Shaftesbury

2022 Half Year Results

Investor and Analyst Presentation

Shaftesbury

Agenda

Introduction
- Brian Bickell

Results and finance
- Chris Ward

Operational update
- Brian Bickell

Sustainability
- Brian Bickell

Outlook
- Brian Bickell

Q&A
- Brian Bickell
- Chris Ward
- Simon Quayle
- Tom Welton

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

Continuing strong rebound in the West End economy

- Recovery in key operating metrics
  - Leasing, occupancy, rent collection, income & rental values
- Growth in EPRA earnings, dividend, valuation and EPRA NTA
- Positive outlook despite macro headwinds
- Acquired 92-104 Berwick Street in May 2022
- Elizabeth Line service starts today!

Resilience and enduring appeal of the West End and our locations

Recovery in footfall and spending

- Returning to seven-day economy
- Domestic footfall and return of international visitors
- Occupiers now reporting turnover above pre-Covid levels

Recovery in occupier confidence

- Attracted to the busiest West End locations
- Our occupancy levels now close to long-term average
- Strong leasing activity and sustained momentum

Results and finance

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Headlines

Net property income	Covid-adjusted EPRA earnings	2022 interim dividend
£41.1m	**£18.4m; 4.8p per share**	**4.8p**
H1 2021: £26.5m; +55.1%	H1 2021: £(10.6)m; (2.9)p per share	2021 interim: 2.4p; +100.0%

Wholly-owned portfolio value	Loan-to-value ratio[1]	EPRA NTA per share
£3.3bn	**23.2%**	**£6.79**
+7.5% (6m LfL); +13.1% (12m LfL)	Sep-21: 24.9%	Sep-21: £6.19; +9.7%

1. Based on net debt

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Recovery in operating conditions; materially improved results

- Net property income: £41.1m (+55.1%)
  - Rental income: +11.5% (LfL); improved occupancy and the end of rental support for occupiers
  - H1 rent collection: 95%, limited impact from Omicron; expect continued improvement and further recovery of arrears
  - Significant decrease in charges for expected credit losses and impairments (£2.2m vs £10.6m in H1 21)
  - Reduced property costs
- Revaluation/disposal profits: Y-o-Y variance +£558.9m
- EPRA earnings: £15.6m (+£13.5m vs H1 21)
- Covid-adjusted EPRA earnings £18.4m, +£2.8m (17.9%) vs EPRA earnings
  - Removing impact of pandemic rental support now amortising to the Income Statement

Six months ended	31 March 2022 £m	31 March 2021 £m
Net property income	**41.1**	26.5
Administrative expenses	**(11.2)**	(9.3)
Revaluation/disposal profits	**227.5**	(331.4)
Net finance costs	**(14.9)**	(15.3)
Share of Longmartin post-tax profit/(loss)	**5.1**	(9.0)
Reported profit/(loss)	**247.6**	(338.5)
EPRA earnings[1]	**15.6**	2.1
EPRA eps[1,2]	**4.1p**	0.6p
Covid-adj EPRA eps[1,2]	**4.8p**	(2.9)p

1. Alternative performance measure
2. Earnings per share for the period ended 31 March 2021 has been adjusted for the bonus element inherent in the equity raise in November 2020

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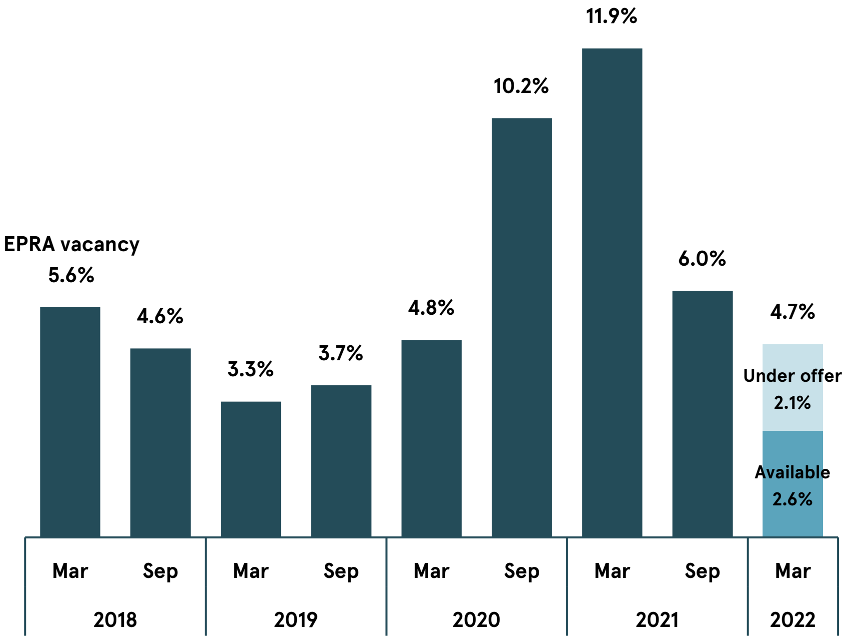
Strong interest across all uses
Leasing momentum continues; vacancy trending towards pre-pandemic levels

- Strong occupier demand; return of supply/demand tension
- Letting activity: £18.9m; healthy increases over Sept 21 ERVs and previous rents
  - Commercial lettings/renewals: £13.3m (+6.3% vs 9/21 ERV)
  - Rent reviews: £3.3m (+17.9% vs previous rents)
  - Residential lettings: £2.3m (+6.2% vs previous rents)
  - £5.7m of lettings and renewals since 1 April 2022 (including £1.8m at our 72 Broadwick Street scheme)
- Vacancy down 1.3 ppts to 4.7% of ERV
  - Available to let: 2.6%
  - Space under offer: 2.1%
  - Further decrease in vacancy to 3.7% since 1 April 2022



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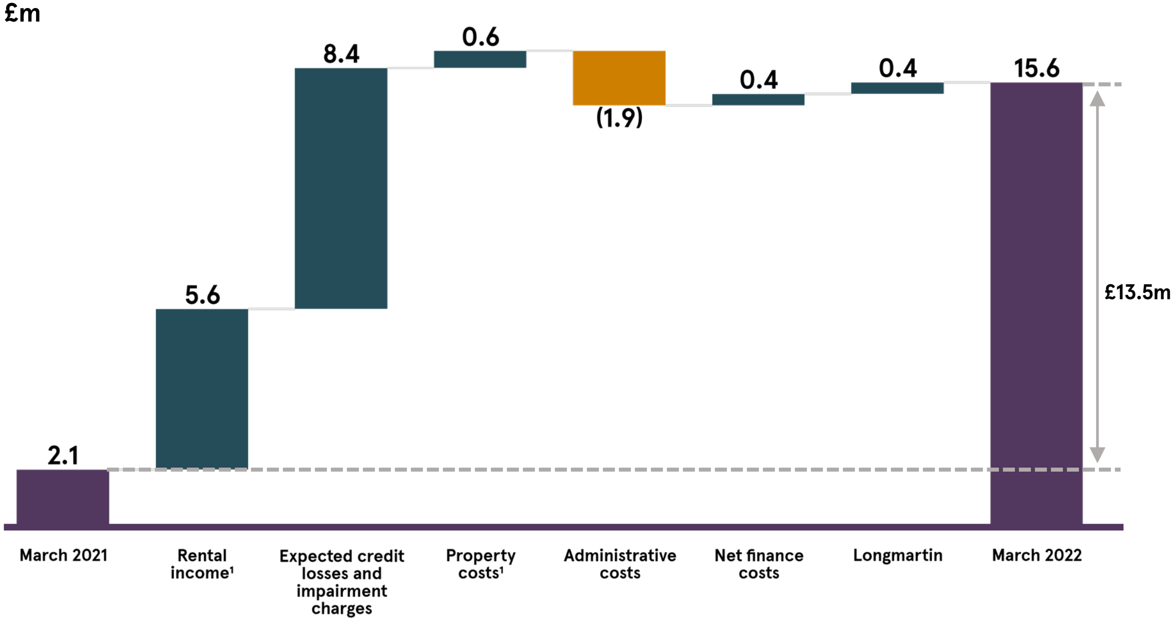
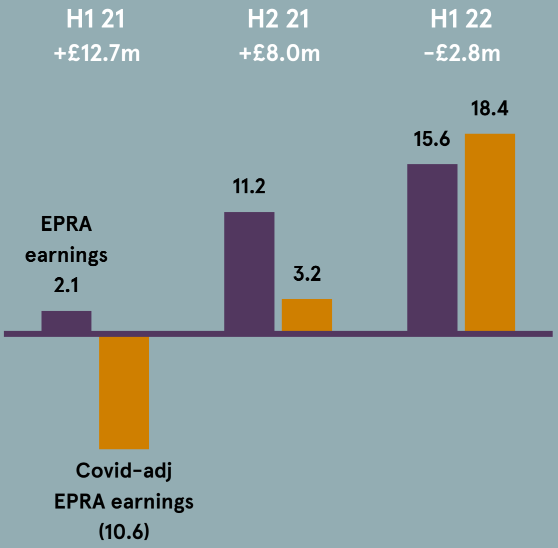
Recovery in EPRA earnings
Driven by higher occupancy, improved rent collection and reduced provisions



1. Net of recoverable service charge costs.

Impact of rental support on EPRA earnings (£m)



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Capital value growth: +7.5% (LfL)
Driven by strength of occupational market and improved investor sentiment

	Wholly-owned	Longmartin[1]
Valuation	**£3,262m**	£173m
Revaluation	**+£226.7m**	+£6.2m
LfL valuation growth	**+7.5%**	+4.0%
Annualised current income	**£107.2m**	£6.3m
ERV	**£140.9m**	£8.5m
LfL ERV growth	**+6.4%**	+4.0%
Equivalent yield	**3.9%** (-6 bps)	4.0% (no change)
Topped up initial yield	**3.3%**	3.2%

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

- Valuation: 36% of 26.6% pandemic decline recovered since March 21
  - LfL valuation decline now 16.9% vs Sept 19
- ERV: 45% of 12.5% pandemic decline recovered since March 21
  - LfL ERV decline now 6.9% vs Sept 19
- Average capital value[2]: £1,660 psf (30.9.21: £1,535 psf)
- Estate valued in parts, not in its entirety
- Longmartin: growth across all uses

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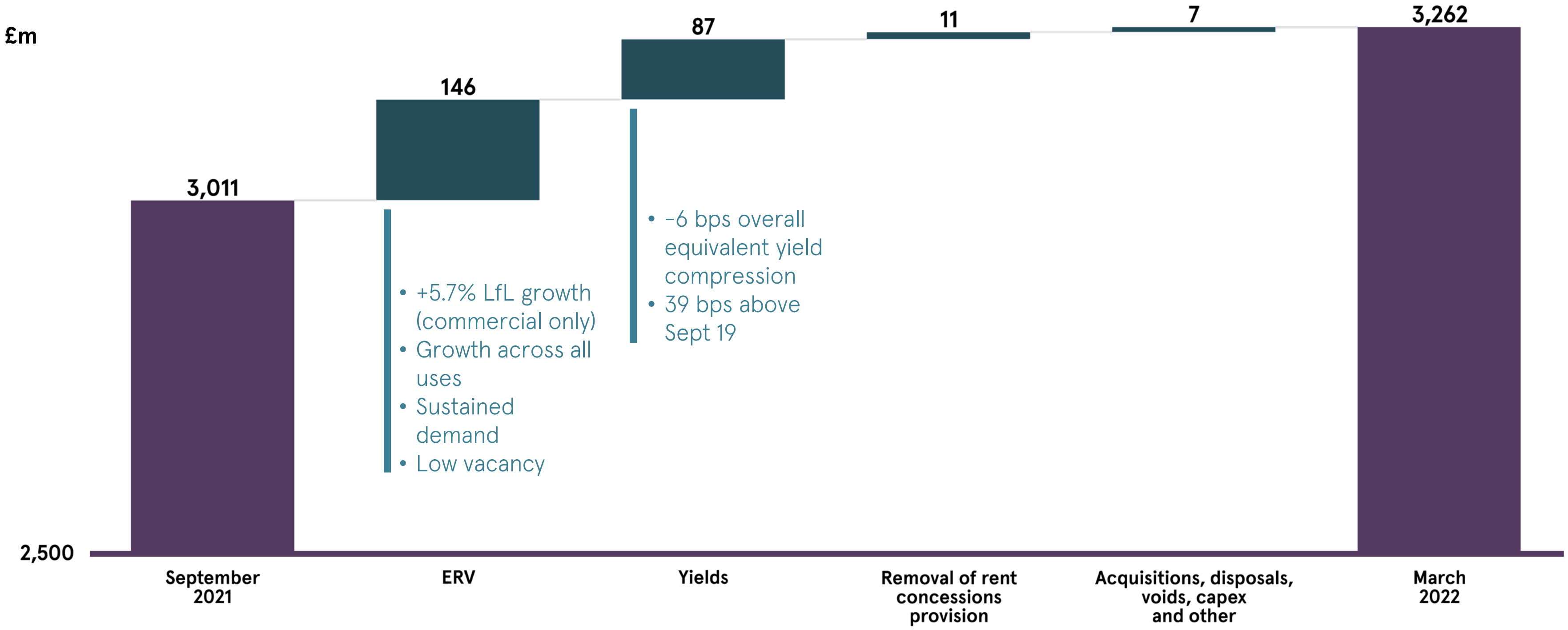
Valuation growth driven by ERV growth and yield compression



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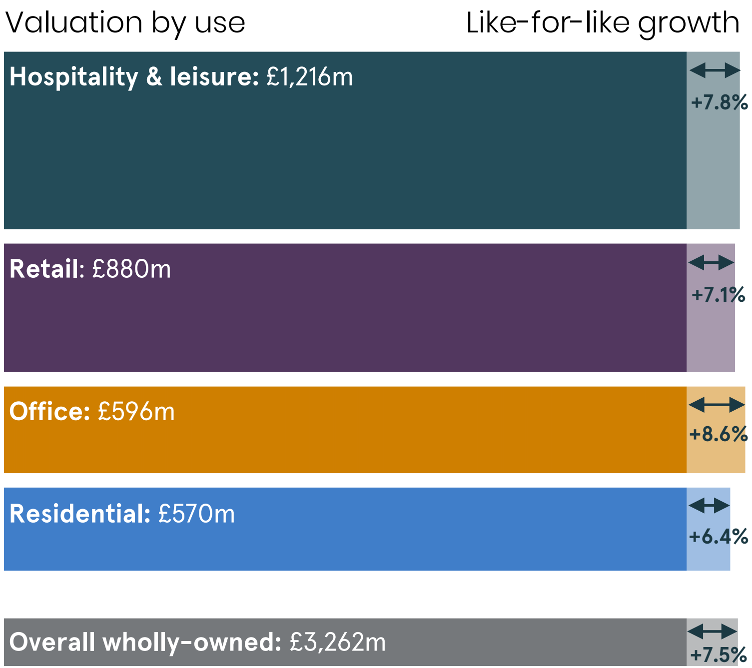
Valuation increases across all uses



Hospitality & leisure

- Positive occupier sentiment fuelled by improved operational outlook
- +6.4% ERV growth. Now recovered to 6.4% below Sept 2019 levels (LfL)
- Capitalisation rates compressed c.13 bps

Retail

- General improvement in retailer sentiment as trading volumes and footfall recover
- +5.9% rental growth, but still 16.2% below Sept 2019 levels (LfL)
- Capitalisation rates broadly stable

Offices

- Improved occupier sentiment, particularly for the best space in the best locations
- ERV growth: 4.0%. ERV now 2.4% above Sept 2019 (LfL)
- Capitalisation rates compressed c.21 bps

Residential

- Buoyancy of the West End residential investment market
- ERV increase: 11.9%, reversing all pandemic decline in 6 months (LfL)
- Average capital value of our apartments is £1,500 per sq. ft.

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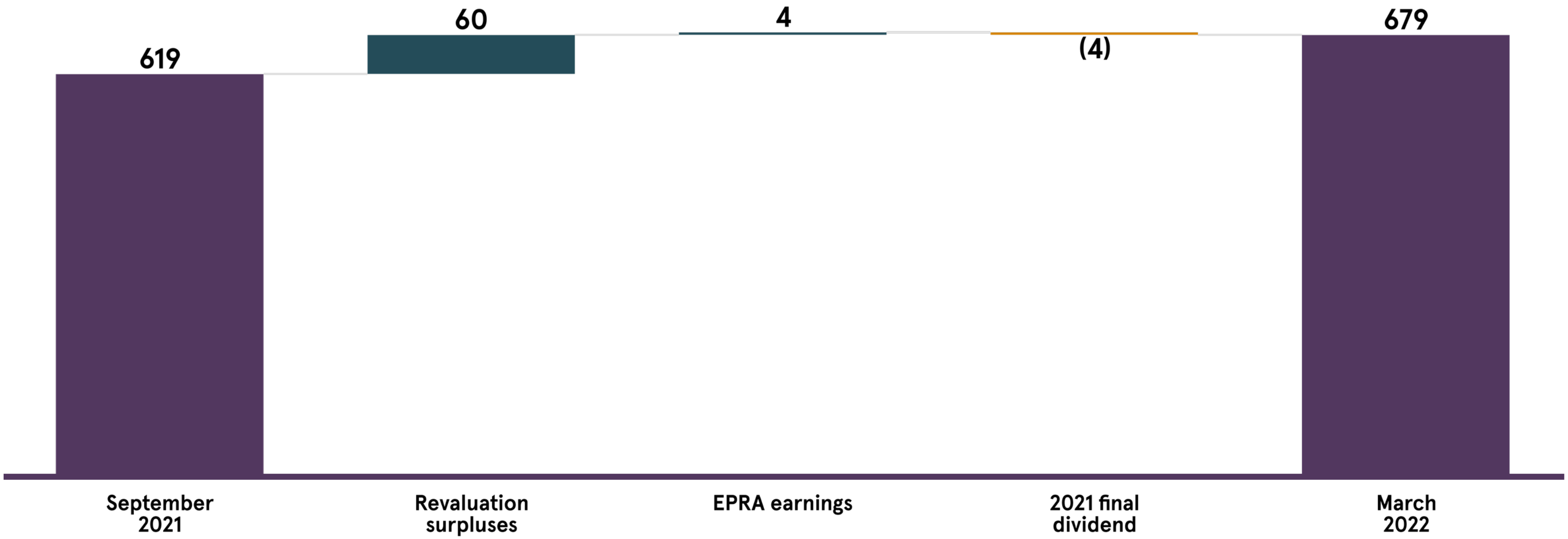
EPRA NTA per share: +9.7%
Driven by revaluation surpluses

Pence per share



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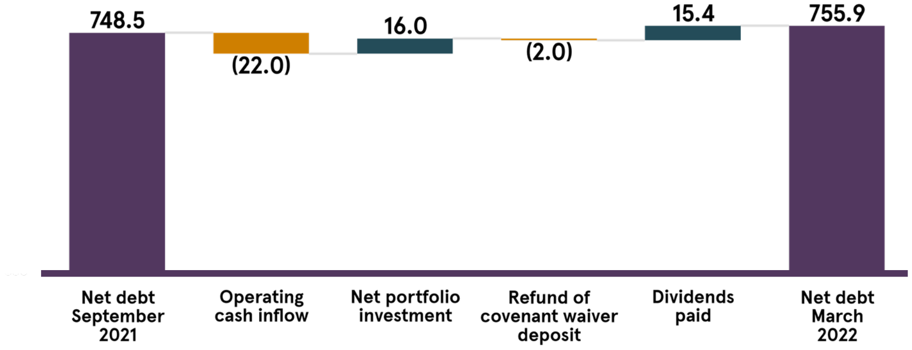
Finance

- Uncommitted resources at 31 March 2022: £276m
  - Subsequent purchase of 92-104 Berwick Street (£27.5m, excl. costs)
- Earliest maturity Feb-23: £100m undrawn facility
- LTV: 23.2%, down 1.7 ppts due to valuation growth
- Compliant with all debt covenants

Net debt
£m



	31 March 2022 £m	30 Sept 2021 £m
Resources		
Cash	203.9	211.3
Undrawn RCF	100.0	100.0
Available resources	**303.9**	**311.3**
Commitments[1]	(27.8)	(18.8)
Uncommitted resources	**276.1**	**292.5**
Debt		
Net debt	755.9	748.5
Loan-to-value	23.2%	24.9%
Weighted average maturity	7.5 years	8.0 years
Blended cost of debt[2]	3.1%	3.1%

1. At 31 March 2022: excludes acquisition of 92-104 Berwick Street, contracted since 1 April 2022
2. Including non-utilisation fees on undrawn bank facilities

Operational update

Hospitality & leisure

£52.9m
ERV

38%
of total ERV

322
hospitality venues
0.7m sq. ft.

- Strong recovery in trading
  - Omicron concerns impacted Christmas/New Year trading (7 weeks)
  - Trade in April on average 9% above pre-Covid levels
- Occupier demand remains strong
  - Limited space available: 7 cafés and restaurants at 31 March 2022 (ERV: £0.5m)
- Concluded lettings and renewals (rental value: £3.6m), 7.6% ahead of 9/21 ERV
  - Rent reviews with a rental value of £2.3m agreed 20.0% ahead of previous rents

A selection of hospitality openings in H1 2022

Lisboeta

The Ganton Arms

The Patate

St Martin's House

Slim Chickens

Kung Fu Noodle

MoMoMo

Yole

marsha

Black Horse

Kanada-Ya

Retail

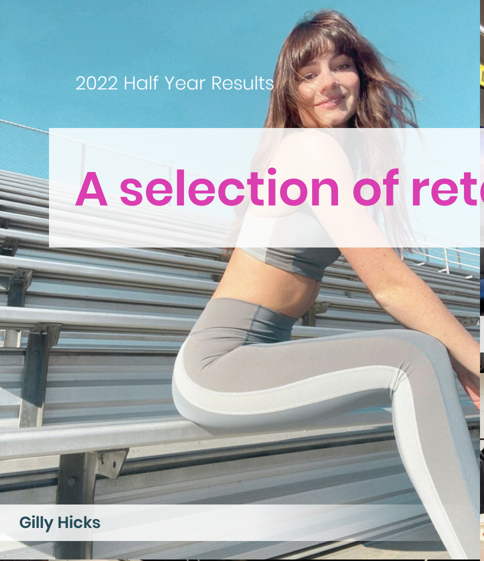
- **Trading and sentiment improving**
  - Trade in April on average 4% above pre-Covid levels
- **Strong occupier interest continues**
  - International and domestic interest
  - Store profitability key – busy locations/smaller, affordable space
  - Workwear fashion replacing "business formal"
  - Affordable ethical retail growing – jewellery/vintage and re-sale fashion
- **Lettings and renewals (rental value: £6.5m) concluded 6.8% ahead of 9/21 ERV**
  - Leases now commonly structured on a fixed base and rising rent to ERV over two years, rather than turnover-based
  - Available to let at 31.3.22: 17 shops (ERV: £1.7m)

£39.3m ERV

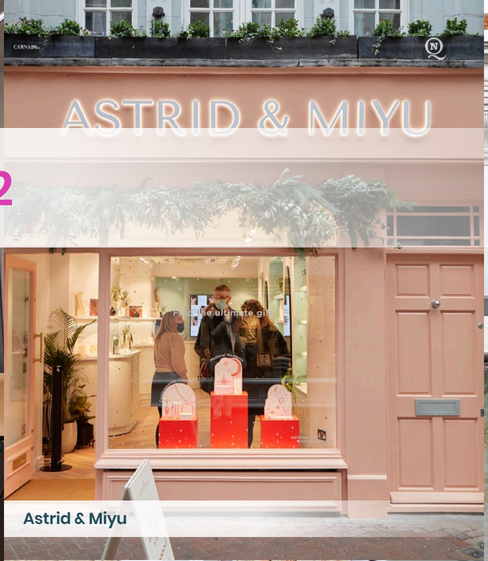
28% of total ERV

291 shops 0.4m sq. ft.

A selection of retail lettings in H1 2022


Gilly Hicks

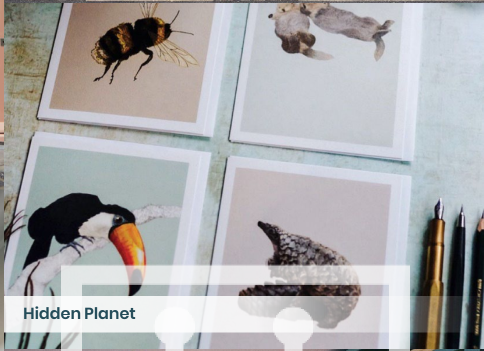
Pop Mart

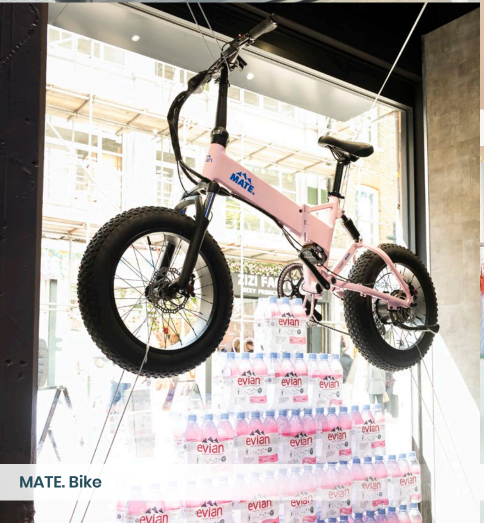


Astrid & Miyu


Han Kjøbenhavn

DAI


Hidden Planet



MATE. Bike


Nicce

Kloris


Colorful Standard

Offices

- **Strong demand for office space**
  - Particularly strong for highest quality office suites
  - Enquiries from existing occupiers for additional or higher specification space
- **"Assemble" fitted product continues to be popular**
  - New all-inclusive leasing package for small space (< 1,000 sq. ft.) to be launched
- **Concluded lettings and renewals (rental value: £3.2m) up 3.8% against 9/21 ERV**
  - Rent reviews of £0.5m (+26.9% against previous rents)
  - Available to let at 31.3.22: 22 office suites (ERV: £1.3m)

£30.0m	21%	312
ERV	of total ERV	office suites 0.4m sq. ft.

Residential

- Sustained demand across the West End continues
  - Apartments typically go under offer within days
  - Rental levels have now recovered to above pre-pandemic levels
- Completed 81 lettings in H1
  - Rents achieved +6.2% against previous rents
  - Performance accelerated in Q2 (lettings on average +11.5% vs previous rents)
- Just three apartments available to let at 31 March 2022
- Trialling furnished apartments at 72 Broadwick Street

£18.7m
ERV

13%
of total ERV

631
apartments
0.4m sq. ft.

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Actively securing vacant possession to accelerate schemes

- Adapting and repurposing space to meet ever-changing occupier expectations
- Improving environmental performance
- Schemes across 180,000 sq. ft. at 31.3.22 (over 9% of floorspace)
  - Including new schemes at 5-7 Carnaby Street and 2-4 Kingly Street
- £16.6m of capital expenditure in the period
- Continuing to invest in public realm improvements

5-7 Carnaby Street (CGI)

2-4 Kingly Street (CGI)

72 Broadwick Street

- Practical completion imminent
- Equinox letting not now proceeding; 32,750 sq. ft. over two floors will now be marketed as office use
  - Estimated incremental cost: £4.9m but higher potential income
- 4th floor office (17,500 sq. ft.) now let
- 1st floor office (9,000 sq. ft.) being fitted out for immediate occupation
- 15 apartments to be let furnished; marketing June 2022
- Basement hospitality space under offer
- Targeting BREEAM Excellent rating
- Building includes a number of sustainability features

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Five strategic acquisitions and two selective disposals

- Five buildings acquired during the period in Covent Garden, Chinatown and Fitzrovia for £19.6m (including acquisition costs)
- 200-year leasehold interest at 92-104 Berwick Street acquired in May 2022 for £27.5 million (excluding purchase costs)
  - Takes our ownership to over 50% of active frontages on Berwick Street
- Two non-core buildings sold in the period for gross proceeds of £11.4m
  - 9.6% above 30 September 2021 book value

92-104 Berwick Street (CGI)

Sustainability

Sustainability

- Refreshed strategy and Net Zero Carbon 2030 commitment launched in November 2021
- Focus on re-use and repurposing buildings
  - Retaining original structure wherever possible
  - Ambitious environmental and amenity improvements
- Rolling programme of improvements to meet stringent new energy performance standards
- Increasing occupier engagement to improve their environmental impacts
- Expect modest additional annual expenditure to achieve our targets
- Continuing support for local communities and broad stakeholder engagement

Outlook

Complex macro challenges ahead

- Common to UK and many economies
  - Long-term implications of Russia's invasion of Ukraine
  - Inflationary pressures, supply chain issues and staff shortages; growth outlook turning negative
  - Higher taxation and repayment of government pandemic support
  - Interest rates rising
- London and the West End cannot be completely sheltered from these headwinds
- Global status, appeal and broad-based, dynamic economies should provide a considerable degree of protection, which few other locations can match

Outlook

- Unrivalled features and appeal of London and the West End
  - Strong domestic footfall
  - Elizabeth Line expected to have significant long-term impact
  - Recovery of international leisure and business travel now underway
- West End remains a sought-after location for domestic and international occupiers
  - Busiest locations for footfall-reliant businesses
  - Lively locations an important factor for office occupiers
  - A great place to live!
- Decisive actions we took in response to the pandemic has enabled our locations to bounce back quickly
- Our reputation for long-term, responsible stewardship and patient curation which delivers distinctive, affordable locations an important factor in businesses choosing Shaftesbury

Revival in confidence and growth already providing a firm foundation for the return to long-term prosperity for the West End and our exceptional portfolio

Appendices

Portfolio & valuation
Financial

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Our portfolio by use

	Hospitality & leisure	Retail	Offices	Residential	Total
Valuation (£m)	1,216	880	596	570	**3,262**
Annualised current income (£m)[1]	42.9	30.1	18.3	15.9	**107.2**
ERV (£m)	52.9	39.3	30.0	18.7	**140.9**
Topped up initial yield	3.7%	3.7%	3.1%	N/A	**3.3%**
Reversionary yield	4.1%	4.2%	4.5%	2.4%	**3.9%**
LfL valuation movement	+7.8%	+7.1%	+8.6%	+6.4%	**+7.5%**
LfL ERV movement	+6.4%	+5.9%	+4.0%	+11.1%	**+6.4%**
% of total fair value	37%	27%	18%	18%	**100%**
% of ERV	38%	28%	21%	13%	**100%**
Average ERV (£ psf)	76	89	67	49	**72**
WAULT (years)	7.9	3.2	2.4	Note 2	
Area (sq. ft. m)	0.7	0.4	0.4	0.4[3]	**1.9**
Units	322	291	312	631[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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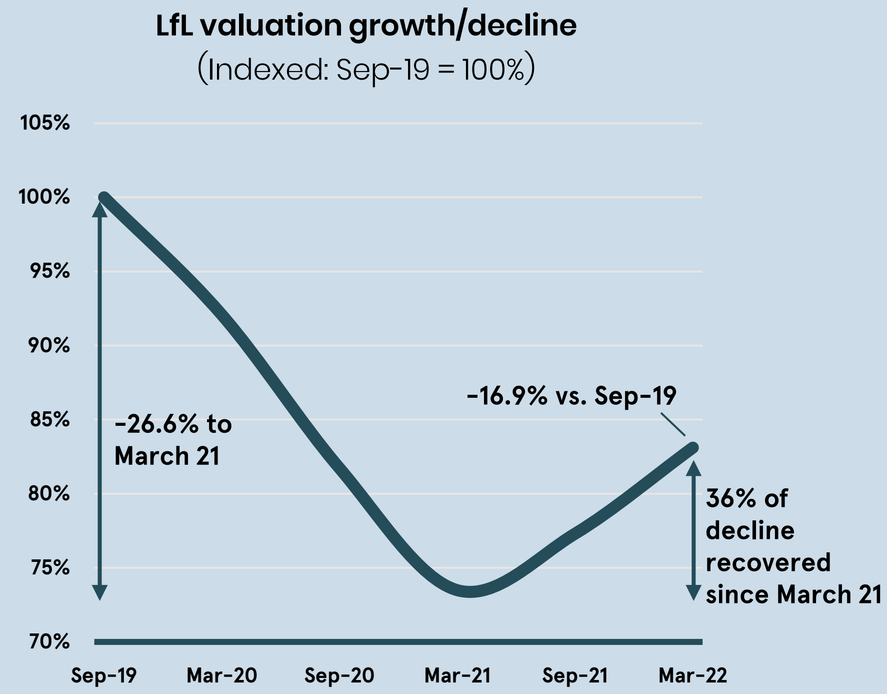
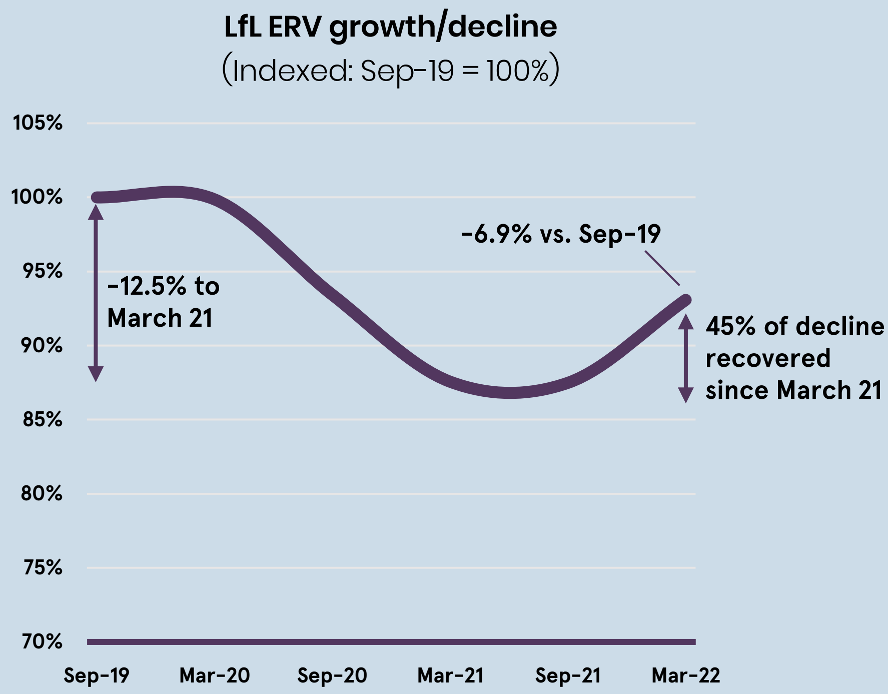
Valuation summary by village

	Valuation £m	LfL valuation growth (6 months)	% of portfolio	Annualised current income £m	ERV £m
Carnaby	1,281	+10.7%	39%	39.2	59.0
Covent Garden	848	+4.9%	26%	27.6	35.1
Chinatown	731	+5.1%	23%	27.1	29.7
Soho	270	+8.0%	8%	9.5	11.5
Fitzrovia	132	+7.1%	4%	3.8	5.6
Wholly-owned portfolio	**3,262**	**+7.5%**	**100%**	**107.2**	**140.9**
Longmartin joint venture (our 50%)	173	+4.0%		6.3	8.5

Portfolio valuation recovery tracker





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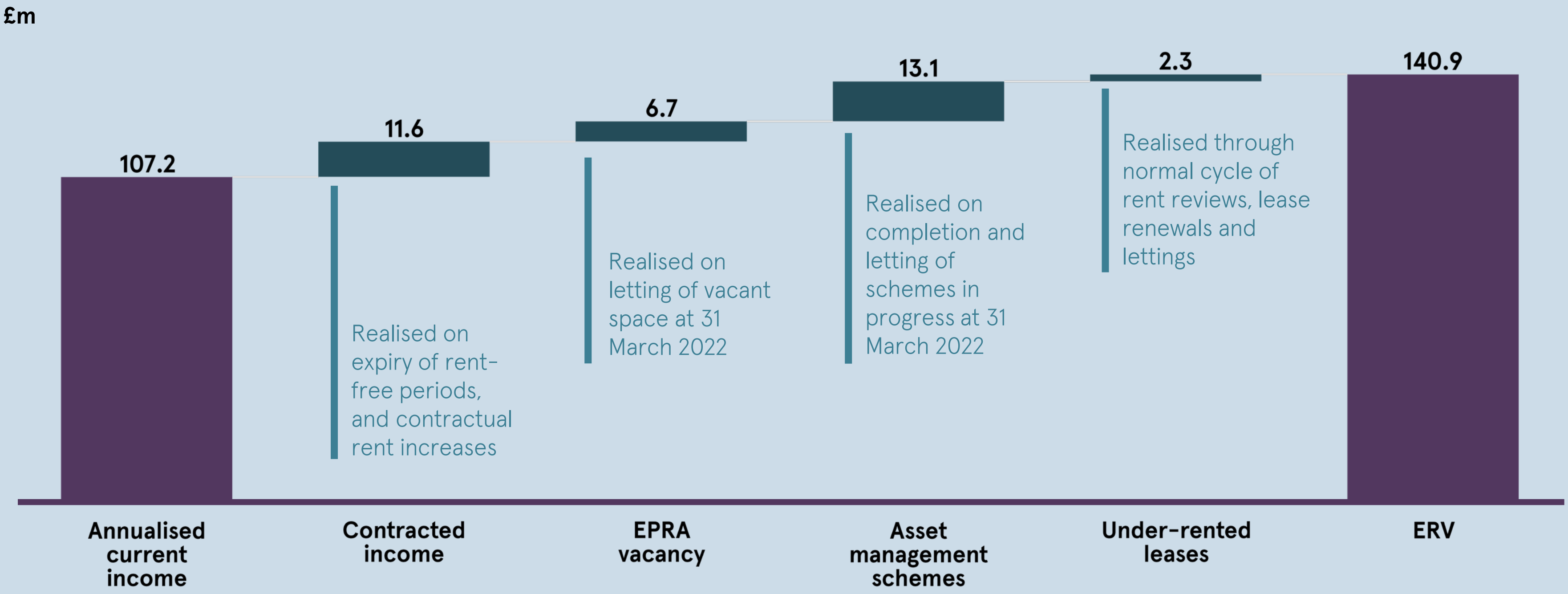
£33.7m of reversionary potential; portfolio reversion now positive



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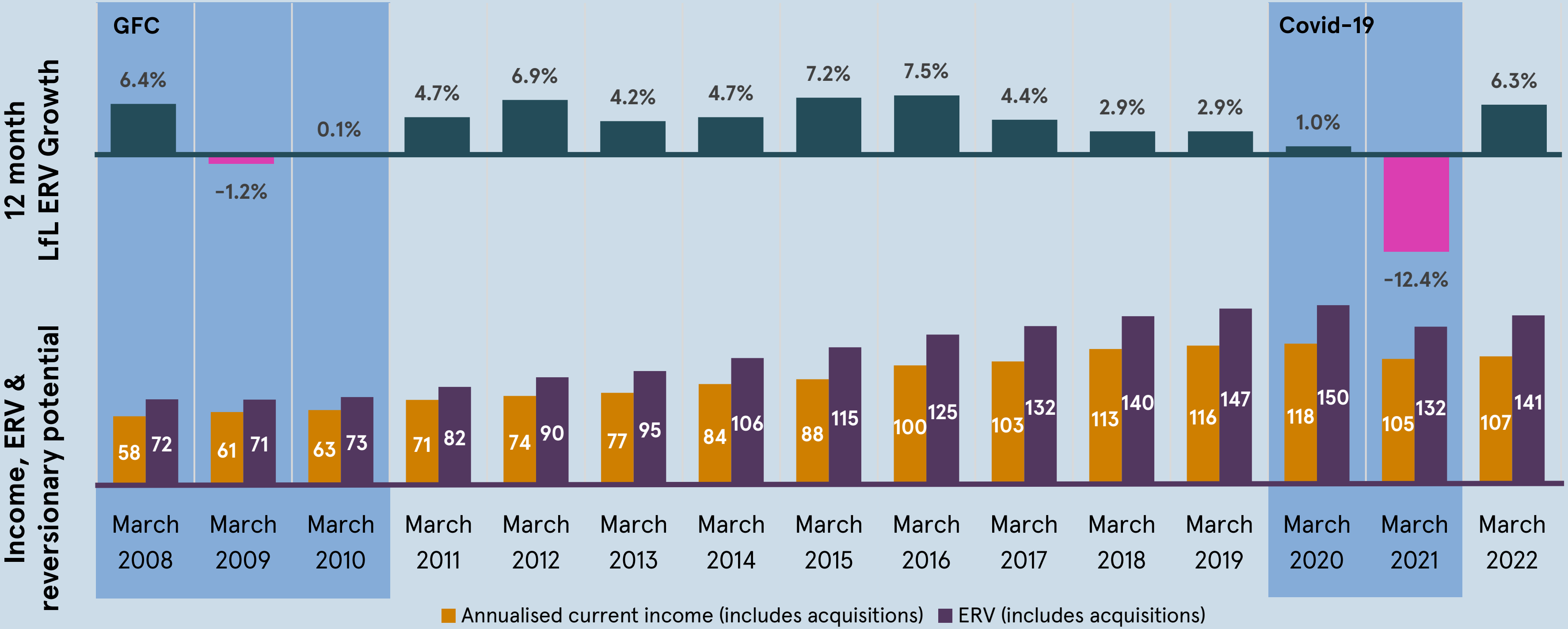
Historical reversionary potential and ERV growth



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EPRA vacancy at 31 March 2022
Available to let space

	Hospitality & leisure	Retail	Offices	Residential	Total	% of total ERV
ERV (£m)						
Available	0.5	0.9	1.3	0.1	2.8	2.0%
Temporary lettings	–	0.8	–	–	0.8	0.6%
31.3.22	**0.5**	**1.7**	**1.3**	**0.1**	**3.6**	**2.6%**
30.9.21	0.6	2.0	1.3	–	3.9	2.9%
Area ('000 sq. ft.)						
31.3.22	**7**	**19**	**20**	**2**	**48**	
30.9.21	6	25	22	–	53	
Number						
31.3.22	**7**	**17**	**22**	**3**	**49**	
30.9.21	6	20	23	–	49	

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EPRA vacancy at 31 March 2022
Under offer space

	Hospitality & leisure	Retail	Offices	Residential	Total	% of total ERV
ERV (£m)						
31.3.22	**0.9**	**1.0**	**1.0**	**0.2**	**3.1**	**2.1%**
30.9.21	1.5	1.8	0.6	0.2	4.1	3.1%
Area ('000 sq. ft.)						
31.3.22	**12**	**10**	**14**	**4**	**40**	
30.9.21	24	18	9	6	57	
Number						
31.3.22	**6**	**6**	**13**	**6**	**31**	
30.9.21	10	14	11	10	45	

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Development vacancy at 31 March 2022
Space held for or undergoing refurbishment

	Hospitality & leisure	Retail	Offices	Residential	Total	% of total ERV
ERV (£m)						
Under offer	–	–	1.8	–	**1.8**	**1.3%**
Under development	–	–	3.4	0.7	**4.1**	**2.9%**
72 Broadwick Street[1]	–	–	5.2	0.7	**5.9**	**4.2%**
Other schemes	1.6	1.2	3.3	1.1	**7.2**	**5.1%**
31.3.22	**1.6**	**1.2**	**8.5**	**1.8**	**13.1**	**9.3%**
30.9.21	3.4	1.1	5.9	1.4	11.8	8.9%
Area ('000 sq. ft.)						
72 Broadwick Street[1]	–	–	60	10	**70**	
Other schemes	21	18	50	21	**110**	
31.3.22	**21**	**18**	**110**	**31**	**180**	
30.9.21	45	17	84	24	170	

1. Since 30.9.21, we have reclassified £2.6m (32,750 sq. ft.) from hospitality & leisure to office at 72 Broadwick Street

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EPRA earnings

	6 months to 31 March 2022	6 months to 31 March 2021	Year to 30 September 2021
	£m	£m	£m
Rental income[1]	54.5	48.9	105.0
Provisions for expected credit losses	(2.2)	(10.6)	(17.7)
Other property costs[1]	(11.2)	(11.8)	(22.6)
Net property income	**41.1**	**26.5**	**64.7**
Administrative expenses	(11.2)	(9.3)	(21.6)
	29.9	**17.2**	**43.1**
Net finance costs	(14.9)	(15.3)	(30.2)
Share of Longmartin JV profit before tax[2]	0.8	0.3	0.6
Recurring profit before tax	**15.8**	**2.2**	**13.5**
Share of Longmartin JV current tax	(0.2)	(0.1)	(0.2)
EPRA earnings	**15.6**	**2.1**	**13.3**

1. Net of recoverable service charge costs
2. After adjusting for revaluation deficit and deferred tax

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Covid-adjusted EPRA earnings

	6 months to 31 March 2022	6 months to 31 March 2021	Year to 30 September 2021
	£m	£m	£m
EPRA earnings	**15.6**	**2.1**	**13.3**
Amortisation/(income recognised) for tenant waivers	3.2	(15.6)	(22.4)
Movement in associated impairment provisions and write-offs	(0.4)	2.9	1.7
Covid-adjusted EPRA earnings/(loss)	**18.4**	**(10.6)**	**(7.4)**

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EPRA net asset value measures

	31 March 2022			30 September 2021		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS net assets	2,604.8	2,604.8	2,604.8	2,372.7	2,372.7	2,372.7
Dilutive effect of share options[1]	0.7	0.7	0.7	0.8	0.8	0.8
Deferred tax[2]	10.4	10.4	–	8.6	8.6	–
Difference between fair value and carrying value of debt:						
Secured term loans[3]	–	–	(27.4)	–	–	(51.5)
Mortgage bonds	–	–	26.7	–	–	(1.1)
Investment property purchasers' costs	230.9	–	–	213.3	–	–
Total	**2,846.8**	**2,615.9**	**2,604.8**	2,595.4	2,382.1	2,320.9
Number of diluted shares (m)	385.4	385.4	385.4	385.0	385.0	385.0
Diluted net assets per share (£)	**7.39**	**6.79**	**6.76**	6.74	6.19	6.03

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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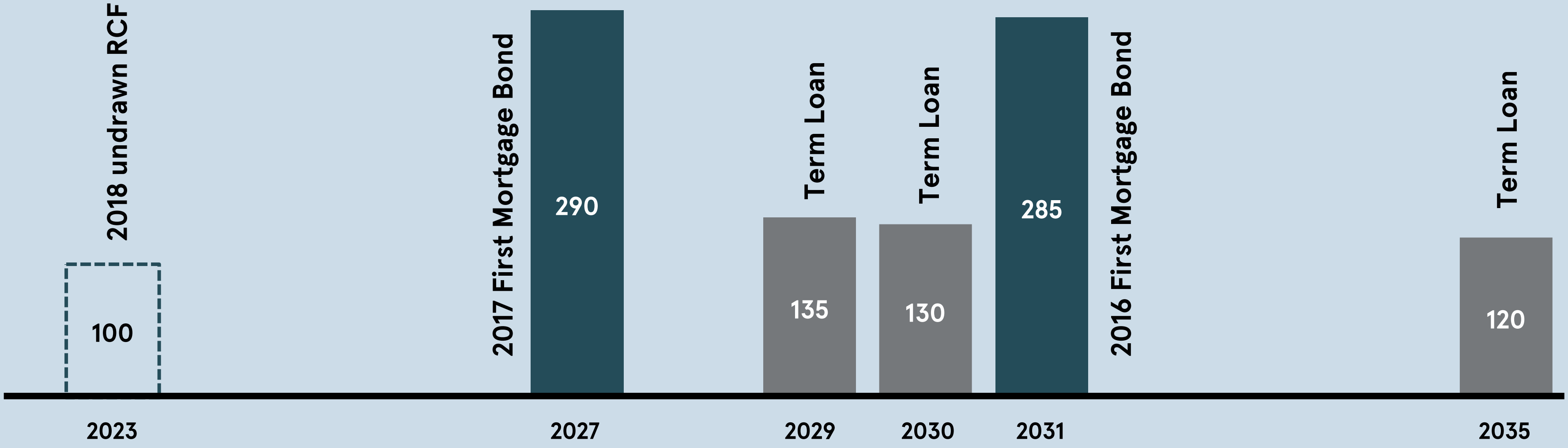
Debt maturity profile (£m)

Weighted average maturity of debt facilities: 7.5 years[1]



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

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