Shaftesbury

2021 Half Year Results

Investor and Analyst Presentation

Agenda

- **Results & finance**
  - Chris Ward
- **Reopening**
  - Brian Bickell
- **Sustainability**
  - Brian Bickell
- **Looking ahead: from recovery to growth**
  - Brian Bickell
- **Q & A**
  - Brian Bickell
  - Chris Ward
  - Tom Welton
  - Simon Quayle

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

Iconic villages

1. Percentage of wholly-owned portfolio valuation

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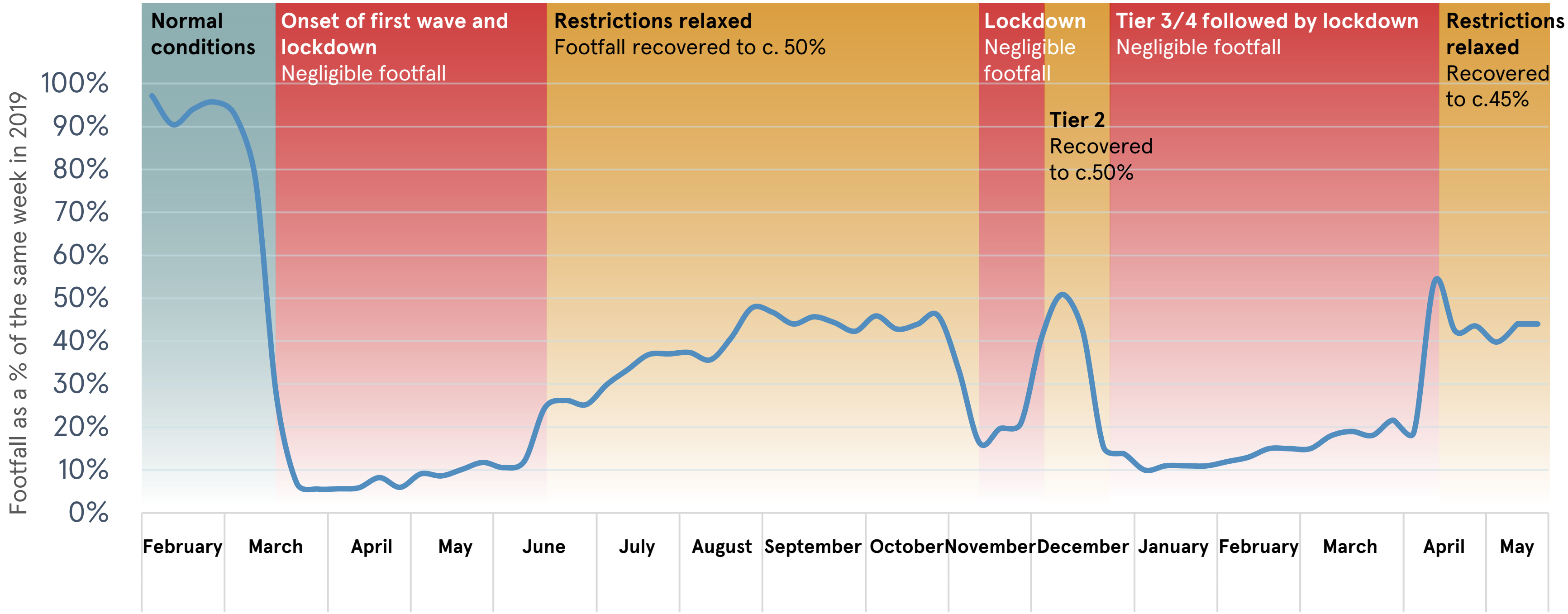
Pandemic impact on West End footfall



Source: New West End Company

Results & finance

Chris Ward

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Headlines

Net property income
£26.5m
£46.2m for H1 2020

EPRA earnings
£2.1m
£25.3m for H1 2020

Wholly-owned portfolio value
£2.8bn
-10.1% (6 months l-f-l)

Loan-to-value ratio
25.4%
based on net debt

EPRA NTA per share
£5.83
-21.5% (6 mos)

Dividend
2.4p
31.3.20: nil

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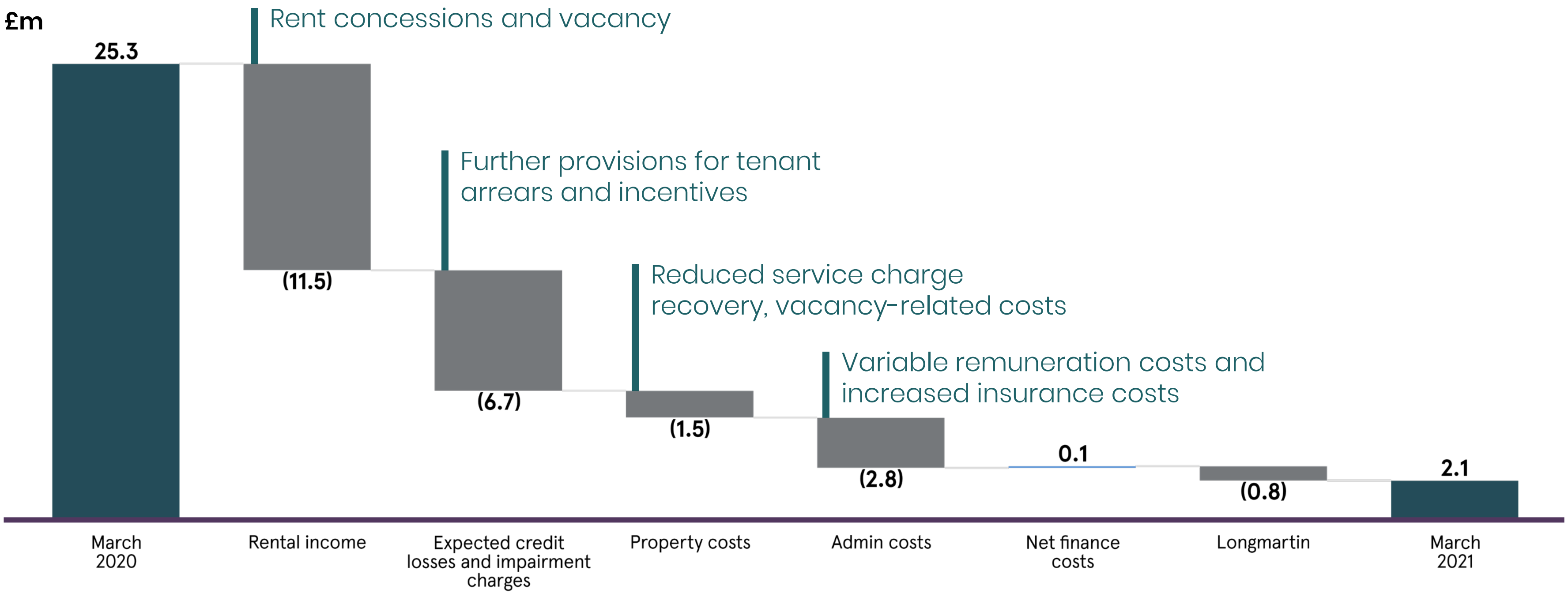
EPRA earnings
Materially impacted by the pandemic



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Valuation overview

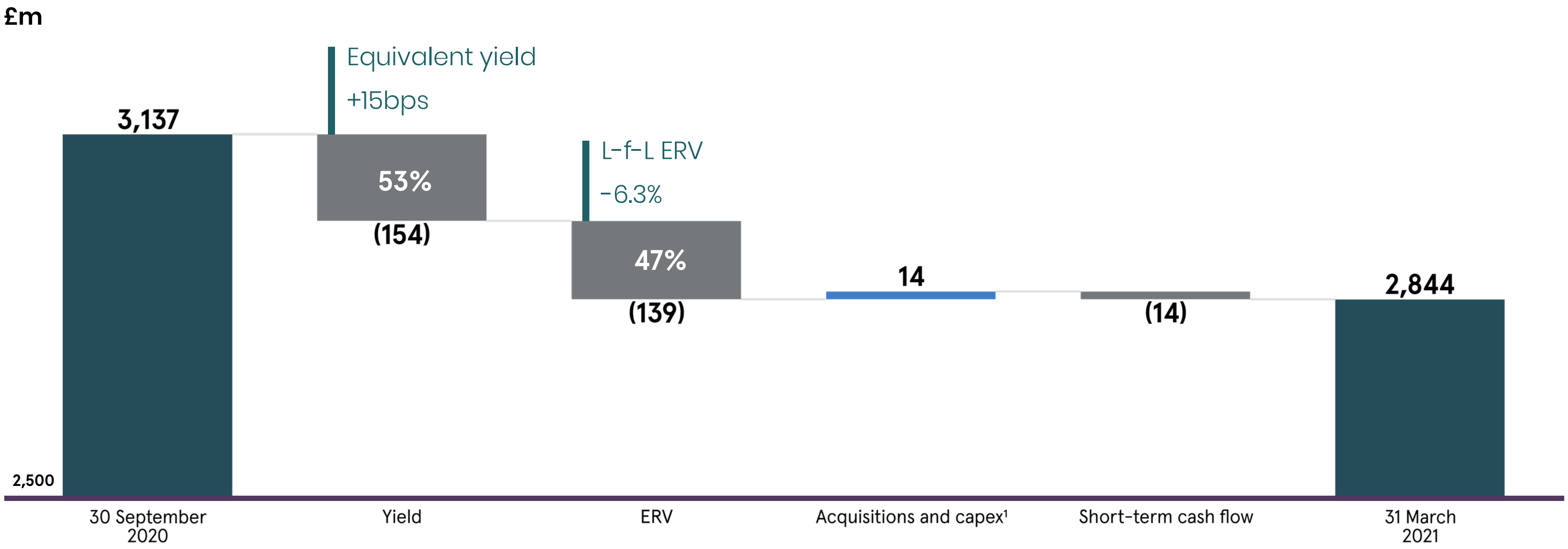
	Wholly-owned	Longmartin[1]
Valuation	**£2,844m**	**£164m**
Revaluation	**-£331m**	**-£11m**
L-f-L valuation decline	**-10.1%**	**-6.4%**
L-f-L ERV decline	**-6.3%**	**-6.3%**
Equivalent yield	**4.1% (+15 bps)**	**4.1% (-6 bps)**
Topped up initial yield	**3.4%**	**2.9%**

- Decrease concentrated in footfall-reliant uses
- Deduction for short-term rent concessions: £42m
- Average capital value[2]: £1,450 psf (Sept 20: £1,600 psf)
- Estate valued in parts, not in its entirety
- Longmartin valuation: £163.8m[1]
  - 6.4% L-f-L valuation decline
  - Equivalent yield flat
  - 6.3% L-f-L ERV decline, mainly in retail space

1. Our 50% share
2. Excluding apartments which are sold off on long leases, covering approx. 224,000 sq. ft.

Valuation decline over 6 months

Investor sentiment for footfall-reliant uses and challenging conditions at valuation date



1. Includes current market value of acquisitions made in the period and a capex movement which represents the year-on-year change in valuer's estimate of cost to complete various schemes within the portfolio

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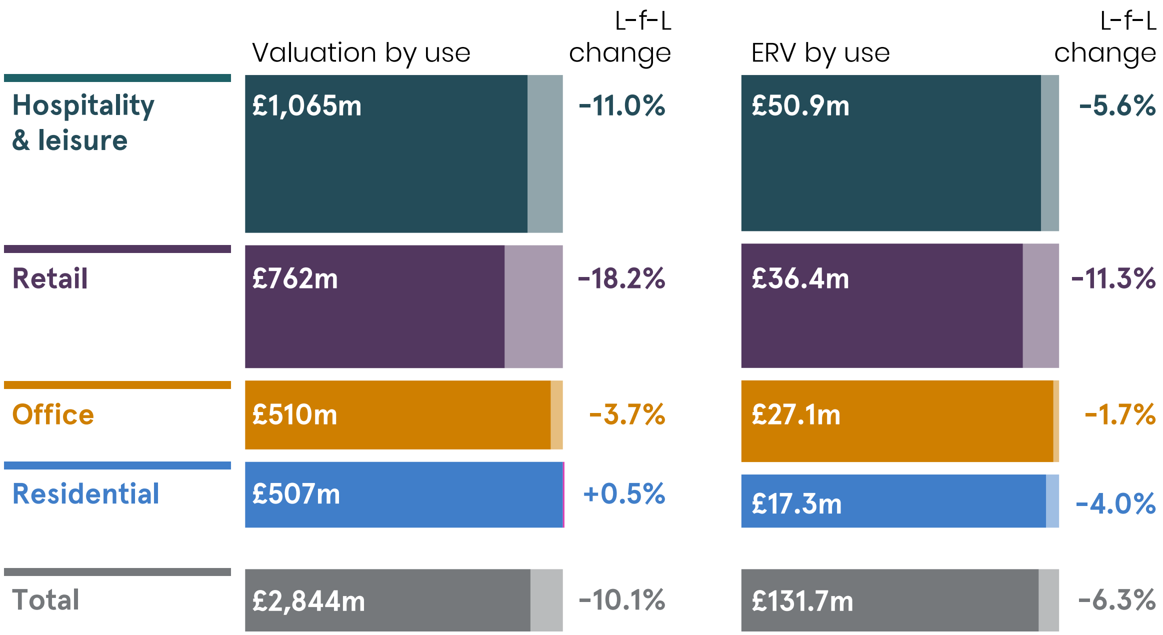
Valuation performance by use
Decrease concentrated in retail, hospitality & leisure



Note: Height of the bar for each use denotes 30 September 2020 valuation/ERV
1. Excluding apartments which are sold off on long leases, covering approx. 224,000 sq. ft.

- Equivalent yield
  - Retail and hospitality & leisure +15-35 bps
  - Offices broadly stable
- L-f-L ERV decline
  - Concentrated in retail and hospitality & leisure
  - Increased void assumptions for offices
  - Residential values stable at £1,350 psf[1]
- Outlook
  - Investor appetite yet scarce opportunities
  - Flight to quality
  - Value of control
  - Improving operational outlook
  - Caution over pace of recovery

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Finance
Strong financial base; positioned for return to long-term growth

- Equity raise: £294.4m (net)
  - Resilience maintained: reduced leverage and financing risks
  - Financial capacity to weather extended period of uncertainty
- Increase in LTV due to property valuation decline
- Earliest debt maturity: £100m undrawn facility in February 2023
- Interest cover covenant waivers extended in the period
  - Earliest expiry: July 2021
  - Discussions planned, but cash cure alternatives are available

31 March 2021	**£m**
Resources	
Cash	237.2
Undrawn RCFs	100.0
Available resources	**337.2**
Commitments	(25.2)
Proforma available resources	**312.0**
Debt	
Net debt	722.6
Loan-to-value	25.4%
Weighted average maturity of debt facilities	8.5 years
Blended cost of debt[1]	3.1%

1. Including non-utilisation fees on undrawn bank facilities

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Portfolio investment

Adapting/improving our heritage buildings

- Focussed on protecting existing income, but carrying out improvements when space becomes available
- Enhanced shell works to improve letting prospects
- Improving environmental performance
- Meeting changing consumer trends and occupier demands
- Downsizing larger retail and hospitality units where appropriate
- Repurposing space released: taking advantage of changes in planning regulation

Adding to core clusters

- Two buildings acquired in Seven Dials & Coliseum: £5.6m
- Disposal of a non-core building in April for £5.3m, 11% above March 2021 valuation

Capital expenditure

£19.0m

in the period

ERV of space in refurbishment

£5.7m

72 Broadwick Street
(4.3% of ERV; 77,000 sq. ft.)

£6.3m

Other schemes
(4.8% of ERV; 99,000 sq. ft.)

Reopening
Brian Bickell

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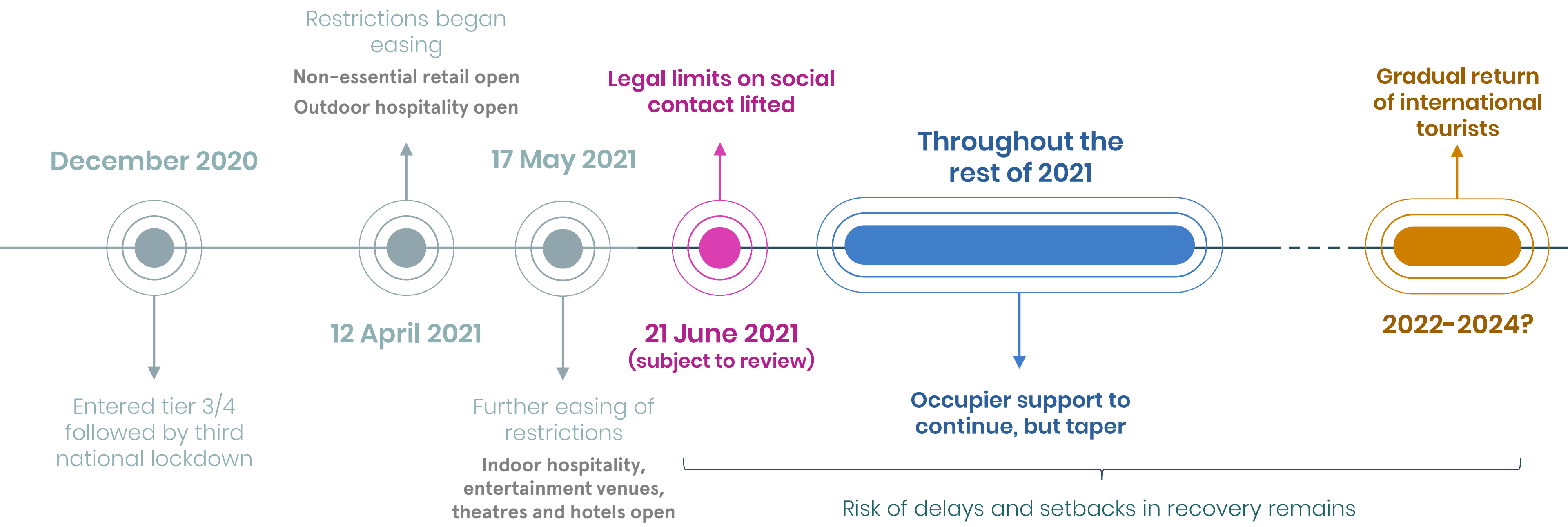
West End recovery timeline
Encouraging signs prior to final phase



Occupier support will continue case-by-case, but tapering

Success of our support for occupiers has enabled us to keep our carefully curated mix of brands largely intact

- 50% rent collection in year to 31 March 2021 (c.£56m)
  - 43% collected in 6 months to 31 March
    - Lower collection rate reflects significant impact of pandemic restrictions
- Tapering our support, but guided by
  - Pace of trading recovery for occupiers
  - Impact of withdrawal of government support
    - Furlough scheme
    - Rates holiday
    - VAT reduction

Rent concessions

Restructured leases

Turnover-linked rents

Monthly billing
of rent and service charges for most commercial occupiers

Collaborating with occupiers and partners for a successful reopening

- Working to ensure visitors can confidently and safely enjoy our areas, in partnership with
  - Occupiers
  - Local authorities
  - London & Partners' initiatives
  - Neighbouring owners
- Pedestrianisation and widening pavements
  - Long history of investment in public realm has proved invaluable
- Carefully managed marketing initiatives and activations throughout the summer and autumn

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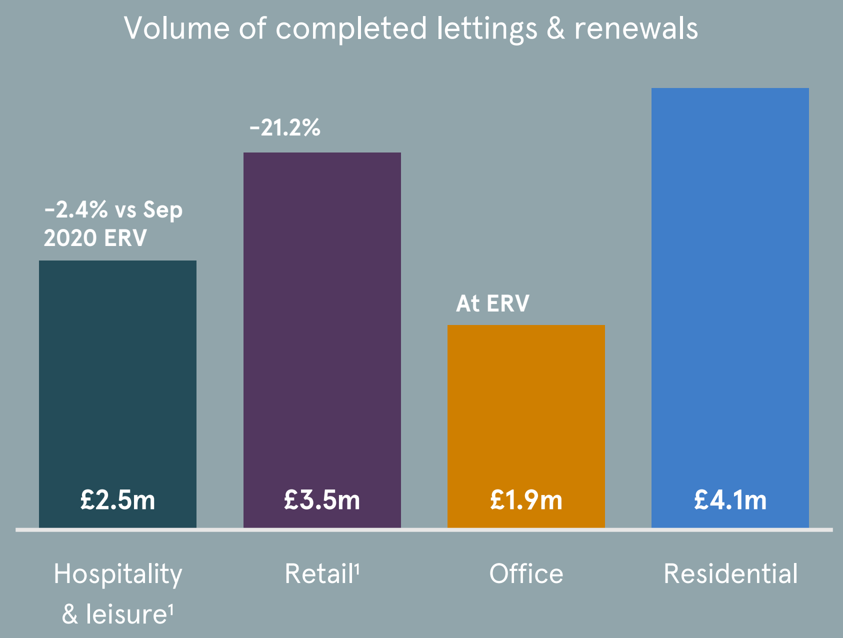
Encouraging leasing and occupier demand for space across all uses

- Completed £12.0m of lettings and renewals in the six months across 186,000 sq. ft.
  - 84 commercial and 144 residential lettings/renewals
  - H1 2020: £11.5m
- £2.1m of letting activity since 31 March
  - 12 commercial lettings and renewals (£1.1m)
  - 35 residential leases (£1.0m)
- Momentum in enquiries and lettings growing as recovery gathers pace



1. Includes estimated turnover rent

Encouraging leasing and occupier demand for space across all uses

Hospitality and leisure

- Robust demand throughout the period
  - Improved recently: multiple offers on some sites
- Lettings generally on conventional terms
  - Slightly longer rent-free periods and stepped rents
  - Larger sites: higher spec. of landlord fit out or capital contributions

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A selection of new hospitality signings

Watch House ↑

Chinatown Bakery ↑

Zahter ↑

Crispin ↑

Wing Wing ↑

Bodega Rita's ↑

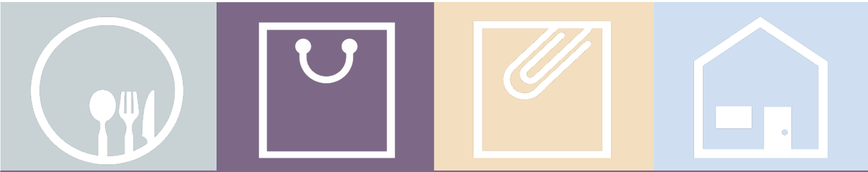
Korean Dinner Party ↑

Lahpet ↓

Imad's Syrian Kitchen ↑

INO ↑

Encouraging leasing and occupier demand for space across all uses



Retail

- Noticeable recent pick-up in enquiries
  - Relatively small, affordable space in historically busy streets
  - Re-emergence of brands who retreated last year
- Shorter, more flexible leases in near term
  - Growing base rent with turnover element
  - Aim to morph back to more conventional leases in medium term

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A selection of new retail signings

We are Cow ↑

Third Man Records ↑

Experimental Perfume Club ↑

Soho Scooters ↑

Annie's Ibiza ↑

NBA ↓

L'estrange ↑

Stone Island ↑

Soho Home ↑

Joshua Millard ↑

Encouraging leasing and occupier demand for space across all uses

Office

- Lettings in period in line with ERV
  - Small increase in rent-free periods
- Marked rise in viewings since March
  - Businesses attracted by our generally smaller, affordable space
- "Assemble", bespoke fitted office solution

Encouraging leasing and occupier demand for space across all uses

Residential

- Enquiries risen markedly recently
  - Unusually high vacancy across West End beginning to subside
  - Increased interest from students
- Developing a fully-furnished offering

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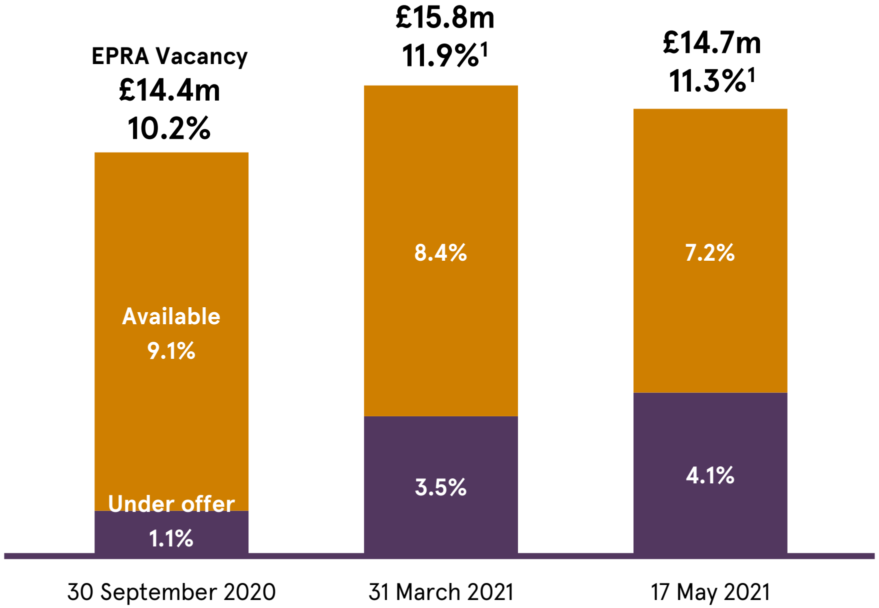
Reduction in available-to-let space
Further reduced since 31 March as letting momentum continues



1. Includes £0.7m (0.6%) at 31 March and £1.4m (1.1%) at 17 May let on a temporary basis

- Available to let down 0.7% to 8.4% at 31 March; down a further 1.2% since
  - Available-to-let space decreased for all uses, except offices…
  - …despite scheme completions in Q2 totalling 1.3% of ERV (largely offices)
- Under offer up 2.4% to 3.5% at 31 March; up another 0.6% since
  - Encouraging amount of space in solicitors' hands across all uses, reflecting improving occupier sentiment
  - Pace at which accommodation going under offer increasing

Potential acquisition opportunities expected to emerge later this year

- Opportunities to acquire remain limited
  - Existing private owners historically reluctant to sell other than in periods of uncertainty and financial pressure
- Lockdown has discouraged existing owners from bringing assets to market
  - Uncertainty and difficulties for purchasers to inspect
- As uncertainty recedes, we are aware of buildings potentially of interest to us being prepared for sale
- Disposals from a limited pool of non-core buildings being considered

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Sustainability
Brian Bickell

Sustainability activities

Sustainability strategy refresh

- Undertaken detailed materiality review to understand stakeholders' sustainability priorities
- Findings being used to develop focus areas for our strategy, based on 3 key pillars:
  - Supporting our community
  - Sustainable building reuse and refurbishment
  - Influence, motivation & partnership

Net zero carbon roadmap

- Roadmap to be published later this year, including ambitious net zero carbon date and actions we'll take to achieve it
- Continued focus on energy efficiency of our buildings and meeting future MEES requirements

Community engagement

- Focus on supporting young people and our local communities
- Contributions towards Young Westminster Foundation (Brighter Futures) & Young Camden Foundation (Heads Up) funds

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Looking ahead: from recovery to growth

Brian Bickell

Recovery

- Business and consumer confidence growing
  - Successful vaccination programme
  - Public desire to return to the West End
  - Public transport usage recovering
- All legal restrictions to be lifted (earliest 21 June)
  - Restore full internal capacity for shops and hospitality (subject to safety advice)
  - Full re-opening of cultural and other attractions and evening/night time economy
- Return of office population, staycation breaks and day visitors will stabilise local economy
  - International tourism recovery forecast 2022 – 2024
- Demand for accommodation growing across all uses
  - Key advantages: Best locations/unit size/affordability/supportive, trusted landlord
- Elizabeth Line (central section) on course to open H1 2022
  - Full service by H1 2023

Evolving for a sustainable future

- Structural changes in spending and working patterns accelerating
- Leasing models evolving in response to occupier expectations
- Repurposing of space in a changing planning regime
- Initiatives to prepare Shaftesbury for a post-pandemic West End:
  - "Next Chapter" project involving team, the Board and external facilitator to identify challenges, opportunities and strategy for next five years and beyond
  - Review of internal structure and rationalising external advisors
  - Adding resource to the team to prepare for a faster-changing environment (including senior leads on Sustainability, Offices and Insights)
  - Investment in IT and data capabilities

Outlook: Returning to long-term growth

London will continue to be one of the world's most important destinations

- Broad-based dynamic economy attracting domestic and international businesses
- Global appeal; an unrivalled experience for workers, visitors and residents

West End will adapt to structural changes

- Hotspot of creativity and culture
- Established, long-term ownerships
- Near term over supply of retail space will be absorbed through domestic and international demand and repurposing

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Proven, evolving strategy

Experienced team

Strong financial base

Well placed to return to sustainable long-term growth

Appendices

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Our portfolio by use

	Hospitality & leisure	Shops	Offices	Residential	Total
Fair value (£m)	1,065	762	510	507	**2,844**
Annualised current income (£m)[1]	43.1	32.1	16.8	12.9	**104.9**
ERV (£m)	50.9	36.4	27.1	17.3	**131.7**
% of total fair value	37%	27%	18%	18%	**100%**
% of current income	41%	31%	16%	12%	**100%**
% of ERV	38%	28%	21%	13%	**100%**
Average ERV (£ psf)	72	84	62	46	**67**
WAULT (years)	8	3	3	Note 2	
Initial yield	3.7%	3.8%	2.8%	1.7%	**3.2%**
Topped up initial yield	4.0%	4.0%	3.0%	N/A	**3.4%**
Equivalent yield	4.5%	4.4%	4.6%	2.4%	**4.1%**
Area (sq. ft. m)	0.7	0.4	0.4	0.4[3]	**1.9**
Units	332	280	310	630[3]	

1. Including estimated turnover related rents
2. Residential typically let on three-year assured shorthold tenancies with rolling two-month break options after the first six months
3. Excluding apartments which are sold off on long leases, covering approximately 224,000 sq. ft.

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Valuation summary by village

	Fair value £m	% of portfolio	L-f-L change in value (6 mos)	Annualised current income £m	ERV £m	Equivalent Yield
Carnaby	1,082.2	38%	-11.7%	38.1	53.6	4.3%
Covent Garden	769.9	27%	-9.4%	27.7	33.7	3.8%
Chinatown	641.4	23%	-8.7%	25.6	28.4	4.0%
Soho	237.8	8%	-8.2%	9.6	10.8	4.1%
Fitzrovia	112.7	4%	-10.2%	3.9	5.2	4.0%
Wholly-owned portfolio	**2,844.0**	**100%**	**-10.1%**	**104.9**	**131.7**	**4.1%**
Longmartin joint venture (our 50%)	163.8		-6.4%	5.3	8.2	4.1%

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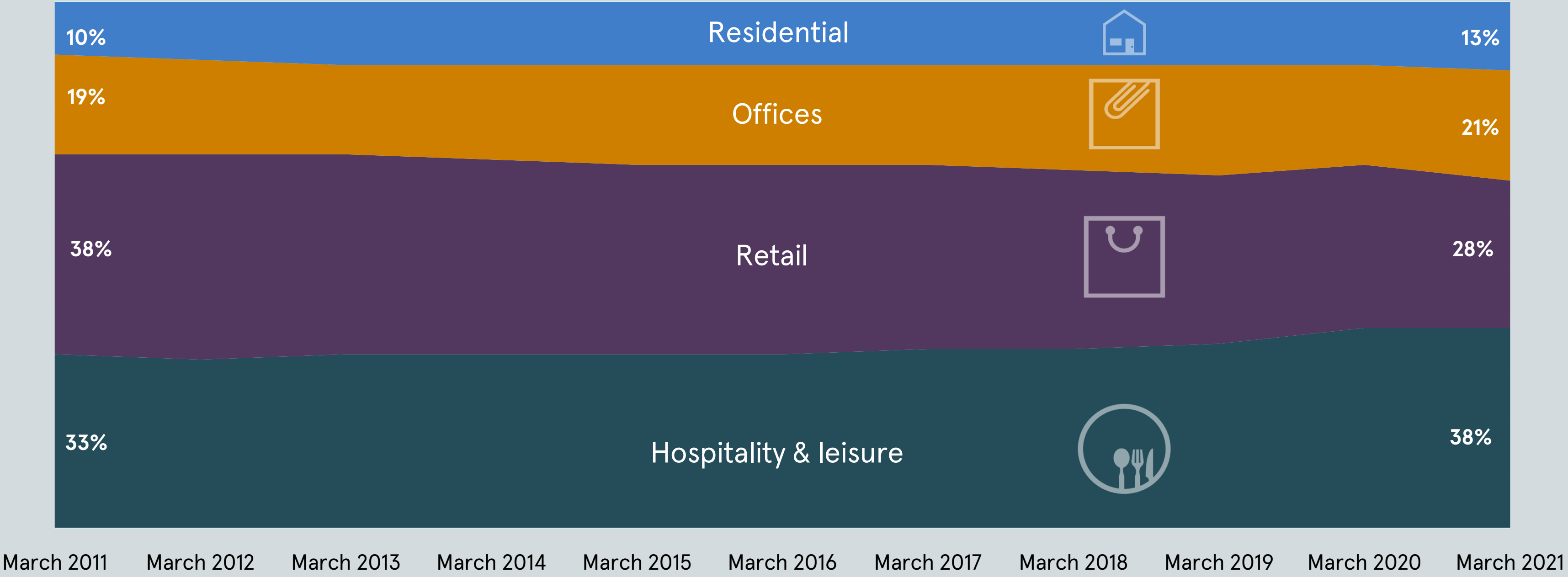
Mix of uses
Evolution of uses over time by ERV



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EPRA vacancy at 31 March 2021
Available to let

	Hospitality & leisure	Shops	Offices	Residential	Total	% of total ERV
ERV (£m)						
Available	1.6	1.7	4.0	3.1	10.4	7.8%
Temporary lettings[1]	–	0.7	–	–	0.7	0.6%
31.3.20	**1.6**	**2.4**	**4.0**	**3.1**	**11.1**	**8.4%**
30.9.20	2.6	4.1	2.3	3.7	12.7	9.1%
Area ('000 sq. ft.)						
31.3.21	**23**	**21**	**62**	**67**	**173**	
30.9.20	35	40	38	69	182	
Number						
31.3.21	**12**	**18**	**50**	**123**		
30.9.20	16	31	43	133		

1. Six shops let on a temporary basis: 5,600 sq. ft.

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EPRA vacancy at 31 March 2021
Under offer

	Hospitality & leisure	Shops	Offices	Residential	Total	% of total ERV
ERV (£m)						
31.3.21	**1.9**	**1.5**	**0.7**	**0.6**	**4.7**	**3.5%**
30.9.20	0.9	0.4	0.2	0.2	1.7	1.1%
Area (‘000 sq. ft.)						
31.3.21	**28**	**18**	**8**	**13**	**67**	
30.9.20	12	5	2	3	22	
Number						
31.3.21	**13**	**9**	**4**	**21**		
30.9.20	6	4	2	4		

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Development vacancy at 31 March 2021

	Hospitality & leisure £m	Shops £m	Offices £m	Residential £m	Total £m	% of total ERV Mar 2021	% of total ERV Sept 2020
72 Broadwick Street	3.3	0.3	1.6	0.5	**5.7**	**4.3%**	4.1%
Other schemes	1.3	1.5	2.9	0.6	**6.3**	**4.8%**	6.0%
Total	**4.6**	**1.8**	**4.5**	**1.1**	**12.0**	**9.1%**	10.1%
30.9.20	4.5	2.2	6.2	1.4	14.3		
Area ('000 sq. ft.)							
31.3.21	**65**	**28**	**64**	**19**	**176**		
30.9.20	63	22	85	30	200		

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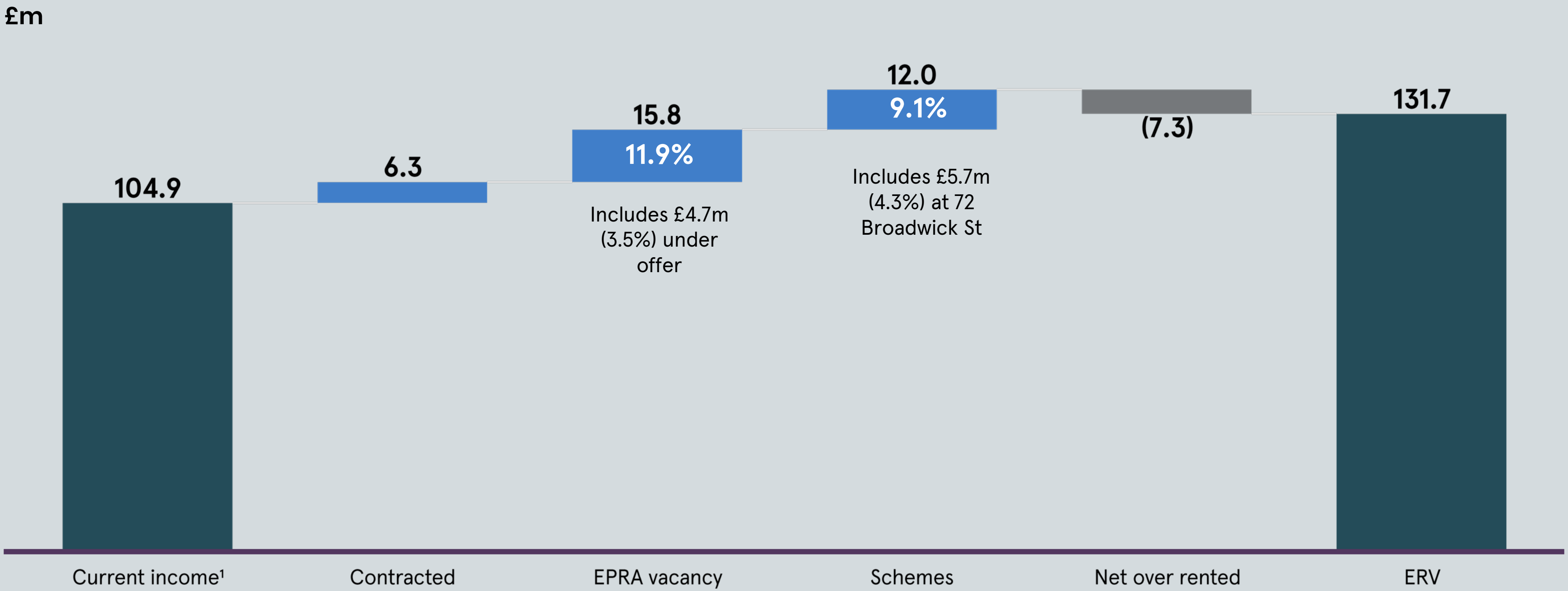
Wholly-owned reversion



1. Includes estimated turnover rent.

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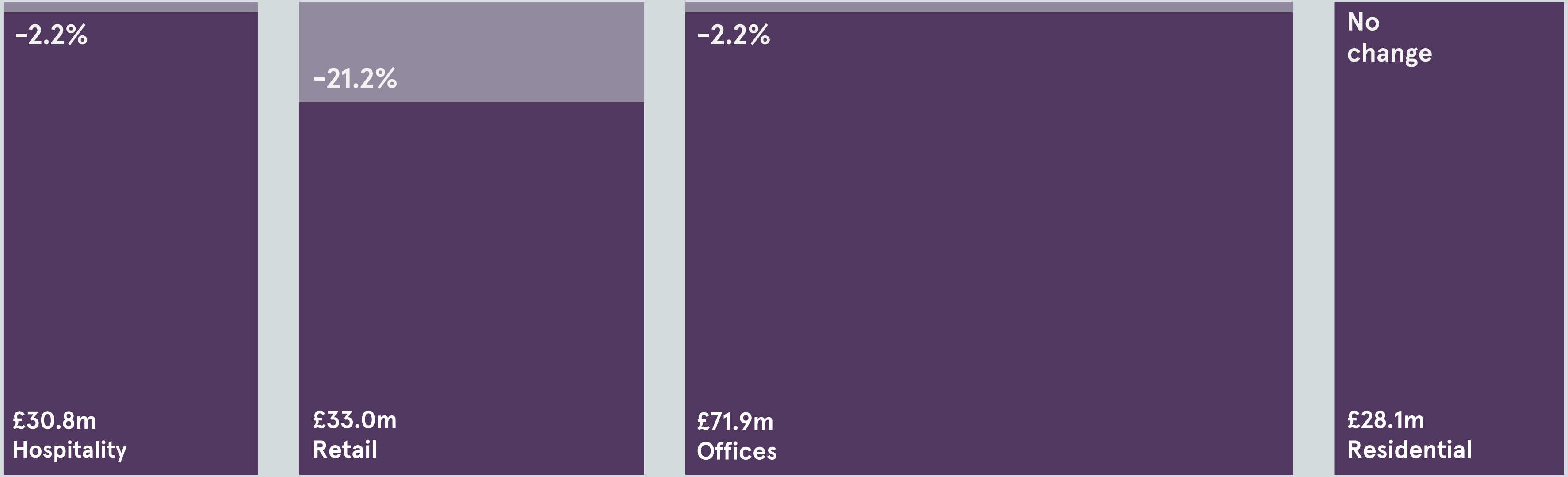
Longmartin JV valuation at 31 March 2021 (£m)[1]

6.4% L-f-L decline in the period



Note: Width of the bars denotes 30 September 2020 valuation

1. Our 50% share

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EPRA earnings

	6 months to 31 March 2021	6 months to 31 March 2020	12 months to 30 September 2020
Rental income	48.9	60.4	114.4
Provisions for expected credit losses and impairments	(10.6)	(3.9)	(21.9)
Other property charges	(11.8)	(10.3)	(18.2)
Net property income	**26.5**	**46.2**	**74.3**
Administrative expenses	(9.3)	(6.5)	(14.4)
	17.2	**39.7**	**59.9**
Net finance costs	(15.3)	(15.4)	(31.8)
Share of Longmartin JV loss/profit before tax[1]	0.3	1.3	(1.3)
Recurring profit before tax	**2.2**	**25.6**	**26.8**
Share of Longmartin JV current tax	(0.1)	(0.3)	2.6
EPRA earnings	**2.1**	**25.3**	**29.4**

1. After adjusting for revaluation deficit and deferred tax

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EPRA net asset value measures

	31 March 2021			30 September 2020		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS net assets	**2,237.2**	**2,237.2**	**2,237.2**	2,280.6	2,280.6	2,280.6
Dilutive effect of share options[1]	**0.7**	**0.7**	**0.7**	0.7	0.7	0.7
Deferred tax[2]	**6.5**	**6.5**	–	8.5	8.5	–
Difference between fair value and carrying value of debt:						
Secured term loans[3]	**-**	**-**	**(35.1)**	–	–	(48.0)
Mortgage bonds	**-**	**-**	**12.2**	–	–	11.4
Investment property purchasers' costs	**202.0**	**-**	**-**	222.5	–	–
Total	**2,446.4**	**2,244.4**	**2,215.0**	2,512.3	2,289.8	2,244.7
Number of diluted shares (m)	385.0	385.0	385.0	308.0	308.0	308.0
Diluted net assets per share (£)	**6.35**	**5.83**	**5.75**	8.16	7.43	7.29

1. Increase in shareholders' equity which would arise on the exercise of share options
2. Our 50% share of deferred tax in the joint venture.
3. Includes the wholly-owned Group's secured term loans and our 50% share of secured term loans in the joint venture

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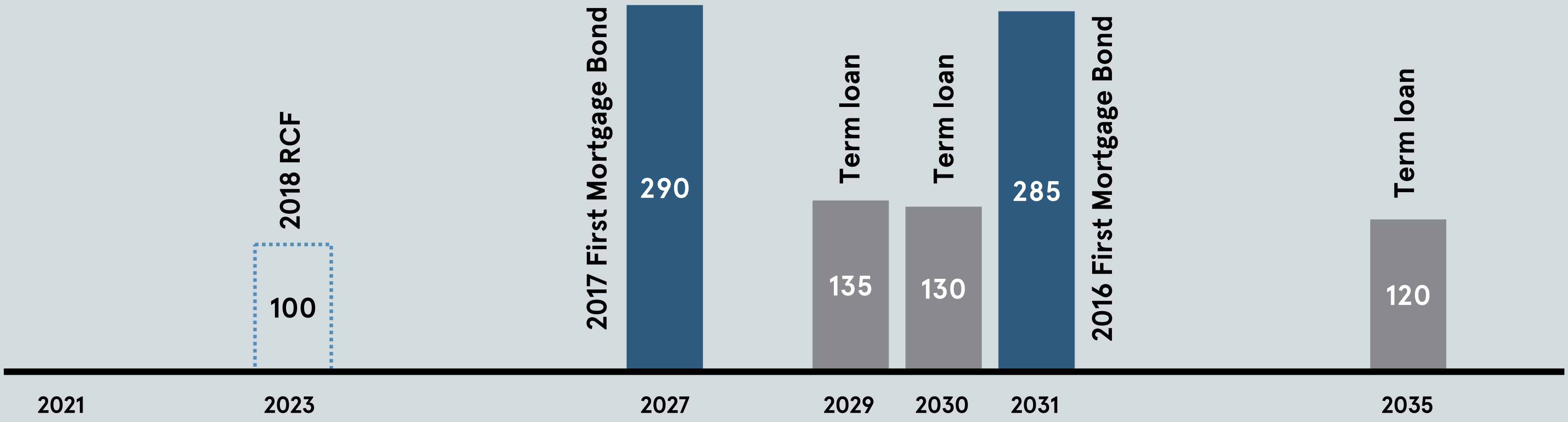
Debt maturity profile (£m)
Weighted average maturity of debt facilities: 8.5 years[1]



1. Excluding Longmartin non-recourse debt; including undrawn £100m RCF

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Debt covenants

INTEREST COVER

	Frequency of testing	Summary of measure	Min	Comments
Bonds	Half yearly	Net property income of specifically secured assets, adjusted to exclude certain costs, to gross interest payable under the bonds.	1.15x	Calculation is based on the annualised income accruing at the testing date, or due to accrue within three months. Security top-up (or purchase and cancel sufficient bonds) to 1.25x required if ICR falls below 1.15x
Term loans	Quarterly	Net property income of specifically secured assets, adjusted to exclude certain costs, to gross interest payable under the loans.	1.4x – 1.5x	3-month backward looking test based on actual receipts. 12-month projected test. Cure rights available. Waivers until July 2021 (£134.8m term loan) and January 2022 (£250m term loan)
Revolving credit facility	Quarterly	Consolidated net rental income plus dividends from the joint venture to consolidated net interest.	1.5x	Based on Group half year and full year reported information, and management accounts in the interim quarters. Waiver until October 2021

LOAN TO VALUE

	Frequency of testing	Summary of measure	Min	Comments
Bonds	Half yearly	Nominal value of bonds to valuation of specifically secured assets.	66.67%	Security top-up (or purchase and cancel sufficient bonds) to 60.0% required if LTV exceeds 66.67%.
Term loans	Quarterly	Debt to valuation of specifically secured assets.	60% - 70%	Cure rights available. Cash waterfall applies if LTV > 65%. (£250m term loan)
Revolving credit facility	Quarterly	Amounts drawn to valuation of specifically secured assets.	66.67%	Cure rights available. Draw stop at 50% during term of ICR waiver.

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