Half year results announcement

31 March 2019

Shaftesbury

SHAFTESBURY 2019 HALF YEAR RESULTS
Proven long-term strategy delivering resilient performance
Growth in income, earnings and dividend

Shaftesbury PLC, the Real Estate Investment Trust that owns a 15.1 acre portfolio in the heart of London's West End, today announces its results for the six months ended 31 March 2019.

Financial Highlights – resilient performance

Resilient performance demonstrates both the exceptional qualities of our portfolio, located in the heart of London's West End, and our proven long-term strategy:

- Net property income up 5.2% to £48.6m (31.3.2018: £46.2m) following a 6.4% like-for-like increase in rents receivable
- EPRA earnings[1]: £27.3m, +9.2% (31.3.2018: £25.0m)
- Combined portfolio valuation growth[1,2]: +0.3% (6 months); +1.1% (12 months)
- Profit after tax: £38.7m (31.3.2018: £123.7m). Decrease due to a lower combined net revaluation surplus in the current period
- EPRA NAV[1]: £9.95, +0.4% (30.9.2018: £9.91)
- Interim dividend: 8.7p, +4.8% (31.3.2018: 8.3p)

Operational highlights – robust demand and high level of activity

- Robust occupier demand and consumer spending across our locations
- Central Cross now 87% let or under offer
- High level of value-enhancing projects continues. Schemes underway extending to 184,000 sq. ft., with an Estimated Rental Value (ERV) of £13.7m (9.3% of portfolio ERV)
- Leasing activity continues to grow income, rental values and EPRA earnings:
    - Commercial lettings and rent reviews concluded 2.0% above ERV at September 2018, and 6.0% over ERV at March 2018
    - L-f-L ERV growth in wholly-owned portfolio: 2.1% (6 months); 3.2% (12 months)
    - Wholly-owned portfolio reversionary potential: £30.6m, 26.4% over annualised current income
    - Vacancy remains low, in line with long-term average

Brian Bickell, Chief Executive, commented:

"The resilient performance over the period demonstrates both the exceptional qualities of our portfolio, located in the heart of London's West End, and our proven long-term strategy. We continue to deliver increases in current and potential rental income, which have underpinned growth in our earnings and dividends, and the stability of our net asset value.

Whilst macro uncertainties are likely to dominate the national mood for some time to come, we believe the medium to long-term outlook for London and the West End remains strongly positive, driven by their international appeal, broad economic base and dynamism.

With our unique portfolio, and a team which brings expertise, enterprise and innovation to managing our holdings, we are well-placed both to respond to short-term challenges and to benefit from London's long-established status as a truly global city destination for businesses and visitors."

Statement of Comprehensive Income		Six months ended **31.3.2019**	31.3.2018	Change
Reported results				
Net property income	£m	**48.6**	46.2	5.2%
Profit after tax	£m	**38.7**	123.7	(68.7)%
Basic earnings per share	Pence	**12.6**	41.7	(69.8)%
Interim dividend per share	Pence	**8.7**	8.3	4.8%
EPRA results[1]				
Earnings	£m	**27.3**	25.0	9.2%
Earnings per share	Pence	**8.9**	8.4	6.0%

Dividend fully covered by EPRA earnings per share.

Balance Sheet		31.3.2019	30.9.2018	Change
Reported				
Net assets	£m	**3,046**	3,033	0.4%
Net asset value per share[1]	£	**9.91**	9.87	0.4%
EPRA[1]				
Net asset value per share	£	**9.95**	9.91	0.4%
NAV return				
- 6 months	%	**1.3%**	5.8%	
- 12 months	%	**2.9%**	9.0%	

Demand and occupancy

- Leasing transactions completed with a rental value of £16.6 million (six months ended 31.3.2018: £15.3 million). Commercial lettings, lease renewals and rent reviews (rental value: £13.0 million) concluded at an average 2.0% above 30 September 2018 ERV and 6.0% above ERV at 31 March 2018.

- EPRA vacancy down 1.3% to 3.3% (30.9.2018: 4.6%), of which 1.4% was under offer at 31 March 2019.

Central Cross

- Now 87% let or under offer. Two shops and the final restaurant let in the period. Of the final three available retail units, two are now under offer.

Portfolio valuation

- Combined valuation[1], including our share of Longmartin joint venture: £3.98 billion. Valuation growth[1,2]: +0.3% (6 months); +1.1% (12 months).

- **Wholly-owned portfolio:**
  - Valuation: £3.76 billion; valuation growth[1,2]: 0.5% (6 months), 1.6% (12 months)
  - Current annualised income: £116.0 million (30.9.2018: £113.4 million). Like-for-like growth: +2.1% (6 months). Twelve month growth[2,5]: +4.0%. 10-year CAGR[2]: 4.5%.
  - ERV increased by £2.9 million to £146.6 million (30.9.2018: £143.7 million). Like-for-like growth: +2.1% (6 months); +3.2% (12 months). CAGR[2] over 10 years: 4.6%.
  - Portfolio reversionary potential: £30.6 million, 26.4% above current annualised income, of which £13.7 million relates to refurbishment schemes underway at 31 March 2019.
  - Equivalent yield: 3.42% (30.9.2018: 3.41%).

- **Longmartin joint venture:**
  - Valuation[3]: £217.9 million. Valuation decline[1]: -4.0% (6 months); -4.6% (12 months).

- ERV decline[2]: 1.7% due to decrease in Long Acre retail ERVs. Non-retail ERV broadly unchanged.
- Equivalent yield: 3.86% (30.9.2018: 3.82%).

Portfolio investment

- Redevelopment and refurbishment schemes during the period across 176,000 sq. ft.. Capital expenditure: £13.5 million.
  - Space extending to 184,000 sq. ft. (9.3% of portfolio ERV) held for, or under, refurbishment at 31 March 2019.
  - Projects with an ERV of £1.8 million completed in the period. New schemes with an ERV of £3.0 million commenced.
  - 72 Broadwick Street: planning application submitted. Subject to consent, works expected to start in late summer 2019.
- Capital expenditure[3] in the Longmartin joint venture: £2.2 million, predominantly across two schemes.
- Acquisitions: £12.1 million. Disposals: £14.3 million (net of sales costs), 24.3% above book value.
- Forward purchase of 90-104 Berwick Street, for £41 million (incl. costs) now unlikely to complete before December 2019, following notification from the vendor of a further delay to its redevelopment scheme.

Financing

- LTV[1,4]: 22.8% (30.9.2018: 22.8%), pro forma 24.5% on completion of current purchase and capital expenditure commitments.
- Weighted average maturity of debt: 9.7 years (30.9.2018: 10.2 years).
- Blended cost of debt[1]: 3.2% (30.9.2018: 3.2%). Marginal cost of unutilised facilities: 1.7%.

20 May 2019

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1. 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 18.
2. Like-for-like
3. Our 50% share
4. Based on net debt
5. Excluding annualised income at 72 Broadwick Street of £3.0m at 31.3.2018, before securing vacant possession in September 2018

See Glossary of terms on pages 44 to 46.

This announcement includes inside information.

The person responsible for arranging the release of announcements is Penny Thomas, Company Secretary. There will be a presentation to equity analysts at 9.30 am on Tuesday 21 May 2019, at The London Stock Exchange, 10 Paternoster Square, London EC4M 7LS.

There is a live webcast of the analyst presentation, which can be accessed via the following link: https://brrmedia.news/5bqyt or the Group's website www.shaftesbury.co.uk. A recording of the webcast will be available via these links later in the day. The presentation document is available on the Group's website.

About Shaftesbury

Shaftesbury is a Real Estate Investment Trust which owns a portfolio extending to 15.1 acres in the heart of London's West End. Shaftesbury focuses on restaurants, leisure and retail in highly popular, sought-after and prosperous locations mainly concentrated in Carnaby, Seven Dials and Chinatown, together with substantial ownerships in East and West Covent Garden, Soho and Fitzrovia.

The portfolio comprises 599 shops, restaurants, cafés and pubs, extending to 1.1 million sq. ft., 0.5 million sq. ft. of offices and 599 apartments. All our properties are close to the main West End Underground stations, which currently handle c. 228m passengers p.a., and within ten minutes' walk of the two West End transport hubs for the Elizabeth Line, at Tottenham Court Road and Bond Street, which long-term projections indicate could be handling 200 million passengers annually.

In addition, we have a 50% interest in the Longmartin joint venture, 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. We have an experienced management team focused on delivering our objective of long-term growth in rental income, capital values and shareholder returns. We have a strong balance sheet with conservative leverage.

Forward-looking statements

These half-yearly results, the latest Annual Report and Shaftesbury's website may contain certain "forward-looking statements" with respect to Shaftesbury PLC (the Company) and the Group's financial condition, results of its operations and business, and certain plans, strategy, objectives, goals and expectations with respect to these items and the economies and markets in which the Group operates. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "anticipates", "aims", "due", "could", "may", "should", "expects", "believes", "intends", "plans", "targets", "goal" or "estimates" or, in each case, their negative or other variations or comparable terminology.

Forward-looking statements are not guarantees of future performance. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these 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. Except as required by its legal or statutory obligations, 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. Nothing contained in these half-yearly results, the latest Annual Report or Shaftesbury's website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

Half year results

Introduction

Against a background of continuing national political and economic uncertainty and weakened business and consumer confidence, the resilient performance over the period demonstrates both the exceptional qualities of our portfolio, located in the heart of London's West End, and our proven long-term strategy. We continue to deliver increases in current and potential rental income, which have underpinned growth in our earnings and dividends, and the stability of our portfolio valuation.

In the six months ended 31 March 2019, net property income grew by 5.2% to £48.6 million, which contributed to a 9.2% increase in EPRA earnings[1] to £27.3 million. EPRA EPS[1] rose 0.5p to 8.9p per share, an increase of 6.0%. The Board has declared an interim dividend of 8.7p per share, an increase of 4.8%.

The combined valuation[1] of our portfolio, including our share of property held in joint venture, now stands at £3.98 billion, reflecting a like-for-like increase over six months of 0.3%. EPRA NAV[1] now stands at £9.95, an increase of 0.4% over six months, and growth of 1.2% over the year to 31 March 2019. After adding back dividends paid, net asset value return[1] was 1.3% and 2.9% over those periods.

Extensive asset management activity continues across our portfolio. Leasing transactions with a rental value of £16.6 million (11.6% of ERV) were concluded during the period. Commercial leasing transactions achieved rents 2.0% ahead of ERV at 30 September 2018 and 6.0% above ERV at 31 March 2018.

Continuing good demand for accommodation across our locations is reflected in occupancy of 96.7% at 31 March 2019, up from 95.4% in September 2018. We have progressed refurbishment and reconfiguration schemes across 9.2% of our floor space and, at 31 March 2019, the ERV of space held for, or under refurbishment was £13.7 million, representing 9.3% of portfolio ERV.

Our business

Our portfolio comprises around 600 buildings across 15.1 acres, mainly clustered in Carnaby, Seven Dials and Chinatown, as well as in east and west Covent Garden, Soho and Fitzrovia. With an estimated 200 million visits annually to the West End, all our ownerships are close to its major employment locations, transport hubs and visitor attractions. The geographic concentration of our holdings means that our management initiatives frequently deliver compound benefits across our adjacent and nearby ownerships.

We focus on restaurant, leisure and retail uses which, in the West End, have a long history of occupier demand exceeding availability of space resulting in low vacancy and long-term rental growth. Together, these uses extend to 1.1 million sq. ft. across the lower floors of our buildings and provide 67% of portfolio ERV. Importantly, we provide space for these uses in shell-form only, which limits exposure to obsolescence. Our upper floors generally comprise small offices or rental apartments, or a mix of both, and provide 33% of our ERV.

Our long-term management strategy is to curate and promote distinctive, interesting and lively locations which attract businesses, footfall and spending. We avoid formulaic retail and restaurant formats, focusing on ensuring our locations offer a variety of interesting and innovative concepts to draw footfall and occupier demand.

We have a wide range of unit sizes and rental tones which allows us to attract a variety of operators for our 599 shops, restaurants, cafés and pubs. Of our 293 shops, almost 80% by number have annual rents below £200,000 and, importantly, rental tones in our high footfall and spending locations are competitive compared with nearby streets.

Our portfolio, comprising mostly smaller, period buildings, provides considerable management flexibility, including the ability to reconfigure space and change uses, enabling our accommodation to adapt to changing occupier demand. Over the past ten years, we have reshaped the income from our portfolio, increasing space for restaurant and leisure uses and reducing our exposure to retail. In particular, at the present time, we are responding to greater occupier interest for smaller shops by reducing retail unit sizes and introducing different, equally valuable uses for the space this releases.

Operating environment

The uncertainty over the timing and terms of Brexit, structural changes in traditional shopping patterns and subdued national consumer spending continue to impact business investment and strategy, leading to caution by occupiers in taking on new commitments. However, in our locations, which benefit from the West End's international profile and its broad, more affluent visitor base, footfall and spending continue to be resilient. Where we collect data, occupiers are, on average, continuing to report year-on-year turnover growth.

Our strategy of shorter and flexible retail leases enables us to refresh the tenant mix in our locations and brings opportunities to reconfigure space to introduce alternative uses and promptly respond to trends in demand. As we have previously reported, although larger space is taking longer to let, demand for our regular space remains good. Careful tenant selection and the long-term curation of our high footfall locations, together with the relative affordability of our rents, are important reasons why occupiers are keen to secure or retain space in our areas. Consequently, our exposure to struggling national retail and restaurant chains is limited. Retail tenant failures during the year to date have represented less than 1% of portfolio ERV, and, where we have been handed back space, we are seeing good occupier interest at current rental levels.

Further delays to the opening of the Elizabeth Line were announced in April 2019, and initial services on the central section of the new line are now expected to be operating by early 2021, with a full service following later. The interchange at Tottenham Court Road is expected to be operational when services commence, although no date has been given for the opening of the Bond Street station. Whilst this is disappointing, the Elizabeth Line will bring long-term benefits to the West End, once open. In the meantime, there has been no noticeable impact on appetite for space in our locations, which are uniquely well-placed to benefit from the significant increase in visitors the service is forecast to deliver once it becomes fully operational.

Whilst macro uncertainties are likely to dominate the national mood for some time to come, we believe the medium to long-term outlook for London and the West End remains strongly positive, driven by their international appeal, broad economic base and dynamism.

The combination of our unique portfolio and a team which brings expertise, enterprise and innovation to managing our holdings has delivered long-term growth in rental income and sector-leading returns to investors, through economic cycles. We are well-placed both to respond to short-term challenges and to benefit from London's long-established status and prospects, as a truly global city destination for businesses and visitors, and as a place to work.

1 An alternative performance measure ("APM"). See page 18.

Portfolio review

	Restaurants, cafés and leisure	Retail	Offices	Residential
% of current income	39%	31%	16%	14%
% of ERV	35%	32%	21%	12%
Number	306	293		599
Area (sq. ft.)	0.6 million	0.5 million	0.5 million	0.4 million

Restaurants, cafés and leisure

We are the largest single provider of dining and leisure space in the West End. Our 306 restaurants, cafés, pubs and bars are important drivers of footfall, dwell time and spending in our locations.

Availability of restaurant space remains constrained by local planning and licensing policies, together with a reluctance by existing occupiers to relinquish their valuable space, other than for significant premiums. With the prospect of growing trade in this prosperous location, competition for space remains good.

During the period, we completed leasing transactions in the wholly-owned portfolio with a rental value of £4.7 million. At 31 March 2019, EPRA vacancy for these uses was 1.2% of restaurant, café and leisure ERV, all of which was under offer.

Retail

Our 293 shops, mainly clustered in Carnaby, Seven Dials and Soho, make an important contribution to the West End's retail scene. We continue to see robust demand, both domestic and international, from start-ups to more established retailers, attracted by access to huge, seven-days-a-week footfall in our carefully-curated areas, the variety of shop sizes and rental tones we can offer, and our long-standing flexible approach to leasing.

During the six months ended 31 March 2019, we completed leasing transactions with a rental value of £7.0 million, and, at 31 March 2019, retail EPRA vacancy was £3.0 million, representing 6.4% of retail ERV, down from 10.9% at 30 September 2018.

Offices

With 0.5 million sq. ft. of office space on the upper floors of our portfolio, we are an important provider of small, self-contained office accommodation in the core West End. Our holdings include c. 54,000 sq. ft. of office space at 72 Broadwick Street, some of which is subject to a planning application to convert into restaurant, leisure and retail uses (see page 9).

Typically, our space is occupied by media, creative and tech businesses, who are attracted by the vibrant locations, flexibility and affordable accommodation we provide, and the community of similar businesses in this creative part of London.

The availability of smaller, self-contained space remains constrained across the core West End. Demand is currently robust and both rental levels and incentives remain stable.

We are continuing to maintain high occupancy levels. During the period, we completed lettings, renewals and rent reviews with a rental value of £1.3 million and, at 31 March 2019, office vacancy was £0.9 million, representing 3.0% of office ERV.

Residential

Our 599 flats are mainly studios and one or two bedroom apartments, many of which have been created by converting small office space back to its original residential use. Demand for our mid-market apartments remains good, resulting in high occupancy levels and a reliable cash flow. During the first half, we completed lettings and renewals with a rental value of £3.6 million and, at 31 March 2019, we had nine apartments available, of which five were under offer.

Leasing

Occupancy levels in our sought-after locations remain high and we continue to see good demand for our regular space. During the six months ended 31 March 2019, we concluded leasing transactions with a rental value of £16.6 million (31.3.2018: £15.3 million). Totalling £13.0 million, commercial lettings, renewals and rent reviews achieved rents, on average, 2.0% above ERV at 30 September 2018 and 6.0% ahead of ERV at 31 March 2018. Residential lettings and renewals amounted to £3.6 million, with rents being achieved at previous levels.

Our share of lettings and rent reviews in Longmartin was £0.5 million (31.3.2018: £0.4 million).

Vacancy

Following letting progress at our larger schemes, EPRA vacancy[1] has decreased by 1.3% over the first half of the year to 3.3% of ERV (30.9.2018: 4.6%). Excluding larger schemes, other vacancy was 2.6%, in-line with our long-term average.

EPRA vacancy						**% of total ERV**	
	Restaurants, cafés and leisure	**Shops**	**Offices**	**Residential**	**Total**	**31.3.19**	30.9.18
	£m	**£m**	**£m**	**£m**	**£m**	**%**	%
Larger schemes[2]							
Under offer	-	0.2	-	-	0.2	**0.2%**	1.3%
Available-to-let	-	0.8	-	-	0.8	**0.5%**	0.6%
	-	**1.0**	**-**	**-**	**1.0**	**0.7%**	1.9%
Other vacancy							
Under offer	0.6	0.9	0.2	0.1	1.8	**1.2%**	1.3%
Available-to-let	-	1.1	0.7	0.1	1.9	**1.4%**	1.4%
	0.6	**2.0**	**0.9**	**0.2**	**3.7**	**2.6%**	2.7%
Total							
Under offer	**0.6**	**1.1**	**0.2**	**0.1**	**2.0**	**1.4%**	2.6%
Available-to-let	**-**	**1.9**	**0.7**	**0.1**	**2.7**	**1.9%**	2.0%
	0.6	**3.0**	**0.9**	**0.2**	**4.7**	**3.3%**	4.6%
Area ('000 sq. ft.)	6	40	14	5	65		100

1. Wholly-owned portfolio
2. 2019: Central Cross; 2018 Central Cross and Thomas Neal's Warehouse

- **Larger schemes: 0.7% of total ERV (30.9.2018: 1.9%)**

During the period, we concluded the lettings of Thomas Neal's Warehouse in Seven Dials and two shops and the remaining restaurant at Central Cross.

At 31 March 2019, three shops at Central Cross were vacant, of which one was under offer (ERV: £0.2 million). Subsequently we have placed another under offer (£0.3 million), and, by rental value, the scheme is now 87% let or under offer.

- **Other vacancy: 2.6% of total ERV (30.9.2018: 2.7%)**

Space with a rental value of £1.8 million, representing 1.2% of ERV, was under offer. This included five restaurants and cafés (ERV: £0.6 million), five shops (ERV: £0.9 million), 3,800 sq. ft. of offices (ERV: £0.2 million) and five apartments (ERV: £0.1 million).

Available to let vacancy totalled £1.9 million, representing 1.4% of ERV. This comprised one large shop and seven small shops (combined ERV: £1.1 million), 10,700 sq. ft. of office space (ERV: £0.7 million) and four apartments (ERV: £0.1 million).

At 31 March 2019, our share of the ERV of Longmartin's vacant space was £0.4 million (30.9.2018: £0.7 million). This comprised three shops, 5,700 sq. ft. of office accommodation and one apartment.

Portfolio investment

High levels of refurbishment activity continue across our portfolio, improving our buildings to increase income and unlock value. Capital expenditure during the six months ended 31 March 2019 totalled £13.5 million and included schemes extending to 176,000 sq. ft. (9.2% of portfolio floor space).

Vacant space held for, or under, refurbishment						% of total ERV	
	Restaurants, cafés and leisure	Shops	Offices	Residential	Total	31.3.19	30.9.18
	£m	£m	£m	£m	£m	%	%
72 Broadwick Street	-	-	5.0	0.6	5.6	**3.8%**	2.8%
Other schemes	2.9	0.9	3.4	0.9	8.1	**5.5%**	4.8%
	2.9	**0.9**	**8.4**	**1.5**	**13.7**	**9.3%**	7.6%
Area ('000 sq. ft.)	38	13	102	31	184		175

At 31 March 2019, space held for, or under, refurbishment extended to 184,000 sq. ft. and represented 9.3% of total ERV. This represented an increase of 1.7% over six months, of which our scheme at 72 Broadwick Street accounted for 1.0%.

During the period, we completed schemes with an ERV of £1.8 million and commenced new schemes with an ERV of £3.0 million. As previously reported, our current schemes are not expected to make a significant contribution to income in this financial year.

72 Broadwick Street

We have completed stripping out the space and have submitted a planning application to:

- introduce new retail, restaurant and leisure uses;
- relocate the office and residential entrances to allow activation of the commercial frontage on Broadwick Street;
- extend and refurbish the remaining office space; and
- reconstruct the residential accommodation, increasing the number of apartments from eleven to fifteen.

Subject to approval of our planning application, we expect to start our works on this 65,000 sq. ft. scheme in late summer. We anticipate that this project will take two years and will cost around £32 million.

Other schemes

At 31 March 2019, other schemes underway extended to c.119,000 sq. ft. across 46 projects. The ERV of this space was £8.1 million (5.5% of total ERV) and comprised fourteen restaurants and cafés (38,000 sq. ft.), eight shops extending to 13,000 sq. ft., 48,000 sq. ft. of office accommodation and 30 new or upgraded apartments.

Medium-sized schemes underway included:

Scheme	Description	Estimated cost £m	Cost to complete £m	Estimated completion
Little Marlborough Street, Carnaby	Office extension and refurbishment	2.6	1.2	Summer 2019
Charing Cross Road, Chinatown	Reconfiguration and extension to provide new flagship restaurant space and five apartments	3.6	2.1	Autumn 2019
Gerrard Place, Chinatown	Reconfiguration to create two restaurants, including active frontage in Horse & Dolphin Yard, and 9 apartments	6.4	4.0	Winter 2019
Marshall Street, Carnaby	Creation of retail unit and refurbishment / extension of office space.	5.0	4.3	Summer 2020

Longmartin asset management

Our share of Longmartin's capital expenditure in the period was £2.2 million. At 31 March 2019, the ERV of our 50% share of space under refurbishment was £1.1 million. This included two important projects:

- **Sussex House**

Completing shortly, this mixed-use commercial scheme provides a prime flagship retail unit on the prominent corner of Long Acre and Upper St Martin's Lane, together with 7,500 sq. ft. of refurbished office space. This new space is now being marketed.

- **St Martin's Courtyard**

Currently, we are reconfiguring the north side of the courtyard to create three restaurants, each with outside seating. Expected to complete in late 2019, our share of this scheme's estimated cost to complete at 31 March 2019 was £2.9 million.

Acquisitions

Since 1 October 2018, we have acquired three properties at a total cost of £12.1 million. Located in Fitzrovia, Soho and Seven Dials, these comprised a pub, a restaurant, one shop and 700 sq. ft. of office accommodation.

The availability of properties to buy in our locations and which meet our strict criteria continues to be restricted. With continuing macro uncertainties, we currently expect existing owners will remain reluctant to dispose of assets which offer both security and long-term growth prospects.

The forward-purchase of a long leasehold interest in 90-104 Berwick Street, at a total cost of £41 million, was contracted in August 2017 and, based on the vendor's timetable, was originally expected to be handed over in autumn last year. We have now been advised by the vendor of a further delay to the completion of its redevelopment scheme, so that handover is now unlikely before December 2019.

Portfolio valuation

Our property portfolio comprises a combination of properties which are wholly owned by the Group and a 50% share of property held in the Longmartin joint venture. The financial statements, prepared under IFRS, include the Group's interest in this joint venture as one-line items in the Income Statement and Balance Sheet.

In the analysis below, the combined portfolio valuation includes our share of Longmartin's property, with separate narrative on the wholly-owned portfolio and Longmartin. We believe this presentation provides a clearer analysis of the Group's portfolio and performance for stakeholders. The combined portfolio valuation is reconciled to the valuation in the financial statements below.

At 31 March 2019, the valuation of our combined portfolio[1], including our 50% share of the Longmartin joint venture, was £3.98 billion. Like-for-like net valuation and ERV growth over the period were 0.3% (12 months: 1.1%) and 1.8% (12 months: 2.8%) respectively:

		Valuation growth[1,2]		ERV growth[2]	
	Valuation	6 months[3]	12 months[3]	6 months[3]	12 months[3]
	£m	%	%	%	%
Wholly-owned portfolio	3,759	0.5%	1.6%	2.1%	3.2%
Longmartin[4]	218	(4.0)%	(4.6)%	(1.7)%	(1.8)%
Combined	**3,977**	**0.3%**	**1.1%**	**1.8%**	**2.8%**

1. An alternative performance measure ("APM"). See page 18.
2. Like-for-like
3. Period to 31 March 2019
4. Our 50% share

Wholly-owned portfolio

Valued at £3.76 billion, like-for-like growth of 0.5% was principally driven by improvements made through asset management resulting in continued growth in both contracted income and estimated rental values.

	Fair value £m	% of portfolio	Annualised current income £m	ERV £m	Like-for-like valuation growth %	Topped-up initial yield %	Equivalent yield %
Carnaby	1,435	38%	45.4	59.3	0.3%	2.91%	3.57%
Covent Garden	1,019	27%	29.8	37.8	-%	2.80%	3.26%
Chinatown	837	22%	25.7	31.4	0.6%	2.79%	3.33%
Soho	314	9%	10.3	12.1	3.1%	3.11%	3.44%
Fitzrovia	154	4%	4.8	6.0	(0.1)%	2.58%	3.32%
	3,759	**100%**	**116.0**	**146.6**	**0.5%**	**2.86%**	**3.42%**

We continue to convert the portfolio's reversionary potential into contracted income, whilst further growing ERVs. Annualised current income stood at £116.0 million at 31 March 2019, following like-for-like[2] increases of 2.1% and 4.0% over 6 months and 12 months respectively.

Like-for-like ERV growth over the period was 2.1%, which included a contribution of 1.0% from 72 Broadwick Street, reflecting the enhanced scheme upon which our planning application is based. Over 12 months, like-for-like ERV growth has been 3.2%. The ERV of our portfolio, which is based on current, proven rental tones, was assessed by our valuers at £146.6 million, £30.6 million (26.4%) above annualised current income.

Rental growth	Annualised current income £m	ERV £m	Reversionary potential £m
At 30 September 2018[1]	113.4	143.7	30.3
Acquisitions	0.2	0.4	0.2
Disposals	(0.1)	(0.5)	(0.4)
Like-for-like growth	2.5	3.0	0.5
At 31 March 2019	**116.0**	**146.6**	**30.6**
Like-for-like growth			
− 6 months	2.1%	2.1%	
− 12 months	4.0%[2]	3.2%	

1. Excluding a non-core asset, which subsequently has been sold.
2. Excluding annualised income at 72 Broadwick Street of £3.0m at 31.3.2018, before securing vacant possession in September 2018.

Over the last ten years, compound like-for-like growth in annualised current income and ERV has been 4.5% p.a. and 4.6% p.a. respectively.

The components of the reversionary potential are set out below:

		£m	How it will be realised
Annualised current income		**116.0**	
Contracted/rent-free periods		4.5	Expiry of rent-free periods
EPRA vacancy		4.7	Letting of vacant space at 31 March 2019
Space held for, or under, refurbishment:			
• 72 Broadwick Street	5.6		
• Other schemes	8.1		
		13.7	Completion and letting of schemes in progress at 31 March 2019
Under-rented leases		7.7	Through the normal cycle of rent reviews, lease renewals and lettings. Typically converted to income over a 3 – 5 year period.
ERV		**146.6**	

The equivalent yield attributed by our valuers was broadly unchanged over the period at 3.42% (30.9.2018: 3.41%).

Whilst continuing economic and political uncertainties have led to greater caution among investors, generally, and lower transaction volumes, London remains attractive to international and domestic investors. This is particularly so in the West End, where the prospect of investment security, high occupancy and reliable cash flows continues to attract strong investor demand.

The buildings we seek to acquire are typically in long-term private ownership and existing owners are reluctant to sell. Consequently, it would be virtually impossible, now, to replicate a portfolio such as ours in the West End. As ever, with the combination of high investor demand and limited availability of properties to buy, there is strong competition when assets become available.

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 underpin 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 half year results, which has been prepared in accordance with RICS guidelines.

Longmartin valuation

In the narrative below, all figures represent our 50% share.

At 31 March 2019, Longmartin's property was valued at £217.9 million (30.9.2018: £224.6 million); this represents 5% of our combined portfolio valuation. After allowing for capital expenditure in the period, the valuation decline was 4.0%, equating to a revaluation deficit of £9.0 million, due to a write-down of the value of its retail space, which represents c. 37% of ERV. The majority of this space is on Long Acre, a "high street" which is characterised by large retail units, relatively high rental tones and overall rents, and where ownerships are fragmented. The valuation of non-retail space was largely unchanged since September 2018.

At 31 March 2019, annualised current income was £8.1 million (30.9.2018: £8.1 million) and ERV stood at £10.1 million (30.9.2018: £10.3 million).

Increased availability of retail space on Long Acre resulted in a like-for-like decrease in the ERV of Longmartin's total retail space of £0.2 million (4.8%) during the six months ended 31 March 2019, following a decline of 2.1% in the previous six months. With the ERV of Longmartin's non-retail space remaining materially unchanged, the decrease in retail rental values led to an overall decrease in ERV of £0.2 million (1.7%).

	ERV		**Change**	
	31.3.2019	**30.9.2018**		
	£m	**£m**	**£m**	**%**
Retail	3.7	3.9	(0.2)	(4.8)%
Non-retail	6.4	6.4	-	-%
Total	**10.1**	**10.3**	**(0.2)**	**(1.7)%**

Reflecting general uncertainty regarding the current demand outlook for larger retail space, the valuers have increased equivalent yields attributed to Longmartin's retail units, on average, by nine basis points over the six months ended 31 March 2019. The yields for non-retail space were broadly unchanged during the period. Together, the overall equivalent yield across Longmartin's ownership increased by four basis points to 3.86% (30.9.2018: 3.82%).

Financial results

EPRA measures

As is usual practice in our sector, we produce alternative measures for certain indicators, including earnings, earnings per share and NAV, making adjustments set out by EPRA in its Best Practices Recommendations. These recommendations are designed to make the financial statements of public real estate companies clearer and more comparable across Europe, enhancing the transparency and coherence of the sector. Reconciliations to the IFRS numbers are included in note 18 to the accounts.

Income statement

	Six months ended		Year ended
	31.3.2019	31.3.2018	31.9.2018
	£m	£m	£m
Net property income	**48.6**	46.2	93.8
Administrative expenses	**(7.5)**	(6.8)	(13.7)
Valuation gains	**16.2**	97.6	123.1
Disposal profits	**2.8**	4.2	4.6
Operating profit	**60.1**	141.2	207.8
Net finance costs	**(15.2)**	(15.9)	(31.2)
Share of Longmartin post-tax results	**(6.2)**	(1.6)	(1.1)
Profit before tax	**38.7**	123.7	175.5
Tax	**-**	-	-
Profit and total comprehensive income	**38.7**	123.7	175.5
Basic earnings per share (pence)	**12.6p**	41.7p	58.1p
EPRA earnings (£m)	**27.3**	25.0	51.7
EPRA earnings per share (pence)	**8.9p**	8.4p	17.1p

Profit after tax for the six months was £38.7 million (31.3.2018: £123.7 million) and basic earnings per share was 12.6p (31.3.2018: 41.7p). The decrease in profit after tax was largely due to:

- a lower revaluation surplus in the first half, which contributed £16.2 million to profits, compared with £97.6 million in the six months ended 31 March 2018; and
- an increase in our share of the post-tax losses from the Longmartin joint venture, as a result of the reduction in the valuation of its investment property (see page 12).

EPRA earnings

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 portfolio valuation movements, profits on disposal of investment properties and deferred tax arising in the Longmartin joint venture.

EPRA earnings increased by 9.2% to £27.3 million (31.3.2018: £25.0 million) resulting in EPRA EPS of 8.9p, 6.0% above the first half of last year (31.3.2018: 8.4p). The smaller relative increase in EPRA EPS, compared with that for EPRA earnings, is due to the larger weighted average number of shares in issue following the equity placing in December 2017.

The increase in earnings was driven principally by:

- an increase in net property income resulting from the continued conversion of our reversionary potential into contracted income; and
- a reduction in net finance costs, due to increased interest income received in the period, together with lower loan issue cost amortisation, following an accelerated write-off of costs in the comparable period in 2018.

	£m
Six months ended 31.3.2018	25.0
Increase in net property income	2.4
Increase in administrative expenses	(0.7)
Decrease in net finance costs	0.7
Reduction in contribution from Longmartin	(0.1)
Six months ended 31.3.2019	**27.3**

Operating profit before investment property disposals and valuation movements

Rents receivable increased by 5.4% (£3.0 million) to £58.6 million (31.3.2018: £55.6 million). The like-for-like increase was 6.4%, as we continue to crystallise the reversionary potential of our portfolio. 72 Broadwick Street contributed short-term income of £0.9 million to rents receivable in the first half of last year, ahead of securing vacant possession in September 2018 (see page 9). Other acquisitions added £0.8 million, whilst disposals reduced rents receivable by £0.3 million.

Rents receivable	**£m**
Six months ended 31.3.2018	55.6
Impact of acquisitions	
- 72 Broadwick Street	(0.9)
- Other acquisitions	0.8
Disposals	(0.3)
Like-for-like increase	3.4
Six months ended 31.3.2019	**58.6**

After irrecoverable property charges of £10.0 million (31.3.2018: £9.4 million), representing 17.1% of rents receivable (31.3.2018: 16.9%), net property income was £48.6 million, up 5.2% on the same period last year (31.3.2018: £46.2 million).

Administrative expenses totalled £7.5 million (31.3.2018: £6.8 million). The increase was largely due to a non-cash accounting charge for equity-settled remuneration of £0.8 million (31.3.2018: £0.4 million), together with additional employee costs.

Valuation gain and disposal profits

The revaluation surplus amounted to £16.2 million (31.3.2018: £97.6 million), representing a like-for-like increase since 30 September 2018 of 0.5% (see pages 10 to 12).

During the six months ended 31 March 2019, we sold two properties which comprised a hotel and a pub. Net proceeds, after sale costs, were £14.3 million, 24.3% above book value, representing a surplus of £2.8 million.

Net finance costs

Net finance costs of £15.2 million (31.3.2018: £15.9 million) included interest income of £0.5 million (31.3.2018: £0.3 million). The cost in the previous year included an accelerated write-off of previously unamortised loan issue costs, totalling £0.3 million, following refinancing activity in February 2018.

Share of Longmartin post-tax results

Revaluation deficits resulted in the Longmartin joint venture reporting post-tax losses in both the six months ended 31 March 2019 and 2018. Our share of the revaluation deficit in the first half of this financial year was £9.0 million (31.3.2018: £4.1 million). Excluding these revaluation losses and our share of the related deferred tax credit totalling £1.4 million (31.3.2018: £1.0 million), our share of EPRA earnings from the Longmartin joint venture decreased by £0.1 million to £1.4 million (31.3.2018: £1.5 million), due to lower net property income as a result of scheme vacancy.

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 (31.3.2018: £Nil).

Interim dividend

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 Board has declared an interim dividend of 8.7p per share, an increase of 4.8% on last year's interim dividend of 8.3p, to be paid as a PID on 5 July 2019. The dividend is covered 1.02 times by EPRA earnings and 1.05 times by adjusted earnings, after adding back the non-cash accounting charge in the period for equity-settled remuneration of £0.8 million.

Balance Sheet

	31.3.2019 £m	31.3.2018 £m	31.9.2018 £m
Investment properties	**3,745.1**	3,628.5	3,714.8
Investment in joint venture	**135.9**	144.9	143.9
Net debt	**(849.0)**	(779.1)	(841.3)
Other net assets	**13.8**	12.0	15.6
Net assets	**3,045.8**	3,006.3	3,033.0
Net asset value per share	**£9.91**	£9.78	£9.87
EPRA NAV per share	**£9.95**	£9.83	£9.91
Net asset value return	**1.3%**	4.1%	5.8%

Net assets

Net assets increased by £12.8 million, largely as a result of the profit after tax for the period of £38.7 million, less the payment of the final dividend for 2018, which amounted to £26.2 million.

EPRA NAV

EPRA NAV 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.

Net asset value return measures shareholder value creation, taking into account the growth in EPRA NAV together with dividends paid.

EPRA NAV per share increased over six months by 4p (0.4%) to £9.95 (30.9.2018: £9.91), bringing growth over twelve months to 1.2%. Net asset value return was 1.3% (six months) and 2.9% (twelve months).

With EPRA earnings of 8.9p per share being largely offset by the 2018 final dividend (8.5p per share), the growth in NAV over the six months ended 31 March 2019 was due to the revaluation surplus and disposal profits in the wholly-owned portfolio, which added 6p, less our share of the revaluation deficit in the Longmartin joint venture, which reduced NAV per share by 3p.

	Pence per share
September 2018	991
EPRA earnings	9
Dividends	(8)
Valuation gain and disposal profits	6
Longmartin valuation deficit	(3)
March 2019	**995**

Cash flows and net debt

Net debt increased by £7.7 million to £849.0 million over the period (30.9.2018: £841.3 million). The major cash flows were:

- Operating cash inflow totalling £30.3 million.
- Acquisitions and capital expenditure totalling £24.9 million.
- Net disposal proceeds of £14.3 million.
- Payment of the final dividend for 2018, amounting to £26.2 million.

To present a clear picture of the Group's financial position to stakeholders, the analysis of net debt below is presented on a proportionally consolidated basis, including our share of Longmartin's net debt. This differs from the financial statements, where our interest in this joint venture is included as one-line items in the Income Statement and Balance Sheet. Measures presented on a proportionally consolidated basis are alternative performance measures since they are not defined by IFRS and are reconciled to the IFRS figures in note 18 to the financial statements.

Including our 50% share of the Longmartin joint venture, at 31 March 2019, net debt was £907.1 million (30.9.2018: £900.0 million) and our loan-to-value ratio was 22.8% (30.9.2018: 22.8%). Excluding cash in Longmartin, available resources totalled £335.8 million (30.9.2018: £343.5 million), of which approximately £91 million is earmarked for the purchase of 90-104 Berwick Street and capital expenditure on committed schemes, including 72 Broadwick Street. On a pro-forma basis, taking this expenditure into account, our loan-to-value ratio would be 24.5%.

The blended cost of debt was 3.2% (30.9.2018: 3.2%) and the marginal cost of drawing on our committed revolving credit facilities was 1.7% (30.9.2018: 1.6%).

Net debt summary

	31.3.2019 £m	31.3.2018 £m	30.9.2018 £m
Net debt			
- reported under IFRS	**849.0**	779.1	841.3
- proportionally consolidated[1,5]	**907.1**	837.4	900.0
Cash (IFRS)	**110.8**	180.7	118.5
Undrawn floating rate facilities (£m)	**225.0**	225.0	225.0
Loan-to-value[1,2,5]	**22.8%**	21.7%	22.8%
Gearing[1,2,3]	**29.6%**	27.7%	29.5%
Interest cover[1,5]	**2.6x**	2.5x	2.6x
% drawn debt fixed[5]	**100%**	100%	100%
Blended cost of debt[1,4,5]	**3.2%**	3.2%	3.2%
Marginal cost of undrawn floating rate facilities	**1.7%**	1.5%	1.6%
Weighted average maturity[5] (years)	**9.7**	10.7	10.2

1. An alternative performance measure (“APM”). See page 18.
2. Based on net debt.
3. Based on EPRA net assets.
4. Including non-utilisation fees on undrawn bank facilities.
5. Including our 50% share of Longmartin debt.

Brian Bickell
Chief Executive

Chris Ward
Finance Director

20 May 2019

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 period Basic earnings per share	Note 18 and Financial results (pages 13 to 14)
Adjusted earnings per share	Basic earnings per share	Financial results (page 15)
Net asset value per share	Net assets attributable to shareholders	Note 18 and Financial results (page 15)
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 15 to 16)
Net asset value return	N/A	Note 18 and Financial results (pages 15 to 16)
Combined portfolio valuation	Investment properties	Portfolio valuation (page 10)
Valuation growth	Net surplus on revaluation of investment properties	Portfolio valuation (pages 10 to 11)
Net debt	Borrowings less cash and cash equivalents	Note 18 and cash flows and net debt (pages 16 to 17)
Loan-to-value	N/A	Note 18 and cash flows and net debt (pages 16 to 17)
Gearing	N/A	Note 18 and cash flows and net debt (page 17)
Blended cost of debt	N/A	Note 18 and cash flows and net debt (pages 16 to 17)
Interest cover	N/A	Note 18 and cash flows and net debt (page 17)

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

Portfolio analysis

At 31 March 2019		Note	Carnaby	Covent Garden	Chinatown	Soho	Fitzrovia	Wholly-owned portfolio	Longmartin[1]
Portfolio	Fair value (£m)	**1**	1,435.3	1,018.6	837.5	313.8	154.0	3,759.2	217.9
	% of total fair value		36%	26%	21%	8%	4%	95%	5%
	Current income (£m)	**2**	45.4	29.8	25.7	10.3	4.8	116.0	8.1
	ERV (£m)	**3**	59.3	37.8	31.4	12.1	6.0	146.6	10.1
Restaurants, cafés and leisure	Number		62	97	90	33	24	306	10
	Area – sq. ft.		114,000	180,000	212,000	63,000	51,000	620,000	42,000
	% of current income	**4**	21%	40%	65%	40%	48%	39%	14%
	% of ERV	**4**	19%	36%	62%	38%	50%	35%	15%
	Average unexpired lease length – years	**5**	9	8	10	9	8	9	13
Shops	Number		97	97	52	37	10	293	21
	Area – sq. ft.		181,000	146,000	83,000	45,000	16,000	471,000	69,000
	% of current income	**4**	45%	27%	17%	26%	17%	31%	36%
	% of ERV	**4**	40%	32%	21%	29%	16%	32%	37%
	Average unexpired lease length – years	**5**	3	4	3	3	4	3	3
Offices	Area – sq. ft.		304,000	87,000	25,000	40,000	10,000	466,000	102,000
	% of current income	**4**	28%	12%	4%	17%	7%	16%	34%
	% of ERV	**4**	35%	14%	4%	18%	8%	21%	35%
	Average unexpired lease length – years	**5**	3	3	3	2	1	3	5
Residential	Number		109	216	150	68	56	599	75
	Area – sq. ft.		67,000	134,000	98,000	37,000	27,000	363,000	55,000
	% of current passing rent	**4**	6%	21%	14%	17%	28%	14%	16%
	% of ERV	**4**	6%	18%	13%	15%	26%	12%	13%

1. Shaftesbury Group's 50% share

Basis of valuation

At 31 March 2019	Note	Carnaby	Covent Garden	Chinatown	Soho	Fitzrovia	Wholly-owned portfolio	Longmartin
Overall initial yield	**7**	2.75%	2.58%	2.64%	2.92%	2.57%	2.69%	3.06%
Topped-up initial yield	**8**	2.91%	2.80%	2.79%	3.11%	2.58%	2.86%	3.21%
Overall equivalent yield	**9**	3.57%	3.26%	3.33%	3.44%	3.32%	3.42%	3.86%
Tone of restaurant equivalent yields	**10**	3.4%-3.85%	3.35%-3.9%	3.4%-3.75%	3.4%-3.75%	3.25%-3.65%		3.75%-4%
Tone of restaurant ERVs - £ per sq. ft.	**10**	£120-£153	£55-£178	£270-£425 (ZA)	£120-£145	£90-£125		£95-£140
Tone of retail equivalent yields	**10**	3.3%-3.75%	3%-3.9%	3.4%-4.25%	3.5%-4.25%	3.3%-4.35%		3.5%-4%
Tone of retail ERVs - ITZA £ per sq. ft.	**10**	£125-£535	£110-£480	£150-£375	£165-£305	£100-£215		£94-£650
Tone of office equivalent yields	**10**	4%-4.5%	4%-4.25%	4.25%-4.5%	4.25%-4.5%	4%-4.35%		4%-4.5%
Tone of office ERVs - £ per sq. ft.	**10**	£58-£88	£50-£73	£43-£65	£50-£73	£48-£60		£63-£79
Average residential ERVs - £ per sq. ft. per annum	**10**	£53	£50	£42	£49	£56		£50

Notes

1. The fair values at 31 March 2019 (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.

Principal risks and uncertainties

The principal strategic risks and uncertainties are those which might prevent the Group from achieving its goal of long-term sustainable growth in rental income. The risks and uncertainties facing the Group for the remaining six months of the financial year are summarised below. These risks and uncertainties are largely consistent with those set out on pages 59 to 60 in the Annual Report for the year ended 30 September 2018. Details of how we manage risk are set out on pages 57 to 58 of the Annual Report.

1. Reduction of spending and/or footfall in our areas

Spending and footfall are important ingredients for the success of our restaurant, leisure and retail tenants.

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

2. Changes in planning and licensing regulations

All our properties are in the boroughs of Westminster and Camden. Changes to policies may limit our ability to maximise the long-term potential of our portfolio.

Potential causes

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

Consequences

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

Mitigation

- Ensure our properties are operated in compliance with local regulations
- 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 on income from one particular use

3. Macroeconomic factors
Impact of economic and political uncertainty.

Potential causes
- Unforeseen macroeconomic shocks or events
- Uncertainty around the timing and terms of 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)
- Specifically, depending upon the eventual Brexit terms, lower availability of labour, supply chain disruption and higher import costs

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 31 March 2019: £21.0 million

4. Decline in the UK real estate market
Changes to macroeconomic outlook.

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 asset 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

Unaudited Group Statement of Comprehensive Income

For the six months ended 31 March 2019

	Notes	**Six months ended 31.3.2019 £m**	Six months ended 31.3.2018 £m	Year ended 30.9.2018 £m
Revenue	2	**63.9**	60.9	122.1
Property charges	3	**(15.3)**	(14.7)	(28.3)
Net property income		**48.6**	46.2	93.8
Administrative expenses		**(7.5)**	(6.8)	(13.7)
Operating profit before investment property disposals and valuation movements		**41.1**	39.4	80.1
Profit on disposal of investment properties	4	**2.8**	4.2	4.6
Net surplus on revaluation of investment properties	7	**16.2**	97.6	123.1
Operating profit		**60.1**	141.2	207.8
Finance income		**0.5**	0.3	0.8
Finance costs	5	**(15.7)**	(16.2)	(32.0)
Share of post-tax loss from joint venture	9	**(6.2)**	(1.6)	(1.1)
Profit before tax		**38.7**	123.7	175.5
Tax charge for the period	6	**-**	-	-
Profit and total comprehensive income for the period		**38.7**	123.7	175.5
Earnings per share:	18			
Basic		**12.6p**	41.7p	58.1p
Diluted		**12.6p**	41.6p	58.0p
EPRA		**8.9p**	8.4p	17.1p

Please see page 18 for an explanation of the EPRA measures used in these financial statements.

Unaudited Group Balance Sheet

As at 31 March 2019

	Notes	**31.3.2019 £m**	31.3.2018 £m	30.9.2018 £m
Non-current assets				
Investment properties	7	**3,745.1**	3,628.5	3,714.8
Accrued income	8	**11.4**	9.9	9.9
Investment in joint venture	9	**135.9**	144.9	143.9
Property, plant and equipment		**1.4**	1.3	1.3
Other receivables	11	**3.7**	3.7	3.7
		3,897.5	3,788.3	3,873.6
Current assets				
Trade and other receivables	10	**31.9**	24.1	30.3
Cash and cash equivalents	11	**110.8**	180.7	118.5
Total assets		**4,040.2**	3,993.1	4,022.4
Current liabilities				
Trade and other payables	12	**45.2**	38.8	40.8
Non-current liabilities				
Borrowings	13	**949.2**	948.0	948.6
Total liabilities		**994.4**	986.8	989.4
Net assets		**3,045.8**	3,006.3	3,033.0
Equity				
Share capital	15	**76.8**	76.8	76.8
Share premium		**378.4**	378.4	378.4
Share-based payments reserve		**0.7**	0.8	1.2
Retained earnings		**2,589.9**	2,550.3	2,576.6
Total equity		**3,045.8**	3,006.3	3,033.0

Unaudited Group Cash Flow Statement

For the six months ended 31 March 2019

	Notes	**Six months ended 31.3.2019 £m**	Six months ended 31.3.2018 £m	Year ended 30.9.2018 £m
Cash flows from operating activities				
Cash generated from operating activities	17	**45.0**	38.6	76.5
Interest received		**0.5**	0.3	0.8
Interest paid		**(15.2)**	(15.9)	(31.0)
Net cash generated from operating activities		**30.3**	23.0	46.3
Cash flows from investing activities				
Investment property acquisitions		**(12.0)**	(117.4)	(167.8)
Investment property disposals	4	**14.3**	12.9	13.3
Capital expenditure on investment properties		**(12.9)**	(16.6)	(26.6)
Purchase of property, plant and equipment		**(0.4)**	(0.3)	(0.4)
Dividends received from joint venture		**1.8**	1.5	3.0
Increase in loans to joint venture		**(2.6)**	(1.5)	(3.0)
Net cash used in investing activities		**(11.8)**	(121.4)	(181.5)
Cash flows from financing activities				
Proceeds from exercise of share options		**-**	-	0.1
Proceeds from share placing	15	**-**	265.2	265.2
Share placing costs	15	**-**	(4.8)	(4.8)
Proceeds from borrowings		**-**	72.0	72.0
Repayment of borrowings		**-**	(72.0)	(72.0)
Loan issue costs		**-**	(1.8)	(1.8)
Equity dividends paid	16	**(26.2)**	(25.1)	(50.6)
Net cash (used in)/from financing activities		**(26.2)**	233.5	208.1
Net change in cash and cash equivalents		**(7.7)**	135.1	72.9
Cash and cash equivalents at the beginning of the period	11	**118.5**	45.6	45.6
Cash and cash equivalents at the end of the period	11	**110.8**	180.7	118.5

Unaudited Group Statement of Changes in Equity

For the six months ended 31 March 2019

	Notes	Share capital £m	Share premium £m	Share-based payments reserve £m	Retained earnings £m	Total equity £m
At 1 October 2018		**76.8**	**378.4**	**1.2**	**2,576.6**	**3,033.0**
Profit and total comprehensive income for the period		**-**	**-**	**-**	**38.7**	**38.7**
Transactions with owners:						
Dividends paid	16	**-**	**-**	**-**	**(26.2)**	**(26.2)**
Exercise of share options		**-**	**-**	**-**	**-**	**-**
Share-based payments		**-**	**-**	**0.3**	**-**	**0.3**
Release on exercise of share options		**-**	**-**	**(0.8)**	**0.8**	**-**
At 31 March 2019		**76.8**	**378.4**	**0.7**	**2,589.9**	**3,045.8**
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)	-
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 2017		69.8	124.9	3.0	2,449.2	2,646.9
Profit and total comprehensive income for the year		-	-	-	175.5	175.5
Transactions with owners:						
Dividends paid	16	-	-	-	(50.6)	(50.6)
Share placing	15	6.9	253.5	-	-	260.4
Exercise of share options		0.1	-	-	(0.1)	-
Share-based payments		-	-	0.8	-	0.8
Release on exercise of share options		-	-	(2.6)	2.6	-
At 30 September 2018		76.8	378.4	1.2	2,576.6	3,033.0

Notes to the half year results

For the six months ended 31 March 2019

1. Accounting policies

Basis of preparation

The Group's condensed consolidated half year financial statements have been prepared in accordance with the Disclosure Guidance 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 2018, 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 2018 is derived from the statutory accounts for that year. Statutory accounts for the year ended 30 September 2018 were approved by the Board on 26 November 2018 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.

Significant judgements, assumptions and key estimates

The preparation of these financial statements requires the directors to make judgements and estimates about the carrying amounts of assets and liabilities, in applying the Group's accounting policies. The judgements and estimates are based on historical experience and other relevant factors, including expectations of future events, and are reviewed on a continual basis. Although the estimates are made using the directors' best knowledge of the amount, event or actions, actual results may differ from the original estimates.

The directors consider the valuation of investment property to be a significant area of estimation uncertainty. The directors did not make any significant judgements in the preparation of these financial statements. This is consistent with the financial statements for the previous year end. Full disclosure of the significant judgements, assumptions and key estimates is included in the 2018 financial statements.

Changes in accounting policies

The accounting policies and methods of computation used are consistent with those of the previous financial year, with the exception of new standards and amendments to standards which became effective in the financial period from 1 October 2018, as set out below.

New accounting standards and amendments to standards adopted during the period

The following amendments to existing standards were relevant to the Group, adopted from 1 October 2018, and did not have a material impact on the financial statements:

- Annual Improvements 2014-2016
- IFRS 2 (amendment) - Classification of share-based payment transactions
- IAS 40 (amendment) – Transfers of investment property

IFRS 9 – Financial Instruments

This standard deals with, amongst other things, the classification and measurement of financial instruments. The main area applicable to the Group is the method for assessing any impairment provisions for trade receivables, given the requirement to use a forward-looking expected credit loss model. There was no material impact on the condensed half year financial statements following adoption of the standard.

IFRS 15 – Revenue from contracts with customers
IFRS 15 is applicable to service charge income (recoverable property expenses) and proceeds from the disposal of investment properties. It does not include rental income, which falls within the scope of IAS 17 – Leases (IFRS 16 – Leases from 1 October 2019). Following the Group's assessment of the standard, its adoption did not have a material impact on the condensed half year financial statements, nor any of the comparative periods presented.

New accounting standard and amendments to standards relevant to the Group but not yet effective
The following new standard and amendments to existing standards are relevant to the Group, are not yet effective in the year ending 30 September 2019 and are not expected to have a significant impact on the Group's financial statements:

- IFRS 9 (amendment) – Prepayment features with negative compensation
- IAS 28 (amendment) – Long-term interest in associates and joint ventures
- Annual Improvements 2015-2017

IFRS 16 – Leases (effective from 1 January 2019)
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 materially impact the Group's financial statements.

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 18 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 segmental financial information is presented.

2. Revenue

	Six months ended 31.3.2019 £m	Six months ended 31.3.2018 £m	Year ended 30.9.2018 £m
Rents receivable	**58.6**	55.6	112.8
Recoverable property expenses	**5.3**	5.3	9.3
	63.9	60.9	122.1

Rents receivable includes a credit of £1.7 million from accrued income in respect of lease incentives (31.3.2018: £0.6 million; 30.9.2018: £0.5 million).

3. Property charges

	Six months ended 31.3.2019 £m	Six months ended 31.3.2018 £m	Year ended 30.9.2018 £m
Property operating costs	**3.7**	3.7	7.6
Vacant property costs	**0.8**	0.6	1.4
Fees payable to managing agents	**1.4**	1.4	2.6
Letting, rent review, and lease renewal costs	**1.7**	1.6	3.6
Marketing and events expenditure	**2.4**	2.1	3.8
Property outgoings	**10.0**	9.4	19.0
Recoverable property expenses	**5.3**	5.3	9.3
	15.3	14.7	28.3

Following a review of the Group's property charges at 30 September 2018, the amounts included in the table above were reclassified between the different types of property expenses to provide a better representation of the underlying expenditure. The 31 March 2018 figures have been restated accordingly. This had no impact on the total property charges for that period.

4. Profit on disposal of investment properties

	Six months ended 31.3.2019 £m	Six months ended 31.3.2018 £m	Year ended 30.9.2018 £m
Net sale proceeds	**14.3**	12.9	13.3
Book value at date of sale	**(11.5)**	(8.7)	(8.7)
	2.8	4.2	4.6

5. Finance costs

	Six months ended 31.3.2019 £m	Six months ended 31.3.2018 £m	Year ended 30.9.2018 £m
Mortgage bond interest	**6.9**	6.9	13.9
Bank and other interest	**8.2**	8.3	16.5
Loan issue cost amortisation	**0.6**	1.0	1.6
	15.7	16.2	32.0

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

	31.3.2019 £m	31.3.2018 £m	30.9.2018 £m
At 1 October	**3,714.8**	3,407.3	3,407.3
Acquisitions	**12.1**	117.4	167.8
Disposals	**(11.5)**	(8.7)	(8.7)
Refurbishment and other capital expenditure	**13.5**	14.9	25.3
Net surplus on revaluation of investment properties	**16.2**	97.6	123.1
Book value at end of period	**3,745.1**	3,628.5	3,714.8
Fair value at end of period:			
Core properties valued by Cushman & Wakefield	**3,759.2**	3,638.3	3,724.6
Non-core properties valued by Cushman & Wakefield	**-**	2.4	2.4
Less: unamortised lease incentives (note 8)	**(14.1)**	(12.2)	(12.2)
Book value at end of period	**3,745.1**	3,628.5	3,714.8

The investment properties valuation comprises:

	31.3.2019 £m	31.3.2018 £m	30.9.2018 £m
Freehold properties	**3,522.7**	3,415.6	3,495.3
Leasehold properties	**236.5**	225.1	231.7
	3,759.2	3,640.7	3,727.0

Investment properties were valued at 31 March 2019 by professionally qualified external valuers. The Group's wholly-owned portfolio is valued by Cushman & Wakefield, members of the Royal Institution of Chartered Surveyors (RICS).

All properties were valued on the basis of fair value and highest and best use, in accordance with IFRS 13 and the RICS Valuation - Global Standards, which incorporate the International Valuation Standards and the RICS Valuation UK National Supplement edition current at the valuation date. 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. The key assumptions are the equivalent yields and estimated future rental income (ERVs), as set out in the Basis of Valuation on pages 19 to 20. 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 (31.3.2018: none; 30.9.2018: none).

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

At 31 March 2019, the Group had capital commitments of £87.3 million (31.3.2018: £52.9 million; 30.9.2018: £58.7 million). This included £39.0 million relating to the forward purchase of a long leasehold interest (31.3.2018: £39.0 million; 30.9.2018: £39.0 million) and £48.3 million (31.3.2018: £13.9 million; 30.9.2018: £19.7 million) relating to future capital expenditure for the enhancement of the Group's investment properties.

See pages 8 to 10 for a discussion of the Group's property activity during the period.

As noted in the significant judgements, assumptions and key estimates section on page 122 in the 2018 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

	31.3.2019 £m	31.3.2018 £m	30.9.2018 £m
Accrued income in respect of lease incentives	**14.1**	12.2	12.2
Less: included in trade and other receivables (note 10)	**(2.7)**	(2.3)	(2.3)
	11.4	9.9	9.9

9. Investment in joint venture

	31.3.2019 £m	31.3.2018 £m	30.9.2018 £m
At 1 October	**143.9**	148.0	148.0
Share of losses	**(6.2)**	(1.6)	(1.1)
Dividends received	**(1.8)**	(1.5)	(3.0)
Book value at end of period	**135.9**	144.9	143.9

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

	Six months ended 31.3.2019 £m	Six months ended 31.3.2018 £m	Year ended 30.9.2018 £m
Statement of Comprehensive Income			
Rents receivable	**7.9**	8.3	16.1
Recoverable property expenses	**1.0**	0.8	1.5
Revenue from properties	**8.9**	9.1	17.6
Property outgoings	**(0.9)**	(1.0)	(1.8)
Recoverable property expenses	**(1.0)**	(0.8)	(1.5)
Property charges	**(1.9)**	(1.8)	(3.3)
Net property income	**7.0**	7.3	14.3
Administrative expenses	**(0.1)**	(0.2)	(0.4)
Operating profit before investment property valuation movements	**6.9**	7.1	13.9
Net deficit on revaluation of investment properties	**(18.1)**	(8.1)	(10.0)
Operating (loss)/profit	**(11.2)**	(1.0)	3.9
Finance costs	**(3.3)**	(3.4)	(6.8)
Loss before tax	**(14.5)**	(4.4)	(2.9)
Current tax	**(0.7)**	(0.8)	(1.5)
Deferred tax	**2.9**	2.0	2.3
Tax credit for the period	**2.2**	1.2	0.8
Loss and total comprehensive loss for the period	**(12.3)**	(3.2)	(2.1)
Loss attributable to the Group	**(6.2)**	(1.6)	(1.1)

	31.3.2019 £m	31.3.2018 £m	30.9.2018 £m
Balance Sheet			
Non-current assets			
Investment properties at book value	**443.8**	456.9	457.4
Accrued income	**2.2**	2.7	2.1
Other receivables	**1.3**	1.3	1.3
	447.3	460.9	460.8
Cash and cash equivalents	**3.7**	3.3	2.6
Current assets	**2.9**	2.8	3.9
Total assets	**453.9**	467.0	467.3
Current liabilities	**21.0**	13.1	15.5
Non-current liabilities			
Secured term loan	**120.0**	120.0	120.0
Other non-current liabilities	**41.0**	44.2	43.9
Total liabilities	**182.0**	177.3	179.4
Net assets	**271.9**	289.7	287.9
Net assets attributable to the Group	**135.9**	144.9	143.9

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

10. Trade and other receivables

	31.3.2019 £m	31.3.2018 £m	30.9.2018 £m
Amounts due from tenants	**14.9**	11.9	16.2
Provision for doubtful debts	**(1.1)**	(0.7)	(1.2)
	13.8	11.2	15.0
Accrued income in respect of lease incentives (note 8)	**2.7**	2.3	2.3
Amount due from joint venture	**6.5**	2.4	3.9
Prepayments	**8.8**	8.1	9.0
Other receivables	**0.1**	0.1	0.1
	31.9	24.1	30.3

At 31 March 2019, cash deposits totalling £21.0 million (31.3.2018: £19.2 million; 30.9.2018: £20.6 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 2019 were £110.8 million (31.3.2018: £180.7 million; 30.9.2018: £118.5 million).

Non-current other receivables include £3.7 million at 31 March 2019 (31.3.2018: £3.7 million; 30.9.2018: £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

	31.3.2019 £m	31.3.2018 £m	30.9.2018 £m
Rents and service charges invoiced in advance	**26.4**	24.3	25.2
Amounts due in respect of property acquisitions	**0.2**	-	-
Trade payables and accruals in respect of capital expenditure	**3.3**	2.3	2.7
Other taxation and social security	**7.3**	5.3	5.1
Other payables and accruals	**8.0**	6.9	7.8
	45.2	38.8	40.8

13. Borrowings

	Nominal value £m	Unamortised issue costs £m	31.3.2019 £m	31.3.2018 £m	30.9.2018 £m
Mortgage bonds	**575.0**	**(5.1)**	**569.9**	569.4	569.7
Secured bank facilities	**-**	**(1.6)**	**(1.6)**	(2.0)	(1.8)
Secured term loans	**384.8**	**(3.9)**	**380.9**	380.6	380.7
Total borrowings	**959.8**	**(10.6)**	**949.2**	948.0	948.6

At 31 March 2019, there were no drawings against the Group's secured bank facilities (31.3.2018: none; 30.9.2018: none). The Group is still able to benefit from these committed revolving credit facilities, and as such, unamortised issue costs of £1.6 million (31.3.2018: £2.0 million; 30.9.2018: £1.8 million) continue to be carried in the Balance Sheet.

The Group's borrowings are secured by fixed charges over certain investment properties held by subsidiaries, with a carrying value of £3,171.5 million (31.3.2018: £3,119.8 million; 30.9.2018: £3,151.4 million), and by floating charges over the assets of the Company and/or certain subsidiaries.

Net debt reconciliation

	1.10.2018 £m	Cash flows Inflows £m	Outflows £m	Non-cash items	31.3.2019 £m
Non-current borrowings					
Mortgage bonds	**575.0**	**-**	**-**	**-**	**575.0**
Secured term loans	**384.8**	**-**	**-**	**-**	**384.8**
Loan issue costs	**(11.2)**	**-**	**-**	**0.6**	**(10.6)**
	948.6	**-**	**-**	**0.6**	**949.2**
Loan issue costs[1]	**11.2**	**-**	**-**	**(0.6)**	**10.6**
Cash & cash equivalents (note 11)	**(118.5)**	**(61.6)**	**69.3**	**-**	**(110.8)**
Net debt at 31 March 2019	**841.3**	**(61.6)**	**69.3**	**-**	**849.0**
Net debt at 31 March 2018 (as restated)	914.2	(246.5)	111.4	-	779.1
Net debt at 30 September 2018	914.2	(286.9)	214.0	-	841.3

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

Availability and maturity of borrowings

	Committed £m	Drawn £m	Undrawn £m
Repayable between 1 and 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 2019	**1,184.8**	**959.8**	**225.0**
At 31 March 2018	1,184.8	959.8	225.0
At 30 September 2018	1,184.8	959.8	225.0

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

Interest rate profile of interest bearing borrowings

	31.3.2019		31.3.2018		30.9.2018	
	Debt £m	**Interest rate**	Debt £m	Interest rate	Debt £m	Interest rate
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%	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%**		2.99%		2.99%

The Group also incurs non-utilisation fees on undrawn facilities. At 31 March 2019, the weighted average charge on the undrawn facilities of £225.0 million (31.3.2018: £225.0 million; 30.9.2018: £225.0 million) was 0.66% (31.3.2018: 0.66%; 30.9.2018: 0.66%).

Details of the Group’s current financial position are discussed on pages 16 to 17.

14. 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 £987.6 million (31.3.2018: £973.9 million; 30.9.2018: £955.2 million). The difference between the fair value and the book value is not recognised in the reported results for the period. The fair values have been calculated based on a discounted cash flow model using the relevant reference gilt yield and appropriate market spread. The valuation technique falls within Level 2 of the fair value hierarchy in IFRS 13.

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, 78,513 ordinary 25p shares were issued in connection with the exercise of nil cost options granted under the 2016 LTIP and the Group's sharesave scheme.

In the prior year, the Group issued 27,855,508 ordinary 25p shares at £9.52 per share, raising £265.2 million. Transaction costs in connection with the issue, which amounted to £4.8 million, were 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.

16. Dividends

	Pence per share		**Six months ended 31.3.2019**	Six months ended 31.3.2018	Year ended 30.9.2018
	PID	Ordinary	**£m**	£m	£m
Final dividend for:					
Year ended 30 September 2018	-	8.5p	**26.2**	-	-
Year ended 30 September 2017	-	8.1p	**-**	25.1	25.1
Interim dividend for:					
Year ended 30 September 2018	8.3p	-	**-**	-	25.5
Dividends for the period			**26.2**	25.1	50.6

An interim dividend of 8.7p per share in respect of the six months ended 31 March 2019 was declared by the Board on 20 May 2019. The interim dividend will be paid as a PID on 5 July 2019 to shareholders on the register at 14 June 2019. The dividend will be accounted for as an appropriation of revenue reserves in the year ending 30 September 2019.

17. Cash flows from operating activities

Operating activities	Six months ended 31.3.2019 £m	Six months ended 31.3.2018 £m	Year ended 30.9.2018 £m
Profit before tax	**38.7**	123.7	175.5
Adjusted for:			
Lease incentives recognised (note 2)	**(1.7)**	(0.6)	(0.5)
Share-based payments	**0.3**	0.4	0.8
Depreciation	**0.3**	0.2	0.4
Investment property valuation surplus (note 7)	**(16.2)**	(97.6)	(123.1)
Profit on disposal of investment properties (note 4)	**(2.8)**	(4.2)	(4.6)
Net finance costs	**15.2**	15.9	31.2
Share of loss from the joint venture (note 9)	**6.2**	1.6	1.1
Cash flows from operations before changes in working capital	**40.0**	39.4	80.8
Changes in working capital:			
Change in trade and other receivables	**1.5**	(0.4)	(5.1)
Change in trade and other payables	**3.5**	(0.4)	0.8
Cash generated from operating activities	**45.0**	38.6	76.5

18. Performance measures

Basic and diluted earnings per share

	31.3.2019		31.3.2018		30.9.2018	
	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	**38.7**	**12.6**	123.7	41.7	175.5	58.1
Dilutive effect of share options	**-**	**-**	-	(0.1)	-	(0.1)
Diluted	**38.7**	**12.6**	123.7	41.6	175.5	58.0
Number of shares for Basic and EPRA EPS (million)		307.4		296.9		302.1
Number of shares for Diluted EPS (million)		307.7		297.2		302.4

EPRA earnings per share

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

	31.3.2019		31.3.2018		30.9.2018	
	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	**38.7**	**12.6**	123.7	41.7	175.5	58.1
EPRA adjustments:						
Investment property valuation surplus (note 7)	**(16.2)**	**(5.3)**	(97.6)	(32.9)	(123.1)	(40.7)
Profit on disposal of investment properties (note 4)	**(2.8)**	**(0.9)**	(4.2)	(1.4)	(4.6)	(1.5)
Adjustments in respect of the joint venture:						
Investment property valuation deficit	**9.0**	**2.9**	4.1	1.4	5.0	1.6
Deferred tax	**(1.4)**	**(0.4)**	(1.0)	(0.4)	(1.1)	(0.4)
EPRA earnings	**27.3**	**8.9**	25.0	8.4	51.7	17.1

Net asset value per share

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

	31.3.2019 Net assets		31.3.2018 Net assets		30.9.2018 Net assets	
	Net assets £m	**Per share £**	Net assets £m	Per share £	Net assets £m	Per share £
Basic	**3,045.8**	**9.91**	3,006.3	9.78	3,033.0	9.87
Dilutive effect of share options	**0.5**		0.5		0.5	
Diluted	**3,046.3**	**9.90**	3,006.8	9.77	3,033.5	9.86
Deferred tax[1]	**15.3**	**0.05**	16.9	0.06	16.7	0.05
EPRA NAV	**3,061.6**	**9.95**	3,023.7	9.83	3,050.2	9.91
Deferred tax[1]	**(15.3)**	**(0.05)**	(16.9)	(0.06)	(16.7)	(0.05)
Excess of fair value over carrying value of debt:						
Secured term loans[2]	**(51.3)**	**(0.17)**	(41.3)	(0.13)	(34.5)	(0.11)
Mortgage bonds	**14.8**	**0.05**	19.3	0.06	32.0	0.10
EPRA NNNAV	**3,009.8**	**9.78**	2,984.8	9.70	3,031.0	9.85
Number of shares (million)		**307.4**		307.3		307.3
Number of diluted shares (million)		**307.8**		307.7		307.7

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

	31.3.2019 Pence	31.3.2018 Pence	30.9.2018 Pence
EPRA NAV at beginning of period (A)	**991.0**	952.0	952.0
EPRA NAV at end of period	**995.0**	983.0	991.0
Increase during the period	**4.0**	31.0	39.0
Dividends paid during the period	**8.5**	8.1	16.4
NAV return (B)	**12.5**	39.1	55.4
NAV return % (B/A)	**1.3%**	4.1%	5.8%

Financing ratios

	31.3.2019			31.3.2018		
	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**	959.8	60.0	1,019.8
Cash and cash equivalents	**(110.8)**	**(1.9)**	**(112.7)**	(180.7)	(1.7)	(182.4)
Net debt (A)	**849.0**	**58.1**	**907.1**	779.1	58.3	837.4
Fair value of investment properties (B)	**3,759.2**	**217.9**	**3,977.1**	3,640.7	224.7	3,865.4
Loan-to-value (A/B)	**22.6%**	**26.7%**	**22.8%**	21.4%	25.9%	21.7%
EPRA net assets (C)			**3,061.6**			3,023.7
Gearing (A/C)			**29.6%**			27.7%
Interest cover						
Operating profit before investment property disposals & valuation movements (A)	**41.1**	**3.4**	**44.5**	39.4	3.6	43.0
Finance costs	**15.7**	**1.6**	**17.3**	16.2	1.4	17.6
Finance income	**(0.5)**	**-**	**(0.5)**	(0.3)	-	(0.3)
Net finance costs (B)	**15.2**	**1.6**	**16.8**	15.9	1.4	17.3
Interest cover (A/B)	**2.7x**	**2.1x**	**2.6x**	2.5x	2.6x	2.5x
Cost of debt						
Blended cost of drawn borrowings	**3.0%**	**4.4%**	**3.1%**	3.0%	4.4%	3.1%
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%**	3.2%	4.4%	3.2%

Financing ratios

	30.9.2018		
	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	(118.5)	(1.3)	(119.8)
Net debt (A)	841.3	58.7	900.0
Fair value of investment properties (B)	3,727.0	224.6	3,951.6
Loan-to-value (A/B)	22.6%	26.1%	22.8%
EPRA net assets (C)			3,050.2
Gearing (A/C)			29.5%
Interest cover			
Operating profit before investment property disposals & valuation movements (A)	80.1	7.0	87.1
Finance costs	32.8	2.8	34.8
Finance income	(0.8)	-	(0.8)
Net finance costs (B)	31.2	2.8	34.0
Interest cover (A/B)	2.6x	2.5x	2.6x
Cost of debt			
Blended cost of drawn borrowings	3.0%	4.4%	3.2%
Commitment fees on undrawn bank facilities	0.7%	-	0.7%
Blended cost of debt (including commitment fees on undrawn facilities)	3.2%	4.4%	3.2%

See also page 13 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:

	31.3.2019 £m	31.3.2018 £m	30.9.2018 £m
Transactions with the joint venture:			
Administrative fees receivable	**0.1**	0.1	0.1
Dividends receivable	**1.8**	1.5	3.0
Interest receivable	**0.1**	-	0.1
Balance with the joint venture:			
Amount due from joint venture	**6.5**	2.4	3.9

20. Subsequent event

As announced on 1 May 2019, the Company has received a letter before action and a draft particulars of claim from companies controlled by Mr Samuel Tak Lee. It concerns allegations and claims relating to the equity placing conducted by the Company in December 2017. Mr Lee currently has an interest in approximately 26% of the Company's share capital.

The draft statement of claim, which may or may not lead to civil court proceedings, notes that the claimants may seek restitution for their estimates of alleged loss in the region of £10 million. The Board does not consider the basis of the draft particulars of claim to have any merit.

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 2018.

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

20 May 2019

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 2019 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 year 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 Guidance 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 half year 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 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 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

London

20 May 2019

Shareholder Information

Corporate Timetable

Financial Calendar	
Annual results	November 2019
Annual General Meeting and AGM statement	February 2020
Dividends and bond interest	
Proposed 2019 interim dividend:	
Ex-dividend	13 June 2019
Record date	14 June 2019
Payment date	5 July 2019
Bond interest	30 September/31 March

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 our website or from the registrar.

Where we pay an ordinary dividend this will be treated in the same way as dividends from non-REIT companies. The 2019 interim dividend will be paid as a PID.

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 (excluding public holidays in England and Wales).

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 Company.

Secretary and registered office

Penny Thomas LLB (Hons), FCIS
22 Ganton Street
Carnaby
London W1F 7FD

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 develops policies for standards of reporting disclosure, ethics and industry practices.

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.

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.

Reversionary potential
The amount by which ERV exceeds annualised current income, measured at a valuation date.

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/decline
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.