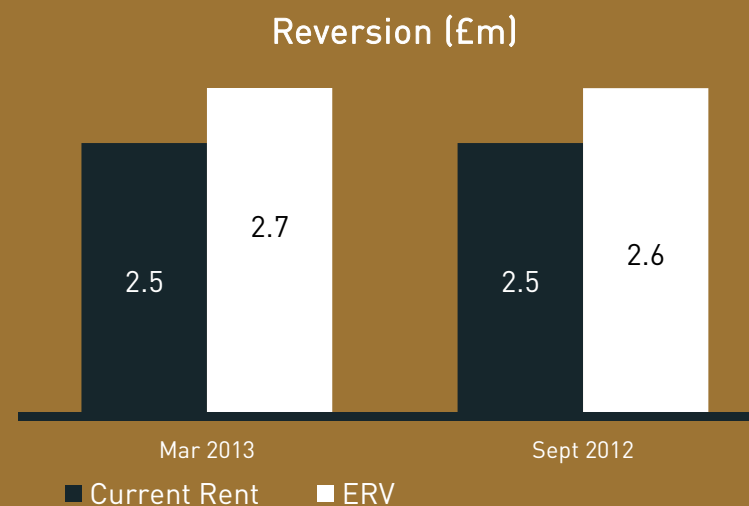
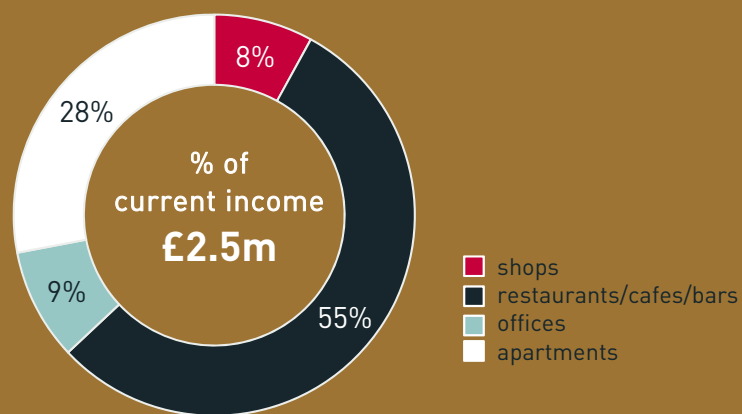
# charlotte street

3% of our portfolio

# charlotte street

3% of our portfolio

	6 months 31 March 2013	Year ended 30 September 2012
Valuation	£52.9m	£50.1m
Acquisitions	Nil	£8.9m
Capital expenditure	£0.1m	£1.2m
Capital value return	5.4%	3.7%
Equivalent yield	4.43%	4.57%



# charlotte street

3% of our portfolio

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- **Lively** and **cosmopolitan** area
- **Strong demand** in the area – particularly for restaurants
- Significant **development activity** in the area
  - Crossrail transport hub at Tottenham Court Road
  - Fitzroy Place
  - Royal Mail site



# summary and outlook

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- London's reputation **grows ever-stronger**, attracting visitors, businesses and residents
- **Major public infrastructure schemes** stimulating private sector projects
- Unusually **high levels of development/refurbishment** activity
- Continuing to identify **new asset management opportunities across the portfolio** – the main driver of rental growth
- **Restricted supply of potential acquisitions** which meet our strict criteria likely to continue
- **Substantial financial resources**; in discussion with lenders regarding 2016 expiries
- **Experienced**, enthusiastic management team and advisors – **committed to the strategy** and responding to change and challenges

# appendices

- 1 EPRA adjusted profit**
- 2 EPRA adjusted net assets**
- 3 Portfolio summary**
- 4 Portfolio reversion**
- 5 Wholly owned vacant space**
- 6 Yields at 31.3.2013**
- 7 Income and costs**
- 8 Net debt**
- 9 Finance**
- 10 Key risks**

# appendix 1: EPRA adjusted profit

	H1 2013	H1 2012	H2 2012	FY 2012
	Profit before tax £m	Profit before tax £m	Profit before tax £m	Profit before tax £m
Reported profit before tax	81.8	38.1	56.7	94.8
Adjust for fair value movements and disposal profits:				
Investment properties	(62.0)	(22.3)	(69.5)	(91.8)
Financial derivatives movement	(4.6)	0.3	27.9	28.2
<b>EPRA adjusted profit before tax</b>	<b>15.2</b>	<b>16.1</b>	<b>15.1</b>	<b>31.2</b>
Less: reported tax charge	(1.0)	(0.3)	(1.5)	(1.8)
Add: deferred tax charge*	0.9	-	1.2	1.2
<b>EPRA adjusted profit after tax</b>	<b>15.1</b>	<b>15.8</b>	<b>14.8</b>	<b>30.6</b>
Number of shares for EPS calculation	251.6m	250.8m	251.0	251.0
<b>EPRA adjusted EPS</b>	<b>6.0p</b>	<b>6.3p</b>	<b>5.9p</b>	<b>12.2p</b>

\* Arising on the revaluation of investment properties and in respect of capital allowances (in Longmartin)

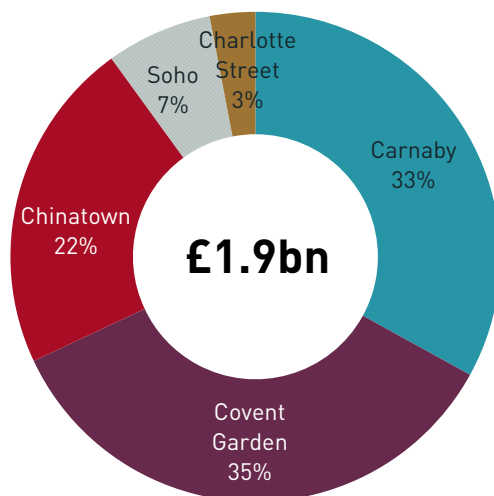
# appendix 2: EPRA adjusted net assets

	March 2013 £m	March 2012 £m	September 2012 £m
Net assets reported in the Balance Sheet	1,185.8	1,077.5	1,119.4
Adjusted for:			
Fair value adjustment in respect of financial derivatives	128.2	104.9	132.8
Deferred tax*	7.8	5.7	6.9
EPRA adjusted net assets	1,321.8	1,188.1	1,259.1
Additional equity if all share options are exercised	1.1	2.0	1.1
EPRA adjusted diluted net assets	1,322.9	1,190.1	1,260.2
Number of shares for diluted NAV calculation	253.0m	253.1m	253.2m
EPRA adjusted NAV	£5.25	£4.73	£5.01
EPRA adjusted diluted NAV	£5.23	£4.70	£4.98

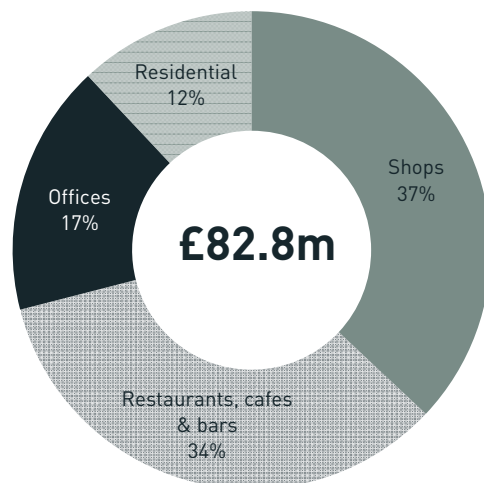
\* Arising on the revaluation of investment properties and in respect of capital allowances (in Longmartin)

# appendix 3: portfolio summary

Portfolio by capital value\*



Current income by use\*



\* Including the Group's 50% share of Longmartin

## Six months ended 31 March 2013

### Acquisitions

£12.4m

### Capital expenditure

£9.9m

### Valuation Surplus

£62.0m

### Commercial vacancy (wholly owned portfolio)

2.8% available to let (of which 1.1% under offer)

5.6% held for or under redevelopment (3.0% was Carnaby schemes)

### Current annualised income\*

£82.8m (up £1.9m since September 2012)

### Reversionary potential\*

£19.7m (up £0.7m since September 2012)

23.8% above current gross income

# appendix 3: portfolio summary

continued

	Fair value £m	% of portfolio	Current income £m	ERV £m
<b>Wholly owned portfolio</b>				
Carnaby	637.4	33%	25.8	36.8
Covent Garden	536.0	28%	23.5	27.7
Chinatown	423.2	22%	19.5	20.9
Soho	129.6	7%	5.5	6.9
Charlotte Street	52.9	3%	2.5	2.7
	<b>1,779.1</b>	<b>93%</b>	<b>76.8</b>	<b>95.0</b>
Longmartin joint venture (our 50%)	134.0	7%	6.0	7.5
<b>Total</b>	<b>1,913.1</b>	<b>100%</b>	<b>82.8</b>	<b>102.5</b>

	Wholly owned portfolio			Longmartin joint venture*		
	Number	Area (sq.ft.)	% of current income	Number	Area (sq.ft.)	% of current income
Shops	329	419,000	37%	23	69,000	41%
Restaurants, cafes and leisure	233	520,000	35%	8	43,000	17%
Offices		391,000	16%		102,000	25%
Residential	449	269,000	12%	75	55,000	17%
<b>Total</b>		<b>1,599,000</b>	<b>100%</b>		<b>269,000</b>	<b>100%</b>

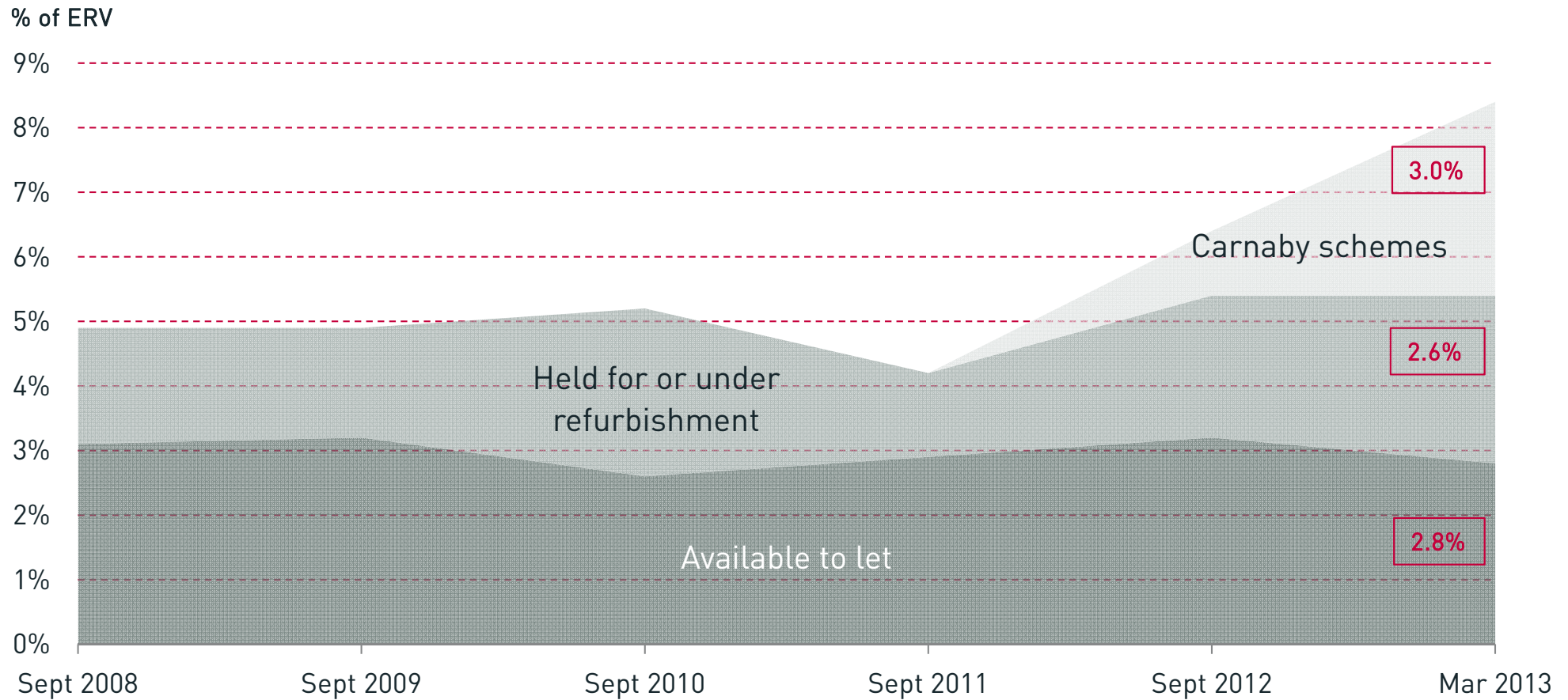
\* Shaftesbury group has a 50% share in these figures

# appendix 4: portfolio reversion

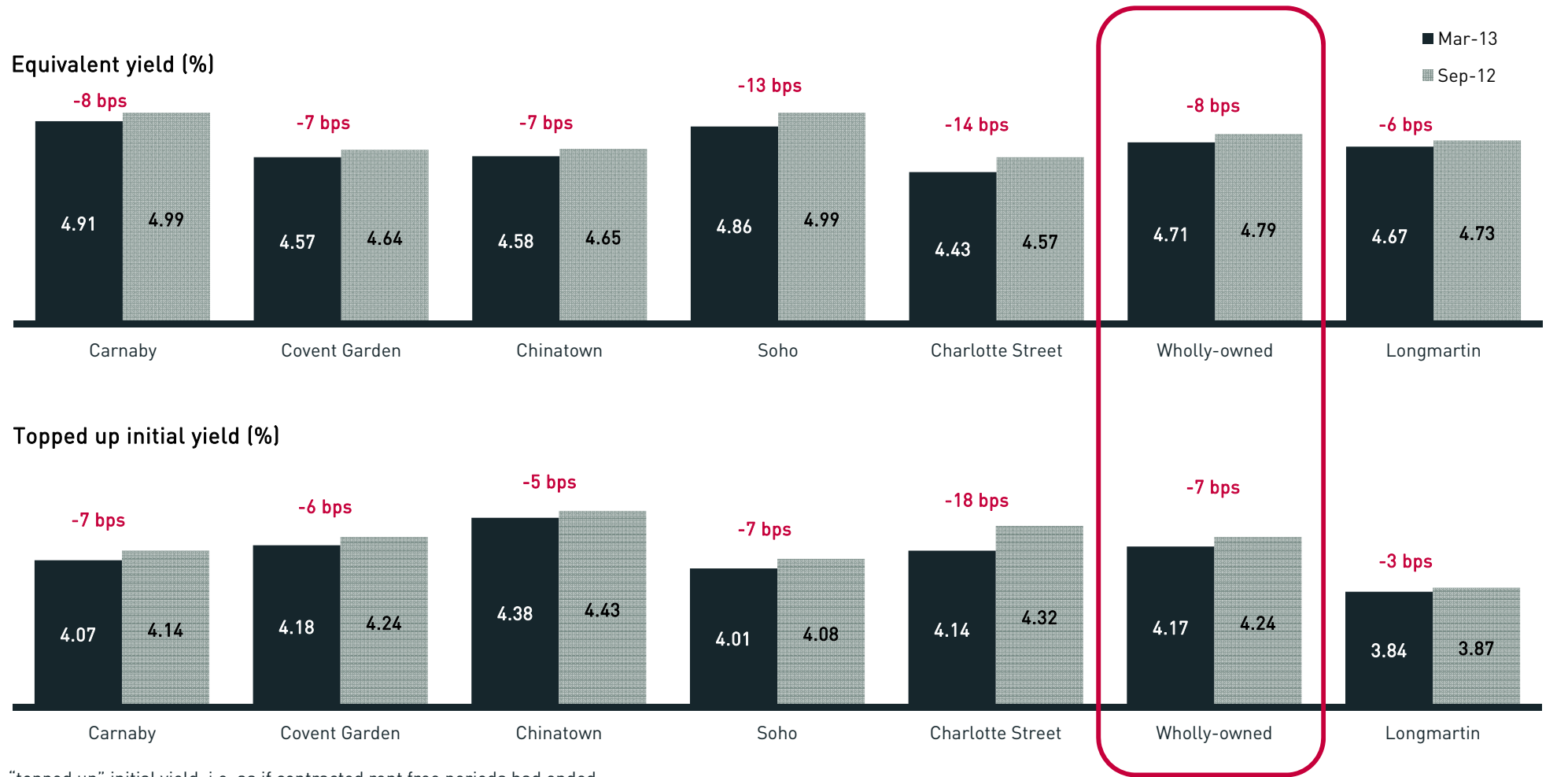
Breakdown	Retail £m	Restaurants, cafes, leisure £m	Office £m	Residential £m	Total £m
Vacancy					
- Available	1.5	0.4	0.5	0.3	<b>2.7</b>
- Carnaby schemes	1.5	0.4	0.6	0.4	<b>2.9</b>
- Other schemes	0.2	0.8	1.2	1.1	<b>3.3</b>
	<b>3.2</b>	<b>1.6</b>	<b>2.3</b>	<b>1.8</b>	<b>8.9</b>
Contracted (rent frees, stepped rents)	1.9	0.3	2.0	-	<b>4.2</b>
Under-rented	3.0	2.4	1.2	-	<b>6.6</b>
<b>Total</b>	<b>8.1</b>	<b>4.3</b>	<b>5.5</b>	<b>1.8</b>	<b>19.7</b>



# Appendix 5: wholly owned vacant commercial space



# appendix 6: yields at 31.3.2013



“topped up” initial yield, i.e. as if contracted rent free periods had ended

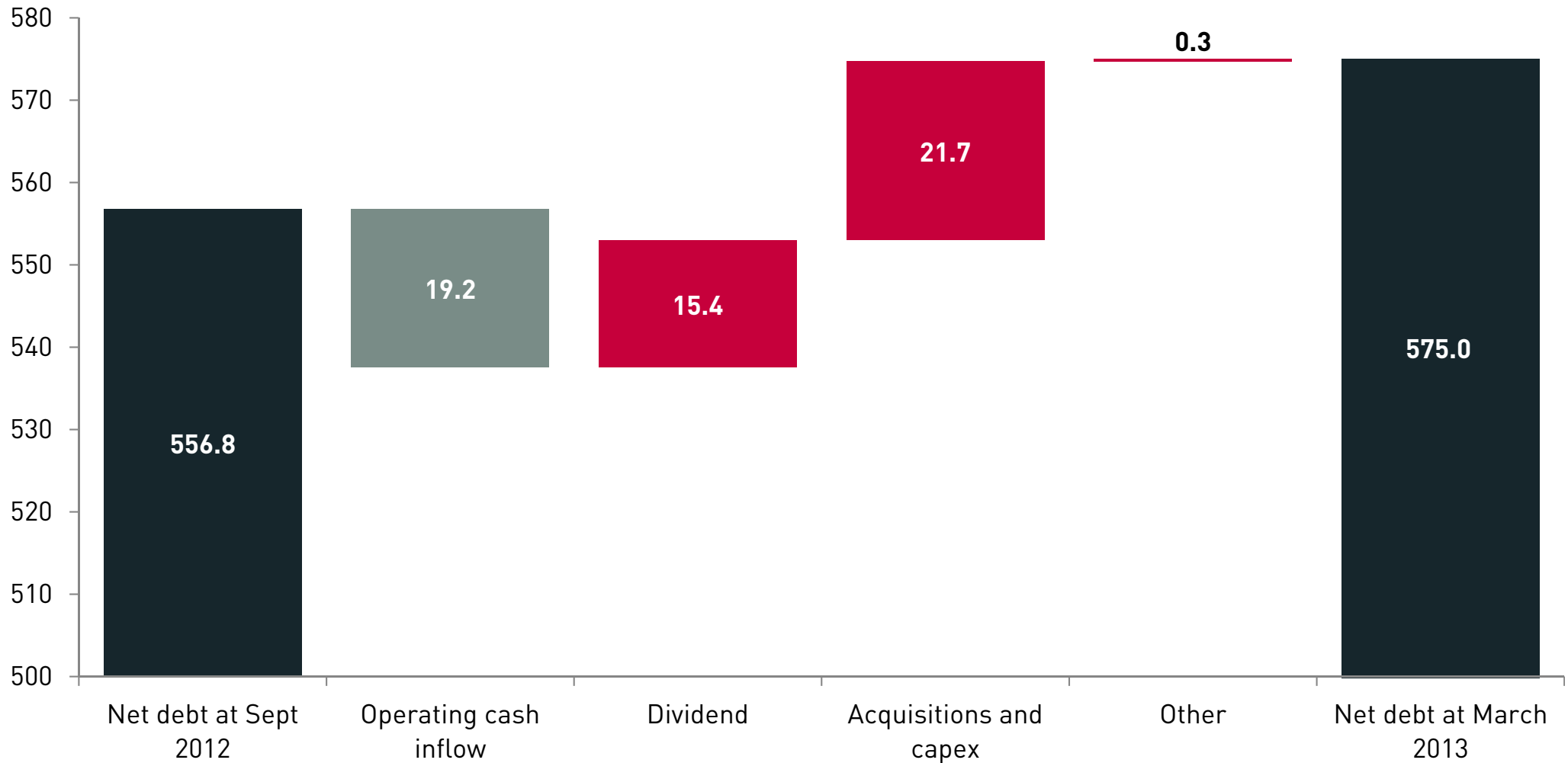
# appendix 7: income and costs

	H1 2013 £m	H1 2012 £m	H2 2012 £m
Rental income	44.6	43.7	43.3
Property costs	(8.7)	(8.2)	(7.8)
Net property income	35.9	35.5	35.5
Admin expenses	(5.3)	(4.7)	(5.3)
	30.6	30.8	30.2
Net finance costs	(15.4)	(14.7)	(15.1)
EPRA adjusted profit before tax	15.2	16.1	15.1

	H1 2013 £m	H1 2012 £m	H2 2012 £m
Operating costs	2.4	2.2	2.7
Management fees	1.0	0.9	0.8
Letting costs	1.4	1.2	1.3
Village promotion	0.5	0.5	0.4
Non recoverable costs	5.3	4.8	5.2
Recoverable costs	3.4	3.4	2.6
<b>Total</b>	<b>8.7</b>	<b>8.2</b>	<b>7.8</b>

	H1 2013 £m	H1 2012 £m	H2 2012 £m
Admin costs	3.7	3.3	3.9
Provision for annual bonuses	0.3	0.5	0.7
Charge for equity settled remuneration	1.3	0.9	0.7
<b>Total</b>	<b>5.3</b>	<b>4.7</b>	<b>5.3</b>

# appendix 8: net debt



# appendix 9: finance

	March 2013		September 2012	
	£m	Rate	£m	Rate
Debenture*	63.5	7.93%	63.6	7.93%
Term loan†	60.0	4.43%	60.0	4.43%
Hedged bank loans ‡	360.0	5.75%	360.0	5.75%
Variable bank loans	94.4	1.38%	75.7	1.50%
<b>Weighted average</b>				
– drawn facilities		5.14%		5.28%
– including non-utilisation costs of undrawn facilities		5.28%		5.43%
<b>Average margin on bank loans</b>				
– drawn		88bps		88bps
– if all facilities are drawn		104bps		104bps
<b>Current marginal cost of additional drawings (approx)</b>		1.65%		1.70%
<b>Weighted average loan maturity (years)</b>				
– bank facilities		4.6		5.1
– total debt		6.3		6.8
<b>Maturity profile (£m)</b>				
	2016	375	2016	375
	2020	125	2020	125
	2021	75	2021	75
	>2021	121	>2021	121

\* Including unamortized premium † Our 50% share

‡ Interest rate inclusive of margin



# appendix 9: finance

continued

	Total Facility £m	Drawn £m	Undrawn £m	Average maturity (years)
Bank loans	575	454.4	120.6	4.8
Term loan†	60	60	–	13.75
Debenture‡	61	61	–	11.0
<b>Total</b>	<b>696</b>	<b>575.4</b>	<b>120.6</b>	<b>6.3</b>
Loan issue costs		(2.8)		
Unamortized Debenture Premium		2.5		
Head lease obligations		5.4		
<b>Borrowings in the Balance Sheet</b>		<b>580.5</b>		
Add back loan issue costs and unamortized debenture premium		0.3		
Cash		(5.8)		
<b>Net Debt</b>		<b>575.0</b>		

† Our 50% share

‡ Nominal value

# appendix 10: key risks

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## **Risk of a sustained fall in visitor numbers and/or spending which affects:**

- **The West End**
  - External threats, eg security, public safety, health concerns
  - Disruption to the transport networks
  - Competing destinations resulting in long-term decline in footfall
- **Our villages**
  - Failure to maintain special character and/or tenant mix

## **Regulatory risk – changing regulation and its consequences could increase costs, adversely limit our ability to optimize revenues and affect our values.**

- **Planning policies**
  - Changes to planning or licensing policies
- **Environmental legislation**
  - New environmental legislation may set unrealistic targets for older and historic buildings and conflict with conservation area and listed building legislation.

# disclaimer

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This presentation may contain certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

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