Half year results 2018

SHAFTESBURY 2018 HALF YEAR RESULTS
Growth in income, earnings, dividend and NAV

Shaftesbury, the Real Estate Investment Trust and owner of a 14.9 acre property portfolio in the heart of London's West End, today announces its results for the six months ended 31 March 2018.

Highlights

- **The West End remains largely insulated from the economic impact of national short- and longer-term uncertainties and challenges.**
- **Trading and footfall remains good across our locations.**
- **Further rental growth resulting from sustained occupier demand across all uses. Vacancy remains low.**
- **Good letting progress with our three larger schemes with 62% now let or under offer.**
- **Strong growth in contracted income drives further growth in earnings.**
- **Profit after tax increased by 20.8% to £123.7m. EPRA earnings[2]: £25.0m, +9.6%.**
- **Interim dividend increase: 5.1% to 8.3p per share. Fully covered by EPRA earnings per share[2].**
- **EPRA NAV[2]: £9.83. Growth of 3.3% over six months driven by portfolio valuation growth[2,5] of 3.0%. Growth over 12 months: EPRA NAV[2] +7.8%, portfolio valuation[2,5] +8.0%.**
- **Portfolio investment: £132.3m including acquisitions in Carnaby and Seven Dials (£117.4m) and schemes across 153,000 sq. ft. (£14.9m)**
- **Equity issue raised £260.4m providing resources to grow and invest in our portfolio whilst maintaining appropriate debt levels for our long-term, accretive investment strategy.**
- **Revolving credit facilities extended and refinanced. Earliest maturity now 2022.**

Brian Bickell, Chief Executive, commented:

"Our results for the half year ended 31 March 2018, which show continuing growth in rental income, EPRA earnings, and NAV, demonstrate the successful and innovative approach we bring to the management of our portfolio, and the breadth of appeal and resilience of London's West End.

The West End economy has been largely unaffected by business and consumer uncertainty following the 2016 EU referendum and the structural challenges facing national retail and restaurant chains. Interest in our space is good and occupancy remains high with occupiers recognising that the West End has a broad appeal to domestic and international businesses and visitors, as well as its large local working population, and a generally less price-sensitive customer base.

We are confident that our exceptional portfolio, located in the centre of one of the world's leading global cities, managed by an experienced and enthusiastic team and supported by robust finances, is well-placed to continue to deliver excellent long-term returns for shareholders."

Growth in income, earnings, dividend and NAV

Statement of Comprehensive Income		Six months ended 31.3.2018	31.3.2017	Change
Reported results				
Net property income	£m	**46.2**	43.8	+5.5%
Profit after tax	£m	**123.7**	102.4	+20.8%
Basic earnings per share	Pence	**41.7**	36.7	+13.6%
Interim dividend per share	Pence	**8.3**	7.9	+5.1%
Total distribution for the financial period	£m	**25.5**	22.0	+15.9%
EPRA results[1,2]				
Earnings	£m	**25.0**	22.8	+9.6%
Earnings per share	Pence	**8.4**	8.2	+2.4%

- Dividend fully covered by EPRA earnings per share[1,2] and adjusted earnings per share[2,3].

Balance Sheet		31.3.2018	30.9.2017	Change
Reported				
Net assets	£m	**3,006**	2,647	+13.6%
Net asset value per share[2]	£	**9.78**	9.49	+3.1%
EPRA[1,2]				
Net assets	£m	**3,024**	2,665	+13.5%
Net asset value per share	£	**9.83**	9.52	+3.3%

- Net asset value return[2] for six months ended 31.3.2018: 4.1% (12 months to 31.3.2018: 9.0%).

Occupier demand remains healthy

- Commercial lettings, lease renewals and rent reviews[4] (rental value: £10.9 million) concluded at an average of 4.2% above 30 September 2017 ERV and 7.6% above ERV at 31 March 2017.

- Excluding larger schemes, EPRA vacancy[4] at 31 March 2018: 2.8% of ERV, of which 1.3% was under offer.

Good progress with larger schemes

- 62% by ERV is now let or under offer at our three larger schemes.

  - Thomas Neal's Warehouse: terms agreed and expect to conclude lease shortly.

  - Central Cross: restaurant space all let or under offer; retail space with an ERV of £0.2m under offer.

  - 57 Broadwick Street: retail and restaurant space fully let. Office and residential elements completed in April 2018. 57% of office space now let.

Growth in portfolio value[2,7], contracted rents and ERV

- Portfolio valuation[2,7]: £3.86 billion. Like-for-like growth[2] over the six months: +3.0% (12 months to 31.3.2018: +8.0%).

- Current annualised income[7]: £121.5 million (30.9.2017: £114.1 million). Like-for-like growth over six months: +3.7% (12 months to 31.3.2018: +5.6%). 10-year CAGR[5]: 5.3%.

- ERV[7] increased by £6.2 million to £150.7 million. Like-for-like growth over six months: +1.4% (12 months to 31.3.2018: +3.0%). CAGR[5] over 10 years: 4.0%.

- Portfolio reversionary potential[7]: £29.2 million, 24.0% above current annualised income.

- Equivalent yields:
  - Wholly-owned portfolio: 3.41% (30.9.2017: 3.46%);
  - Longmartin joint venture: 3.80% (30.9.2017: 3.80%).

Further investment in our portfolio

- Acquisitions during the first half: £117.4 million, including the freehold of 72 Broadwick Street, Carnaby and six buildings in Neal Street, Seven Dials.

- Acquisition of 35 and 36 Great Marlborough Street, Carnaby, for £22.7 million (incl. costs) secured since 31 March 2018.

- Forward-purchase of 90-104 Berwick Street, for £41 million (incl. costs) now expected to complete in spring 2019, as a result of delayed completion of the vendor's redevelopment scheme.

- Redevelopment and refurbishment schemes[4] during the period across 153,000 sq. ft. (8.4% of floor space). Capital expenditure[4]: £14.9 million. Our share of capital expenditure in the Longmartin joint venture: £1.2 million.
  - Projects with an ERV of £5.0 million completed in the period. New schemes (ERV: £2.7 million) commenced.
  - Space extending to 93,300 sq. ft. (representing 4.8% of ERV) being held for, or under, refurbishment at 31 March 2018.
  - Continuing to identify further asset management initiatives across the portfolio to increase rental potential and unlock value.

- Selective disposals of non-core assets: £12.9 million, 48.3% above book value at 30 September 2017.

Financing arrangements to support growth and development of the business over the long term

- Share placing in December 2017 at £9.52 per share raised £260.4 million (net of expenses).

- Revolving credit facilities extended and refinanced. Earliest maturity now 2022.

- Loan-to-value ratio[2,6,7]: 21.7% (30.9.2017: 26.7%).

- Weighted average maturity of debt[2,7]: 10.7 years (30.9.2017: 10.3 years).

- Blended cost of debt[2,6,7]: 3.2% (30.9.2017: 3.3%). Marginal cost on unutilised facilities: 1.5%.

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1. Calculated in accordance with EPRA Best Practice Recommendations.
2. An alternative performance measure ("APM"). The Group uses a number of measures to assess and explain its performance, some of which are considered to be APMs as they are not defined under IFRS. See page 23.
3. After adding back the non-cash accounting charge for share options.
4. Wholly-owned portfolio.
5. Like-for-like.
6. Based on net debt.
7. Includes 50% of the Longmartin joint venture.

See Glossary of terms on pages 49 to 51.

This announcement includes inside information.

There will be a presentation to equity analysts at 9.30am on Tuesday 22 May 2018, 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://bit.ly/2I6Oe5X 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

About Shaftesbury

Shaftesbury is a Real Estate Investment Trust, which invests exclusively in the liveliest parts of London's West End. Our objective is to deliver long-term growth in rental income, capital values and shareholder returns.

Focussed on restaurants, leisure and retail, our exceptional portfolio now extends to 14.9 acres, clustered mainly in Carnaby, Seven Dials and Chinatown, with substantial ownerships in east and west Covent Garden, Soho and Fitzrovia. In addition, we have a 50% interest in the Longmartin joint venture with The Mercers' Company, which has a long leasehold interest, extending to 1.9 acres, in St Martin's Courtyard in Covent Garden.

Our proven management strategy is to create and foster distinctive, attractive and prosperous locations. It is implemented by an experienced management team with an innovative approach to long-term, sustainable income and value creation, and a focus on shareholder returns. We have a strong balance sheet and conservative leverage.

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

Our results for the half year ended 31 March 2018, which show continuing growth in rental income, EPRA earnings, and NAV, demonstrate the successful and innovative approach we bring to the management of our exceptional portfolio, and the breadth of appeal and resilience of London's West End as a destination for domestic and international visitors and business.

Our income and earnings have continued to rise, reflected in an increased interim dividend of 8.3 pence per share, up 5.1% on last year. With a greater number of shares in issue, the total distribution will be £25.5 million, 15.9% higher than last year.

During the period, we have made considerable progress in securing occupiers for our larger schemes in Chinatown, Carnaby and Seven Dials, as well as concluding over £15 million of leasing transactions across our portfolio. We have completed important additions to our ownerships, totalling £117.4 million.

Our recent equity issue, which raised £260.4 million, was well-supported by shareholders and has provided us with the financial resources to continue to grow and invest in our portfolio, whilst ensuring debt is maintained at a level the Board considers appropriate for our long-term, accretive investment strategy, and avoiding the risks associated with excessive leverage. Also, we have refinanced and extended the maturities of our revolving bank facilities, further improving the robustness of our balance sheet.

Our focus

We focus on restaurants, leisure and retail. 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 non-cyclical, long-term rental growth.

Extending to 1.1 million sq. ft., our 283 restaurants, cafés and pubs and 304 shops are mainly of medium or small size and provide 36% and 32% of our current annualised income, respectively. Generally, we choose mid-market, innovative and accessible concepts, rather than luxury or value-led shops and restaurants. This variety of interesting dining, leisure and retail brands gives our destinations a distinctive identity and provides visitors with an experience unmatched by other areas.

Typically, the upper floors in our buildings comprise small offices and rental apartments, which provide 18% and 14% of our current annualised income, respectively. These bring working and residential communities, providing regular customers for our restaurants, cafés, pubs and shops.

Current trading environment

The combination of the unique features of London, the West End and our portfolio have, in our long experience, provided a considerable degree of insulation from the economic impact of national short- and longer-term uncertainties and challenges.

Currently, unsettled sentiment since the EU referendum in June 2016 is continuing to adversely affect business and consumer confidence. In addition, national retail and restaurant chains are also having to address the structural implications of changing spending patterns and developments in technology. Inevitably they are cautious in their investment plans, with some permanently scaling back their operations.

In contrast, the West End economy has been largely unaffected by these current, widely-reported concerns. Whilst we have seen an increase in the time taken to complete lettings, interest in our space is good and occupancy remains high with occupiers recognising that the West End has a broad appeal to domestic and international businesses and visitors, as well as its large local working population, and a generally less price-sensitive customer base. Forecasts indicate continuing growth in inbound visitor numbers, and the expected inauguration of the Elizabeth Line in December will, in the years ahead, greatly improve accessibility to the West End. Together, they are expected to bring a sustained increase in the estimated 200 million visits the West End already receives annually.

Our proven and ever-evolving strategy curates and fosters lively and distinctive destinations, which draw visitors and spending in huge and growing numbers. We create prosperous trading environments for our 587 shops, restaurants, cafés and pubs, which, in turn, supports our ability to deliver long-term rental growth. In our locations, our restaurants, cafés, bars and shops are reporting year-on-year sales growth and we continue to see healthy interest for space from businesses keen to locate with us.

Leasing activity

Leasing activity levels have remained high during the six months ended 31 March 2018. Across the wholly-owned portfolio, we have concluded lettings, renewals and rent reviews with a rental value of £15.3 million (31.3.2017: £13.9 million), equating to 11.4% of ERV at 30 September 2017.

Commercial leasing transactions totalled £10.9 million (31.3.2017: £9.3 million) and residential lettings and renewals amounted to £4.4 million (31.3.2017: £4.6 million). Rents for commercial uses were, on average, 4.2% above ERV at 30 September 2017 and 7.6% ahead of ERV twelve months ago.

At 31 March 2018, space with a rental value of £3.5 million was under offer.

	Six months ended 31.3.2018		Six months ended 31.3.2017
	£m		£m
Commercial			
Lettings and renewals	**7.1**	+2.5% vs 30.9.2017 ERV	3.9
Rent reviews	**3.8**	+24.5% vs previous rent (5-year CAGR: +4.5%)	5.4
	10.9	**+4.2% vs 30.9.2017 ERV**	9.3
Residential			
Lettings and renewals	**4.4**	-0.5% vs previous rent	4.6
Total	**15.3**		13.9

Our share of leasing transactions in the Longmartin joint venture was £0.4 million (31.3.2017: £3.0 million).

Portfolio review

Lower floors – 68% of current income[1]

	Restaurants, cafés and leisure	**Retail**
% of current income[1]	36%	32%
Number	283	304
Area (sq. ft.)	602,000	477,000

1. Wholly-owned portfolio

- **Restaurants, cafés and leisure**

The exceptional variety of restaurants, cafés and leisure choices in the West End are important to its economy, bringing footfall and spending. With 283 restaurants, cafés and pubs, we are the largest single provider of dining and leisure space in the West End. Our ownerships include high-profile and busy destinations such as Chinatown, Kingly Court, Neal’s Yard and the Opera Quarter. The majority of our restaurants offer casual all-day dining, with a focus on experience and quality.

Despite a national slowdown in dining and leisure spending, we continue to see healthy trading across our areas. Availability of restaurant space in the West End is constrained by a restrictive planning environment, and the reluctance of existing occupiers to give up their valuable space other than for significant premiums. Against this backdrop of limited supply, occupier demand is good, with operators attracted by exceptional footfall, seven days a week, and a relatively affluent customer base. Competition for available space continues to be strong, and occupancy levels remain high. At 31 March 2018, all our available-to-let restaurant, café and leisure space (ERV: £1.3 million) was under offer.

The 79 restaurants, cafés and bars we own in Chinatown, close to the West End's major entertainment venues, represent approximately one-third, by floor space, of our total ownership of these valuable uses. In this exceptionally busy location, notable for its long hours of trading, our strategy is to improve the variety of the dining offer, whilst maintaining its authentic Chinese and East Asian character and affordability. We are taking opportunities, as they arise, to secure vacant possession of buildings and improve the layout of space on lower floors whilst introducing new uses on upper floors. Demand for this refurbished space is strong and is enabling us to introduce exciting, new concepts. The new restaurants and cafés, and associated public realm works, at our Central Cross scheme (see pages 10 and 12) are important additions to Chinatown's offer and appeal.

During the period, we completed leasing transactions in the wholly-owned portfolio with a rental value of £5.2 million (31.3.2017: £4.5 million).

	Six months ended 31.3.2018			Six months ended 31.3.2017
		Rental value		
	Number	**£m**	**% of use ERV**	% of use ERV
Lettings and renewals	15	2.8	5.9%	2.4%
Rent reviews	15	2.4	5.0%	7.6%
	30	**5.2**	**10.9%**	10.0%

There were no restaurant or café leasing transactions in the Longmartin joint venture during the six months ended 31 March 2018 (31.3.2017: £0.9 million).

- **Retail**

Our 304 shops, the majority of which are in Carnaby and Seven Dials, make an important contribution to the West End as a leading shopping destination.

With the wide range of shop sizes and rental levels across our buildings and streets, we can provide space for a diverse range of retail formats including start-ups, new brands and international flagships, focussing on interesting, innovative and experiential concepts. Also, we can offer retailers flexibility to expand, relocate, or introduce new ideas and collaborations. Importantly, in our high-footfall and spending locations, rental levels remain affordable compared with nearby streets.

Despite continued headwinds and challenges across the retail sector, our tenants continue to trade well. We remain innovative and flexible in the terms we offer and are continuing to see good interest for the smaller space we typically have to offer, both from domestic and overseas retailers. During the period, we completed leasing transactions with an ERV of £2.9 million (31.3.2017: £2.9 million).

	Six months ended 31.3.2018			Six months ended 31.3.2017
		Rental value		
	Number	**£m**	**% of use ERV**	% of use ERV
Lettings and renewals	18	2.4	5.1%	2.2%
Rent reviews	5	0.5	1.1%	4.1%
	23	**2.9**	**6.2%**	6.3%

Our share of lettings and rent reviews in the Longmartin joint venture was £50,000 (31.3.2017: £0.5 million).

Upper floors – 32% of current income[1]

	Offices	Residential
% of current income[1]	18%	14%
Number		578
Area (sq. ft.)	452,000	356,000

1. Wholly-owned portfolio

- **Offices**

We are an important provider of small, flexible office space in the core West End. At 31 March 2018, we owned 452,000 sq. ft. of office space, a net increase of 49,000 sq. ft. since 30 September 2017, due to the purchase of 72 Broadwick Street, Carnaby (see page 12), partly offset by further conversion of space to other uses. With 238 tenants, the average letting across our portfolio is 1,650 sq. ft. at £56 per sq. ft. (30.9.2017: £55 per sq. ft.). Average ERVs are £64 per sq. ft. (30.9.2017: £61 per sq. ft.).

Occupier demand for our space remains good, particularly from SME media, fashion, creative and tech businesses. Availability of this type of space remains low across our locations and, whilst we have seen a small increase in incentive levels, rental tones for our modestly-priced space have increased marginally and occupancy levels have been high.

During the period, wholly-owned office lettings, renewals and rent reviews with a rental value of £2.8 million were completed (31.3.2017: £1.9 million).

	Six months ended 31.3.2018			Six months ended 31.3.2017
	Number	**Rental value £m**	**% of use ERV**	% of use ERV
Lettings and renewals	20	1.9	6.6%	7.2%
Rent reviews	3	0.9	3.1%	0.4%
	23	**2.8**	**9.7%**	7.6%

Our share of office lettings and rent reviews in the Longmartin joint venture was £0.2 million (31.3.2017: £1.4 million).

- **Residential**

Demand to rent our 578 mid-market apartments - mainly studios and one or two bedroom flats – remains good.

Lettings and renewals with a rental value of £4.4 million were completed in the period (31.3.2017: £4.6 million). Whilst rents achieved were 0.5% below previous levels, reflecting a greater availability of flats to rent in Central London, occupancy levels have been as high as ever, delivering an important cash flow for the business. Our rolling programme to upgrade apartments continues.

	Six months ended 31.3.2018			Six months ended 31.3.2017
	Number	**Rental value £m**	**% of use ERV**	% of use ERV
Lettings and renewals	**154**	**4.4**	**25.7%**	28.2%

Our share of residential letting activity in the Longmartin joint venture was £0.2 million (31.3.2017: £0.2 million).

Vacancy

EPRA vacancy decreased by 0.4% to 5.6% of total ERV over the first half of the year, following letting progress at our larger schemes. Excluding these larger schemes, EPRA vacancy was 2.8%, of which 1.3% was under offer.

EPRA vacancy[1] at 31 March 2018

	Restaurants, cafés and leisure £m	Shops £m	Offices £m	Residential £m	Total £m	% of total ERV 31.3.18 %	30.9.17 %
Larger schemes[2]							
Under offer	0.8	0.9	-	-	**1.7**	**1.2%**	0.2%
Available-to-let	-	2.2	-	-	**2.2**	**1.6%**	3.3%
	0.8	**3.1**	**-**	**-**	**3.9**	**2.8%**	3.5%
Other vacancy							
Under offer	0.5	1.0	0.2	0.1	**1.8**	**1.3%**	0.8%
Available-to-let	-	1.1	1.0	0.1	**2.2**	**1.5%**	1.7%
	0.5	**2.1**	**1.2**	**0.2**	**4.0**	**2.8%**	2.5%
Total							
Under offer	1.3	1.9	0.2	0.1	**3.5**	**2.5%**	1.0%
Available-to-let	-	3.3	1.0	0.1	**4.4**	**3.1%**	5.0%
	1.3	**5.2**	**1.2**	**0.2**	**7.9**	**5.6%**	6.0%
Area ('000 sq. ft.)	13	83	18	5	119		

1. Wholly-owned portfolio
2. Thomas Neal's Warehouse, Seven Dials and Central Cross, Chinatown – see also page 10

Other vacancy

Excluding larger schemes, available-to-let vacancy comprised six shops (ERV: £1.1 million), 16,100 sq. ft. of office space (ERV: £1.0 million) and five apartments (ERV: £0.1 million). Space under offer included three restaurants and cafés, six shops, 2,300 sq. ft. of offices and three apartments.

In the Longmartin joint venture, three shops and three apartments were available to let. The ERV of our 50% share of this space was £0.5 million.

Progress with our larger schemes

We have made further progress in letting our three larger schemes. At 21 May 2018, the combined ERV of these schemes was £7.1 million, of which 62% was let or under offer.

Larger schemes – letting status

	Completed at 31.3.2018		Completed since 31.3.2018		Total	
	£m	%	£m	%	£m	%
Completed space - ERV						
Thomas Neal's Warehouse	0.9		-		0.9	
Central Cross	3.7		-		3.7	
57 Broadwick St	1.0		1.5		2.5	
	5.6		**1.5**		**7.1**	
ERV let or under offer						
At 31 March 2018	3.4	61%	-	-%	3.4	48%
Since 31 March 2018	0.2	4%	0.8	53%	1.0	14%
Total let or under offer at 21 May 2018	**3.6**	**65%**	**0.8**	**53%**	**4.4**	**62%**

- **Thomas Neal's Warehouse, Seven Dials**

We have agreed terms with an international retailer over the entire space and expect to conclude the lease shortly.

- **Central Cross, Chinatown**

At 31 March 2018, all of the scheme's restaurant space (ERV: £1.5 million) was let or under offer. The ERV of space under offer was £0.8 million, of which lettings in respect of £0.4 million have subsequently completed.

We are marketing the retail units fronting Charing Cross Road, which extend to 34,500 sq. ft.. At 31 March 2018, all of the space was available to let. Subsequently, we have placed one unit, with an ERV of £0.2 million, under offer and discussions continue in respect of the remaining units.

- **57 Broadwick Street, Carnaby**

Construction of the retail and restaurant accommodation completed in autumn 2017 and the space has been let.

The remainder of the scheme, comprising 15,500 sq. ft. of grade A office accommodation and two new apartments (1,900 sq. ft.), was completed in late April 2018. We have already let 9,000 sq. ft. of the office space (£0.8m) and are seeing good interest in the remaining space.

Portfolio investment

Space under refurbishment during the period	Capital expenditure	Acquisitions	
153,000 sq. ft.	**£14.9m**	**£117.4m**	**£22.7m**
		6 months ended 31.3.2018	Since 31.3.2018

Asset management activity

Capital expenditure in the wholly-owned portfolio during the period totalled £14.9 million and included schemes extending to 153,000 sq. ft. (8.4% of wholly-owned floor space).

At 31 March 2018, vacant space held for, or under, refurbishment extended to 93,300 sq. ft. and represented 4.8% of ERV, a decrease of 1.8% over six months. During the period, schemes with an ERV of £5.0 million completed, including the restaurant and retail elements of our 57 Broadwick Street project. New schemes with an ERV of £2.7 million commenced.

We have a number of other potential projects at various stages from initial ideas, seeking planning consent, or awaiting vacant possession, and continue to identify further opportunities to add to this pipeline.

Vacant space[1] held for, or under, refurbishment at 31 March 2018

	Restaurants, cafés and leisure £m	Shops £m	Offices £m	Residential £m	Total £m	% of total ERV 31.3.18 %	% of total ERV 30.9.17 %
57 Broadwick St (see page 10)	-	-	1.4	0.1	**1.5**	**1.1%**	1.7%
Other schemes	1.5	1.2	1.6	0.9	**5.2**	**3.7%**	4.9%
Total	**1.5**	**1.2**	**3.0**	**1.0**	**6.7**	**4.8%**	6.6%
Area ('000 sq. ft.)	14	20	39	20	93		

1. Wholly-owned portfolio

Other schemes

We had 39 other schemes underway at 31 March 2018, extending to 75,900 sq. ft. and representing 3.7% of ERV. These included 14,400 sq. ft. of restaurants and cafés (ERV: £1.5 million), 20,400 sq. ft. of shops (ERV: £1.2 million), 23,600 sq. ft. of office space (ERV: £1.6 million), and 30 apartments either being created or up-graded (ERV: £0.9 million).

Longmartin

In the Longmartin joint venture, our share of capital expenditure in the period was £1.2 million. At 31 March 2018, the ERV of our 50% share of space held for refurbishment was £1.0 million. This included a mixed-use commercial scheme on the corner of Long Acre and Upper St Martin's Lane, as well as space where we have recently secured vacant possession ahead of a project to increase the restaurant space in St Martin's Courtyard.

Public realm improvements

In our experience, investing in the public realm is an important catalyst for long-term growth in footfall.

During the period, the scheme to improve the pedestrian environment on the west section of Earlham Street completed. Together with the recently-completed improvements to Cambridge Circus, we are seeing increased footfall already, and expect this to grow further once the Elizabeth Line opens.

Westminster City Council's public realm scheme in Chinatown, which we are funding, will complete in the summer. The new part-pedestrianised public square in Newport Place will provide a focal point for visitors, and, subject to planning and licensing, will provide the opportunity for al fresco dining for the first time in Chinatown.

Acquisitions

The availability of assets to buy which meet our strict criteria remains limited. However, we continue to identify acquisitions which offer the potential for future rental growth, either individually or through combination with our existing ownerships.

During the six months ended 31 March 2018, we secured acquisitions totalling £117.4 million and since then, we have contracted a further purchase for £22.7 million (including purchase costs).

72 Broadwick Street, Carnaby

In early December 2017, we acquired the freehold of 72 Broadwick Street, situated at the eastern gateway to Carnaby, for £92.2 million.

The Group already owned an ungeared long leasehold interest over 13,900 sq. ft. of retail and a café space in the lower floors of the building. Acquiring the freehold gives the Group control over this important 0.5-acre site, which, in its current configuration, also provides 54,100 sq. ft. of office accommodation, eleven apartments extending to 11,200 sq. ft. and a large basement car park.

Subject to planning and licensing consents, we are looking to create valuable new retail and restaurant space in the lower floors of the building, once the office tenant's lease expires in September 2018. In addition, we will reconfigure and refurbish the remaining office space, and up-grade the residential accommodation. We estimate the scheme will take around two years at a cost of around £20 million.

Neal Street, Seven Dials

In late December 2017, we acquired six shops on Neal Street, Seven Dials, for £24.4 million. Adjacent to existing holdings, these buildings increase our ownership of frontages on the northern section of Neal Street to around 70%.

Situated close to the Tottenham Court Road Crossrail hub, we expect the northern end of Neal Street to see material footfall growth once the Elizabeth Line service starts in December 2018. Current rental tones on this part of the street are significantly lower than at the southern end. However, with the benefit of growing footfall and our careful curation, we expect this differential in rents will narrow significantly over the medium term.

Great Marlborough Street, Carnaby

Since 31 March 2018, we have exchanged contracts to acquire the freehold of 35 and 36 Great Marlborough Street, for £22.7 million (including costs). Located at the busy northern gateway to Carnaby, the buildings comprise two shops (3,000 sq. ft.) and 4,250 sq. ft. of office accommodation on the upper floors.

We are discussing plans with Westminster City Council to improve the streetscape in the vicinity materially. Together with our wider estate management strategy, this will bring sustained growth in medium term rental prospects.

90-104 Berwick Street, Soho (forward purchase)

The forward-purchase of this long leasehold interest in 90-104 Berwick Street, for £41 million (including acquisition costs), is now expected to complete in spring 2019, as a result of delayed completion of the vendor's redevelopment scheme.

Located at the southern end of Berwick Street, the development will provide 12,500 sq. ft. of retail, a 5,500 sq. ft. supermarket, a 2,000 sq. ft. restaurant and a 110 bedroom hotel. Both the hotel and supermarket have been pre-let, representing two thirds of the expected income from the property. Following this acquisition, we will own c. 50% of Berwick Street's frontages.

Portfolio valuation

Portfolio valuation[1]	Valuation growth[1,2]		ERV growth[1,2]	
£3.86bn	**3.0%**	**8.0%**	**1.4%**	**3.0%**
	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 16.
2. Like-for-like. See Glossary for definition.

Like-for-like valuation increase: 3.0%

At 31 March 2018, the valuation of our portfolio, including our 50% share of the Longmartin joint venture, was £3.86 billion. Like-for-like valuation growth over the period was 3.0%, bringing cumulative growth over the year to 31 March 2018 to 8.0%.

The increase over the first half was driven by:

- strong investor demand for quality, well-located assets with the prospect of high occupancy, growth in rents and cash flows, yet limited exposure to obsolescence;
- continued improvements we make to accommodation and rental potential in the portfolio through asset management activity. These incremental benefits often have a compound effect across nearby holdings; and
- sustained occupier demand in our carefully-curated locations exceeding the supply of available space, helping to deliver further growth in contracted rents and rental values.

	Fair value £m	% of portfolio	Annualised current income £m	ERV £m	Valuation Growth[1] %	Topped-up initial yield %	Equivalent yield %
Carnaby	1,396	36%	45.3	56.2	+3.2%	3.02%	3.56%
Covent Garden	997	26%	29.7	36.9	+3.5%	2.73%	3.25%
Chinatown	818	21%	24.6	30.9	+2.7%	2.72%	3.35%
Soho	281	7%	8.9	10.8	+4.5%	2.81%	3.41%
Fitzrovia	146	4%	4.7	5.6	+3.8%	2.88%	3.26%
Wholly-owned portfolio[4]	**3,638**	**94%**	**113.2**	**140.4**	**+3.3%**	**2.87%**	**3.41%**
Longmartin joint venture[2]	225	6%	8.3	10.3	-1.9%	3.13%	3.80%
Total portfolio[3,4]	**3,863**	**100%**	**121.5**	**150.7**	**+3.0%**		

1. Like-for-like. See Glossary for definition.
2. Our 50% share.
3. Including our 50% share of the Longmartin joint venture. See presentation of financial information on page 16.
4. Portfolio excluding non-core asset acquired as part of a portfolio.

Continued strong investment demand and limited supply

With economic and political uncertainty, institutional and private investor demand for the best quality assets in the best locations remains strong. The equivalent yield attributed by our valuers to our wholly-owned portfolio was 3.41% (30.9.2017: 3.46%).

Our portfolio, in the heart of the West End, has a history of delivering sustainable rental growth and sector outperformance over the long term. It is therefore unsurprising that existing owners of the types of buildings we seek to acquire remain reluctant to sell in this exceptionally prosperous and resilient area, severely limiting the supply of assets to buy. Together with the strength of investor demand, this means that when assets become available, competition is intense. Having patiently assembled our ownerships over nearly 32 years, it would be virtually impossible, now, to replicate a portfolio such as ours.

The valuation of the geared long leasehold interest held by the Longmartin joint venture showed a reduction of 1.9% over the six months to 31 March 2018. The equivalent yield was unchanged at 3.80%. However, we saw a small reduction in retail ERVs on Long Acre, reflecting a lack of recent letting evidence and a potential increase in availability of large shops in this "high street" location, where rental tones have increased significantly over recent years. Additionally, the valuation takes into account the short-term impact of securing vacant possession of space ahead of a planned restaurant scheme in St Martin's Courtyard.

Potential for greater value

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, leisure 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, which underpins the long-term prospects for rental growth.

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 interim results, which has been prepared in accordance with RICS guidelines.

Continuing capture of the reversionary potential

With the benefits of our leasing activity and active asset management strategy, we have continued our long record of converting our portfolio's potential reversion into contracted income and cash flow, whilst further increasing rental values. Annualised current income has increased, on a like-for-like basis, by 3.7% and 5.6% over 6 months and 12 months, respectively.

Rental growth[1,2]	**Annualised current income[1,2] £m**	**ERV[1,2] £m**	**Reversionary potential £m**
At 30 September 2017	114.1	144.5	30.4
Acquisitions	3.5	4.6	1.1
Disposals	(0.3)	(0.4)	(0.1)
Like-for-like growth[3]	4.2	2.0	(2.2)
At 31 March 2018	**121.5**	**150.7**	**29.2**
Like-for-like growth[3]			
- 6 months	3.7%	1.4%	
- 12 months	5.6%	3.0%	

1. Including our 50% share of the Longmartin joint venture. See presentation of financial information on page 16.
2. Portfolio excluding a non-core asset acquired as part of a portfolio.
3. See Glossary for definition.

Total ERV, which is based on current established rental tones, was assessed by our valuers at £150.7 million, 24.0% higher than annualised current income. Like-for-like ERV growth over 6 months was 1.4%, bringing the total for the past 12 months to 3.0%.

Components of the reversionary potential[1]

	Wholly-owned £m	**Longmartin £m**	**Total £m**	**How it will be realised**
Contracted income	2.5	-	**2.5**	Expiry of rent-free periods
EPRA vacancy	7.9	0.5	**8.4**	Letting of space
Space held for, or under, refurbishment	6.7	1.0	**7.7**	Completion and letting of schemes
Under-rented leases	10.1	0.5	**10.6**	Through the normal cycle of rent reviews, lease renewals and lettings. This is typically converted to income over a 3 – 5 year period.
	27.2	**2.0**	**29.2**	

1. Including our 50% share of the Longmartin joint venture. See presentation of financial information on page 16.

Financial results

Reported results				
+3.1%[1]	+5.5%[2]	+20.8%[2]	+13.6%[2]	+5.1%[2]
£9.78	**£46.2m**	**£123.7m**	**41.7p**	**8.3p**
NAV[3]	Net property income	Profit after tax	Basic EPS	Interim dividend

EPRA[3] results			
+3.3%[1]		+9.6%[2]	+2.4%[2]
£9.83	**+4.1%**	**£25.0m**	**8.4p**
EPRA NAV	NAV return[4]	EPRA earnings	EPRA EPS

1. vs. 30.9.2017
2. vs. 6 months ended 31.3.2017
3. An alternative performance measure ("APM"). See page 23.
4. 6 month period ended 31.3.2018

Presentation of financial information

Our property portfolio is a combination of properties which 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 consider 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 above and the finance review below are presented on this proportionally consolidated basis.

We consider that this presentation better explains to stakeholders the Group's activities and financial position. Measures presented on a proportional consolidation basis are alternative performance measures as they are not defined under IFRS. Further details are set out on page 23.

Income statement

	Six months ended		Year ended
	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
Net property income	**46.2**	43.8	88.3
Administrative expenses	**(6.8)**	(6.8)	(14.1)
Valuation gains and profits on disposal	**101.8**	61.9	231.7
Operating profit	**141.2**	98.9	305.9
Net finance costs	**(15.9)**	(16.1)	(32.7)
Interest rate swaps fair value movements	**-**	16.1	22.0
Share of Longmartin post-tax results	**(1.6)**	3.5	6.4
Profit before tax	**123.7**	102.4	301.6
Tax	**-**	-	-
Reported earnings for the period	**123.7**	102.4	301.6
Basic earnings per share	**41.7p**	36.7p	108.1p

Reported earnings

Profit after tax for the six months was £123.7 million (31.3.2017: £102.4 million) and basic earnings per share was 41.7p (31.3.2017: 36.7p). The increase in profit after tax was largely due to:

- the revaluation surplus and disposal profits in the wholly-owned portfolio, which contributed £101.8 million (31.3.2017: £61.9 million); and
- increased net property income, which contributed £46.2 million (31.3.2017: £43.8 million).

This was partly offset by a post-tax loss in the joint venture, our share of which reduced earnings by £1.6 million in the current period, compared with a profit during the comparable period last year of £3.5 million.

Additionally, earnings were boosted in the comparative period last year by a gain on the fair value of interest rate swaps of £16.1 million. These swaps were cancelled in September 2017.

EPRA earnings[1]

As is usual practice in our sector, we produce alternative measures for certain indicators, including earnings, making adjustments set out by EPRA in its Best Practice 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 exclude valuation movements in respect of our properties, profits on disposal of investment properties, and deferred tax arising in our Longmartin joint venture. In 2017, it also excluded valuation movements in respect of interest rate swaps, which were terminated in September 2017. EPRA earnings are reconciled below.

EPRA earnings[1]	**Six months ended**		Year ended
	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
IFRS profit after tax	**123.7**	102.4	301.6
Adjusted for:			
- Change in value of investment properties	**(97.6)**	(61.6)	(230.6)
- Profit on disposal of investment properties	**(4.2)**	(0.3)	(1.1)
- Change in fair value of financial instruments	**-**	(16.1)	(22.0)
Adjustments in respect of the Longmartin joint venture:			
- Change in value of investment properties	**4.1**	(1.5)	(2.6)
- Deferred tax	**(1.0)**	(0.1)	(0.1)
EPRA earnings	**25.0**	22.8	45.2
EPRA EPS[1]	**8.4p**	8.2p	16.2p

1. An alternative performance measure ("APM"). See page 23.

EPRA earnings increased by 9.6% to £25.0 million (31.3.2017: £22.8 million) and EPRA EPS amounted to 8.4p, 2.4% above the first half last year (31.3.2017: 8.2p). The smaller relative increase in EPRA EPS, compared with that for EPRA earnings, reflects the additional shares in issue following the equity placing in December. We expect to deliver further earnings as the placing proceeds are fully deployed.

The increase in EPRA earnings was principally driven by growth in net property income and lower net finance costs, partly offset by lower net property income in the Longmartin joint venture due to reconfiguration scheme vacancy.

EPRA earnings[1]	**£m**
Six months ended 31.3.2017	22.8
Net property income	2.4
Net finance costs	0.2
Longmartin	(0.4)
Six months ended 31.3.2018	**25.0**

1. An alternative performance measure ("APM"). See page 23.

Net property income

Rents receivable have increased by 9.2% to £55.6 million (31.3.2017: £50.9 million). Like-for-like growth, excluding the impact of acquisitions and disposals, was 6.8%, which reflects the continued conversion of our portfolio's reversionary potential into contracted income. Turnover-related rental top-ups made a useful contribution, totalling £0.6 million in the period (31.3.2017: £0.5 million). Acquisitions accounted for £1.4 million of the increase, whilst disposals reduced rents receivable compared with the same period last year by £0.2 million.

Irrecoverable property charges were £9.4 million (31.3.2017: £7.1 million). The increase in property operating costs reflects:

- Higher levels of management and refurbishment activity across the portfolio, and associated costs which we expense rather than capitalise, in accordance with our accounting policies.
- Additional expenditure to enhance general security arrangements across our high-profile locations.
- Growing our promotional and social media activities, which are an essential aspect of our strategy to drive footfall to our areas.

Net property income was £46.2 million, up 5.5% on the same period last year (31.3.2017: £43.8 million).

Administrative expenses

Administrative expenses totalled £6.8 million (31.3.2017: £6.8 million) and included a non-cash accounting charge for equity-settled remuneration of £0.4 million (31.3.2017: £0.7 million).

Valuation surplus and disposal profits

Our wholly-owned portfolio's revaluation surplus was £97.6 million (31.3.2017: £61.6 million), following like-for-like valuation growth of 3.3%, principally driven by a like-for-like increase in ERV of 1.5%, and yield compression of 5 basis points. See also pages 13 to 15.

During the six months ended 31 March 2018, we sold two non-core properties which comprised two shops, 1,875 sq. ft. of office space and three apartments. Sold at 48.3% over book value at 30 September 2017, the disposals generated net proceeds, after sale costs, of £12.9 million and a surplus of £4.2 million.

Net finance costs

Net finance costs decreased by £0.2 million to £15.9 million (31.3.2017: £16.1 million). This reflects the benefits of reduced borrowing costs following the refinancing reported last year, and interest income following the equity placing. This was partly offset by an accelerated write-off of previously unamortised loan issue costs, totalling £0.3 million, following refinancing activity in February 2018 (see page 21).

Share of Longmartin post-tax results

Following a small reduction in the valuation of Longmartin's investment property (see page 14), the joint venture delivered a loss after tax for the period, our 50% share of which was £1.6 million (31.3.2017: profit of £3.5 million).

Our share of the revaluation deficit was £4.1 million, compared with a surplus in the same period last year of £1.5 million. Excluding this revaluation loss and our share of the related deferred tax credit totalling £1.0 million (31.3.2017: £0.1 million), our share of EPRA earnings from the Longmartin joint venture decreased by £0.4 million to £1.5 million (31.3.2017: £1.9 million), largely due to scheme-related vacancy during the period.

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 (31.3.2017: £Nil).

Interim dividend

The Board has declared an interim dividend of 8.3p per share, an increase of 5.1% on last year's interim dividend of 7.9p. The total distribution will be £25.5 million, 15.9% higher than last year (31.3.2017: £22.0 million), reflecting the increased number of shares now in issue. The interim dividend, to be paid on 6 July 2018, will be paid as a PID.

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 for a year exceed the amount available to distribute as a PID, we pay the balance as ordinary dividends.

The dividend is covered 1.01 times by EPRA earnings and 1.03 times by adjusted earnings, after adding back the non-cash accounting charge in the period for equity-settled remuneration of £0.4 million.

The Board monitors the Group's ability to pay dividends out of available resources and distributable reserves.

Balance Sheet

	31.3.2018	31.3.2017	30.9.2017
	£m	£m	£m
Investment properties	**3,628.5**	3,216.4	3,407.3
Investment in joint venture	**144.9**	147.1	148.0
Net debt	**(779.1)**	(831.1)	(914.2)
Fair value of financial instruments	**-**	(63.9)	-
Other net assets	**12.0**	0.4	5.8
Net assets	**3,006.3**	2,468.9	2,646.9
Net asset value per share[1]	**£9.78**	£8.85	£9.49

1. An alternative performance measure ("APM"). See page 23.

Net assets

Net assets increased by £359.4 million, predominantly due to the equity placing in December, which added £260.4 million, and profit after tax of £123.7 million, partly offset by the final dividend for 2017 which totalled £25.1 million.

EPRA NAV[1]

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 which are not expected to crystallise in normal circumstances are excluded. In our case, the calculation excludes deferred tax related to property valuation surpluses in the Longmartin joint venture and, in the six months ended 31 March 2017, the fair value of interest rate swaps. Having terminated these interest rate swaps in September 2017, there is no adjustment to EPRA NAV in respect of these at 30 September 2017 nor 31 March 2018.

EPRA NAV[1]	31.3.2018	31.3.2017	30.9.2017
	£m	£m	£m
IFRS net assets	**3,006.3**	2,468.9	2,646.9
Effect of exercise of options	**0.5**	0.5	0.5
Diluted net assets	**3,006.8**	2,469.4	2,647.4
Adjusted for:			
- Fair value of financial instruments	**-**	63.9	-
Adjustments in respect of the Longmartin joint venture:			
- Deferred tax	**16.9**	17.9	17.9
EPRA NAV	**3,023.7**	2,551.2	2,665.3
EPRA NAV per share	**£9.83**	£9.12	£9.52
EPRA NAV growth[2]	**3.3%**	2.7%	7.2%
Net asset value return[1,2]	**4.1%**	3.6%	8.9%

1. An alternative performance measure ("APM"). See page 23.
2. 31.3.2018 and 31.3.2017: growth/return over six months; 30.9.2017: growth/return over twelve months

EPRA NAV per share increased by 31p (3.3%) to £9.83 over the period (30.9.2017: £9.52), bringing growth over twelve months to 7.8%. During the six months ended 31 March 2018, the revaluation surplus in the wholly-owned portfolio added 32p. EPRA earnings of 8.4p per share were offset by the final dividend for 2017 (8.1p per share). Disposal profits contributed 1p and our share of the revaluation deficit in the Longmartin joint venture reduced NAV per share by 1p.

EPRA NAV[1]	**Pence per share**
September 2017	952
EPRA earnings	8
Dividends	(8)
Portfolio revaluation and disposal profits	32
Share placing/rounding	(1)
March 2018	**983**

1. An alternative performance measure ("APM"). See page 23.

Cash flows and net debt

Net debt decreased by £135.1 million to £779.1 million over the period (30.9.2017: £914.2 million). The major cash flows were:

- net proceeds from the equity raise of £260.4 million.
- net capital investment in our portfolio of £121.1 million.
- operating cash inflow totalling £23.0 million.
- dividends paid amounting to £25.1 million.

Finance review

21.7%	2.5x	3.2%	10.7 years
Loan-to-value[1,3,4]	Interest cover[1,4]	Blended cost of debt[1,2,4]	Weighted average debt maturity[1]

1. Including our 50% share of Longmartin debt. See presentation of financial information on page 16.
2. Including non-utilisation fees on undrawn bank facilities.
3. Based on net debt.
4. An alternative performance measure ("APM"). See page 23.

Share issue

On 6 December 2017, we strengthened our equity base, issuing 27,855,508 million new ordinary shares, representing approximately 9.98% of our issued share capital at the time. The shares were issued at £9.52 per share, equivalent to EPRA NAV at 30 September 2017. Net proceeds, after issue costs, of £260.4 million funded the acquisition of 72 Broadwick Street, Carnaby, with the balance available for:

- the acquisition of a long-leasehold interest in 90-104 Berwick Street, Soho for £41 million;
- anticipated capital expenditure at 72 Broadwick Street, Carnaby, currently estimated at £20 million; and
- further acquisitions and value-enhancing schemes.

By 31 March 2018, approximately 79% of the net proceeds had been spent or earmarked for acquisitions and schemes.

The equity issue has increased the resources available for further investment in our portfolio. Once fully deployed, we shall raise additional new debt facilities to support our long-term investment strategy, whilst maintaining a balance between equity and debt which the Board considers appropriate for this business.

Related party disclosures relevant to the share issue are set out in note 15 to the attached condensed financial statements.

Refinancing bank facilities

In February 2018, we completed the refinancing of our revolving bank facilities with arrangements as follows:

- £125m facility extended from 2020 to 2022.
- new £100m facility maturing in 2023 replacing a £150m facility which was due to mature later this year.

Following this, our weighted average debt maturity has increased to 10.7 years, with no contractual maturities until 2022.

Debt maturity profile

Year of maturity	Facility type	Total facility £m
2022	Bank	125
2023	Bank	100
2026	Term loan (Longmartin joint venture)	60[1]
2027	Bonds	290
2029	Term loan	135
2030	Term loan	130
2031	Bonds	285
2035	Term loan	120

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

At 31 March 2018, our cash and committed undrawn facilities totalled £405.7 million (30.9.2017: £320.6 million). The blended cost of debt was 3.2%, 10 basis points lower than at 30 September 2017.

Net debt summary

	31.3.2018	31.3.2017	30.9.2017
	£m	£m	£m
Debt excluding Longmartin JV			
- Fixed/hedged debt	**959.8**	794.8	959.8
- Drawn unhedged bank debt	**-**	46.6	-
Wholly-owned	**959.8**	841.4	959.8
Longmartin non-recourse debt (50% share)	**60.0**	60.0	60.0
Total debt[1,5]	**1,019.8**	901.4	1,019.8
Cash and cash equivalents			
- Wholly-owned	**(180.7)**	(10.3)	(45.6)
- Longmartin (50% share)	**(1.7)**	(2.2)	(0.6)
Net debt (including our 50% share of Longmartin)[5]	**837.4**	888.9	973.6
Less: our share of Longmartin net debt	**(58.3)**	(57.8)	(59.4)
Reported net debt	**779.1**	831.1	914.2
Debt metrics[1]			
Undrawn floating rate facilities (£m)	**225.0**	178.4	275.0
Loan-to-value[4,5]	**21.7%**	25.7%	26.7%
Gearing[3,4,5]	**27.7%**	34.8%	36.5%
Interest cover[5]	**2.5x**	2.3x	2.3x
% debt fixed	**100%**	95%	100%
Blended cost of debt[2,5]	**3.2%**	3.7%	3.3%
Marginal cost of undrawn floating rate facilities	**1.5%**	1.3%	1.2%
Weighted average maturity (years)	**10.7**	10.3	10.3

1. Including our 50% share of Longmartin debt. See presentation of financial information on page 16.
2. Including non-utilisation fees on undrawn bank facilities.
3. Based on EPRA net assets.
4. Based on net debt.
5. An alternative performance measure ("APM"). See page 23.

Brian Bickell
Chief Executive

Chris Ward
Finance Director

21 May 2018

Alternative Performance Measures (APMs)

The Group has applied the European Securities and Markets Authority (ESMA) guidelines on alternative performance measures in these interim results. An APM is 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.

Set out below is a summary of APMs used in these interim results. EPRA performance measures are a set of standard disclosures for the property industry, as defined by EPRA in its Best Practices Recommendations.

APM	Nearest IFRS measure	Explanation and reconciliation
EPRA earnings and earnings per share	Profit and total comprehensive income for the year Basic earnings per share	Note 18 and Financial results (page 17)
Adjusted earnings per share	Basic earnings per share	Financial results (page 19)
Net asset value per share	Net assets attributable to shareholders	Note 18
Diluted net asset value per share	Net assets attributable to shareholders	Note 18
EPRA net assets and NAV	Net assets	Note 18 and Financial results (pages 19 and 20)
Net asset value return	N/A	Note 18 and Financial results (page 20)
Total portfolio	Investment properties	Portfolio valuation (page 13)
Valuation growth	Net surplus on revaluation of investment properties	Portfolio valuation (page 13) and Financial results (page 18)
Portfolio net investment	N/A	Glossary
Total debt	Borrowings	Note 18 and Financial results (page 22)
Net debt	Borrowings less cash and cash equivalents	Note 18 and Financial results (page 22)
Loan-to-value	N/A	Note 18 and Financial results (page 22)
Gearing	N/A	Note 18 and Financial results (page 22)
Blended cost of debt	N/A	Note 18 and Financial results (page 22)
Interest cover	N/A	Note 18 and Financial results (page 22)

Where this report uses like-for-like comparisons, these are defined within the Glossary.

Portfolio analysis

At 31 March 2018		Note	Carnaby	Covent Garden	Chinatown	Soho	Fitzrovia	Wholly-owned portfolio	Longmartin[1]	Total portfolio
Portfolio	Fair value (£m)	**1,14**	1,396.1	997.3	817.5	281.1	146.3	3,638.3	224.7	3,863.0
	% of total fair value		36%	26%	21%	7%	4%	94%	6%	100%
	Current income (£m)	**2,14**	45.3	29.7	24.6	8.9	4.7	113.2	8.3	121.5
	ERV (£m)	**3,14**	56.2	36.9	30.9	10.8	5.6	140.4	10.3	150.7
Restaurants, cafés and leisure	Number		59	90	79	31	24	283	9	
	Area – sq. ft.		111,000	176,000	206,000	59,000	50,000	602,000	39,000	
	% of current income	**4**	18%	38%	62%	40%	53%	36%	14%	
	% of ERV	**4**	16%	34%	60%	38%	53%	34%	13%	
	Average unexpired lease length – years	**5**	10	8	11	9	7	9	14	
Shops	Number		97	101	61	36	9	304	22	
	Area – sq. ft.		180,000	147,000	92,000	44,000	14,000	477,000	73,000	
	% of current income	**4**	44%	29%	21%	25%	13%	32%	35%	
	% of ERV	**4**	43%	33%	24%	29%	13%	34%	40%	
	Average unexpired lease length – years	**5**	4	3	4	4	5	4	3	
Offices	Area – sq. ft.		299,000	84,000	25,000	34,000	10,000	452,000	102,000	
	% of current income	**4**	31%	12%	4%	15%	8%	18%	36%	
	% of ERV	**4**	35%	15%	4%	17%	7%	20%	34%	
	Average unexpired lease length – years	**5**	3	3	3	2	2	3	5	
Residential	Number		109	214	136	68	51	578	75	
	Area – sq. ft.		67,000	133,000	94,000	37,000	25,000	356,000	55,000	
	% of current passing rent	**4**	7%	21%	13%	20%	26%	14%	15%	
	% of ERV	**4**	6%	18%	12%	16%	27%	12%	13%	

1. Shaftesbury Group's 50% share

Basis of valuation

At 31 March 2018	Note	Carnaby	Covent Garden	Chinatown	Soho	Fitzrovia	Wholly-owned portfolio	Longmartin
Overall initial yield	**7**	2.89%	2.64%	2.66%	2.77%	2.70%	2.75%	3.10%
Topped-up initial yield	**8**	3.02%	2.73%	2.72%	2.81%	2.88%	2.87%	3.13%
Overall equivalent yield	**9**	3.56%	3.25%	3.35%	3.41%	3.26%	3.41%	3.80%
Tone of restaurant equivalent yields	**10**	3.40%-3.80%	3.35%-3.90%	3.40%-3.75%	3.40%-3.75%	3.25%-3.75%		3.75%-4.00%
Tone of restaurant ERVs - £ per sq. ft.	**10**	£120-£153	£55-£178	£270-£415 (ITZA)	£110-£135	£93-£120		£90-£138
Tone of retail equivalent yields	**10**	3.30%-3.85%	3.00%-3.90%	3.40%-4.25%	3.40%-4.25%	3.30%-4.35%		3.40%-4.15%
Tone of retail ERVs - ITZA £ per sq. ft.	**10**	£125-£535	£110-£710	£150-£355	£170-£305	£100-£215		£94-£675
Tone of office equivalent yields	**10**	3.75%-4.50%	4.00%-4.25%	4.25%	4.25%-4.50%	4.00%-4.35%		4.00%-4.50%
Tone of office ERVs - £ per sq. ft.	**10**	£58-£88	£53-£75	£43-£65	£53-£73	£48-£60		£63-£78
Average residential ERVs - £ per sq. ft. per annum	**10**	£50	£49	£42	£48	£57		£48

Notes

1. The fair values at 31 March 2018 (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, 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.

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 consistent with those set out on pages 61 to 63 in the Annual Report for the year ended 30 September 2017. Details of how we manage risk are set out on pages 59 to 60 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 • 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 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 our 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
Economic uncertainty and lower confidence could reduce consumer spending. Together with upward cost pressures, this could reduce tenant profitability and occupier demand	• Pressure on rents • Declining profitability • Reduced capital values	• Focus on assets, locations and uses which have historically proved to be economically resilient • Tourism and retail/leisure spending in the West End are less reliant on the wider-UK economy • Promoting our areas • Diverse tenant base with limited exposure to any one tenant • Tenant deposits held against unpaid rent obligations at 31 March 2018: £19.2m
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: - where there is a structural imbalance between availability of space and demand; and - 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 • Conservative levels of leverage, with the majority at fixed rates • Spread of sources of finance and debt maturities • Quarterly forecasts including covenant headroom review • 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 2018

	Notes	**Six months ended 31.3.2018 £m**	Six months ended 31.3.2017 £m	Year ended 30.9.2017 £m
Revenue	2	**60.9**	54.9	111.5
Property charges	3	**(14.7)**	(11.1)	(23.2)
Net property income		**46.2**	43.8	88.3
Administrative expenses		**(6.8)**	(6.8)	(14.1)
Operating profit before investment property disposals and valuation movements		**39.4**	37.0	74.2
Profit on disposal of investment properties	4	**4.2**	0.3	1.1
Net surplus on revaluation of investment properties	7	**97.6**	61.6	230.6
Operating profit		**141.2**	98.9	305.9
Finance income		**0.3**	-	0.1
Finance costs	5	**(16.2)**	(16.1)	(32.8)
Change in fair value of derivative financial instruments	14	**-**	16.1	22.0
Share of post-tax (loss)/profit from joint venture	9	**(1.6)**	3.5	6.4
Profit before tax		**123.7**	102.4	301.6
Tax charge for the period	6	**-**	-	-
Profit and total comprehensive income for the period		**123.7**	102.4	301.6
Earnings per share:	18			
Basic		**41.7p**	36.7p	108.1p
Diluted		**41.6p**	36.6p	107.9p
EPRA		**8.4p**	8.2p	16.2p

Please see page 23 for an explanation of the EPRA measures used in these financial statements.

Unaudited Group Balance Sheet

As at 31 March 2018

	Notes	**31.3.2018 £m**	31.3.2017 £m	30.9.2017 £m
Non-current assets				
Investment properties	7	**3,628.5**	3,216.4	3,407.3
Accrued income	8	**9.9**	9.5	9.5
Investment in joint venture	9	**144.9**	147.1	148.0
Property, plant and equipment		**1.3**	1.3	1.2
Other receivables	11	**3.7**	3.7	3.7
		3,788.3	3,378.0	3,569.7
Current assets				
Trade and other receivables	10	**24.1**	16.8	22.0
Cash and cash equivalents	11	**180.7**	10.3	45.6
Total assets		**3,993.1**	3,405.1	3,637.3
Current liabilities				
Trade and other payables	12	**38.8**	40.3	41.6
Non-current liabilities				
Borrowings	13	**948.0**	832.0	948.8
Derivative financial instruments	14	**-**	63.9	-
Total liabilities		**986.8**	936.2	990.4
Net assets		**3,006.3**	2,468.9	2,646.9
Equity				
Share capital	15	**76.8**	69.8	69.8
Share premium		**378.4**	124.8	124.9
Share-based payments reserve		**0.8**	2.3	3.0
Retained earnings		**2,550.3**	2,272.0	2,449.2
Total equity		**3,006.3**	2,468.9	2,646.9
Net asset value per share:	18			
Basic		**£9.78**	£8.85	£9.49
Diluted		**£9.77**	£8.83	£9.46
EPRA		**£9.83**	£9.12	£9.52

Unaudited Group Cash Flow Statement

For the six months ended 31 March 2018

	Notes	**Six months ended 31.3.2018 £m**	Six months ended 31.3.2017 £m	Year ended 30.9.2017 £m
Cash flows from operating activities				
Cash generated from operating activities	17	**38.6**	37.6	76.7
Interest received		**0.3**	-	0.1
Interest paid		**(15.9)**	(16.0)	(32.8)
Net cash generated from operating activities		**23.0**	21.6	44.0
Cash flows from investing activities				
Investment property acquisitions		**(117.4)**	(28.3)	(40.1)
Investment property disposals		**12.9**	5.2	13.4
Capital expenditure on investment properties		**(16.6)**	(21.2)	(41.5)
Purchase of property, plant and equipment		**(0.3)**	(0.1)	(0.1)
Dividends received from joint venture		**1.5**	2.8	4.8
Increase in loans to joint venture		**(1.5)**	-	-
Net cash used in investing activities		**(121.4)**	(41.6)	(63.5)
Cash flows from financing activities				
Proceeds from exercise of share options		**-**	-	0.1
Proceeds from share placing	15	**265.2**	-	-
Share placing costs	15	**(4.8)**	-	-
Proceeds from borrowings		**72.0**	88.9	146.5
Repayment of borrowings		**(72.0)**	(208.0)	(437.2)
Proceeds from issue of mortgage bonds		**-**	203.2	493.2
Repayment of debenture stock		**-**	(10.4)	(10.4)
Loan issue costs		**(1.8)**	(3.6)	(6.1)
Termination of derivative financial instruments		**-**	(34.1)	(92.1)
Equity dividends paid	16	**(25.1)**	(21.3)	(44.5)
Net cash from financing activities		**233.5**	14.7	49.5
Net change in cash and cash equivalents		**135.1**	(5.3)	30.0
Cash and cash equivalents at the beginning of the period	11	**45.6**	15.6	15.6
Cash and cash equivalents at the end of the period	11	**180.7**	10.3	45.6

Statement of Changes in Equity

For the six months ended 31 March 2018

	Notes	Share capital £m	Share premium £m	Share-based payments reserve £m	Retained earnings £m	Total equity £m
At 1 October 2017		**69.8**	**124.9**	**3.0**	**2,449.2**	**2,646.9**
Profit and total comprehensive income for the period		**-**	**-**	**-**	**123.7**	**123.7**
Transactions with owners:						
Dividends paid	16	**-**	**-**	**-**	**(25.1)**	**(25.1)**
Share placing	15	**6.9**	**253.5**	**-**	**-**	**260.4**
Exercise of share options		**0.1**	**-**	**-**	**(0.1)**	**-**
Fair value of share-based payments		**-**	**-**	**0.4**	**-**	**0.4**
Release on exercise of share options		**-**	**-**	**(2.6)**	**2.6**	**-**
At 31 March 2018		**76.8**	**378.4**	**0.8**	**2,550.3**	**3,006.3**
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	16	-	-	-	(21.3)	(21.3)
Exercise of share options		0.1	-	-	(0.1)	-
Fair value of share-based payments		-	-	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 2016		69.7	124.8	3.6	2,189.0	2,387.1
Profit and total comprehensive income for the year		-	-	-	301.6	301.6
Transactions with owners:						
Dividends paid	16	-	-	-	(43.3)	(43.3)
Exercise of share options		0.1	0.1	-	(0.1)	0.1
Fair value of share-based payments		-	-	1.4	-	1.4
Release on exercise of share options		-	-	(2.0)	2.0	-
At 30 September 2017		69.8	124.9	3.0	2,449.2	2,646.9

Notes to the half year results

For the six months ended 31 March 2018

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 2017, 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 2017 is derived from the statutory accounts for that year. Statutory accounts for the year ended 30 September 2017 were approved by the Board on 27 November 2017 and delivered to the Registrar of Companies. The report of the auditor 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 12 months from the date these 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 2017 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 amendment to an existing Standard was relevant to the Group and mandatory for the first time for the financial year beginning 1 October 2017:

Standard or Interpretation	Effective from
Amendments to IAS 7 Statement of cash flows – disclosure initiative	1 January 2017

No material changes to accounting policies arose as a result of this amendment.

b) The following new Standards and amendments to existing Standards are relevant to the Group, are not yet effective in the year ending 30 September 2018 and are not expected to have a significant impact on the Group's financial statements:

Standard or Interpretation	Effective from
Annual Improvements 2014-2016	1 January 2018
Amendments to IFRS 2 Classification of share-based payment transactions	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
IFRS 9 Financial instruments	1 January 2018
IFRS 16 Leases	1 January 2019

IFRS 9 – Financial Instruments

This standard deals with, amongst other things, the classification and measurement of financial instruments. Having carried out an assessment of the standard, the Group believes the main impact will be the measurement and presentation of trade receivables in the Group financial statements, and balances due from subsidiaries in the Company financial statements. Having considered expected credit losses and sources of forward-looking data, we do not currently expect any impact will be material.

IFRS 15 – Revenue from contracts with customers

This standard is based on the principle that revenue is recognised when control passes to a customer. In our case, the standard is most applicable to the recognition point for service charge income and disposals of investment properties. As the standard excludes rental income, which falls within the scope of IFRS 16 – Leases, it is not expected that IFRS 15 will have a significant impact on the Group's financial statements. There may be changes to presentation and disclosure.

IFRS 16 - Leases

For operating leases in excess of one year, this standard requires lessees to recognise a right-of-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset is assessed for impairment annually and is amortised on a straight-line basis. The lease liability is amortised using the effective interest method. Lessor accounting is substantially unchanged from current accounting. Therefore, since the Group is primarily a lessor, this standard does not significantly impact the Group's financial statements. However, for the Company, it will result in the recognition of a right-to-use asset and corresponding lease liability, which we estimate at approximately £3 million, in the year when the standard becomes effective.

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

IFRS 8 requires operating segments to be reported in a manner consistent with the internal financial reporting reviewed by the chief operating decision maker. The chief operating decision maker of the Group is the Board. The Board is responsible for reviewing the Group's internal reporting in order to assess performance.

The information reviewed by the Board is prepared on a basis consistent with these financial statements. That is, the information is provided at a Group level and includes both the IFRS reported results and EPRA measures (see page 23 for an explanation on the EPRA measures used in these financial statements).

The Group's properties are all located in London's West End, and are all of a similar type. The properties are typically mixed-use buildings with restaurants, leisure and retail on the lower floors and small offices and apartments on the upper floors. As the properties share similar economic characteristics we consider them to be one operating segment. As such, no further financial information is presented.

2. Revenue

	Six months ended 31.3.2018 £m	Six months ended 31.3.2017 £m	Year ended 30.9.2017 £m
Rents receivable	**55.6**	50.9	103.4
Recoverable property expenses	**5.3**	4.0	8.1
	60.9	54.9	111.5

Rents receivable includes a credit of £0.6 million from accrued income in respect of lease incentives (31.3.2017: charge of £0.3 million; 30.9.2017: charge of £0.5 million).

3. Property charges

	Six months ended 31.3.2018 £m	Six months ended 31.3.2017 £m	Year ended 30.9.2017 £m
Property operating costs	**4.5**	3.1	7.1
Fees payable to managing agents	**1.4**	1.2	2.4
Letting, rent review, and lease renewal costs	**1.7**	1.8	3.4
Village promotion costs	**1.8**	1.0	2.2
Property outgoings	**9.4**	7.1	15.1
Recoverable property expenses	**5.3**	4.0	8.1
	14.7	11.1	23.2

4. Profit on disposal of investment properties

	Six months ended 31.3.2018 £m	Six months ended 31.3.2017 £m	Year ended 30.9.2017 £m
Net sale proceeds	**12.9**	5.2	13.4
Book value at date of sale	**(8.7)**	(4.9)	(12.3)
	4.2	0.3	1.1

5. Finance costs

	Six months ended 31.3.2018 £m	Six months ended 31.3.2017 £m	Year ended 30.9.2017 £m
Debenture stock interest and amortisation	**-**	0.1	0.1
Mortgage bond interest	**6.9**	3.4	7.4
Bank and other interest	**8.3**	12.0	23.8
Loan issue cost amortisation	**1.0**	0.6	1.5
	16.2	16.1	32.8

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. Investment properties

	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
At beginning of period	**3,407.3**	3,111.6	3,111.6
Acquisitions	**117.4**	28.1	37.1
Disposals	**(8.7)**	(4.9)	(12.3)
Refurbishment and other capital expenditure	**14.9**	20.0	40.3
Net surplus on revaluation of investment properties	**97.6**	61.6	230.6
Book value at end of period	**3,628.5**	3,216.4	3,407.3
Fair value at end of period:			
Core properties valued by Cushman & Wakefield	**3,638.3**	3,225.7	3,416.5
Non-core properties valued by Cushman & Wakefield	**2.4**	2.4	2.4
Less: unamortised lease incentives (note 8)	**(12.2)**	(11.7)	(11.6)
Book value at end of period	**3,628.5**	3,216.4	3,407.3

The investment properties valuation comprises:

	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
Freehold properties	**3,415.6**	2,956.6	3,133.0
Leasehold properties	**225.1**	271.5	285.9
	3,640.7	3,228.1	3,418.9

Investment properties were valued at 31 March 2018 by qualified professional valuers, being members of the Royal Institution of Chartered Surveyors (RICS), 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 – Global Standards, which incorporate, the International Valuation Standards, and the RICS UK Valuation Standards edition current at the valuation date and IFRS 13. When considering a property's highest and best use, the 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 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 similar assets for which price information is available. The external valuer uses information provided by the Group, such as tenancy information and capital expenditure expectations. In deriving fair value, the valuer also makes a series of assumptions, using professional judgement and market observations. These assumptions include equivalent yields and rental values (ERVs) applicable to the properties. Equivalent yields are based on current market prices, depending on, inter alia, the location and use of the properties. 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.

Since the key inputs to the valuation are unobservable, the Group considers all its investment properties fall within Level 3 of the fair value hierarchy in IFRS 13. The Group's policy is to recognise transfers between 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 (31.3.2017: none; 30.9.2017: none).

The key assumptions made by the valuers are set out in the Basis of Valuation on pages 24 to 25.

The major inputs to the external valuation are reviewed by the senior management team. In addition, the valuer meets with external auditors and the Audit Committee.

At 31 March 2018, the Group had capital commitments of £52.9 million (31.3.2017: £25.0 million; 30.9.2017: £13.6 million), relating to the forward purchase of an investment property and future capital expenditure for the enhancement of the Group's investment properties. Since 31 March 2018, the Group exchanged contracts to acquire a property for £22.7 million. See note 20 for further details.

The Group's portfolio activity is discussed on pages 11 to 13.

Sensitivity analysis

As noted in the critical judgements, assumptions and estimates section on page 118 in the 2017 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.

8. Accrued income

	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
Accrued income in respect of lease incentives	**12.2**	11.7	11.6
Less: included in trade and other receivables (note 10)	**(2.3)**	(2.2)	(2.1)
	9.9	9.5	9.5

Accrued income in respect of lease incentives is allocated between amounts to be charged against rental income within one year of the Balance Sheet date and amounts which will be charged against rental income in subsequent years.

9. Investment in joint venture

	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
At 1 October	**148.0**	146.4	146.4
Share of (losses)/profits	**(1.6)**	3.5	6.4
Dividends received	**(1.5)**	(2.8)	(4.8)
Book value at end of period	**144.9**	147.1	148.0

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

	Six months ended 31.3.2018 £m	Six months ended 31.3.2017 £m	Year ended 30.9.2017 £m
Statement of Comprehensive Income			
Rents receivable	**8.3**	9.2	17.7
Recoverable property expenses	**0.8**	0.8	1.5
Revenue from properties	**9.1**	10.0	19.2
Property outgoings	**(1.0)**	(1.0)	(1.7)
Recoverable property expenses	**(0.8)**	(0.8)	(1.5)
Property charges	**(1.8)**	(1.8)	(3.2)
Net property income	**7.3**	8.2	16.0
Administrative expenses	**(0.2)**	(0.1)	(0.2)
Operating profit before investment property valuation movements	**7.1**	8.1	15.8
Net (deficit)/surplus on revaluation of investment properties	**(8.1)**	3.0	5.3
Operating (loss)/profit	**(1.0)**	11.1	21.1
Finance costs	**(3.4)**	(3.4)	(6.8)
(Loss)/profit before tax	**(4.4)**	7.7	14.3
Current tax	**(0.8)**	(0.9)	(1.7)
Deferred tax	**2.0**	0.2	0.2
Tax credit/(charge) for the period	**1.2**	(0.7)	(1.5)
(Loss)/profit and total comprehensive income for the period	**(3.2)**	7.0	12.8
(Loss)/profit attributable to the Group	**(1.6)**	3.5	6.4

	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
Balance Sheet			
Non-current assets			
Investment properties at book value	**456.9**	458.2	462.6
Accrued income	**2.7**	3.7	3.1
Other receivables	**1.3**	1.3	1.3
	460.9	463.2	467.0
Cash and cash equivalents	**3.3**	4.4	1.2
Current assets	**2.8**	2.6	3.9
Total assets	**467.0**	470.2	472.1
Current liabilities	**13.1**	9.9	10.1
Non-current liabilities			
Secured term loan	**120.0**	120.0	120.0
Other non-current liabilities	**44.2**	46.1	46.1
Total liabilities	**177.3**	176.0	176.2
Net assets	**289.7**	294.2	295.9
Net assets attributable to the Group	**144.9**	147.1	148.0

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

10. Trade and other receivables

	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
Amounts due from tenants	**11.9**	9.6	12.0
Provision for doubtful debts	**(0.7)**	(0.4)	(0.5)
	11.2	9.2	11.5
Accrued income in respect of lease incentives (note 8)	**2.3**	2.2	2.1
Amount due from joint venture	**2.4**	0.9	0.9
Prepayments	**8.1**	4.2	7.1
Other receivables	**0.1**	0.3	0.4
	24.1	16.8	22.0

At 31 March 2018, cash deposits totalling £19.2 million (31.3.2017: £18.1 million; 30.9.2017: £18.5 million) were held against tenants' rent payment obligations. The deposits are held in bank accounts administered by the Group's managing agents and are not included within the Group Balance Sheet.

11. Cash and cash equivalents

Cash and cash equivalents at 31 March 2018 were £180.7 million (31.3.2017: £10.3 million; 30.9.2017: £45.6 million).

Non-current other receivables include £3.7 million at 31 March 2018 (31.3.2017: £3.7 million; 30.9.2017: £3.7 million) which relate to cash held on deposit as security for certain secured term loans, and where there are certain conditions restricting their use.

12. Trade and other payables

	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
Rents and service charges invoiced in advance	**24.3**	22.1	22.8
Amounts due in respect of property acquisitions	**-**	0.5	-
Trade payables and accruals in respect of capital expenditure	**2.3**	4.0	4.0
Other taxation and social security	**5.3**	4.3	5.2
Other payables and accruals	**6.9**	9.4	9.6
	38.8	40.3	41.6

13. Borrowings

	Nominal value £m	**Unamortised issue costs £m**	**31.3.2018 £m**	31.3.2017 £m	30.9.2017 £m
Mortgage bonds	**575.0**	**(5.6)**	**569.4**	281.5	569.2
Secured bank facilities	**-**	**(2.0)**	**(2.0)**	170.2	(0.8)
Secured term loans	**384.8**	**(4.2)**	**380.6**	380.3	380.4
Total borrowings	**959.8**	**(11.8)**	**948.0**	832.0	948.8

At 31 March 2018, there were no drawings against the Group's secured bank facilities (31.3.2017: £171.6 million; 30.9.2017: none). The Group is still able to benefit from these committed revolving credit facilities, and as such, unamortised issue costs of £2.0 million continue to be carried in the Balance Sheet.

Net debt reconciliation

	1.10.2017 £m	Cash flows Inflows £m	Outflows £m	Non-cash items	31.3.2018 £m
Non-current borrowings					
Mortgage bonds	**575.0**	**-**	**-**	**-**	**575.0**
Secured bank facilities	**-**	**72.0**	**(72.0)**	**-**	**-**
Secured term loans	**384.8**	**-**	**-**	**-**	**384.8**
Loan issue costs	**(11.0)**	**-**	**(1.8)**	**1.0**	**(11.8)**
	948.8	**72.0**	**(73.8)**	**1.0**	**948.0**
Loan issue costs[1]	**11.0**	**-**	**1.8**	**(1.0)**	**11.8**
Cash & cash equivalents (note 11)	**(45.6)**	**(390.5)**	**255.4**	**-**	**(180.7)**
Net debt at 31 March 2018	**914.2**	**(318.5)**	**183.4**	**-**	**779.1**
Net debt at 31 March 2017	752.1	(45.6)	124.6	-	831.1
Net debt at 30 September 2017	752.1	(95.1)	257.2	-	914.2

1. Loan issue costs are eliminated in the calculation of net debt.

The cash flows relating to secured bank facilities were drawings under revolving credit facilities and their subsequent repayments. The Group's borrowings are secured by fixed charges over certain investment properties held by subsidiaries, with a carrying value of £3,119.8 million (31.3.2017: £2,700.9 million; 30.9.2017: £3,015.4 million), and by floating charges over the assets of the Company and/or certain subsidiaries.

Availability and maturity of borrowings

	Facilities Committed £m	Drawn £m	Undrawn £m
Repayable within 5 years	**225.0**	**-**	**225.0**
Repayable between 5 and 10 years	**290.0**	**290.0**	**-**
Repayable after 10 years	**669.8**	**669.8**	**-**
At 31 March 2018	**1,184.8**	**959.8**	**225.0**
At 31 March 2017	1,019.8	841.4	178.4
At 30 September 2017	1,234.8	959.8	275.0

Interest rate profile of interest bearing borrowings

	31.3.2018		31.3.2017		30.9.2017	
	Debt £m	**Interest rate**	Debt £m	Interest rate	Debt £m	Interest rate
Floating rate borrowings						
LIBOR-linked facilities (including margin)	**-**	**-**	46.6	1.49%	-	-
Hedged borrowings						
Interest rate swaps (including margin)	**-**	**-**	125.0	6.02%	-	-
Total bank borrowings	**-**	**-**	171.6	4.79%	-	-
Fixed rate borrowings						
Secured term loans	**384.8**	**3.85%**	384.8	3.85%	384.8	3.85%
Mortgage bonds 2027	**290.0**	**2.35%**	-	-	290.0	2.35%
Mortgage bonds 2031	**285.0**	**2.49%**	285.0	2.49%	285.0	2.49%
Weighted average cost of drawn borrowings		**2.99%**		3.58%		2.99%

The Group also incurs non-utilisation fees on undrawn facilities. At 31 March 2018, the weighted average charge on the undrawn facilities of £225.0 million (31.3.2017: £178.4 million; 30.9.2017: £275.0 million) was 0.66% (31.3.2017: 0.70%; 30.9.2017: 0.69%).

Details of the Group's current financial position and refinancing activity during the period are discussed on pages 21 to 22.

14. Financial instruments

Fair value of derivative financial instruments

	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
Interest rate swaps			
At beginning of period	**-**	(114.1)	(114.1)
Swap contracts terminated	**-**	34.1	92.1
Fair value movement credited to the Statement of Comprehensive Income	**-**	16.1	22.0
At end of period	**-**	(63.9)	-

Other financial instruments

The Group's mortgage bonds and 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 £14.2 million (31.3.2017: £37.4 million; 30.9.2017: £16.2 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 in IFRS 13.

The Group has no obligation to repay its mortgage bonds or secured term loans in advance of their maturities between 2027 and 2035.

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.

15. Share capital

During the period, 27,855,508 ordinary 25p shares were issued at £9.52 per share, raising £265.2 million. Transaction costs in connection with the issue, which amounted to £4.8 million, have been charged against share premium in accordance with the Companies Act 2006.

In respect of the equity issue, Invesco Asset Management Limited and Orosi (UK) Limited were related parties of Shaftesbury PLC for the purposes of the Listing Rules and participated in the equity placing in respect of 1,050,000 and 6,864,368 placing shares respectively, for a total consideration of approximately £9.996 million and £65.349 million respectively. These transactions were disclosed via the Regulatory News Service on 6 December 2017, in accordance with LR11.1.10R, and Shaftesbury PLC received written confirmation from its sponsor that the terms of the transactions were fair and reasonable as far as Shaftesbury PLC's shareholders were concerned.

Also during the period, 402,426 ordinary 25p shares were issued in connection with the exercise of nil cost options granted under the 2006 LTIP.

16. Dividends paid

	Six months ended 31.3.2018 £m	Six months ended 31.3.2017 £m	Year ended 30.9.2017 £m
Final dividend for:			
Year ended 30 September 2017 at 8.1p per share	**25.1**	-	-
Year ended 30 September 2016 at 7.55p per share	**-**	21.3	21.3
Interim dividend for:			
Year ended 30 September 2017 at 7.9p per share	**-**	-	22.0
Dividends for the period	**25.1**	21.3	43.3
Timing difference on payment of withholding tax	**-**	-	1.2
Dividends cash paid	**25.1**	21.3	44.5

An interim dividend of 8.3p per share in respect of the six months ended 31 March 2018 was declared by the Board on 21 May 2018. The interim dividend will be paid as a PID on 6 July 2018 to shareholders on the register at 15 June 2018. The dividend will be accounted for as an appropriation of revenue reserves in the year ending 30 September 2018.

17. Cash flows from operating activities

Operating activities	**Six months ended 31.3.2018 £m**	Six months ended 31.3.2017 £m	Year ended 30.9.2017 £m
Profit before tax	**123.7**	102.4	301.6
Adjusted for:			
Lease incentives recognised (note 2)	**(0.6)**	0.3	0.5
Charge for share-based remuneration	**0.4**	0.7	1.4
Depreciation	**0.2**	0.2	0.3
Investment property valuation movements (note 7)	**(97.6)**	(61.6)	(230.6)
Profit on disposal of investment properties (note 4)	**(4.2)**	(0.3)	(1.1)
Net finance costs	**15.9**	-	10.7
Share of loss/(profit) from joint venture (note 9)	**1.6**	(3.5)	(6.4)
Cash flows from operations before changes in working capital	**39.4**	38.2	76.4
Changes in working capital:			
Change in trade and other receivables	**(0.4)**	2.5	(0.5)
Change in trade and other payables	**(0.4)**	(3.1)	0.8
Cash generated from operating activities	**38.6**	37.6	76.7

18. Performance measures

Basic and diluted earnings per share

	31.3.2018		31.3.2017		30.9.2017	
	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	**123.7**	**41.7**	102.4	36.7	301.6	108.1
Dilutive effect of share options	**-**	**(0.1)**	-	(0.1)	-	(0.2)
Diluted	**123.7**	**41.6**	102.4	36.6	301.6	107.9
Number of shares for Basic and EPRA EPS (million)		**296.9**		278.8		278.9
Number of shares for Diluted EPS (million)		**297.2**		279.5		279.6

EPRA earnings per share

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

	31.3.2018		31.3.2017		30.9.2017	
	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	**123.7**	**41.7**	102.4	36.7	301.6	108.1
EPRA adjustments:						
Investment property valuation surplus (note 7)	**(97.6)**	**(32.9)**	(61.6)	(22.1)	(230.6)	(82.7)
Profit on disposal of investment properties (note 4)	**(4.2)**	**(1.4)**	(0.3)	(0.1)	(1.1)	(0.4)
Movement in fair value of derivatives	**-**	**-**	(16.1)	(5.8)	(22.0)	(7.9)
Adjustments in respect of the joint venture:						
Investment property valuation deficit/(surplus)	**4.1**	**1.4**	(1.5)	(0.5)	(2.6)	(0.9)
Deferred tax	**(1.0)**	**(0.4)**	(0.1)	-	(0.1)	-
EPRA earnings	**25.0**	**8.4**	22.8	8.2	45.2	16.2

Net asset value per share

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

	31.3.2018 Net assets		31.3.2017 Net assets		30.9.2017 Net assets	
	Net assets £m	**Per share £**	Net assets £m	Per share £	Net assets £m	Per share £
Basic	**3,006.3**	**9.78**	2,468.9	8.85	2,646.9	9.49
Dilutive effect of share options	**0.5**		0.5		0.5	
Diluted	**3,006.8**	**9.77**	2,469.4	8.83	2,647.4	9.46
Fair value of derivatives	**-**	**-**	63.9	0.23	-	-
Deferred tax[1]	**16.9**	**0.06**	17.9	0.06	17.9	0.06
EPRA NAV	**3,023.7**	**9.83**	2,551.2	9.12	2,665.3	9.52
Fair value of derivatives	**-**	**-**	(63.9)	(0.23)	-	-
Deferred tax[1]	**(16.9)**	**(0.06)**	(17.9)	(0.06)	(17.9)	(0.06)
Excess of fair value over carrying value of debt:						
Secured term loans[2]	**(41.3)**	**(0.13)**	(49.0)	(0.18)	(40.0)	(0.14)
Mortgage bonds	**19.3**	**0.06**	2.3	0.01	15.5	0.05
EPRA NNNAV	**2,984.8**	**9.70**	2,422.7	8.66	2,622.9	9.37
Number of shares (million)		**307.3**		279.0		279.0
Number of diluted shares (million)		**307.7**		279.8		279.8

1. Includes our 50% share of deferred tax in the Longmartin joint venture.
2. Includes the wholly-owned Group's secured term loans and our 50% share 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.

Net asset value return

	31.3.2018 Pence	31.3.2017 Pence	30.9.2017 Pence
EPRA NAV at beginning of period (A)	**952.00**	888.00	888.00
EPRA NAV at end of period	**983.00**	912.00	952.00
Increase during the period	**31.00**	24.00	64.00
Dividends paid during the period	**8.1**	7.55	15.45
NAV return (B)	**39.1**	31.55	79.45
NAV return % (B/A)	**4.1%**	3.6%	8.9%

Financing ratios

	31.3.2018			31.3.2017		
	Wholly-owned business £m	**Share of joint venture £m**	**Total £m**	Wholly-owned business £m	Share of joint venture £m	Total £m
Loan-to-value and gearing						
Nominal value of debt	**959.8**	**60.0**	**1,019.8**	841.4	60.0	901.4
Cash and cash equivalents	**(180.7)**	**(1.7)**	**(182.4)**	(10.3)	(2.2)	(12.5)
Net debt (A)	**779.1**	**58.3**	**837.4**	831.1	57.8	888.9
Fair value of investment properties (B)	**3,640.7**	**224.7**	**3,865.4**	3,228.1	225.9	3,454.0
Loan-to-value (A/B)	**21.4%**	**25.9%**	**21.7%**	25.7%	25.6%	25.7%
EPRA net assets (C)			**3,023.7**			2,551.2
Gearing (A/C)			**27.7%**			34.8%
Interest cover						
Operating profit before investment property disposals & valuation movements (A)	**39.4**	**3.6**	**43.0**	37.0	4.1	41.1
Finance costs	**16.2**	**1.4**	**17.6**	16.1	1.4	17.5
Finance income	**(0.3)**	**-**	**(0.3)**	-	-	-
Net finance costs (B)	**15.9**	**1.4**	**17.3**	16.1	1.4	17.5
Interest cover (A/B)	**2.5x**	**2.6x**	**2.5x**	2.3x	2.9x	2.3x
Cost of debt						
Blended cost of drawn borrowings	**3.0%**	**4.4%**	**3.1%**	3.6%	4.4%	3.6%
Commitment fees on undrawn bank facilities	**0.7%**	**-**	**0.7%**	0.7%	-	0.7%
Blended cost of debt (including commitment fees on undrawn facilities)	**3.2%**	**4.4%**	**3.2%**	3.7%	4.4%	3.7%

Financing ratios

	30.9.2017		
	Wholly-owned business £m	Share of joint venture £m	Total £m
Loan-to-value and gearing			
Nominal value of debt	959.8	60.0	1,019.8
Cash and cash equivalents	(45.6)	(0.6)	(46.2)
Net debt (A)	914.2	59.4	973.6
Fair value of investment properties (B)	3,418.9	227.8	3,646.7
Loan-to-value (A/B)	26.7%	26.1%	26.7%
EPRA net assets (C)			2,665.3
Gearing (A/C)			36.5%
Interest cover			
Operating profit before investment property disposals & valuation movements (A)	74.2	7.9	82.1
Finance costs	32.8	2.7	35.5
Finance income	(0.1)	-	(0.1)
Net finance costs (B)	32.7	2.7	35.4
Interest cover (A/B)	2.3x	2.9x	2.3x
Cost of debt			
Blended cost of drawn borrowings	3.0%	4.4%	3.1%
Commitment fees on undrawn bank facilities	0.7%	-	0.7%
Blended cost of debt (including commitment fees on undrawn facilities)	3.2%	4.4%	3.3%

See also pages 16 to 20 for explanations of why we use these performance measures.

19. 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:

	31.3.2018 £m	31.3.2017 £m	30.9.2017 £m
Transactions with the joint venture:			
Administrative fees receivable	**0.1**	0.1	0.1
Dividends receivable	**1.5**	2.8	4.8
Balance with the joint venture:			
Amount due from joint venture	**2.4**	0.9	0.9

20. Post balance sheet event

On 30 April 2018 the Group exchanged contracts to acquire a building in Carnaby for £22.7 million (including costs). Further details are set out on page 12.

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 2017.

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

21 May 2018

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 2018 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 20. 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 2018 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

21 May 2018

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 2018 interim dividend is being paid entirely as a PID.

Corporate Timetable

Financial Calendar

Annual Results	November 2018
Annual General Meeting	February 2019

Dividends and Bond interest

Proposed 2018 interim dividend:

Ex-dividend	14 June 2018
Record date	15 June 2018
Payment date	6 July 2018
Bond interest	30 September/31 March

Glossary of terms

Annualised 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. It 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 annualised current income is the change during a period, adjusted to remove the impact of acquisitions and disposals, expressed as a percentage of annualised current income at the start of the period.

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.

Best Practices Recommendations (BPR)
Standards set out by EPRA to provide comparable reporting between investment property companies.

Blended cost of debt
Weighted average cost of drawn borrowings, plus non-utilisation fees on undrawn borrowings.

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

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

EPRA
European Public Real Estate Association.

EPRA adjustments
Standard adjustments to calculate EPRA measures, in accordance with its BPR.

EPRA cost ratio
Total costs as a percentage of gross rental income.

EPRA earnings
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 EPS
EPRA earnings divided by the weighted average number of shares in issue during a reporting period.

EPRA net assets
Net assets adjusted 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. It includes additional equity if all vested share options were exercised.

EPRA NAV
EPRA net assets per share, including the potentially dilutive effect of outstanding options granted over ordinary shares.

EPRA triple net assets
EPRA net assets amended to include the fair value of financial instruments and debt.

EPRA NNNAV
EPRA NAV amended to include the fair value of financial instruments and debt.

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.

Interest cover
Operating profit before investment property disposals and valuation movements, divided by finance costs net of finance income.

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 larger refurbishment schemes, expressed as a percentage of rents receivable in the corresponding previous accounting period.

Listing Rules
A set of regulations applicable to any company listed on a United Kingdom Stock Exchange.

Loan-to-value (LTV)
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.

Net initial yield
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.

Net investment
Acquisitions and capital expenditure less disposals in a 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.

Regulatory News Service (RNS)
RNS is both a regulatory and financial communications channel which allows companies to issue announcements to fulfil their regulatory disclosure obligations.

Topped-up net initial yield
Net initial yield adjusted to assume rent-free periods or other unexpired lease incentives, such as discounted rent periods and stepped rents, 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.

Valuation 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, disposals and capital expenditure. When measured on a like-for-like basis, the calculation excludes those properties acquired or sold during the period.