Shaftesbury

2022 Results

Investor and Analyst Presentation

Credit: Tareq Mooradun (@tmnikonian)

Shaftesbury

Agenda

Introduction
- Brian Bickell

Results and finance
- Chris Ward

Operational update
- Brian Bickell

Sustainability
- Brian Bickell

Outlook
- Brian Bickell

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

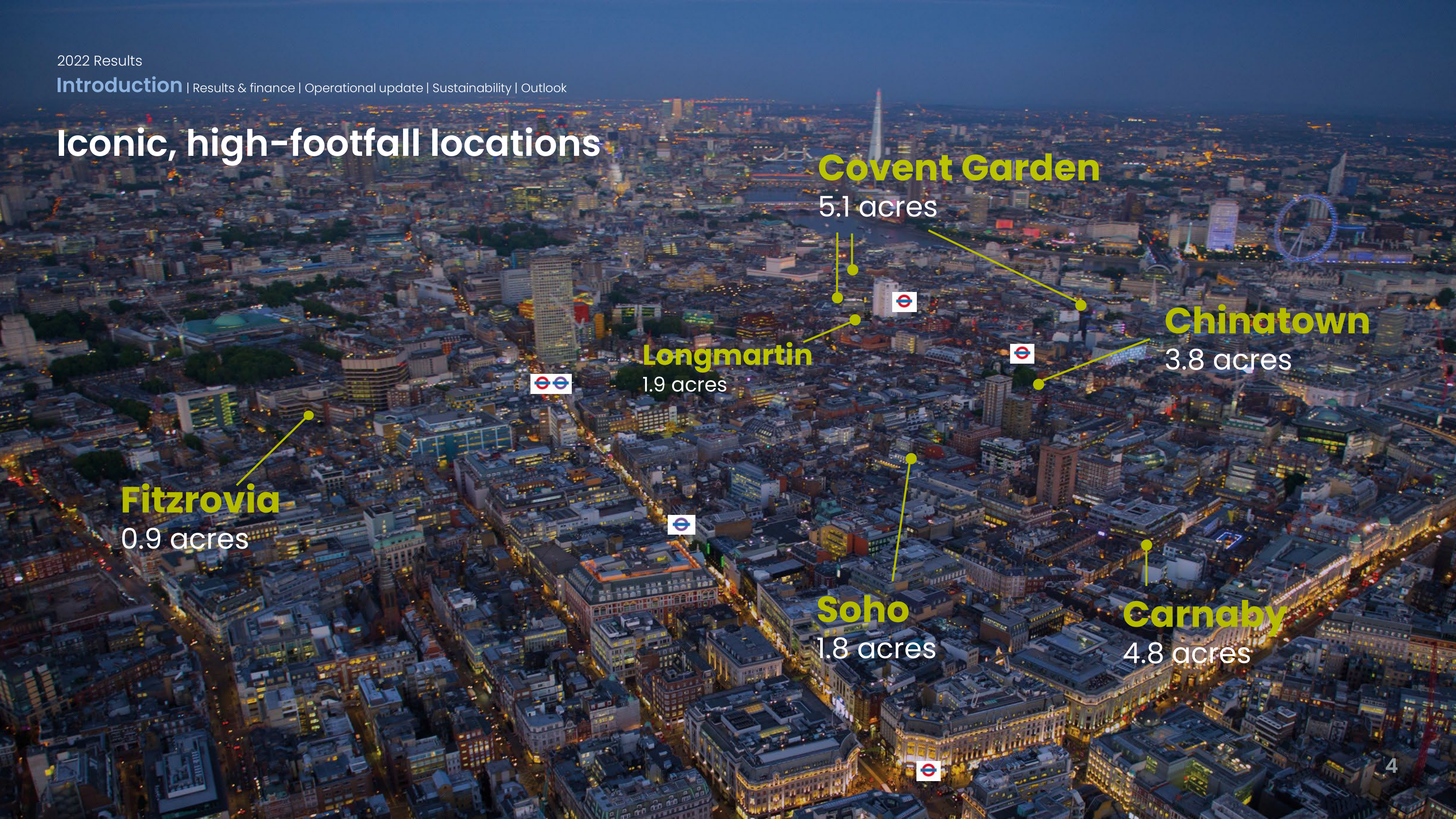
Email address for webcast participants' questions:
brian.bickell@shaftesbury.co.uk

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

Returning to pre-pandemic normality

- Rapid rebound in West End economy and in our locations
- Strong operational performance – improvement in all key metrics
- Recovery in values in first half tempered by macro investment market sentiment in second half
- Progressing our sustainability agenda

Iconic, high-footfall locations



Iconic, high-footfall locations
Focus on hospitality, leisure and retail uses

36% Hospitality & leisure

19% Offices

27% Retail

18% Residential

Results and finance

Rebound in West End economy driving improving key metrics

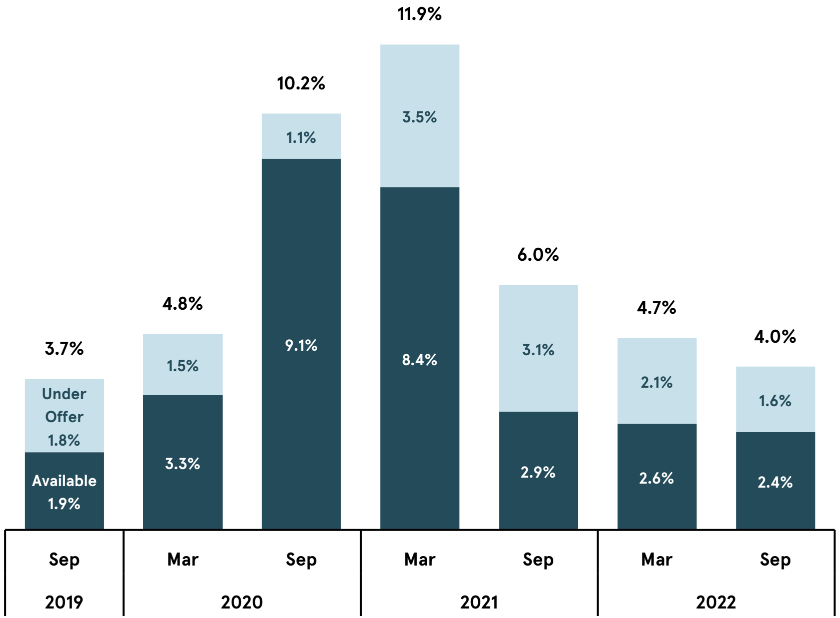
- 99% of invoiced rent for FY 2022 collected; end of rental support for occupiers
- Strong occupier demand; improving rents and rental values
- Occupancy back to pre-pandemic levels
- Recovery in income and earnings
- Valuation growth:
  - Rental growth throughout the year
  - Yield expansion in H2

Shaftesbury

Strong demand across all uses
Driving growth in rental values and occupancy normalisation

- Letting activity: £40.9m (2021: £33.9m)
  - Commercial: £32.4m; +8.5% vs 9/21 ERV
  - Residential: £8.5m; +11.4% vs previous rents
- EPRA vacancy down 2.0 ppts to 4.0% of ERV
  - Available to let: 2.4%
  - Space under offer: 1.6%
- Further leasing activity since 1 October 2022
  - Lettings, renewals and rent reviews: £4.4m[1]
- Increase in EPRA vacancy possible during FY 2023 as schemes complete

EPRA vacancy: back to pre-pandemic levels



1. As at 23 November 2022

Shaftesbury

Headlines

Net property income	Underlying EPRA earnings per share	Second interim dividend
£82.8m	**9.9p**	**5.1p**
2021: £64.7m; +28.0%	2021: (2.0)p loss per share	Dividends for year: 9.9p; +54.7%

Wholly-owned portfolio value	Loan-to-value ratio[1]	EPRA NTA per share
£3.2bn	**25.2%**	**£6.41**
H1: +7.5%; H2: -3.6%; FY: +3.6%	Sep-21: 24.9%	Sep-21: £6.19; +3.6%

1. Based on net debt

Shaftesbury

Recovery in operating conditions; materially improved earnings

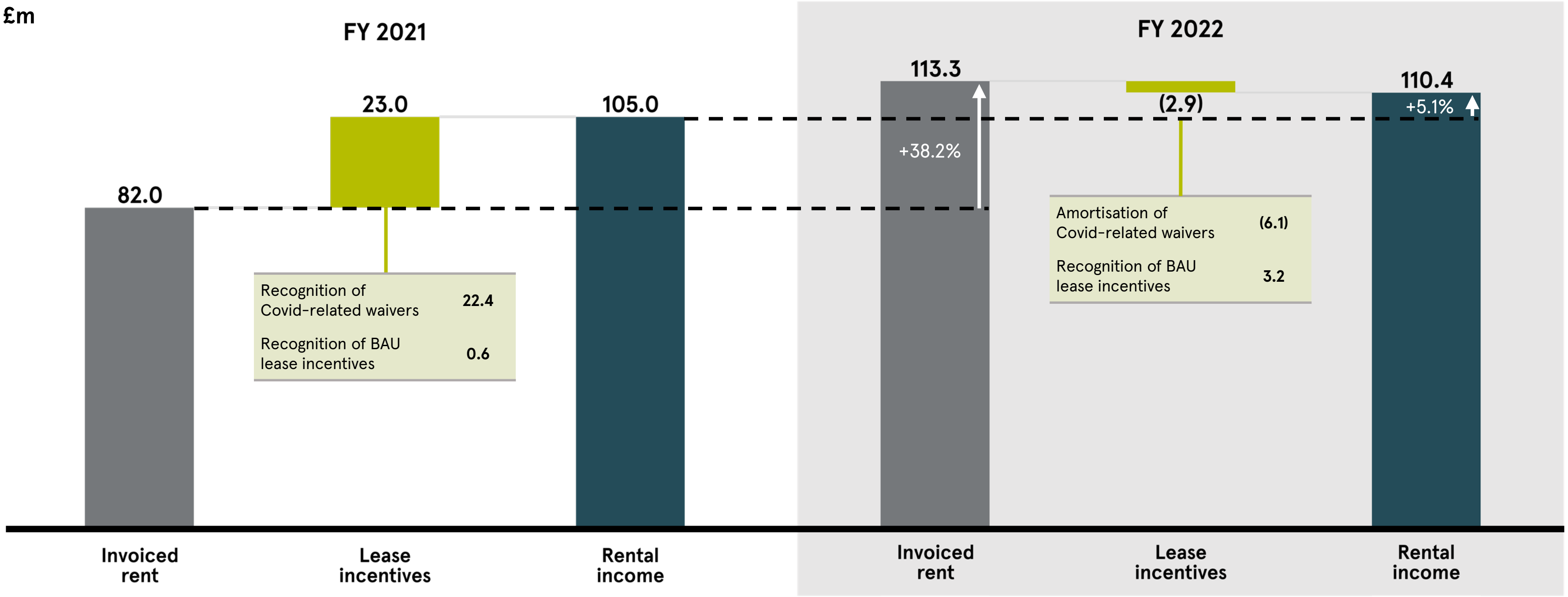
- Net property income: +28.0%
  - Rental income[1]: £110.4m; +5.1%
    - Improved occupancy and the end of rental support for occupiers
  - Expected credit losses/impairments: £4.0m; -77.4%
    - Rent collection rates normalised, materially improved operating conditions
  - Non-recoverable property costs[1]: £23.6m; +4.4%
    - Increased maintenance, leasing, property management and marketing activity
- Proposed merger costs: £13.2m
- Revaluation/disposal profits: H1 +£227.5m, H2 -£127.1m
  - Yield expansion in H2
- EPRA earnings[2]: £19.3m; +45.1%
- Underlying EPRA earnings[2,3]: £38.0m, +£45.4m Y-o-Y

	2022 £m	2021 £m
Net property income	**82.8**	64.7
Administrative expenses	**(22.2)**	(21.6)
Proposed merger costs	**(13.2)**	-
Revaluation/disposal profits	**100.4**	(196.8)
Net finance costs	**(29.5)**	(30.2)
Share of Longmartin post-tax result	**0.8**	(11.0)
Reported profit/(loss)	**119.1**	(194.9)
EPRA earnings[2]	**19.3**	13.3
EPRA EPS[2]	**5.0p**	3.5p
Underlying EPRA earnings[2,3]	**38.0**	(7.4)
Underlying EPRA EPS[2,3]	**9.9p**	(2.0)p

1. Excluding recoverable service charge expenditure
2. Alternative performance measure
3. EPRA earnings adjusted for the impact of Covid rent waivers and costs incurred in relation to the proposed merger

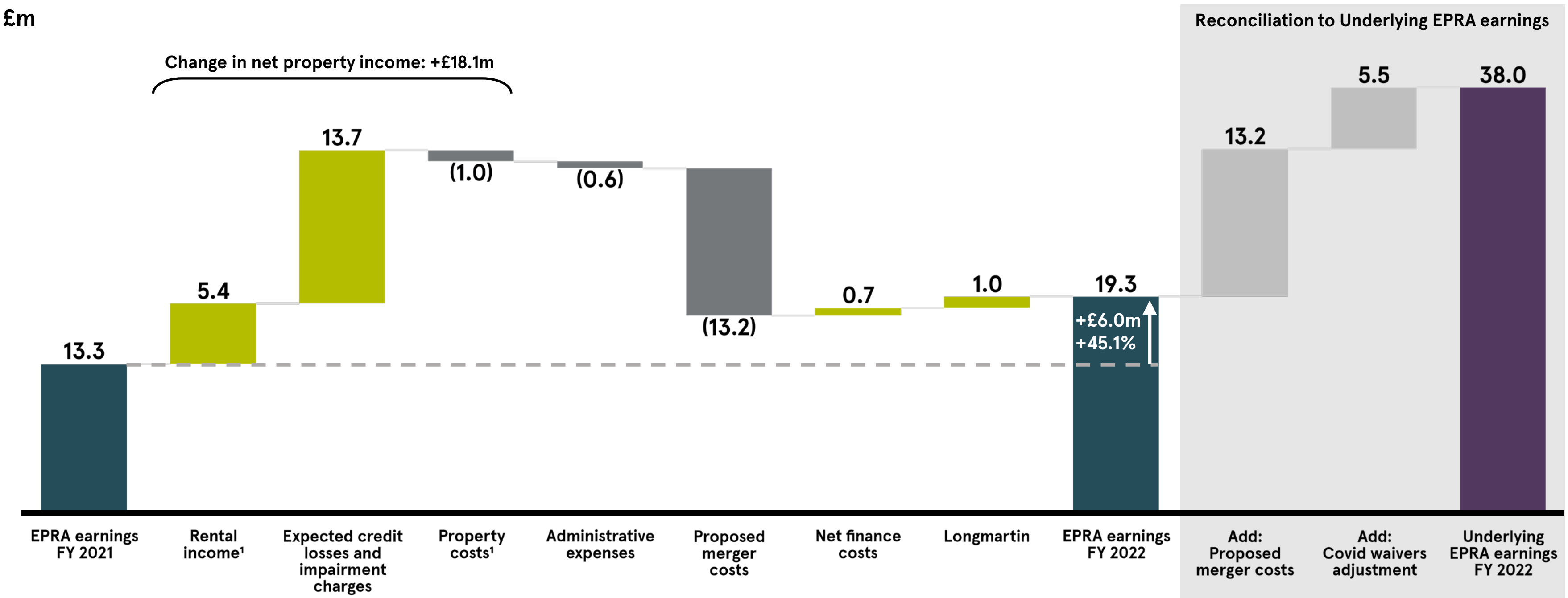
Shaftesbury

Rental income up 5.1% Y-o-Y
Invoiced rent +38.2%



Shaftesbury

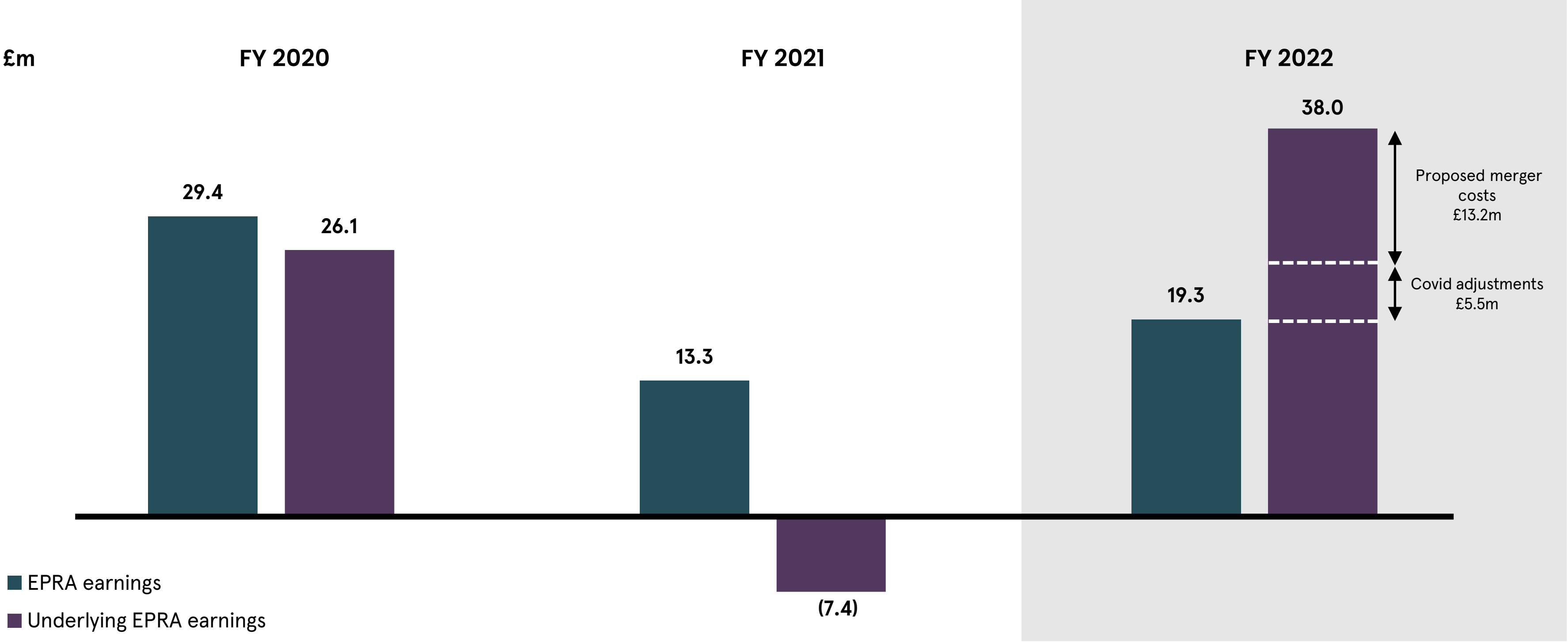
Rebound in EPRA earnings
Increased net property income; proposed merger costs expensed



1. Net of recoverable service charge expenditure

Shaftesbury

Impact of rental support and proposed merger costs on EPRA earnings



Shaftesbury

Valuation
Rental growth; yield expansion in H2

Wholly-owned portfolio

- Valuation growth[3]: +3.6%
  - now 20% below Sept 2019
- Equivalent Yield: 4.1% (+18 bps)
  - H1: -6 bps; H2: +24 bps
- ERV growth[3]: +9.0%; rental growth across all uses
  - Portfolio ERV now 4.6% below[3] Sept 2019; recovering from -12.5% at March 2021
- Average capital value psf[1]: £1,562 (30.9.21: £1,535)

Longmartin valuation[2]: £167m; +0.2%[3]

- ERV growth[3]: +6.2%
- Equivalent Yield: 4.3% (+25 bps)

Valuation	**£3.2bn**
LfL valuation growth	**+3.6%**
H1	+7.5%
H2	-3.6%
ERV	**£145.8m**
LfL ERV growth	**+9.0%**
H1	+6.4%
H2	+2.4%
Equivalent yield	**4.1% (+18 bps)**
H1	-6 bps
H2	+24 bps

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

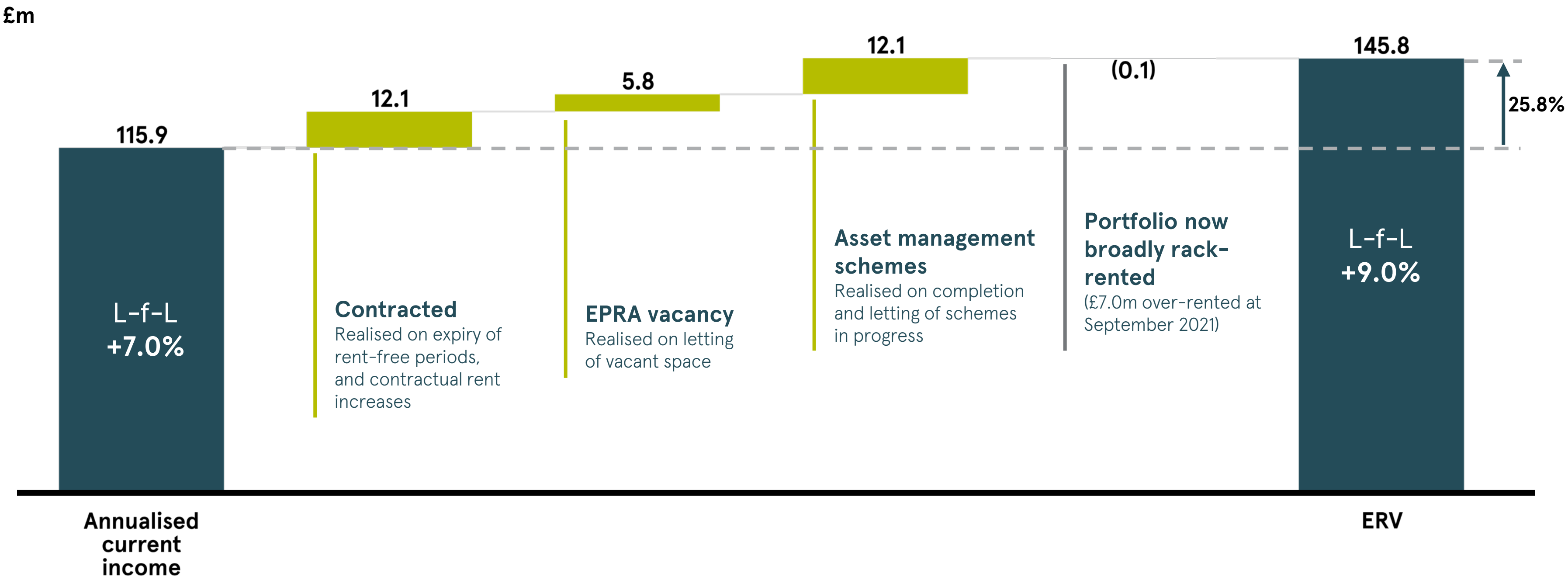
Valuation by use
Capital value and rental growth across all uses

	Hospitality & leisure	Retail	Offices	Residential
Valuation	£1.1bn	£0.9bn	£0.6bn	£0.6bn
Valuation growth[1]	+4.5%	+0.9%	+3.6%	+5.7%
ERV growth[1]	+8.2%	+7.5%	+4.6%	+21.5%
ERV vs Sept-19	-4.9%	-14.9%	+3.0%	+10.5%

1. Like-for-like

Wholly-owned portfolio reversionary potential of £29.9m

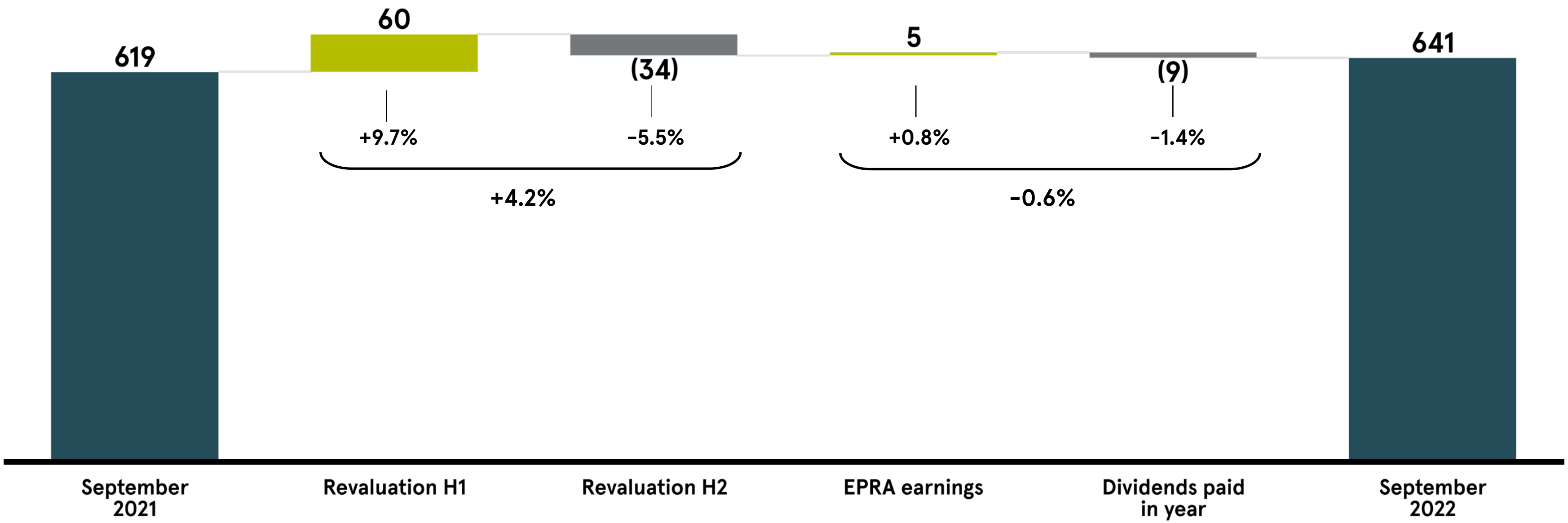
Contracted income and asset management drives growth



Shaftesbury

EPRA NTA per share: +3.6%
Driven mainly by revaluation

Pence per share



Shaftesbury

Financing arrangements

- Net debt: £804.6m; +£56.1m
- Liquidity: £155.2m
  - Pro forma to exclude £100m undrawn revolving credit facility to be retired on maturity in Feb-23
- LTV: 25.2%, +0.3 ppts
- Compliant with all debt covenants; headroom[1]:
  - LTV: c. 49% valuation decrease
  - ICR: c. 68% decrease in relevant measure of net income

	30 September 2022 Pro forma[2] £m	30 September 2021 £m
Resources		
Cash	**155.2**	211.3
Undrawn RCF	**-**	100.0
Available resources	**155.2**	311.3
Commitments	**(33.9)**	(18.8)
Uncommitted resources	**121.3**	292.5
Debt		
Net debt	**804.6**	748.5
Loan-to-value	**25.2%**	24.9%
Weighted average maturity	**7.7 years**	8.0 years
Blended cost of debt	**3.0%**	3.1%

1. Loan to value covenant and interest cover covenant headroom across all secured financing arrangements assuming top up with available unsecured assets and cash deposits where permitted
2. Pro forma for retirement of £100 million revolving credit facility in Feb 2023

Operational update

Hospitality & leisure

- Resilient recovery in trading continues
  - Trade, on average, 6% ahead of pre-Covid levels
- Occupier demand remains strong
  - 21 new hospitality lettings in the year
  - Existing and new independent operators and growing international interest
- Lettings and renewals: £5.4m; +9.4% vs 9/21 ERV
  - Rent reviews: £5.7m; +20.2% vs previous rents
  - Lettings being achieved on conventional lease terms
- Limited space available[1]: 5 restaurants, 2 cafés and 1 bar (ERV: £1.0m; 13,000 sq. ft.)

£52.2m ERV

36% of total ERV

325 hospitality venues 0.7m sq. ft.

1. At 30 September 2022

A selection of hospitality openings in 2022

Marsha

Black Horse


Slim Chickens


Maresco

Lisboeta

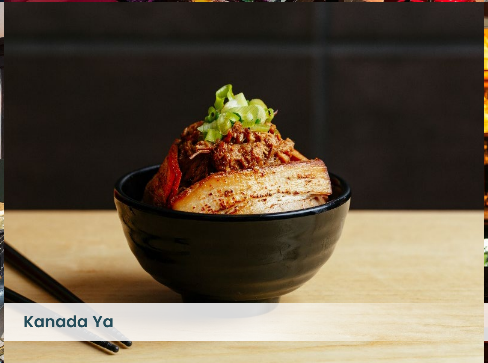

Buns from Home


The Theatre Café Diner


Miznon


MoMoMo

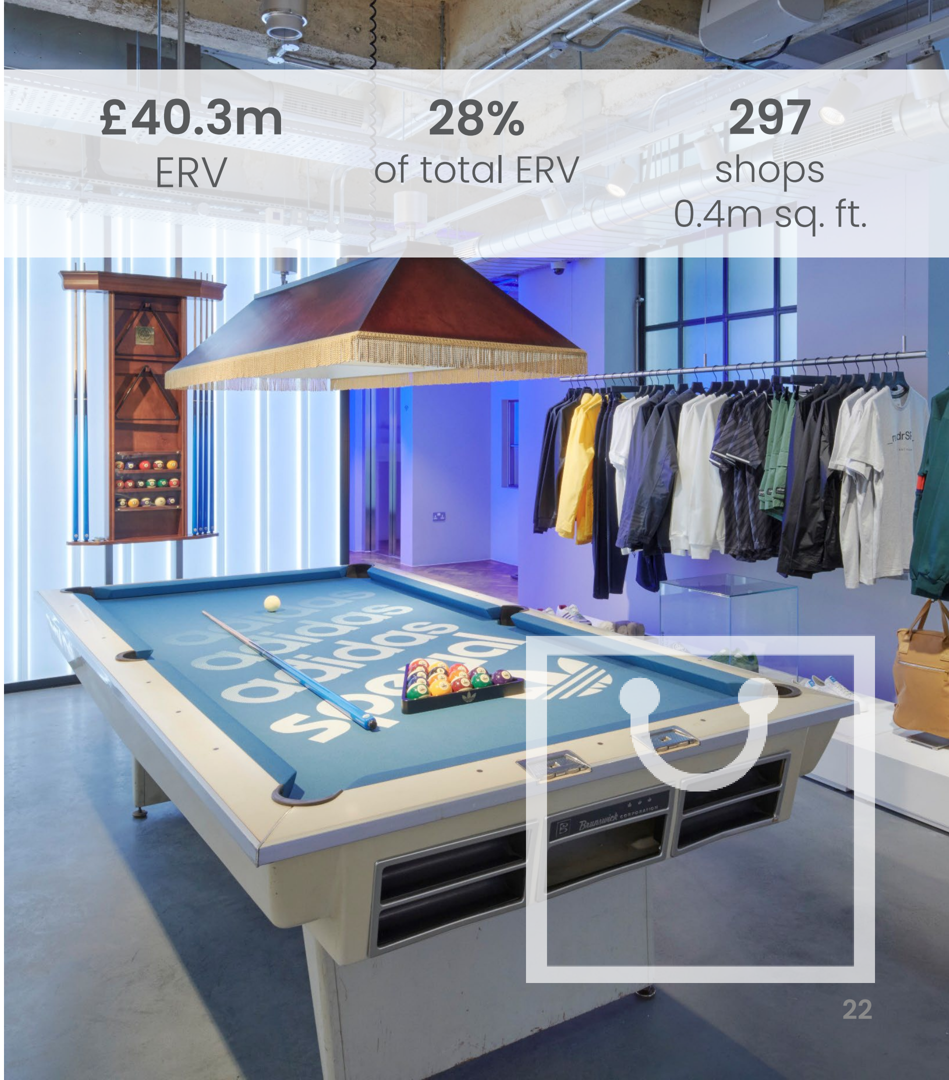

St Martin’s House


Kanada Ya


Ganton Arms

Retail

- **Trading and sentiment improving**
  - Trade, on average, 6% ahead of equivalent month pre-pandemic
  - Steady growth throughout period
- **Healthy occupier interest continues**
  - 38 new retail lettings in the year
  - Demand from international and domestic retailers; "home-grown" brands relatively insulated from global supply chain issues
  - Store profitability key – high footfall/smaller, affordable space
  - Affordable ethical retail growing – sustainability credentials important to customer base and factor in careful tenant selection
- **Lettings and renewals: £11.7m; +3.8% vs 9/21 ERV**
  - Leases now mostly structured on conventional terms
- **Available to let[1]: 14 shops (ERV: £1.6m; 18,000 sq. ft.)**



1. At 30 September 2022

A selection of retail openings in 2022


Absence of Colour


Dai

Dickies

Rockett St George


IKKS


Stine Goya

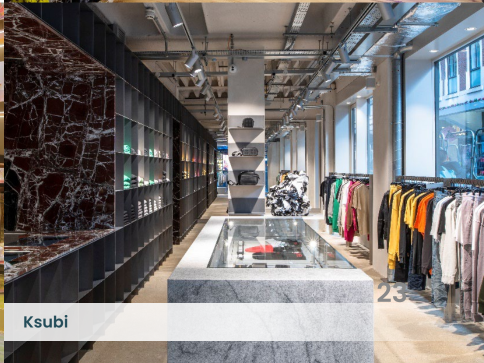
Rixo


Mind

American Classics

Pop Mart


Sophie Tea Art


Ksubi

Offices

- Strong demand for office space
  - Collaborative working environments in vibrant areas with good amenities
- Market for fitted-out office space maturing
  - "Assemble by Shaftesbury" continues to be a popular option among new and existing occupiers
  - "Assemble Premium" proposition being developed for larger floorplates
- Lettings and renewals: £8.4m; +8.2% vs 9/21 ERV
  - Rent reviews: £0.5m; +26.9% vs previous rents
- Available to let[1]: 20 office suites (ERV: £0.9m; 15,000 sq. ft.)

1. At 30 September 2022

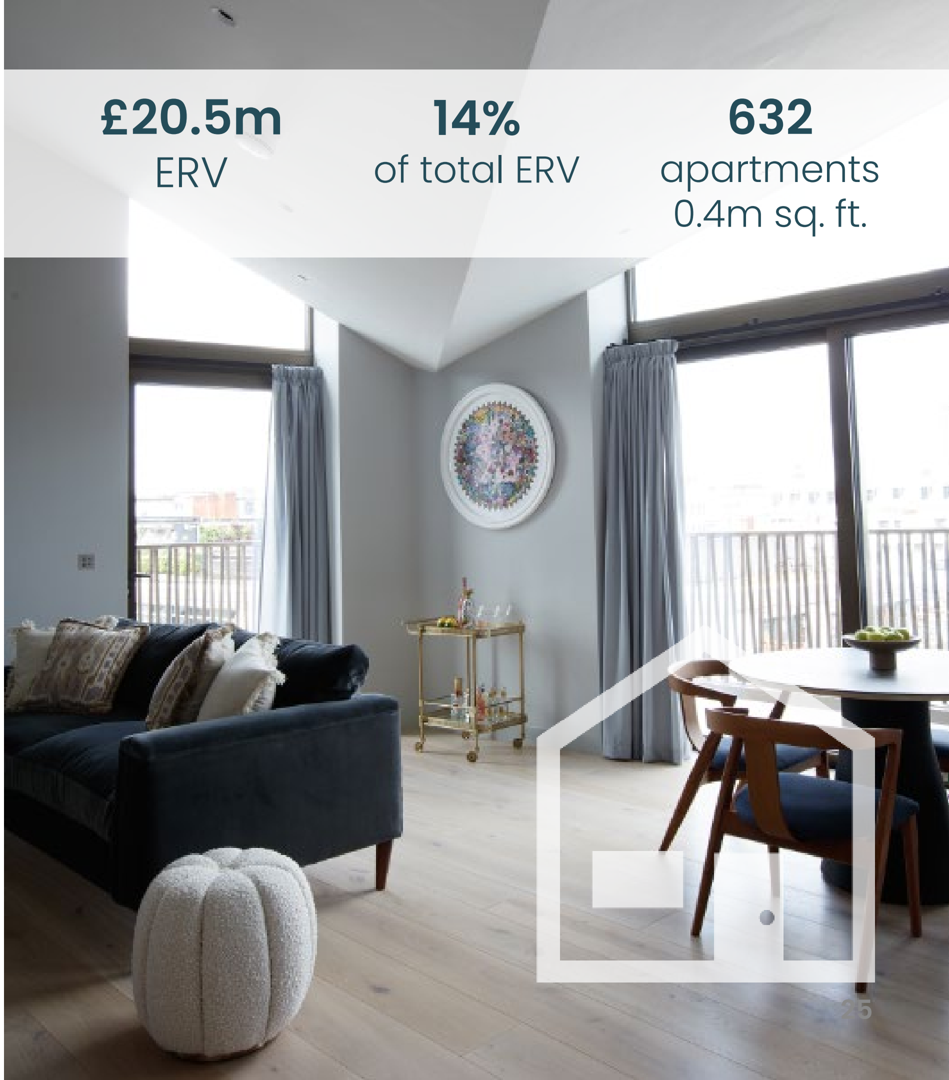
£32.8m
ERV

22%
of total ERV

313
office suites
0.5m sq. ft.

Residential

- Sustained demand across the West End continues
  - Apartments typically go under offer within days
  - Buoyant market lead to growth in rental levels; now recovered to above pre-pandemic levels
- Completed 270 lettings and renewals in FY 2022
  - Rents achieved +11.4% vs previous rents
  - 26 new or refurbished apartments delivered from schemes
- Negligible vacancy throughout the year
  - Just one apartment available to let at 30 September 2022



Shaftesbury

Actively securing vacant possession to accelerate schemes

- Adapting and repurposing space to meet ever-changing occupier expectations and needs
- Improving environmental performance
- Schemes across 168,000 sq. ft.[1] (over 8% of floorspace)
- Long-term, holistic view of the returns/benefits of our refurbishment schemes

1. At 30 September 2022

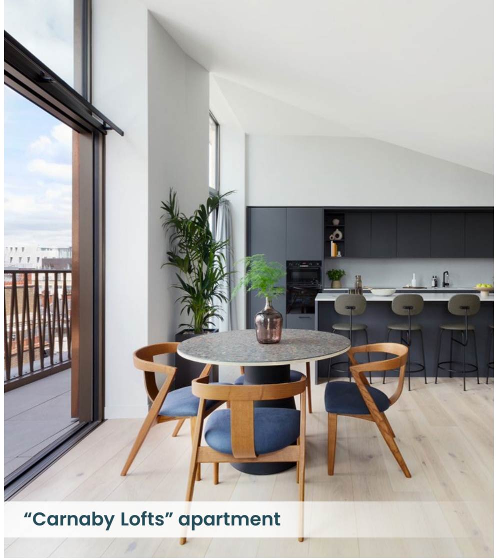

5-7 Carnaby Street (CGI)


2-4 Kingly Street (CGI)

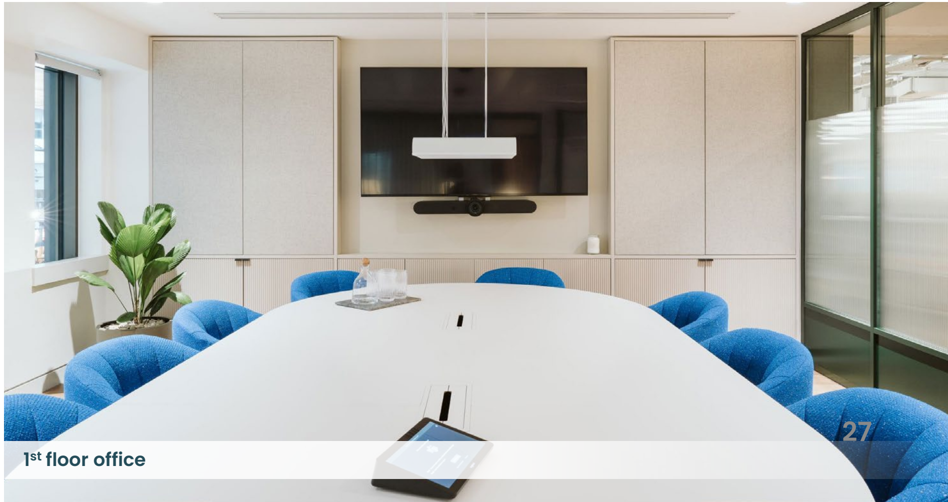
Shaftesbury

Mixed-use scheme at 72 Broadwick Street

- Units let: £2.9m of contracted rent
  - 4th floor office (17,500 sq. ft.) and retail unit (completed in 2021)
  - 15 apartments all let on launch in July 2022
- Ground & basement hospitality space under offer (ERV: £0.2m)
- Offices under refurbishment: ERV of £3.3m
  - 2nd & 3rd floors; 28,700 sq. ft. of space being fitted-out as offices; completion expected late 2023
  - 1st floor office (9,000 sq. ft.) fully fitted for immediate occupation
- Building includes a number of sustainability features


"Carnaby Lofts" apartment


Aerial view (CGI)


1st floor office

Shaftesbury

Strategic acquisitions and non-core disposals

- Three purchases in Soho (£35.7m[1])
  - Includes 200-year leasehold interest in lower floors at 92-104 Berwick Street acquired in May 2022 for £29.2m[1]
  - Takes our ownership to over 50% of active frontages on Berwick Street
- Five other properties purchased in Covent Garden, Chinatown and Fitzrovia for £19.6m[1]
- Acquisition opportunities which meet our criteria remain scarce
- Two non-core buildings sold
  - Gross proceeds £11.4m; 9.6% above 9/21 book value

92-104 Berwick Street – Kemp House (CGI)

1. Including acquisition costs

Shaftesbury

Sustainability

Sustainability - Environment

- Net Zero Carbon 2030 target announced in November 2021
  - Scope 1 & 2 carbon neutral by 2025
- Continue to focus on preservation and improvement of existing buildings
  - 61% of demises have EPC grade C or above
- Estimated cost of improving portfolio to meet new higher MEES - £25 million over period to 2030
  - Increase in average annual capex of c. 10%
- Occupier engagement to address Scope 3 emissions a priority in 2023

Sustainability - Community

- Wide-ranging stakeholder engagement and collaboration integral to our strategy and values
- Work with local authorities, neighbouring owners and residents on public realm schemes and management
  - Brings amenity and environmental improvements beyond our ownerships
- Support for local charities and groups to address needs in our local communities and beyond
  - Community contribution evaluated at £1 million

Shaftesbury

Outlook

Deteriorating medium-term economic outlook

- Combination of after effects of the pandemic and consequences of Russia's invasion of Ukraine
  - Continuing supply chain disruption, labour shortages
  - Rising inflation, higher interest rates and tax increases resulting in declining consumer confidence and deteriorating medium-term outlook
- Input cost inflation continues to affect all businesses
- Yields will continue to be heavily influenced by macro factors and the outlook for the UK economy and interest rates

Prospects for London and the West End remain bright

- **Unrivalled appeal and features**
  - Global audience – not solely reliant on UK economy
  - Dynamic economies attracting talent, creativity and investment
- **West End remains a sought-after location**
  - Exceptional daily footfall and more-affluent demographic
  - Elizabeth line already bringing improved connectivity and footfall
- **Inherent resilience in the current challenging environment but cannot be completely immune from national headwinds**

Confident in the long-term prospects for our portfolio

Well-placed to weather current uncertainties and challenges

Location and quality of our portfolio

Proven, ever-evolving operational strategy

Sustainability priorities embedded across the business

Our people, values and culture

Appendices

Portfolio & valuation
Financial

Shaftesbury

Our portfolio by use

	Hospitality & leisure	Retail	Offices	Residential	Total
Valuation (£m)	1,143	852	622	571	**3,188**
Annualised current income (£m)[1]	46.8	31.8	19.3	18.0	**115.9**
ERV (£m)	52.2	40.3	32.8	20.5	**145.8**
Topped up initial yield	4.1%	4.1%	3.2%	N/A	**3.5%**
Equivalent yield	4.4%	4.4%	4.6%	2.6%	**4.1%**
LfL valuation movement	+4.5%	+0.9%	+3.6%	+5.7%	**+3.6%**
LfL ERV movement	+8.2%	+7.5%	+4.6%	+21.5%	**+9.0%**
% of total fair value	36%	27%	19%	18%	**100%**
% of ERV	36%	28%	22%	14%	**100%**
Average ERV (£ psf)	76	87	69	53	**72**
WAULT (years)	8	3	2	Note 2	
Area (sq. ft. m)	0.7	0.4	0.5	0.4[3]	**2.0**
Units	325	297	313	632[3]	

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

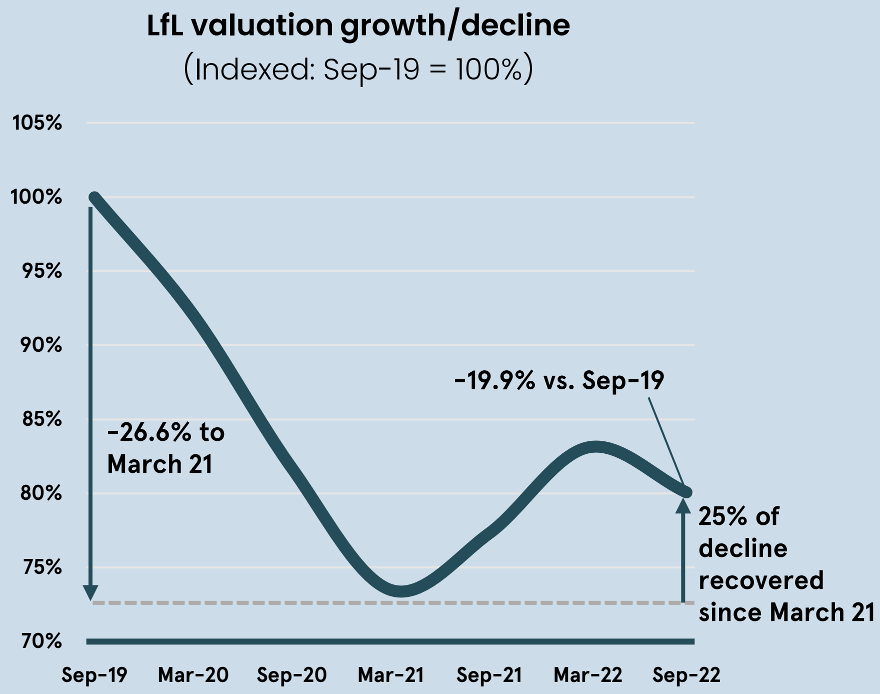
Shaftesbury

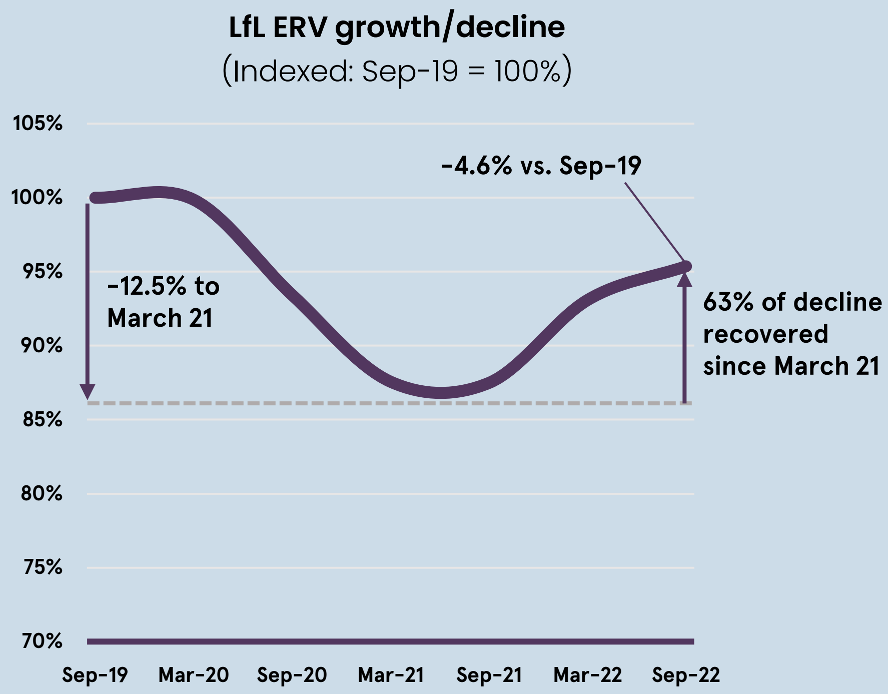
Valuation summary by village

	Valuation £m	LfL valuation growth (12 months)	% of portfolio	Annualised current income £m	ERV £m
Carnaby	1,235	+6.2%	39%	41.9	59.7
Covent Garden	826	+1.8%	26%	29.3	36.2
Chinatown	705	+1.1%	22%	29.3	30.7
Soho	293	+4.0%	9%	10.7	13.5
Fitzrovia	129	+4.4%	4%	4.7	5.7
Wholly-owned portfolio	**3,188**	**+3.6%**		**115.9**	**145.8**
Longmartin joint venture (our 50%)	167	+0.2%		6.6	8.6

Shaftesbury

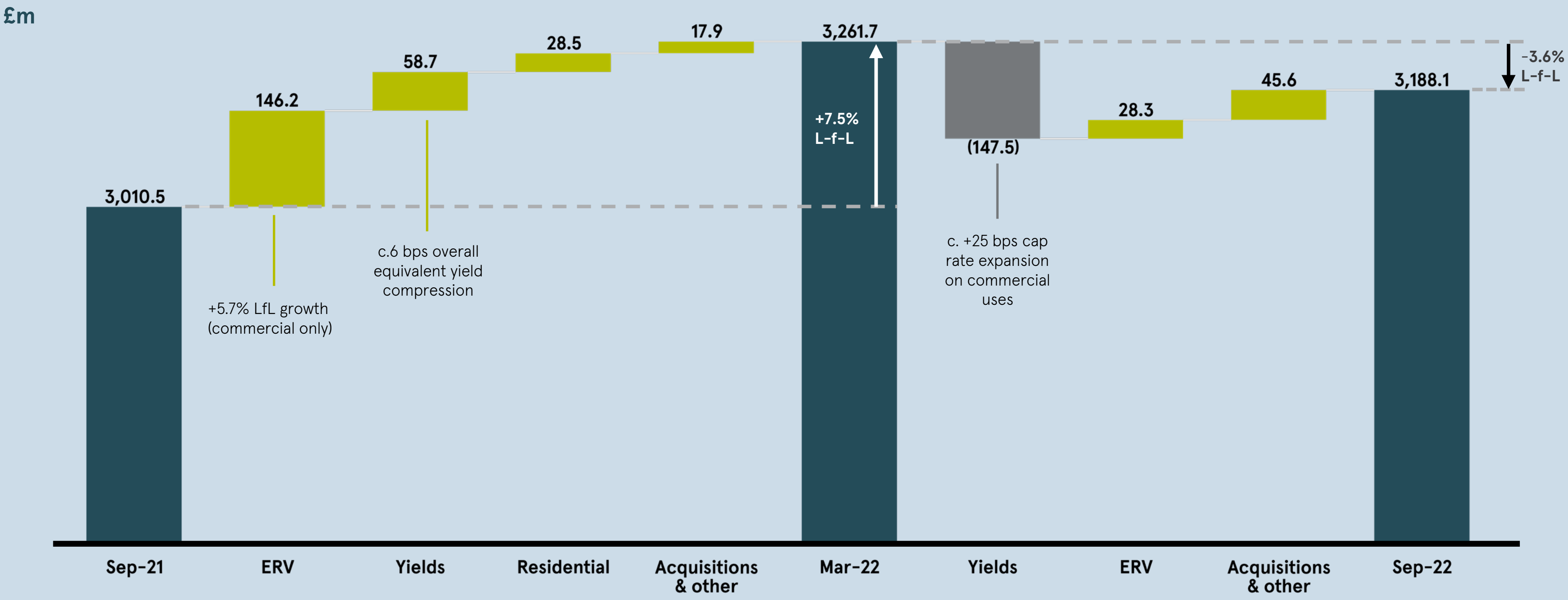
Portfolio valuation recovery tracker





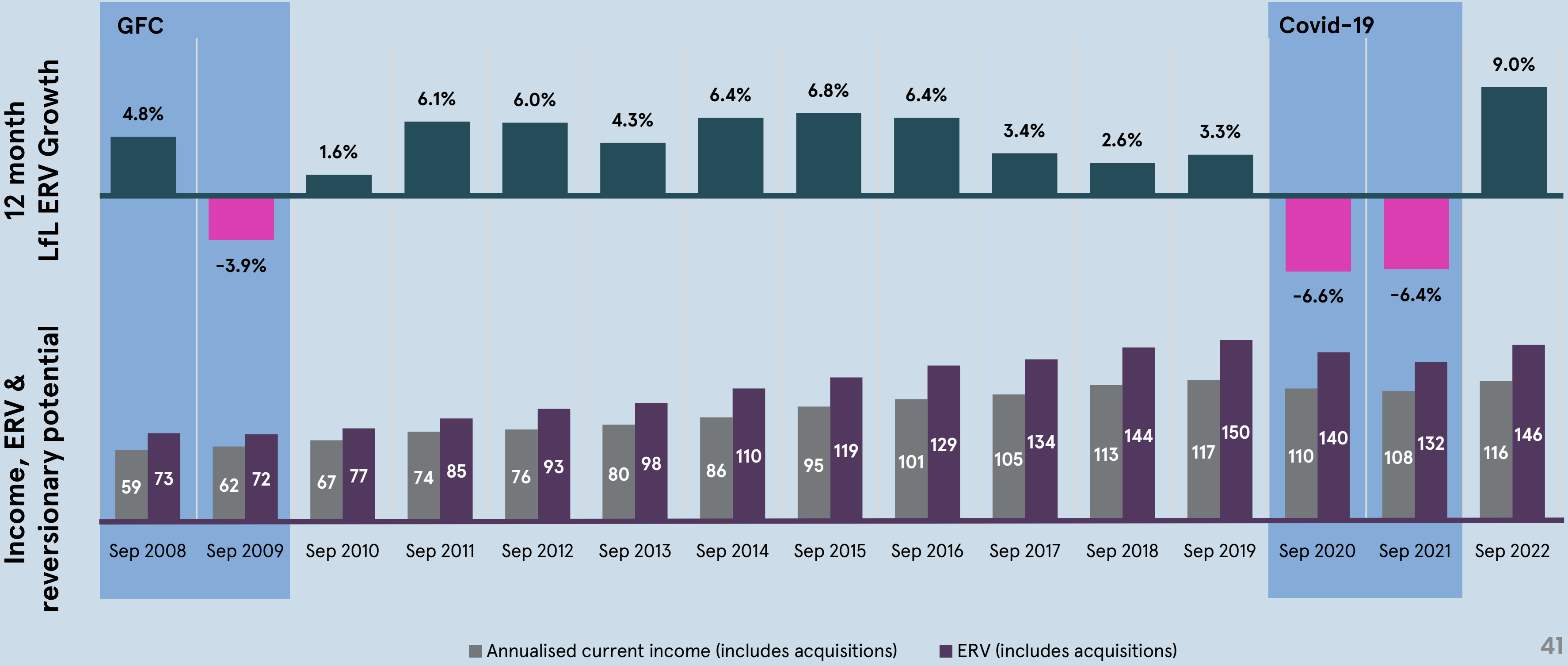
Shaftesbury

Capital value growth in FY 2022



Shaftesbury

Historical reversionary potential and ERV growth



Shaftesbury

EPRA vacancy at 30 September 2022
Available-to-let space

	Hospitality & leisure	Retail	Offices	Residential	Total	% of total ERV
ERV (£m)						
Available	1.0	1.2	0.9	–	3.1	2.1%
Temporary lettings	–	0.4	–	–	0.4	0.3%
30.9.22	**1.0**	**1.6**	**0.9**	**–**	**3.5**	**2.4%**
30.9.21	0.6	2.0	1.3	–	3.9	2.9%
Area ('000 sq. ft.)						
30.9.22	**13**	**18**	**15**	**–**	**46**	
30.9.21	6	25	22	–	53	
Number						
30.9.22	**8**	**14**	**20**	**1**	**43**	
30.9.21	6	20	23	–	49	

Shaftesbury

EPRA vacancy at 30 September 2022
Under offer space

	Hospitality & leisure	Retail	Offices	Residential	Total	% of total ERV
ERV (£m)						
30.9.22	**0.7**	**0.4**	**0.9**	**0.3**	**2.3**	**1.6%**
30.9.21	1.5	1.8	0.6	0.2	4.1	3.1%
Area ('000 sq. ft.)						
30.9.22	**10**	**7**	**13**	**6**	**36**	
30.9.21	24	18	9	6	57	
Number						
30.9.22	**6**	**7**	**9**	**8**	**30**	
30.9.21	10	14	11	10	45	

Shaftesbury

Development vacancy at 30 September 2022
Space held for or undergoing refurbishment

	Hospitality & leisure	Retail	Offices	Residential	Total	% of total ERV
ERV (£m)						
72 Broadwick Street[1]	–	–	3.3	–	**3.3**	**2.3%**
Other schemes	2.1	1.7	4.0	1.0	**8.8**	**6.0%**
30.9.22	**2.1**	**1.7**	**7.3**	**1.0**	**12.1**	**8.3%**
30.9.21	3.4	1.1	5.9	1.4	11.8	8.9%
Area ('000 sq. ft.)						
72 Broadwick Street[1]	–	–	38	–	**38**	
Other schemes	29	24	56	21	**130**	
30.9.22	**29**	**24**	**94**	**21**	**168**	
30.9.21	45	17	84	24	170	

1. Since 30.9.21, we have reclassified £2.5m (28,700 sq. ft.) from hospitality & leisure to office at 72 Broadwick Street

Shaftesbury

EPRA earnings

	Year to 30 September 2022 £m	Year to 30 September 2021 £m
Rental income[1]	**110.4**	105.0
Provisions for expected credit losses	**(4.0)**	(17.7)
Other property costs[1]	**(23.6)**	(22.6)
Net property income	**82.8**	64.7
Administrative expenses	**(35.4)**	(21.6)
	47.4	43.1
Net finance costs	**(29.5)**	(30.2)
Share of Longmartin JV profit before tax[2]	**1.7**	0.6
Recurring profit before tax	**19.6**	13.5
Share of Longmartin JV current tax	**(0.3)**	(0.2)
EPRA earnings	**19.3**	13.3

1. Excluding recoverable service charge expenditure
2. After adjusting for revaluation deficit and deferred tax

Shaftesbury

Underlying EPRA earnings

	Year to 30 September 2022		Year to 30 September 2021	
		£m		£m
EPRA earnings		**19.3**		13.3
Costs in relation to the proposed merger		**13.2**		-
		32.5		13.3
Amortisation/(income recognised) for Covid-waivers	**6.1**		(22.4)	
Movement in associated impairment provisions and write-offs	**(0.6)**		1.7	
		5.5		(20.7)
Underlying EPRA earnings/(loss)		**38.0**		(7.4)

Shaftesbury

EPRA net asset value measures

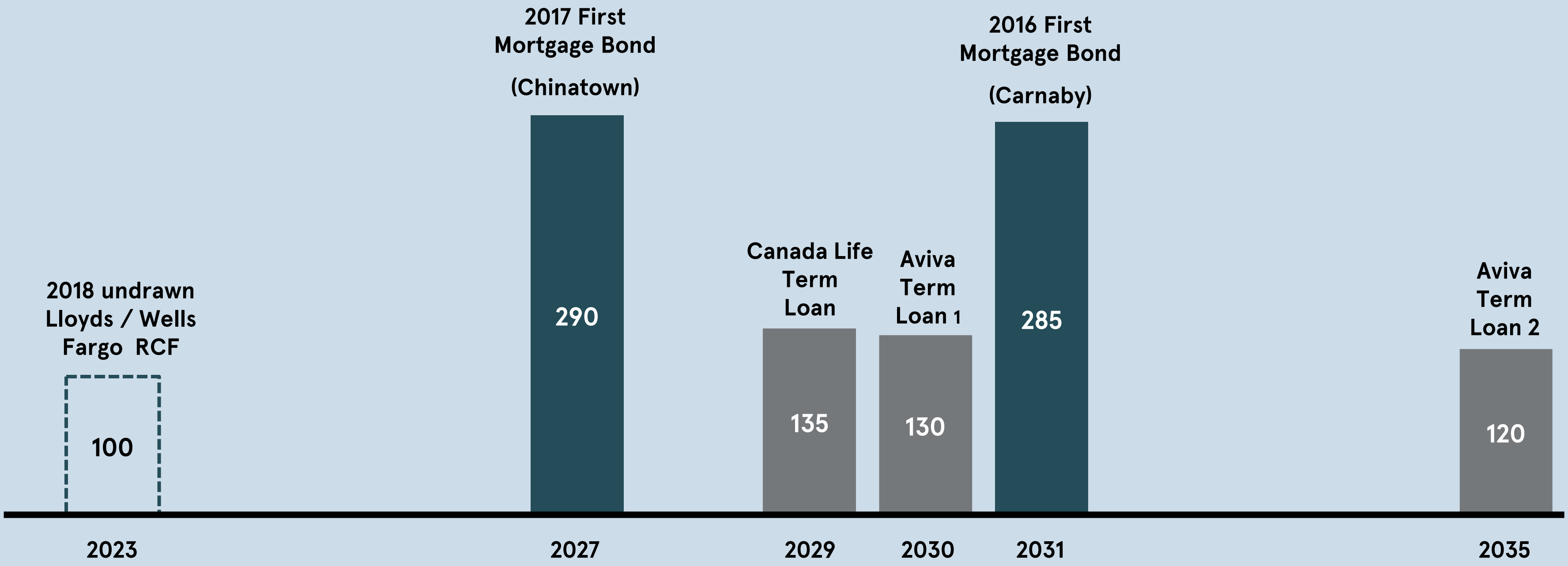
	30 September 2022			30 September 2021		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS net assets	2,458.5	2,458.5	2,458.5	2,372.7	2,372.7	2,372.7
Dilutive effect of share options[1]	0.5	0.5	0.5	0.8	0.8	0.8
Deferred tax[2]	8.9	8.9	–	8.6	8.6	–
Difference between fair value and carrying value of debt:						
Secured term loans[3]	–	–	57.8	–	–	(51.5)
Mortgage bonds	–	–	113.7	–	–	(1.1)
Investment property purchasers' costs	225.5	–	–	213.3	–	–
Total	**2,693.4**	**2,467.9**	**2,630.5**	2,595.4	2,382.1	2,320.9
Number of diluted shares (m)	384.9	384.9	384.9	385.0	385.0	385.0
Diluted net assets per share (£)	**7.00**	**6.41**	**6.83**	6.74	6.19	6.03

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

Shaftesbury

Debt maturity profile (£m)

Weighted average maturity of debt facilities: 7.0 years[1,2]



1. Excluding Longmartin non-recourse debt; including undrawn £100m RCF (which matures in Feb 2023)
2. 7.7 years, excluding undrawn £100m RCF

Disclaimer

- This presentation may contain certain forward-looking statements, forecasts, estimates, projections and opinions ("forward-looking statements") with respect to Shaftesbury PLC (the "Company") and its 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 Company and its 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", "continue", "could", "forecast", "may", "should", "expects", "believes", "intends", "plans", "project", "targets", "will", "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 may or may not occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Company's or its 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, the Company 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, the Company 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 presentation relating to the Company or its group or the price or yield of the Company's shares, should not be relied upon as an indicator of future performance. Nothing contained in this presentation should be construed as a profit forecast or an invitation to deal in the securities of the Company.
- This presentation has been prepared solely for information purposes and does not constitute or form part of any offer for sale or solicitation of or any offer to buy or subscribe for any securities in the Company nor shall it or any part of it form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever. No reliance may be placed for any purpose whatsoever on the information or opinions contained in this presentation. Shareholders and prospective investors should make their own independent evaluation of any investment in the Company.
- The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about, and observe, such restrictions. This presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated.

Shaftesbury

22 Ganton Street
Carnaby
London, W1F 7FD

T: +44 (0)20 7333 8118
www.shaftesbury.co.uk