Half Year Results 2017

Shaftesbury

SHAFTESBURY 2017 HALF YEAR RESULTS
Growth in earnings, dividend and capital values

Shaftesbury, the Real Estate Investment Trust and owner of an exceptional 14.5 acre property portfolio in the heart of London's West End, today announces its results for the six months ended 31 March 2017.

Highlights

- **London's West End continues to flourish, with good trading and footfall across our locations**
- **Continuing good occupier demand across all uses delivering rental growth and low vacancy**
- **Strong growth in earnings from increased contracted income and reduced finance costs, following refinancing in October 2016. Interim dividend increase of 10.5% to 7.9p per share.**
- **EPRA NAV growth[4] of 2.7% over six months driven by portfolio valuation growth[1] of 2.0%**
- **Extensive asset management activity, with schemes across 216,000 sq. ft. (11.9%), including major projects in Seven Dials, Chinatown and Carnaby**
- **£48.1 million invested during the period: £28.1 million of acquisitions and £20.0 million of capital expenditure**

Growth in income, earnings, dividend and NAV

		Six months ended		
Statement of Comprehensive Income		**31.3.2017**	31.3.2016	Change
Reported results				
Net property income	£m	**43.8**	42.1	+4.0%
Profit after tax	£m	**102.4**	80.1	+27.8%
Basic earnings per share	Pence	**36.7**	28.8	+27.4%
Interim dividend per share	Pence	**7.9**	7.15	+10.5%
EPRA results[3,4]				
Earnings	£m	**22.8**	20.2	+12.9%
Earnings per share	Pence	**8.2**	7.3	+12.3%

- Dividend fully covered by EPRA earnings per share[4] and adjusted earnings per share[4,5]

Balance Sheet		**31.3.2017**	30.9.2016	Change
Reported				
Net assets	£m	**2,469**	2,387	+3.4%
Diluted net asset value per share[4]	£	**8.83**	8.54	+3.4%
EPRA[3,4]				
Net assets	£m	**2,551**	2,482	+2.8%
Net asset value per share	£	**9.12**	8.88	+2.7%

- Increase in EPRA NAV[4] over 12 months to 31.3.2017: 43p (4.8%) before a reduction of 24p as a result of refinancing activity reported in the results for the year ended 30.9.2016.
- Net asset value return[4] for six months ended 31.3.2017: 3.6% (12 months: 6.5% before exceptional refinancing costs noted above).

Continued growth in contracted rents, ERVs and portfolio value[6]

- Portfolio valuation[4]: £3.45 billion. Capital value growth[1] over the six months: +2.0% (12 months: +3.9%).

- ERV increased by £3.5 million to £142.2 million. Growth[1] over six months: 1.9% (12 months: +4.3%). CAGR[1] over 10 years: 4.8%.

- Portfolio reversionary potential has grown by £1.1 million to £30.2 million, 27.0% above current annualised income, of which £14.2 million relates to refurbishment schemes in progress at 31 March 2017.

- Equivalent yields unchanged. Wholly-owned portfolio: 3.56% (30.9.2016: 3.57%); Longmartin joint venture: 3.79% (30.9.2016: 3.79%).

Good demand for available space

- EPRA vacancy[2] at 31 March 2017: 3.0% of ERV, including 0.8% in respect of the recently completed Thomas Neal's Warehouse scheme. 1.0% of EPRA vacancy was under offer.

- Commercial lettings, lease renewals and rent reviews[2] (rental value: £9.3 million) concluded at an average 5.6% above 30 September 2016 ERV and 9.7% above ERV at 31 March 2016.

Further investment in our portfolio

- Redevelopment and refurbishment schemes during the period across 216,000 sq. ft. (11.9% of floor space[1]). Capital expenditure[2]: £20.0 million.

- Major schemes: Thomas Neal's Warehouse completed and shortlist of proposals from interested parties being evaluated. Central Cross (Charing Cross Road/Chinatown) completing in May; marketing has commenced and initial interest is encouraging. 57 Broadwick Street progressing well with completion in phases from autumn 2017; marketing has recently commenced.

- Continuing to identify further asset management initiatives across the portfolio to increase rental potential and unlock value.

- Acquisitions, totalling £28.1 million, of properties offering potential for good rental and capital growth.

- Disposals of non-core assets, totalling £5.4 million, including four apartments sold at 9.2% above book value at 30 September 2016.

Strong Balance Sheet

- Conservative loan-to-value ratio[4,6,7]: 26.1% (30.9.2016: 25.8%).

- Weighted average maturity of debt[4,6,7]:10.3 years (30.9.2016:10.8 years).

- Weighted average cost of debt[4,6,7]: 3.7% (30.9.2016: 3.9%).

- Committed unutilised facilities: £178.4 million. Marginal cost on these facilities: 1.3%.

Brian Bickell, Chief Executive, commented:

"This has been another busy period for Shaftesbury, with the benefit of asset management activity across the portfolio and last year's refinancing initiatives delivering growth in earnings, the interim dividend and portfolio value.

Across our portfolio, the data we collect is showing a clear trend of year-on-year turnover growth for our restaurant, leisure and retail tenants, reflecting the buoyancy of the West End's economy. Occupier demand for these uses, and our office and residential space, is good and vacancy levels remain low.

Looking ahead, the UK faces a period of uncertainty as it negotiates its exit from the EU. Whilst this brings a risk of lower business and consumer confidence, we expect the West End, underpinned by its wide appeal and dynamic economy, will maintain its long record of resilience. Our exceptional portfolio, located in its most popular destinations, continues to flourish. With the benefit of our forensic local knowledge and enterprising management, we are confident it will continue to deliver sustained long-term growth in income, capital values and returns to shareholders."

22 May 2017

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1. Like-for-like.
2. Wholly-owned portfolio.
3. Calculated in accordance with EPRA Best Practice Recommendations.
4. An alternative performance measure ("APM"). The Group uses a number of APMs to assess and explain its performance, some of which are considered to be APMs as they are not defined under IFRS. Where appropriate, reconciliations to IFRS reported figures are provided within the half year results.
5. After adding back the non-cash accounting charge for share options.
6. Includes 50% of the Longmartin joint venture.
7. Comparative stated pro-forma for refinancing of our Debenture Stock on 7 October 2016 and cancellation of interest rate swaps on notional principal of £55m, in October 2016.

See Glossary of terms on pages 42 to 43.

This announcement includes inside information.

There will be a presentation to equity analysts at 9.30am on Tuesday 23 May 2017, at The London Stock Exchange, 10 Paternoster Square, London EC4M 7LS.

There is a live audio webcast of the analyst presentation which you can access via the following link: https://goo.gl/74V1Uh or from our website. A playback facility of this presentation will be available on the Group's website www.shaftesbury.co.uk by the end of the day. The presentation document is available on the Group's website www.shaftesbury.co.uk

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.

Ends.

Half year results

Introduction

This has been another busy period for Shaftesbury, with the benefit of asset management activity across the portfolio and last year's refinancing initiatives delivering growth in earnings, the interim dividend and portfolio value.

The global appeal of London's West End underpins its broad-based economy and future prospects. For visitors, whether local, domestic or international, the unique mix of world-class historic and cultural attractions, together with an exciting, innovative dining and leisure scene and a world-renowned choice of shopping, combine to offer a city destination experience estimated to attract 300 million visits annually. Forecasts show this exceptional footfall will continue to grow in the years ahead, particularly with the improved connectivity the opening of the Elizabeth Line will bring when services start next year.

Office occupiers, ranging from local SMEs to international businesses, particularly those in the arts, media and technology sectors, continue to seek a base in, or close to, the West End, giving them access to an unmatched pool of creative talent and knowledge in a business-friendly environment.

The performance of the UK economy has been resilient since the EU referendum last June, although there are currently some national indications of slowing domestic consumer spending and confidence. In contrast, the West End continues to benefit from increasing numbers of international visitors, whose spending power has been enhanced by the recent strength of their local currencies against Sterling since the referendum.

Across our portfolio, the data we collect is showing a clear trend of year-on-year turnover growth for our restaurant, leisure and retail tenants, reflecting the buoyancy of the West End's economy. Occupier demand for these uses, and our office and residential space, is good and vacancy levels remain low.

Looking ahead, the UK faces a period of uncertainty as it negotiates its exit from the EU. Whilst this brings a risk of lower business and consumer confidence, we expect the West End, underpinned by its wide appeal and dynamic economy, will maintain its long record of resilience. Our exceptional portfolio, located in its most popular destinations, continues to flourish. With the benefit of our forensic local knowledge and enterprising management, we are confident it will continue to deliver sustained long-term growth in income, capital values and returns to shareholders.

Our business

Accumulated over 30 years, our exceptional portfolio is entirely in the liveliest parts of London's West End. Extending to almost 14.5 acres, together with a 50% share of 1.9 acres held in joint venture, it comprises nearly 600 buildings, mainly clustered in Carnaby, Seven Dials and Chinatown, as well as substantial ownerships in east and west Covent Garden, Soho and Charlotte Street.

We focus on restaurants, leisure and retail. Our 583 restaurants, cafés, pubs and shops extend to 1.1 million sq. ft. and provide 70% of our current income. In the West End, there is a long history of sustained demand for this space but a number of structural factors limit its availability, which has resulted in low vacancy and stable, long-term rental growth. As we provide restaurant, leisure and retail space in shell-form, without capital contribution to tenants' fit-out, our exposure to obsolescence is limited. These are important factors in our portfolio's prospects and shareholder returns.

Generally, the upper floors in our buildings comprise small offices and rental apartments, which provide 30% of our current income. In our locations, the long-term trend is for demand to exceed supply of this space.

Fundamental to the management of our portfolio is a long-term strategy aimed at curating distinctive, lively, and interesting destinations, which attract footfall and spending, offering prosperity for our tenants.

Focused on long-term sustainable income and value creation, elements of the strategy include:

- Selecting new restaurant, leisure and retail formats to respond to ever-changing tastes and expectations;
- Working with our tenants to promote our areas across a wide range of media channels;
- Improving and reconfiguring buildings to provide more efficient accommodation for occupiers, maximising valuable restaurant, leisure and retail space wherever possible; and
- Investing in the public realm to increase pedestrian capacity and raise the quality of streetscapes.

With our clusters of ownerships, the improvements we make to individual buildings or streets bring compound benefits to our adjacent and nearby holdings.

Portfolio review

Lower floors – 70% of current income[1]

	Wholly-owned	Longmartin[2]
Restaurants, cafés and leisure – 36% of current income[1]		
Number	282	10
Area (sq. ft.)	600,000	45,000
Retail – 34% of current income[1]		
Number	301	21
Area (sq. ft.)	471,000	67,000

1. Wholly-owned portfolio
2. Shaftesbury has a 50% interest

- **Restaurants, cafés and leisure**

With increasing numbers of visitors to the West End, and the widely-recognised growth in interest and spending on leisure activities, our 282 restaurants, cafés and pubs are important drivers of footfall and trading in our locations. We are the largest single provider of dining and leisure space in the West End, curating high-profile and busy destinations such as Kingly Court, Neal's Yard, Chinatown and the Opera Quarter. The majority of our restaurants offer casual dining, with a focus on atmosphere, quality and experience, increasingly with an all-day offer.

Operators are attracted to the West End as it provides access to exceptional daily footfall throughout the year and a discerning, affluent customer base of domestic and international visitors and a large working population. The independent sector is particularly active, reflecting the demand from diners to experience high quality, creative and accessible new food concepts, often then sharing their experiences on social media.

Availability of space remains constrained by planning policies, which restrict large-scale development in our locations and discourage conversion of existing space to leisure uses, and the reluctance of operators to relinquish their valuable space other than for significant premiums. Against this backdrop of strong occupier demand and limited supply of space, competition for any of our available space is intense and vacancy rates are low.

During the period, we completed leasing transactions in the wholly-owned portfolio with a rental value of £4.5 million, of which rent reviews accounted for £3.4 million.

	Six months ended 31.3.2017			Six months ended 31.3.2016
		Rental value		Rental value
	Number	**£m**	**% of use ERV**	£m
Lettings and renewals	8	1.1	2.4%	0.5
Rent reviews	22	3.4	7.6%	4.0
	30	**4.5**	**10.0%**	4.5

Additionally, our share of leasing transactions in the Longmartin joint venture was £0.9 million (31.3.2016: £0.2 million).

- **Retail**

Providing 77% of our current retail income, Carnaby and Seven Dials make an important contribution to the West End's reputation as a leading global shopping destination. We have a wide range of shop sizes and rental levels across our buildings and streets, allowing us to provide a variety of retail formats, from start-ups to more established operators, whilst offering retailers flexibility to expand or introduce new concepts. Importantly, rental levels in our high-footfall and spending locations are competitive compared with nearby streets.

We continue to have good interest for space, both from domestic and overseas retailers. A key aspect of our strategy to create and maintain distinctive retail locations is tenant selection, focussing on interesting concepts rather than high street brands, and maintaining flexibility in our leasing so we are able to respond to ever-changing tastes in fashion and lifestyle shopping.

We completed leasing transactions in the wholly-owned portfolio with an ERV of £2.9 million in the period. The volume of lettings was lower than for the same period last year, reflecting the lack of space available to let.

	Six months ended 31.3.2017			Six months ended 31.3.2016
		Rental value		Rental value
	Number	**£m**	**% of use ERV**	£m
Lettings and renewals	8	1.0	2.2%	3.5
Rent reviews	10	1.9	4.1%	1.4
	18	**2.9**	**6.3%**	4.9

Our share of lettings and rent reviews in the Longmartin joint venture was £0.5 million (31.3.2016: £0.7 million).

Upper floors – 30% of current income[1]

	Wholly-owned	**Longmartin[2]**
Offices – 17% of current income[1]		
Area (sq. ft.)	405,000	102,000
Residential – 13% of current income[1]		
Number	570	75
Area (sq. ft.)	338,000	55,000

1. Wholly-owned portfolio
2. Shaftesbury has a 50% interest

- **Offices**

With 405,000 sq. ft. of office space, let to 248 tenants, we are an important provider of small and flexible office accommodation in the core West End. Our average letting is 1,400 sq. ft. at £52 per sq. ft. (30.9.2016: £51 per sq. ft.) and average ERV is £63 per sq. ft. (30.9.2016: £61 per sq. ft.).

Demand for the smaller, flexible space we offer remains good, particularly from the media, creative and tech sectors, which often find their natural home in Soho and Covent Garden. In contrast to large, modern offices, availability of this type of space remains low across our locations and, throughout the period, leasing terms have remained broadly unchanged and occupancy levels have been high.

During the period, wholly-owned office lettings, renewals and rent reviews with a rental value of £1.9 million were completed.

	Six months ended 31.3.2017			Six months ended 31.3.2016
		Rental value		Rental value
	Number	**£m**	**% of use ERV**	£m
Lettings and renewals	26	1.8	7.2%	1.4
Rent reviews	1	0.1	0.4%	-
	27	**1.9**	**7.6%**	1.4

Our share of office lettings and rent reviews in the Longmartin joint venture was £1.4 million (31.3.2016: £0.1 million).

- **Residential**

Our 570 flats are mainly studios and one or two bedroom apartments, many of which have been created by converting small office space back to its original residential use. Demand for our mid-market apartments remains good, resulting in high occupancy levels and a stable cash flow. During the period, there has been a slight softening in achieved rental levels, owing to increased availability of newly-built buy-to-let flats across central London. We continue our rolling programme to reconfigure and upgrade our apartments, to ensure they offer a specification to match this newer accommodation and maintain our high occupancy rates.

Wholly-owned residential lettings and renewals with a rental value of £4.6 million were completed in the period.

	Six months ended 31.3.2017			Six months ended 31.3.2016
		Rental value		Rental value
	Number	**£m**	**% of use ERV**	£m
Lettings and renewals	**167**	**4.6**	**28.2%**	2.8

Our share of residential letting activity in the Longmartin joint venture was £0.2 million (31.3.2016: £0.4 million).

Leasing and occupancy

During the six months ended 31 March 2017, we concluded leasing transactions in the wholly-owned portfolio with a rental value of £13.9 million (31.3.2016: £13.6 million). Of this, commercial transactions totalled £9.3 million (31.3.2016: £10.8 million) and residential lettings and renewals amounted to £4.6 million (31.3.2016: £2.8 million). Rents for commercial uses were, on average, 5.6% above ERV at 30 September 2016 and 9.7% ahead of ERV twelve months ago.

	Six months ended 31.3.2017		Six months ended 31.3.2016
	£m		£m
Commercial			
Lettings and renewals	**3.9**	+4.9% vs 30 September 2016 ERV	5.3
Rent reviews	**5.4**	+24.8% vs previous rent (5-year CAGR: 4.4%)	5.5
	9.3	+5.6% vs 30 September 2016 ERV	10.8
Residential			
Lettings and renewals	**4.6**	-0.5% vs previous rent	2.8
Total	**13.9**		13.6

Our share of leasing transactions in the Longmartin joint venture was £3.0 million (31.3.2016: £1.4 million), with commercial rents achieved, on average, 0.2% and 2.7% ahead of ERV at 30 September 2016 and 31 March 2016 respectively. Accounting for £2.7 million of the total, rent reviews delivered average increases of 35.8% compared with previous rental levels, an equivalent 5-year CAGR of 6.3%.

EPRA vacancy at 31 March 2017[1]

						% of total ERV	
	Restaurants, cafés and leisure £m	**Shops £m**	**Offices £m**	**Residential £m**	**Total £m**	**31.3.17 %**	30.9.16 %
Under offer	0.2	0.3	0.5	0.3	**1.3**	**1.0%**	1.1%
Available-to-let	0.2	1.5	0.4	0.5	**2.6**	**2.0%**	0.5%
EPRA vacancy	**0.4**	**1.8**	**0.9**	**0.8**	**3.9**	**3.0%**	1.6%
Area ('000 sq. ft.)	6	28	13	17	64		31

1. Wholly-owned portfolio

With good demand for space, occupancy levels remained high throughout the period. At 31 March 2017, EPRA vacancy was 3.0% of ERV, an increase of 1.4% compared with 30 September 2016, reflecting a number of scheme completions just before 31 March 2017.

- **Thomas Neal's Warehouse**

Completing during the period, our Thomas Neal's Warehouse scheme accounted for 0.8% of available-to-let ERV at 31 March 2017.

Our retail-led reconfiguration scheme of this listed Victorian warehouse to provide a unit of 22,700 sq. ft., of which 3,000 sq. ft. is available for restaurant use, completed in October 2016. This project has provided a once-in-a-generation opportunity to add a flagship unit to the Seven Dials district, and introduce an exciting new retail concept, which will greatly enhance the profile and appeal of this already popular destination, five minutes' walk from the Tottenham Court Road transport hub.

The space has attracted considerable interest from both domestic and international businesses. We are currently evaluating a shortlist of proposals for trading formats which could be accommodated in this historic building and which are consistent with our strategic tenant-mix aspirations for the area as a whole.

Public realm improvements to Cambridge Circus are now underway and works to the western section of Earlham Street will begin this summer. We expect these schemes, together with the opening of the Elizabeth Line and the successful letting of Thomas Neal's Warehouse, will over time, materially improve footfall across Seven Dials, bringing benefits particularly to those streets where rental values are currently materially below their long-term potential.

- **Other vacancy**

Available-to-let vacancy, excluding Thomas Neal's Warehouse, comprised three shops (ERV: £0.4 million), one restaurant (ERV: £0.2 million), 6,300 sq. ft. of office space (ERV: £0.4 million) and 21 apartments (ERV: £0.5 million). This unusually large number of vacant flats reflects scheme completions towards the end of the period, the majority of which were let or went under offer in April 2017.

Space under offer included one restaurant, two cafés, one large shop, two small shops, 6,800 sq. ft. of offices and ten apartments.

In the Longmartin joint venture, two shops and 1,100 sq. ft. of office space were available to let. The ERV of our 50% share of this space was £0.2 million.

Portfolio investment

Space under refurbishment during the period	Capital expenditure	Acquisitions	Disposals
216,000 sq. ft.	**£20.0m**	**£28.1m**	**£5.4m**

High levels of refurbishment activity continue across our portfolio, improving our buildings to increase income and unlock value. Capital expenditure during the six months to 31 March 2017 totalled £20.0 million and included schemes extending to 216,000 sq. ft. (11.9% of wholly-owned floor space).

Vacant space held for, or under, refurbishment at 31 March 2017[1]

	Restaurants, cafés and leisure £m	**Shops £m**	**Offices £m**	**Residential £m**	**Total £m**	**% of total ERV** 31.3.17 %	30.9.16 %
Major schemes[2]	1.8	2.9	1.7	0.1	**6.5**	**4.9%**	5.7%
Other schemes	2.6	2.2	1.6	1.2	**7.6**	**5.7%**	5.3%
Total	**4.4**	**5.1**	**3.3**	**1.3**	**14.1**	**10.6%**	11.0%
Area ('000 sq. ft.)	45	64	46	25	180		202

1. Wholly-owned portfolio
2. Central Cross, Chinatown and 57 Broadwick Street, Carnaby. 30.9.2016 also included Thomas Neal's Warehouse, Seven Dials

Space held for, or under, refurbishment decreased over the period by 0.4% to 10.6% of total ERV. The ERV of schemes completed during the period, including Thomas Neal's Warehouse, totalled £3.3 million. Schemes with an ERV of £3.8 million commenced in the period.

With strong occupier demand across our locations, we continue to identify opportunities to implement further asset management initiatives to improve the rental prospects and value of buildings across our portfolio. This often involves negotiations to secure vacant possession of space to enable us to accelerate the implementation of our ideas. During the period, we secured the early surrender of leases extending to 14,300 sq. ft., including a 6,200 sq. ft. restaurant unit which we are reconfiguring to provide two valuable additions to Carnaby's casual dining offer.

In the Longmartin joint venture, the ERV of our 50% share of space held for refurbishment was £0.1 million.

Progress on major schemes

- **Central Cross (Charing Cross Road/Chinatown)**

Our Central Cross scheme, at the eastern gateway to Chinatown, will complete at the end of May 2017. The total cost is £14.7 million, of which £13.3 million had been incurred by 31 March 2017.

Located next to Leicester Square Underground station and a few minutes' walk from Tottenham Court Road station, which is set to become the busiest transport hub in the West End when the Elizabeth Line service commences in 2018, it is well-positioned to benefit from high and growing footfall.

We have created exceptional, double-height accommodation with five shops, totalling 35,000 sq. ft., on Charing Cross Road and three large and four smaller restaurants fronting Newport Court and Newport Place, extending to 13,500 sq. ft.. The units vary in size, offering a range of opportunities both for domestic and international operators.

Marketing of the scheme has now commenced in earnest as works have progressed sufficiently to allow potential occupiers to appreciate the exceptional configuration of the internal space. Initial interest has been encouraging. It is likely that letting periods will be longer than the smaller space we traditionally offer, as careful tenant selection will be critical to the long-term success of the scheme and occupiers will be investing considerable sums in fitting out these large, prominent units.

Work on Westminster City Council's public realm scheme for Newport Place and Newport Court will start in early autumn and is scheduled for completion in summer 2018. This new public space will be traffic free each day, other than for servicing between 7am and noon, providing the opportunity, subject to planning and licensing approvals, for al fresco dining outside the new restaurants.

- **57 Broadwick Street, Carnaby**

Construction at our mixed-use project at 57 Broadwick Street, at the eastern entrance to Carnaby, is progressing well. Located within a few minutes' walk of the new western entrance to Tottenham Court Road station, on Dean Street, the scheme will provide:

- 8,000 sq. ft. of flagship retail and restaurant space over the lower floors;
- 20,000 sq. ft. of new grade A office accommodation across the upper floors; and
- two apartments totalling 2,000 sq. ft.

Completing in phases from autumn 2017, the scheme is expected to cost £14.5 million, of which £5.3 million had been incurred by 31 March 2017. Marketing of space has recently commenced.

As a thoroughfare designated as a priority pedestrian route by Westminster City Council, there have already been improvements to the public realm at the eastern end of Broadwick Street and we are now working with the City Council on plans to improve the streetscape around 57 Broadwick Street and the eastern entrance to Carnaby.

Other schemes

We had 50 other schemes underway at 31 March 2017, extending to 101,000 sq. ft. and representing 5.7% of ERV. These included 24,000 sq. ft. of shops (ERV: £2.2 million), 28,000 sq. ft. of restaurants and cafés (ERV: £2.6 million), 26,000 sq. ft. of office space (ERV: £1.6 million), and 39 apartments either being created or up-graded (ERV: £1.2 million).

In our Longmartin joint venture, we shall shortly be commencing the redevelopment of the prominent 13,000 sq. ft. mixed-use building on the corner of Long Acre and Upper St Martin's Lane. Our share of the cost of this scheme is expected to be £4.5 million.

Acquisitions

During the six months to 31 March 2017, we acquired five properties at a total cost of £28.1 million. These comprised two restaurants, two shops, one pub and 3,700 sq. ft. of office space, of which 2,300 sq. ft. has planning consent for residential use. Three of these buildings were acquired with vacant possession. Through short and medium-term asset management initiatives, these additions each offer the potential for good rental and capital growth, either individually or in combination with our existing ownerships.

We continue to identify and investigate opportunities to increase our ownerships, concentrating on buildings in, and around, our villages which have a predominance of, or potential for, restaurant, leisure and retail uses and which offer the opportunity for future rental growth. As ever, the availability of buildings which fit these strict investment criteria remains limited, with existing owners reluctant to sell assets in this exceptionally prosperous and resilient area.

Disposals

Disposals of non-core assets in the period totalled £5.4 million. These included four apartments, sold at 9.2% above book value at 30 September 2016, and 1,500 sq. ft. of ancillary commercial basement space, which was sold to an adjoining owner.

Portfolio valuation

Portfolio valuation[1]	Capital value growth[1,2]		ERV growth[1,2]	
£3.45bn	**2.0%**	**3.9%**	**1.9%**	**4.3%**
	6 months	12 months	6 months	12 months

1. Including our 50% share of the Longmartin joint venture. See presentation of financial information on page 14
2. Like-for-like (see Glossary on pages 42 to 43)

Valuation increase driven by rental growth

At 31 March 2017, the valuation of our portfolio, including our 50% share of the Longmartin joint venture was £3.45 billion. Like-for-like capital valuation growth over the period was 2.0% (12 months: 3.9%), driven by growth in contracted income and estimated rental values.

	Fair value £m	% of portfolio	Current income £m	ERV £m	Topped-up initial yield %	Equivalent yield %
Wholly-owned portfolio						
Carnaby	1,195	35%	39.2	50.0	3.12%	3.64%
Covent Garden	894	25%	28.0	36.6	2.88%	3.56%
Chinatown	762	22%	22.6	30.2	3.08%	3.42%
Soho	253	7%	8.8	10.4	3.35%	3.64%
Charlotte Street	122	4%	4.4	5.0	3.14%	3.53%
Wholly-owned portfolio	3,226	93%	103.0	132.2	3.09%	3.56%
Longmartin joint venture[1]	226	7%	9.0	10.0	3.36%	3.79%
Total portfolio[2]	**3,452**	**100%**	**112.0**	**142.2**		

1. Our 50% share
2. Portfolio excluding non-core asset acquired in a portfolio

Like-for-like capital value growth

Village	Six months ended 30.9.2016	Six months ended 31.3.2017	Year to 31.3.2017	3 year CAGR
Carnaby	2.3%	2.0%	4.3%	15.4%
Covent Garden	1.4%	1.2%	2.6%	10.9%
Chinatown	1.9%	2.6%	4.5%	11.6%
Soho	2.7%	3.7%	6.5%	11.8%
Charlotte Street	1.7%	2.7%	4.4%	12.9%
Wholly-owned portfolio	2.0%	2.1%	4.1%	12.8%
Longmartin joint venture[1]	0.4%	0.6%	1.0%	12.9%
Total portfolio	1.9%	2.0%	3.9%	12.9%

1. Our 50% share

Continuing growth in contracted rents and ERVs

With sustained demand for space across our portfolio, together with the impact of our ongoing extensive asset management activity, the portfolio's reversionary potential continues to be converted into contracted income, whilst ERVs have grown further.

Rental growth[1,2]	Current income £m	ERV £m	Reversionary potential £m
At 30 September 2016	109.6	138.7	29.1
Acquisitions	0.2	1.0	0.8
Disposals	(0.1)	(0.1)	-
Like-for-like growth[3]	2.3	2.6	0.3
At 31 March 2017	**112.0**	**142.2**	**30.2**
Like-for-like growth[3]			
- 6 months	2.1%	1.9%	
- 12 months	3.9%	4.3%	

1. Including our 50% share of the Longmartin joint venture
2. Portfolio excluding a non-core asset acquired as part of a portfolio
3. See Glossary on pages 42 to 43

Annualised current income stood at £112.0 million at 31 March 2017, following like-for-like increases of 2.1% and 3.9% over 6 months and 12 months respectively. The ERV of our portfolio, which is based on current rental tones and largely reflects rental evidence we have established through our leasing transactions, was assessed by our valuers at £142.2 million, £30.2 million or 27.0% above current income. Like-for-like ERV growth over the period was 1.9%, bringing the total for the past 12 months to 4.3%. Over the last ten years, our wholly-owned portfolio has delivered compound like-for-like ERV growth of 4.8% p.a.

Components of the reversionary potential[1]

	£m	Expected term to realisation	How it will be realised
Contracted income	2.7	Near term	On expiry of rent-free periods
EPRA vacancy	4.1	Near term	Upon letting of space available at 31 March 2017
Space held for, or under, refurbishment	14.2	Near to medium term	On completion and letting of schemes at 31 March 2017
Under-rented leases	9.2	Near to medium term	Through the normal cycle of rent reviews, lease renewals and lettings. This is typically converted to income over a 3 – 5 year period.
	30.2		

1. Including our 50% share of the Longmartin joint venture

63% of the uncontracted reversion is accounted for by restaurants, leisure and retail. In our locations, these uses have a long history of sustained demand, which, together with a restricted availability of space, underpins their growth prospects. We remain confident that, with our proven long-term management strategy, we shall not only continue to convert this rental potential into cash flow, but also deliver further long-term growth in rental values.

Strong investor demand yet limited supply of assets to acquire

Equivalent yields attributed by our external valuers were broadly unchanged over the period with the wholly-owned portfolio at 3.56% (30.9.2016: 3.57%) and the Longmartin joint venture at 3.79% (30.9.2016: 3.79%).

The buildings we seek to acquire are typically in long-term private ownership and existing owners remain reluctant to sell. Consequently, it would be virtually impossible, now, to replicate a portfolio such as ours in this vibrant and prosperous location. Against this background of limited availability of properties to buy, investor interest remains strong for properties like ours, which provide investment security, low vacancy, the prospect of growing returns and limited exposure to obsolescence.

Cushman & Wakefield, independent valuer of our wholly-owned portfolio, has continued to note that:

- our portfolio is unusual in its substantial number of predominantly restaurant and retail properties in adjacent, or adjoining, locations in London's West End; and

- there is a long record of strong occupier demand for these uses in this location and, as a result, high occupancy levels throughout the portfolio.

Consequently, they have reiterated to the Board that some prospective purchasers may recognise the rare and compelling opportunity to acquire, in a single transaction, substantial parts of the portfolio, or the portfolio in its entirety. Such parties may consider a combination of some, or all, parts of the portfolio to have a greater value than currently reflected in the valuation included in these financial statements, which has been prepared in accordance with RICS guidelines.

Financial results

Reported results

+3.4%[1]	+4.0%[2]	27.4%[2]	+10.5%[2]
£8.83	**£43.8m**	**36.7p**	**7.9p**
Diluted NAV	Net property income	Basic EPS	Interim dividend per share

EPRA results

+2.7%[1]		+12.9%[2]	+12.3%[2]
£9.12	**+3.6%**[3]	**£22.8m**	**8.2p**
EPRA NAV	NAV return	EPRA earnings	EPRA EPS

1. vs. 30.9.2016
2. vs. 6 months ended 31.3.2016
3. 6 month period ended 31.3.2017

Presentation of financial information

Our property portfolio is a combination of properties that are wholly owned by the Group and a 50% share of property held in joint venture.

The financial statements, prepared under IFRS, includes the Group's interest in its joint venture as one-line items in the Income Statement and Balance Sheet. The analysis below is based on the IFRS financial statements.

Internally, management review the valuation of properties and our debt position on a proportionally consolidated basis, including our 50% share of the joint venture. Consequently the analysis of the valuation on pages 11 to 13 and the finance review on pages 17 to 18 is presented on this proportional consolidated basis. We consider that this presentation better explains to stakeholders the Group's activities and financial position.

Income statement

Reported earnings

Profit after tax for the six months was £102.4 million (31.3.2016: £80.1 million) and basic earnings per share was 36.7p (31.3.2016: 28.8p). The increase was largely due to the decrease in the fair value deficit of our interest rate swaps which added 5.8p in the period, compared with an increase in this deficit in the corresponding period in 2016 which reduced earnings per share by 4.3p last year. This was partly offset by a decrease in our share of the post-tax profits from our joint venture, largely driven by a lower revaluation surplus.

EPRA earnings

As is usual practice in our sector, we produce an alternative measure for certain indicators, including earnings, making adjustments set out by EPRA in its Best Practice and Policy Recommendations. EPRA earnings are a measure of the level of underlying operating results and an indication of the extent to which current dividend payments are supported by recurring earnings. In our case, EPRA earnings excludes valuation movements in respect of our properties and interest rate swaps, and ignores deferred tax arising in our Longmartin joint venture, as set out in the reconciliation below.

EPRA earnings	**Six months ended 31.3.2017 £m**	Six months ended 31.3.2016 £m	Year ended 30.9.2016 £m
IFRS profit after tax	**102.4**	80.1	99.1
Adjusted for:			
- Change in value of investment properties	**(61.6)**	(58.2)	(108.3)
- Profit on disposal of investment properties	**(0.3)**	-	-
- Change in fair value of financial instruments	**(16.1)**	12.1	34.9
- Recognition of fair value of Debenture Stock	**-**	-	29.2
Adjustments in respect of the Longmartin joint venture:			
- Change in value of investment properties	**(1.5)**	(10.4)	(11.3)
- Deferred tax	**(0.1)**	(3.4)	(4.6)
EPRA earnings	**22.8**	20.2	39.0
EPRA EPS	**8.2p**	7.3p	14.0p

EPRA earnings increased by 12.9% to £22.8 million (31.3.2016: £20.2 million) resulting in EPRA EPS of 8.2p, 12.3% above the first half of last year (31.3.2016: 7.3p). This increase was principally driven by growth in net property income as we continue to crystallise our portfolio's reversionary potential and lower finance costs, following our recent refinancing (see page 17 for details).

Net property income

Rents receivable have increased by 3.5% to £50.9 million (31.3.2016: £49.2 million). Like-for-like growth was 3.9%, which reflects the continued conversion of our portfolio's reversionary potential into contracted cash flow. Acquisitions contributed £0.6 million to the increase, whilst vacancy arising from our major schemes reduced rents receivable by £0.8 million compared with the same period last year.

Irrecoverable property charges were unchanged compared with the first half last year at £7.1 million (31.3.2016: £7.1 million), representing 13.9% of rents receivable (31.3.2016: 14.4%). After these costs, net property income was £43.8 million, up 4.0% on the same period last year (31.3.2016: £42.1 million).

Administrative expenses

Administrative expenses, excluding the charge for share options, totalled £6.0 million (31.3.2016: £4.9 million). This includes a provision for annual bonuses of £1.1 million (31.3.2016: £0.7 million). Reflecting growing activity within our portfolio, administrative costs, excluding the bonus provision, increased by £0.7 million to £4.9 million (31.3.2016: £4.2 million), mainly due to increased employment costs, including additional headcount. We do not capitalise administrative costs.

The share options charge was £0.8 million (31.3.2016: £1.5 million). This comprised a non-cash accounting provision of £0.7 million (31.3.2016: £1.2 million) and a charge for employer's National Insurance of £0.1 million (31.3.2016: £0.3 million).

Profit on disposal of investment properties

Net profit from disposals was £0.3 million. See page 11 for further details.

Revaluation surplus

The surplus arising on the revaluation of our wholly-owned portfolio amounted to £61.6 million (31.3.2016: £58.2 million). This represented a like-for-like increase of 2.1%, principally driven by like-for-like ERV growth of 2.0%. Further details are provided on pages 11 to 13.

Finance costs

Net finance costs (excluding the change in fair value of our interest rate swaps) decreased by £0.5 million to £16.1 million (31.3.2016: £16.6 million). This reflects the benefits of reduced borrowing costs following the refinancing reported last year, partly offset by higher net debt as a result of acquisitions and further investment in our portfolio.

The movement in the fair value of our interest rate swaps resulted in a credit to the Statement of Comprehensive Income during the period of £16.1 million. This included a reduction in the deficit in respect of those interest rate swaps still in place at 31 March 2017 of £12.2 million, following an increase in long-dated interest rates during the period. Additionally, it reflects a profit of £3.9 million from terminating swaps at better rates than those prevailing at the year end.

The Board regularly reviews the Group's interest hedging strategy and the impact these derivatives have on the long-term financing of the business.

Longmartin results

Our share of post-tax profit from the Longmartin joint venture decreased by £11.4 million to £3.5 million (31.3.2016: £14.9 million), largely due to a smaller revaluation surplus of £1.5 million (31.3.2016: £10.4 million). Our share of net property income increased by £0.9 million, following the successful conclusion of a number of rent reviews which contributed to a like-for-like increase in rents receivable, compared with the same period last year, of 27.8%.

Tax

As a REIT, the Group's activities are largely exempt from corporation tax and, as a result, there is no tax charge in the period (31.3.2016: £Nil).

Interim dividend

The Board has declared an interim dividend of 7.9p per share, an increase of 10.5% on last year's interim dividend of 7.15p. This increase reflects growth in net property income and earnings enhancements from the refinancing reported last year. See page 17 for further details.

As a REIT, we are required to distribute a minimum of 90% of net rental income, calculated by reference to tax rather than accounting rules, as a PID. Notwithstanding this, our dividend policy is to maintain steady growth in dividends, reflecting the long-term trend in our income and EPRA earnings, adjusted to add back the non-cash accounting charge for equity-settled remuneration. To the extent that dividends exceed the amount available to distribute as a PID, we pay the balance as ordinary dividends.

Whilst the exceptional charges associated with the refinancing activities in October 2016 were accounted for in the 2016 financial statements, they are charged against our current year qualifying REIT income. Since these charges outweigh qualifying income to date, the interim dividend, to be paid on 7 July 2017, will be paid as an ordinary dividend. It is likely that any further dividend in relation to the year ending 30 September 2017 will be also paid as an ordinary dividend, with PIDs resuming next year.

The dividend is covered 1.04 times by EPRA earnings and 1.07 times by adjusted earnings, after adding back the non-cash accounting charge in the period for equity-settled remuneration of £0.7 million.

Balance Sheet

Net asset value per share

Diluted net asset value per share increased by 29p to £8.83 (30.9.2016: £8.54) largely due to the revaluation surplus on our investment properties, which contributed 22p. The decrease in the fair value deficit attributable to our interest rate swaps added 6p, whilst our share of the Longmartin joint venture contributed 1p.

EPRA net asset value

EPRA NAV is a sector-recognised benchmark, which makes adjustments to reported NAV to provide a measure of the fair value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances are excluded. In our case, the calculation excludes the fair value of interest rate swaps, other than those expected to be terminated, and deferred tax related to property valuation surpluses in the Longmartin joint venture.

EPRA NAV	**31.3.2017 £m**	31.3.2016 £m	30.9.2016 £m
IFRS net assets	**2,468.9**	2,387.1	2,387.1
Effect of exercise of options	**0.5**	0.4	0.5
Diluted net assets	**2,469.4**	2,387.5	2,387.6
Adjusted for:			
- Fair value of financial instruments	**63.9**	91.3	76.1
Adjustment in respect of the Longmartin joint venture:			
- Deferred tax	**17.9**	19.1	18.0
EPRA NAV	**2,551.2**	2,497.9	2,481.7
EPRA NAV per share	**£9.12**	£8.93	£8.88

EPRA NAV per share increased over six months by 24p (2.7%) to £9.12 (30.9.2016: £8.88). EPRA earnings of 8.2p per share were offset by the 2016 final dividend (7.55p per share). The revaluation surpluses from the wholly-owned portfolio and the Longmartin joint venture added 23p. The cancellation of interest rate swaps in October 2016, at more favourable rates than those prevailing at 30 September 2016, contributed 1.4p. Growth over 12 months was 2.1%, after exceptional refinancing costs charged in 2016 (24p per share).

Net asset value return measures shareholder value creation, taking into account the growth in EPRA NAV together with dividends paid in the period. The net asset value return was 3.6% during the period, and 3.8% over twelve months.

	Six months ended 31.3.2017	Year ended 31.3.2017
EPRA NAV growth	**2.7%**	2.1%
Net asset value return	**3.6%**	3.8%

Cash flows and net debt

Net debt increased by £79.0 million to £831.1 million over the period (30.9.2016: £752.1 million). The major cash flows were:

- Operating cash inflow totalling £21.6 million.
- Dividends paid amounting to £21.3 million.
- Net capital investment in our portfolio of £44.3 million.
- Termination of interest rate swaps at a cost of £34.1 million.

Finance review

£178.4m	26.1%	10.3 years
Available facilities[1]	Loan-to-value[1]	Weighted average debt maturity[1]

1. Including our 50% share of the Longmartin joint venture

Having issued £285 million of bonds at 2.487% in October 2016, we refinanced our legacy £61 million Debenture Stock and terminated interest rate swaps with a notional principal of £55 million. The surplus proceeds of £165.5 million were used to reduce drawings against our revolving credit facilities. This refinancing significantly increased our financial resources, reduced the blended cost of our debt and extended its average maturity.

Since then, we have funded net investment in our portfolio through further drawings against these facilities, which, with a marginal cost of 1.3% has reduced our blended cost of debt to 3.7%. If these facilities were fully drawn, this weighted average cost would fall to 3.3%.

Debt summary

	Reported 31.3.2017 £m		Pro-forma[1] 30.9.2016 £m		Reported 30.9.2016 £m	
Debt excluding Longmartin JV						
- Fixed/hedged debt[2]	**794.8**		794.8		657.0	
- Drawn unhedged bank debt	**46.6**		10.4		110.7	
Wholly-owned	**841.4**		805.2		767.7	
Longmartin non-recourse debt (50% share)	**60.0**		60.0		60.0	
Total debt[3]	**901.4**		865.2		827.7	
	Wholly-owned	**Total debt[3]**	Wholly-owned	Total debt[3]	Wholly-owned	Total debt[3]
Undrawn floating rate facilities	**178.4**	**178.4**	214.6	214.6	59.3	59.3
Loan-to-value[2,3]	**26.1%**	**26.1%**	25.8%	25.8%	24.6%	24.7%
Gearing[2,3,4]	**35.3%**	**35.3%**	34.7%	34.9%	33.1%	33.4%
Interest cover[3]	**2.3x**	**2.4x**	2.3x	2.3x	2.1%	2.1x
% debt fixed[3]	**94%**	**95%**	99%	99%	86%	87%
Blended cost[3,5]	**3.7%**	**3.7%**	3.9%	3.9%	4.5%	4.5%
Marginal cost of undrawn facilities	**1.3%**	**1.3%**	1.2%	1.2%	1.3%	1.3%
Weighted average maturity[3] (years)	**10.4**	**10.3**	10.9	10.8	9.2	9.2

1. Pro-forma for the issue of 2.487% Mortgage Bonds 2031 and redemption of 8.5% Debenture Stock 2024, and for the cancellation of interest rate swaps with a notional principal of £55m in October 2016
2. Based on the nominal value of debt
3. Including our 50% share of the Longmartin joint venture
4. Based on EPRA net assets
5. Including non-utilisation fees on undrawn bank facilities

The maturity profile of our debt is set out below. The Board reviews this regularly and plans to refinance facilities ahead of their contractual maturities.

Debt maturity profile

Year of maturity	**Facility type**	**Total facility £m**
2018	Bank	150
2020	Bank	125
2021	Bank	75
2026	Term loan (Longmartin joint venture)	60[1]
2029	Term loan	135
2030	Term loan	130
2031	Mortgage bonds	285
2035	Term loan	120

1. Shaftesbury Group's 50% share. This loan is without recourse to Shaftesbury

Brian Bickell
Chief Executive

Chris Ward
Finance Director

22 May 2017

Portfolio analysis

At 31 March 2017		Note	Carnaby	Covent Garden	Chinatown	Soho	Charlotte Street	Wholly-owned portfolio	Longmartin[1]	Total portfolio
Portfolio	Fair value (£m)	**1,14**	1,194.6	893.8	762.1	253.3	122.1	3,225.9	225.9	3,451.8
	% of total fair value		35%	25%	22%	7%	4%	93%	7%	100%
	Current income (£m)	**2,14**	39.2	28.0	22.6	8.8	4.4	103.0	9.0	112.0
	ERV (£m)	**3,14**	50.0	36.6	30.2	10.4	5.0	132.2	10.0	142.2
Restaurants, cafés and leisure	Number		59	91	79	30	23	282	10	
	Area – sq. ft.		109,000	176,000	211,000	58,000	46,000	600,000	45,000	
	% of current income	**4**	16%	39%	61%	38%	51%	36%	16%	
	% of ERV	**4**	16%	34%	59%	38%	51%	34%	15%	
	Average unexpired lease length – years	**5**	10	9	11	9	9	10	13	
Shops	Number		97	95	61	39	9	301	21	
	Area – sq. ft.		179,000	143,000	92,000	43,000	14,000	471,000	67,000	
	% of current income	**4**	50%	28%	22%	27%	15%	34%	35%	
	% of ERV	**4**	46%	32%	26%	28%	14%	35%	39%	
	Average unexpired lease length – years	**5**	4	3	5	4	4	4	4	
Offices	Area – sq. ft.		249,000	82,000	28,000	36,000	10,000	405,000	102,000	
	% of current income	**4**	28%	12%	5%	16%	9%	17%	35%	
	% of ERV	**4**	32%	15%	4%	17%	9%	19%	33%	
	Average unexpired lease length – years	**5**	4	3	2	2	3	3	4	
Residential	Number		98	223	129	69	51	570	75	
	Area – sq. ft.		55,000	137,000	84,000	37,000	25,000	338,000	55,000	
	% of current passing rent	**4**	6%	21%	12%	19%	25%	13%	14%	
	% of ERV	**4**	6%	19%	11%	17%	26%	12%	13%	

1. Shaftesbury Group's 50% share

Basis of valuation

At 31 March 2017	Note	Carnaby	Covent Garden	Chinatown	Soho	Charlotte Street	Wholly-owned portfolio	Longmartin
Overall initial yield	**7**	3.02%	2.78%	2.95%	3.12%	3.08%	2.95%	3.35%
Topped-up initial yield	**8**	3.12%	2.88%	3.08%	3.35%	3.14%	3.09%	3.36%
Overall equivalent yield	**9**	3.64%	3.56%	3.42%	3.64%	3.53%	3.56%	3.79%
Tone of retail equivalent yields	**10**	3.35 - 4.25%	3.60 - 4.50%	3.50 - 4.50%	3.75 - 4.50%	3.50-4.75%		3.40 - 4.15%
Tone of retail ERVs - ITZA £ per sq. ft.	**10**	£125 - £515	£75 - £525	£140 - £355	£154 - £275	£100-£215		£78 - £710
Tone of restaurant equivalent yields	**10**	3.58 - 5.00%	3.50 - 4.25%	3.50 - 3.75%	3.75 - 3.90%	3.60-4.15%		3.75 - 4.0%
Tone of restaurant ERVs - £ per sq. ft.	**10**	£100 - £135	£55 - £179	£270 - £400 ITZA	£100 - £124 (£275 ITZA)	£90 - £110		£90 - £138
Tone of office equivalent yields	**10**	4.00 - 4.50%	4.00 - 4.25%	4.25 - 4.50%	4.50 - 4.60%	4.50-4.75%		4.25 - 4.65%
Tone of office ERVs - £ per sq. ft.	**10**	£58 - £83	£50 - £80	£43 - £55	£50 - £73	£45 - £60		£50 - £78
Average residential ERVs - £ per sq. ft. per annum	**10**	£53	£51	£41	£48	£54		£46

Notes

1. The fair values at 31 March 2017 (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 annualised actual and ‘estimated income’ reserved by leases. No rent is attributed to leases which were subject to rent-free periods at the valuation date. Current 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 topped-up 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 as of 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.
14. The analysis excludes a non-core asset, acquired as part of a portfolio during the six-month period ended 31 March 2017.

Principal Risks and Uncertainties

The principal strategic risks and uncertainties are those which might prevent the Group from achieving its goal of long-term sustainable growth in rental income. The risks and uncertainties facing the Group for the remaining six months of the financial year are summarised below. These risks and uncertainties are largely consistent with those set out on pages 66 to 69 in the Annual Report for the year ended 30 September 2016. Details of how we manage risk are set out on pages 63 to 65 of the Annual Report.

Geographic concentration risk

Risk of a sustained fall in visitor numbers and/or spending

Risk	Potential impact	Mitigation
Events which discourage visitors to the West End e.g. • Acts or threats of terrorism • Major, long-term disruption to the public transport network upon which the area depends • Health concerns (e.g. pandemics)	• Reduced visitor numbers, spending and occupier demand • Reduced rental income and/or capital values • Potential increased vacancy and declining profitability • Damage to property	• Inherent risk given the geographic concentration of our investments in a high profile location • Insurance cover maintained for terrorism-related damage and associated loss-of-rent • Close liaison with statutory authorities to maximise safety of visitors • Detailed emergency response plans
Competing destinations lead to long-term decline in footfall in our villages	• Reduced visitor numbers and occupier demand • Reduced rental income and/or capital values • Potential increased vacancy and declining profitability	• Ensure our villages maintain a distinct identity • Management strategies to create prosperous destinations within which tenants can operate • Seek out new concepts, brands and ideas to keep our villages vibrant and appealing • Consistent strategy on tenant mix, which evolves over time • Marketing and promotion of our villages • KPI to deliver sustainable rental growth • Regular board monitoring of performance and prospects

Regulatory risk

Risk	Potential impact	Mitigation
All our properties are in the boroughs of Westminster and Camden. Changes to national or local policies, particularly planning and licensing, could have a significant impact on our ability to maximise the long-term potential of its assets	• Limit our ability to optimise revenues • Reduced profitability • Reduced capital values	• Ensure our properties are operated in compliance with local regulations • Make representations on proposed policy changes, to ensure our views and experience are considered • Mix of uses in our portfolio means we are not reliant on income from one particular use

Economic risk

Risk	Potential impact	Mitigation
Periods of economic uncertainty and lower confidence could reduce consumer spending, tenant profitability and occupier demand	• Pressure on rents • Declining profitability • Reduced capital values	• Focus on assets, locations and uses in a global destination and which: - are not solely reliant on the UK economy; and - have historically proved to be economically resilient - have demonstrated much lower valuation volatility than the wider market • Diverse tenant base with limited exposure to any one tenant • Tenant deposits held against unpaid rent obligations at 31 March 2017: £18.1m
Decline in the UK real estate market due to macro-economic factors e.g. global political landscape, currency expectations, bond yields, interest rate expectations, availability and cost of finance, relative attractiveness of property compared with other asset classes	• Reduced capital values • Decrease in NAV, amplified by gearing • Loan covenant defaults	• Focus on assets, locations and uses which have historically proved to be economically resilient and have demonstrated much lower valuation volatility than the wider market • Regular review of investment market conditions including bi-annual external valuations • Maintain conservative levels of leverage • Quarterly forecasts including covenant headroom review • Substantial pool of uncharged assets available to top up security held by lenders

Unaudited Group Statement of Comprehensive Income

For the six months ended 31 March 2017

	Notes	**Six months ended 31.3.2017 £m**	Six months ended 31.3.2016 £m	Year ended 30.9.2016 £m
Revenue	2	**54.9**	53.4	106.2
Property charges	3	**(11.1)**	(11.3)	(22.1)
Net property income		**43.8**	42.1	84.1
Administrative expenses		**(6.0)**	(4.9)	(11.6)
Charge in respect of equity-settled remuneration	4	**(0.8)**	(1.5)	(2.5)
Total administrative expenses		**(6.8)**	(6.4)	(14.1)
Operating profit before investment property disposals and valuation movements		**37.0**	35.7	70.0
Profit on disposal of investment properties		**0.3**	-	-
Net surplus on revaluation of investment properties	9	**61.6**	58.2	108.3
Operating profit		**98.9**	93.9	178.3
Finance income		**-**	0.1	0.1
Finance costs	5	**(16.1)**	(16.7)	(33.7)
Recognition of fair value of Debenture Stock		**-**	-	(29.2)
Change in fair value of derivative financial instruments	16	**16.1**	(12.1)	(34.9)
Net finance costs		**-**	(28.7)	(97.7)
Share of post-tax profit from joint venture	11	**3.5**	14.9	18.5
Profit before tax		**102.4**	80.1	99.1
Tax charge for the period	6	**-**	-	-
Profit and total comprehensive income for the period		**102.4**	80.1	99.1
Earnings per share:	7			
Basic		**36.7p**	28.8p	35.6p
Diluted		**36.6p**	28.7p	35.5p
EPRA		**8.2p**	7.3p	14.0p

Please see pages 42 to 43 for an explanation of the EPRA measures used in these financial statements.

Unaudited Group Balance Sheet

As at 31 March 2017

	Notes	**31.3.2017 £m**	31.3.2016 £m	30.9.2016 £m
Non-current assets				
Investment properties	9	**3,216.4**	3,022.2	3,111.6
Accrued income	10	**9.5**	9.9	9.8
Investment in joint venture	11	**147.1**	143.4	146.4
Property, plant and equipment		**1.3**	1.4	1.4
Other receivables	13	**3.7**	3.7	3.7
		3,378.0	3,180.6	3,272.9
Current assets				
Trade and other receivables	12	**16.8**	19.0	19.3
Cash and cash equivalents	13	**10.3**	7.2	15.6
Total assets		**3,405.1**	3,206.8	3,307.8
Current liabilities				
Trade and other payables	14	**40.3**	38.8	45.3
Borrowings	15	**-**	-	92.2
Non-current liabilities				
Borrowings	15	**832.0**	689.6	669.1
Derivative financial instruments	16	**63.9**	91.3	114.1
Total liabilities		**936.2**	819.7	920.7
Net assets		**2,468.9**	2,387.1	2,387.1
Equity				
Share capital	17	**69.8**	69.7	69.7
Share premium		**124.8**	124.7	124.8
Share-based payments reserve		**2.3**	2.7	3.6
Retained earnings		**2,272.0**	2,190.0	2,189.0
Total equity		**2,468.9**	2,387.1	2,387.1
Net asset value per share:	18			
Basic		**£8.85**	£8.57	£8.57
Diluted		**£8.83**	£8.53	£8.54
EPRA		**£9.12**	£8.93	£8.88

Unaudited Group Cash Flow Statement

For the six months ended 31 March 2017

	Notes	**Six months ended 31.3.2017 £m**	As restated Six months ended 31.3.2016 £m	Year ended 30.9.2016 £m
Cash flows from operating activities				
Cash generated from operating activities	19	**37.6**	38.9	76.9
Interest received		**-**	0.1	0.1
Interest paid		**(16.0)**	(16.1)	(32.7)
Net cash generated from operating activities		**21.6**	22.9	44.3
Cash flows from investing activities				
Investment property acquisitions		**(28.3)**	(43.2)	(62.0)
Investment property disposals		**5.2**	-	-
Capital expenditure on investment properties		**(21.2)**	(11.1)	(29.2)
Purchase of property, plant and equipment		**(0.1)**	(0.1)	(0.3)
Dividends received from joint venture		**2.8**	1.1	1.7
Decrease in loans to joint venture		**-**	0.5	0.5
Net cash used in investing activities		**(41.6)**	(52.8)	(89.3)
Cash flows from financing activities				
Proceeds from exercise of share options		**-**	-	0.1
Proceeds from borrowings		**88.9**	64.9	114.5
Repayment of borrowings		**(208.0)**	(16.0)	(23.5)
Proceeds from issue of mortgage bond	15	**203.2**	-	-
Repayment of debenture stock	15	**(10.4)**	-	-
Loan issue costs		**(3.6)**	-	-
Termination of derivative financial instruments	16	**(34.1)**	-	-
Equity dividends paid	8	**(21.3)**	(19.5)	(38.2)
Net cash from financing activities		**14.7**	29.4	52.9
Net change in cash and cash equivalents		**(5.3)**	(0.5)	7.9
Cash and cash equivalents at the beginning of the period	13	**15.6**	7.7	7.7
Cash and cash equivalents at the end of the period	13	**10.3**	7.2	15.6

Proceeds and repayment of borrowings have been restated at 31 March 2016 to present these movements on a gross basis. This has no impact on the net change in cash and cash equivalents, net assets, or reported results in any of the periods presented.

Statement of Changes in Equity

For the six months ended 31 March 2017

	Notes	Share capital £m	Share premium £m	Share-based payments reserve £m	Retained earnings £m	Total equity £m
At 1 October 2016		**69.7**	**124.8**	**3.6**	**2,189.0**	**2,387.1**
Profit and total comprehensive income for the period		**-**	**-**	**-**	**102.4**	**102.4**
Transactions with owners:						
Dividends paid	8	**-**	**-**	**-**	**(21.3)**	**(21.3)**
Exercise of share options		**0.1**	**-**	**-**	**(0.1)**	**-**
Fair value of share-based payments	4	**-**	**-**	**0.7**	**-**	**0.7**
Release on exercise of share options		**-**	**-**	**(2.0)**	**2.0**	**-**
At 31 March 2017		**69.8**	**124.8**	**2.3**	**2,272.0**	**2,468.9**
At 1 October 2015		69.6	124.7	4.0	2,127.1	2,325.4
Profit and total comprehensive income for the period		-	-	-	80.1	80.1
Transactions with owners:						
Dividends paid	8	-	-	-	(19.5)	(19.5)
Exercise of share options		0.1	-	-	-	0.1
Fair value of share-based payments	4	-	-	1.0	-	1.0
Release on exercise of share options		-	-	(2.3)	2.3	-
At 31 March 2016		69.7	124.7	2.7	2,190.0	2,387.1
At 1 October 2015		69.6	124.7	4.0	2,127.1	2,325.4
Profit and total comprehensive income for the year		-	-	-	99.1	99.1
Transactions with owners:						
Dividends paid	8	-	-	-	(39.4)	(39.4)
Exercise of share options		0.1	0.1	-	(0.1)	0.1
Fair value of share-based payments	4	-	-	1.9	-	1.9
Release on exercise of share options		-	-	(2.3)	2.3	-
At 30 September 2016		69.7	124.8	3.6	2,189.0	2,387.1

Notes to the half year results

For the six months ended 31 March 2017

1. Accounting policies

Basis of preparation

The Group's condensed consolidated 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 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRS Interpretations Committee interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information in these condensed consolidated half year financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information presented for the year ended 30 September 2016 is derived from the statutory accounts for that year. Statutory accounts for the year ended 30 September 2016 were approved by the Board of directors on 29 November 2016 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 (2) or (3) of the Companies Act 2006.

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

Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date the financial statements were approved. Therefore, they continue to adopt the going concern basis in preparing the condensed consolidated half year financial statements.

Critical judgements, assumptions and estimates

The preparation of these financial statements requires the Board to make judgements, assumptions and estimates that affect amounts reported in the Statement of Comprehensive Income and Balance Sheet. The directors consider the valuation of investment property to be a critical judgement because of the level of complexity, judgement or estimation involved and its impact on the financial statements. This is consistent with the financial statements for the previous year end. Full disclosure of the critical judgements, assumptions and estimates is included in the 2016 financial statements.

Changes in accounting policies

The accounting policies adopted and methods of computation used are consistent with those of the previous financial year.

New accounting standards and interpretations

a) The following amendments to Standards and Interpretations were mandatory for the first time for the financial year beginning 1 October 2016:

Standard or Interpretation	Effective from
Annual Improvements 2012-2014	1 January 2016
Amendment to IFRS 11 Joint arrangements on acquisition of an interest in a joint operation	1 January 2016
Amendments to IAS 16 and IAS 38 on depreciation and amortisation	1 January 2016
Amendments to IAS 27 Separate financial statements on equity accounting	1 January 2016
Amendments to IFRS 10, 12 and IAS 28 on consolidation for investment entities	1 January 2016
Amendments to IAS 1 Presentation of financial statements disclosure initiative	1 January 2016

No material changes to accounting policies arose as a result of these amendments.

b) The following new Standards are relevant to the Group, are not yet effective in the year ending 30 September 2017 and are not expected to have a significant impact on the Group's financial statements:

Standard or Interpretation	**Effective from**
IFRS 15 Revenue from contracts with customers	1 January 2018
IFRS 9 Financial instruments	1 January 2018
IFRS 16 Leases	1 January 2019

c) There are no other Standards or Interpretations that are not yet effective that would be expected to have a material impact on the Group.

Segmental information

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

The Board assesses the performance of the reportable segment based on net property income and investment property valuation. Financial information provided to the Board is prepared on a basis consistent with these financial statements.

2. Revenue

	Six months ended 31.3.2017 £m	Six months ended 31.3.2016 £m	Year ended 30.9.2016 £m
Rents receivable	**50.9**	49.2	98.4
Recoverable property expenses	**4.0**	4.2	7.8
	54.9	53.4	106.2

Rents receivable includes a charge of £0.3 million from amortisation of accrued income in respect of lease incentives (31.3.2016: credit of £0.6 million; 30.9.2016: credit of £0.5 million).

3. Property charges

	Six months ended 31.3.2017 £m	Six months ended 31.3.2016 £m	Year ended 30.9.2016 £m
Property operating costs	**3.1**	3.1	6.5
Fees payable to managing agents	**1.2**	1.1	2.3
Letting, rent review, and lease renewal costs	**1.8**	1.8	3.3
Village promotion costs	**1.0**	1.1	2.2
Property outgoings	**7.1**	7.1	14.3
Recoverable property expenses	**4.0**	4.2	7.8
	11.1	11.3	22.1

4. Charge in respect of equity-settled remuneration

	Six months ended 31.3.2017 £m	Six months ended 31.3.2016 £m	Year ended 30.9.2016 £m
Charge for share-based remuneration	**0.7**	1.2	1.9
Employer's national insurance	**0.1**	0.3	0.6
	0.8	1.5	2.5

5. Finance costs

	Six months ended 31.3.2017 £m	Six months ended 31.3.2016 £m	Year ended 30.9.2016 £m
Debenture stock interest and amortisation	**0.1**	2.5	5.0
Mortgage bond interest	**3.4**	-	-
Bank and other interest	**12.0**	13.7	27.7
Loan issue cost amortisation	**0.6**	0.5	1.0
	16.1	16.7	33.7

6. Tax charge for the period

The Group's wholly-owned business is subject to taxation as a REIT. Under the REIT regime, income from its rental business (calculated by reference to tax rather than accounting rules) and chargeable gains from the sale of its investment properties are exempt from corporation tax.

7. Earnings per share

Basic and diluted earnings per share

	31.3.2017		31.3.2016		30.9.2016	
	Profit after tax £m	**Earnings per share pence**	Profit after tax £m	Earnings per share pence	Profit after tax £m	Earnings per share pence
Basic	**102.4**	**36.7**	80.1	28.8	99.1	35.6
Dilutive effect of share options	**-**	**(0.1)**	-	(0.1)	-	(0.1)
Diluted	**102.4**	**36.6**	80.1	28.7	99.1	35.5
Number of shares for Basic and EPRA EPS (million)		**278.8**		278.3		278.4
Number of shares for Diluted EPS (million)		**279.5**		279.3		279.4

EPRA earnings per share

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

	31.3.2017		31.3.2016		30.9.2016	
	Profit after tax £m	**Earnings per share pence**	Profit after tax £m	Earnings per share pence	Profit after tax £m	Earnings per share pence
Basic	**102.4**	**36.7**	80.1	28.8	99.1	35.6
EPRA adjustments:						
Investment property valuation surplus (note 9)	**(61.6)**	**(22.1)**	(58.2)	(20.9)	(108.3)	(38.9)
Profit on disposal of investment properties	**(0.3)**	**(0.1)**	-	-	-	-
Movement in fair value of derivatives (note 16)	**(16.1)**	**(5.8)**	12.1	4.3	34.9	12.5
Recognition of fair value of Debenture stock	**-**	**-**	-	-	29.2	10.5
Adjustments in respect of the joint venture:						
Investment property valuation surplus	**(1.5)**	**(0.5)**	(10.4)	(3.7)	(11.3)	(4.1)
Deferred tax	**(0.1)**	**-**	(3.4)	(1.2)	(4.6)	(1.6)
EPRA earnings	**22.8**	**8.2**	20.2	7.3	39.0	14.0

8. Dividends paid

	Six months ended 31.3.2017 £m	Six months ended 31.3.2016 £m	Year ended 30.9.2016 £m
Final dividend for:			
Year ended 30 September 2016 at 7.55p per share	**21.3**	-	-
Year ended 30 September 2015 at 6.925p per share	**-**	19.5	19.5
Interim dividend for:			
Year ended 30 September 2016 at 7.15p per share	**-**	-	19.9
Dividends for the period	**21.3**	19.5	39.4
Timing difference on payment of withholding tax	**-**	-	(1.2)
Dividends cash paid	**21.3**	19.5	38.2

An interim dividend of 7.9p per share in respect of the six months ended 31 March 2017 was declared by the Board on 22 May 2017. The interim dividend will be paid as an ordinary dividend on 7 July 2017 to shareholders on the register at 16 June 2017. The dividend will be accounted for as an appropriation of revenue reserves in the year ending 30 September 2017.

9. Investment properties

	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
At beginning of period	**3,111.6**	2,908.0	2,908.0
Acquisitions	**28.1**	43.2	62.7
Disposals	**(4.9)**	-	-
Refurbishment and other capital expenditure	**20.0**	12.8	32.6
Net surplus on revaluation of investment properties	**61.6**	58.2	108.3
Book value at end of period	**3,216.4**	3,022.2	3,111.6
Fair value at end of period:			
Properties valued by Cushman & Wakefield	**3,228.1**	3,034.3	3,123.6
Less: unamortised lease incentives (note 10)	**(11.7)**	(12.1)	(12.0)
Book value at end of period	**3,216.4**	3,022.2	3,111.6

The investment properties valuation comprises:

	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
Freehold properties	**2,956.6**	2,789.1	2,864.8
Leasehold properties	**271.5**	245.2	258.8
	3,228.1	3,034.3	3,123.6

Investment properties were subject to external valuation as at 31 March 2017 by qualified professional valuers, being members of the Royal Institution of Chartered Surveyors, working for Cushman & Wakefield, Chartered Surveyors, acting in the capacity of external valuers.

All properties were valued on the basis of fair value and highest and best use in accordance with the RICS Valuation Standards - Professional Standards 2014 and IFRS 13. When considering the highest and best use a valuer considers its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer considers the use a market participant would have in mind when formulating the price it would bid and reflects the cost and likelihood of achieving that use.

The external valuers use information provided by the Group, such as tenancy information and capital expenditure expectations. The valuers, in forming their opinion make a series of assumptions. The assumptions are typically market related, such as yields and rental values, and are based on the valuers' professional judgement and market observations. The major inputs to the external valuation are reviewed by the senior management team. In addition, the valuers meet with external auditors and members of the Audit Committee.

The fair value of the Group's investment properties has primarily been determined using a market approach, which provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. There are a number of assumptions that are made in deriving the fair value, including equivalent yields and ERVs. Equivalent yields are based on current market prices, depending on, inter alia, the location and use of the property. ERVs are calculated using a number of factors which include current rental income, market comparatives and occupancy levels. Whilst there is market evidence for these inputs, and recent transaction prices for similar properties, there is still a significant element of estimation and judgement. As a result of adjustments made to market observable data, these significant inputs are deemed unobservable.

The Group considers all of its investment properties to fall within Level 3 of the hierarchy in IFRS 13, as set out below. The Group's policy is to recognise transfers between fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There have been no transfers during the period (31.3.2016: none; 30.9.2016: none).

Hierarchy	Description
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).
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.

The key assumptions made by the valuers are set out in the basis of valuation on pages 19 to 20. The Group's acquisition and capital expenditure activity is discussed on pages 9 to 11.

As noted in the critical judgements, assumptions and estimates section on page 124 in the 2016 Annual Report, the valuation of the Group's property portfolio is inherently subjective. 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 key unobservable inputs are inter-dependent. All other factors being equal, a higher equivalent yield would lead to a decrease in the valuation of a property, and an increase in the ERV would increase the capital value, and vice versa.

At 31 March 2017, the Group had capital commitments of £25.0 million (31.3.2016: £13.9 million; 30.9.2016: £31.3 million).

10. Accrued income

	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
Accrued income in respect of lease incentives	**11.7**	12.1	12.0
Less: included in trade and other receivables (note 12)	**(2.2)**	(2.2)	(2.2)
	9.5	9.9	9.8

Lease incentives are 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 years.

11. Investment in joint venture

	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
Group			
At 1 October	**146.4**	129.6	129.6
Share of profits	**3.5**	14.9	18.5
Dividends received	**(2.8)**	(1.1)	(1.7)
Book value at end of period	**147.1**	143.4	146.4

The summarised Statement of Comprehensive Income and Balance Sheet used for consolidation purposes are presented below:

	Six months ended 31.3.2017 £m	Six months ended 31.3.2016 £m	Year ended 30.9.2016 £m
Statement of Comprehensive Income			
Rents receivable	**9.2**	7.2	15.1
Recoverable property expenses	**0.8**	0.7	1.4
Revenue from properties	**10.0**	7.9	16.5
Property outgoings	**(1.0)**	(0.9)	(1.6)
Recoverable property expenses	**(0.8)**	(0.7)	(1.4)
Property charges	**(1.8)**	(1.6)	(3.0)
Net property income	**8.2**	6.3	13.5
Administrative expenses	**(0.1)**	(0.3)	(0.4)
Operating profit before investment property valuation movements	**8.1**	6.0	13.1
Net surplus on revaluation of investment properties	**3.0**	20.7	22.5
Operating profit	**11.1**	26.7	35.6
Net finance costs	**(3.4)**	(3.3)	(6.6)
Profit before tax	**7.7**	23.4	29.0
Current tax	**(0.9)**	(0.4)	(1.2)
Deferred tax	**0.2**	6.8	9.1
Tax (charge)/credit for the period	**(0.7)**	6.4	7.9
Profit and total comprehensive income for the period	**7.0**	29.8	36.9
Profit attributable to the Group	**3.5**	14.9	18.5

	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
Balance Sheet			
Non-current assets			
Investment properties at book value	**458.2**	452.1	455.0
Accrued income	**3.7**	4.2	4.0
Other receivables	**1.3**	1.3	1.3
	463.2	457.6	460.3
Cash and cash equivalents	**4.4**	4.0	4.1
Current assets	**2.6**	2.6	4.0
Total assets	**470.2**	464.2	468.4
Current liabilities	**9.9**	9.3	9.4
Non-current liabilities			
Secured term loan	**120.0**	120.0	120.0
Other non-current liabilities	**46.1**	48.1	46.3
Total liabilities	**176.0**	177.4	175.7
Net assets	**294.2**	286.8	292.7
Net assets attributable to the Group	**147.1**	143.4	146.4

Knight Frank LLP, acting in the capacity of external valuers, value the investment properties owned by the joint venture.

12. Trade and other receivables

	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
Amounts due from tenants	**9.6**	11.8	10.5
Provision for doubtful debts	**(0.4)**	(0.5)	(0.5)
	9.2	11.3	10.0
Accrued income in respect of lease incentives (note 10)	**2.2**	2.2	2.2
Amount due from joint venture	**0.9**	0.9	0.9
Prepayments	**4.2**	4.1	4.4
Other receivables	**0.3**	0.5	1.8
	16.8	19.0	19.3

At 31 March 2017, cash deposits totalling £18.1 million (31.3.2016: £17.7 million; 30.9.2016: £18.0 million) were held against tenants' rent payment obligations. The deposits are held in bank accounts administered by the Group's managing agents.

13. Cash and cash equivalents

Cash and cash equivalents at 31 March 2017 were £10.3 million (31.3.2016: £7.2 million; 30.9.2016: £15.6 million).

Non-current other receivables include £3.7 million at 31 March 2017 (31.3.2016: £3.7 million; 30.9.2016: £3.7 million) which relate to cash held on deposit as security for certain secured term loans, and where there are certain conditions restricting its use. Holding cash in restricted accounts does not prevent the Group from earning returns by placing these monies in interest-bearing accounts or on deposit.

14. Trade and other payables

	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
Rents and service charges invoiced in advance	**22.1**	20.8	21.3
Amounts due in respect of property acquisitions	**0.5**	-	0.7
Trade payables and accruals in respect of capital expenditure	**4.0**	3.6	5.2
Other taxation and social security	**4.3**	4.9	6.1
Other payables and accruals	**9.4**	9.5	12.0
	40.3	38.8	45.3

15. Borrowings

	Nominal value £m	Unamortised issue costs £m	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
Current borrowings					
Debenture stock	**-**	**-**	**-**	-	92.2
Non-current borrowings					
Mortgage bonds	**285.0**	**(3.5)**	**281.5**	-	-
Debenture stock	**-**	**-**	**-**	63.1	-
Secured bank loans	**171.6**	**(1.4)**	**170.2**	246.6	289.0
Secured term loans	**384.8**	**(4.5)**	**380.3**	379.9	380.1
Total non-current borrowings	**841.4**	**(9.4)**	**832.0**	689.6	669.1
Total borrowings	**841.4**	**(9.4)**	**832.0**	689.6	761.3

Net debt

	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
Nominal borrowings - gross	**841.4**	703.3	767.7
Cash balances set-off against certain borrowings	**-**	(8.9)	-
	841.4	694.4	767.7
Cash and cash equivalents (note 13)	**(10.3)**	(7.2)	(15.6)
	831.1	687.2	752.1

On 7 October 2016, Shaftesbury Carnaby PLC, a subsidiary of Shaftesbury PLC (the Company), issued £285 million of Guaranteed First Mortgage Bonds (the bonds) with a coupon of 2.487% and maturity in September 2031. The bonds are secured by fixed charges over the properties held by Shaftesbury Carnaby PLC and a floating charge over Shaftesbury Carnaby PLC's assets. They also benefit from an unsecured guarantee from Shaftesbury PLC.

On the same day, the Company's existing £61.0 million Debenture Stock (the stock) was redeemed in full, being satisfied by existing holders of the stock exchanging their stock for new bonds, or taking cash. Of the £285 million proceeds raised by the issue of the new bonds, £92.2 million was used to redeem the existing stock. This was satisfied by £10.4 million of cash and £81.8 million of new bonds. The fixed and floating charges relating to the stock were released.

The Group's borrowings are secured by fixed charges over certain investment properties held by subsidiaries, with a carrying value of £2,700.9 million (31.3.2016: £2,525.7 million; 30.9.2016: £2,436.9 million), and by floating charges over the assets of the Company and certain subsidiaries.

Availability and maturity of borrowings

	Facilities		
	Committed £M	**Drawn £M**	**Undrawn £M**
Repayable within 1 year	**-**	**-**	**-**
Repayable between 1 and 5 years	**350.0**	**171.6**	**178.4**
Repayable after 10 years	**669.8**	**669.8**	**-**
At 31 March 2017	**1,019.8**	**841.4**	**178.4**
At 31 March 2016	795.8	694.4	101.4
At 30 September 2016	827.0	767.7	59.3

Interest rate profile of interest bearing borrowings

	31.3.2017		31.3.2016		30.9.2016	
	Debt £m	**Interest rate**	Debt £m	Interest rate	Debt £m	Interest rate
Floating rate borrowings						
LIBOR-linked loans (including margin)	**46.6**	**1.49%**	68.6	1.88%	110.7	1.75%
Hedged borrowings						
Interest rate swaps (including margin)	**125.0**	**6.02%**	180.0	6.13%	180.0	6.17%
Total bank borrowings	**171.6**	**4.79%**	248.6	4.96%	290.7	4.49%
Fixed rate borrowings						
Secured term loans	**384.8**	**3.85%**	384.8	3.85%	384.8	3.85%
Mortgage bonds	**285.0**	**2.49%**	-	-	-	-
8.5% First Mortgage Debenture Stock - book value	**-**	**-**	63.1	7.93%	92.2	7.93%
Weighted average cost of drawn borrowings		**3.58%**		4.61%		4.45%

The Group also incurs non-utilisation fees on undrawn facilities. At 31 March 2017, the weighted average charge on the undrawn facilities of £178.4 million (31.3.2016: £101.4 million; 30.9.2016: £59.3 million) was 0.70% (31.3.2016: 0.69%; 30.9.2016: 0.70%).

The Group has in place interest rate swaps to hedge £125.0 million of floating rate bank debt, at fixed rates in the range 4.68% to 5.16%, with a weighted average rate at 31 March 2017 of 4.89%. The swaps, which are settled against three month LIBOR, expire between August 2028 and October 2038. If mutual break or counterparty early termination options are exercised the weighted average term is 3.1 years (31.3.2016: 3.6 years; 30.9.2016: 3.1 years).

Details of the Group's current financial position are discussed on pages 17 to 18.

16. Financial instruments

Fair value of financial instruments

	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
Interest rate swaps			
At beginning of period	**(114.1)**	(79.2)	(79.2)
Swap contracts terminated	**34.1**	-	-
Fair value movement credited/(charged) to the Statement of Comprehensive Income	**16.1**	(12.1)	(34.9)
At end of period	**(63.9)**	(91.3)	(114.1)

In October 2016, the Group terminated interest rate swap contracts with a notional principal of £55.0 million. These swaps, with an average rate of 4.76%, had expiry dates between August 2028 and November 2038, and included counterparty early termination options in November 2018. The cost of terminating these swaps was £34.1 million. They were included in the Balance Sheet at 30 September 2016 at a fair value of £38.0 million. The difference between the fair value of these interest rate swaps at 30 September 2016 of £38.0 million and the cost of termination of £34.1 million, is included in the fair value movement credited to the Statement of Comprehensive Income for the period of £16.1 million.

Changes in the fair value of the Group's interest rate swaps, which are not held for speculative purposes, are reflected in the Statement of Comprehensive Income as the Group has chosen not to adopt hedge accounting under the provisions of IAS 39 'Financial Instruments: Recognition and Measurement'.

The extent to which the fair value deficit will crystallise will depend on the course of interest rates over the life of the swaps. The weighted average maturity of the swaps at the Balance Sheet date is set out in note 15.

The fair value of the interest rate swaps has been estimated using the mid-point of the relevant yield curve prevailing at the reporting date, and represents the net present value of the differences between the contractual rate and the valuation rate through to the contracted expiry date of the swap contract. The valuation technique falls within Level 2 of the fair value hierarchy (see note 9 for definition). The swaps are valued by J.C Rathbone Associates Limited.

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 (31.3.2016: none; 30.9.2016: none).

The mortgage bonds and the Group's secured term loans are held at amortised cost in the Balance Sheet. The fair value of these financial instruments is in excess of book value. This excess, which is not recognised in the reported results for the period, is £37.4 million (31.3.2016: £31.7 million; 30.9.2016: £52.5 million). The fair values have been calculated based on a discounted cash flow model using the relevant reference gilt and appropriate market spread. The valuation technique falls within Level 2 of the fair value hierarchy (see note 9 for definition).

The Group has no obligation to repay its secured term loans in advance of their maturities on 2 May 2029, 19 March 2030, and 31 July 2035.

Other financial instruments

The fair values of the Group's cash and cash equivalents, and those financial instruments included within trade and other receivables, interest bearing borrowings, (excluding the mortgage bonds and the secured term loans), and trade and other payables are not materially different from the values at which they are carried in the financial statements.

17. Share capital

During the period, 451,000 ordinary 25p shares were issued in connection with the exercise of nil cost options granted under the 2006 LTIP.

18. Net asset value per share

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

	31.3.2017 Net assets		As restated 31.3.2016 Net assets		30.9.2016 Net assets	
	Net assets £m	**Per share £**	Net assets £m	Per share £	Net assets £m	Per share £
Basic	**2,468.9**	**8.85**	2,387.1	8.57	2,387.1	8.57
Dilutive effect of share options	**0.5**		0.4		0.5	
Diluted	**2,469.4**	**8.83**	2,387.5	8.53	2,387.6	8.54
Fair value of derivatives	**63.9**	**0.23**	91.3	0.33	76.1	0.27
Deferred tax*	**17.9**	**0.06**	19.1	0.07	18.0	0.07
EPRA NAV	**2,551.2**	**9.12**	2,497.9	8.93	2,481.7	8.88
Fair value of derivatives	**(63.9)**	**(0.23)**	(91.3)	(0.33)	(76.1)	(0.27)
Deferred tax*	**(17.9)**	**(0.06)**	(19.1)	(0.07)	(18.0)	(0.07)
Excess of fair value over carrying value of debt:						
Secured term loans*	**(49.0)**	**(0.18)**	(25.6)	(0.09)	(64.9)	(0.23)
Mortgage bond	**2.3**	**0.01**	-	-	-	-
Debenture stock	**-**	**-**	(14.5)	(0.05)	-	-
EPRA NNNAV	**2,422.7**	**8.66**	2,347.4	8.39	2,322.7	8.31
Number of shares (million)		**279.0**		278.5		278.6
Number of diluted shares (million)		**279.8**		279.7		279.6

* Includes our 50% share of deferred tax and excess of fair value over carrying value of secured term loans in the Longmartin joint venture.

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

In accordance with EPRA recommendations, the adjustment for the fair value of derivatives at 30 September 2016 excludes those interest rate swaps which were cancelled in October 2016 (see note 16).

The fair value of secured term loans at 31 March 2016 has been restated by £8.4 million to include the fair value in excess of book value for the debt in the joint venture. This has decreased EPRA NNNAV net assets by £8.4 million and EPRA NNNAV net asset value per share by £0.03.

19. Cash flows from operating activities

Operating activities	**Six months ended 31.3.2017 £m**	Six months ended 31.3.2016 £m	Year ended 30.9.2016 £m
Profit before tax	**102.4**	80.1	99.1
Adjusted for:			
Lease incentives recognised (note 2)	**0.3**	(0.6)	(0.5)
Charge for share-based remuneration (note 4)	**0.7**	1.2	1.9
Depreciation	**0.2**	0.2	0.4
Investment property valuation movements (note 9)	**(61.6)**	(58.2)	(108.3)
Profit on disposal of investment properties	**(0.3)**	-	-
Net finance costs	**-**	28.7	97.7
Share of profit from joint venture (note 11)	**(3.5)**	(14.9)	(18.5)
Cash flows from operations before changes in working capital	**38.2**	36.5	71.8
Changes in working capital:			
Change in trade and other receivables	**2.5**	2.3	2.1
Change in trade and other payables	**(3.1)**	0.1	3.0
Cash generated from operating activities	**37.6**	38.9	76.9

20. Movement in borrowings

	1.10.2016 £m	**Cash flows £m**	**Non-cash items £m**	**31.3.2017 £m**
Group				
Mortgage bonds	**-**	**(203.2)**	**(81.8)**	**(285.0)**
8.5% First Mortgage Debenture Stock 2024	**(92.2)**	**10.4**	**81.8**	**-**
Secured bank loans	**(290.7)**	**119.1**	**-**	**(171.6)**
Secured term loans	**(384.8)**	**-**	**-**	**(384.8)**
Loan issue costs	**6.4**	**3.6**	**(0.6)**	**9.4**
Six months ended 31 March 2017	**(761.3)**	**(70.1)**	**(0.6)**	**(832.0)**
Six months ended 31 March 2016	(640.3)	(48.9)	(0.4)	(689.6)
Year ended 30 September 2016	(640.3)	(91.0)	(30.0)	(761.3)

21. Related party transactions

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

Transactions and balances between the Company and its joint venture, which have not been eliminated on consolidation are summarised below:

	31.3.2017 £m	31.3.2016 £m	30.9.2016 £m
Transactions with joint venture:			
Administrative fees receivable	**0.1**	0.2	0.2
Dividends receivable	**2.8**	1.1	1.7
Interest receivable	**-**	-	0.1
Balance with joint venture:			
Amount due from joint venture	**0.9**	0.9	0.9

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 4.2.7R and DTR 4.2.8R, namely:

- 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 a fair review of any material changes in the related party transactions described in the last Annual Report.

The maintenance and integrity of the Shaftesbury website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

The directors of Shaftesbury PLC are listed in its Annual Report for the year ended 30 September 2016.

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

22 May 2017

Independent Review Report to Shaftesbury PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2017 which comprises the Unaudited Group Statement of Comprehensive Income, the Unaudited Group Balance Sheet, the Unaudited Group Cash Flow Statement, the Unaudited Group Statement of Changes in Equity and the related notes to the financial statements 1 to 21. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in 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. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2017 is 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.

Ernst & Young LLP

London

22 May 2017

Shareholder Information

Registrar

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

Telephone 0371 384 2294 (International +44 121 415 7047). 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.

Where the Group pays an ordinary dividend this will be treated in the same way as dividends from non-REIT companies. The 2017 interim dividend is being paid entirely as an ordinary dividend.

Corporate Timetable

Financial Calendar

Trading Statement (second half)	September 2017
Annual Results	November 2017
Annual General Meeting	February 2018

Dividends and Mortgage Bond interest

Proposed 2017 interim dividend:

Ex-dividend	15 June 2017
Record date	16 June 2017
Payment date	7 July 2017

Mortgage Bond interest	30 September 2017

Glossary of terms

Alternative Performance Measure (APM)

A financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

Capital value growth

The valuation movement and realised surpluses or deficits arising from the Group's investment property portfolio expressed as a percentage return on the valuation at the beginning of the period adjusted, on a time weighted basis, for acquisitions and capital expenditure. When measured on a like-for-like basis, the calculation excludes those properties acquired or sold during the period.

Compound Annual Growth Rate (CAGR)

The year-on-year growth rate of an investment over a specified period of time.

Current income

Total annualised actual and 'estimated income' reserved by leases at a valuation date. No rent is attributed to leases which were subject to rent-free periods at that 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 ERVs 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.

Like-for-like growth in current income is the change in current income during a period, adjusted to remove the impact of acquisitions and disposals, expressed as a percentage of current income at the start of the period.

Diluted net asset value per share

Net asset value per share taking into account the dilutive effect of potential vesting of share options.

EPRA adjustments

Standard adjustments to calculate EPS and NAV as set out by EPRA in its Best Practice and Policy 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, including additional equity if all vested share options were exercised.

EPRA NNNAV

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.

Like-for-like ERV growth is the change in ERV during a period, adjusted to remove the impact of acquisitions and disposals, expressed as a percentage of ERV at the start of the period.

Fair value
The amount at which an asset or liability could be exchanged between two knowledgeable, willing and 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.

Like-for-like growth in rents receivable
The increase in rents receivable during an accounting period, adjusted to remove the impact of acquisitions, disposals and changes as a result of major refurbishment schemes, expressed as a percentage of rents receivable in the corresponding previous accounting period.

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 during the period of calculation, expressed as a percentage of the EPRA NAV per share at the beginning of the period.

Portfolio reversionary potential
The amount by which the ERV exceeds current income, measured at a valuation date.

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

Real Estate Investment Trust (REIT)
A REIT is a tax designation for an entity or group investing in real estate that reduces or eliminates corporation tax on rental profits and chargeable gains relating to the rental business, providing certain criteria obligations set out in tax legislation are met.

Topped-up initial yield
An adjusted initial yield which assumes rent free periods or other unexpired lease incentives, such as discounted rent periods and step ups, have expired.

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 period.