SHAFTESBURY 2014 HALF YEAR RESULTS

GOOD GROWTH IN EARNINGS, DIVIDEND AND NET ASSET VALUE
STRONG TENANT DEMAND ACROSS THE PORTFOLIO
IMPORTANT STRATEGIC ACQUISITIONS
SIGNIFICANT INCREASE IN FINANCIAL RESOURCES

Shaftesbury PLC ("Shaftesbury") today announces its results for the six months ended 31 March 2014. Shaftesbury owns 14 acres in London's West End comprising over 575 properties in and around Carnaby, Covent Garden, Chinatown, Soho and Charlotte Street.

Growth in income, earnings, dividend and NAV

- Net property income up £3.1 million (8.6%) to £39.0 million (six months ended 31.3.2013: £35.9 million).
- EPRA earnings increased by 6.6% to £16.1 million (six months ended 31.3.2013: £15.1 million). EPRA earnings per share increased by 5.0% to 6.3p (six months ended 31.3.2013: 6.0p).
- Interim dividend per share of 6.5p (six months ended 31.3.2013: 6.25p), an increase of 4.0%.
- EPRA NAV increased by 5.1% over six months to £5.96; 14.0% increase for 12 months to 31.3.2014.
- Net asset value return for six months ended 31.3.2014: 6.2%; 16.3% increase for 12 months to 31.3.2014.

Continued strong demand across all villages and for all uses

- Vacant space available to let at 31.3.2014: 1.1% of ERV.
- Commercial lettings, lease renewals and rent reviews (rental value: £11.3 million) concluded at an average 2.9% above 30 September 2013 ERV and 8.8% above ERV at 31 March 2013.
- Residential lettings and renewals: £2.4 million.

Growth in rental and capital values

- Portfolio capital value return: +5.4% (IPD Monthly Index: +5.4%). 3-year compound annualised growth rate: +8.8%.
- Annualised current income at 31.3.2014: £90.6 million (30.9.2013: £85.9 million). Like-for-like increase over 6 months: +1.9%.
- Total portfolio ERV increased by £8.0 million to £113.9 million (30.9.2013: £105.9 million). Like-for-like ERV growth over six months: 2.4%; 5.0% increase for 12 months to 31.3.2014.
- Portfolio reversion has grown by £3.3 million to £23.3 million, of which acquisitions added £2.4 million.
- Equivalent yield compression of twelve basis points to 4.43% in the wholly owned portfolio and twenty basis points to 4.38% in the Longmartin joint venture.

Significant investment to add to, and improve our portfolio

- Acquisitions totalling £103.6 million in the period, including two major purchases: Newport Sandringham in Chinatown and Jaeger House in Carnaby.

- Redevelopment and refurbishment schemes in the six months to 31 March 2014 across 115,000 sq. ft. (6.7% of wholly owned floor space). We continue to identify further schemes and opportunities to unlock value.

Financing arrangements to grow and develop the business

- Share placing in March 2014 at £6.20 per share raised £153.2 million (net of expenses).

- Completed restructuring of £225 million of facilities which were due to mature in 2016

  - During the six months ended 31 March 2014:
    - Refinanced £125 million facility with new £150 million revolving credit facility (maturity November 2018).

  - Subsequent to 31 March 2014:
    - Cancelled and replaced £100 million facility with new £134.75 million fixed-interest fifteen year term loan.
    - Increased Group's committed debt facilities by £59.75 million to £755.75 million.
    - Terminated interest rate swaps, with a notional principal of £110 million, at a cost of £29.0 million (10p per share).

- Pro-forma‡ weighted average maturity of debt: 7.6 years (30.9.2013: 5.8 years).

- Pro-forma‡ committed unutilised facilities to fund acquisitions and improvements to our portfolio: £159.5 million.

- Conservative gearing (pro-forma‡ loan-to-value ratio: 26.3%).

‡ Pro-forma at 31.3.2014 reflecting refinancing transactions completed after the Balance Sheet date, and for the completion of property acquisitions exchanged before 31.3.2014.

Brian Bickell, Chief Executive, commented:

"London's global appeal to businesses, visitors, and as a place to live continues to underpin its prosperity, resilience and prospects. In our West End locations, demand for accommodation continues to be healthy, resulting in steady and sustained growth in rental income and low levels of vacancy.

Activity levels across the portfolio remain high and we continue to identify schemes within our portfolio further to improve income and capital values. Our recent major acquisitions in Chinatown and Carnaby offer considerable potential although, as with many of our projects, it is inevitable, in the short term, the income they currently produce will be reduced as we progress our plans.

Improving economic sentiment and substantial public and private investment in buildings and infrastructure are bringing more business and visitors to the West End. We are confident that, with our proven long-term management strategy, our portfolio will continue to deliver sustained growth in income and capital values."

19 May 2014

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There will be a presentation to equity analysts at 9.30 am on Monday 19 May 2014, at The London Stock Exchange, 10 Paternoster Square, London EC4M 7LS.

There is a dial-in facility for the presentation. Analysts and investors are welcome to participate. The facility can be accessed by calling +44 (0)203 139 4830. The PIN code is 83027750#. The presentation document is available on the Group's website www.shaftesbury.co.uk. A recording of the conference call will be available on the Company's website www.shaftesbury.co.uk following the meeting.

About Shaftesbury

Shaftesbury PLC is a Real Estate Investment Trust, which invests exclusively in London's West End. Our wholly owned portfolio, which extends to 14 acres of freeholds, now includes 331 shops and 247 restaurants, bars and cafés, which together account for 72% of its current income. The 411,000 sq. ft. of offices and 487 apartments in the wholly owned portfolio provide 16% and 12% respectively of its current income. In addition, we have a 50% interest in the Longmartin joint venture with The Mercers' Company, which has a long leasehold interest in St Martin's Courtyard in Covent Garden. Extending to 1.9 acres, it includes 24 shops, eight restaurants, 102,000 sq. ft. of offices and 75 apartments.

Forward-looking statements

This document 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.

Any forward-looking statements made by or on behalf of Shaftesbury PLC speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Shaftesbury PLC does not undertake to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this document relating to Shaftesbury PLC or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance.

Financial Highlights

		Six months ended		Year ended
		31.3.2014	31.3.2013	30.9.2013
Net property income	£m	**39.0**	35.9	73.2
Property assets at fair value	£m	**2,268.8**	1,913.1	2,052.6
Loan-to-value‡		**26.3%**	30.1%	29.5%
EPRA results*				
Earnings	£m	**16.1**	15.1	30.2
Earnings per share	Pence	**6.3**	6.0	12.0
Net assets	£m	**1,662.4**	1,321.8	1,435.6
Net asset value per share	£	**5.96**	5.23	5.67
Dividends				
Interim dividend per share	Pence	**6.5**	6.25	6.25
Final dividend per share	Pence	**-**	-	6.25
Total distribution declared in respect of the financial period	£m	**18.1**	15.7	31.1
Reported results				
Profit after tax	£m	**118.3**	80.8	239.3
Diluted earnings per share	Pence	**46.2**	32.0	94.7
Net assets	£m	**1,587.7**	1,185.8	1,330.7
Diluted net asset value per share	£	**5.70**	4.69	5.26

‡ Pro-forma gearing at 31.3.2014 to reflect refinancing transactions completed after the Balance Sheet date and the completion of property acquisitions exchanged before 31.3.2014.

* Adjusted in accordance with EPRA Best Practice Recommendations.

Performance

	Six months ended		Year ended
	31.3.2014	31.3.2013	30.9.2013
Capital value return			
Shaftesbury	**+5.4%**	**+3.4%**	**+9.5%**
Benchmark: IPD UK Monthly Index: Capital Growth*	+5.4%	-1.7%	-0.4%
Total property return			
Shaftesbury	**+7.2%**	**+5.4%**	**+13.4%**
Benchmark: IPD UK Monthly Index: Total Return*	+8.8%	+1.6%	+6.5%
Total shareholder return			
Shaftesbury	**+9.5%**	**+10.9%**	**+14.1%**
Benchmark: FTSE 350 Real Estate Index	+13.6%	+10.5%	+24.7%
Net asset value return			
Shaftesbury	**+6.2%**	**+6.2%**	**+16.3%**

*Source: Investment Property Databank Ltd © 2014.
Shaftesbury Group data (other than total shareholder return) derived from financial results.

Half year results

INTRODUCTION

London's global appeal to businesses, visitors, and as a place to live continues to underpin its prosperity, resilience and prospects. In our West End locations, demand for all accommodation continues to be healthy, resulting in steady and sustained growth in rental income and low levels of vacancy.

Our valuers have reported a further tightening of investment yields during the period. In the case of our portfolio, this reflects further improvement in prospects for rental growth as well as considerable demand from a wide range of well-funded investors to acquire real estate assets in London, and particularly the West End. Whilst the availability of suitable properties for us to acquire remains limited, during the period we have been able to secure, often off-market, acquisitions amounting to £103.6 million, including two significant purchases in Chinatown and Carnaby.

Our long-term investment strategy is supported by financing arrangements which ensure we have committed resources to grow and develop our portfolio. During the period, we strengthened our equity base through a placing of new shares, raising £153.2 million net of expenses. Also, in April 2014, we completed the refinancing of £225 million of bank debt, which was due to mature in 2016, in the process raising additional facilities and improving the maturity profile of our indebtedness. As part of this refinancing, we have now terminated interest rate swaps on £110 million of floating rate bank debt.

FINANCIAL PERFORMANCE

EPRA earnings for the six months ended 31 March 2014 amounted to £16.1 million compared with £15.1 million in the same period last year. Our net property revenue is now benefitting from the completion and letting of a number of schemes which were underway during the previous financial year. With a continuing high level of activity across the portfolio, the combined ERV of schemes currently in hand, including residential projects, stands at £5.2 million. These schemes will start to generate revenue in the next financial year.

EPRA net asset value per share at 31 March 2014 stood at £5.96, representing a net asset value return of 6.2% over the period and 16.3% over the past twelve months.

INTERIM DIVIDEND

Your directors are pleased to declare an interim dividend of 6.5p per share, an increase of 4.0% on last year's interim dividend of 6.25p. The interim dividend, which will be paid on 4th July 2014, will be paid entirely as a Property Income Distribution.

Our policy is to maintain steady growth in dividends to reflect the long-term trend in our income and cash earnings. In determining the level of the interim dividend, the Board has taken into account the non-cash accounting charge in the period for equity-settled remuneration of £1.4 million, which reduced the reported profit. This charge arose as a result of the Group's strong NAV growth, which increased the likelihood of vesting of performance-based share options.

PORTFOLIO MANAGEMENT

Redevelopment and refurbishment activity

A high level of activity continues across our holdings, with schemes undertaken during the period extending to 115,000 sq. ft. (c. 7% of floor space in the wholly owned portfolio). Capital expenditure amounted to £10.5 million.

Our largest current project, which involves the construction of a new mixed-use building in Carnaby, fronting Foubert's Place and Kingly Street, is progressing well, with completion anticipated in phases from early 2015. Extending to 32,500 sq. ft., the completed scheme will comprise 7,500 sq. ft. of retail space, a 6,500 sq. ft. restaurant,10,500 sq. ft. of office accommodation and twelve apartments. The estimated cost of the scheme is £13.5 million, of which £5.8 million has been incurred to date.

Also in Carnaby, we are changing Kingly Court from retail into a new and exciting restaurant and leisure courtyard. We are currently carrying out a refurbishment to create an environment more appropriate to its new focus. Its outdoor space and concentration of interesting new dining and café concepts will complement the choices available on Kingly Street, drawing footfall from the busy nearby streets. We expect these changes will be completed by July 2014.

Other schemes currently on-site across the portfolio include the reconfiguration of 16,000 sq. ft. of shops, restaurants and cafés, and the refurbishment of 10,000 sq. ft. of offices. In addition, we are refurbishing, and in some instances reconfiguring, fifteen apartments, as well as creating 35 new units.

Leasing activity

Throughout the period, demand for all uses has continued to be healthy, with space letting quickly as it becomes available. Vacancy levels remain low and we continue to see steady rental growth in all locations.

In the six months ended 31 March 2014, we concluded commercial lettings, lease renewals and rent reviews with a rental value of £11.3 million, together with £2.4 million of residential lettings and lease renewals. Overall, rents achieved for commercial uses were 2.9% above ERV at 30 September 2013 and 8.8% above ERV twelve months ago. Rent reviews were concluded during the period at an average increase of 27% in contracted rent over a five year period since the original letting or last review, broadly consistent with a compound annual growth rate of 5%.

PORTFOLIO VALUATION

Our portfolio has been valued at 31 March 2014 at £2.27 billion, producing a surplus on revaluation of £101.0 million.The ungeared like-for-like capital value return for the six months ended 31 March 2014 was 5.4% (IPD Monthly Index 5.4%). This brought the increase in capital values over the past year to 11.6%, compared with an increase of 6.8% reported by the IPD Monthly Index over the same period. As the UK economic recovery has gathered momentum during the period, there has been a re-rating of, and a return to capital growth for, non-London real estate. Such property tends to deliver a higher income return than our portfolio, reflecting a market perception of higher risk compared with the West End, and consequently the total return delivered by our portfolio of 7.2% during the six months to 31 March 2014 was lower than the 8.8% reported by the IPD Monthly Index.

	Fair value £m	% of portfolio	Current income £m	ERV £m
Wholly owned portfolio				
Carnaby	761.4	34%	29.0	39.8
Covent Garden	605.5	27%	24.5	30.0
Chinatown	523.7	23%	21.6	25.3
Soho	161.7	7%	6.5	7.8
Charlotte Street	60.0	2%	2.6	2.9
	2,112.3	93%	84.2	105.8
Longmartin joint venture*	156.5	7%	6.4	8.1
Total portfolio	**2,268.8**	**100%**	**90.6**	**113.9**

*Group's 50% share

Like-for-like capital value growth of 5.4% was driven by growth in actual and prospective rents, combined with yield compression of twelve basis points in the wholly owned portfolio, and twenty basis points in the Longmartin joint venture. The principal factors in the yield compression during the period were an expectation that rents will continue to grow in our portfolio, coupled with continued strong investor demand for, and limited supply of, properties in our locations. Over the past twelve months there has been yield compression of 28 basis points in the wholly owned portfolio and 29 basis points in the Longmartin joint venture. Our strategy is to continue improving the quality of accommodation we can offer and, where possible, converting space to more valuable uses. Over the longer term, these are factors which will improve the value of our portfolio.

PORTFOLIO REVERSIONARY POTENTIAL

	Annualised current income £m	ERV £m	Reversionary potential £m
30 September 2009	63.4	78.3	14.9
30 September 2010	68.3	83.9	15.6
30 September 2011	77.5	92.2	14.7
30 September 2012	80.9	99.9	19.0
30 September 2013	85.9	105.9	20.0
31 March 2014	**90.6**	**113.9**	**23.3**

Our strategy is to deliver sustained growth in rental income which is the fundamental driver of long-term growth in property values. With good levels of demand for all uses, continued high occupancy and the actual and potential income from acquisitions, both current income and ERV have grown in the period.

The annualised current income generated by our portfolio at 31 March 2014 stood at £90.6 million, an increase of £4.7 million over the first half, of which acquisitions contributed £3.1 million. The like-for-like increase over six months amounted to £1.6 million (or 1.9%).

The ERV of our portfolio increased by £8.0 million to £113.9 million over the period. Like-for-like ERV growth during the first half was 2.4%, bringing the total like-for-like increase over the past twelve months to 5.0%. Acquisitions during the period contributed £5.5 million. The valuers' current estimates of the ERV of our recent acquisitions do not fully take into account the additional income which could be generated from the more extensive schemes we are now investigating.

The reversionary potential of the portfolio has grown to £23.3 million, 25.7% higher than the annualised current income. £4.2 million of the total reversion had been contracted at 31 March 2014 and will be delivered through the expiry of rent-free periods and pre-agreed increases in rents. The ERV of all vacant space amounted to £7.9 million. £2.5 million of the reversionary potential is attributable to future schemes, principally our two recent major acquisitions, Jaeger House and Newport Sandringham. £8.7 million of our portfolio's reversion arises from the potential additional income we should receive as our rents increase to the current market levels estimated by our valuers. We are confident that, through our active management and the cycle of rent reviews, lease renewals and lettings, we shall realise this potential additional income. At the same time, applying our proven management strategies and initiatives, we aim to continue to unlock additional long-term income growth through sustained increases in rental levels.

Our holdings are concentrated in a number of well-known shopping and restaurant destinations in the heart of the West End. All are within walking distance of the many historic, cultural and leisure attractions located in this important and popular part of London. Our villages are notable for their varied uses, dominated by retail, restaurants, bars, cafés and residential, which together provide 83% of our current income. In our locations, these uses have a history of sustained demand and restricted availability which underpins their rental growth prospects. Furthermore, the clustering of our ownerships increases the estate management opportunities within our portfolio, enabling the benefits of improving individual properties to be compounded across our adjacent holdings.

DTZ, independent valuers of our wholly owned portfolio, have again noted that our portfolio is unusual in its concentration of properties in adjacent or adjoining central West End locations, and its predominance of retail, restaurant, café and leisure uses. They have advised the Board that some prospective purchasers might consider that parts of the portfolio, when combined, may have a greater value than that currently reflected in their valuation, prepared in accordance with RICS Valuation Professional Standards.

		Capital value growth		
	% of portfolio	**Six months ended 31 March 2014**	**Twelve months to 31 March 2014**	**3 year CAGR**
Carnaby	34%	5.9%	12.9%	11.1%
Covent Garden	27%	4.7%	10.1%	7.5%
Chinatown	23%	4.9%	10.0%	7.3%
Soho	7%	6.6%	14.7%	7.8%
Charlotte Street	2%	2.5%	6.1%	7.5%
Longmartin	7%	6.9%	14.4%	8.9%
Total	**100%**	**5.4%**	**11.6%**	**8.8%**

ACQUISITIONS

In the period ended 31 March 2014, we acquired properties at a total cost of £103.6 million. This included two major acquisitions: a long leasehold interest in the commercial elements of Newport Sandringham, a mixed-use building in Chinatown, and Jaeger House, in Carnaby, which together accounted for £89.4 million (including purchase costs).

Newport Sandringham, which cost £57.1 million (including purchase costs), is at a key entrance to Chinatown, fronting Charing Cross Road, Newport Court and Newport Place. Extending to 49,700 sq. ft., the interest we acquired has increased our retail, restaurant and bar floor space in Chinatown by around 18%. The newly acquired space currently is poorly configured but we believe there is considerable potential, subject to obtaining planning and other consents, to materially improve the property's current net rental income and capital value. This will be achieved through a combination of reconfiguring the internal space, increasing the lettable area, improving the external appearance of the building and supporting public realm improvements in the immediate vicinity.

Currently there are only short-term occupational leases and licenses in place. Whilst this means we are able to take vacant possession of the space at reasonably short notice, these flexible arrangements produce a relatively low income and a high level of non-recoverable property costs. The initial yield on acquisition was 2.45% and we expect this to decrease as we take back space for our proposed reconfiguration and refurbishment project. Once the scheme is complete, we shall let the improved space on conventional leases at market rents and with full recovery of property costs. The capital expenditure over a three-year period is not expected to exceed £10 million.

Jaeger House, 57 Broadwick Street, cost £32.3 million (including purchase costs). It now forms part of our Carnaby village and, importantly, is close to our growing holdings in Soho, which now extend to 1.1 acres. Broadwick Street is an increasingly important east-west pedestrian route through Soho, linking Carnaby and Berwick Street and towards the new Tottenham Court Road Crossrail station under construction in Dean Street. The property, built in 1970, currently comprises 24,900 sq. ft. of office and retail accommodation on lower floors, together with 37 flats sold on long leases above the commercial space. The initial yield on acquisition was 2.8%. The commercial tenancies expire in June 2015 and the building offers a number of interesting options including the potential, subject to planning consent, to increase and reconfigure space and introduce new uses.

Other acquisitions in the wholly owned portfolio were in Chinatown, Charlotte Street and Soho, and included two shops, two restaurants, one bar and seven apartments. In addition, our Longmartin joint venture bought in a long leasehold interest on 7,500 sq. ft. of office space within its existing ownership.

We remain very selective in what we buy, acquiring buildings which are in and around our villages, have a predominance of, or potential for, retail, restaurant, café and leisure uses, and provide potential for future rental growth, either individually or through combination with our existing ownerships. The West End continues to offer exceptional security and long-term prospects for investors, and these qualities remain important to existing owners, who are naturally reluctant to sell.

DEMAND AND OCCUPANCY

Demand for all uses across each location has been strong throughout the period, and remains so. In addition, we anticipate space which is likely to become vacant and often market it in advance. Consequently, occupancy levels across the portfolio have remained high.

Vacancy at 31 March 2014

	Shops	Restaurants, cafés and leisure	Offices	Residential	Longmartin	Total	% of total ERV
Held for or under refurbishment							
ERV - £million							
Foubert's Place/Kingly Street scheme	0.5	0.4	0.7	0.4	-	**2.0**	**1.8%**
Other schemes	0.4	0.9	0.5	1.4	-	**3.2**	**2.8%**
Total held for or under refurbishment	**0.9**	**1.3**	**1.2**	**1.8**	**-**	**5.2**	**4.6%**
Area - '000 sq.ft.	14	19	20				
Number of units	10	8		62			
Available							
ERV - £million							
Ready to let	0.9	0.1	0.1	0.1	-	**1.2**	**1.1%**
Under offer	0.4	0.2	0.7	0.1	0.1	**1.5**	**1.3%**
EPRA vacancy	**1.3**	**0.3**	**0.8**	**0.2**	**0.1**	**2.7**	**2.4%**
Area - '000 sq.ft.	17	5	12				
Number of units	15	7		9			

The ERV of schemes underway at 31 March 2014 was £5.2 million, of which the scheme to redevelop the buildings fronting the south side of Foubert's Place and Kingly Street accounted for £2.0 million (1.8% of total ERV).

The ERV of other schemes was £3.2 million, equivalent to 2.8% of total ERV. These schemes included nine small shops (ERV < £100,000 p.a.) with a total ERV of £0.4 million, seven restaurants and cafés, two of which (ERV: £0.2 million) were under offer and 10,000 sq. ft. of offices (ERV: £0.5 million). It also included the creation of 35 apartments (ERV: £1.0 million) and refurbishment of 15 apartments (ERV: £0.4 million), the majority of which we expect to complete over the coming six months.

EPRA vacancy at 31 March 2014 was £2.7 million, representing 2.4% of ERV, of which £1.5 million was under offer. The fourteen shops ready to let included five large shops (ERV: £0.6 million), of which one (ERV: £0.1 million) has been let since 31 March 2014. Other ready-to-let vacancy included three cafés, 2,100 sq. ft. of office space and five apartments.

OUR PORTFOLIO

Our wholly owned portfolio comprises over 575 buildings, virtually all of which contain a mix of uses. Shops, restaurants, cafés and bars are on the lower floors, whilst the upper floors generally comprise offices or apartments, or a mix of both.

SHOPS – 37% CURRENT INCOME

	Wholly owned	Longmartin
Number	331	24
Area (sq. ft.)	460,000	69,000
Weighted average unexpired lease length (years)	4	4

In the six months to 31 March 2014 we completed seventeen new shop lettings, securing rents totalling £1.8 million and renewed six leases to existing tenants with a combined rental value of £0.9 million. With relatively little retail space available to let in our portfolio, in the short term the absence of open-market letting evidence has, in certain locations, tempered the growth in ERVs.

Our portfolio comprises a wide range of shop sizes and rental values. Our 93 larger shops (rental value over £100,000 p.a.) provide 65% of current rental income, with 238 smaller units providing 35%. Shops in Carnaby and Covent Garden produce 76% of current retail rental income.

The variety of larger and small shops is important to the character and mix of retail concepts found in our locations. However, we are keen to improve the configuration of space within our generally older buildings to provide more efficient accommodation for occupiers. Demand for larger units from overseas retailers is particularly noticeable at present.

Our current scheme on Foubert's Place, expected to complete in early 2015, will create 7,500 sq. ft. of new retail space. In Seven Dials we have now secured the planning and Listed Building consents necessary to reconfigure 21,000 sq. ft. of retail space in the Thomas Neal's Centre, to reduce the current sixteen units to fewer larger units, or potentially a single flagship unit. We have identified potential schemes in our recent major purchases in Carnaby and Chinatown, which, subject to obtaining the necessary planning consents, will create large new or much-improved shops to complement our retail space on adjacent streets.

RESTAURANTS, CAFÉS AND LEISURE – 33% OF CURRENT INCOME

	Wholly owned	Longmartin
Number	247	8
Area (sq. ft.)	546,000	43,000
Weighted average unexpired lease length (years)	11	13

The strong demand for restaurant and leisure space we have previously reported continues unabated. After a very busy year of lettings in 2013, we have had little vacant space available to let during the period. We completed the letting of one large restaurant and six smaller units at a total rent of £0.8 million and concluded two lease renewals totalling £0.2 million.

With sustained occupier demand for restaurant and leisure uses, and their growing importance in the West End economy, we continue to identify opportunities to increase and improve the space we are able to provide. Our current scheme to reconfigure two restaurants, which extend to 7,500 sq. ft., in Wardour Street and Rupert Street is progressing well, with completion expected in the summer.

We are well advanced in repositioning Kingly Court, in Carnaby, to create a lively dining and leisure hub. We are attracting interesting operators who are bringing innovative food and café concepts which add to the growing number of restaurants on Kingly Street. Pedestrianisation of Kingly Street has significantly increased footfall and the quality and variety of operators, attracting customers from the large numbers of shoppers throughout Carnaby and in Regent Street and Oxford Street, as well as from the large working population in the vicinity.

Our ideas for the recently-acquired Newport Sandringham building include the relocation of restaurant and bar uses from the Charing Cross Road frontage to provide valuable, well-configured restaurant accommodation in Newport Place, augmenting our existing variety of restaurant space in Chinatown. Public realm improvements now being planned could provide opportunities for outside seating, further enhancing the area's lively atmosphere.

Elsewhere, we are continuing to identify opportunities to secure vacant possession of restaurant buildings and space to reconfigure and improve existing accommodation and, in some cases, introduce new uses to currently under-utilised upper floors. Such schemes allow us to bring interesting new operators to our locations, as well as unlocking value in our buildings, whilst providing useful market letting evidence. During the period, we secured possession of over 7,000 sq. ft. of restaurant space in Covent Garden, including three units in Neal's Yard, where we are introducing exciting new independent restaurant concepts, and a prominent unit on Cambridge Circus, close to the Tottenham Court Road Crossrail hub, where marketing is already underway.

OFFICES – 17% OF CURRENT INCOME

	Wholly owned	Longmartin
Area (sq. ft.)	411,000	102,000
Weighted average unexpired lease length (years)	3	5

Offices in and around our locations bring a large working population who are customers for our shops, restaurants, cafés, pubs and bars. Our offices are generally small (average size 1,300 sq. ft.) and rental levels are modest (average c. £40 per sq. ft.). During the period, with little available space, we completed £0.3 million of new lettings and £0.8 million of lease renewals.

As we have previously reported, levels of vacant office space are low, both in our portfolio and across the West End generally. Demand for office space has remained strong throughout the period, particularly as our traditional occupiers in the media, creative and IT industries are enjoying buoyant trading conditions. In addition, we are seeing demand from businesses currently based in more expensive locations. This limited availability of space and high demand are benefitting rental values and reducing tenant incentives.

In Carnaby, our largest office location, our scheme to refurbish 18,500 sq. ft. of space in a building on Ganton Street, was completed in February 2014. We have taken two floors for our own occupation, and the remaining three floors have now been let. Later this year we shall commence marketing the 10,500 sq. ft. of new office space we are developing in our mixed use scheme, accessed from Kingly Street. The space will be available in early 2015.

In the coming months, we will be investigating reconfiguration options for Jaeger House, a 24,900 sq. ft. predominantly office building in Broadwick Street, which we acquired in March 2014. We will be evaluating the feasibility of increasing floor space and options to introduce new uses into the building, including the conversion of ground floor office space to provide new, large retail units on Broadwick Street, an increasingly busy route linking Carnaby and Soho.

RESIDENTIAL – 13% OF CURRENT INCOME

	Wholly owned	Longmartin
Number	487	75
Area (sq. ft.)	290,000	55,000

Over recent years there has been a growing interest in living in the West End, offering easy access to its unrivalled shopping, restaurant and leisure choices and its cultural attractions. This has led to sustained demand for reasonably-priced apartments to rent, allowing us to convert smaller offices, which no longer meet the requirements of modern occupiers to residential use.

Our 487 wholly-owned apartments, together with 75 in the Longmartin joint venture, now produce 13% of our current income. With virtually full occupancy, our apartments produce a growing and reliable income stream.

We continue to identify opportunities to create new residential accommodation within our portfolio, particularly when we secure possession of, or acquire, older, unmodernised buildings. In addition, we are now reconfiguring and up-grading some of our existing apartments in response to changing market demand.

RESULTS

EPRA earnings for the six months ended 31 March 2014 amounted to £16.1 million (31.3.2013: £15.1 million), an increase of 6.6% compared with the same period in the previous year. EPRA EPS totalled 6.3p (31.3.2013: 6.0p).

EPRA earnings	**Six months ended** **31.3.2014** **£m**	31.3.2013 £m	Year ended 30.9.2013 £m
Reported profit before tax	**120.5**	81.8	241.7
Adjusted for:			
Surplus arising on revaluation of investment properties	**(101.0)**	(62.0)	(174.3)
Movement in fair value of financial derivatives	**(3.3)**	(4.6)	(37.0)
Adjusted profit before tax	**16.2**	15.2	30.4
Current tax	**(0.1)**	(0.1)	(0.2)
EPRA earnings	**16.1**	15.1	30.2
EPRA EPS	**6.3p**	6.0p	12.0p

Rents receivable increased by £3.6 million (8.7%) to £44.8 million, compared with the same period in 2013 (31.3.2013: £41.2 million). Excluding acquisitions, which contributed £0.6 million to the increase, like-for-like growth in rents receivable in the wholly owned portfolio was 6.9%. This increase was driven by lettings, renewals and rent reviews, and the completion of redevelopment and refurbishment schemes, which had tempered growth in rental income in 2013.

Property charges, excluding recoverable property costs, increased by 9.4% to £5.8 million (31.3.2013: £5.3 million), remaining at around 12.9% of rents receivable. Net property income increased by 8.6% to £39.0 million (31.3.2013: £35.9 million).

Administrative expenses, excluding the charge for equity-settled remuneration, totalled £4.6 million (31.3.2013: £4.0 million) and included a provision for annual bonuses of £0.6 million (31.3.2013: £0.25 million). With our portfolio continuing to perform strongly, the forecast vesting of the NAV element of share options has increased, which resulted in the cost attributable to equity-settled remuneration rising by £0.4 million to £1.7 million (31.3.2013: £1.3 million). This charge included a non-cash accounting provision in respect of share options of £1.4 million (31.3.2013: £1.0 million) and a charge for employer's national insurance of £0.3 million (31.3.2013: £0.3 million).

Net finance costs (excluding the change in fair value of our interest rate swaps) increased by £1.1 million to £16.5 million (31.3.2013: £15.4 million) largely as a result of acquisitions and capital expenditure over the last 18 months being debt-funded. The increased charge also reflected the higher margin we are paying following the refinancing of our Lloyds revolving credit facility in November 2013, as well as a write-off of unamortized deferred loan issue costs totalling £0.2 million, following this facility restructuring.

The fair value deficit attributable to our interest rate swaps decreased by £3.3 million to £92.5 million during the first half. The Board keeps the Group's interest rate hedging strategy, and the impact our derivatives have on the long-term financing of the business, under review. As part of the restructuring of our arrangements with Lloyds Banking Group in April 2014, we terminated approximately one third of our interest rate swaps at a cost of £29.0 million.

As a REIT, the Group's activities are largely exempt from corporation tax. However, the Longmartin joint venture is outside our REIT group and, as such, is subject to corporation tax. Our share of its tax charge for the six months ended 31 March 2014 was £2.2 million (31.3.2013: £1.0 million), of which £2.1 million (31.3.2013: £0.9 million) was a charge for deferred tax, largely as a result of the revaluation of Longmartin's portfolio.

NET ASSET VALUE

EPRA net assets have increased by £226.8 million to £1,662.4 million since 30 September 2013. Our placing in March 2014 accounted for £153.2 million of this increase and property revaluation gains contributed £101.0 million, whilst provision for the cost of terminating interest rate swaps in April 2014 has reduced the total by £29.0 million.

EPRA NAV per share rose 5.1% to £5.96 (30.9.2013: £5.67). This increase takes into account EPRA earnings for the period of 6.3p per share and the property revaluation surplus which contributed 40p per share. These amounts were offset by the payment of the 2013 final dividend of 6.25p per share and provision for terminating interest rate swaps of 10p per share. The share placing in March 2014 was broadly NAV per share-neutral.

EPRA adjusted net assets	**31.3.2014** **£m**	31.3.2013 £m	30.9.2013 £m
Reported net assets	**1,587.7**	1,185.8	1,330.7
Adjusted for:			
Fair value adjustment in respect of financial derivatives	**92.5**	128.2	95.8
Less: cost of terminating swaps in April 2014	**(29.0)**	-	-
Deferred tax on revaluation surplus and capital allowances	**11.2**	7.8	9.1
EPRA net assets	**1,662.4**	1,321.8	1,435.6
EPRA NAV per share	**£5.96**	£5.23	£5.67

CASH FLOWS AND NET DEBT

Net debt decreased by £72.8 million to £532.1 million over the six months to 31 March 2014 (30.9.2013: £604.9 million). Cash inflow from operating activities, net of interest and tax payments, was £21.5 million (31.3.2013: £19.2 million) which funded dividend payments totalling £16.7 million (31.3.2013: £15.4 million). The remainder of the decrease was largely due to the net proceeds from our share placing of £153.2 million, offset by cash outflows in respect of acquisitions and capital expenditure totalling £81.6 million, and loan facility arrangement costs of £2.1 million. At 31 March 2014, we had payment obligations in respect of acquisitions totalling £32.2 million which were settled in April.

FINANCE

In March 2014, we strengthened our equity base with an issue of shares by way of a placing. We issued 25.25 million shares, equivalent to approximately 9.99% of our issued share capital at the time, at £6.20 per share, producing net proceeds after issue costs of £153.2 million. This equity injection initially reduced drawings under our revolving credit facilities, which were subsequently redrawn to fund the Newport Sandringham purchase. The completion of the Jaeger House acquisition in April utilised further funds and the balance provides us with the capacity to continue to expand and improve our portfolio.

In May 2014, we completed the restructuring of £225 million of facilities with Lloyds Banking Group which were due to mature in 2016. In November 2013, we refinanced £125 million of these facilities with a new five-year revolving credit facility, which was then increased by a further £25 million in May 2014. The remaining £100 million of facilities were then cancelled and replaced with a new £134.75 million fixed-interest fifteen year term loan from Canada Life Investments. As part of these arrangements, we cancelled interest rate swaps on a notional principal of £110 million at a cost of £29.0 million. The balance of proceeds from the new term loan (net of arrangement costs) was used to repay existing indebtedness drawn under other revolving credit facilities, which are available for re-drawing. Together, these transactions increased the Group's financial resources by £59.75 million to £755.75 million, diversified our sources of finance and improved the maturity profile of our debt, increasing the weighted average maturity of our debt to 7.6 years (30.9.2013: 5.8 years). As a result of these transactions, our earliest facility maturities, which are in 2016, have been reduced to £150 million.

On a pro-forma basis, reflecting these financing transactions and taking into account the completion of property acquisitions exchanged before 31 March 2014, we had undrawn facilities of £159.5 million (30.9.2013: £90.8 million) and the Group's loan-to-value ratio was 26.3% (30.9.2013: 29.5%).

With the surplus proceeds from the placing used to reduce the drawings under our unhedged variable-rate bank facilities, which are cheaper than our hedged debt, the weighted average cost of debt was 5.23% (30.9.2013: 5.07%). However, the marginal cost of borrowing under these facilities is currently around 1.5% (30.9.2013: 1.65%) and, therefore, as we make further drawings to fund acquisitions and investment in our portfolio, the weighted average cost of debt will decrease. The average margin on our drawn variable rate bank facilities increased by 19 basis points to 1.10% (30.9.2013: 0.91%) and this would rise to 1.24% if all facilities were fully drawn (30.9.2013: 1.04%).

PRO-FORMA DEBT SUMMARY‡ (INCLUDING OUR 50% SHARE OF LONGMARTIN'S DEBT)	**31.3.2014 £m**	30.9.2013 £m
Fixed rate debt*	**255.8**	121.0
Bank debt hedged by swaps	**250.0**	360.0
Total fixed debt*	**505.8**	481.0
Unhedged bank debt	**90.5**	124.2
Total debt*	**596.3**	605.2
Undrawn facilities (floating rate)	**159.5**	90.8
Committed facilities	**755.8**	696.0
Debt ratios		
Loan-to-value*	**26.3%**	29.5%
Gearing*†	**35.9%**	42.1%
Interest cover	**1.98x**	1.97x
Weighted average cost of debt	**5.23%**	5.07%
Weighted average debt maturity	**7.6 years**	5.8 years
% of debt fixed or effectively fixed	**84.8%**	79.5%

‡ Pro-forma analysis as at 31 March 2014 to recognise the refinancing transactions completed after that date and the completion of property acquisitions exchanged prior to that date.

* Based on nominal value of debt

† Measured against EPRA net assets

BOARD CHANGES

As previously announced, Gordon McQueen, our Senior Independent Director and Chairman of the Audit Committee, retired from the Board at the conclusion of the 2014 Annual General Meeting in February. He was succeeded as Senior Independent Director by Jill Little and as Chairman of the Audit Committee by Dermot Mathias. Jill Little stepped down as Chairman of the Remuneration Committee and was replaced by Sally Walden.

LOOKING AHEAD

Recovery in business and consumer confidence is increasingly evident, both in the UK and other countries affected by the global financial crisis. The ever-growing popularity of London's world-renowned attractions, many of which are in, or close to, the West End, are bringing increasing numbers of visitors and spending. Similarly, London's status as an international business hub continues to attract businesses, particularly from the media, creative and IT industries, stimulating development of new office schemes in and around our locations and adding to employment opportunities for London's rapidly growing population.

Crossrail, currently the largest infrastructure transport undertaking in Europe, is expected to increase London's rail capacity by 10%. Providing more comfortable travelling conditions, and reducing congestion at nearby Underground stations, it will improve accessibility to the West End, and consequently is proving to be an important catalyst for regeneration. In addition to developments in the vicinity of the stations now under construction, major public realm improvements are now being planned which will provide greater capacity for the expected substantial increase in visitors to the West End. All our holdings are within half a mile of the Tottenham Court Road and Bond Street transport hubs, which, together, are expected annually to handle 220 million passengers by 2026.

Our portfolio is continuing to benefit from strong demand for all uses and high occupancy levels, and is delivering growing current and potential rental income. Activity levels across the portfolio remain high and we continue to identify schemes further to improve income and capital values. Our recent major acquisitions in Chinatown and Carnaby offer considerable potential although, as with many of our projects, it is inevitable, in the short term, the income they currently produce will be reduced as we progress our plans.

Improving economic sentiment and substantial public and private investment in buildings and infrastructure are bringing more visitors and business to the West End. We are confident that, with our proven long-term management strategy, our portfolio will continue to deliver sustained growth in income and capital values.

Brian Bickell
Chief Executive

Christopher Ward
Finance Director

19 May 2014

Note

We have decided that, like many other listed companies, we will no longer be issuing a hard copy of the half year statement to shareholders. The half year results to 31 March 2014 and all future half year statements will, however, be available on our web site at www.shaftesbury.co.uk.

PORTFOLIO ANALYSIS

At 31 March 2014		Note	Carnaby	Covent Garden	Chinatown	Soho	Charlotte Street	Wholly owned portfolio	Longmartin	Total portfolio
Portfolio	Fair value	1	**£761.4m**	**£605.5m**	**£523.7m**	**£161.7m**	**£60.0m**	**£2,112.3m**	**£156.5m***	**£2,268.8m**
	% of total fair value		**34%**	**27%**	**23%**	**7%**	**2%**	**93%**	**7%**	**100%**
	Current income	2	**£29.0m**	**£24.5m**	**£21.6m**	**£6.5m**	**£2.6m**	**£84.2m**	**£6.4m***	**£90.6m**
	ERV	3	**£39.8m**	**£30.0m**	**£25.3m**	**£7.8m**	**£2.9m**	**£105.8m**	**£8.1m***	**£113.9m**
Shops	Number		**109**	**111**	**72**	**34**	**5**	**331**	**24**	
	Area – sq. ft.		**182,000**	**139,000**	**93,000**	**37,000**	**9,000**	**460,000**	**69,000**	
	% of current income	4	**52%**	**33%**	**27%**	**23%**	**7%**	**37%**	**41%**	
	% of ERV	4	**48%**	**34%**	**29%**	**28%**	**10%**	**37%**	**36%**	
	Average unexpired lease length – years	5	**4**	**4**	**5**	**4**	**2**	**4**	**4**	
Restaurants, cafés and leisure	Number		**45**	**87**	**71**	**27**	**17**	**247**	**8**	
	Area – sq. ft.		**89,000**	**165,000**	**203,000**	**53,000**	**36,000**	**546,000**	**43,000**	
	% of current income	4	**13%**	**36%**	**60%**	**40%**	**54%**	**35%**	**16%**	
	% of ERV	4	**14%**	**34%**	**57%**	**37%**	**54%**	**33%**	**15%**	
	Average unexpired lease length – years	5	**12**	**10**	**13**	**8**	**11**	**11**	**13**	
Offices	Area – sq. ft.		**250,000**	**84,000**	**36,000**	**33,000**	**8,000**	**411,000**	**102,000**	
	% of current income	4	**29%**	**13%**	**5%**	**17%**	**7%**	**16%**	**25%**	
	% of ERV	4	**32%**	**13%**	**5%**	**15%**	**8%**	**18%**	**35%**	
	Average unexpired lease length – years	5	**3**	**2**	**3**	**2**	**1**	**3**	**5**	
Residential	Number		**86**	**200**	**98**	**61**	**42**	**487**	**75**	
	Area – sq. ft.		**51,000**	**121,000**	**65,000**	**34,000**	**19,000**	**290,000**	**55,000**	
	% of current passing rent	4	**6%**	**18%**	**8%**	**20%**	**32%**	**12%**	**18%**	
	% of ERV	4	**6%**	**19%**	**9%**	**20%**	**28%**	**12%**	**14%**	

BASIS OF VALUATION

At 31 March 2014	Note	Carnaby	Covent Garden	Chinatown	Soho	Charlotte Street	Wholly owned portfolio	Longmartin
Overall initial yield	7	**3.54%**	**3.72%**	**3.73%**	**3.66%**	**3.64%**	**3.65%**	**3.48%**
Initial yield ignoring contractual rent-free periods	8	**3.88%**	**4.01%**	**3.78%**	**3.86%**	**3.66%**	**3.83%**	**4.05%**
Overall equivalent yield	9	**4.56%**	**4.34%**	**4.39%**	**4.35%**	**4.24%**	**4.43%**	**4.38%**
Tone of retail equivalent yields	10	**4.25 - 5.35%**	**4.15 - 5.65%**	**4.10 - 5.50%**	**4.35 - 6.00%**	**4.75 - 5.75%**		**3.75 - 5.25%**
Tone of retail ERVs - ITZA £ per sq. ft.	10	**£115 - £445**	**£63 - £450**	**£140 - £310**	**£95 - £250**	**£85 - £120**		**£94 - £505**
Tone of restaurant equivalent yields	10	**4.65 - 5.50%**	**4.25 - 5.15%**	**4.10 - 4.75%**	**4.35 - 4.90%**	**4.15 - 4.90%**		**5.00 – 5.50%**
Tone of restaurant ERVs - £ per sq. ft.	10	**£93 - £115**	**£50 - £165**	**£200 - £370 ITZA**	**£80 - £127 (£237 ITZA)**	**£65 - £86**		**£75 - £113**
Tone of office equivalent yields	10	**5.35% - 5.50%**	**4.75 - 6.00%**	**5.25 – 5.75%**	**5.00 - 5.35%**	**5.50 - 5.75%**		**4.75 – 5.00%**
Tone of office ERVs - £ per sq. ft.	10	**£48 - £70**	**£35 - £60**	**£39 - £48**	**£33 - £48**	**£34 - £40**		**£38 - £62**
Tone of residential ERVs - £ per annum	10	**£13,900 - £78,500**	**£10,000 - £110,000**	**£11,500 - £50,000**	**£15,900 - £60,440**	**£13,000 - £32,500**		**£19,200 - £98,800**

Notes

1. The fair values at 31 March 2014 (the "valuation date") shown in respect of the individual 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 income includes total annual 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 income does not reflect any ground rents, head rents nor 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, ERV 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 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. ERV does not reflect any ground rents, head rents nor rent charges and estimated irrecoverable outgoings.

4. The percentage of current income and the percentage of ERV in each of the use sectors are expressed as a percentage of total 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 and as if any future stepped rental uplifts under leases had occurred.

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.

12. For presentation purposes some percentages have been rounded to the nearest integer.

13. The analysis includes accommodation which is awaiting or undergoing refurbishment or development and is not available for occupation at the date of valuation.

Unaudited Group Statement of Comprehensive Income

for the six months ended 31 March 2014

	Note	Six months ended **31.3.2014 £m**	31.3.2013 £m	Year ended 30.9.2013 £m
Continuing operations				
Revenue from properties	3	**48.5**	44.6	89.6
Property charges	4	**(9.5)**	(8.7)	(16.4)
Net property income	5	**39.0**	35.9	73.2
Administrative expenses		**(4.6)**	(4.0)	(8.9)
Charge in respect of equity settled remuneration	6	**(1.7)**	(1.3)	(2.7)
Total administrative expenses		**(6.3)**	(5.3)	(11.6)
Operating profit before investment property valuation movements		**32.7**	30.6	61.6
Investment property valuation movements	11	**101.0**	62.0	174.3
Operating profit		**133.7**	92.6	235.9
Finance income		**-**	0.1	0.1
Finance costs	7	**(16.5)**	(15.5)	(31.3)
Change in fair value of derivative financial instruments	17	**3.3**	4.6	37.0
Net finance (costs)/income		**(13.2)**	(10.8)	5.8
Profit before tax		**120.5**	81.8	241.7
Current tax		**(0.1)**	(0.1)	(0.2)
Deferred tax		**(2.1)**	(0.9)	(2.2)
Tax charge for the period	8	**(2.2)**	(1.0)	(2.4)
Profit and total comprehensive income		**118.3**	80.8	239.3
Earnings per share:	9			
Basic		**46.3p**	32.1p	95.0p
Diluted		**46.2p**	32.0p	94.7p
EPRA		**6.3p**	6.0p	12.0p

The notes on pages 20 to 31 form an integral part of the condensed consolidated half year financial statements.

Unaudited Group Balance Sheet

as at 31 March 2014

	Note	**31.3.2014 £m**	31.3.2013 £m	30.9.2013 £m
Non-current assets				
Investment properties	11	**2,261.7**	1,907.8	2,046.6
Lease incentives	12	**10.6**	9.0	9.3
Property, plant and equipment		**1.7**	0.6	0.6
		2,274.0	1,917.4	2,056.5
Current assets				
Trade and other receivables	13	**17.0**	13.8	19.7
Cash and cash equivalents	14	**6.4**	5.8	5.7
Total assets		**2,297.4**	1,937.0	2,081.9
Current liabilities				
Trade and other payables	15	**69.3**	34.7	35.8
Non-current liabilities				
Borrowings	16	**536.7**	580.5	610.5
Derivative financial instruments	17	**92.5**	128.2	95.8
Deferred tax liabilities		**11.2**	7.8	9.1
Total liabilities		**709.7**	751.2	751.2
Net assets		**1,587.7**	1,185.8	1,330.7
Equity				
Ordinary shares	18	**69.5**	63.0	63.1
Share premium		**124.2**	123.5	124.3
Share based payments reserve		**2.7**	3.0	3.0
Retained earnings		**1,391.3**	996.3	1,140.3
Total equity		**1,587.7**	1,185.8	1,330.7
Net asset value per share:	19			
Basic		**£5.72**	£4.71	£5.27
Diluted		**£5.70**	£4.69	£5.26
EPRA		**£5.96**	£5.23	£5.67

The notes on pages 20 to 31 form an integral part of the condensed consolidated half year financial statements.

Unaudited Group Cash Flow Statement

for the six months ended 31 March 2014

	Note	Six months ended **31.3.2014** **£m**	31.3.2013 £m	Year ended 30.9.2013 £m
Cash flows from operating activities				
Cash generated from operating activities	20	**38.1**	34.4	62.0
Interest received		**-**	0.1	0.1
Interest paid		**(16.5)**	(15.0)	(30.4)
Corporation tax paid		**(0.1)**	(0.3)	(0.4)
Net cash generated from operating activities		**21.5**	19.2	31.3
Cash flows from investing activities				
Property acquisitions		**(71.5)**	(12.6)	(28.1)
Capital expenditure on investment properties		**(10.1)**	(9.1)	(20.7)
Purchase of property, plant and equipment		**(1.3)**	(0.1)	(0.2)
Net cash used in investing activities		**(82.9)**	(21.8)	(49.0)
Cash flows from financing activities				
Net proceeds from share placing		**153.2**	-	-
Proceeds from exercise of share options		**-**	-	0.9
(Repayment of)/proceeds from borrowings	16	**(72.1)**	18.7	48.5
Facility arrangement costs	16	**(2.1)**	-	-
Payment of head lease liabilities	16	**(0.2)**	(0.2)	(0.4)
Equity dividends paid		**(16.7)**	(15.4)	(30.9)
Net cash from financing activities		**62.1**	3.1	18.1
Net change in cash and cash equivalents		**0.7**	0.5	0.4
Cash and cash equivalents at the beginning of the period	14	**5.7**	5.3	5.3
Cash and cash equivalents at the end of the period	14	**6.4**	5.8	5.7

The notes on pages 20 to 31 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 2014

	Note	Ordinary shares £m	Merger reserve £m	Share premium £m	Share based payments reserve £m	Retained earnings £m	Total £m
At 1 October 2013		**63.1**	**-**	**124.3**	**3.0**	**1,140.3**	**1,330.7**
Profit and total comprehensive income for the period ended 31 March 2014		**-**	**-**	**-**	**-**	**118.3**	**118.3**
Transactions with owners:							
Dividend paid during the period	10	**-**	**-**	**-**	**-**	**(15.9)**	**(15.9)**
Shares issued in connection with share placing	18	**6.3**	**150.3**	**-**	**-**	**-**	**156.6**
Transfer to retained earnings		**-**	**(150.3)**	**-**	**-**	**150.3**	**-**
Transactions costs associated with share placing	18	**-**	**-**	**-**	**-**	**(3.4)**	**(3.4)**
Shares issued in connection with the exercise of share options	18	**0.1**	**-**	**(0.1)**	**-**	**-**	**-**
Fair value of share based payments	6	**-**	**-**	**-**	**1.4**	**-**	**1.4**
Transfer in respect of options exercised		**-**	**-**	**-**	**(1.7)**	**1.7**	**-**
At 31 March 2014		**69.5**	**-**	**124.2**	**2.7**	**1,391.3**	**1,587.7**
At 1 October 2012		62.9	-	123.6	2.7	930.2	1,119.4
Profit and total comprehensive income for the period ended 31 March 2013		-	-	-	-	80.8	80.8
Transactions with owners:							
Dividend paid during the period	10	-	-	-	-	(15.4)	(15.4)
Shares issued in connection with the exercise of share options		0.1	-	(0.1)	-	-	-
Fair value of share based payments	6	-	-	-	1.0	-	1.0
Transfer in respect of options exercised		-	-	-	(0.7)	0.7	-
At 31 March 2013		63.0	-	123.5	3.0	996.3	1,185.8
At 1 October 2012		62.9	-	123.6	2.7	930.2	1,119.4
Profit and total comprehensive income for the year ended 30 September 2013		-	-	-	-	239.3	239.3
Transactions with owners:							
Dividends paid during the year	10	-	-	-	-	(31.1)	(31.1)
Shares issued in connection with the exercise of share options		0.2	-	0.7	-	-	0.9
Fair value of share based payments	6	-	-	-	2.2	-	2.2
Transfer in respect of options exercised		-	-	-	(1.9)	1.9	-
At 30 September 2013		63.1	-	124.3	3.0	1,140.3	1,330.7

The notes on pages 20 to 31 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 2014

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 2013 were approved by the Board of directors on 27 November 2013 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 Conduct 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 2013, 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 half year financial statements.

CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

The preparation of these half year financial statements requires the Board to make judgements, assumptions and estimates that affect amounts reported in the 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 directors consider the valuation of investment property to be critical because of the level of complexity, judgement or estimation involved and its impact on the financial statements. The Group uses the valuations performed by its external valuers, DTZ Debenham Tie Leung Limited and Knight Frank LLP, as the basis for the fair value of its investment properties.

The valuation of the Group's property portfolio is inherently subjective due to, amongst other factors, the individual nature of each property, its location and the expected future rental income. As a result, the valuations the Group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the commercial property market. The investment property valuations contain a number of assumptions upon which DTZ Debenham Tie Leung Limited and Knight Frank LLP have based their valuations; these are detailed in the Basis of Valuation on page 14. These assumptions are in accordance with the RICS Valuation Standards. However, if any assumptions made by the external valuers prove to be incorrect, this may mean that the value of the Group's properties differs from their valuation reported in the financial statements, which could have a material effect on the Group's financial condition.

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 adopted are consistent with those of the previous financial year except as described below:

IFRS 13 Fair value measurement - IFRS 13 measurement and disclosure requirements are applicable for the year ending 30 September 2014. The Group's derivative financial instruments are measured at fair value, being the estimated amount that the Group would receive or pay to terminate the agreement at the balance sheet date, taking into account current interest rate expectations and the current credit rating of the counterparties. The gain or loss at each fair value remeasurement is recognised in the Group Statement of Comprehensive Income. The implementation of this standard has resulted in a credit value adjustment which has reduced the reported deficit. It has also resulted in additional disclosures.

As a result of adopting IFRS 13, the financial statements for the year ending 30 September 2014 will include additional assumptions and sensitivity disclosures regarding the fair value measurement of investment properties. This standard is not expected to have an impact on reported investment property valuations.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

a) The following interpretations and amendments to standards are mandatory for the first time for the financial year beginning 1 October 2013:

Standard or Interpretation	Effective from
IAS 12 Income taxes on deferred tax	1 January 2013
IFRS 13 Fair value measurement	1 January 2013
IAS 19 (revised 2011) Employee benefits	1 January 2013
IFRS 7 Financial instruments asset and liability offsetting	1 January 2013
Annual improvements 2011	1 January 2013

b) Standards, amendments and interpretations relevant to the Group that are not yet effective in the year ending 30 September 2014 and not expected to have a significant impact on the Group's financial statements:

Standard or Interpretation	Effective from
IFRS 10 Consolidated financial statements	1 January 2014
IFRS 12 Disclosure of interests in other entities	1 January 2014
IAS 27 (revised 2011) Separate financial statements	1 January 2014
IAS 28 (revised 2011) Associates and joint ventures	1 January 2014
IAS 32 Financial instruments presentation on offsetting financial assets and liabilities	1 January 2014
IAS 36 Impairment of assets	1 January 2014
IAS 39 Financial instruments - recognition and measurement	1 January 2014

c) The following new standard is relevant to the Group but not yet effective in the year ending 30 September 2014 and is expected to have a significant impact on the Group's financial statements:

Standard or Interpretation	Effective from
IFRS 11 Joint arrangements	1 January 2014

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 single line items for the investment and its share of the joint venture's profit or loss. This change will not affect the Group's reported net assets nor profit after tax.

3. REVENUE FROM PROPERTIES AND SEGMENTAL INFORMATION

	Six months ended		Year ended
	31.3.2014	31.3.2013	30.9.2013
	£m	£m	£m
Rents receivable:			
Wholly owned Group	**41.8**	38.2	77.6
Group's share of Longmartin joint venture (note 21)	**3.0**	3.0	5.9
Rents receivable	**44.8**	41.2	83.5
Recoverable property expenses	**3.7**	3.4	6.1
	48.5	44.6	89.6

Rents receivable include lease incentives recognised of £1.0 million (31.3.2013: £0.6 million; 30.9.2013: £1.3 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 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 net property income and investment property valuation measures. All financial information provided to the Board is prepared on a basis consistent with these 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 and Balance Sheet.

4. PROPERTY CHARGES

	Six months ended		Year ended
	31.3.2014	31.3.2013	30.9.2013
	£m	£m	£m
Property operating costs	**2.6**	2.4	4.8
Fees payable to managing agents	**1.1**	1.0	1.9
Letting, rent review, and lease renewal costs	**1.5**	1.4	2.5
Village promotion costs	**0.6**	0.5	1.1
Property outgoings	**5.8**	5.3	10.3
Recoverable property expenses	**3.7**	3.4	6.1
	9.5	8.7	16.4

5. NET PROPERTY INCOME

	Six months ended		Year ended
	31.3.2014	31.3.2013	30.9.2013
	£m	£m	£m
Wholly owned Group	**36.4**	33.2	67.9
Group's share of Longmartin joint venture (note 21)	**2.6**	2.7	5.3
	39.0	35.9	73.2

6. CHARGE IN RESPECT OF EQUITY SETTLED REMUNERATION

	Six months ended		Year ended
	31.3.2014	31.3.2013	30.9.2013
	£m	£m	£m
Charge for equity settled remuneration	**1.4**	1.0	2.2
Employer's national insurance in respect of share awards and share options vested or expected to vest	**0.3**	0.3	0.5
	1.7	1.3	2.7

7. FINANCE COSTS

	Six months ended		Year ended
	31.3.2014	31.3.2013	30.9.2013
	£m	£m	£m
Debenture stock interest and amortisation	**2.5**	2.5	5.0
Bank and other interest	**5.5**	4.8	9.8
Bank facility arrangement cost amortisation	**0.5**	0.3	0.5
Amounts payable under derivative financial instruments	**7.8**	7.7	15.6
Amounts payable under head leases	**0.2**	0.2	0.4
	16.5	15.5	31.3

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 current tax charge of £0.1 million (31.3.2013: £0.1 million; 30.9.2013: £0.2 million) and the deferred tax charge of £2.1 million (31.3.2013: £0.9 million; 30.9.2013: £2.2 million) are 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.

	31.3.2014		31.3.2013		30.9.2013	
	Profit after tax £m	**EPS pence**	Profit after tax £m	EPS pence	Profit after tax £m	EPS pence
Basic	**118.3**	**46.3**	80.8	32.1	239.3	95.0
EPRA adjustments:						
Investment property valuation movements	**(101.0)**	**(39.5)**	(62.0)	(24.6)	(174.3)	(69.2)
Movement in fair value of derivative financial instruments	**(3.3)**	**(1.3)**	(4.6)	(1.8)	(37.0)	(14.7)
Deferred tax on property valuations and capital allowances	**2.1**	**0.8**	0.9	0.3	2.2	0.9
EPRA	**16.1**	**6.3**	15.1	6.0	30.2	12.0
Diluted	**118.3**	**46.2**	80.8	32.0	239.3	94.7
Weighted average number of ordinary shares in issue (million)		**255.3**		251.6		251.9
Weighted average number of ordinary shares in issue for the calculation of diluted earnings per share (million)		**256.1**		252.7		252.7

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

	Six months ended		Year ended
	31.3.2014	31.3.2013	30.9.2013
	£m	£m	£m
Final dividend paid in respect of:			
Year ended 30 September 2013 at 6.25p per share	**15.9**	-	-
Year ended 30 September 2012 at 6.05p per share	**-**	15.4	15.4
Interim dividend paid in respect of:			
Six months ended 31 March 2013 at 6.25p per share	**-**	-	15.7
	15.9	15.4	31.1

An interim dividend in respect of the six months ended 31 March 2014 of 6.50p per ordinary share was declared by the Board on 19 May 2014. The interim dividend will be paid entirely as a PID on 4 July 2014 to shareholders on the register at 13 June 2014. The dividend will be accounted for as an appropriation of revenue reserves in the year ending 30 September 2014.

11. INVESTMENT PROPERTIES

	31.3.2014	31.3.2013	30.9.2013
	£m	£m	£m
At beginning of period	**2,041.2**	1,818.1	1,818.1
Acquisitions	**103.6**	12.4	28.0
Refurbishment and other capital expenditure	**10.5**	9.9	20.8
Net gain on revaluation	**101.0**	62.0	174.3
	2,256.3	1,902.4	2,041.2
Add: Head leases capitalised (note 16)	**5.4**	5.4	5.4
Book value at end of period	**2,261.7**	1,907.8	2,046.6
Fair value at end of period:			
Properties valued by DTZ Debenham Tie Leung Limited	**2,112.3**	1,779.1	1,908.9
Properties valued by Knight Frank LLP	**156.5**	134.0	143.7
	2,268.8	1,913.1	2,052.6
Add: Head lease capitalised	**5.4**	5.4	5.4
Less: Lease incentives recognised to date (note 12)	**(12.5)**	(10.7)	(11.4)
Book value at end of period	**2,261.7**	1,907.8	2,046.6

Investment properties were subject to external valuation as at 31 March 2014 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.

The fair value of each of the properties has been primarily derived using comparable recent market transactions on an arm's length basis. There are a number of assumptions that are made in deriving the fair value including assessments of market yields and estimated income. The key assumptions are set out in the basis of valuation on page 14.

Investment properties include freehold properties valued at £1,937.5 million, leasehold properties with an unexpired term of over 50 years valued at £214.2 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 £117.1 million.

Capital commitments

	31.3.2014 £m	31.3.2013 £m	30.9.2013 £m
Wholly owned Group:			
Authorised and contracted	**18.9**	19.6	19.1
Authorised but not contracted	**-**	-	0.5
Group's share of Longmartin joint venture:			
Authorised and contracted	**0.3**	0.2	0.2
Authorised but not contracted	**-**	0.2	-

12. LEASE INCENTIVES

	31.3.2014 £m	31.3.2013 £m	30.9.2013 £m
Lease incentives recognised to date	**12.5**	10.7	11.4
Less: included in trade and other receivables (note 13)	**(1.9)**	(1.7)	(2.1)
	10.6	9.0	9.3

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.

13. TRADE AND OTHER RECEIVABLES

	31.3.2014 £m	31.3.2013 £m	30.9.2013 £m
Amounts due from tenants	**9.2**	8.7	11.4
Provision for doubtful debts	**(0.5)**	(0.5)	(0.4)
	8.7	8.2	11.0
Lease incentives	**1.9**	1.7	2.1
Other receivables and prepayments	**6.4**	3.9	6.6
	17.0	13.8	19.7

At 31 March 2014, cash deposits totalling £13.7 million were held against tenants' rent payment obligations (31.3.2013: £12.3 million; 30.9.2013: £13.7 million).

14. CASH AND CASH EQUIVALENTS

Cash balances at 31 March 2014 included amounts of £4.2 million (31.3.2013: £4.2 million; 30.9.2013: £4.2 million) which are held in accounts or on deposit that have certain conditions which restrict the use of these monies. Holding cash in restricted accounts does not prevent the Group from earning returns by placing these monies in interest-bearing accounts or on deposit.

15. TRADE AND OTHER PAYABLES

	31.3.2014 £m	31.3.2013 £m	30.9.2013 £m
Rents and service charges invoiced in advance	**19.0**	17.8	19.4
Corporation tax payable	**0.2**	0.2	0.2
Amounts due in respect of property acquisitions	**32.2**	-	0.1
Trade payables and accruals in respect of capital expenditure	**5.0**	5.3	4.6
Other payables and accruals	**12.9**	11.4	11.5
	69.3	34.7	35.8

16. BORROWINGS

	Nominal value £m	**Unamortised premium and issue costs £m**	**31.3.2014 £m**	31.3.2013 £m	30.9.2013 £m
Debenture stock	**61.0**	**2.4**	**63.4**	63.5	63.5
Secured bank loans	**412.1**	**(3.7)**	**408.4**	452.2	482.2
Secured term loan	**60.0**	**(0.5)**	**59.5**	59.4	59.4
Debenture and secured loans	**533.1**	**(1.8)**	**531.3**	575.1	605.1
Head lease obligations	**5.4**	**-**	**5.4**	5.4	5.4
Total borrowings	**538.5**	**(1.8)**	**536.7**	580.5	610.5

NET DEBT

	31.3.2014 £m	31.3.2013 £m	30.9.2013 £m
Borrowings (as above)	**538.5**	580.8	610.6
Cash and cash equivalents (note 14)	**(6.4)**	(5.8)	(5.7)
	532.1	575.0	604.9

AVAILABILITY AND MATURITY OF BORROWINGS

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

	Facilities	
	Committed £m	**Undrawn £m**
Repayable between 2 and 5 years	**375.0**	**125.2**
Repayable between 5 and 10 years	**261.0**	**37.7**
Repayable between 10 and 15 years	**60.0**	**-**
	696.0	**162.9**
Head lease obligations - leases expiring in 166 years	**5.4**	**-**
At 31 March 2014	**701.4**	**162.9**
At 31 March 2013	701.4	120.6
At 30 September 2013	701.4	90.8

MOVEMENT IN BORROWINGS

	1.10.2013 £m	**Cash flows £m**	**Non-cash items £m**	**31.3.2014 £m**
Debenture Stock	**(63.5)**	**-**	**0.1**	**(63.4)**
Secured bank loans	**(484.2)**	**72.1**	**-**	**(412.1)**
Secured term loan	**(60.0)**	**-**	**-**	**(60.0)**
Facility arrangement costs	**2.6**	**2.1**	**(0.5)**	**4.2**
Head lease obligations	**(5.4)**	**0.2**	**(0.2)**	**(5.4)**
Six months ended 31 March 2014	**(610.5)**	**74.4**	**(0.6)**	**(536.7)**
Six months ended 31 March 2013	(561.6)	(18.9)	-	(580.5)
Year ended 30 September 2013	(561.6)	(48.1)	(0.8)	(610.5)

INTEREST RATE PROFILE OF INTEREST BEARING BORROWINGS

	31.3.2014		31.3.2013		30.9.2013	
	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 2014 at latest, including margin)	**52.1**	**1.53%**	94.4	1.38%	124.2	1.41%
Hedged borrowings						
Interest rate swaps (including margin)	**360.0**	**5.92%**	360.0	5.75%	360.0	5.78%
Total bank borrowings	**412.1**	**5.36%**	454.4	4.85%	484.2	4.66%
Fixed rate borrowings						
Secured term loan (interest rate fixed until December 2026)	**60.0**	**4.43%**	60.0	4.43%	60.0	4.43%
Debenture (interest rate fixed until March 2024)	**63.4**	**7.93%**	63.5	7.93%	63.5	7.93%
Weighted average cost of drawn borrowings		**5.56%**		5.14%		4.98%

The Group also incurs non-utilisation fees on undrawn facilities. At 31 March 2014, the weighted average charge on undrawn facilities of £162.9 million (31.3.2013: £120.6 million; 30.9.2013: £90.8 million) was 0.60% (31.3.2013: 0.52%; 30.9.2013: 0.52%).

17. FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

	31.3.2014 £m	31.3.2013 £m	30.9.2013 £m
Interest rate swaps			
At beginning of period	**(95.8)**	(132.8)	(132.8)
Fair value movement credited in the Group Statement of Comprehensive Income	**3.3**	4.6	37.0
At end of period	**(92.5)**	(128.2)	(95.8)

Interest rate hedging in place at 31 March 2014

The Group has in place interest rate swaps to hedge £360.0 million of floating rate bank debt, at fixed rates in the range of 4.61% to 5.20%, with a weighted average rate of 4.89%. The swaps, which settle against three month LIBOR, expire between December 2027 and November 2038. The weighted average term is 18.9 years (30.9.2013: 19.4 years). If mutual break or early termination options were exercised the weighted average term would be 4.5 years (30.9.2013: 4.2 years).

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 using forward interest rates with reference to the mid-point of the yield curve at the balance sheet date, using the following fair value hierarchy:

Hierarchy	Description	Instrument
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.	-
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).	Interest rate swaps
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). Discounted cash flows are used to determine fair values of these instruments.	-

Interest rate swaps are the only financial instruments which are held at fair value. There have been no transfers between hierarchy levels during the period.

8.5% Mortgage Debenture Stock 2024 and secured term loan

The 8.5% Mortgage Debenture Stock 2024 and the Group's share of its joint venture's 4.43% secured term loan are held at amortised cost in the Balance Sheet. The fair value of the liability in excess of book value which is not recognised in the reported results for the period is £14.1 million (31.3.2013: £17.7 million; 30.9.2013: £14.0 million).

Other financial instruments

The fair values of the Group's and Company's cash and cash equivalents, trade and other receivables, interest bearing borrowings (other than the 8.5% Mortgage Debenture Stock 2024 and its share of the secured term loan), head leases and trade and other payables are not materially different from the values at which they are carried in the financial statements.

18. ORDINARY SHARES

During the period, 25,250,000 ordinary 25p shares were issued at £6.20 per share, raising £156.6 million. Transaction costs in connection with the issue, which amounted to £3.4 million, have been charged against retained earnings in accordance with the Companies Act 2006.

Also during the period, 283,007 ordinary 25p shares were issued in connection with the exercise of nil cost options granted under the 2006 LTIP.

19. NET ASSET VALUE PER SHARE

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

	31.3.2014 Net assets		31.3.2013 Net assets		30.9.2013 Net assets	
		Per share		Per share		Per share
	£m	**£**	£m	£	£m	£
Basic	**1,587.7**	**5.72**	1,185.8	4.71	1,330.7	5.27
Additional equity if all vested share options are exercised	**0.2**		1.1		0.2	
Diluted	**1,587.9**	**5.70**	1,186.9	4.69	1,330.9	5.26
Fair value deficit in respect of Debenture and secured term loan	**(14.1)**	**(0.05)**	(17.7)	(0.07)	(14.0)	(0.06)
EPRA triple net	**1,573.8**	**5.65**	1,169.2	4.62	1,316.9	5.20
Fair value deficit in respect of Debenture and secured term loan	**14.1**	**0.05**	17.7	0.07	14.0	0.06
Fair value of derivative financial instruments	**92.5**	**0.32**	128.2	0.51	95.8	0.37
Derivative financial instrument termination costs	**(29.0)**	**(0.10)**	-	-	-	-
Deferred tax on property valuations and capital allowances	**11.2**	**0.04**	7.8	0.03	9.1	0.04
EPRA	**1,662.6**	**5.96**	1,322.9	5.23	1,435.8	5.67
Ordinary shares in issue (million)		**277.8**		251.7		252.3
Diluted ordinary shares in issue (million)		**278.8**		253.0		253.2

At 31 March 2014 it was management's intention to terminate interest rate swaps, with a notional principal of £110 million. These swaps were terminated in April 2014 at a cost of £29.0 million. This cost has been allowed for in the EPRA net asset value calculations, in line with their Best Practice Recommendations.

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 those options.

20. CASH FLOWS FROM OPERATING ACTIVITIES

	Six months ended		Year ended
	31.3.2014	31.3.2013	30.9.2013
	£m	£m	£m
Operating activities			
Profit before tax	**120.5**	81.8	241.7
Adjusted for:			
Lease incentives recognised	**(1.0)**	(0.6)	(1.3)
Charge for share based remuneration (note 6)	**1.4**	1.0	2.2
Depreciation and losses on disposals	**0.2**	0.1	0.2
Investment property valuation movements (note 11)	**(101.0)**	(62.0)	(174.3)
Net finance costs/(income)	**13.2**	10.8	(5.8)
Cash flows from operations before changes in working capital	**33.3**	31.1	62.7
Changes in working capital:			
Change in trade and other receivables	**3.2**	3.4	(2.1)
Change in trade and other payables	**1.6**	(0.1)	1.4
Cash generated from operating activities	**38.1**	34.4	62.0

21. RESULTS OF JOINT VENTURE

The Group's share of the results of its joint venture for the period and its assets and liabilities at that date, which have been consolidated in the Group's Statement of Comprehensive Income and Balance Sheet, are set out below:

	Six months ended		Year ended
	31.3.2014	31.3.2013	30.9.2013
	£m	£m	£m
Statement of Comprehensive Income			
Rents receivable (adjusted for lease incentives)	**3.0**	3.0	5.9
Recoverable property expenses	**0.4**	0.3	0.6
Revenue from properties	**3.4**	3.3	6.5
Property outgoings	**(0.4)**	(0.3)	(0.6)
Recoverable property expenses	**(0.4)**	(0.3)	(0.6)
Property charges	**(0.8)**	(0.6)	(1.2)
Net property income	**2.6**	2.7	5.3
Administrative expenses	**(0.2)**	(0.2)	(0.3)
Operating profit before investment property valuation movements	**2.4**	2.5	5.0
Investment property valuation movements	**10.0**	3.5	13.0
Operating profit	**12.4**	6.0	18.0
Net finance costs	**(1.6)**	(1.5)	(2.9)
Profit before tax	**10.8**	4.5	15.1
Tax charge for the period	**(2.2)**	(1.0)	(2.5)
Profit and total comprehensive income	**8.6**	3.5	12.6
Transactions with owners:			
Dividends paid	**(0.5)**	(4.0)	(8.3)
Movement in retained earnings	**8.1**	(0.5)	4.3

	31.3.2014	31.3.2013	30.9.2013
	£m	£m	£m
Balance Sheet			
Non-current assets			
Investment properties at book value	**157.9**	135.5	145.3
Lease incentives	**3.0**	3.1	3.1
	160.9	138.6	148.4
Current assets	**7.4**	11.1	7.4
Total assets	**168.3**	149.7	155.8
Current liabilities	**7.6**	5.3	5.3
Non-current liabilities			
Secured term loan	**60.0**	60.0	60.0
Other non-current liabilities	**16.0**	12.6	13.9
Total liabilities	**83.6**	77.9	79.2
Net assets attributable to the Shaftesbury Group	**84.7**	71.8	76.6

22. RELATED PARTY TRANSACTIONS

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

Transactions between the Company and its joint venture, which is also a related party, have all been eliminated on consolidation except for administrative fees of £0.1 million (31.3.2013: £0.1 million; 30.9.2013: £0.2 million).

23. EVENTS OCCURING AFTER THE REPORTING PERIOD

In April 2014, the Group arranged a new £134.75 million fixed-interest fifteen-year term loan, which was drawn on 2 May 2014. The proceeds were used to repay and cancel a £100.0 million bank facility, which was due to mature in 2016.

Interest rate swaps, with a notional principal of £110.0 million, were terminated at a cost of £29.0 million. In addition, one of the Group's bank facilities, with a maturity in 2018, was increased by £25.0 million.

Principal Risks and Uncertainties

The principal strategic risks are those which might prevent the Group from achieving its goal of long-term sustainable growth in rental income. The risks facing the Group for the remaining six months of the financial year are summarised below. These risks are consistent with those set out in the Annual Report for the year ended 30 September 2013, where we also detail relevant mitigating factors.

Risk of a sustained fall in visitor numbers and/or spending which affects the West End and/or our villages.

- Events which discourage visitors, such as threats to security or public safety due to terrorism, health concerns such as an influenza pandemic, or disruption to the public transport network on which the area depends, could reduce visitor numbers.
- Competition from other locations could result in long-term decline in footfall and consequently rents and values.
- Failure to maintain the special character and/or tenant mix in our villages which is key to attracting visitors and potential occupiers. Our tenants' prosperity suffers because of a sustained consequential decrease in footfall which results in downward pressure on rents.

Regulatory risk

Increasing regulation and its unforeseen consequences causes uncertainty. Changes in national and local policies and regulation could increase costs, adversely limit our ability to optimise revenues and affect our values.

- All of the Group's properties are located 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.
- Legislation which is intended to bring about improvements to the environmental standards of buildings may impose obligations on owners of older buildings which conflict with the existing legal requirements governing conservation areas and listed buildings. Such legislation may restrict the future use of older buildings by making them subject to standards of environmental performance which cannot be met because changes required would be inconsistent with existing legislation for listed buildings and conservation areas.

Valuation risk

The valuation of property assets includes assumptions regarding the income expectation and yields that investors would expect to achieve on those assets over time.

- Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other asset classes, could lead to a reappraisal of the assumptions used to arrive at current valuations.
- In adverse conditions, this reappraisal can lead to a reduction in property values and a loss in net asset value, amplified by the effect of gearing. Such reduction in property values and loss of net asset value could result in the Group being unable to meet the asset-related covenants contained in its various finance agreements.

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 half year 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 last Annual Report.

The directors of Shaftesbury PLC are listed in its Annual Report for the year ended 30 September 2013.

A list of current directors is maintained on the Shaftesbury PLC website: www.shaftesbury.co.uk.

On behalf of the Board

Brian Bickell
Chief Executive

Chris Ward
Finance Director

19 May 2014

Independent review report to Shaftesbury PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half year report of Shaftesbury PLC for the six months ended 31 March 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements 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 Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Shaftesbury PLC, comprise:

- the Unaudited Group Statement of Comprehensive Income for the period then ended;
- the Unaudited Group Balance Sheet as at 31 March 2014;
- the Unaudited Group Cash Flow Statement for the period then ended;
- the Unaudited Group Statement of Changes in Shareholders' Equity for the period then ended; and
- the explanatory notes to the half year report.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the half year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

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.

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 interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The half year report, including the condensed consolidated interim financial statements, 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 Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim 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 complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
19 May 2014

Shareholder Information

Registrar

Equiniti Limited maintains the Group's Register or 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 plus network extras. Lines open 8.30am to 5.30pm, Monday to Friday.

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

Effect of REIT status on payment of dividends

As a REIT, we do not pay UK corporation tax in respect of rental profits and chargeable gains relating to our property rental business. However, we are required to distribute at least 90% of the qualifying income (broadly calculated using the UK tax rules) as a PID.

Certain categories of shareholder may be able to receive the PID element of 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.

Further information and the forms for completion to apply for PIDs to be paid gross are available on the Group's website or from the registrar. The deadline for completed forms to be with the registrar for payment of the 2014 interim dividend is 13 June 2014.

Where the Group pays an ordinary dividend, in addition to the PID, this will be treated in the same way as dividends from non-REIT companies.

Corporate Timetable

Financial Calendar

Interim Management Statement (second half)	July/August 2014
Annual Results	November 2014
Annual General Meeting	February 2015

Dividends and Debenture interest

Proposed 2014 interim dividend:

Ex-dividend	11 June 2014
Record date	13 June 2014
Payment date	4 July 2014
Debenture stock interest	30 September 2014

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 year adjusted for acquisitions and capital expenditure.

Compound Annual Growth Rate (CAGR)
The year-on-year growth rate of an investment over a specified period of time.

Conservation area
A conservation area is an area of special architectural interest, the character or appearance of which it is desirable to preserve or enhance. In dealing with development in conservation areas, the general aim of authorities is to ensure that the quality of townscape is preserved or enhanced, though legislation gives protection to individual buildings considered to be of particular heritage, significance and value to an area.

EPRA adjustments
Standard adjustments to calculate EPS and NAV as set out by EPRA in its Best Practice Recommendations.

EPRA EPS
EPRA EPS is the level of recurring income arising from core operational activities. It excludes all items which are not relevant to the underlying and recurring portfolio performance.

EPRA NAV
EPRA NAV aims to provide a consistent long-term performance measure, by adjusting reported net assets for items that are not expected to crystallise in normal circumstances, such as the fair value of derivative financial instruments and deferred tax on property valuation surpluses. EPRA NAV includes the potentially dilutive effect of outstanding options granted over ordinary shares.

EPRA net assets
Net assets used in the EPRA NAV calculation, excluding additional equity if all vested share options were exercised.

EPRA triple net asset value
EPRA NAV incorporating the fair value of debt which is not included in the reported net assets.

EPRA vacancy
The rental value of vacant property available expressed as a percentage of ERV of the total portfolio.

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.

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 EPRA net assets.

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

Interest cover
The interest cover is a measure of the number of times the Group can make interest payments with its operating profit before investment property disposals and valuation movements.

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

Like-for-like portfolio
The like-for-like portfolio includes all properties that have been held for the whole period of account.

Loan-to-value
Nominal value of borrowings expressed as a percentage of the fair value of property assets.

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

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

Net asset value return
The change in EPRA NAV per ordinary share plus dividends paid per ordinary share expressed as a percentage of the EPRA NAV per share at the beginning of the year.

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 property return
Net property income and the valuation movement and realised surpluses or deficits arising from the portfolio for the year expressed as percentage return on the valuation at the beginning of the year adjusted for acquisitions and capital expenditure.

Total Shareholder Return (TSR)
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 year.