

Half-yearly results presentation

12 November 2013



Agenda

- Financial results
- Retail Portfolio
- London Portfolio

Martin Greenslade

Richard Akers

Robert Noel



Financial results

Martin Greenslade





Financial summary

Six months ended 30.09.12 £m		Six months ended 30.09.13 £m	change %
131.4	Profit before tax	397.9	
(10.9)	Valuation surplus/(deficit) ⁽¹⁾	209.8	1.9 ⁽²⁾
903p ⁽³⁾	Adjusted diluted NAV per share	937p	3.8
143.7	Revenue profit ⁽¹⁾	156.5	8.9
18.4p	Adjusted diluted earnings per share ⁽¹⁾	19.9p	8.2
14.8p	Dividend per share	15.2p	2.7

(1) On a proportionate basis

(2) Represents increase in value over the six months to 30 September 2013

(3) As at 31 March 2013

Revenue profit

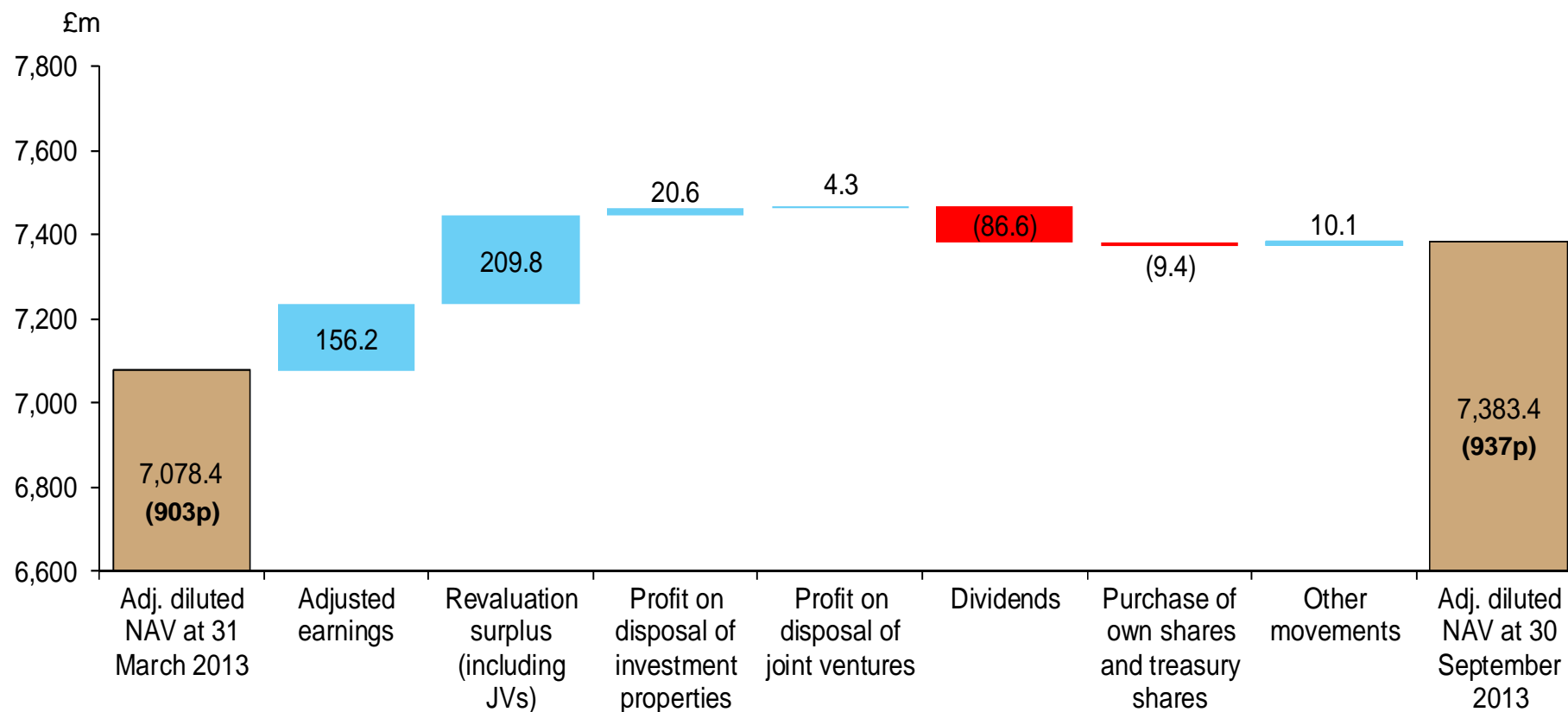
	Six months ended 30.09.13 £m	Six months ended 30.09.12 £m	Variance £m
Gross rental income ⁽¹⁾	312.8	286.7	26.1
Net service charge expense	(1.3)	(1.0)	(0.3)
Direct property expenditure (net)	(16.1)	(15.6)	(0.5)
Net rental income	295.4	270.1	25.3
Indirect costs	(21.6)	(19.9)	(1.7)
Segment profit before interest	273.8	250.2	23.6
Unallocated expenses (net)	(18.8)	(16.7)	(2.1)
Net interest – Group	(86.6)	(75.2)	(11.4)
Net interest – joint ventures	(11.9)	(14.6)	2.7
Revenue profit	156.5	143.7	12.8

(1) Includes finance lease interest, net of ground rents

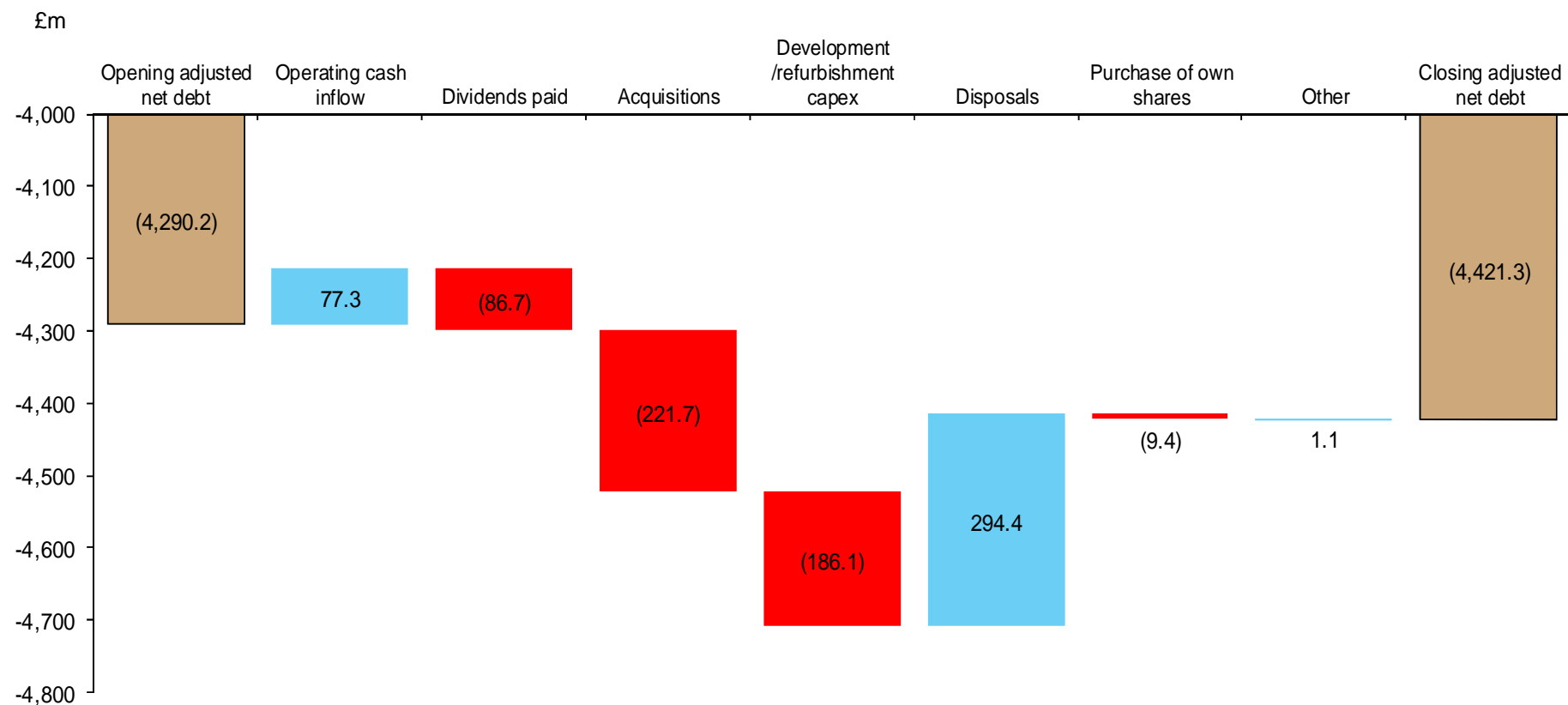
Net rental income analysis

	Six months ended 30 September		Variance	
	2013	2012	£m	%
	£m	£m		
Like-for-like investment properties	236.7	238.4	(1.7)	-0.7
Proposed developments	0.2	1.4	(1.2)	
Development programme	16.3	4.0	12.3	
Completed developments	13.5	9.7	3.8	
Acquisitions since 1 April 2012	16.9	1.2	15.7	
Sales since 1 April 2012	5.6	10.9	(5.3)	
Non-property related income	6.2	4.5	1.7	
Net rental income	295.4	270.1	25.3	9.4

Movement in adjusted diluted NAV



Cash flow and adjusted net debt*



* On a proportionate basis

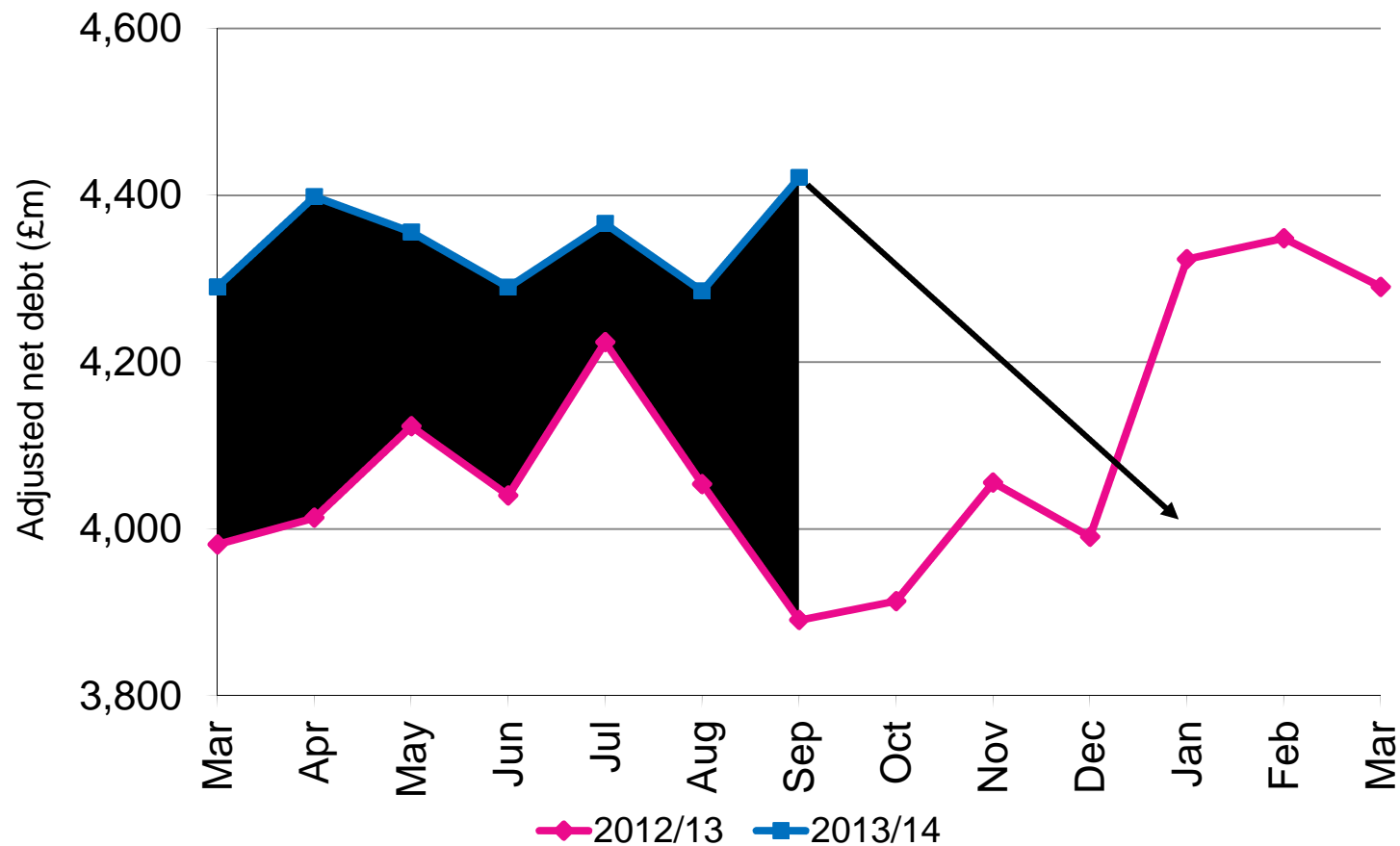
Financing

- Group LTV at 37.0% (on a proportionate basis), up from 36.9% at 31 March 2013
- Weighted average maturity of debt: 9.1 years
- Weighted average cost of debt: 4.8%
- £350m facilities agreed in the period
- £1.1bn cash and undrawn facilities

Gearing	30 Sept 2013 (%)	31 March 2013 (%)
Group LTV	40.5	40.2
Group LTV – on a proportionate basis	37.0	36.9
Security Group LTV	38.4	37.7

Adjusted net debt*

Year on year comparison by month



* On a proportionate basis

Summary

- Earnings growth
- Strong operational performance
- Robust, flexible balance sheet



The Zig Zag Building and
Kings Gate, SW1

Retail Portfolio

Richard Akers



Clear plan for Retail Portfolio

- Improving the portfolio in the face of structural change
 - capital recycling
- Operational excellence
- Resilience in weak consumer economy
- Gaining exposure to growth opportunities

Activity – capital recycling

Disposals

- £66.5m
- Clayton Square, Liverpool
- Welwyn Garden City
- Livingston Designer Outlet
- Asda, Chadwell Heath

Acquisitions

- X-Leisure 35.6%
- Gross assets £208.1m



Activity – operational excellence



Southside, Wandsworth



White Rose, Leeds



Buchanan Gardens, Glasgow



Trinity Leeds

Trinity Kitchen – unique street food concept



Trinity Kitchen – unique street food concept



Activity – operational excellence



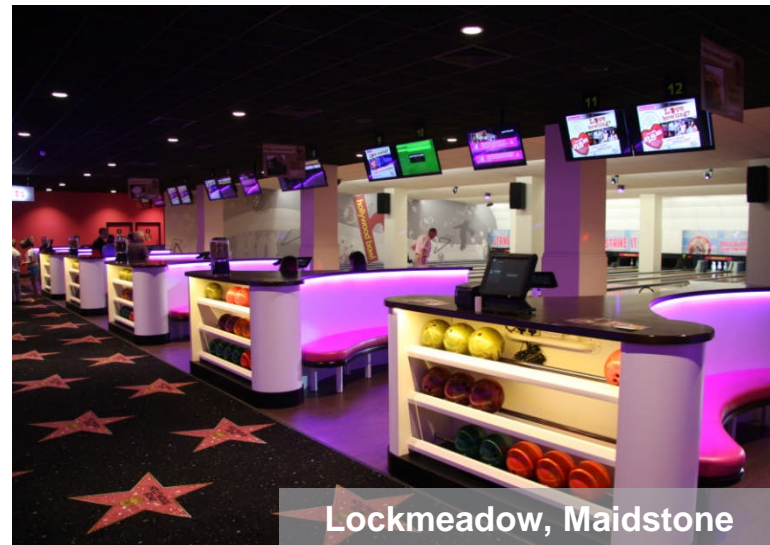
Asda, Greyhound Retail Park



M&S, Bexhill



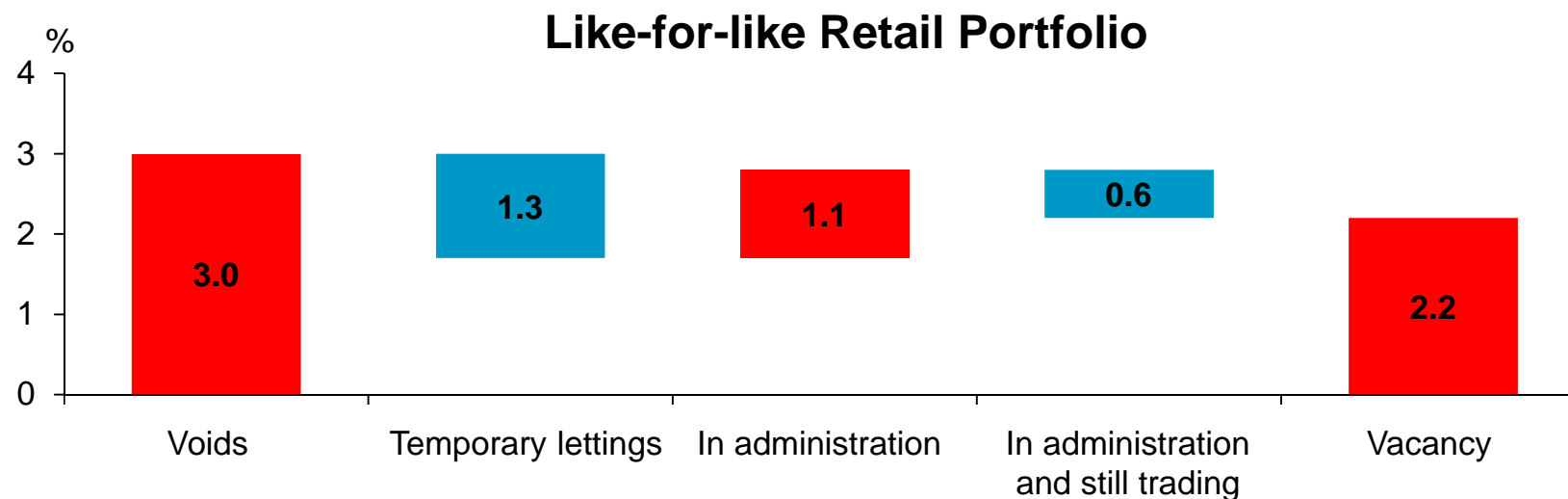
Xscape, Milton Keynes



Lockmeadow, Maidstone

Activity – ensuring our resilience

- £11.5m investment lettings
 - 43.8% above last year
 - 2.3% above ERV
- Voids and administrations ↓ from 5.1% to 4.1%
- Occupancy ↑ from 97.3% to 97.8%



Activity – growth opportunities in-town



Activity – growth opportunities out-of-town



Retail Portfolio valuation movements

6 months to 30 September 2013

	Like-for-like ERV growth	Valuation surplus
	(%)	(%)
Shopping centres & shops	0.4%	0.2%
Retail warehouses & food stores	-0.7%	-1.8%
Leisure & hotels	0.0%	1.4%
Retail Portfolio	0.0%	0.0%

Summary

- Exposure to leisure increasing
- Portfolio becoming more prime
- Growth opportunities through development





London Portfolio

Robert Noel



London Portfolio valuation movements

6 months to 30 September 2013

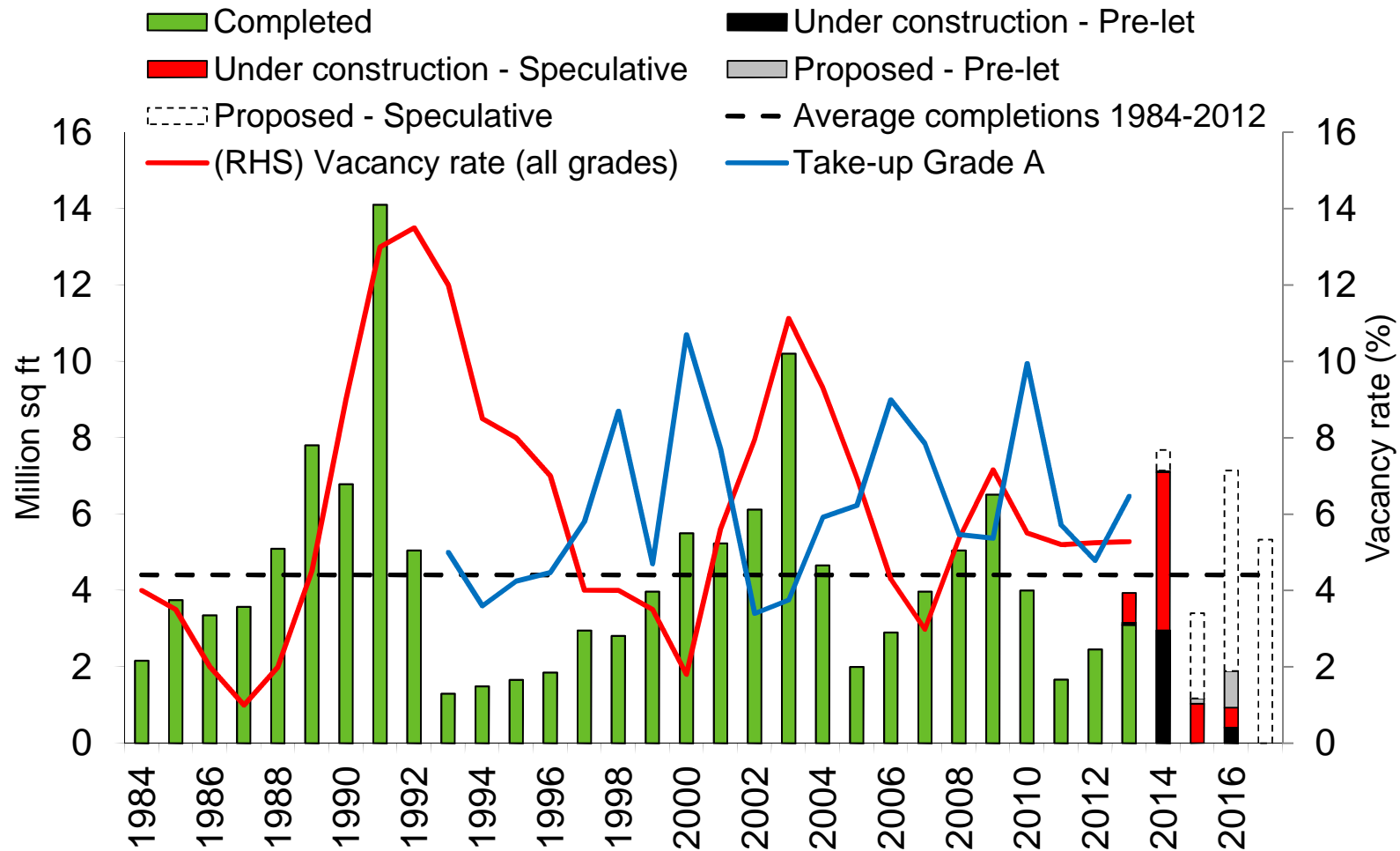
	Like-for-like ERV growth*	Valuation surplus		
		Combined portfolio excluding development programme	Development programme	Combined portfolio
	(%)	(%)	(%)	(%)
London office	0.4%	1.8%	7.5%	2.9%
Central London shops	1.0%	6.7%	8.6%	6.9%
London Portfolio	0.5%	2.8%	7.6%	3.7%

* Rental value change excludes units materially altered during the period and Queen Anne's Gate, SW1

Developments delivering

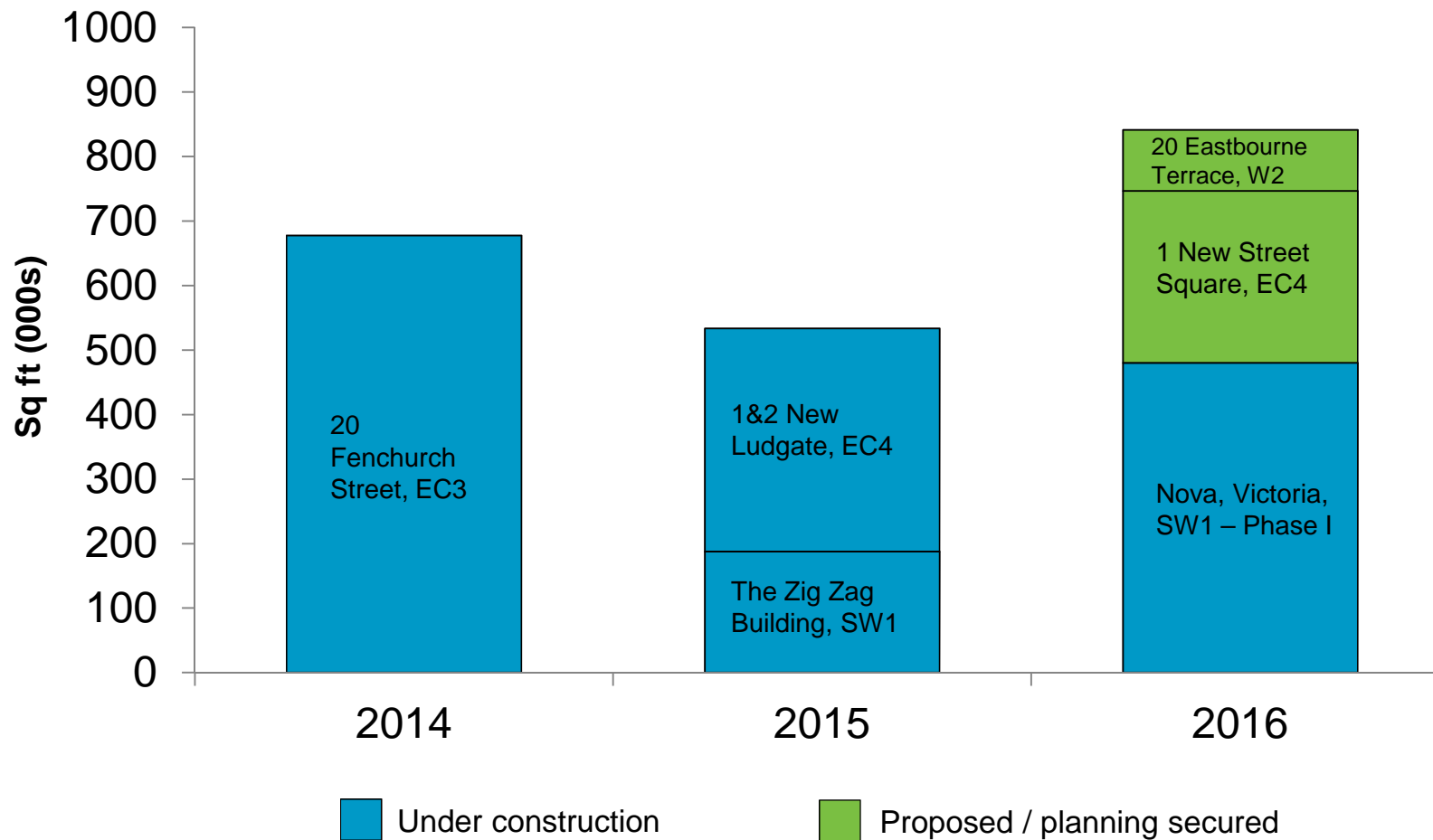
Supply – central London

Development completions & vacancy



Source: CBRE, Knight Frank, Land Securities

London Portfolio office developments



Starting new developments

1 & 2 New Ludgate, EC4



- Two buildings totalling 378,000 sq ft
- Construction underway
- Completion April 2015
- TDC £256m
- ERV £21.3m (office average £57 psf)

Starting new developments

Oriana, W1 - Phase II (50% interest)



- 71,000 sq ft retail
20,000 sq ft residential
(18 apartments)
- Retail space 65% pre-let to Primark and Schuh
- 2 remaining flagship stores
- Completion July 2016
- TDC £51m (50%)
- Retail ERV £3.1m (50%)

Developments – on site

20 Fenchurch Street, EC3 (50% interest)



- 690,000 sq ft
- 76% pre-let or in solicitors' hands at terms ahead of target
 - 17 years average lease term
 - £63 psf average rent
 - 9 months incentives / 5 years
- Office fit-out to commence April 2014
- TDC £239m (50%)
- ERV £21.2m (office average £62 psf)

Developments – on site

Kings Gate, SW1



- 100 apartments
- 72 pre-sold at average price of £1,650 psf
- Retail space prelet to Jamie Oliver
- TDC £161m
- Completes February 2015

A transformation of Victoria

Developments – on site

The Zig Zag Building, SW1



- 188,000 sq ft offices
- 43,000 sq ft retail
- Foundations and basements complete
- Completes March 2015
- TDC £181m*
- ERV £15.5m (office average £70 psf)

A transformation of Victoria

* Includes retail within Kings Gate, SW1

Developments – on site

Nova, Victoria, SW1 – Phase I (50% interest)



- 480,000 sq ft offices
- 80,000 sq ft retail
- 167,000 sq ft residential
- Commercial TDC £251m (50%)
- Residential TDC £133m (50%)
- Commercial ERV £19.6m (average office £73 psf)
- Completion April 2016

A transformation of Victoria

Developments – completed

123 Victoria Street, SW1



- 200,000 sq ft office
- 28,000 sq ft retail
- Completed August 2012
- Now 86% let
 - 10 years average lease term
 - £56 psf average rent
 - Incentives 10 months per 5 years

A transformation of Victoria

Developments – completed

62 Buckingham Gate, SW1



- 260,000 sq ft office
- 15,000 sq ft retail
- Completed May 2013
- 67% let or in solicitors' hands
 - 11 years average lease term
 - £72 psf average rent
 - Incentives 9 months per 5 years
- TDC £177m
- ERV £18.3m

A transformation of Victoria

Developments – proposed

1 New Street Square, EC4



- 271,000 sq ft
- Demolition on target for completion in March 2014
- Earliest completion July 2016
- TDC c£180m (pre-tender estimate)
- Net ERV £15m (average office rent £57 psf)

Developments – proposed 20 Eastbourne Terrace, W2



- 95,000 sq ft office scheme
- Completion Q1 2016
- TDC c£65m (pre detailed design and tender estimates)
- ERV £5m (average office rent £54 psf)

Developments – planning secured

Portland House, SW1



- Planning permission achieved
- Existing area 317,000 sq ft
- 206 private apartments
- Proposed area 391,000 sq ft
- Vacant possession in 2015
- Earliest completion Q4 2018

Disposals



- Lease restructured
- Surplus crystallised by sale



- Remaining 50% stake sold for £117m
- 6.0% net initial yield



- Sold for £90m post planning
- 3.5% net initial yield



- Sold to M&G Real Estate for £315m
- 5.2% net initial yield

Asset management

Cardinal Place, SW1



- 113,000 sq ft of leases restructured
- £6.6m of rent roll
- WAULT extended from 5.2 years to 11.3 years

Asset management

Piccadilly Lights, W1



- Agreed deals to reconfigure 3 retail units
- Enables new advertising screen
- Rental values increased 46%



Summary

