SHAFTESBURY 2021 HALF YEAR RESULTS

Encouraging increase in demand for space and lettings; Footfall and spending now starting to return
Well-positioned for gradual recovery and sustainable growth

Shaftesbury PLC, the Real Estate Investment Trust that owns a 16-acre portfolio in the heart of London's West End, today announces its results for the six months ended 31 March 2021.

Brian Bickell, Chief Executive, commented:

"After more than a year of unprecedented disruption, a revival in the West End's broad-based economy is now underway. Since the start of re-opening on 12 April, we are seeing an encouraging increase in demand for space and lettings and a return of footfall and spending across our locations. Forecasts point to a sharp rebound in the UK economy but there remains the risk that the recovery could encounter delays and setbacks in the period ahead.

We expect occupier demand to improve further as businesses seek to locate in our lively, holistically-curated villages. Importantly, the inherent flexibility in our portfolio, and our culture of innovation, will ensure we can continue to adapt our buildings to meet the fast-changing expectations of our occupiers. Growing footfall, prosperity and occupier demand will improve our cash income and earnings and stabilise investment yields.

As the global pandemic recedes, we are confident that the unique appeal and features of London and the West End will continue to attract businesses and visitors on a scale matched by few other cities, underpinning the long-term resilience and prospects of our portfolio. With our proven, ever-evolving strategy, guided by our experienced, enthusiastic and entrepreneurial team, and supported by a strong financial base, Shaftesbury is well placed to return to sustainable long-term growth."

Overview

- Following 15 months of disruption, phased lifting of legal restrictions is already resulting in a return of confidence and activity as more-normal patterns of life resume.

- Footfall and spending are recovering; almost all our hospitality, leisure and retail businesses have now reopened.

- Gradual return of the local working population expected to gather pace after 21 June. Material recovery in international travel not expected to begin until later next year, but we expect a significant rise in UK domestic tourists and locals coming to the West End and our villages.

- Financial and other support for occupiers and local communities has been a key priority. Success of this support has enabled us to keep the carefully curated mix of hospitality and retail brands across our villages largely intact. Occupier financial support to continue, but tapering.

- Strategy evolving to meet and respond to challenges and opportunities over the next five years and beyond. Broadening the skills and expertise in our team and investing in IT/data capabilities to position the business for success in a fast-changing, post-pandemic environment.

Operating environment: promising signs of improving occupier demand across all uses; available vacant space reducing and pace of accommodation going under offer increasing

- Recovery in leasing activity and encouraging levels of enquiries.
    - 94 commercial and 144 residential leasing transactions across 211,000 sq. ft., with a rental value of £14.0m completed during the period (H1 2020: £15.0m, H2 2020: £8.6m).
    - Momentum continued since 31 March: 47 lettings and renewals concluded across 41,000 sq. ft. (rental value £2.1m).

- EPRA vacancy stood at 11.9% of ERV at 31 March 2021 falling to 11.3% six weeks later.
  - During the period, available to let space decreased by 0.7% to 8.4%; further decrease to 7.2% in the six weeks since 31 March 2021.
  - Space under offer up 2.4% over six months to 3.5% reflecting improved occupier demand; subsequently increased further to 4.1% in following six weeks.
- 50% of contracted rents now collected for the year to 31 March 2021; collection rate in six months to March 2021: 43%.

Results: pandemic restrictions continued to have a material impact on the results for the first half of the financial year

- Net property income down 42.6% to £26.5m (31.3.20: £46.2m) due to occupier support, reduced rent collections and increased vacancy:
  - 19.4% like-for-like decrease in rental income.
  - Charges for expected credit losses and impairments of £10.6m (31.3.20: £3.9m).
  - Increased irrecoverable service charges and vacancy-related property costs.
- Loss after tax: £338.5m (31.3.20: £287.6m loss). Decrease primarily due to £342.6m of revaluation deficits.
- EPRA earnings[1]: £2.1m, down 91.7% (31.3.20: £25.3m).
- EPRA NTA[1]: £5.83 per share, down 21.5% (30.9.20: £7.43) due to revaluation deficits and the equity raise in November 2020.
- Interim dividend: 2.4p (31.3.20: nil):
  - Fulfils the Group's PID requirements for the year ended 30 September 2020.
  - Liquidity preservation continues while uncertainty persists and operating cash flows reduced, but intention to resume dividend payments as soon as the Board considers prudent, maintaining our policy of sustainable dividend growth over the long term.

Wholly-owned portfolio valuation: £2.8bn; 10.1% like-for-like decrease, concentrated in retail and hospitality

- Valuation movements[2]: hospitality and leisure -11.0%; retail -18.2%; offices -3.7%; residential +0.5%
- Equivalent yield widened 15 basis points to 4.1% (30.9.20: 3.95%); increase predominantly in retail and hospitality uses. Office yields broadly stable.
- Portfolio ERV down 6.3%[2] to £131.7m (30.9.20: £140.3m):
  - Retail down 11.3%: larger decrease in streets with bigger units and higher total rents; generally smaller units with relatively affordable rents have been more resilient.
  - Hospitality 5.6% lower, offices down 1.7%.
- Deduction for valuers' estimate of near-term loss of rental income from continuing tenant support: £42m.

Longmartin joint venture valuation[3]: £163.8m; 6.4% like-for-like decline, mostly related to retail

- ERV decline[2] of 6.3%; equivalent yield broadly flat at 4.1%.
- Retail valuation decline 21.2%; hospitality and offices down 2.2%; residential unchanged.
- Retail performance driven by large shops on Long Acre where rental tones were down 16.7% and are now 47% below their peak in 2017.

Portfolio investment: adapting and improving buildings; core acquisitions

- Redevelopment and refurbishment schemes across 176,000 sq. ft. at 31 March 2021. Capital expenditure in the period: £19.0m.
- ERV of space under refurbishment: £12.0m, 9.1% of portfolio ERV (30.9.20: 10.1%).
- 72 Broadwick Street:
    - Good progress being made; completion in phases between this summer and late 2021.
    - 45% of commercial space, by ERV, pre-let.
    - Promising interest in basement restaurant.
- Two buildings acquired in Seven Dials and Coliseum for £5.6m.
- Discussions continue with regards to potential acquisition of a leasehold interest at 90-104 Berwick Street but no certainty a transaction will be concluded.
- Disposal of non-core asset in April for £5.3m, 11% above March 2021 valuation. Further disposals being considered from limited pool of non-core assets.
- Potential acquisition opportunities expected to emerge later this year, as uncertainty starts to recede.

Sustainability continues to be at the heart of our long-term strategy

- Net zero carbon roadmap expected to be launched later this year, with clear actions we will take, including collaborating with occupiers to reduce the environmental impact of their businesses.
- Continuing to support local organisations with focus on issues faced by young people in our communities.

Finance: strong financial base, positioned to return to long-term growth

- November 2020 equity raise strengthened our financial base and reduced finance risks.
- Available resources £337.2m; capital commitments: £25.2m. Financial capacity to weather the pandemic and return to long-term growth as the recovery gathers momentum.
- LTV[1,4]: 25.4% (30.9.20, pro-forma for equity raise: 22.1%); increase largely due to property valuation decline.
- Interest cover covenant waivers extended in the period. Earliest waiver expiry: July 2021; discussions to extend planned but cash cure alternatives available.
- Weighted average maturity of debt facilities: 8.5 years; earliest maturity: £100m facility in February 2023.

1. 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 46.
2. Like-for-like
3. Our 50% share
4. Based on net debt

See Glossary of terms on pages 50 to 52.

There will be a presentation to equity analysts via webcast at 10 am on Tuesday 25 May 2021, which can be accessed via the following link: https://brrmedia.news/SHB_HY21 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.

Bondholders
For bondholders, there will be a credit update conference call at 3.00 pm on 25 May 2021. Those wishing to participate in the call should obtain an access code ahead of the call by contacting Stuart Bell on 020 3542 3921 or stuart.bell@idcm.eu.com

The person responsible for arranging the release of this announcement is Desna Martin, Company Secretary.

25 May 2021

For further information:

Shaftesbury PLC 020 7333 8118
Brian Bickell, Chief Executive
Chris Ward, Chief Financial Officer

RMS Partners 020 3735 6551
Simon Courtenay 07958 754273

MHP Communications 020 3128 8100
Oliver Hughes 020 3128 8622
Reg Hoare 020 3128 8793

Shaftesbury PLC LEI: 213800N7LHKFNTDKAT98

Notes for Editors
Shaftesbury is a Real Estate Investment Trust which invests exclusively in the liveliest parts of London's West End. Focused on food, beverage, retail and leisure, our portfolio is clustered mainly in Carnaby, Seven Dials and Chinatown, but also includes substantial ownerships in East and West Covent Garden, Soho and Fitzrovia. Extending to 16 acres, the portfolio comprises 612 restaurants, cafés, pubs and shops, extending to 1.1 million sq. ft., 0.4 million sq. ft. of offices and 630 apartments. All our properties are close to the main West End Underground stations, and within ten minutes' walk of the two West End transport hubs for the Elizabeth Line, at Tottenham Court Road and Bond Street.

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 purpose
Our purpose is to curate vibrant and thriving villages in the heart of London's West End. Our proven management strategy is to create and foster distinctive, attractive and prosperous locations. We have an experienced management team focused on delivering our long-term strategic objectives, ultimately to deliver a positive, long-lasting contribution to the West End.

Our values
We have five core values that are fundamental to our behaviour, decision making and the delivery both of our purpose and strategic objectives: being human in how we operate, original in how we nurture talent and think, community minded in our approach to the West End, being responsible and long term in our approach to everything.

Our approach to sustainability
At the heart of our sustainability strategy is the long-held policy of reducing the environmental impact of our operations by extending the useful economic lives of our buildings, through refurbishment, change of use and reconfiguration, and in doing so, protecting the unique heritage of the West End.

Forward-looking statements
This document, 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 this document, 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.

Ends

Chief Executive's Statement

West End revival now underway

After over a year dominated by Government interventions to control the Covid-19 pandemic, the UK's successful vaccination programme is now enabling the gradual, phased lifting of the legal restrictions, which is already resulting in a return of confidence and activity as more normal patterns of life resume.

In London's West End, lockdowns and tiering restrictions in place during the six months to 31 March 2021 meant that hospitality and non-essential retail businesses were only able to trade for seven weeks, and even while open, their capacity was limited by social-distancing requirements and much-reduced footfall. The important trading period from November through Christmas and the New Year was restricted to just three weeks.

Following the start of the Government's roadmap to recovery in March, we have seen an encouraging increase in demand for space and lettings and, since the start of re-opening on 12 April, there has been a welcome return of footfall and spending across our locations, heralding the beginning of the revival in the West End's broad-based economy. Most of our hospitality, leisure and retail businesses have now reopened and will benefit from the footfall generated by the reopening of the West End's world-renowned theatres, cinemas and cultural attractions, hotels and nightlife. There has already been a gradual return of the important local working population, which we anticipate will gather pace once the final stage of lifting of legal social distancing measures is reached, on or after 21 June.

Currently, a material recovery in international travel is not expected to begin until later next year. However, whilst there will be fewer inbound visitors to London, we expect a significant rise in UK domestic tourists and locals coming to the West End for day visits or longer stays. Services are now expected to commence on the central section of the Elizabeth Line in the first half of 2022, bringing a significant improvement in capacity and quality of travel to the West End, which we anticipate will benefit our villages, all of which are a short walk from the new Tottenham Court Road and Bond Street interchanges.

The realistic prospect of a sustained recovery in footfall and trading through the summer and autumn, and particularly in the busy period leading up to Christmas and the New Year, is helping to restore the confidence and stability of businesses which have suffered as a result of the pandemic.

Positioned for recovery

From the beginning of the pandemic last March, our priority has been to support our occupiers and local communities through this period of unprecedented challenge and upheaval. For our occupiers, and particularly those whose businesses are footfall reliant, financial support has primarily been through a combination of rent concessions, restructured leases and a permanent move to monthly, rather than quarterly billings. The success of this support has enabled us to keep our curated mix of hospitality and retail brands largely intact, ensuring the quick return of visitors to our distinctive and vibrant villages. In addition, we believe our approach and behaviour will be an important factor for potential occupiers in choosing where to locate.

In recent months our focus has shifted to supporting our occupiers with reopening and the recovery which will follow. For many years we have invested in the public realm, making the case for pedestrianisation and widening pavements in order to improve the overall environment for visitors to our areas. This has proved invaluable in providing comfortable, socially distanced space for customers and has allowed us to collaborate with occupiers and both Westminster and Camden Councils to introduce more al fresco seating capacity to supplement our hospitality businesses' trading potential.

With the relaxation of restrictions, we are now planning a programme of carefully managed marketing initiatives and activations throughout the summer and autumn as well as working with neighbouring owners, Westminster City Council, Camden Council and London & Partners, the Mayor's promotional agency, to promote the West End to its local and domestic catchment.

Improvement in occupier demand across all uses

We are seeing an encouraging improvement in occupier demand for space across all uses in our carefully curated, central and popular locations. Leasing activity over the six months to 31 March 2021 recovered to close to the level seen in the first half of last year, which was largely unaffected by the pandemic. With the potential for prosperous trading, retail brands and hospitality businesses who had considered taking space

before the pandemic are now returning. Importantly, we are not compromising our long-standing tenant selection strategy.

Already, increased occupier demand is beginning to reduce our vacancy across all uses. Available to let vacancy is decreasing and the pace at which accommodation is going under offer is increasing.

We continue to reconfigure the space in our mostly heritage buildings to meet evolving occupier requirements. For shops and hospitality space, this often means downsizing larger units and repurposing the released space. For offices, we have recently launched “Assemble”, a bespoke fitted office solution and are currently developing a furnished apartment option to add to our residential offer.

Financial resilience maintained in a challenging operating environment

The unprecedented dislocation over the six months to 31 March 2021, which followed seven months of severe interruption during the first phase of the pandemic, had a significant impact on our occupiers’ businesses and our results for the first half of our financial year. In addition, these adverse conditions impacted our financing arrangements, elevating risks associated with covenant compliance, refinancing and available liquidity beyond the Board’s tolerance. In November 2020 we increased our capital by £294.4 million, net of expenses, through an equity issue. This ensured we have a strong financial base with financial capacity to weather an extended period of extreme uncertainty and return to long-term growth as the recovery gathers momentum. At 31 March 2021, our loan-to-value ratio was 25.4% and available resources amounted to £337.2 million.

At 31 March 2021 our wholly-owned portfolio was valued at £2.8 billion, reflecting a like-for-like decline over the period of 10.1% largely due to an increase in valuation yields and an average 6.3% reduction in ERVs across the portfolio, predominantly focused on our retail and hospitality space. Similarly, the property owned by our Longmartin joint venture decreased in value by 6.4%, although this was mostly related to its retail space. Taking into account valuation declines and the impact of the equity raise, EPRA NTA per share decreased during the period by £1.60 to £5.83.

The continued disruption has had an adverse impact on our revenue, with significant levels of rental support provided to occupiers during the period, particularly to hospitality and retail businesses. We have made further charges for expected credit losses on tenant receivables and impairments of lease incentive balances, amounting to £10.6 million. Together with an increase in irrecoverable property costs, this led to a 42.6% decrease in net property income compared with the same period last year, which had largely been unaffected by the pandemic. After allowing for administrative expenses and financing costs, EPRA earnings were £2.1 million (31.3.2020: £25.3 million).

As a REIT, we are required to distribute a minimum of 90% of rental profits, calculated by reference to tax rather than accounting rules, as a PID. The Board has declared an interim dividend of 2.4p per share, to fulfil the Group’s PID requirements for the year ended 30 September 2020. While macro uncertainty persists, and our operating cash inflows are reduced, we will continue to prioritise the preservation of liquidity. However, our intention is to resume dividend payments as soon as we consider prudent, in line with our policy of sustainable dividend growth over the long term.

Evolving our strategy for a sustainable future

Our strategy and its implementation have always evolved to anticipate and respond to changes in the expectations of occupiers, our local community and the many millions who visit our West End locations. The pandemic disruption over the last 15 months has accelerated trends that were already apparent, for example in flexible working and consumer spending patterns and priorities. In turn, they will influence the direction of occupier demand, decisions regarding how our buildings and adjacent public spaces will be used, and the changing relationship between us as landlord and our occupiers, the local community and other stakeholders.

Earlier this year, we initiated “Shaftesbury: The Next Chapter”, an externally facilitated project involving the Board and our team, to identify and prepare for the challenges and opportunities which will impact the direction of our strategy over the next five years and beyond. In addition, we have used our time away from the office to review and update our internal structure and procedures, rationalise our advisor base and initiate enhancements to our IT and data capabilities to ensure we maintain our operational effectiveness and resilience. We have taken steps already to add to our team, including new senior positions to lead on Sustainability, Offices, data-driven Insights and HR, to ensure we have the breadth of in-house skills and experience to position the business for success in a fast-changing, post-pandemic environment.

Sustainability has been at the core of our strategy and embedded across the business for many years and continues to grow in importance as issues such as climate change, and societal expectations of corporate culture and values take centre stage. We are continuing to advance initiatives to further reduce the environmental impacts both of our operations and those of our occupiers. In particular, currently we are developing an ambitious net zero carbon roadmap and other sustainability initiatives, which we expect to announce later this year.

Support for our local communities in the boroughs of Westminster and Camden continues, with a particular focus on challenges faced by young people, such as skills and opportunities.

Looking ahead

The Government's roadmap for the relaxation of Covid-19 measures is now in its final stage. Although the recovery may encounter setbacks and delay, the prospect of a return to more normal patterns of life is now becoming a reality, with forecasts of a sharp rebound in the UK economy.

Our villages provide a character and variety unmatched by traditional high streets and shopping centres and, in normal times, draw exceptional footfall seven-days-a-week, comprising visitors, local workers and residents. We expect occupier demand to improve further as businesses seek to locate in our holistically-curated villages. Importantly, the inherent flexibility in our portfolio, and our culture of innovation, will ensure we can continue to adapt our buildings to meet the fast-changing expectations of occupiers. Growing footfall, prosperity and occupier demand will improve our cash income and earnings and stabilise investment yields.

As the global pandemic recedes, we are confident that the unique appeal and features of London and the West End will continue to attract businesses and visitors on a scale matched by few other cities, underpinning the long-term resilience and prospects of our portfolio. With our proven, ever-evolving strategy, guided by our experienced, enthusiastic and entrepreneurial team, and supported by a strong financial base, Shaftesbury is well placed to return to long-term growth.

Brian Bickell
Chief Executive
25 May 2021

Half year results

Supporting our occupiers

A key aspect of our long-term management strategy is to ensure the trading environments we curate, and the support we offer, provide the conditions for occupiers' businesses to flourish. From the beginning of the pandemic in March 2020, our priority has been to assist our occupiers and local communities through this period of unprecedented disruption. This approach is central to the Shaftesbury ethos, builds tenant loyalty and protects the long-term value of our assets.

Our 612 shops, restaurants, cafés and pubs, as well as those office occupiers which are closely connected to such businesses, have now suffered 15 months of significant disruption, inevitably undermining their financial position. We have supplemented government financial assistance with rent concessions and restructured leases, including turnover-linked arrangements for retailers, to provide occupiers with the confidence to emerge from lockdown and rebuild turnover and profitability as footfall recovers. Measures to assist occupiers' cash flows have also included drawing on rent deposits to part settle arrears, which we will not require to be replenished and, from 1 October 2020, permanently moving most commercial occupiers to monthly payment of rent and service charge to ease the burden of traditional quarterly payments in advance.

Over the year to 31 March 2021, we have now collected 50% of contracted rents. For amounts contracted in the first six months of this financial year the collection rate to date is 43% with 41% waived and 16% outstanding. The lower collection rate than in the previous six months reflects the significant impact on occupiers' revenue of lockdown restrictions which were in place for most of that period. Rent collection rates have varied by use, with residential and office collections being higher than those for hospitality and retail businesses which, inevitably, are reliant on footfall.

Although government will start to reduce its financial support measures from July, we will continue ours on a case-by-case basis until the recovery is firmly established, tapering as our occupiers' businesses stabilise. Generally, arrears which relate to the period prior to affected businesses' reopening will be dealt with separately from any post-opening debts. Eventual recovery of amounts due will depend on tenants' future income generation and financial capacity to meet these commitments.

Reopening

In preparation for reopening, we put measures in place to ensure that visitors could confidently enjoy our areas in a safe and supported manner during the initial phases of lockdown easing. We also worked closely with our hospitality occupiers and both Westminster and Camden Councils to provide additional outdoor seating capacity across Carnaby, Chinatown, Seven Dials and Soho. In April, Westminster City Council reintroduced an enhanced al fresco scheme across the West End, which builds on the success of arrangements implemented last summer, and currently is expected to remain in place until the end of September 2021. In Seven Dials, a temporary traffic reduction scheme has enabled our hospitality businesses to apply for short-term pavement trading licences.

The first relaxation of restrictions in April 2021 saw the reopening of the majority of our shops, and those of our hospitality businesses which had access to sufficient outdoor trading space. The return of visitors to our open air, and largely pedestrianised destinations exceeded our expectations, particularly at weekends, demonstrating an eagerness to get back to their favourite destinations and venues. Footfall has now returned to c.45% of pre-pandemic levels across the West End.

With the second phase of reopening on 17 May, most of our remaining hospitality businesses reopened, as indoor trading was permitted. However, social distancing legal restrictions will remain in force until 21 June at the earliest, but this will depend on scientific evidence that the pandemic remains under control. It is likely that advisory guidance on continuing social distancing measures will be in place for some time. For as long as restrictions remain in place, inside trading capacity will be reduced for many businesses.

To date, our hospitality businesses have generally seen a strong recovery in trade and bookings following reopening, and now the ability to utilise interior space will strengthen their recovery. The early retail picture has been mixed, with independent retailers reporting better performance than those with a more mainstream offer.

It is too early to assess how the second phase of opening has impacted footfall. However, our locations are busy and lively and trading will continue to grow in the coming months as office workers return, hotels and

entertainment venues reopen and confidence grows in the safety of public transport. Entertainment venues and hotels have also been allowed to reopen from 17 May, although they also remain subject to social-distancing requirements. Theatres and cinemas are of particular importance to the West End and their reopening will provide an important boost.

Our operational strategy to drive footfall to our locations has long included an innovative approach to multi-channel promotional activities, including outdoor events and installations, often in collaboration with occupiers. With the relaxation of restrictions, we are now planning a programme of carefully managed marketing initiatives and activations throughout the summer and autumn as well as working with neighbouring owners, Westminster City Council, Camden Council and London & Partners, the Mayor's promotional agency, to promote the West End to a local and domestic audience. The timing of the extension of these activities to the inbound visitor market will depend on the progress in relaxation of international travel restrictions both in the UK and abroad.

Sustainability

We are committed to being a responsible business. For us, that means investing for the long term, supporting our local communities and operating in an environmentally sustainable manner, including taking action to address the global climate emergency.

The heart of our sustainability strategy is the long-held policy of reducing the environmental impact of our operations by extending the useful economic lives of our buildings, through refurbishment, change of use and reconfiguration. This is embedded across the business and enables us to protect the unique heritage of the West End whilst both improving the energy efficiency of our buildings and minimising the carbon emissions and waste that inevitably come with new construction.

We are currently developing our net zero carbon roadmap, which we expect to announce later this year. We will be setting ambitious targets and explaining our strategy and actions to achieve them. This will include plans for further improvements to the energy efficiency of our buildings in light of future Minimum Energy Efficiency Standards (MEES) regulations and collaboration with occupiers to help improve the environmental impact of their businesses.

Meanwhile, our community engagement programme continues, partnering with local organisations to help address a number of issues in our communities. Specifically, we are focusing on young people in Westminster and Camden, including contributing funding to the Young Westminster Foundation's Brighter Futures Fund and Young Camden Foundation's Heads Up Fund.

Leasing and occupier demand

Over recent months we have seen an increase in occupier interest across all uses. During the six months ended 31 March 2021, we concluded 94 commercial and 144 residential leasing transactions with a combined rental value of £14.0 million, compared with £15.0 million and £8.6 million in the first and second halves of last year, respectively:

	H1 2021			2020	
	Number	**Area '000 sq. ft.**	**Rental value £m**	H1 £m	H2 £m
Commercial					
Lettings and lease renewals[1]	84	101	7.9	9.3	2.1
Rent reviews	10	25	2.0	3.5	2.7
	94	126	9.9	12.8	4.8
Residential	144	85	4.1	2.2	3.8
	238	211	14.0	15.0	8.6

1. Includes estimated turnover rent

Commercial lettings and renewals were concluded, on average, 11.2% below September 2020 ERV. Retail rents were 21.2% below ERV, although this decrease was skewed by a relatively higher proportion of leases of larger space in Carnaby Street which included significant turnover elements. Hospitality leases were 2.4% lower than ERV and office lettings were concluded at or close to ERV.

Leasing momentum has continued since 1 April 2021 with 47 commercial and residential lettings and renewals with a rental value of £2.1 million being concluded. Further lettings have been put into solicitors' hands.

Hospitality and leisure

Demand for hospitality space has proved to be robust throughout the period and has improved further recently, with some sites attracting multiple bids. For the typical sites we provide (up to c.2,000 sq. ft.), we are generally achieving lettings on conventional lease terms, although with slightly longer rent-free periods and stepped rents to assist occupiers with their cash flows through the recovery period. Where we have larger sites, rather than taking space in shell condition, occupiers are often seeking a higher specification of landlord's basic fit out or capital contributions to help with their fit-out investment. In such instances, we aim to secure enhanced leasing terms.

Retail

After a subdued start to this financial year, the level of retail enquiries has picked up noticeably. Whilst competition from other locations remains high, brands are attracted by the relatively small and affordable space we provide in our historically busy, carefully curated streets. Encouragingly, we are seeing the re-emergence of some brands who had retreated from negotiations last year.

Currently, potential occupiers are generally expecting shorter, flexible leases, with an element of risk-sharing in the early years. Typically, leases are structured on the basis of a growing base rent together with a turnover-based element. In the near term, this is likely to remain commonplace in leasing discussions until retail vacancy across the West End has been absorbed, although we aim to move back towards more-conventional leases in the medium term.

Offices

Lettings during the period have been concluded in line with September ERV, albeit with a small increase in rent-free periods. With continuing government advice for employees to work from home, there was an increase in the number of vacant small office suites over the period. However, since March, there has been a marked rise in office viewings and we expect businesses will continue to be attracted by our generally smaller, affordable office space in our vibrant and managed villages.

Responding to occupier requirements, we have enhanced our office offer, launching "Assemble", a bespoke option which provides a flexible and simple option to occupy fully fitted and cabled high quality office space. It provides occupiers a selection of pre-designed interior schemes, with each village having its own choice of three distinctive styles and bespoke colour palettes, inspired by the respective local area.

Residential

Prior to the pandemic, our residential vacancy had typically been minimal but increased to around 140 apartments in the second half of last year as, across the West End, occupiers from overseas returned to their countries of origin.

Residential letting enquiries have increased markedly recently and the unusually high level of vacancy across the West End, and in our portfolio is beginning to subside, although rents are around 20% softer than previous levels. With most universities planning to start face-to-face lectures in September, we are seeing increased interest from students.

Our residential portfolio mostly comprises mid-market studios and one or two-bed apartments which have wide appeal. Historically, we have let our apartments unfurnished, but are currently developing a fully furnished offering, to widen their appeal further. Given the long-term structural shortage of accommodation in the West End, we are confident that residential space in our areas will remain sought after as the recovery gathers pace and social restrictions are removed.

Occupancy

At 31 March 2021, EPRA vacancy was £15.8 million and represented 11.9% of portfolio ERV, an increase of 1.7% over the period, primarily due to scheme completions. Of the total, available to let space decreased by 0.7% to 8.4% of ERV and, encouragingly, the amount of space under offer had increased from 1.1% to 3.5% of ERV, reflecting improving occupier sentiment.

Available to let space: 8.4% of ERV (30.9.2020: 9.1%)

Representing £11.1 million of ERV, available to let space has decreased for all uses during the period except offices, which increased due to a combination of recent scheme completions and a low incidence of lease renewals during a period where office occupiers' staff were working from home. Retail vacancy included £0.7 million (0.6%) in respect of temporary lettings to activate our streets.

	Hospitality and leisure	Retail	Offices	Residential	Total	% of total ERV
ERV (£m)						
31.3.2021						
Available	1.6	1.7	4.0	3.1	**10.4**	**7.8%**
Temporary lettings[1]	-	0.7	-	-	**0.7**	**0.6%**
	1.6	**2.4**	**4.0**	**3.1**	**11.1**	**8.4%**
30.9.2020	2.6	4.1	2.3	3.7	12.7	9.1%
Number of units						
31.3.2021	**12**	**18**	**50**	**123**		
30.9.2020	16	31	43	133		
Area ('000 sq. ft.)						
31.3.2021	**23**	**21**	**62**	**67**	**173**	
30.9.2020	35	40	38	69	182	

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

Space under offer: 3.5% of ERV (30.9.2020: 1.1%)

At 31 March 2021, space under offer extended to 67,000 sq. ft. (30.9.2020: 22,000 sq. ft.) and represented £4.7 million of ERV, compared with £1.7 million at 30 September 2020, with increases across all uses.

	Hospitality and leisure	Retail	Offices	Residential	Total	% of total ERV
ERV (£m)						
31.3.2021	**1.9**	**1.5**	**0.7**	**0.6**	**4.7**	**3.5%**
30.9.2020	0.9	0.4	0.2	0.2	1.7	1.1%
Number of units						
31.3.2021	**13**	**9**	**4**	**21**		
30.9.2020	6	4	2	4		
Area ('000 sq. ft.)						
31.3.2021	**28**	**18**	**8**	**13**	**67**	
30.9.2020	12	5	2	3	22	

Occupancy outlook

By 17 May 2021, EPRA vacancy had decreased by 0.6% to 11.3% of ERV, following further letting activity, including the completion of lettings which were under offer at 31 March 2021. Available to let vacancy, including 1.1% in respect of temporary retail lettings, had fallen by 1.2% to 7.2% of ERV, with decreases across all uses. Space under offer increased by 0.6% to 4.1%.

As the recovery gathers momentum, we are confident that the size and relative affordability of our space, together with our widely recognised strategy of supporting our tenants, from a flexible approach to leasing to the consistent curation of our areas, will be of particular importance to potential occupiers. Whilst our commercial occupiers may suffer further operational and financial challenges until the revival of the West End is firmly established, our continued rental and other support measures will be important in mitigating this risk.

Refurbishment, reconfiguration and redevelopment schemes

A key aspect of our management strategy is improving, reconfiguring and repurposing our buildings to unlock latent value, adapt to ever-changing consumer trends and occupier requirements, and enhance our portfolio's long-term income prospects. Whilst we often seek to secure vacant possession of space to accelerate this, currently we are focusing on protecting existing income. However, where space becomes available, we are carrying out improvements to enhance letting prospects and environmental performance. Reflecting current trends in occupier requirements, we are reconfiguring buildings to downsize larger retail and hospitality units where possible and repurposing any space released, taking advantage of recent changes in planning regulations.

During the period, we commenced new schemes with an ERV of £2.9 million and completed projects with an ERV of £4.9 million. Capital expenditure totalled £19.0 million, including £8.5 million on our 77,000 sq. ft. scheme at 72 Broadwick Street.

At 31 March 2021, space held for, or under, refurbishment extended to 176,000 sq. ft., and represented 9.1% of total ERV, down from 10.1% over six months.

ERV of space held for or undergoing refurbishment at 31 March 2021

	Hospitality and leisure	Retail	Offices	Residential	Total	% of total ERV
ERV (£m)						
72 Broadwick Street						
31.3.2021	**3.3**	**0.3**	**1.6**	**0.5**	**5.7**	**4.3%**
30.9.2020	3.4	0.4	1.5	0.6	5.9	4.1%
Other schemes						
31.3.2021	**1.3**	**1.5**	**2.9**	**0.6**	**6.3**	**4.8%**
30.9.2020	1.1	1.8	4.7	0.8	8.4	6.0%
Total						
31.3.2021	**4.6**	**1.8**	**4.5**	**1.1**	**12.0**	**9.1%**
30.9.2020	4.5	2.2	6.2	1.4	14.3	10.1%
Area ('000 sq. ft.)						
31.3.2021	**65**	**28**	**64**	**19**	**176**	
30.9.2020	63	22	85	30	200	

72 Broadwick Street, Carnaby: 4.3% of ERV (30.9.2020: 4.1%)

Whilst Covid-19 restrictions have caused some disruption to site activity since the New Year, good progress is being made and we currently expect the scheme to complete in phases between this summer and late 2021. The remaining cost to complete this scheme is £13.6 million.

Of the commercial space, 45% by ERV is pre-let to Equinox, an American fitness and lifestyle brand which we expect to hand over to the tenant to fit out in early autumn 2021. We are currently marketing the 3,800 sq. ft. basement restaurant space and initial interest is promising.

Other schemes: 4.8% of ERV (30.9.2020: 6.0%)

At 31 March 2021, other schemes extended to 99,000 sq. ft. with an ERV of £6.3 million (4.8% of ERV), of which 15,000 sq. ft. (ERV: £1.0 million) was let on a short-term basis pending commencement of works. Schemes underway included 12,000 sq. ft. of hospitality space, 19,000 sq. ft. of retail, 44,000 sq. ft. of office accommodation and 18 apartments. Currently, we anticipate schemes with an ERV of £2.0 million will complete in the second half of this financial year.

Public realm improvements

In Seven Dials, work continues with local stakeholders to bring about a long-term traffic reduction plan, after Camden Council's Covid safer travel scheme, which has removed all traffic from Seven Dials from 10am until 6pm, comes to an end later this year.

In Carnaby, we are working with urban design specialists to consider how the public realm could be adapted to create a greener street environment which promotes a sense of wellbeing and encourages increased dwell time. Also, we continue to work on proposals for the increasingly important eastern entrance to Carnaby from Broadwick Street, with a view to removing traffic and providing a new public space with flexible seating and greening.

Longmartin asset management

In the following narrative, all figures (except areas) represent our 50% share.

For the six months to 31 March 2021, 78% of contracted rent has been collected to date. 11% has been waived and 11% remains outstanding. The higher relative collection rate, compared with that for the wholly-owned portfolio, mainly reflects Longmartin's higher proportion of offices and larger international retailers.

During the period, lettings and rent reviews with a rental value of £0.6 million were concluded (31.3.2020: £0.5 million).

At 31 March 2021, the ERV of Longmartin's vacant space was £1.2 million (31.3.2020: £1.1 million) and space with an ERV of £0.5 million was under refurbishment (31.3.2020: £0.6 million).

Acquisitions and disposals

During the six months to 31 March 2021, we have added to our existing ownership clusters, acquiring two buildings in Seven Dials and Coliseum for £5.6 million, including costs. The buildings comprised two shops, 800 sq. ft. of office accommodation and two apartments.

With the West End's broad-based economy, global appeal and resilience, existing private owners are traditionally reluctant to sell other than in periods of uncertainty or financial pressure, or if their personal circumstances change. However, we have found acquisition opportunities have remained limited during the protracted lockdown during the period, which has discouraged existing owners from bringing properties to the market due to uncertainty regarding the duration of restrictions and difficulties for prospective purchasers to inspect buildings. We are now aware of an increase in buildings potentially of interest to us being prepared for sale as uncertainty starts to recede. In the current environment, they are likely to have vacancy issues and require investment to improve their accommodation or combine with our existing holdings, but for us they represent valuable opportunities to add to the long-term value of our established ownership clusters.

We continue discussions with the vendor of the leasehold of 90-104 Berwick Street, although there is no certainty a transaction will be concluded.

In April 2021, we completed the disposal of one non-core building in Soho for £5.3 million, 11% ahead of valuation at 31 March 2021. Further disposals of a limited pool of buildings no longer core to our long-term strategy are being considered.

Wholly-owned portfolio valuation

The portfolio valuation at 31 March 2021 was carried out while the UK was in its third national lockdown and prior to the initial reopening of the West End economy in April and May. Against this backdrop, our portfolio was valued at £2.8 billion, following a like-for-like decline over six months of 10.1%, bringing the decline over 18 months to 26.6%, which has largely occurred since the beginning of the pandemic. After allowing for acquisitions and capital expenditure, the revaluation deficit for the period was £331.4 million.

In previous years, we have presented the key valuation data by village. However, we now consider it is appropriate to report these metrics by occupier use, being consistent with how we report operational performance in our interim and preliminary statements. Further analysis and the valuation table by village is included on page 48.

	31 March 2021					
	Hospitality and leisure	Retail	Offices	Residential	Total	30 Sept 2020
Valuation (£m)	1,065	762	510	507	**2,844**	3,137
LfL valuation movement[1,2]	(11.0)%	(18.2)%	(3.7)%	0.5%	**(10.1)%**	(18.3)%
Annualised current income (£m)[3]	43.1	32.1	16.8	12.9	**104.9**	109.9
ERV (£m)	50.9	36.4	27.1	17.3	**131.7**	140.3
LfL ERV change[1]	(5.6)%	(11.3)%	(1.7)%	(4.0)%	**(6.3)%**	(6.6)%
Topped up initial yield	4.0%	4.0%	3.0%	N/A	**3.4%**	3.1%
Equivalent yield	4.5%	4.4%	4.6%	2.4%	**4.1%**	3.9%

1. 31 March 2021: 6 month change; 30 September 2020: 12 month change
2. Like-for-like, taking into account capital expenditure and amortisation of lease incentives and costs included in receivables. Alternative performance measure. See page 46.
3. Including estimated turnover-related income; excluding stepped rents and rent-free periods.

The valuation decline during the period was predominantly related to retail and hospitality uses which, together, represent almost two-thirds of the portfolio value. The portfolio equivalent yield increased by 15 basis points to 4.1% during the period (30.9.2020: 3.95%), bringing the total increase over the last 18 months to 63 basis points. The main drivers of the decline were:

- Increased valuation yields, which reduced the valuation by around £154 million:
  - Hospitality and retail: increase of between 15 and 35 basis points, reflecting investor sentiment for these footfall-reliant uses, which was dominated by the challenging operating conditions and prevailing uncertainty at the valuation date.
  - Office yields remained broadly stable during the period, although the valuers increased their near-term letting period assumptions.
- A like-for-like decline in ERV of 6.3%, which reduced the valuation by approximately £139 million:
  - Retail: the overall decrease was 11.3%. Our smaller shops have proved to be to be relatively resilient. However, during the period, we have seen decreases in prime zone A rents of 20% and 27% in Carnaby Street and Neal Street respectively, both of which have larger shop sizes and had relatively higher rental tones. Across the portfolio, retail ERVs have now declined by around 20% in 18 months. Where there are turnover elements in retail leases, the valuers assess a prudent estimate of the cash flow these will deliver.
  - Hospitality: the decline was 5.6% and follows a decrease of 6.8% in 2020. In the current environment, the valuers have not recognised any potential value from turnover top-ups.
  - Office ERVs reduced by 1.7%.
- The valuers have continued to make a deduction for their estimate of the short-term income impact of rental support likely to be granted to occupiers. At 31 March 2021, this equated to approximately £42 million.

- Our residential values have stabilised in the period. The average capital value of our apartments is £1,350 per square foot.

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

The combination of investor appetite for the best locations, available liquidity and affordable finance, yet scarce investment opportunities in the West End, will be important in supporting yields. The value of control over areas cannot be underestimated, bringing the ability to curate and drive growth over the long term which, together with an improving operational outlook, will be important in the near-term valuation trend. Whilst there is a flight to quality, near-term downside risks persist including, inter alia, the pace at which footfall and trading recovers, the risk of further lockdowns, continued structural changes in shopping trends and the time taken for the surplus available space across the West End to be absorbed.

Longmartin valuation

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

During the period, Longmartin's long leasehold property valuation decreased by 6.4% from £175.0 million to £163.8 million, following an overall ERV decline of 6.3% from £8.8 million to £8.2 million but with the equivalent yield stable at 4.1%. The majority of the valuation decrease was in retail, which declined by 21.2%, while hospitality and offices both declined by 2.2% and residential values remained stable. After allowing for capital expenditure, the revaluation deficit was £11.2 million.

Now valued at £33.0m (20.2% of the total), Longmartin's retail space predominantly comprises large units on Long Acre, a street with large shops and relatively high overall rents. With occupier demand for such space continuing to be depressed, the street has a high level of both actual and shadow vacancy. Following significant decreases in Longmartin's retail valuations over the previous two years, retail yields have stabilised in the range 4.25% to 4.75%, but the top rental tones have decreased by a further 16.7% during the period to £375 per sq. ft., 47% below the peak in rental tones of £710 per sq. ft. in 2017.

Financial results

Covid-19 restrictions have continued to have a material negative impact on our results during the six months ended 31 March 2021, resulting in further investment property valuation deficits and reduced net property income. The impact on the first half of last year's financial results was significantly less, as pandemic-related issues only began to impact the Group's operations from February 2020.

Presentation of financial information

As is usual practice in our sector, we produce alternative measures for certain indicators, including earnings, earnings per share and NTA, 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 more comparable across Europe, enhancing the transparency and coherence of the sector. These measures are reconciled to IFRS in note 16 to the condensed consolidated half year financial statements ("the financial statements"). Further details on APMs used, and how they reconcile to IFRS, are set out on page 46.

Accounting for rental support provided to occupiers

The support we are providing to occupiers as a result of the pandemic is largely in the form of waivers of rent and lease modifications. The cost of these arrangements is spread over the remaining or revised lease term. In the same way as a lease incentive, the deferred cost is assessed for impairment. The deferred cost balance,

after amortisation or impairment, is deducted from the valuation of investment properties and so is initially charged to revaluation gains or losses. As the balance is amortised or impaired, there is a charge against revenue and an equal credit to revaluation gains or losses. Given the level of rental support during the period, there is a material mismatch between EPRA earnings and cash flows.

The financial statements include significant provisions for expected credit losses in respect of trade receivables and impairments of lease incentives and deferred letting costs. In assessing the provisions, we consider a number of factors including on-going operational and financial challenges being experienced by tenants which reduce their ability to pay back arrears and increase the risk of tenant default.

Summary income statement

	Six months ended		Year ended
	31.3.2021	31.3.2020	30.9.2020
	£m	£m	£m
Rental income[1]	**48.9**	60.4	114.4
Charges for expected credit losses and impairments	**(10.6)**	(3.9)	(21.9)
Property costs[1]	**(11.8)**	(10.3)	(18.2)
Net property income	**26.5**	46.2	74.3
Administrative expenses	**(9.3)**	(6.5)	(14.4)
Valuation deficits and disposal profits	**(331.4)**	(300.2)	(698.2)
Operating loss	**(314.2)**	(260.5)	(638.3)
Net finance costs	**(15.3)**	(15.4)	(31.8)
Share of Longmartin post-tax loss	**(9.0)**	(11.7)	(29.4)
Loss before tax	**(338.5)**	(287.6)	(699.5)
Tax	**-**	-	-
Reported loss for the period	**(338.5)**	(287.6)	(699.5)
Basic loss per share	**(93.1)p**	(93.6)p	(227.5)p
EPRA earnings[2]	**2.1**	25.3	29.4
EPRA earnings per share[2]	**0.6p**	8.2p	9.6p

1. Net of recoverable service charge costs.
2. Alternative performance measure.

The loss after tax for the period of £338.5 million (31.3.2020: £287.6 million) was predominantly due to revaluation deficits in both the wholly-owned portfolio and the Longmartin joint venture, which together amounted to £342.6 million (31.3.2020: £315.5 million).

EPRA earnings

EPRA earnings are a measure of the level of underlying operating results and an indication of the extent to which dividends 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 amounted to £2.1 million, £23.2 million lower than for the same period last year (31.3.2020: £25.3 million), predominantly due to the impact of the pandemic, which has resulted in reduced revenue, increased charges for expected credit losses and impairments and increased property costs. EPRA earnings per share amounted to 0.6p (31.3.2020: 8.2p).

EPRA Earnings[1]	£m	£m
Six months ended 31.3.2020		25.3
Movements:		
Rental income	(11.5)	
Expected credit losses and impairment charges	(6.7)	
Property costs	(1.5)	
Net property income		(19.7)
Administrative costs	(2.8)	
Net finance costs	0.1	
Longmartin	(0.8)	
Total movement		(3.5)
Six months ended 31.3.2021		**2.1**

1. Alternative performance measure.

Net property income

Compared with the same period last year, rental income has reduced by £11.5 million to £48.9 million (31.3.2020: £60.4 million) and includes (non-cash) accrued income from lease incentives of £15.9 million (31.3.2020: £0.2 million). Representing a like-for-like change of 19.4%, the decrease is largely the result of rental support granted to occupiers and vacancy.

The Income Statement includes charges amounting to £10.6 million in respect of expected credit losses against tenant receivables and impairments in respect of lease incentive and deferred letting cost balances (31.3.2020: £3.9 million). These reflect our assessment of the likelihood of recovery of tenant arrears and/or tenant default, given the financial challenges many are faced with, particularly our hospitality and retail occupiers.

Property charges, excluding recoverable service charge costs, increased by £1.5 million to £11.8 million (31.3.2020: £10.3 million) predominantly due to reduced service charge recoveries and increased vacancy-related costs, including business rates.

After irrecoverable costs and charges for expected credit losses and impairments, net property income for the period was £26.5 million, £19.7 million below last year (31.3.2020: £46.2 million).

Administrative expenses

	Six months ended		Year ended
	31.3.2021 **£m**	31.3.2020 £m	30.9.2020 £m
Total employee costs	**5.8**	3.7	8.2
Other administrative expenses	**3.5**	2.8	6.2
Total administrative expenses	**9.3**	6.5	14.4

Administrative expenses, totalling £9.3 million, were £2.8 million higher than for the same period last year (31.3.2020: £6.5 million) with increases in total employee costs and other administrative expenses of £2.1 million and £0.7 million respectively.

The increase in total employee costs was largely due to:

- additional headcount and the 2020 annual pay review which, together, increased costs by £0.4 million.
- an increase in social security costs of £0.7 million, predominantly in respect of equity-settled remuneration and reflects the relative changes in our share price in the first half of this financial year compared with the same period in 2020.
- a non-cash charge for equity-settled remuneration of £0.5 million (31.3.2020: £0.2 million).
- a provision for employee annual bonuses of £0.7m (31.3.2020: £nil).

The increase in other administrative costs was mainly due to higher insurance costs and professional fees.

Valuation deficit and disposal profits

Our wholly-owned portfolio's revaluation deficit was £331.4 million (31.3.2020: deficit of £300.4 million). This represented a like-for-like valuation decrease of 10.1%, largely due to a 6.3% like-for-like decrease in ERV and an expansion in the equivalent yield to 4.1%. See also pages 15 to 16.

Disposal profits in the first half of the last financial year of £0.2 million related to residential long leasehold tenure extensions granted during that period. There were no disposals in the six months ended 31 March 2021.

Net finance costs

Net finance costs decreased by £0.1 million to £15.3 million (31.3.2020: £15.4 million) and included interest income of £0.4 million (31.3.2020: £0.3 million). Savings in bank interest of £0.2 million following the refinancing in November were offset by an accelerated write-off of unamortised loan issue costs.

Share of Longmartin post-tax loss

Following revaluation deficits, the Longmartin joint venture reported post-tax losses in both the six months ended 31 March 2021 and 2020. Our share of the revaluation deficit in the first half of this year was £11.2 million (31.3.2020: £15.1 million). Excluding these revaluation losses, and the related deferred tax credits totalling £2.0 million (31.3.2020: £2.4 million), our share of EPRA earnings from Longmartin decreased by £0.8 million to £0.2 million (31.3.2020: £1.0 million) largely due to lower net property income following charges for expected credit losses and impairments, of which our share was £0.8 million.

The UK Finance Bill proposes to increase the rate of tax from 19% to 25% from April 2023, although at 31 March 2021 the Finance Bill had not been substantively enacted. Deferred tax has therefore been assessed at the prevailing rate of tax of 19%. Assuming the Bill receives parliamentary approval, deferred tax will be assessed at 25% in our full year results. Had this been the case at 31 March 2021, our share of Longmartin's post-tax loss would have included an additional deferred tax charge of £2.0 million.

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 (31.3.2020: £nil). We continue to meet the requirements in the REIT regulations, although the risk of not meeting the interest cover test for the full year remains. Whilst this is not a breach of REIT eligibility, it is possible that any interest over the threshold could be taxed. However, through discussions with HMRC, we understand that they are likely to make allowances for this, in view of the extenuating circumstances.

Dividends

As a REIT, we are required to distribute a minimum of 90% of rental profits, calculated by reference to tax rather than accounting rules, as a PID. The Board has declared an interim dividend of 2.4p per share, to fulfil the Group's PID requirements for the year end 30 September 2020. The distribution, totalling £9.2 million, will be paid on 2 July 2021.

Balance Sheet

	31.3.2021 £m	31.3.2020 £m	30.9.2020 £m
Investment properties	**2,808.7**	3,487.1	3,115.5
Investment in joint venture	**87.8**	114.5	96.8
Net debt	**(722.6)**	(937.3)	(987.0)
Other net assets	**63.3**	27.4	55.3
Net assets	**2,237.2**	2,691.7	2,280.6
EPRA NTA per share[1]	**£5.83**	£8.78	£7.43
Total Accounting Return[1]	**(21.5)%**	(9.7)%	(23.4)%

1. Alternative performance measure.

The decrease in net assets of £43.4 million during the six months ended 31 March 2021 was largely due to the loss after tax of £338.5 million which was largely offset by the net proceeds of the equity issue in November 2020, amounting to £294.4 million.

EPRA NTA

EPRA NTA makes adjustments to reported net assets 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 and deficits in the Longmartin joint venture.

Total accounting return measures shareholder value creation, taking into account the movement in EPRA NTA together with dividends paid.

EPRA NTA per share decreased during the period by £1.60 to £5.83 (30.9.2020: £7.43) due to the equity raise in November 2020 and revaluation deficits in the wholly-owned portfolio and Longmartin:

EPRA NTA[1]	Pence per share
30 September 2020	743
Equity issue	(71)
Revaluation deficits	(89)
31 March 2021	**583**

1. Alternative performance measure.

Equity issue and associated refinancing

Anticipating the consequences of a protracted period of pandemic-related disruption and recovery, and the potential near-term implications for revenue and property values, in November 2020, we issued 76.75 million shares, representing approximately 25% of our issued share capital, at £4 per share. This reduced our leverage and refinancing and asset-related covenant risks, and provided working capital to fund forecast operating losses and capital expenditure until macro and local conditions stabilise. After issue costs, the net proceeds were £294.4 million.

Following completion of the equity issue, we cancelled our £125 million revolving credit facility (RCF) which was undrawn and had a contractual maturity in May 2022. In doing so, we removed a near-term refinancing risk in this period of uncertainty and released £252 million of charged properties to top up our pool of uncharged assets, reducing loan-to-value risk across our other debt arrangements. The cancellation removed the facility's annual commitment cost of £0.8 million.

We used £100 million of the proceeds to repay drawings against our remaining RCF (£100 million, maturity February 2023), which remains available to be re-drawn, provided that we remain compliant with all requirements in the loan agreement, including the financial covenants. Whilst undrawn, the annualised interest saving is estimated at £1.0 million.

Related party transactions are disclosed in note 13 to the financial statements.

Liquidity

The equity issue and associated refinancing have ensured we maintain a strong financial base, are positioned to return to long-term growth as pandemic issues recede and, should conditions improve, have capacity for portfolio investment.

At 31 March 2021, available liquidity was £337.2 million (30.9.2020: £197.8 million) comprising £237.2 million of cash and our undrawn RCF (£100 million). Capital commitments to be funded from these resources totalled £25.2 million.

	Reported 31.3.2021 £m	Pro-forma[1] 30.9.2020 £m	Reported 30.9.2020 £m
Cash	**237.2**	267.2	72.8
Undrawn floating rate RCF	**100.0**	100.0	125.0
Available resources	**337.2**	367.2	197.8
Commitments	**(25.2)**	(31.0)	(31.0)
Pro-forma available resources	**312.0**	336.2	166.8

1. Pro-forma for the net proceeds of the equity issue in November 2020, termination of our £125 million revolving credit facility and repayment of drawings under the £100 million revolving credit facility.

This level of resources ensures that our liquidity does not fall below levels the Board considers appropriate, after taking into account expected cash outflows from operating activities through the Covid recovery, the downside risks to the assumptions in our forecasts and anticipated capital expenditure on new refurbishment and reconfiguration schemes through 2021 and 2022. We continue to maintain a disciplined approach to acquisitions, and are considering a small number of disposals. See page 14.

Net debt and cash flows

Movement in net debt	**£m**
30 September 2020	987.0
Operating cash outflow	3.2
Net portfolio investment	20.9
Interest waiver deposits	5.1
Net proceeds from share issue	(294.4)
Other	0.8
31 March 2021	**722.6**

Following the repayment of drawings under our RCF, gross debt decreased by £100.0 million during the period to £959.8 million (30.9.2020: £1,059.8 million). Net debt decreased by £264.4 million to £722.6 million (30.9.2020: £987.0 million) largely due to the equity issue.

Net cash outflows from operating activities were £3.2 million (31.3.2020: £15.7 million inflow). This reflects:

- the impact of government restrictions which have resulted in significantly reduced rent collections and higher irrecoverable property costs compared with the first half of the previous financial year which was largely unaffected by the pandemic.
- a reduction in rents billed in advance collected at the period end, following the move to monthly invoicing from 1 October 2020.

Net portfolio investment was £20.9 million (31.3.2020: £18.8 million), comprising capital expenditure of £17.3 million, and £3.6 million in respect of the acquisition of two buildings net of the return of a deposit in respect of 90-104 Berwick Street.

Further deposits were made in respect of interest cover covenant waivers during the period. The net cash outflow of £5.1 million is a combination of new deposits made totalling £5.4 million and the return of a deposit, amounting to £0.3 million, following the cancellation of a revolving credit facility.

Our loan-to-value ratio decreased to 25.4% (30.9.2020: 31.5%). The equity issue reduced proforma loan-to-value at 30 September 2020 to 22.1%. The subsequent increase in the ratio was predominantly caused by the portfolio valuation decline in the period (see pages 15 to 16).

At 31 March 2021, the weighted average maturity of debt facilities was 8.5 years with the earliest maturity being our £100 million RCF in February 2023. The blended cost of debt was 3.1% (30.9.2020: 2.9%) and the marginal cost of drawing on our RCF was 1.0% (30.9.2020: average marginal cost of both RCFs then in place: 0.7%).

Debt summary[1]

	Reported 31.3.2021 £m	Pro-forma[2] 30.9.2020 £m	Reported 30.9.2020 £m
Debt	**959.8**	959.8	1,059.8
Cash	**(237.2)**	(267.2)	(72.8)
Net debt	**722.6**	692.6	987.0
Loan-to-value[3,4]	**25.4%**	22.1%	31.5%
Gearing[3,4,6]	**32.2%**	26.8%	43.1%
Interest cover[3,5]	**1.1x**	N/A	1.9x
% drawn debt fixed	**100%**	100%	91%
Blended cost of debt[3,7]	**3.1%**	3.1%	2.9%
Marginal cost of undrawn floating rate facilities	**1.0%**	1.0%	0.7%
Weighted average maturity of debt facilities (years)	**8.5**	9.0	8.3
Sources of finance (fully drawn basis)			
Bonds	**54%**	54%	49%
Term loans	**36%**	36%	32%
Revolving credit facilities	**10%**	10%	19%

1. Data excludes our 50% share of Longmartin's non-recourse debt.
2. Proforma for the net proceeds of the equity issue in November 2020, termination of our £125 million revolving credit facility and repayment of drawings under the £100 million revolving credit facility.
3. Alternative performance measure.
4. Based on net debt.
5. Ratio of operating profit before investment property disposals and valuation movements to net finance costs.
6. Based on EPRA net assets.
7. Including non-utilisation fees on undrawn bank facilities.

Debt maturity profile

Year of maturity	**Facility type**	**Total facility £m**
2023	Revolving credit facility[1]	100
2027	Bonds	290
2029	Term loan	135
2030	Term loan	130
2031	Bonds	285
2035	Term loan	120

1. Undrawn at 31 March 2021

Debt covenants

The financial covenants in our debt arrangements are summarised on page 47.

Interest cover ratio waivers are in place as follows:

Facility	**Facility amount**	**ICR waiver**	**Notes**
Term loan	£134.8m	July 2021	1,3
RCF	£100m	October 2021	2
Term loan	£250m	January 2022	3

1. Waiver extension discussions with the provider of the £134.8 million term loan planned.

2. In the event that we require further waivers which either are not granted, or are subject to restrictions we find unacceptable, our liquidity position would allow us to part cancel or terminate the facility ahead of its contractual maturity.

3. In the absence of interest cover covenant waivers from the providers of our term loans, we can remedy interest cover ratio shortfalls with cash deposits, although there are restrictions on the number of times these remedies can be used.

We remain compliant with the terms of the financial covenants under our bonds. However, given the continued uncertainty in the operational outlook, we continue to monitor the covenants and will take appropriate action if required.

At 31 March 2021, amounts held on deposit in respect of these waivers had increased by £5.1 million to £13.8 million (30.9.2020: £8.7 million), having secured waiver extensions on our £100 million revolving credit facility and our £250 million term loan, and cancelled our £125 million revolving credit facility during the period. These amounts will be repaid to the Group once the waivers have ceased and we are compliant with the covenants in the respective agreements.

We were compliant with our LTV covenants at 31 March 2021. Our individual debt arrangements have specifically charged assets as security and we have a pool of unsecured properties. Through charging these unsecured properties, we estimate we could withstand a 36% decrease in valuations before reaching the limit of our loan-to-value covenants. If we were to cancel our RCF and release its assets to be charged against other loans, this tolerance would increase to 43%.

Longmartin finance

The figures below represent our 50% share.

The Longmartin joint venture has a £60 million fixed-rate term loan maturing in 2026, which is non-recourse to Shaftesbury.

At 31 March 2021, Longmartin's net debt was £58.8 million, representing a loan-to-value ratio of 35.9%, up from 33.1% at 30 September 2020, largely due to the property valuation decrease in the period.

An ICR waiver to January 2022 has now been agreed with Longmartin's lender. The lender holds £2.7 million on deposit in respect of this waiver, which is refundable once the waiver has ended and Longmartin is compliant with its covenants.

Principal Risks and Uncertainties

Successful management of risk is critical to the successful delivery of the Group's strategic priorities. Ultimate responsibility for risk rests with the Board but the effective day-to-day management of risk is integral to the way the Group does business and its culture. Risks are addressed as they arise and, where significant, are discussed more widely with the Strategy and Operations Executive. Issues that have arisen and how risks have changed are key inputs to the Risk Committee. Details of how we manage risk are set out on pages 71 to 72 of the 2020 Annual Report.

The principal strategic risks and uncertainties of the business, which are set out on pages 73 to 77 in the Annual Report for the year ended 30 September 2020, fall into five categories: external factors, geographic concentration, market and consumer, financing and capital structure, and sustainability.

The impact of Covid-19, and related government restrictions, has continued to dominate the evolution of risk. The successful vaccination programme and relaxation of restrictions is bringing about a recovery, which as it gathers momentum, and if sustained, is likely to reduce the level of risk across some categories. As it is too early to assess when and how risks will abate, the Board believes that there has been no material change in the principal risk categories faced by the Group for the remaining six months of the financial year.

The risk of further Covid variants, and whether current vaccines will deal with them effectively, remains. Infection surges may result in further government restrictions which could disrupt or prevent our hospitality and retail occupiers from trading and delay the post-pandemic recovery.

Until the recovery is sustained, and recognising continued rental support to tenants, including short-term turnover-related rents, the ability to predict our near-term income is impaired and, therefore, the Group's forecasts continue to be prepared under a variety of market scenarios to reflect a range of potential outcomes.

Unaudited Group Statement of Comprehensive Income

For the six months ended 31 March 2021

	Notes	**Six months ended 31.3.2021 £m**	Six months ended 31.3.2020 £m	Year ended 30.9.2020 £m
Revenue		**53.2**	66.4	124.5
Expected credit losses		**(8.1)**	(2.7)	(13.0)
Impairment charges		**(2.5)**	(1.2)	(8.9)
Property charges		**(16.1)**	(16.3)	(28.3)
Net property income	2	**26.5**	46.2	74.3
Administrative expenses		**(9.3)**	(6.5)	(14.4)
Operating profit before investment property disposals and valuation movements		**17.2**	39.7	59.9
Profit on disposal of investment properties		**-**	0.2	0.3
Net revaluation deficit on investment properties	5	**(331.4)**	(300.4)	(698.5)
Operating loss		**(314.2)**	(260.5)	(638.3)
Finance income		**0.4**	0.3	0.7
Finance costs	3	**(15.7)**	(15.7)	(32.5)
Share of post-tax loss from joint venture	7	**(9.0)**	(11.7)	(29.4)
Loss before tax		**(338.5)**	(287.6)	(699.5)
Tax charge for the period	4	**-**	-	-
Loss and total comprehensive loss for the period		**(338.5)**	(287.6)	(699.5)
Loss per share:				
Basic and Diluted	16	**(93.1)p**	(93.6)p	(227.5)p

Net property income for the six months ended 31 March 2020 has been re-presented to separately disclose expected credit losses and impairment charges in order to aid comparability between periods.

Unaudited Group Balance Sheet

As at 31 March 2021

	Notes	**31.3.2021 £m**	31.3.2020 £m	30.9.2020 £m
Non-current assets				
Investment properties	5	**2,808.7**	3,487.1	3,115.5
Accrued income	6	**25.6**	12.2	16.3
Investment in joint venture	7	**87.8**	114.5	96.8
Property, plant and equipment		**1.1**	1.2	1.2
Other receivables	9	**3.7**	3.7	3.7
		2,926.9	3,618.7	3,233.5
Current assets				
Trade and other receivables	8	**46.5**	31.7	45.0
Cash and cash equivalents	9	**237.2**	172.5	72.8
Total assets		**3,210.6**	3,822.9	3,351.3
Current liabilities				
Trade and other payables	10	**21.6**	30.8	19.7
Non-current liabilities				
Borrowings	11	**951.8**	1,100.4	1,051.0
Total liabilities		**973.4**	1,131.2	1,070.7
Net assets		**2,237.2**	2,691.7	2,280.6
Equity				
Share capital	13	**96.1**	76.9	76.9
Share premium		**653.8**	378.6	378.6
Share-based payments reserve		**1.2**	0.5	1.3
Retained earnings		**1,486.1**	2,235.7	1,823.8
Total equity		**2,237.2**	2,691.7	2,280.6

Unaudited Group Cash Flow Statement

For the six months ended 31 March 2021

	Notes	**Six months ended 31.3.2021 £m**	Six months ended 31.3.2020 £m	Year ended 30.9.2020 £m
Cash flows from operating activities				
Cash generated from operating activities	15	**11.6**	30.5	33.5
Interest received		**0.1**	0.3	0.4
Interest paid		**(14.9)**	(15.1)	(31.4)
Net cash (used in)/from operating activities		**(3.2)**	15.7	2.5
Cash flows from investing activities				
Investment property acquisitions		**(3.6)**	(0.4)	(13.3)
Investment property disposals		**-**	0.2	0.3
Capital expenditure on investment properties		**(17.3)**	(18.6)	(31.2)
Purchase of property, plant and equipment		**-**	-	(0.1)
Increase in cash held in restricted accounts		**(5.4)**	-	(8.7)
Decrease in cash held in restricted accounts		**0.3**	-	-
Dividends received from joint venture		**-**	1.4	1.4
Increase in loans to joint venture		**(0.8)**	(2.0)	(4.3)
Net cash used in investing activities		**(26.8)**	(19.4)	(55.9)
Cash flows from financing activities				
Proceeds from share issue	13	**307.0**	-	-
Share issue costs	13	**(12.6)**	-	-
Proceeds from borrowings		**-**	150.0	150.0
Repayment of borrowings	11	**(100.0)**	-	(50.0)
Equity dividends paid	14	**-**	(27.8)	(27.8)
Net cash from financing activities		**194.4**	122.2	72.2
Net change in cash and cash equivalents		**164.4**	118.5	18.8
Cash and cash equivalents at the beginning of the period	9	**72.8**	54.0	54.0
Cash and cash equivalents at the end of the period	9	**237.2**	172.5	72.8

Unaudited Group Statement of Changes in Equity

For the six months ended 31 March 2021

	Notes	Share capital £m	Share premium £m	Share-based payments reserve £m	Retained earnings £m	Total equity £m
At 1 October 2020		**76.9**	**378.6**	**1.3**	**1,823.8**	**2,280.6**
Loss and total comprehensive loss for the period		**-**	**-**	**-**	**(338.5)**	**(338.5)**
Share-based payments		**-**	**-**	**0.7**	**-**	**0.7**
Release on exercise of share options		**-**	**-**	**(0.8)**	**0.8**	**-**
Share issue	13	**19.2**	**275.2**	**-**	**-**	**294.4**
At 31 March 2021		**96.1**	**653.8**	**1.2**	**1,486.1**	**2,237.2**
At 1 October 2019		76.9	378.6	1.3	2,550.4	3,007.2
Loss and total comprehensive loss for the period		-	-	-	(287.6)	(287.6)
Dividends paid	14	-	-	-	(27.8)	(27.8)
Share-based payments		-	-	(0.1)	-	(0.1)
Release on exercise of share options		-	-	(0.7)	0.7	-
At 31 March 2020		76.9	378.6	0.5	2,235.7	2,691.7
At 1 October 2019		76.9	378.6	1.3	2,550.4	3,007.2
Loss and total comprehensive loss for the year		-	-	-	(699.5)	(699.5)
Dividends paid	14	-	-	-	(27.8)	(27.8)
Share-based payments		-	-	0.7	-	0.7
Release on exercise of share options		-	-	(0.7)	0.7	-
At 30 September 2020		76.9	378.6	1.3	1,823.8	2,280.6

Notes to the half year results

For the six months ended 31 March 2021

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 in accordance with IAS 34 'Interim Financial Reporting' as contained in EU-adopted IFRS. They should be read in conjunction with the annual financial statements for the year ended 30 September 2020, 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 2020 is derived from the statutory accounts for that year. Statutory accounts for the year ended 30 September 2020 were approved by the Board on 14 December 2020 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

Given the significant uncertainties resulting from the impact of Covid-19 on the economic environment in which the Group operates, the Board has placed a particular focus on the appropriateness of adopting the going concern basis in preparing the condensed consolidated financial statements for the six months ended 31 March 2021.

The Group's going concern assessment covers the period from the date of authorisation of these condensed consolidated financial statements to 30 June 2022 (the "going concern period"), and takes into account its liquidity, committed expenditure, and likely ongoing levels of costs.

In preparing the assessment of going concern, the Board has considered a severe but plausible downside scenario, which assumes a resurgence of the virus in the UK in late 2021 and that another extended lockdown is imposed, similar to that seen in the period December 2020 to April 2021, interrupting our retail and hospitality occupiers' ability to trade, further damaging their long-term prospects and setting back the UK's recovery from the pandemic by 12 months.

While operating conditions are now improving as a result of the relaxation of the Government's Covid-19 containment measures, the reimposition of restrictions could lead to further deterioration in levels of rent collection, increased EPRA vacancy at the end of the going concern period, and an increased risk of a further decline in asset values.

Under this severe downside scenario, the Group would not meet interest cover covenants on its term loans and revolving credit facility throughout the whole of the going concern period. However, on all drawn debt facilities it has either secured waivers or has cash curing rights, and sufficient liquidity to utilise them, throughout the going concern period. The Group has an undrawn revolving credit facility for which the availability of a further interest cover covenant waiver is uncertain, but the Group is not reliant on this facility for liquidity and it could be terminated early.

The Group was compliant with its mortgage bonds' interest cover covenants at 31 March 2021 and expects to remain compliant during the going concern period. Should it be required, the Group has the ability to top-up the charged asset pool with additional assets with sufficient contractual income from its pool of unsecured properties.

The covenants and associated waivers and cure rights for each of our debt arrangements are summarised on page 47.

The undrawn revolving credit facility expires in February 2023. There are no other debt maturities until 2027.

Going concern (continued)
At 31 March 2021, the Group's loan-to-value ratio was 25.4%. The Group's individual debt arrangements have specifically charged assets as security and each has its own loan-to-value covenant. As part of the Group’s finance strategy, it has a pool of unsecured properties which can be used to top-up debt security pools, if necessary, to comply with loan-to-value covenants.

Through charging these unsecured properties, the Group estimates that it could withstand a 36% decrease in valuations before reaching the limit of its loan-to-value covenants. If it were to cancel the undrawn revolving credit facility and release its assets to be charged against other loans, this tolerance would increase to 43%.

The Board considers the likelihood of a decline of this magnitude to be remote in view of the prime nature of the assets in the portfolio and the 26.6% decline already experienced in the 18 months ended 31 March 2021, which has largely been a result of the pandemic.

Under the Group's severe but plausible downside scenario, the Group has sufficient liquidity for the going concern period assuming that values do not decline beyond the tolerance levels noted above.

The Board, therefore, has a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period. On this basis, the Board has continued to adopt the going concern basis in preparing the condensed consolidated 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.

Significant areas of estimation uncertainty

Investment property valuation
The investment property portfolio is valued by independent third party valuers. Cushman & Wakefield value the properties owned by the Group, and Knight Frank LLP value the properties owned by the Longmartin joint venture.

Valuations are inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental income. As a result, the valuations the Group places on its property portfolio require estimates to be made, including, but not limited to, market yields, ERVs, void periods and, currently, the likely short-term impact of rent concessions. These estimates are based on assumptions made by the valuers. The most significant assumptions are those in respect of market yields and ERVs, which are summarised in the portfolio valuation analysis on page 48 and are in accordance with the RICS Valuation - Global Standards. Given the inherent subjectivity, the valuations 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. This may mean that the value of the Group’s properties differs from their valuation reported in the financial statements, which could have a material effect on the Group’s financial position.

Further information on the approach taken by the valuers in valuing the portfolio and a sensitivity analysis on equivalent yields and ERV, which are the most significant assumptions impacting the fair values, is set out in note 5 to the financial statements.

Provisions for expected credit losses, impairment of lease incentives and prepaid letting expenses
In preparing the financial statements, estimates are made in assessing expected credit losses in respect of trade receivables, lease incentives and prepaid letting expenses. In normal circumstances, these estimates draw on historical information, such as recent payment history. However, in the current market with greater uncertainty, the focus is more on forecast information, taking into account expectations about trading levels, footfall and tenants' ability to pay arrears, and, with respect to lease incentives and prepaid letting expenses, whether it is likely tenants will serve out the remainder of the contractual terms of their leases. In assessing provisions, the Group identifies risk factors associated with each use (hospitality and leisure, retail, office and residential).

Provisions for expected credit losses, impairment of lease incentives and prepaid letting expenses (continued)

The Group assesses the likely recovery of trade receivables for potential provisions, which are estimated using a forward-looking expected credit loss model for each receivable from an occupier. In determining the provision, the Group considers both recent payment history and future expectations of occupiers' ability to pay or possible default in order to recognise a lifetime expected credit loss allowance.

Where the credit loss relates to revenue already recognised in the Income Statement, the expected credit loss allowance is recognised in the Income Statement. Expected credit losses totalling £8.1 million were charged to the Income Statement in the period (31.3.2020: £2.7 million; 30.9.2020: £13.0 million).

Accrued income from lease incentives and prepaid letting expenses are subject to impairment review at each period end. In determining the impairment provision, the Group reviews leases on an individual basis, making a provision based on an expected credit loss model, using information available about the likelihood of a lease terminating earlier than the date of contractual break or expiry. See note 2 for further information.

The directors did not make any significant judgements in the preparation of these financial statements, which is consistent with the financial statements for the prior year.

The key estimates made in the current period financial statements are valuation of investment property and the provision for expected credit losses for trade receivables and the impairment of lease incentives and prepaid letting expenses. This is consistent with the prior year.

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 amendments to standards which became effective in the financial period from 1 October 2020, as set out below.

New standards adopted during the period

The following amendments to existing standards were relevant to the Group, adopted from 1 October 2020, and did not have a significant impact on the financial statements:

- IFRS 9, IAS 39 and IFRS 7 (amendments) – Interest rate benchmark reform
- IAS 1 and IAS 8 (amendments) – Definition of material
- IFRS 3 (amendment) – Definition of a business
- IFRS 16 (amendment) - Covid-19 related rent concessions

Standards relevant to the Group but not yet effective

The following amendments to existing standards were relevant to the Group, are not yet effective, and have not been adopted early. They are not expected to have a significant impact on the financial statements:

- Interest rate benchmark reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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 46 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 hospitality, leisure and retail on the lower floors and 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. Net property income

	Six months ended 31.3.2021 £m	Six months ended 31.3.2020 £m	Year ended 30.9.2020 £m
Rental income (excluding lease incentives)	**33.0**	60.2	102.5
Adjustment for lease incentives	**15.9**	0.2	11.9
Rental income	**48.9**	60.4	114.4
Service charge income	**4.3**	6.0	10.1
Revenue	**53.2**	66.4	124.5
Expected credit losses	**(8.1)**	(2.7)	(13.0)
Impairment charges	**(2.5)**	(1.2)	(8.9)
	42.6	62.5	102.6
Service charge expenses	**(4.3)**	(6.0)	(10.1)
Other property charges	**(11.8)**	(10.3)	(18.2)
Property charges	**(16.1)**	(16.3)	(28.3)
	26.5	46.2	74.3

The figures for the six months ended 31 March 2020 have been re-presented to separately disclose expected credit losses and impairment charges in order to aid comparability between periods.

Impairment charges of £2.5 million (31.3.2020: £1.2 million; 30.9.2020: £8.9 million) include £2.8 million for tenant lease incentive balances (31.3.2020: £1.0 million; 30.9.2020: £8.2 million) and a £0.3 million credit (31.3.2020: £0.2 million charge; 30.9.2020: £0.7 million charge) for prepaid letting expense balances.

3. Finance costs

	Six months ended 31.3.2021 £m	Six months ended 31.3.2020 £m	Year ended 30.9.2020 £m
Mortgage bond interest	**6.9**	6.9	13.9
Bank and other interest	**8.0**	8.2	17.4
Loan issue cost amortisation	**0.8**	0.6	1.2
	15.7	15.7	32.5

4. 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.

5. Investment properties

	31.3.2021 £m	31.3.2020 £m	30.9.2020 £m
At 1 October	**3,115.5**	3,765.9	3,765.9
Acquisitions	**5.6**	-	13.3
Refurbishment and other capital expenditure	**19.0**	21.6	34.8
Net revaluation deficit on investment properties	**(331.4)**	(300.4)	(698.5)
Book value at end of period	**2,808.7**	3,487.1	3,115.5
Fair value at end of period:			
Properties valued by Cushman & Wakefield	**2,844.0**	3,504.9	3,137.4
Lease incentives and costs included in receivables	**(35.3)**	(17.8)	(21.9)
Book value at end of period	**2,808.7**	3,487.1	3,115.5

The investment properties valuation comprises:

	31.3.2021 £m	31.3.2020 £m	30.9.2020 £m
Freehold properties	**2,652.1**	3,271.6	2,929.0
Leasehold properties	**191.9**	233.3	208.4
	2,844.0	3,504.9	3,137.4

Investment properties were valued at 31 March 2021 by professionally qualified external valuers, Cushman & Wakefield, who are 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 Valuation UK National Supplement (the “RICS Red Book”) 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. These assumptions include, but are not limited to, market yields, ERVs, void periods, and currently, the short-term impact of rent concessions. The key assumptions are the equivalent yields and estimated future rental income (ERV), as set out in the portfolio valuation analysis on page 48. 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 the key 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 (31.3.2020: none; 30.9.2020: 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.

Sensitivity analysis

As noted in the significant judgements, assumptions and key estimates section in note 1, 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 sensitivity analysis below illustrates the impact on the fair value of the Group's properties, from changes in the key assumptions.

	Change in ERV			
	-10% **£m**	**-5%** **£m**	**+5%** **£m**	**+10%** **£m**
(Decrease)/increase in the fair value	(243.8)	(122.1)	124.8	250.9

	Change in Yield			
	-0.5% **£m**	**-0.25%** **£m**	**+0.25%** **£m**	**+0.5%** **£m**
Increase/(decrease) in the fair value	324.8	113.3	(236.9)	(383.6)

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.

At 31 March 2021, the Group had capital commitments of £25.2 million (31.3.2020: £77.9 million; 30.9.2020: £31.0 million). This included £25.2 million relating to future capital expenditure for the enhancement of the Group's investment properties (31.3.2020: £37.7 million; 30.9.2020: £31.0 million). At 31 March 2020, it also included £4.1 million for the acquisition of an investment property and £36.1 million for the forward purchase of a long leasehold interest.

See pages 13 to 16 for a discussion of the Group's property activity during the period.

6. Accrued income

	31.3.2021 **£m**	31.3.2020 £m	30.9.2020 £m
Accrued income in respect of lease incentives	**33.7**	15.3	20.6
Less: included in trade and other receivables (note 8)	**(8.1)**	(3.1)	(4.3)
	25.6	12.2	16.3

At 31 March 2021, the Group held impairment provisions totalling £5.1 million (31.3.2020: £1.3 million; 30.9.2020: £8.2 million) against lease incentive balances. See note 2 for further information.

7. Investment in joint venture

	31.3.2021 **£m**	31.3.2020 £m	30.9.2020 £m
At 1 October	**96.8**	127.6	127.6
Share of losses	**(9.0)**	(11.7)	(29.4)
Dividends received	**-**	(1.4)	(1.4)
Book value at end of period	**87.8**	114.5	96.8

At 31 March 2021, the joint venture had capital commitments of £0.1 million (31.3.2020: £nil; 30.9.2020: £0.1 million) relating to future capital expenditure for the enhancement of its investment properties, of which, 50% relates to the Group.

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

	Six months ended 31.3.2021 £m	Six months ended 31.3.2020 £m	Year ended 30.9.2020 £m
Statement of Comprehensive Income			
Rental income	**7.3**	7.7	15.3
Service charge income	**0.6**	1.5	1.9
Revenue	**7.9**	9.2	17.2
Expected credit losses	**(0.9)**	-	(0.4)
Impairment charges	**(0.7)**	-	(0.8)
	6.3	9.2	16.0
Other property charges	**(1.3)**	(1.5)	(2.9)
Service charge expenses	**(0.6)**	(1.5)	(1.9)
Property charges	**(1.9)**	(3.0)	(4.8)
Net property income	**4.4**	6.2	11.2
Administrative expenses	**(0.2)**	(0.1)	(0.3)
Operating profit before investment property valuation movements	**4.2**	6.1	10.9
Net revaluation deficit on investment properties	**(22.4)**	(30.2)	(71.7)
Operating loss	**(18.2)**	(24.1)	(60.8)
Finance costs	**(3.5)**	(3.6)	(7.3)
Loss before tax	**(21.7)**	(27.7)	(68.1)
Current tax	**(0.2)**	(0.6)	(0.9)
Deferred tax	**3.9**	4.9	10.2
Tax credit for the period	**3.7**	4.3	9.3
Loss and total comprehensive loss for the period	**(18.0)**	(23.4)	(58.8)
Loss attributable to the Group	**(9.0)**	(11.7)	(29.4)

	31.3.2021 £m	31.3.2020 £m	30.9.2020 £m
Balance Sheet			
Non-current assets			
Investment properties at book value	**335.4**	398.2	358.0
Accrued income	**2.1**	1.4	1.8
Other receivables	**1.3**	1.3	1.3
	338.8	400.9	361.1
Cash and cash equivalents	**2.4**	1.5	4.3
Other current assets	**7.5**	3.1	5.7
Total assets	**348.7**	405.5	371.1
Current liabilities	**29.4**	23.8	30.0
Non-current liabilities			
Secured term loan	**120.0**	120.0	120.0
Other non-current liabilities	**23.7**	32.8	27.5
Total liabilities	**173.1**	176.6	177.5
Net assets	**175.6**	228.9	193.6
Net assets attributable to the Group	**87.8**	114.5	96.8

8. Trade and other receivables

	31.3.2021 £m	31.3.2020 £m	30.9.2020 £m
Trade receivables	**24.0**	15.6	26.0
Provision for expected credit losses[1]	**(19.3)**	(3.4)	(14.3)
	4.7	12.2	11.7
Accrued income in respect of lease incentives (note 6)	**8.1**	3.1	4.3
Amount due from joint venture	**12.9**	9.3	11.8
Other taxation	**3.5**	-	2.9
Prepayments	**3.5**	6.9	1.9
Other receivables (note 9)	**13.8**	0.2	12.4
	46.5	31.7	45.0

1. See significant judgements, assumptions and key estimates in note 1.

Trade receivables represent amounts due from tenants. Within this balance is £5.6 million (31.3.2020: £2.7 million; 30.9.2020: £3.6 million) owed for service charges.

At 31 March 2021, cash deposits totalling £10.8 million (31.3.2020: £20.9 million; 30.9.2020: £14.3 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.

9. Cash and cash equivalents

	31.3.2021 £m	31.3.2020 £m	30.9.2020 £m
Cash at bank	**237.2**	172.5	72.8
Restricted cash (included in other receivables):			
Non-current other receivables	**3.7**	3.7	3.7
Current other receivables (note 8)	**13.8**	-	8.7
	17.5	3.7	12.4

Restricted cash relates to cash held on deposit as security for certain secured term loans and secured bank facilities, and where there are certain conditions restricting their use.

10. Trade and other payables

	31.3.2021 £m	31.3.2020 £m	30.9.2020 £m
Deferred rental income	**3.1**	9.2	3.4
Accruals and deferred service charge income	**2.2**	3.9	1.1
	5.3	13.1	4.5
Trade payables and accruals in respect of capital expenditure	**6.5**	5.0	4.8
Other taxation and social security	**0.7**	4.6	0.5
Other payables and accruals	**9.1**	8.1	9.9
	21.6	30.8	19.7

All deferred service charge income of the prior period was recognised as income in the current period.

11. Borrowings

	Nominal value £m	**Unamortised issue costs £m**	**31.3.2021 £m**	31.3.2020 £m	30.9.2020 £m
Mortgage bonds	**575.0**	**(4.2)**	**570.8**	570.3	570.6
Secured bank facility	**-**	**(0.6)**	**(0.6)**	148.9	99.0
Secured term loans	**384.8**	**(3.2)**	**381.6**	381.2	381.4
Total borrowings	**959.8**	**(8.0)**	**951.8**	1,100.4	1,051.0

At 31 March 2021, there were no drawings against the Group's secured bank facility. Unamortised issue costs continued to be carried in the Balance Sheet. Details of the Group's current financial position are discussed on pages 20 to 22.

The Group's borrowings are secured by fixed charges over certain investment properties held by subsidiaries, with a carrying value of £2,308.1 million (31.3.2020: £2,864.0 million; 30.9.2020: £2,697.9 million), and by floating charges over the assets of the Company and/or certain subsidiaries. To the extent there is a fixed charge over a property, consent is needed from the relevant lender for the fixed charge to be removed, for example, in the case of a disposal of that property.

There are currently no restrictions on the remittance of income from investment properties.

Net debt reconciliation

	1.10.2020 £m	Cash flows Inflows £m	Outflows £m	Non-cash items	31.3.2021 £m
Non-current borrowings					
Mortgage bonds	**575.0**	**-**	**-**	**-**	**575.0**
Secured bank facility	**100.0**	**-**	**(100.0)**	**-**	**-**
Secured term loans	**384.8**	**-**	**-**	**-**	**384.8**
Loan issue costs	**(8.8)**	**-**	**-**	**0.8**	**(8.0)**
	1,051.0	**-**	**(100.0)**	**0.8**	**951.8**
Loan issue costs[1]	**8.8**	**-**	**-**	**(0.8)**	**8.0**
Cash & cash equivalents (note 9)	**(72.8)**	**(319.0)**	**154.6**	**-**	**(237.2)**
Net debt at 31 March 2021	**987.0**	**(319.0)**	**54.6**	**-**	**722.6**
Net debt at 31 March 2020	905.8	(32.4)	63.9	-	937.3
Net debt at 30 September 2020	905.8	(35.6)	116.8	-	987.0

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	**100.0**	**-**	**100.0**
Repayable between 5 and 10 years	**554.8**	**554.8**	**-**
Repayable after 10 years	**405.0**	**405.0**	**-**
At 31 March 2021	**1,059.8**	**959.8**	**100.0**
At 31 March 2020	1,184.8	1,109.8	75.0
At 30 September 2020	1,184.8	1,059.8	125.0

The Group has no obligation to repay its mortgage bonds or secured term loans in advance of their maturities between 2027 and 2035. The Group's secured bank facility matures in 2023.

Interest rate profile of interest bearing borrowings

	31.3.2021		31.3.2020		30.9.2020	
	Debt £m	**Interest rate**	Debt £m	Interest rate	Debt £m	Interest rate
Secured bank facility	**-**	**-**	150.0	2.15%	100.0	1.66%
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%**		2.88%		2.87%

The Group also incurs non-utilisation fees on undrawn facilities. At 31 March 2021, the charge on the undrawn facility of £100.0 million (31.3.2020: £75.0 million; 30.9.2020: £125.0 million) was 0.64% (31.3.2020: 0.68%; 30.9.2020: 0.68%).

The credit margin on the secured bank facility was 1.60% (31.3.2020: 1.46%; 30.9.2020: 1.46%). The comparatives represent the weighted average across the secured bank facilities in place then.

12. 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 £976.2 million (31.3.2020: £970.3 million; 30.9.2020: £988.9 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.

13. Share capital

	Number of shares million	Share capital £m
Allotted and fully paid (ordinary 25p shares)		
At 1 October 2020	307.4	76.9
Share issue	76.8	19.2
At 31 March 2021	**384.2**	**96.1**
At 31 March 2020	307.4	76.9
At 30 September 2020	307.4	76.9

On 18 November 2020, the Company issued 76.75 million shares, representing approximately 25% of its issued share capital, at £4 per share. After issue costs of £12.6 million, the net proceeds were £294.4 million. Issue costs directly attributable to the transaction have been accounted for as a deduction from share premium. Following the share issue, the Company's issued share capital was 384,167,537.

In respect of the equity issue, Capital & Counties Properties PLC ("Capco") and Norges Bank ("Norges") were related parties of Shaftesbury PLC for the purposes of the Listing Rules and participated in the equity issue in respect of 16,250,000 and 19,245,032 shares respectively, for a total consideration of approximately £65 million and £77 million respectively. In respect of Capco, this transaction was disclosed via the Regulatory News Service on 22 October 2020, in accordance with LR11.1.10R. In respect of Norges, the issue of shares was a transaction of sufficient size to require shareholder approval under chapter 11 of the Listing Rules as announced via the Regulatory News Service on 22 October 2020. This approval was granted at the Extraordinary General Meeting on 17 November 2020. 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.

During the period, 47,323 ordinary 25p shares were issued in connection with the exercise of nil cost options granted under the Group's LTIP scheme (31.3.2020: 4,922 shares; 30.9.2020: 4,922 shares).

14. Dividends

	Pence per share		**Six months ended 31.3.2021**	Six months ended 31.3.2020	Year ended 30.9.2020
	PID	Ordinary	**£m**	£m	£m
Final dividend for:					
Year ended 30 September 2019	5.25p	3.75p	**-**	27.8	27.8
Dividends for the period			**-**	27.8	27.8

An interim dividend of 2.4p per share was declared by the Board on 24 May 2021. The interim dividend will be paid as a PID on 2 July 2021 to shareholders on the register on 11 June 2021. The dividend will be accounted for as an appropriation of revenue reserves in the year ending 30 September 2021.

15. Cash flows from operating activities

Operating activities	**Six months ended 31.3.2021 £m**	Six months ended 31.3.2020 £m	Year ended 30.9.2020 £m
Loss before tax	**(338.5)**	(287.6)	(699.5)
Adjusted for:			
Lease incentives recognised net of impairment (note 2)	**(13.1)**	0.8	(3.7)
Share-based payments	**0.7**	(0.1)	0.7
Depreciation	**0.1**	0.2	0.3
Net revaluation deficit on investment properties (note 5)	**331.4**	300.4	698.5
Profit on disposal of investment properties	**-**	(0.2)	(0.3)
Net finance costs	**15.3**	15.4	31.8
Share of post-tax loss from joint venture (note 7)	**9.0**	11.7	29.4
Cash flows from operations before changes in working capital	**4.9**	40.6	57.2
Changes in working capital:			
Change in trade and other receivables	**6.6**	4.5	1.5
Change in trade and other payables	**0.1**	(14.6)	(25.2)
Cash generated from operating activities	**11.6**	30.5	33.5

16. Performance measures

Basic and diluted earnings per share

	31.3.2021		31.3.2020		30.9.2020	
	Loss after tax £m	**Loss per share pence**	Loss after tax £m	Loss per share pence	Loss after tax £m	Loss per share pence
Basic and Diluted	**(338.5)**	**(93.1)**	(287.6)	(93.6)	(699.5)	(227.5)
Number of shares for Basic, Diluted and EPRA EPS (million)		**363.5**		307.4		307.4

EPRA earnings per share

	31.3.2021		31.3.2020		30.9.2020	
	Earnings £m	**Earnings per share pence**	Earnings £m	Earnings per share pence	Earnings £m	Earnings per share pence
Basic	**(338.5)**	**(93.1)**	(287.6)	(93.6)	(699.5)	(227.5)
EPRA adjustments:						
Investment property valuation deficit (note 5)	**331.4**	**91.2**	300.4	97.7	698.5	227.2
Profit on disposal of investment properties	**-**	**-**	(0.2)	-	(0.3)	(0.1)
Adjustments in respect of the joint venture:						
Investment property valuation deficit	**11.2**	**3.1**	15.1	4.9	35.8	11.6
Deferred tax	**(2.0)**	**(0.6)**	(2.4)	(0.8)	(5.1)	(1.6)
EPRA earnings	**2.1**	**0.6**	25.3	8.2	29.4	9.6

Like-for-like rental growth

	Six months ended 31.3.2021 £m	Six months ended 31.3.2020 £m	Year ended 30.9.2020 £m
Rental income in current year	**48.9**	60.4	114.4
Adjusted for impact of:			
Impact of acquisitions	**(0.2)**	(0.8)	(1.7)
Impact of disposals	**-**	-	-
Like-for-like rental income in current year (A)	**48.7**	59.6	112.7
Rental income in previous year	**60.4**	58.6	117.3
Adjusted for impact of:			
Impact of acquisitions	**-**	-	(0.5)
Impact of disposals	**-**	-	-
Like-for-like rental income in previous year (B)	**60.4**	58.6	116.8
Like-for-like (decline)/growth in rental income (A/B-1)	**(19.4)%**	1.7%	(3.5)%

EPRA net asset value measures

	31.3.2021			31.3.2020		
	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**	2,691.7	2,691.7	2,691.7
Dilutive effect of share options[1]	**0.7**	**0.7**	**0.7**	0.4	0.4	0.4
Deferred tax[2]	**6.5**	**6.5**	**-**	11.1	11.1	-
Difference between fair value and carrying value of debt:						
Secured term loans[3]	**-**	**-**	**(35.1)**	-	-	(39.6)
Mortgage bonds	**-**	**-**	**12.2**	-	-	22.2
Investment property purchasers' costs	**202.0**	**-**	**-**	248.7	-	-
Total	**2,446.4**	**2,244.4**	**2,215.0**	2,951.9	2,703.2	2,674.7
Number of diluted shares (million)	385.0	385.0	385.0	307.8	307.8	307.8
Diluted net assets per share (£)	**6.35**	**5.83**	**5.75**	9.59	8.78	8.69

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.

	30.9.2020		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS net assets	2,280.6	2,280.6	2,280.6
Dilutive effect of share options[1]	0.7	0.7	0.7
Deferred tax[2]	8.5	8.5	-
Difference between fair value and carrying value of debt:			
Secured term loans[3]	-	-	(48.0)
Mortgage bonds	-	-	11.4
Investment property purchasers' costs	222.5	-	-
Total	2,512.3	2,289.8	2,244.7
Number of diluted shares (million)	308.0	308.0	308.0
Diluted net assets per share (£)	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.

Total accounting return (TAR)

	31.3.2021 Pence	31.3.2020 Pence	30.9.2020 Pence
Opening EPRA NTA per share (A)	**743.0**	982.0	982.0
Closing EPRA NTA per share	**583.0**	878.0	743.0
Decrease in the period	**(160.0)**	(104.0)	(239.0)
Dividends paid in the period per share	**-**	9.0	9.0
TAR (B)	**(160.0)**	(95.0)	(230.0)
TAR % (B/A)	**(21.5)%**	(9.7)%	(23.4)%

Financing ratios

	31.3.2021 £m	31.3.2020 £m	30.9.2020 £m
Loan-to-value and gearing			
Nominal value of debt	**959.8**	1,109.8	1,059.8
Cash and cash equivalents	**(237.2)**	(172.5)	(72.8)
Net debt (A)	**722.6**	937.3	987.0
Fair value of investment properties (B)	**2,844.0**	3,504.9	3,137.4
Loan-to-value (A/B)	**25.4%**	26.7%	31.5%
EPRA net assets (C)	**2,244.4**	2,703.2	2,289.8
Gearing (A/C)	**32.2%**	34.7%	43.1%
Interest cover			
Operating profit before investment property disposals & valuation movements (A)	**17.2**	39.7	59.9
Finance costs	**15.7**	15.7	32.5
Finance income	**(0.4)**	(0.3)	(0.7)
Net finance costs (B)	**15.3**	15.4	31.8
Interest cover (A/B)	**1.1x**	2.6x	1.9x
Cost of debt			
Blended cost of drawn borrowings	**3.0%**	2.9%	2.9%
Commitment fees on undrawn bank facilities	**0.6%**	0.7%	0.7%
Blended cost of debt (including commitment fees on undrawn facilities)	**3.1%**	2.9%	2.9%

17. 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. See note 13 for disclosure of related party transactions regarding the share issue in the period.

Transactions and balances between the Company and its joint venture, which have not been eliminated on consolidation are summarised below:

	31.3.2021 £m	31.3.2020 £m	30.9.2020 £m
Transactions with joint venture:			
Administrative fees receivable	**0.1**	0.1	0.1
Dividends receivable	**-**	1.4	1.4
Interest receivable	**0.3**	0.2	0.4
Amounts due from joint venture	**12.9**	9.3	11.8

18. Post Balance Sheet event

In April 2021, the Group completed the sale of a property for £5.3 million.

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 2020.

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
Chief Financial Officer

24 May 2021

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 2021 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 18. 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 Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2021 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
24 May 2021

Other information

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 16 and Financial results (pages 16 to 18)
Like-for-like growth/decline in rental income	Revenue	Note 16 and Financial results (page 18)
EPRA net tangible assets (NTA)	Net assets	Note 16 and Balance Sheet (page 20)
EPRA net tangible assets (NTA) per share	Net assets	Note 16 and Balance Sheet (page 20)
EPRA net disposal value (NDV)	Net assets	Note 16
EPRA net disposal value (NDV) per share	Net assets	Note 16
EPRA net reinstatement value (NRV)	Net assets	Note 16
EPRA net reinstatement value (NRV) per share	Net assets	Note 16
Total accounting return	N/A	Note 16 and Financial results (page 19)
Valuation growth/decline	Net surplus/deficit on revaluation of investment properties	Wholly-owned portfolio valuation (pages 15 to 16)
Net debt	Borrowings less cash and cash equivalents	Note 16 and Net debt and cash flows (pages 21 to 22)
Loan-to-value	N/A	Note 16 and Net debt and cash flows (pages 21 to 22)
Gearing	N/A	Note 16 and Debt summary (page 22)
Blended cost of debt	N/A	Note 16 and Debt summary (page 22)
Interest cover	N/A	Note 16 and Debt summary (page 22)

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

Following the introduction by EPRA of three new measures of net asset value in its Best Practices Recommendation in October 2019, EPRA NAV and EPRA NNNAV are no longer in use. The new measures as set out in note 16, include EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV). These measures became effective from 1 October 2020.

For us, currently, EPRA NTA equates to EPRA NAV, and EPRA NDV equates to EPRA NNNAV.

Debt covenants

Set out below is a high-level summary of the financial covenants in our debt agreements. It does not describe every detail in the agreements.

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 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	Max	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.

The revolving credit facility also contains a Group gearing covenant, where the ratio of consolidated borrowings to consolidated tangible net worth cannot exceed 1.75x.

Longmartin term loan

	Frequency of testing	Summary of measure	Max	Comments
Interest cover	Quarterly	Net property income of specifically secured assets, adjusted to exclude certain costs, to gross interest payable under the loan.	1.3x	3-month backward looking test based on actual receipts. 12-month projected test. Cure rights available Waiver to January 2022.
Loan-to-value	Quarterly	Debt to valuation of specifically secured assets.	60%	Cure rights available.

Portfolio valuation analysis at 31 March 2021

	Hospitality & leisure	Retail	Offices	Residential	**Wholly owned portfolio**	Longmartin joint venture[1]
Fair value (£m)	1,065	762	510	507	**2,844**	164
Annualised current income[5] (£m)	43.1	32.1	16.8	12.9	**104.9**	5.3
ERV (£m)	50.9	36.4	27.1	17.3	**131.7**	8.2
% 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**	61
WAULT (years)	8	3	3	Note 2		Note 3
Initial yield	3.7%	3.8%	2.8%	1.7%	**3.2%**	2.5%
Topped up initial yield	4.0%	4.0%	3.0%	N/A	**3.4%**	2.9%
Equivalent yield	4.5%	4.4%	4.6%	2.4%	**4.1%**	4.1%
Area (sq. ft. m)	0.7	0.4	0.4	0.4[4]	**1.9**	0.3
Units	332	280	310	630[4]		121

1. Shaftesbury's 50% share (fair value, annualised current income and ERV).
2. Residential typically let on three-year assured shorthold tenancies with mutual rolling two-month break options after the first six months.
3. Hospitality & leisure: 12 years, retail: 2 years, offices: 4 years.
4. Excluding apartments which are sold off on long leases, covering approximately 224,000 sq. ft.
5. Including estimated turnover related rents.

Wholly-owned portfolio valuation by village at 31 March 2021

	Valuation £m	Annualised current income[1] £m	ERV £m	Valuation decline[2] %	Equivalent yield %
Carnaby	1,082.2	38.1	53.6	(11.7)%	4.3%
Covent Garden	769.9	27.7	33.7	(9.4)%	3.8%
Chinatown	641.4	25.6	28.4	(8.7)%	4.0%
Soho	237.8	9.6	10.8	(8.2)%	4.1%
Fitzrovia	112.7	3.9	5.2	(10.2)%	4.0%
31.3.2021	**2,844.0**	**104.9**	**131.7**	**(10.1)%**	**4.1%**
30.9.2020	3,137.4	109.9	140.3		3.9%

1. Including estimated turnover related rents
2. Like-for-like, taking into account capital expenditure and amortisation of lease incentives and costs included in receivables. Alternative performance measure. See page 46.
3. Expressed in basis points.

Shareholder Information

Corporate Timetable

Financial Calendar	
Annual results	November 2021
Annual General Meeting and AGM statement	February 2022
Dividend and bond interest	
Proposed 2021 interim dividend:	
Ex-dividend	10 June 2021
Record date	11 June 2021
Payment date	2 July 2021
Bond interest	30 September/31 March

Shareholder enquiries
All enquiries relating to holdings of shares or bonds in Shaftesbury PLC, including notification of change of address, queries regarding dividends and interest payments, or the loss of a certificate, should be addressed to the Company's registrar. Contact details for the registrar are outlined below. Other enquiries should be sent to: investor.relations@shaftesbury.co.uk

Company website
The Company has a corporate website, which maintains a digital version of the most recent Annual Report and financial statements, as well as other information. Other information includes announcements made by the Company and the current share price of the Company. The site can be found at www.shaftesbury.co.uk

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.

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). Equiniti can also be contacted by email at: customer@equiniti.com

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
Desna Martin, BCom, FCS(Aust), ACIS
22 Ganton Street, Carnaby
London W1F 7FD

Glossary of terms

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.

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.

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.

Carbon emissions
In the context of this report this is shorthand for greenhouse gas emissions.

EPRA
European Public Real Estate Association.

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

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 earnings per share
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 deferred tax on property valuation surpluses. It includes additional equity if all vested share options were exercised.

EPRA Net Disposal Value (NDV) and EPRA NDV per share
The value of net tangible assets, assuming an orderly sale of the business' assets, achieving fair values as reported in the Balance Sheet. It includes deductions for liabilities that would crystallise in this scenario, including deferred tax and the difference between the fair value and carrying value of financial liabilities. When presented as a per share figure, it takes into account the potentially dilutive effect of outstanding options granted over ordinary shares.

EPRA Net Reinstatement Value (NRV) and EPRA NRV per share
The value of net assets on a long-term basis, assuming no disposals. Assets and liabilities that are not expected to crystallise in normal circumstances, such as deferred taxes on property valuation surpluses, are excluded. It is a reflection of what would be needed to recreate the company. Purchasers' costs which have been deducted in arriving at the fair value of investment properties are added back. When presented as a per share figure, it takes into account the potentially dilutive effect of outstanding options granted over ordinary shares.

EPRA Net Tangible Assets (NTA) and EPRA NTA per share
A measure of net assets which recognises that companies buy and sell assets and therefore takes into account deferred tax liabilities on sales, unless there is no intention to sell in the long term. When presented as a per share figure, it takes into account the potentially dilutive effect of outstanding options granted over ordinary shares.

EPRA vacancy
The rental value of vacant property available (excluding property which is held for, or undergoing, refurbishment), 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)
The market rental value of properties, 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.

IFRS
International Financial Reporting Standards.

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

Internal Rate of Return (IRR)
The rate of return that if used as a discount rate and applied to the projected cash flows that would result in a net present value of zero.

Leasing activity
The rental value secured from lettings, rent reviews and lease renewals across the wholly-owned property portfolio during a period.

Like-for-like growth in rental income
The increase in rental income 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.

Loan-to-value (LTV)
Net debt 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 performance targets over a three-year vesting period.

Net debt
The nominal value of the Group's borrowings less cash and cash equivalents.

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 Zero Carbon
When relevant GHG emissions attributable to operations of the business are minimised and outstanding emissions are balanced by removing an equivalent amount from the atmosphere.

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.

Sharesave or SAYE (Save-As-You-Earn)
A savings-related share option scheme. Employees are granted options to acquire shares at the end of a three or five-year vesting period using savings accumulated through salary sacrifice.

Topped-up net initial yield
Net initial yield at the valuation date as if the contracted rent in respect of leases which are subject to contractual rent free periods is payable from the valuation date and as if any future stepped rental uplifts under leases had occurred.

Total Accounting Return (TAR)
The change in EPRA NTA per ordinary share plus dividends paid per ordinary share during the period of calculation, expressed as a percentage of the EPRA NTA per share 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.

WAULT
Weighted average unexpired lease term, assuming tenant break options are exercised.