

# investor and analyst presentation



Shaftesbury



# Agenda

**Introduction**

**Brian Bickell**

**Results & Finance**

**Chris Ward**

**Operational Review**

**Brian Bickell**

**Summary & Outlook**

**Brian Bickell**

**Q&A**

**Brian Bickell**  
**Chris Ward**  
**Simon Quayle**  
**Tom Welton**

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Note: All data refers to the wholly-owned portfolio unless otherwise stated

# Introduction

- Results demonstrate the resilient qualities of our locations and portfolio
- Growing earnings, dividends and NAV
- Strategic acquisitions: £168 million
- Leasing and asset management activity continues apace
- Completed larger schemes – 84% now let or under offer
- Schemes across 175,000 sq. ft. under way or being prepared
- Strong balance sheet



# London's West End

## Unique features underpin structural resilience

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- The West End's seven days-a-week economy underpinned by unique features
  - Large working population
  - Global destination attracts businesses and visitors
  - Huge variety of shops and dining experiences
  - Unrivalled concentration of entertainment and cultural attractions
  - Excellent and growing transport links
- West End portfolio has been resilient through the cycles



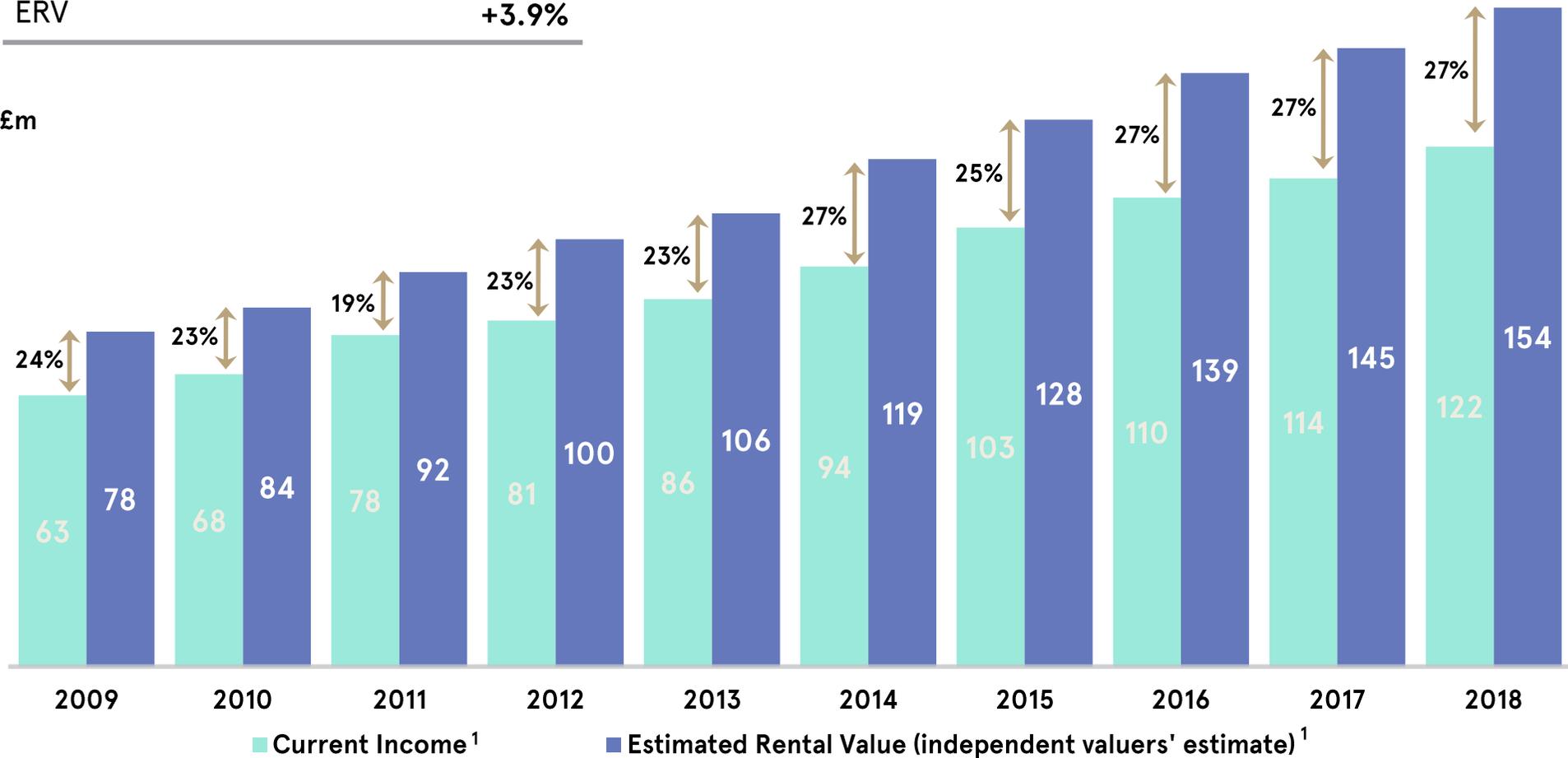
# Delivering long-term rental growth

10 year L-f-L CAGR<sup>1</sup>

Annualised current income **+5.1%**

ERV **+3.9%**

£m



1. Including our 50% share of Longmartin



# Results and Finance

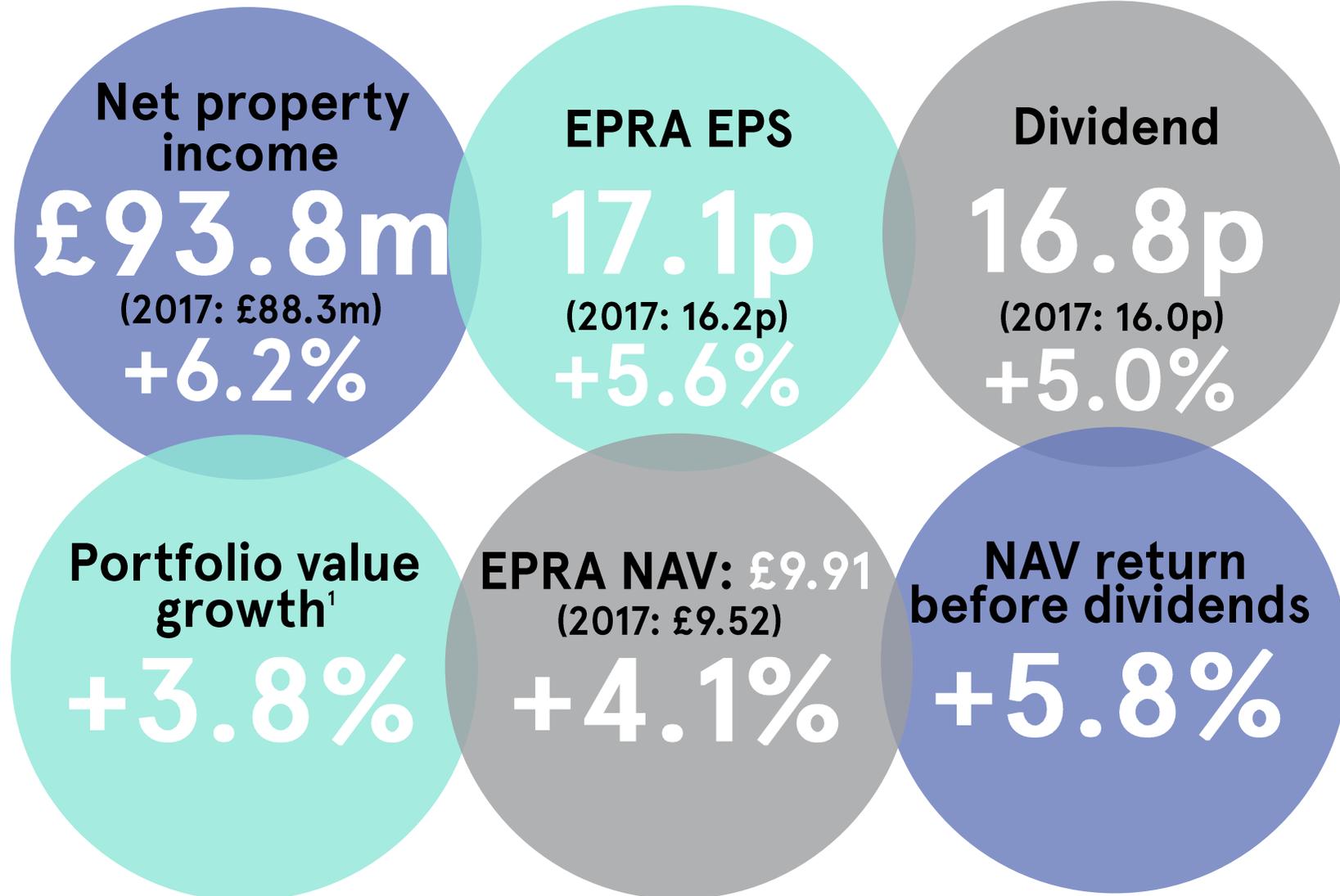
## Chris Ward

results and finance

# Headlines

## Good operational performance

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1. Like-for-like

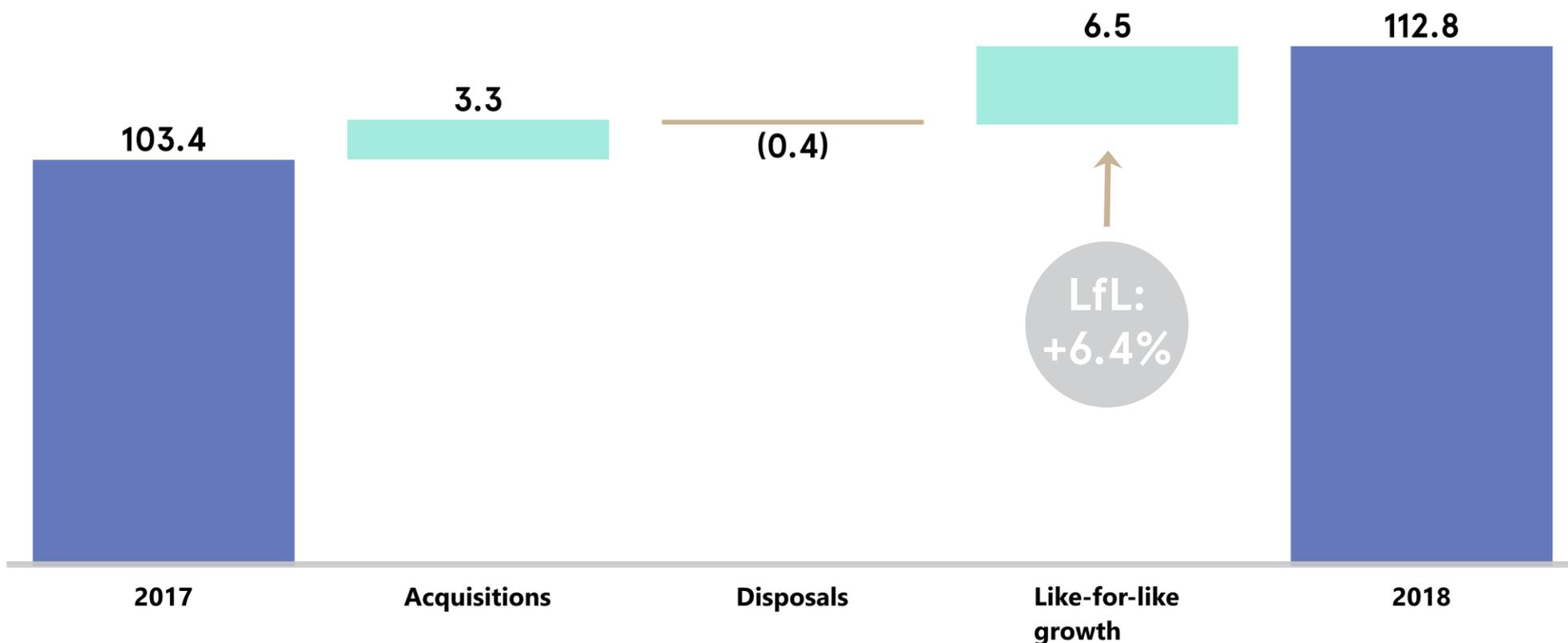
# Rents receivable

## Converting portfolio reversion into cash flow

RENTS RECEIVABLE  
**£112.8m**  
+9.1%

L-F-L GROWTH  
**+6.4%**

Rents receivable (£m)



# EPRA earnings

## Growth in rental income and lower finance costs

NET PROPERTY INCOME

**+6.2%**

EPRA EARNINGS

**+14.4%**

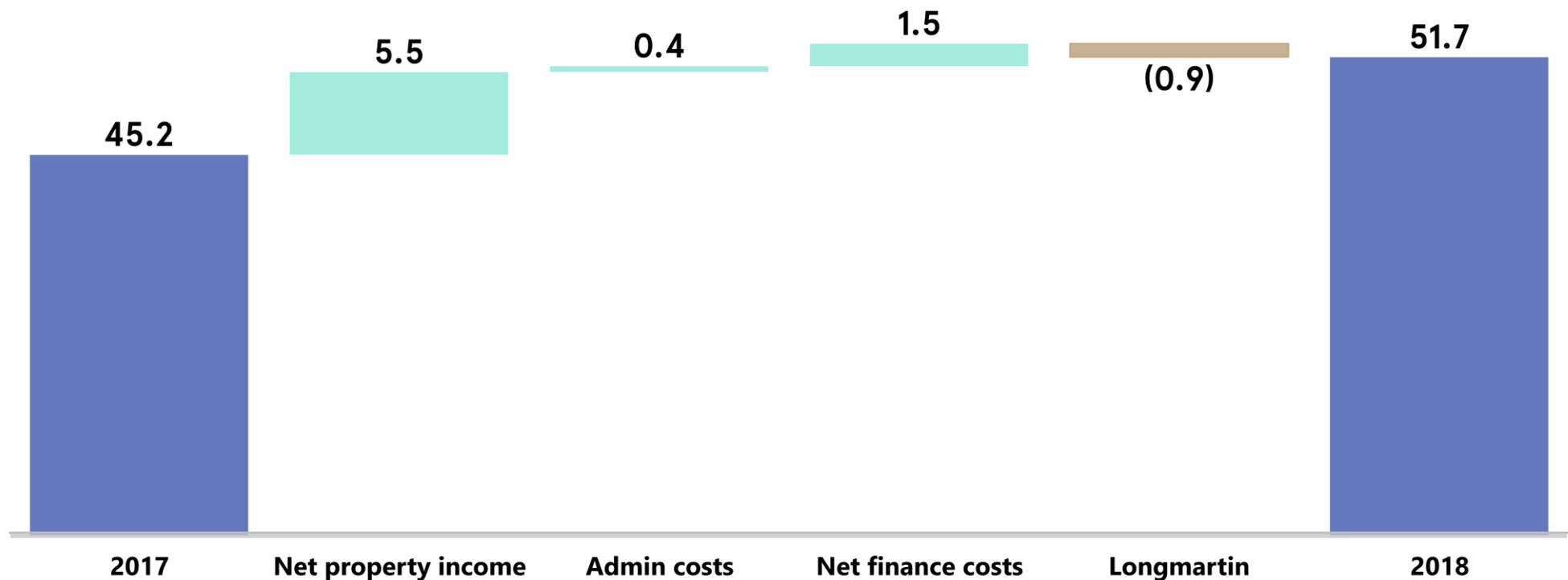
EPRA EPS

**17.1p**  
+5.6%

TOTAL DIVIDEND

**16.8p**  
+5.0%

### EPRA earnings (£m)



# Leasing and occupancy

## Robust leasing activity

COMMERCIAL LETTINGS & REVIEWS

**+5.1%**  
vs 9/17 ERV

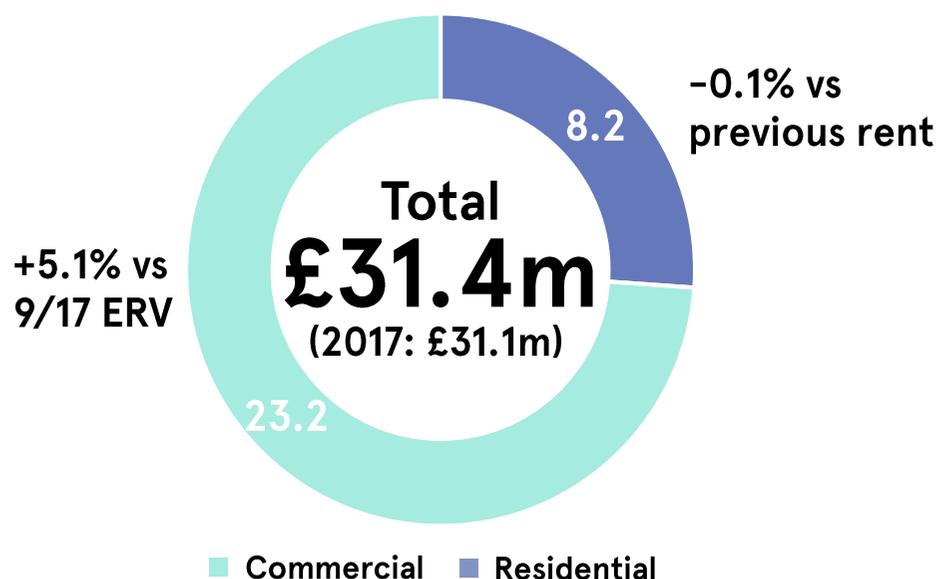
LARGER SCHEMES EPRA VACANCY<sup>1,2</sup>

**1.9%**

OTHER EPRA VACANCY

**2.7%**

### Leasing and rent review transactions (£m)



### Vacancy

	Sept 18	Sept 17
<b>Larger schemes</b>		
Under offer	1.3%	0.2%
Available	0.6%	3.3%
	<b>1.9%</b>	<b>3.5%</b>
<b>Other vacancy</b>		
Under offer	1.3%	0.8%
Available	1.4%	1.7%
	<b>2.7%</b>	<b>2.5%</b>

1. Larger schemes are Central Cross and Thomas Neal's Warehouse  
2. 0.7% has been let since year end

# Progress on our completed larger schemes

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- Our larger schemes created over 100,000 sq. ft. of commercial space
- 84% now let or under offer
- Uncontracted income now 1.3% of portfolio ERV

**Thomas Neal's Warehouse**  
(0.6% of ERV)



**57 Broadwick Street**  
(1.7% of ERV)



**Central Cross**  
(2.6% of ERV)



# Net asset value

## Portfolio valuation surplus drives NAV returns

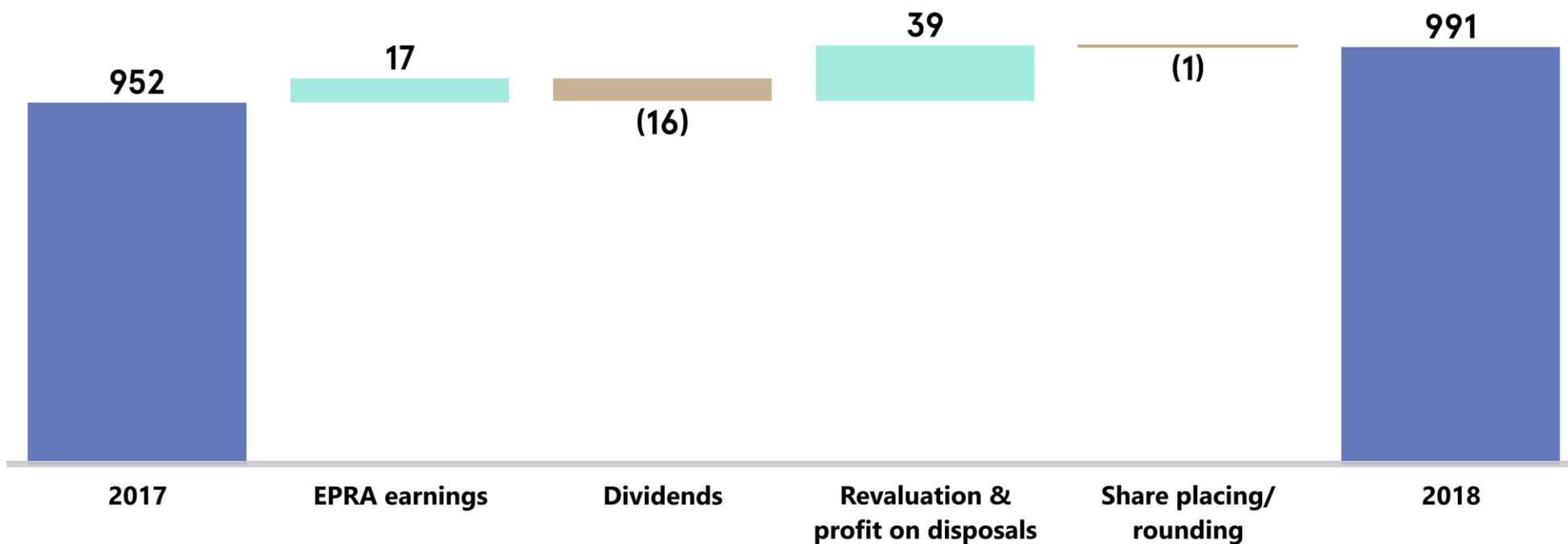
EPRA NAV PER SHARE

**+4.1%**

NAV RETURN<sup>1</sup>

**+5.8%**

EPRA NAV (pence per share)

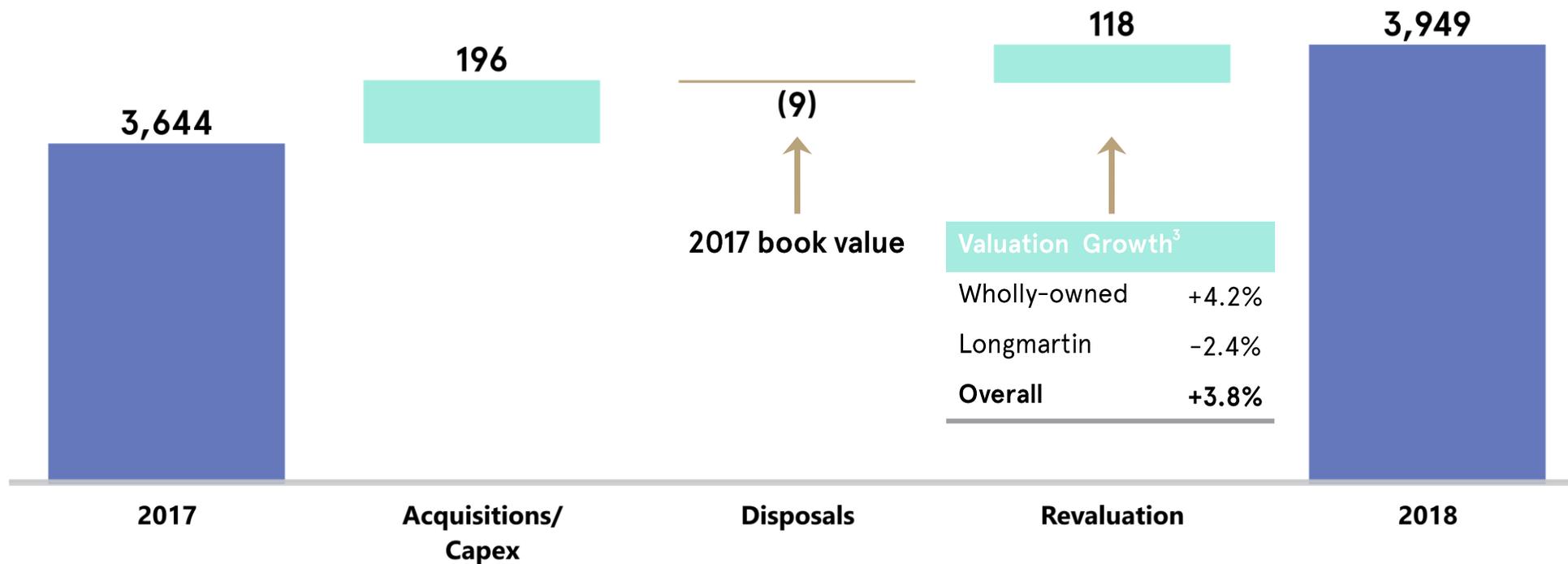


1. Before dividends

# Valuation

## Strategic acquisitions and valuation surplus

### Portfolio valuation<sup>1,2</sup> (£m)



1. Including our 50% share of Longmartin

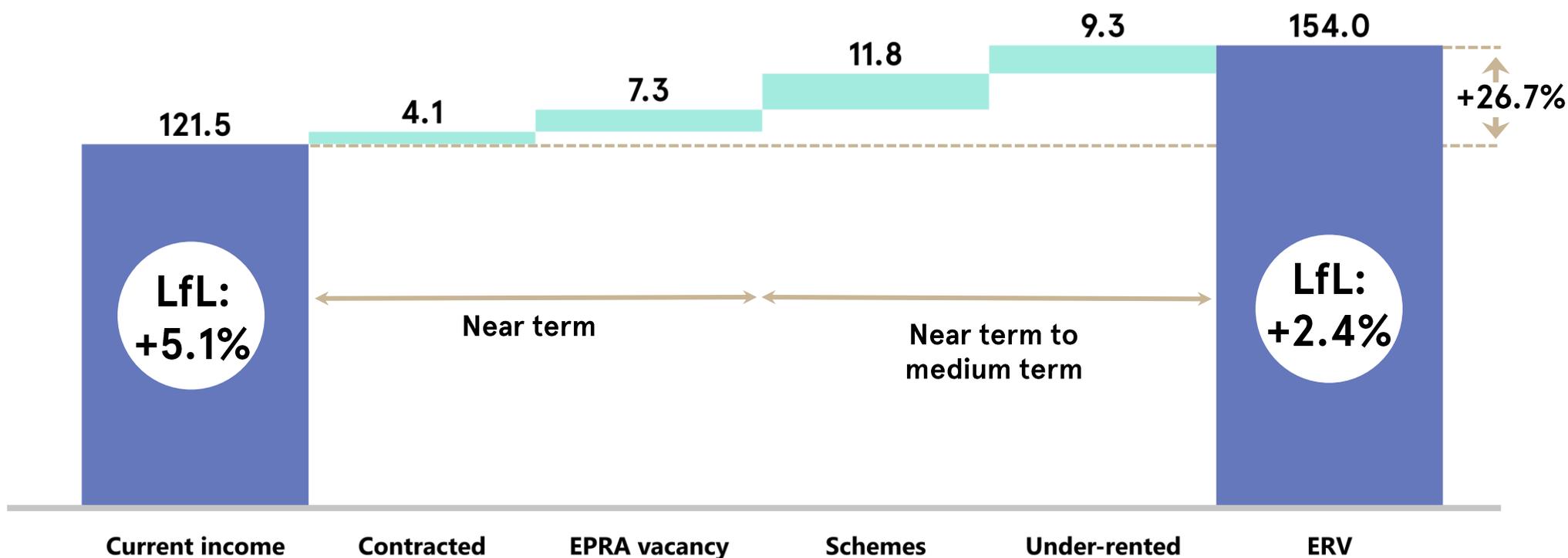
2. Excluding non-core asset acquired in a portfolio

3. Like-for-like

# Reversionary potential

## Active leasing and asset management delivers growth

Components of the reversion<sup>1,2</sup> (£m)



1. Including our 50% share of Longmartin

2. Portfolio excluding non-core asset acquired in a portfolio

# Valuation

## Strong West End investment market

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### Investor demand still strong

- Location
- Robust occupier demand
- High occupancy and growing cash flows
- Asset management potential
- Minimal exposure to obsolescence
- Relative affordability of rents

### Constrained supply of properties to buy

- Existing owners remain reluctant to sell
- Strong interest when properties come to market

### Equivalent yields

- Wholly-owned: 3.41% (2017: 3.46%)
- Longmartin: 3.82% (2017: 3.80%)

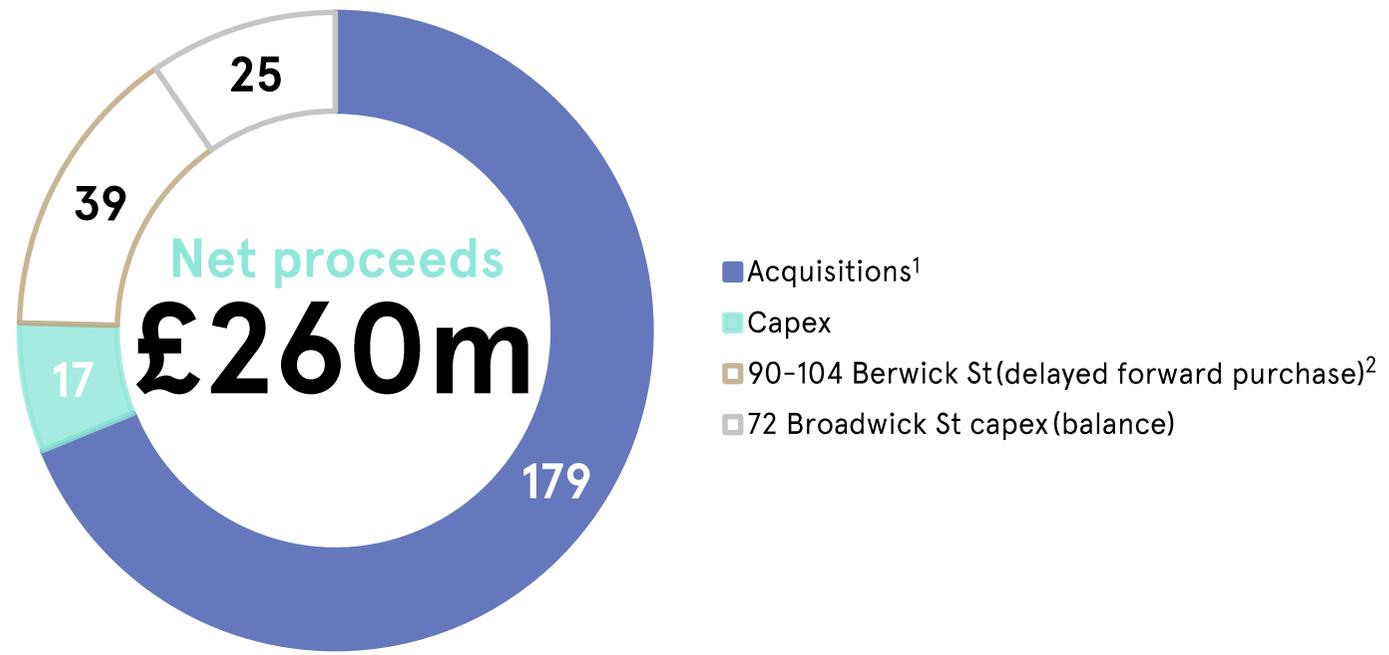
### Potential greater value

- Unique portfolio, dominated by restaurant, leisure and retail properties in adjacent, or adjoining, locations in the West End
- Long record of strong occupier demand for these uses and high occupancy levels - underpins long-term prospects for rental growth
- Valued in parts, not in its entirety<sup>1</sup>

1. In accordance with RICS guidelines

# Share placing

## Proceeds deployed or earmarked for investment



1. Including £9m of acquisitions completed in the 6 months preceding the placing and a £2m deposit for 90-104 Berwick St paid in August 2017

2. A deposit of £2m has already been paid. Total investment (including acquisition costs) is £41m

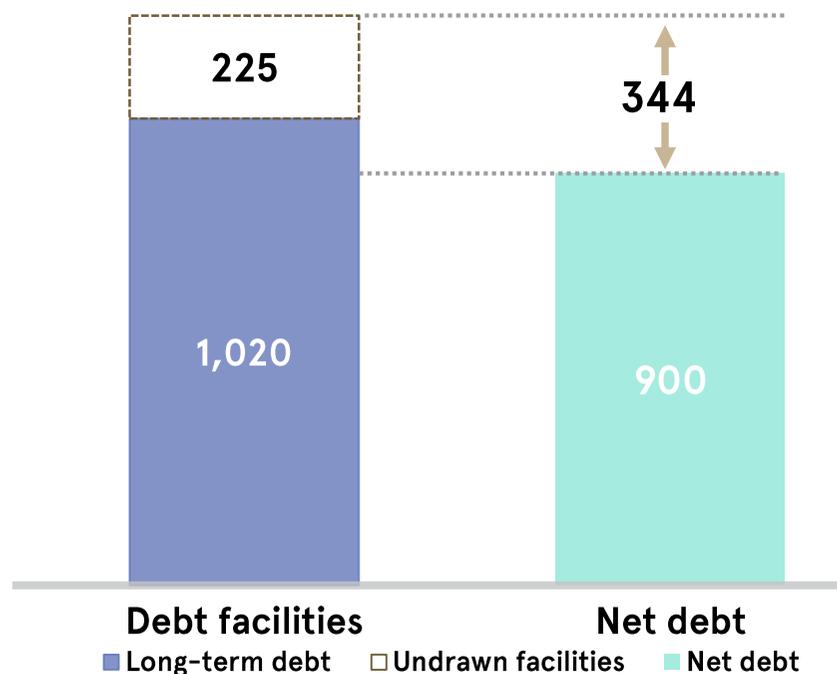
# Debt summary

## Significant resources available for investment

LOAN-TO-VALUE <sup>1,3</sup>	INTEREST COVER <sup>1</sup>	WEIGHTED AVERAGE DEBT MATURITY <sup>1</sup>	BLENDED COST OF DEBT <sup>1,2</sup>
22.8%	2.6x	10.2 years	3.2%

- Extended our RCFs
- Blended cost of debt 3.2%, down from 4.9% before refinancing initiatives
- Spread of debt maturities: 2022 to 2035
- Significant available resources: £344m
  - £93m allocated for investment
- Ability to act quickly when opportunities arise

### Debt summary (£m)



1. Including our 50% share of Longmartin debt

2. Including non-utilisation fees on undrawn bank facilities

3. Based on net debt



# Operational review

Brian Bickell

operational  
review

# Our portfolio

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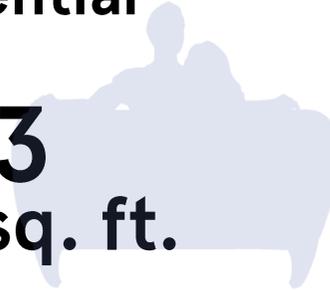
Offices

0.5m sq. ft.



Residential

593  
0.4m sq. ft.



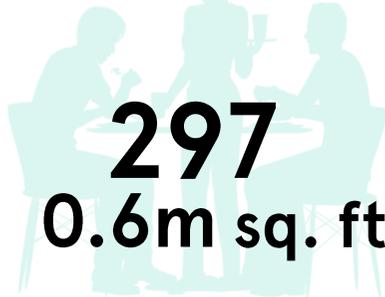
Split by ERV

Upper  
floors  
32%



Restaurants and leisure

297  
0.6m sq. ft.



Retail

298  
0.5m sq. ft.



Lower  
floors  
68%



# Operating environment

## Broad-based West End economy

- Robust footfall and spending
  - Seven days-a-week trading and long hours
  - Diverse and more-affluent spending demographic
- Mid-market offer: distinctive locations
- Extensive multi-channel marketing and communications strategy
- Resilient occupier demand for all uses despite macro uncertainties
- Average letting times increased by 4 weeks to 2½ months
  - Occupiers cautious where contemplating large space/rent commitments



# Restaurants, cafés and leisure

## The West End has become London's dining hot-spot

LETTINGS/RENEWALS/REVIEWS

**£10.5m**

21.0% of ERV<sup>1</sup>

EPRA VACANCY

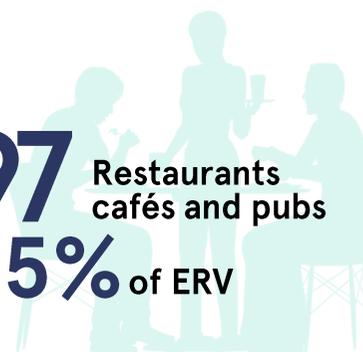
**£0.7m**

WEIGHTED AVERAGE UNEXPIRED LEASE TERM

**9 years**

- We are the largest single provider of dining and leisure space in the West End
- Dining and leisure uses important drivers of footfall, dwell-time and trading in our locations
- Local planning and licensing policies result in high barriers to entry
- Competition for available space continues to be strong
- Healthy trading particularly for our casual/independent dining hubs
- We are forward thinking - look for new, distinctive concepts

**297** Restaurants  
cafés and pubs  
**35%** of ERV



1. Restaurants, cafés and leisure ERV

# A SELECTION OF RESTAURANT, CAFÉ & LEISURE SIGNINGS



Pitta Bun



Inko Nito



St John's Bakery



Shu Xiangge



Genuine Liqueur



Evelyn's Table



Mamasons



Foggs House of Botanicals



Casa Bonita



On the Dak



Polu Poke



Yolkin



Tsujuri



JinLi



Modern Shanghai

# Retail

## Important contribution to West End retail's global reputation

LETTINGS/RENEWALS/REVIEWS

**£6.5m**

13.9% of ERV<sup>1</sup>

EPRA VACANCY

**£5.1m**

WEIGHTED AVERAGE UNEXPIRED LEASE TERM

**4 years**

- Predominately clustered in Carnaby, Seven Dials and Soho – 83% of current income
- Rental income: 37% fashion; 63% lifestyle, footwear & accessories
- Tenant selection – new, interesting concepts and flagships
- Flexible and innovative leasing strategy
- Portfolio offers retailers a wide range of shop sizes
- Competitive rental levels in high footfall and spending locations

**298 shops**  
33% of ERV

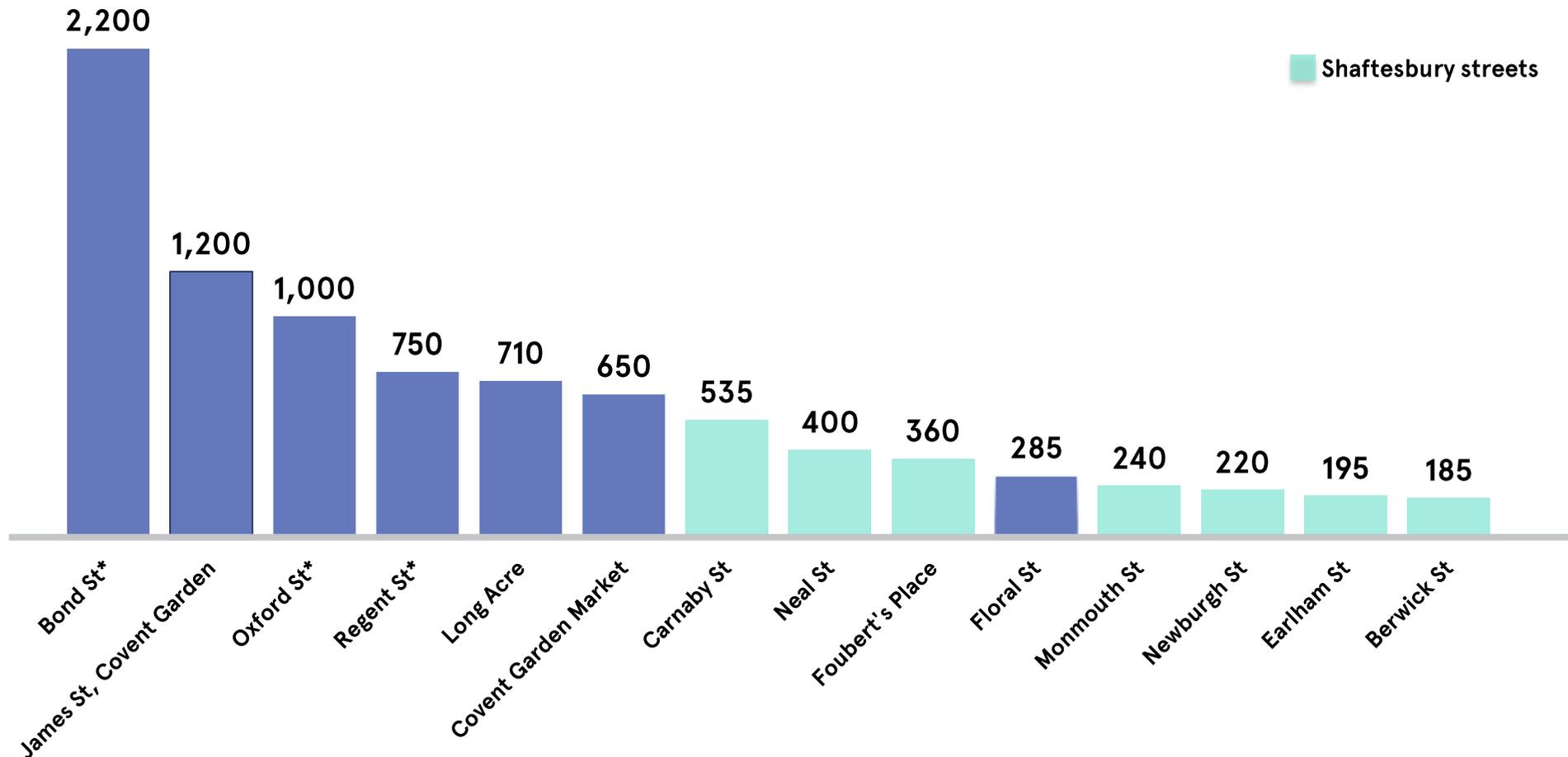


1. Retail ERV

# Retail

## Competitive rental levels compared to nearby streets

### West End retail rental tones (prime zone A per sq. ft.)



Source: Cushman & Wakefield, published information and company data

Shaftesbury Zone As are "net effective"

\* Based on 30 ft. zones

# A SELECTION OF RETAIL SIGNINGS



Away Travel



Spectrum



Mühle UK



Red Wing



Choosing Keeping



The Collection



Carousel



Niod



End



Ellesse



Van Moof



Ace & Tate



Rayban



Seven Dials Market



Daniel Wellington

# Offices

## Important provider of small, flexible space

LETTINGS/RENEWALS/REVIEWS

**£6.2m**  
21.2% of ERV<sup>1</sup>

EPRA VACANCY

**£0.6m**

WEIGHTED AVERAGE UNEXPIRED LEASE TERM

**4 years**

- Office occupiers are important to the West End economy – an important source of customers for our retail and F&B tenants
- Good demand and stable occupancy
- Retention rates have been high
- Small increase in incentive packages
- Adapting to changing environment
  - Fibre connectivity programme – “plug and play”
  - Trialling a fully fitted flexible workspace concept in Seven Dials

**0.5m sq. ft.**  
20% of ERV



1. Office ERV

# Residential

## High occupancy and reliable cash flow

LETTINGS/RENEWALS/REVIEWS

**£8.2m**

46.9% of ERV<sup>1</sup>

EPRA VACANCY

**£0.2m**

- Continued good demand for our mid-market apartments
  - Average occupancy c. 98%
- Rents achieved in line with previous rents
- 43 apartments under construction or being upgraded at 30 September (ERV: £1.3m)
- Continue rolling upgrade programme

**593** apartments  
12% of ERV



1. Residential ERV

# Schemes

## Improving space and unlocking growth

SCHEMES IN THE YEAR ACROSS

**177,200 sq. ft.**  
9.7% of floor space

CAPITAL EXPENDITURE

**£25.3m**  
(+£2.4m in joint venture)

ERV UNDER DEVELOPMENT

**£10.9m**  
7.6% ERV

- 174,700 sq. ft. of space held for, or under, refurbishment at 30 September
  - 72 Broadwick Street: 65,300 sq. ft.
  - 47 other schemes: 109,400 sq. ft.
- High levels of activity tempers short-term rental growth, but will deliver superior long-term income returns
- Public realm improvements help stimulate growth in footfall
  - Newport Court, Chinatown and Earlham Street West completed during the year

### Scheme vacancy (% of ERV)



# Strategic Acquisitions

## Acquisitions

- Important strategic acquisitions: £167.8m
- Each offers the prospect for good medium/long-term rental and capital growth
- Forward purchase of 90-104 Berwick Street (£41m) delayed until mid-2019
- Disciplined approach towards acquisitions; specific criteria, but availability of these types of assets is limited

## Disposals

- Disposal of non-core assets: net proceeds of £12.9m (48.3% above 30.9.17 book value)
  - 2 small mixed-use buildings in Covent Garden and Soho



1. Including: 1 restaurant, 1 café, 1 bar, 9,200 sq. ft. of office space and one apartment

# 72 Broadwick Street, Carnaby

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- In September 2018 secured vacant possession of 54,100 sq. ft. office and 11,200 sq. ft. residential space
- Strategy is to create a high quality, sustainable, accessible mixed use building
- Enhanced scheme now, includes:
  - Increase lettable space
  - New retail and restaurant space
  - Option for other leisure uses
  - Creation of new active frontages to Broadwick Street, Ganton Street and the corner of Marshall Street
  - Increasing the number of flats from 11 to 15
- Submitting formal planning application shortly; expect works to start summer 2019
- Estimated scheme duration 2 years, enhanced scheme cost: c. £30m



# Examples of current schemes onsite



**45/49 Charing Cross Road<sup>1</sup>**

- Estimated cost: £3.6m
- Estimated completion: summer 2019



**1 Gerrard Place<sup>1</sup>**

- Estimated cost: £6.4m
- Estimated completion: autumn 2019



**St Martin's Courtyard<sup>1</sup>**

- Estimated cost: £3.7m (our share)
- Estimated completion: autumn 2019

1. Images are CGIs

# Summary & Outlook

Brian Bickell

summary  
and  
outlook



# Outlook

## Consistent long-term strategy focused on income growth

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# Appendices

1. Portfolio
2. Financial
3. Valuation
4. Village Summaries
5. Other

appendices



Shaftesbury

1 Portfolio

portfolio

# Exceptional portfolio in the heart of London's West End

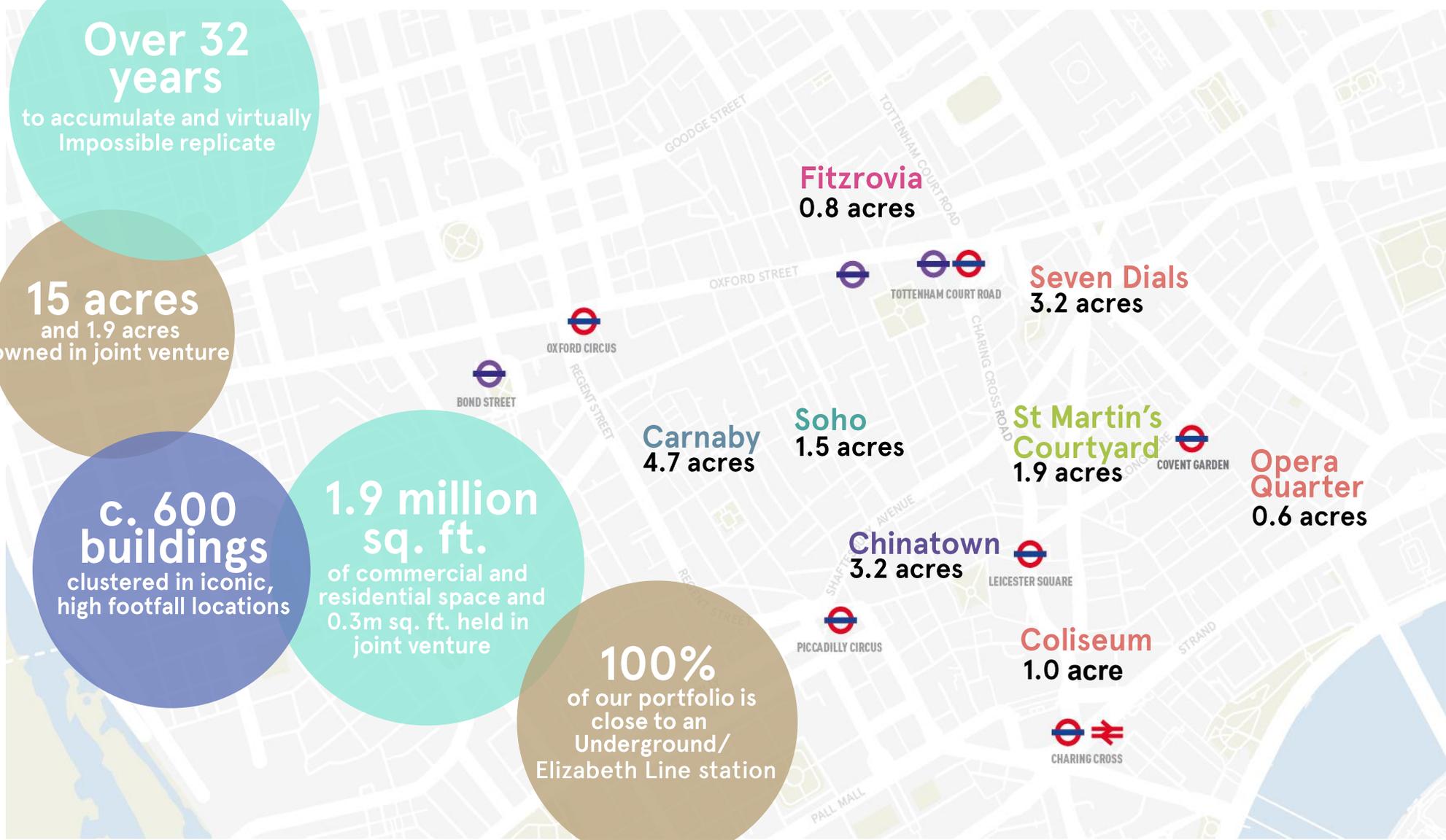
**Over 32 years**  
to accumulate and virtually impossible replicate

**15 acres**  
and 1.9 acres  
owned in joint venture

**c. 600 buildings**  
clustered in iconic,  
high footfall locations

**1.9 million sq. ft.**  
of commercial and residential space and 0.3m sq. ft. held in joint venture

**100%**  
of our portfolio is close to an Underground/Elizabeth Line station



# Drivers of long-term growth in total shareholder returns

## Curating distinctive and lively destinations



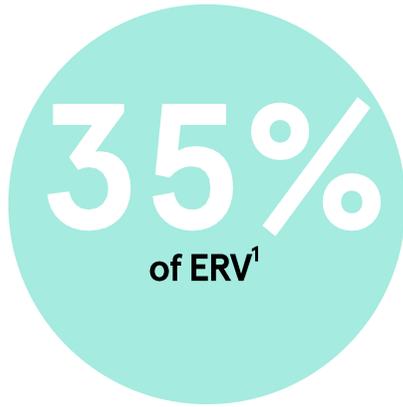
## Attracting occupiers



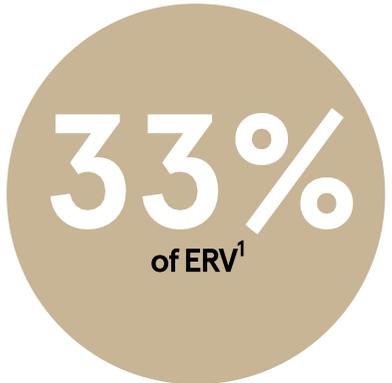
## Delivering long-term returns



# Our portfolio



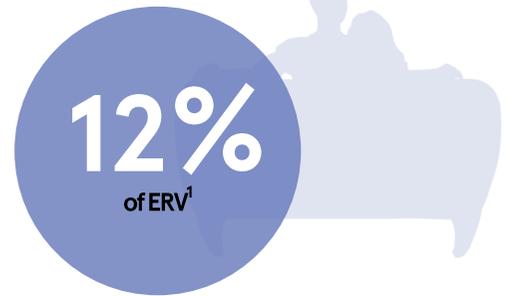
Longmartin Joint Venture



Longmartin Joint Venture



Longmartin Joint Venture



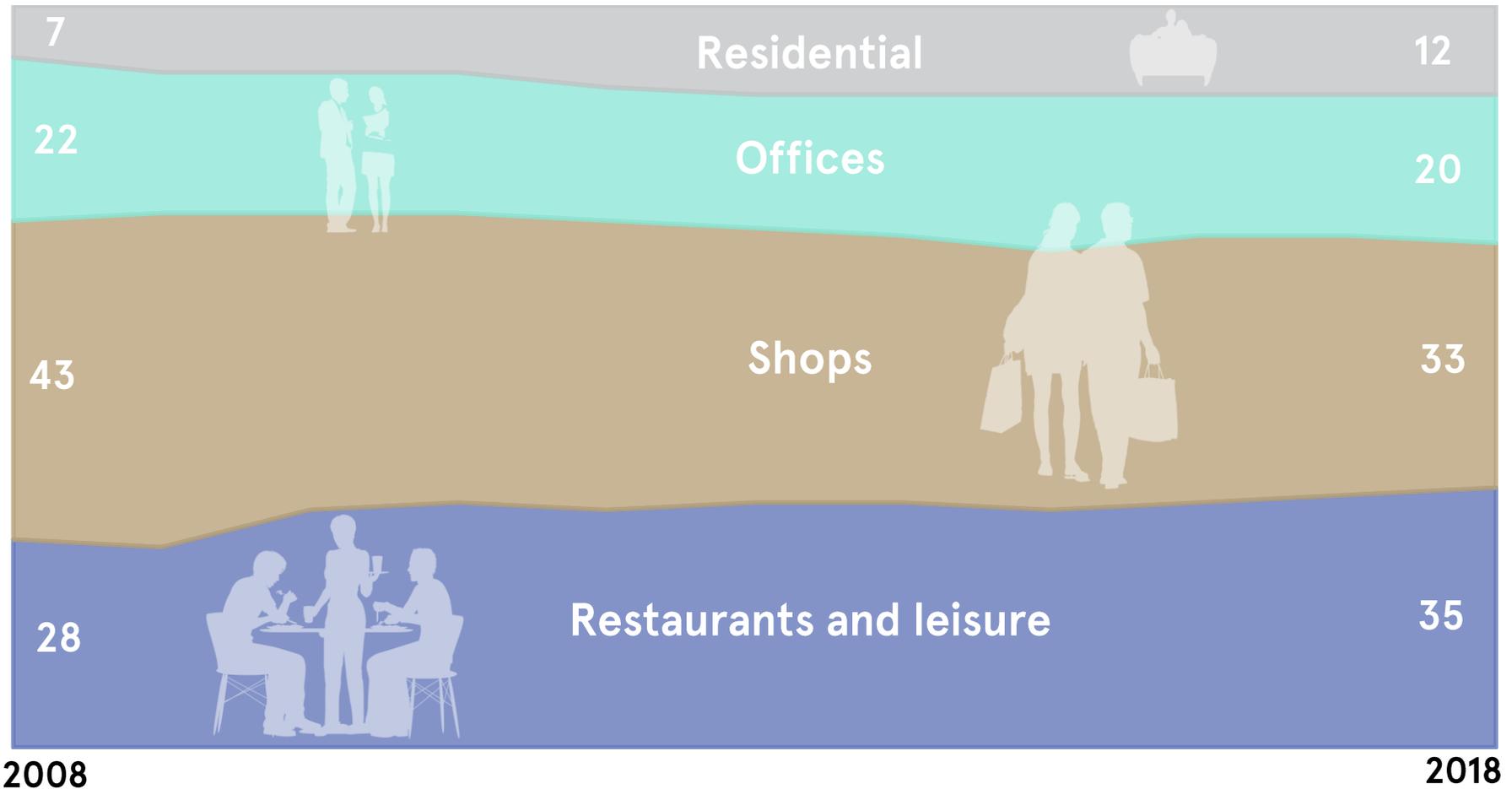
Longmartin Joint Venture



1. Wholly-owned portfolio

# Mix of uses (wholly-owned portfolio)

## Evolution of uses over time (% of ERV)



# Scheme vacancy

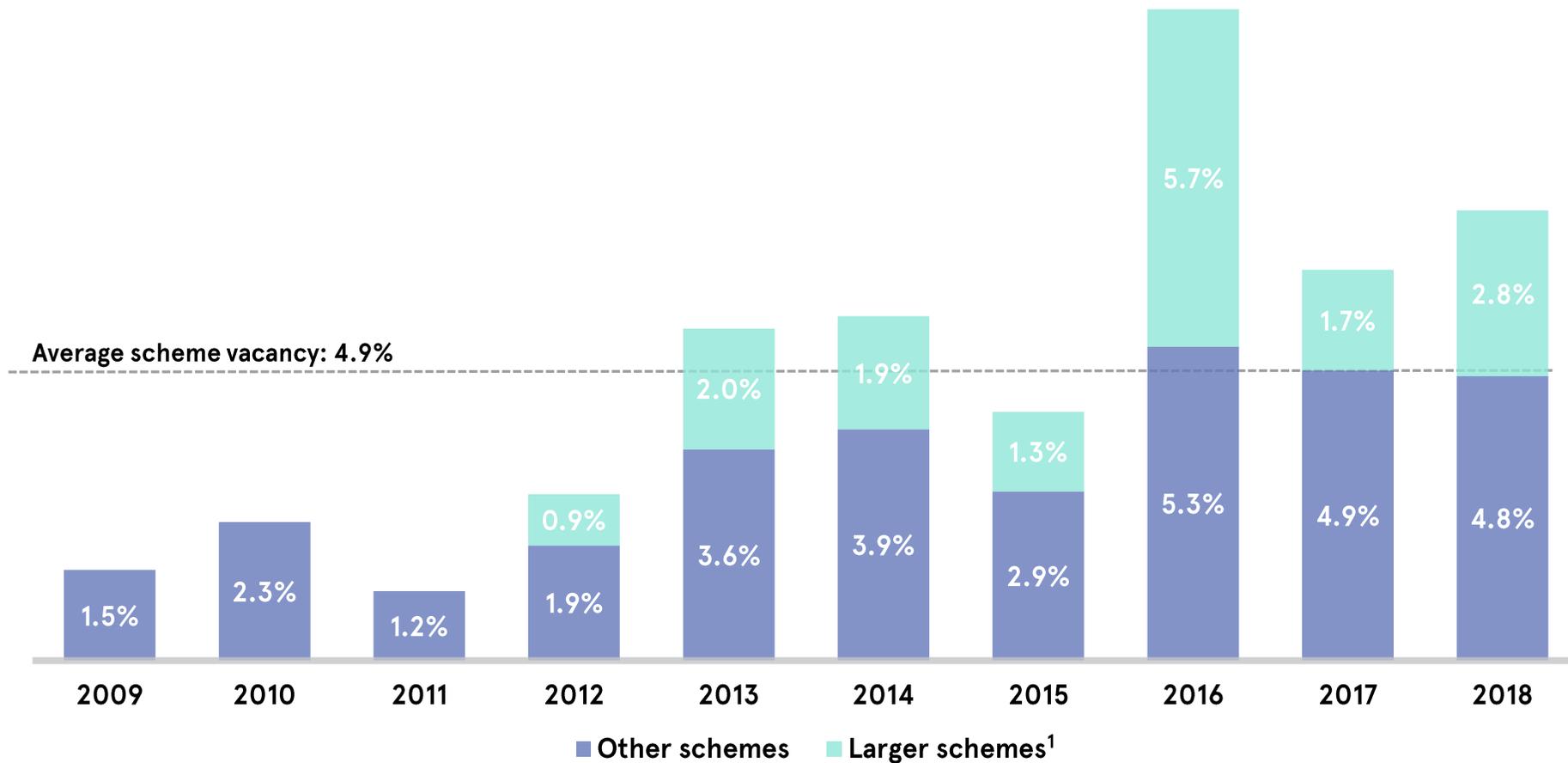
	Restaurants, cafés and leisure	Shops	Offices	Residential	Total	% of total ERV 2018	% of total ERV 2017
Larger schemes <sup>1</sup>	0.1	-	3.5	0.4	4.0	2.8%	1.7%
Other vacancy	2.9	0.6	2.5	0.9	6.9	4.8%	4.9%

£3.0m	£0.6m	£6.0m	£1.3m	£10.9m	7.6%	6.6%
40,700 sq. ft.	10,900 sq. ft.	93,300 sq. ft.	29,800 sq. ft.	174,700 sq. ft.		124,000 sq. ft.

1. 2018: 72 Broadwick St, 2017: 57 Broadwick St

# 10 year scheme vacancy



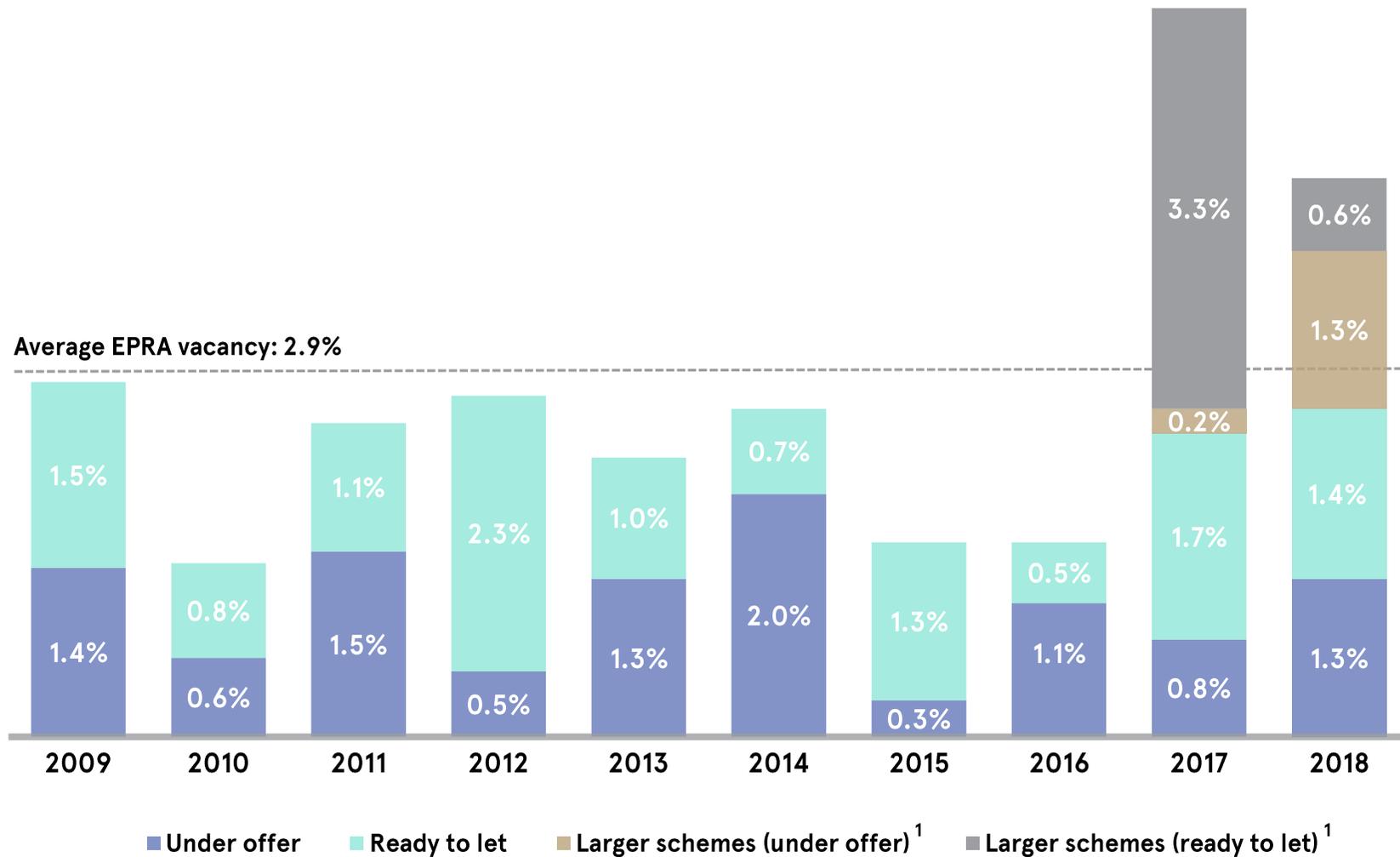
1. 2012 to 2014: Carnaby Court. 2015: Central Cross. 2016: Central Cross, 57 Broadwick St and Thomas Neal's Warehouse. 2017: 57 Broadwick St. 2018: 72 Broadwick St

# EPRA vacancy

	Restaurants, cafés and leisure	Shops	Offices	Residential	Total	% of total ERV 2018	% of total ERV 2017
<b>Larger schemes<sup>1</sup></b>							
Under offer	-	1.9	-	-	<b>1.9</b>	<b>1.3%</b>	0.2%
Available-to-let	0.3	0.6	-	-	<b>0.9</b>	<b>0.6%</b>	3.3%
	<b>0.3</b>	<b>2.5</b>	-	-	<b>2.8</b>	<b>1.9%</b>	3.5%
<b>Other vacancy</b>							
Under offer	0.2	1.4	0.1	0.1	<b>1.8</b>	<b>1.3%</b>	0.8%
Available-to-let	0.2	1.2	0.5	0.1	<b>2.0</b>	<b>1.4%</b>	1.7%
	<b>0.4</b>	<b>2.6</b>	<b>0.6</b>	<b>0.2</b>	<b>3.8</b>	<b>2.7%</b>	2.5%
<b>Total</b>							
Under offer	0.2	3.3	0.1	0.1	<b>3.7</b>	<b>2.6%</b>	1.0%
Available-to-let	0.5	1.8	0.5	0.1	<b>2.9</b>	<b>2.0%</b>	5.0%
	<b>£0.7m</b> 7,500 sq. ft.	<b>£5.1m</b> 79,000 sq. ft.	<b>£0.6m</b> 9,500 sq. ft.	<b>£0.2m</b> 3,900 sq. ft.	<b>£6.6m</b> 99,900 sq. ft.	<b>4.6%</b>	<b>6.0%</b> 109,900 sq. ft.

1. Central Cross and Thomas Neal's Warehouse

# 10 year EPRA vacancy



1. Larger schemes are Central Cross and Thomas Neal's Warehouse

# Letting activity during the year

## Restaurants, cafés and leisure

Lettings/rent reviews

**£10.5m**

(21.0% of restaurant, café and leisure ERV)

**34**

Lettings & renewals

**31**

Rent reviews

## Shops

Lettings/rent reviews

**£6.5m**

(13.9% of retail ERV)

**41**

Lettings & renewals

**14**

Rent reviews

## Offices

Lettings/rent reviews

**£6.2m**

(21.2% of office ERV)

**41**

Lettings & renewals

**5**

Rent reviews

## Residential

Lettings/renewals

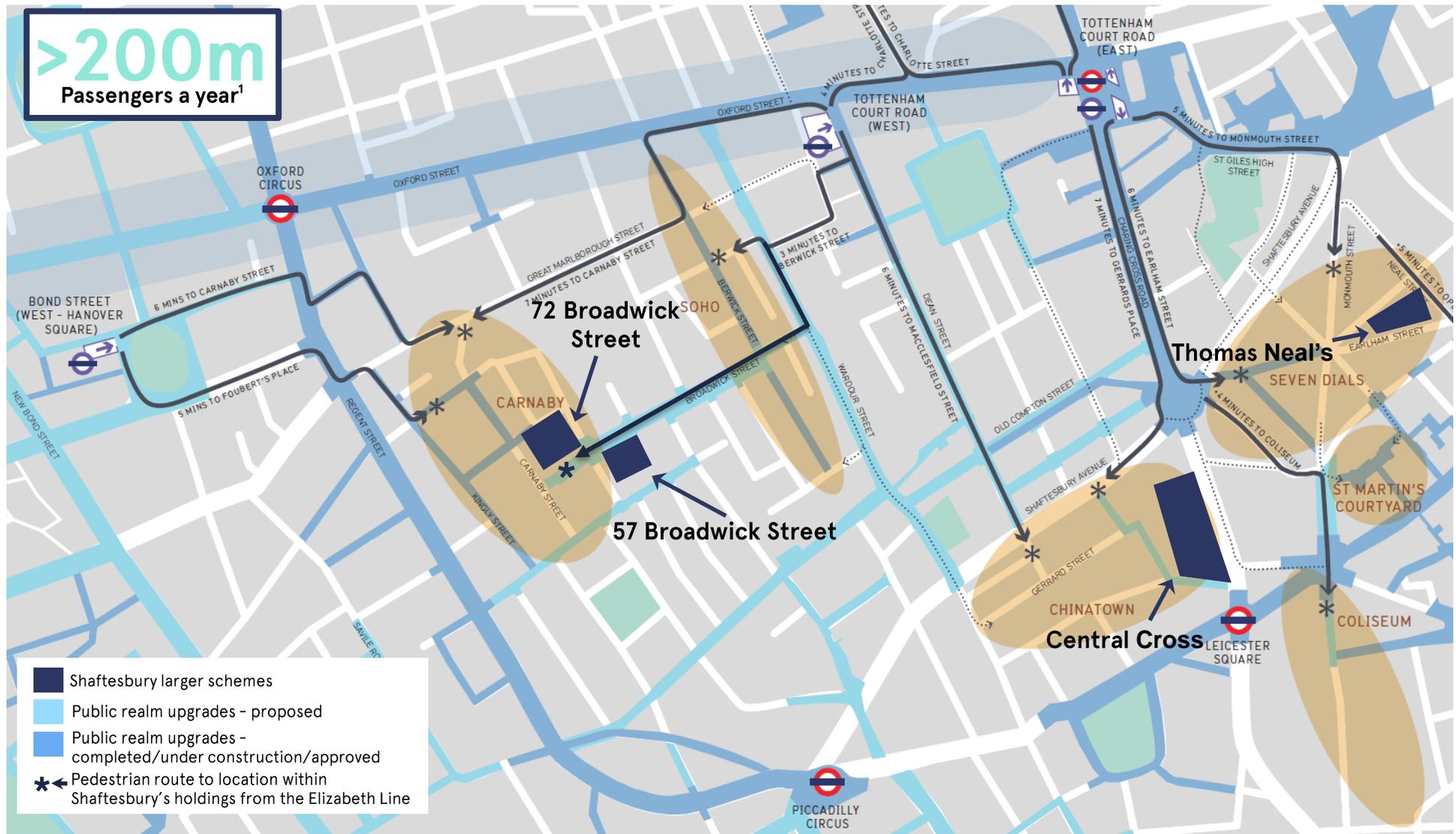
**£8.2m**

(46.9% of residential ERV)

**292**

Lettings & renewals

# Elizabeth Line and public realm



1. Forecast passenger numbers a year passing through the Tottenham Court Road and Bond Street transport hubs by the mid-2020s

# CGIs of selected schemes



**7 Gerrard Street**



**St Martin's Courtyard entrance**



**1 Little Marlborough Street**



**50 Marshall Street**



**Sussex House**

# Public realm



**Newport Place**



**Earlham Street**



## 2 Financial



# EPRA earnings and NAV reconciliations

EARNINGS	2018 £m	2017 £m
<b>IFRS profit after tax</b>	<b>175.5</b>	301.6
Adjust for fair value movements:		
Investment properties	<b>(123.1)</b>	(230.6)
Financial derivatives	-	(22.0)
Profit on disposal of investment properties	<b>(4.6)</b>	(1.1)
Adjustments re: Longmartin JV:		
Investment property revaluation	<b>5.0</b>	(2.6)
Deferred tax	<b>(1.1)</b>	(0.1)
<b>EPRA earnings</b>	<b>51.7</b>	45.2
Number of shares (million)	<b>302.1</b>	278.9
<b>EPRA EPS</b>	<b>17.1p</b>	16.2p

NAV	2018 £m	2017 £m
<b>IFRS net assets</b>	<b>3,033.0</b>	2,646.9
Effect of exercise of options	<b>0.5</b>	0.5
<b>Diluted net assets</b>	<b>3,033.5</b>	2,647.4
Adjustments re: Longmartin JV:		
Deferred tax	<b>16.7</b>	17.9
<b>EPRA NAV</b>	<b>3,050.2</b>	2,665.3
Number of shares (diluted) (million)	<b>307.7</b>	279.8
<b>EPRA NAV per share</b>	<b>£9.91</b>	£9.52

# Income and costs

EPRA EARNINGS	2018 £m	2017 £m
Rental income	112.8	103.4
Property costs	(19.0)	(15.1)
Net property income	93.8	88.3
Admin expenses	(13.7)	(14.1)
	80.1	74.2
Net finance costs	(31.2)	(32.7)
Share of Longmartin JV profit before tax <sup>1</sup>	3.6	4.5
Recurring profit before tax	52.5	46.0
Share of Longmartin JV current tax	(0.8)	(0.8)
<b>EPRA earnings</b>	<b>51.7</b>	<b>45.2</b>

PROPERTY COSTS	2018 £m	2017 £m
Operating costs	7.6	5.7
Vacant property costs	1.4	1.1
Management fees	2.6	2.4
Letting costs	3.6	3.3
Village promotion	3.8	2.6
<b>Property outgoings</b>	<b>19.0</b>	<b>15.1</b>

1. After adjusting for revaluation surplus

# Reconciliation of IFRS to proportional consolidation

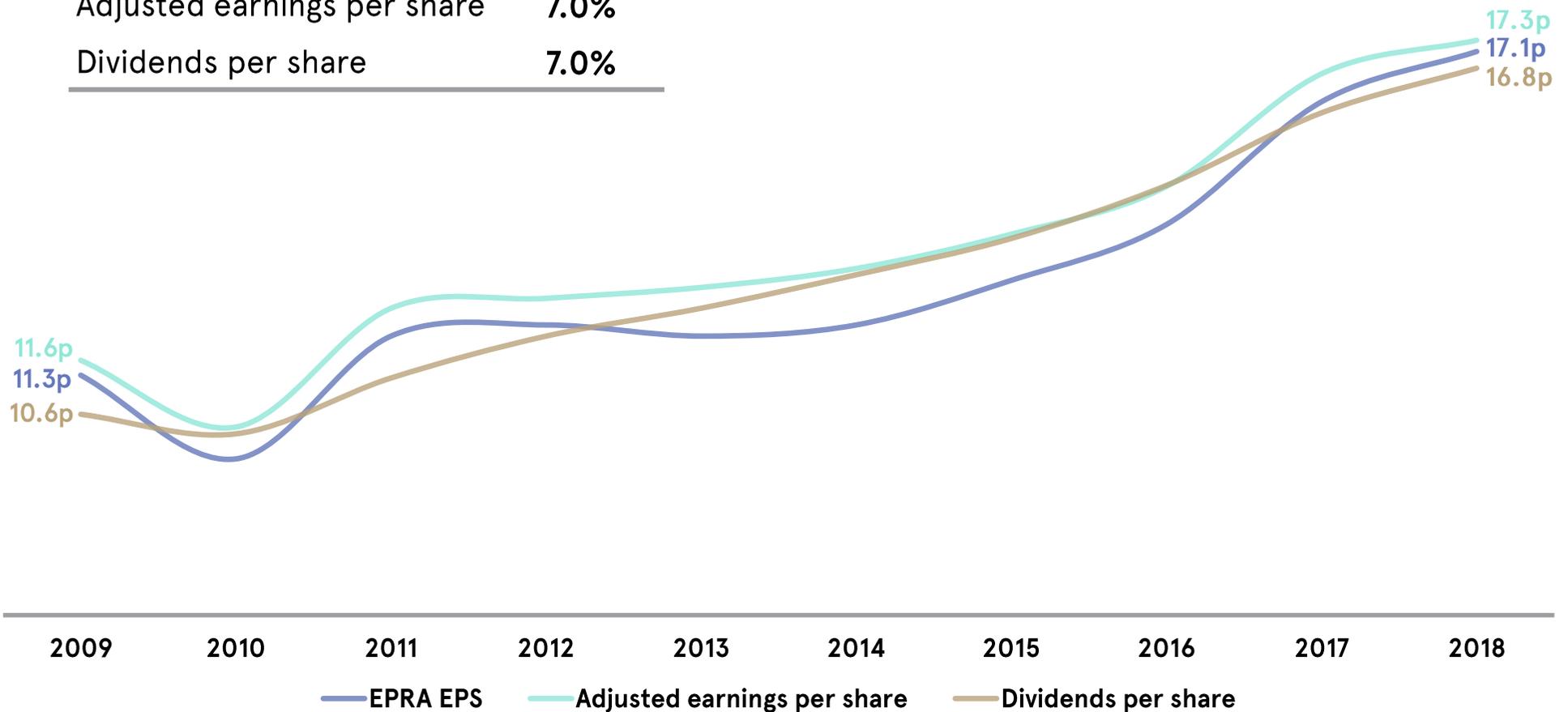
BALANCE SHEET	2018			2017		
	IFRS £m	Longmartin JV £m	Proportional consolidation £m	IFRS £m	Longmartin JV £m	Proportional consolidation £m
Investment properties	3,714.8	228.7	3,943.5	3,407.3	231.3	3,638.6
Investment in Longmartin JV	143.9	(143.9)	-	148.0	(148.0)	-
Net debt	(841.3)	(58.7)	(900.0)	(914.2)	(59.4)	(973.6)
Other assets and liabilities	15.6	(26.1)	(10.5)	5.8	(23.9)	(18.1)
<b>Net assets</b>	<b>3,033.0</b>	<b>-</b>	<b>3,033.0</b>	<b>2,646.9</b>	<b>-</b>	<b>2,646.9</b>

INCOME STATEMENT	2018			2017		
	IFRS £m	Longmartin JV £m	Proportionate consolidation £m	IFRS £m	Longmartin JV £m	Proportionate consolidation £m
Net property income	93.8	7.1	100.9	88.3	8.0	96.3
Admin costs	(13.7)	(0.2)	(13.9)	(14.1)	(0.1)	(14.2)
Profit on disposal	4.6	-	4.6	1.1	-	1.1
Revaluation surplus	123.1	(5.0)	118.1	230.6	2.7	233.3
<b>Operating profit</b>	<b>207.8</b>	<b>1.9</b>	<b>209.7</b>	<b>305.9</b>	<b>10.6</b>	<b>316.5</b>
Net finance costs	(31.2)	(3.4)	(34.6)	(10.7)	(3.4)	(14.1)
Share of Longmartin post-tax (loss)/profits	(1.1)	1.1	-	6.4	(6.4)	-
<b>Profit before tax</b>	<b>175.5</b>	<b>(0.4)</b>	<b>175.1</b>	<b>301.6</b>	<b>0.8</b>	<b>302.4</b>
Tax	-	0.4	0.4	-	(0.8)	(0.8)
<b>Profit after tax</b>	<b>175.5</b>	<b>-</b>	<b>175.5</b>	<b>301.6</b>	<b>-</b>	<b>301.6</b>

# Earnings and dividends per share

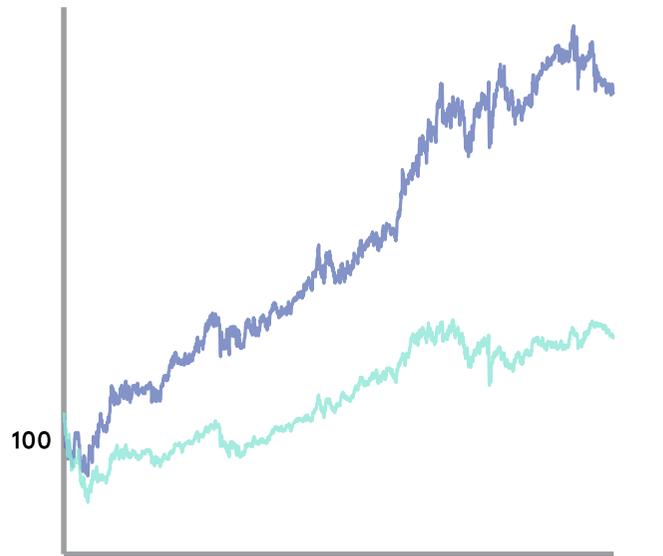
## 10 year CAGR

EPRA EPS	7.2%
Adjusted earnings per share	7.0%
Dividends per share	7.0%

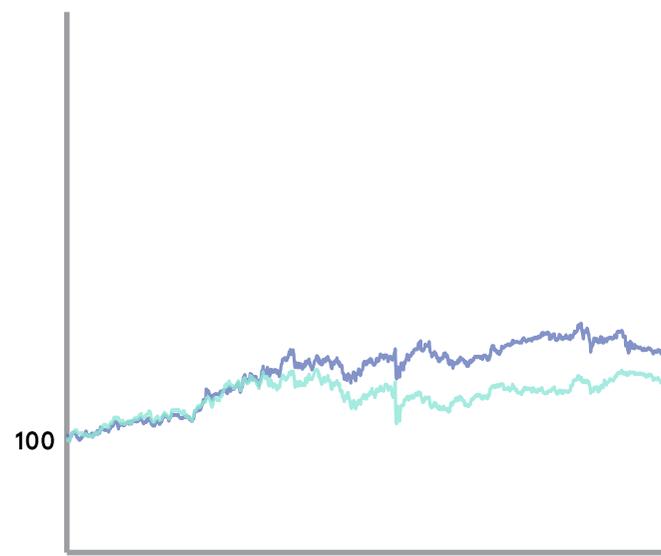


# TSR outperformance

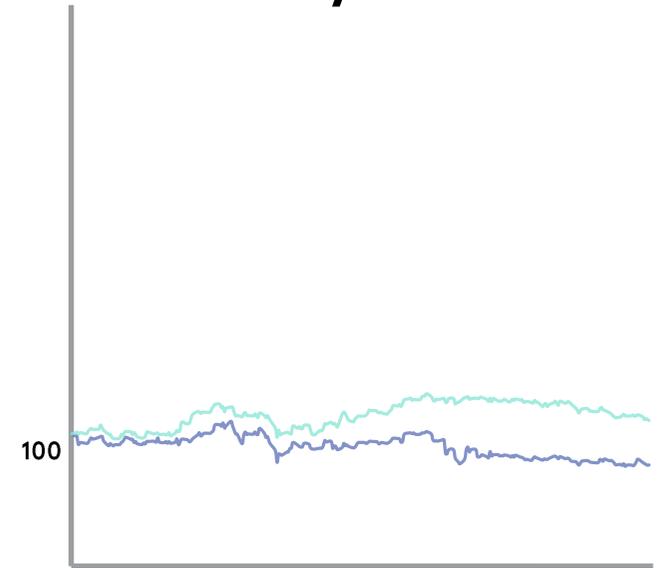
10 years



5 years



1 year



Sept 2008

Sept 2018

Sept 2013

Sept 2018

Sept 2017

Sept 2018

Shaftesbury

+237.3%

Shaftesbury

+68.0%

Shaftesbury

-9.4%

FTSE 350 REIT

+59.1%

FTSE 350 REIT

+43.8%

FTSE 350 REIT

+4.1%

Relative performance

+178.2%

Relative performance

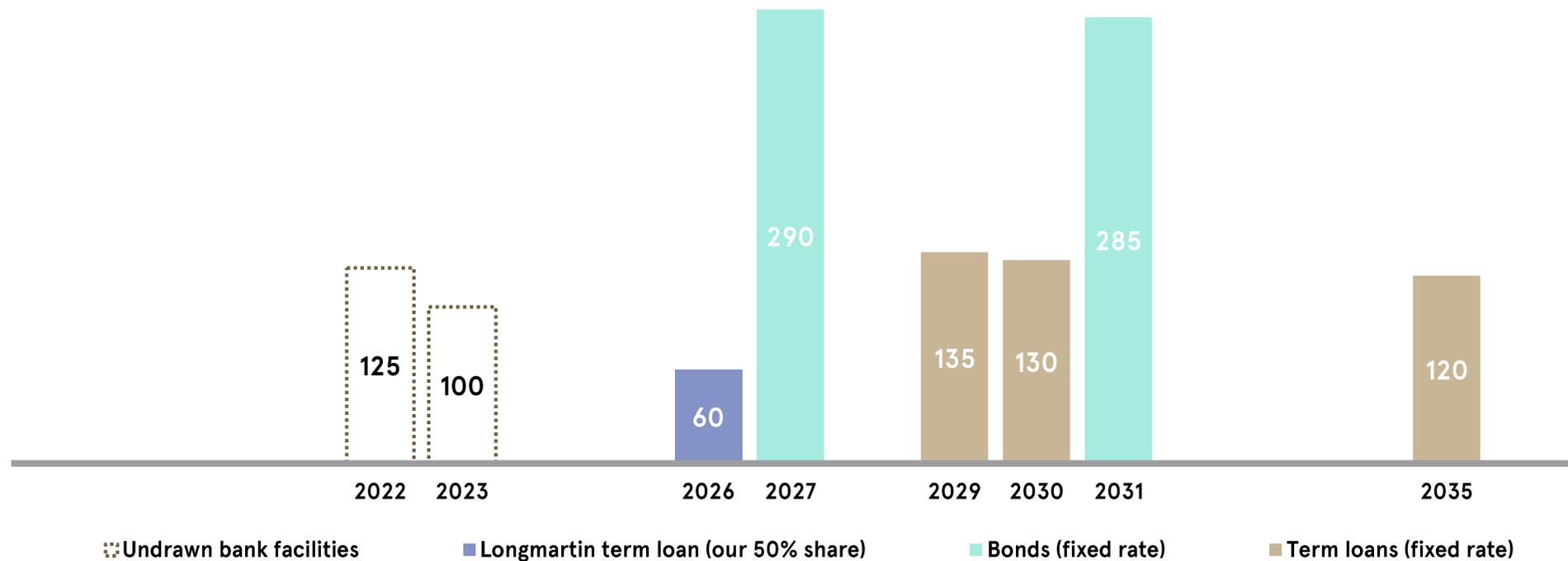
+24.2%

Relative performance

-13.5%

# Debt maturity profile

## Weighted average maturity: 10.2 years<sup>1</sup>



1. Including our 50% share of Longmartin debt

# valuation

## 3 Valuation



# Valuation summary<sup>1</sup>

	Fair value £m	% of portfolio	Annualised current income £m	ERV £m
<b>Wholly-owned portfolio</b>				
Carnaby	1,424.7	36%	44.8	57.2
Covent Garden	1,013.7	26%	30.2	37.6
Chinatown	837.2	21%	24.1	31.6
Soho	300.8	7%	9.4	11.6
Fitzrovia	148.2	4%	4.9	5.7
	<b>3,724.6</b>	<b>94%</b>	<b>113.4</b>	<b>143.7</b>
Longmartin joint venture (our 50%)	224.6	6%	8.1	10.3
<b>Total</b>	<b>3,949.2</b>	<b>100%</b>	<b>121.5</b>	<b>154.0</b>

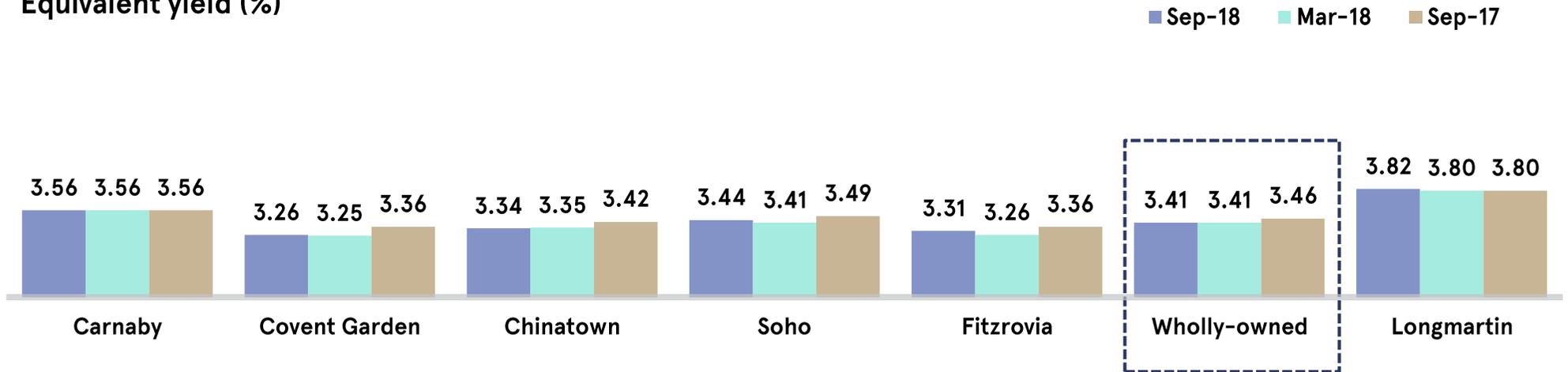
1. Portfolio excluding non-core asset acquired in a portfolio

# L-f-L change in capital values

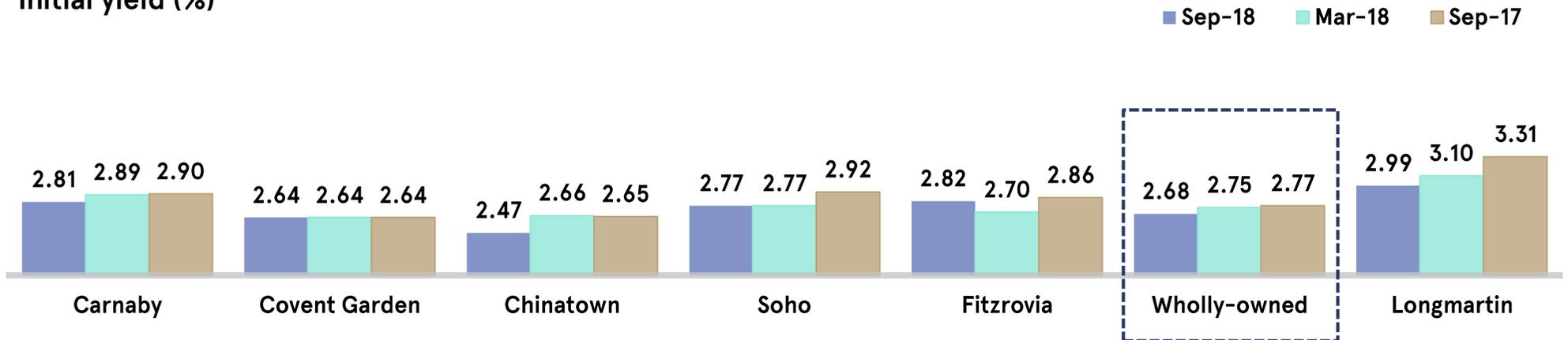
	% of portfolio	H1 FY 18	H2 FY 18	YEAR TO 30.9.2018	5 Year CAGR
<b>Total</b>	<b>100%</b>	+3.0%	+0.8%	+3.8%	+10.5%
<b>Carnaby</b>	<b>36%</b>	+3.2%	+0.7%	+3.9%	+12.1%
<b>Covent Garden</b>	<b>26%</b>	+3.5%	+0.5%	+4.0%	+9.6%
<b>Chinatown</b>	<b>21%</b>	+2.7%	+1.5%	+4.2%	+9.4%
<b>Soho</b>	<b>7%</b>	+4.5%	+1.6%	+6.2%	+10.8%
<b>Fitzrovia</b>	<b>4%</b>	+3.8%	+0.7%	+4.5%	+11.0%
<b>Longmartin</b>	<b>6%</b>	-1.9%	-0.5%	-2.4%	+8.6%

# Yields

## Equivalent yield (%)



## Initial yield (%)



# Portfolio reversion by use

	Restaurants, cafés and leisure £m	Shops £m	Office £m	Residential £m	Longmartin £m	Total £m	% ERV
<b>Annualised current income</b>	42.3	36.7	18.7	15.7	8.1	<b>121.5</b>	<b>78.9%</b>
Vacancy							
- Under offer/available-to-let	0.7	5.1	0.6	0.2	0.7	<b>7.3</b>	<b>4.7%</b>
- 72 Broadwick Street	0.1	-	3.5	0.4	-	<b>4.0</b>	<b>2.6%</b>
- Other schemes	2.9	0.6	2.5	0.9	0.9	<b>7.8</b>	<b>5.1%</b>
	46.0	42.4	25.3	17.2	9.7	<b>140.6</b>	<b>91.3%</b>
Contracted (rent frees, stepped rents)	2.3	0.4	1.0	-	0.4	<b>4.1</b>	<b>2.7%</b>
Under-rented	1.7	4.2	2.9	0.2	0.3	<b>9.3</b>	<b>6.0%</b>
<b>ERV</b>	<b>50.0</b>	<b>47.0</b>	<b>29.2</b>	<b>17.4</b>	<b>10.4</b>	<b>154.0</b>	<b>100.0%</b>



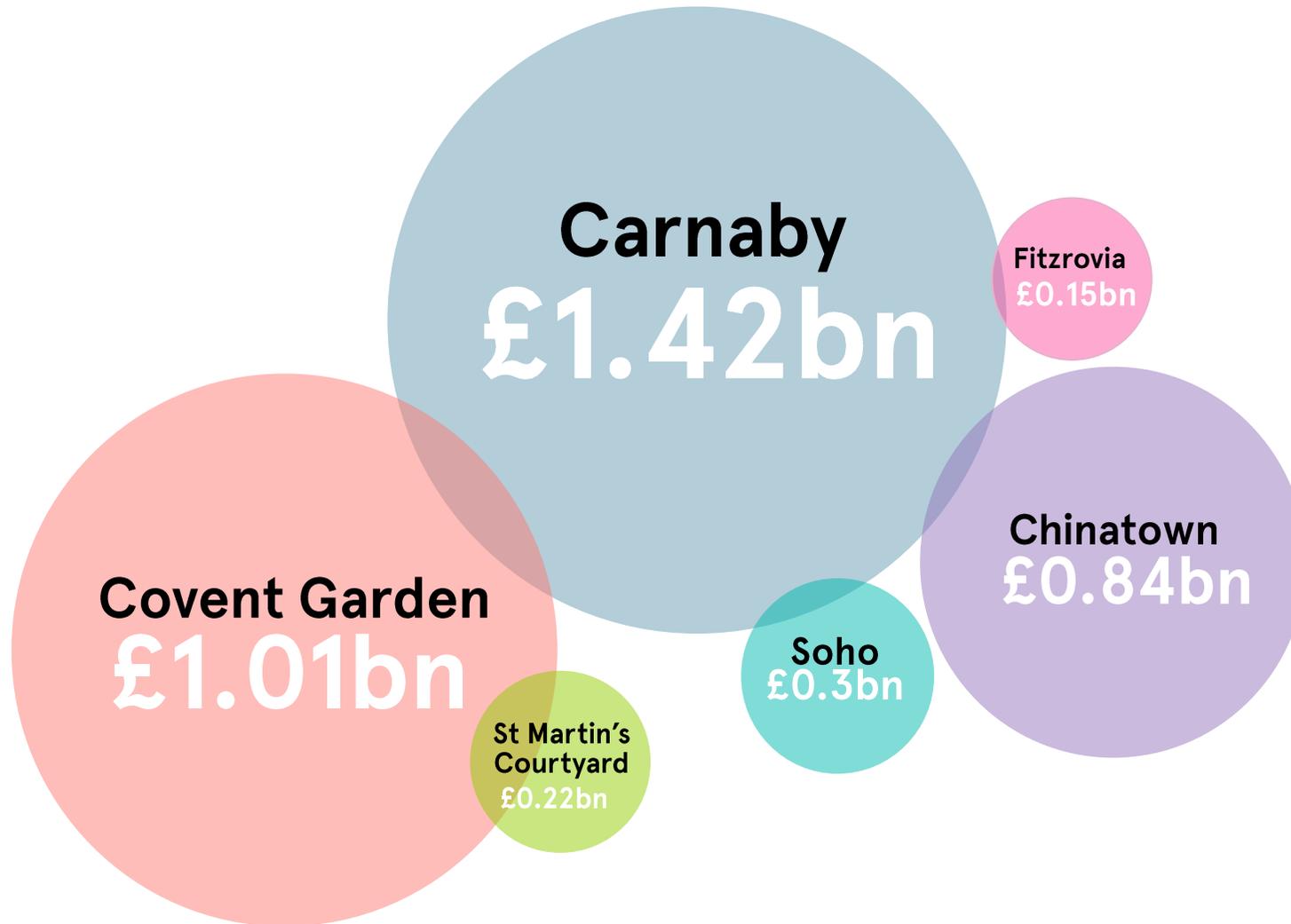
Shaftesbury

## 4 Village Summaries

villages

# Valuation: £3.95bn<sup>1</sup>

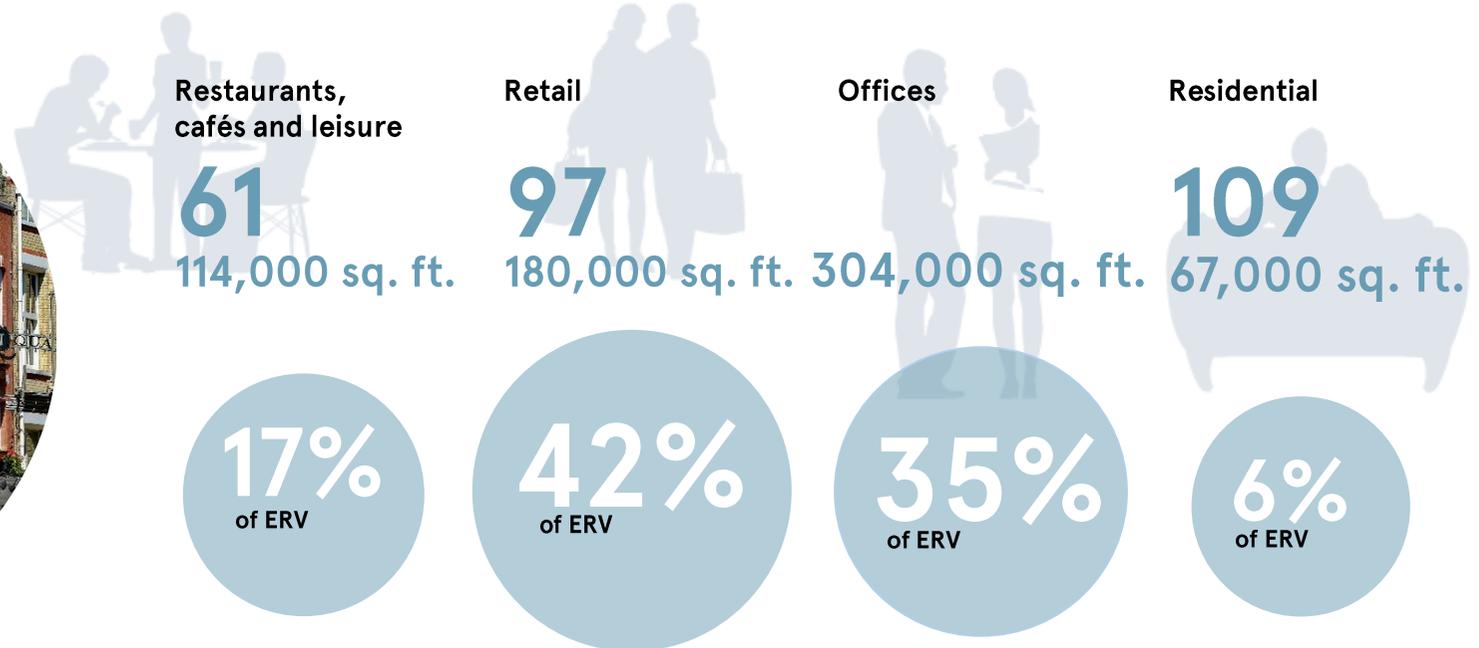
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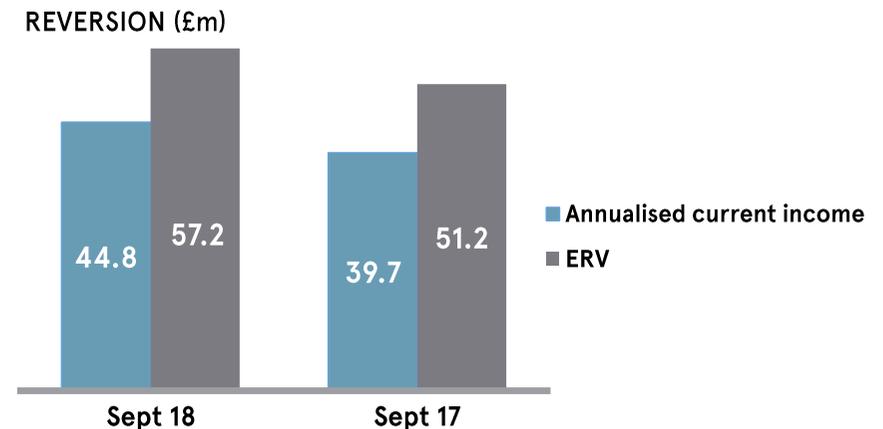
1. Portfolio excluding non-core asset acquired in a portfolio

# Carnaby - in numbers

[carnaby.co.uk](http://carnaby.co.uk)



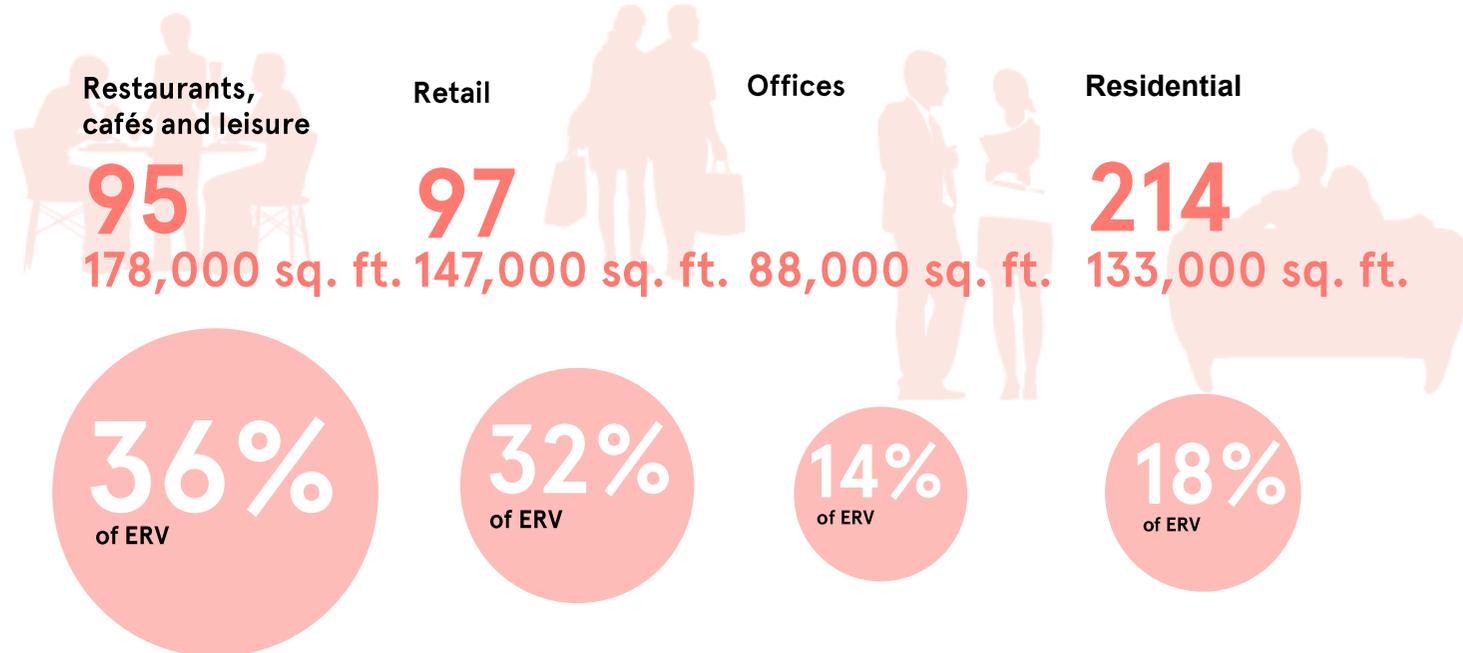
	Sept 2018	Sept 2017
Valuation	£1,424.7m	£1,265.5m
Acquisitions	£115.5m	£5.1m
Capital expenditure	£8.5m	£15.5m
Capital value return (L-f-L)	+3.9%	+7.1%
Equivalent yield	3.56%	3.56%
Reversion	£12.4m	£11.5m



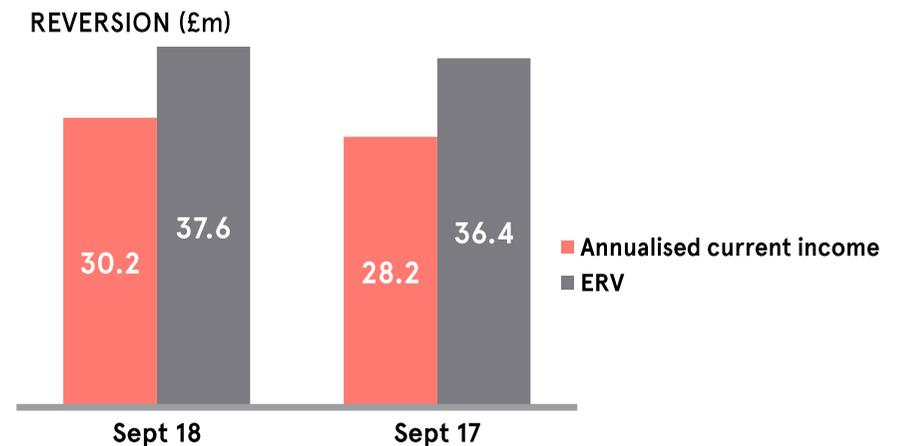
1. By value

# Covent Garden – in numbers

sevendials.co.uk



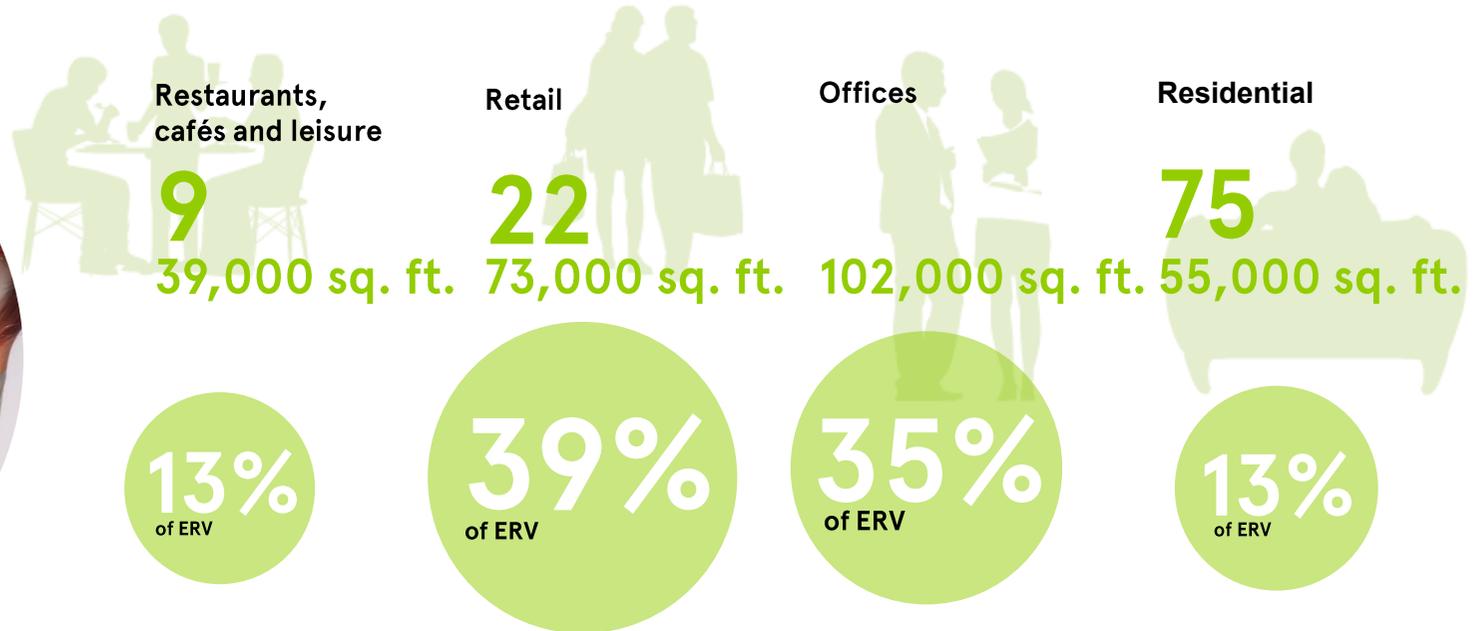
	Sept 2018	Sept 2017
Valuation	£1,013.7m	£947.2m
Acquisitions	£33.2m	£11.2m
Disposal	£5.1m	£10.2m
Capital expenditure	£5.7m	£8.3m
Capital value return (L-f-L)	+4.0%	+7.5%
Equivalent yield	3.26%	3.36%
Reversion	£7.4m	£8.2m



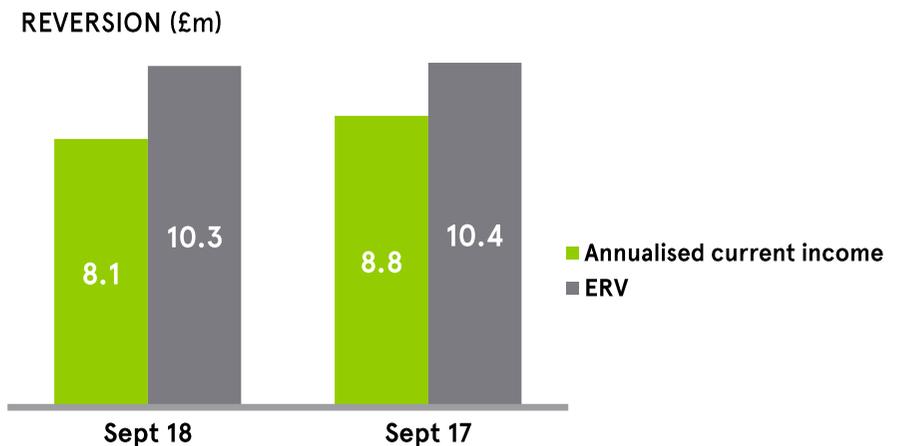
1. By value

# Longmartin - in numbers

[stmartinscourtyard.co.uk](http://stmartinscourtyard.co.uk)



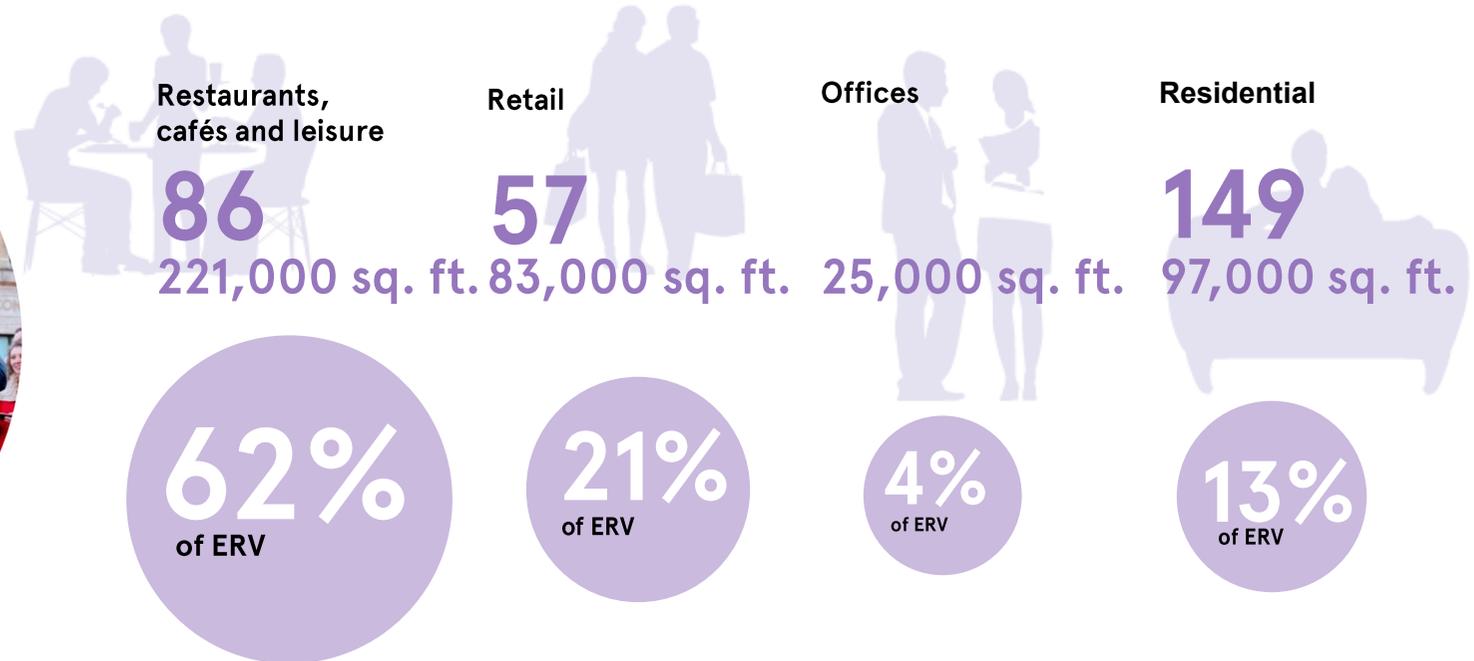
	Sept 2018	Sept 2017
Valuation	£224.6m	227.8m
Capital expenditure	£2.4m	£1.2m
Capital value return (L-f-L)	-2.4%	+1.0%
Equivalent yield	3.82%	3.80%
Reversion	£2.2m	£1.6m



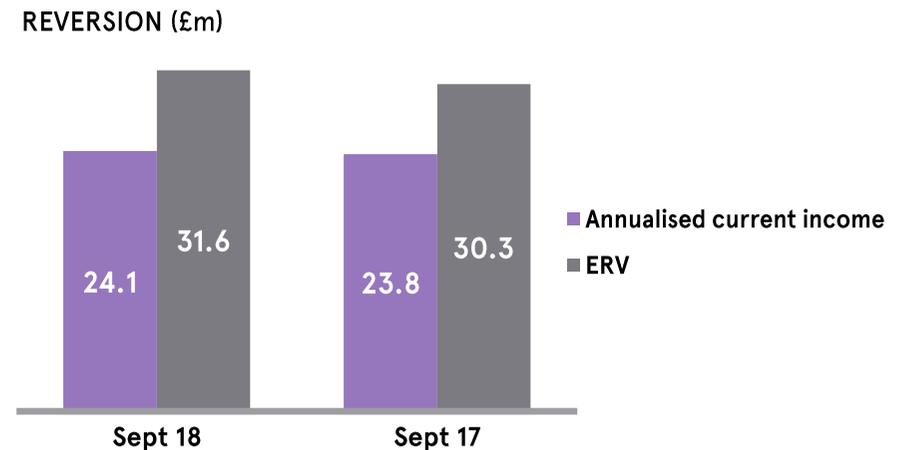
1. By value

# Chinatown – in numbers

chinatown.co.uk



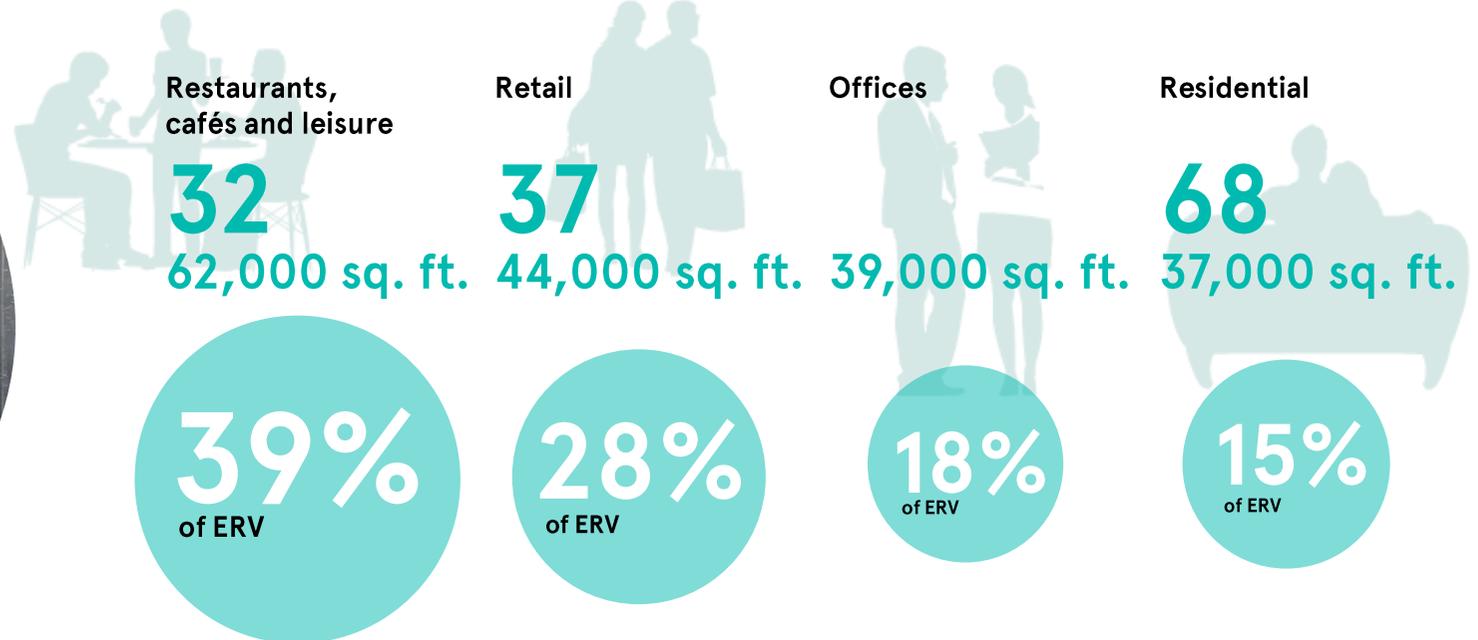
	Sept 2018	Sept 2017
Valuation	£837.2m	£791.5m
Acquisitions	£4.0m	£9.7m
Disposal	-	£1.0m
Capital expenditure	£8.0m	£14.2m
Capital value return (L-f-L)	+4.2%	+6.0%
Equivalent yield	3.34%	3.42%
Reversion	£7.5m	£6.5m



1. By value

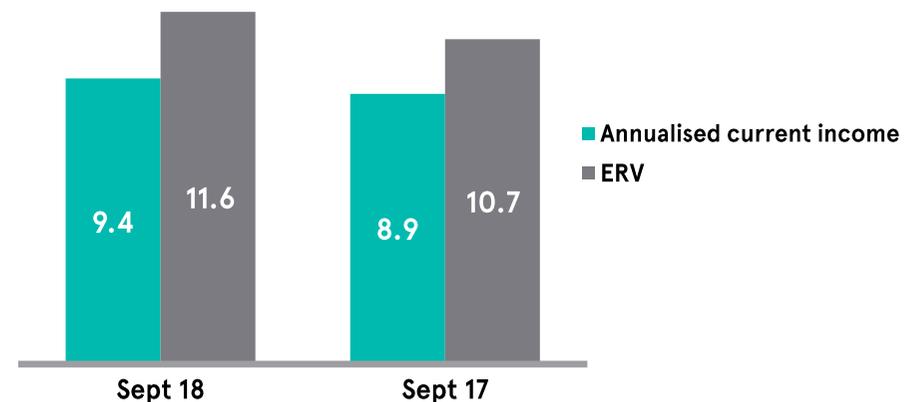
# Soho – in numbers

[thisissoho.co.uk](http://thisissoho.co.uk)



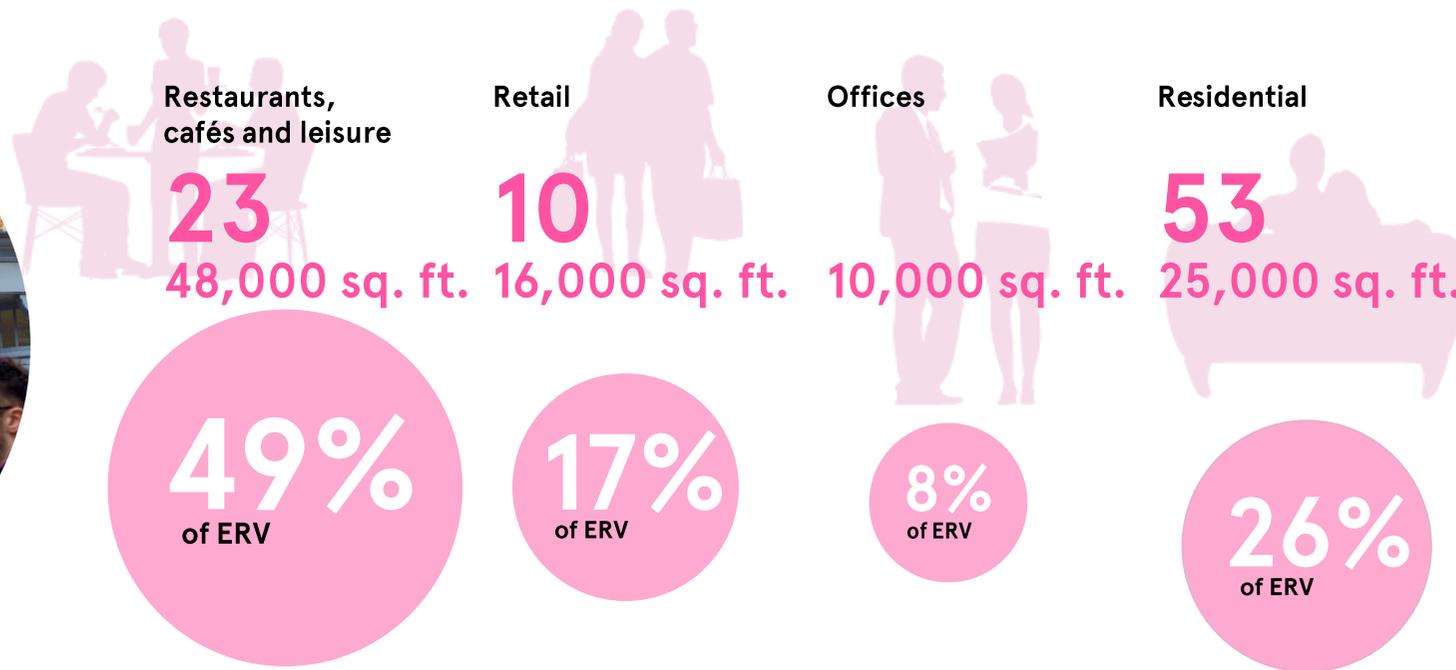
	Sept 2018	Sept 2017
Valuation	£300.8m	£272.1m
Acquisitions	£15.1m	£1.5m
Disposal	£3.6m	£1.1m
Capital expenditure	£1.5m	£0.4m
Capital value return (L-f-L)	+6.2%	+11.3%
Equivalent yield	3.44%	3.49%
Reversion	£2.2m	£1.8m

REVERSION (£m)

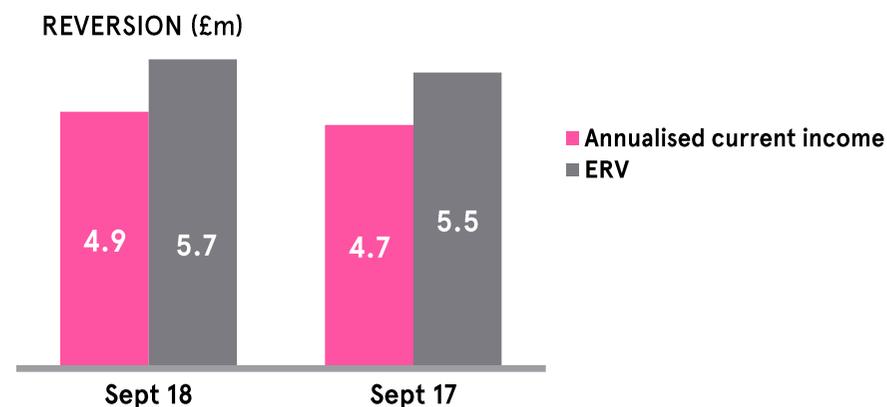


1. By value

# Fitzrovia - in numbers



	Sept 2018	Sept 2017
Valuation	£148.2m	£140.2m
Acquisitions	-	£7.5m
Capital expenditure	£1.6m	£1.9m
Capital value return (L-f-L)	+4.5%	+11.4%
Equivalent yield	3.31%	3.36%
Reversion	£0.8m	£0.8m



1. By value



5 Other



# Sustainability performance 2018

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- EPRA Gold Award for sustainability reporting
- GRESB Green Star
- Continued listing on FTSE4Good
- Also listed: Ethibel Excellence and CDP
- Fair Place Award
- Signatory to UN Global Compact
- Member of Better Building Partnership
- Member of Wild West End (won EPRA outstanding contribution to society award)
- Bees' Needs Champion 2018
- Signatory to the 30% Club
- Member of Real Estate Balance
- RICS Inclusive Employer Quality Mark
- Hampton Alexander gender diversity review – 1<sup>st</sup> in FTSE 250 for executive committee – second year running
- Report in line with London Benchmarking Group guidelines – £0.89 million

# Principal risks

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## Reduction of spending and/or footfall in our areas

### Potential causes

- Fall in the popularity of the West End and particularly our areas leading to decreasing visitor numbers
- Changes in consumer tastes, habits and spending power
- Terrorism or the threat of terrorism
- Competing destinations

### Consequences

- Reduced tenant profitability
- Reduced occupier demand
- Higher vacancy
- Reduced rental income and declining earnings
- Reduced ERV, capital values, and NAV (amplified by gearing)

### Mitigation

- Focus on areas and uses which have a long history of growth and resilience
- Ensure our areas maintain a distinct identity
- Seek out new concepts, brands and ideas to keep our areas vibrant and appealing
- Active promotion of our areas
- Tourism and retail/leisure spending in the West End are not solely reliant on the wider-UK economy
- Regular Board monitoring of performance and prospects
- KPI to deliver sustainable rental growth

## Changes in planning and licensing regulations

### Potential causes

- Unfavourable changes to national or local planning and licensing policies
- Tenants acting outside of the planning/licensing consents

### Consequences

- Ability to maximize the growth prospects of our assets limited
- Reduces occupier demand
- Reduced earnings
- Decrease in property values and NAV (amplified by gearing)

### Mitigation

- Ensure our properties are operated in compliance with local regulation
- Make representations on proposed policy changes, to ensure our views and experience are considered
- Use of specialist advisors on planning and licensing
- Monitoring of tenant compliance with planning consents and licences
- Mix of uses in our portfolio means we are not reliant from one particular use

# Principal risks (continued)

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## Macroeconomic factors

### Potential causes

- Unforeseen macroeconomic shocks or events
- Disorderly Brexit
- Upward cost pressures

### Consequences

- Lower consumer confidence
- Reduced visitor numbers
- Reduced tenant profitability
- Reduced occupier demand
- Pressure on rents
- Higher vacancy
- Reduced rental income and declining earnings
- Reduced ERV, capital values and NAV (amplified by gearing)
- Specific risks associated with a disorderly Brexit (tenants could suffer: staff shortages, increased import prices and longer lead times and lower availability of stock)

### Mitigation

- Focus on locations and uses which historically have proved to be economically resilient
- Tourism and retail/leisure spending in the West End are not reliant on the wider-UK economy
- Active promotion of our areas
- Diverse tenant base with limited exposure to any one tenant
- Tenant deposits held against unpaid rent obligations at 30 September 2018: £20.6 million

## Decline in the UK real estate market

### Potential causes

- Changes to global political landscape
- Increasing bond yields and cost of finance
- Reduced availability of capital and finance
- Lower relative attractiveness of property compared with other assets classes

### Consequences

- Reduced property values
- Decrease in NAV (amplified by gearing)
- Risk of loan covenant breaches
- Ability to raise new debt funding curtailed

### Mitigation

- Focus on assets, locations and uses where there is a structural imbalance between availability of space and demand, and which historically have demonstrated much lower valuation volatility than the wider UK property market
- Regular review of investment market conditions including bi-annual external valuations
- Conservative levels of leverage
- Spread of sources of finance and loan maturities
- Quarterly forecasts including covenant headroom review
- Pool of uncharged assets available to top up security held by lenders

# Disclaimer

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