

2014 INTERIM RESULTS



Welcome

Robert Noel

Chief Executive



Recycling capital



Agenda

Martin Greenslade

Scott Parsons

Colette O'Shea

Q&A



20 Fenchurch Street, EC3

Financial results

Martin Greenslade

Chief Financial Officer



Financial summary

Six months ended 30.09.13		Six months ended 30.09.14	Change
£m		£m	%
397.9	Profit before tax	1,031.1	
209.8	Valuation surplus ⁽¹⁾	880.2	7.5 ⁽²⁾
1,013p ⁽³⁾	Adjusted diluted NAV per share	1,129p	11.5
156.5	Revenue profit ⁽¹⁾	170.0	8.6
19.9p	Adjusted diluted earnings per share ⁽¹⁾	21.4p	7.5
15.2p	Dividend per share	15.8p	3.9

(1) On a proportionate basis

(2) Represents increase in value over the six months to 30 September 2014

(3) As at 31 March 2014



Revenue profit

	Six months ended 30.09.14	Six months ended 30.09.13	Variance
	£m	£m	£m
Gross rental income ⁽¹⁾	321.3	312.8	8.5
Net service charge expense	(0.1)	(1.3)	1.2
Direct property expenditure (net)	(18.8)	(16.1)	(2.7)
Net rental income	302.4	295.4	7.0
Indirect costs	(23.5)	(21.6)	(1.9)
Segment profit before interest	278.9	273.8	5.1
Unallocated expenses (net)	(15.8)	(18.8)	3.0
Net interest – Group	(79.2)	(86.6)	7.4
Net interest – joint ventures	(13.9)	(11.9)	(2.0)
Revenue profit	170.0	156.5	13.5

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

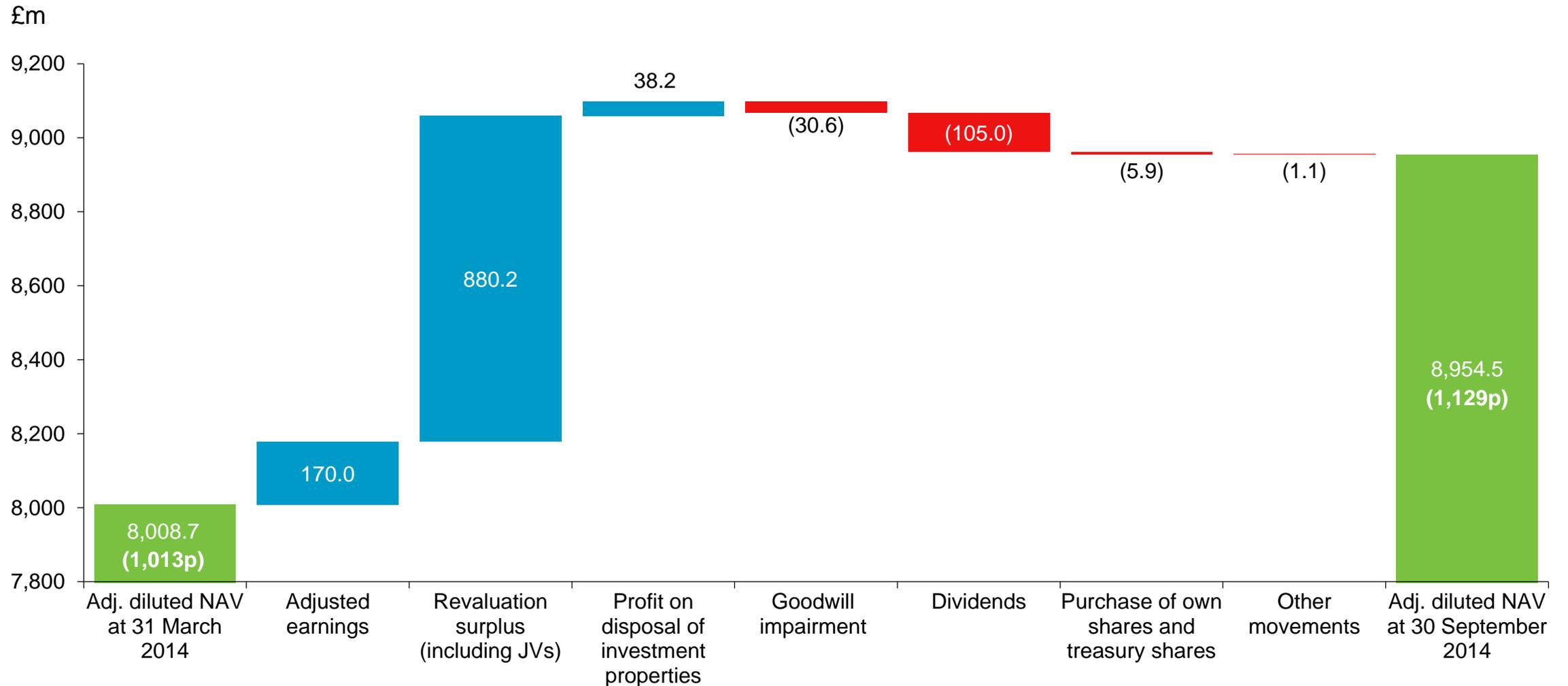
Net rental income analysis

	Six months ended 30 September		Variance	
	2014	2013		
	£m	£m	£m	%
Like-for-like investment properties	234.6	230.6	4.0	1.7
Proposed developments	-	-	-	
Development programme	10.2	(0.1)	10.3	
Completed developments	19.2	18.9	0.3	
Acquisitions since 1 April 2013	27.0	11.3	15.7	
Sales since 1 April 2013	4.6	28.6	(24.0)	
Non-property related income	6.8	6.1	0.7	
Net rental income	302.4	295.4	7.0	2.4

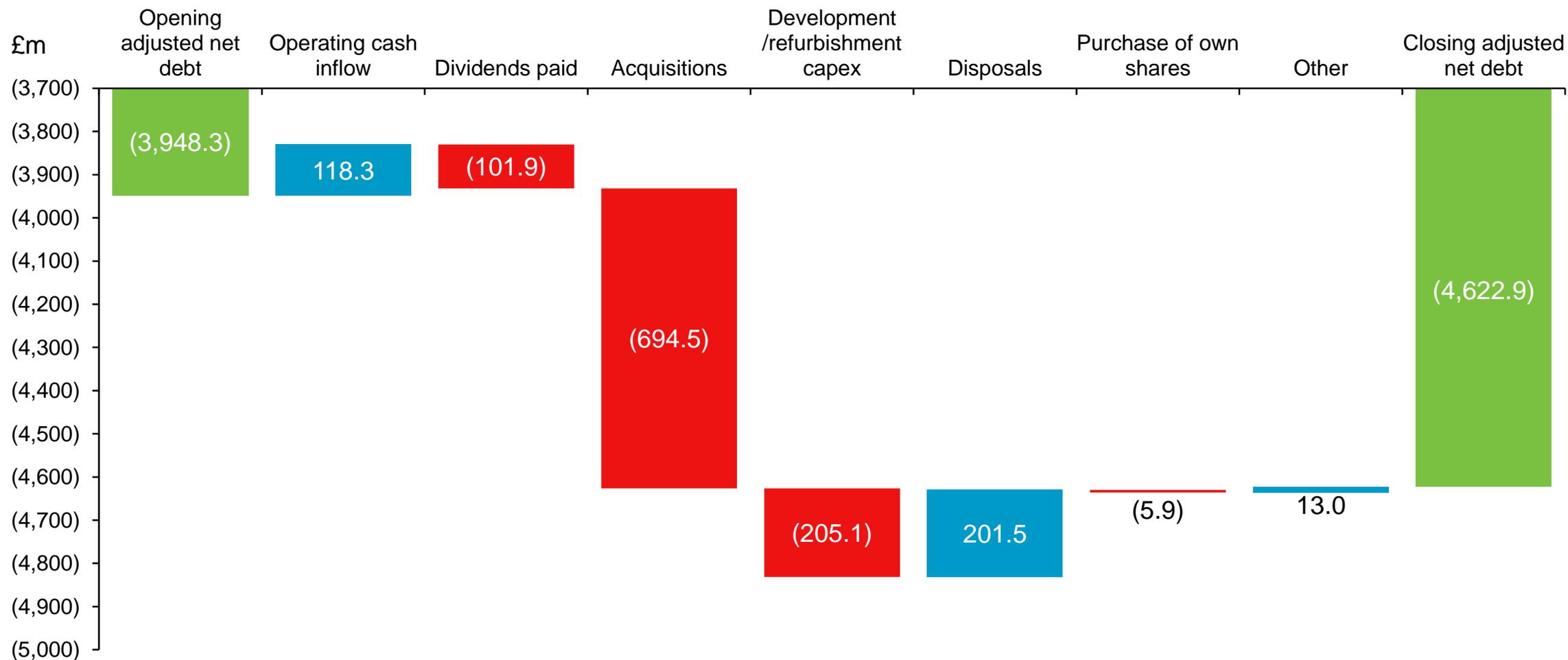
Combined portfolio valuation

	Market value at 30.09.14	Combined portfolio by value	Valuation surplus Six months ended 30.09.14	
	(£m)	(%)	(%)	(£m)
Like-for-like	9,316.9	70.7	 7.1	589.6
Acquisitions	1,281.9	9.7	 2.6	31.8
Completed developments	955.5	7.3	 7.2	61.1
Proposed developments	-	-	-	-
Development programme	1,619.7	12.3	 14.0	197.7
Total combined portfolio	13,174.0	100.0	 7.5	880.2

Movement in adjusted diluted NAV



Cash flow and adjusted net debt⁽¹⁾

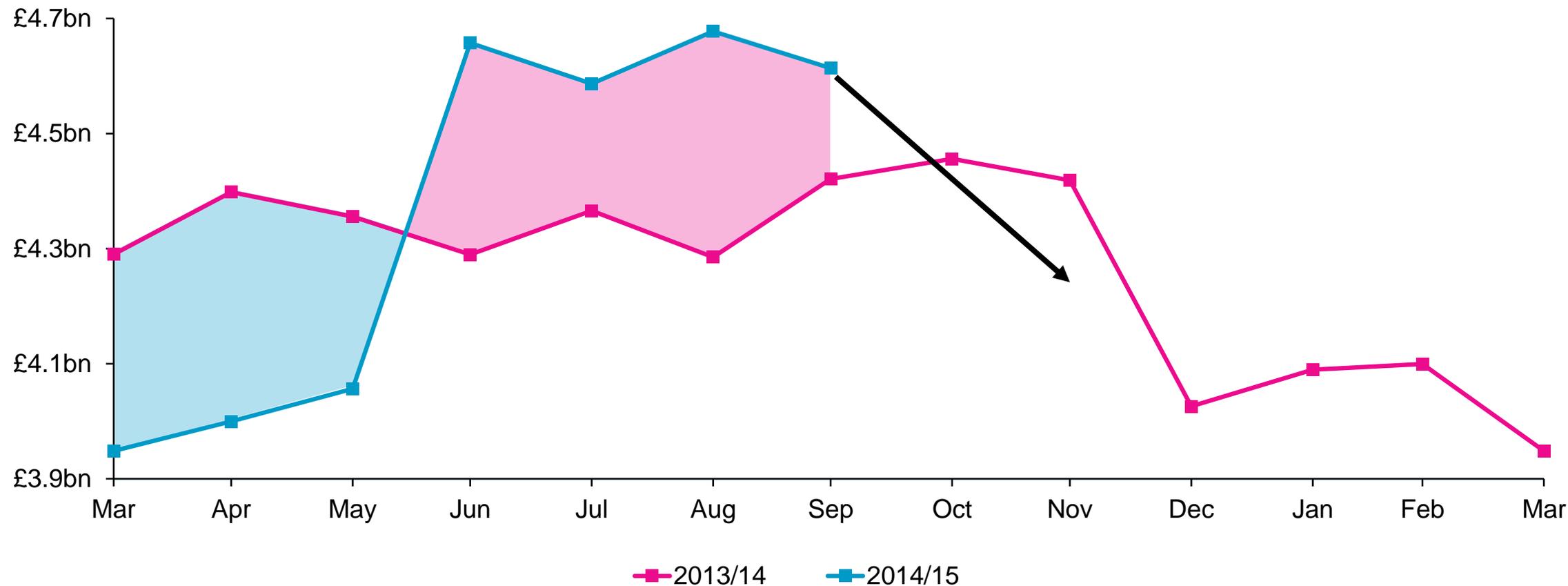


(1) On a proportionate basis

Adjusted net debt⁽¹⁾

Year on year comparison by month

Adjusted net debt



(1) On a proportionate basis





Financing

- Group LTV at 33.6% (on a proportionate basis), up from 32.5% at 31 March 2014
- Weighted average maturity of debt: 8.2 years
- Weighted average cost of debt: 4.5%
- £0.8bn cash and undrawn facilities

Gearing	30 Sept 2014	31 March 2014
	(%)	(%)
Group LTV ⁽¹⁾	33.6	32.5
Security Group LTV	39.9	35.5

(1) On a proportionate basis



Financial summary

- High levels of activity
- Strong financial performance
- Robust balance sheet



Retail Portfolio

Scott Parsons

Managing Director, Retail Portfolio



Retail Portfolio - highlights

- £1.4bn of transactions since 1 April
- Valuation surplus 5.4%
- LFL rental value **↑**0.7%
- LFL voids 2.4%;
administrations 1.3%
- Footfall **↑**0.6%;
benchmark **↓**0.8%
- Same centre sales **↑**6.9%;
benchmark **↑**3.8%



Bluewater, Kent



White Rose, Leeds

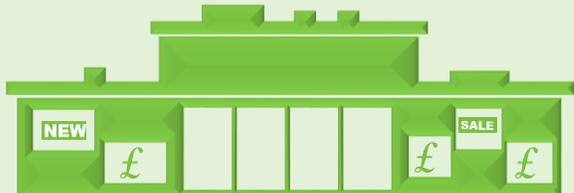


Buchanan Galleries, Glasgow

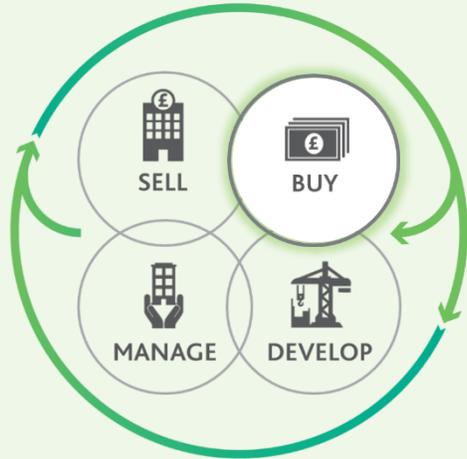
Prospects for rental growth

Regional and SE centres

Secondary centres

Footfall	 <p>Upturn in past 6 months</p>	 <p>Flat</p>	 <p>Decline</p>
Sales densities	 <p>5-10% increase since 2012</p>	 <p>Flat</p>	 <p>Decline</p>
Store contribution			

Bluewater - acquiring dominance



- 30% stake acquired
- 110 acres of surrounding land
- Asset management rights



Bluewater, Kent

Bluewater – consumer experience



- Growing catchment of 6.6m people
- Potential spend of £13bn
- 13,000 free car parking spaces
- Highest dwell time and group spend in UK
- 1.8 million sq ft of retail space
- 331 shops
- 50 restaurants and cafés
- Anchored by John Lewis, Marks & Spencer, House of Fraser



Bluewater, Kent

Bluewater – performing on plan



- £5.5m lettings completed or in solicitors' hands since acquisition
- Jo Malone's "most successful store opening"
- Bill's - "brilliant opening, ahead of budget"
- Steamer Trading - first shopping centre unit
- American Eagle - first outside London
- Next - upsizing their MSU
- White Stuff – new statement store
- John Lewis – only Oxford Street and Peter Jones ahead
- Marks & Spencer – second only to Marble Arch



Jo Malone



Bill's

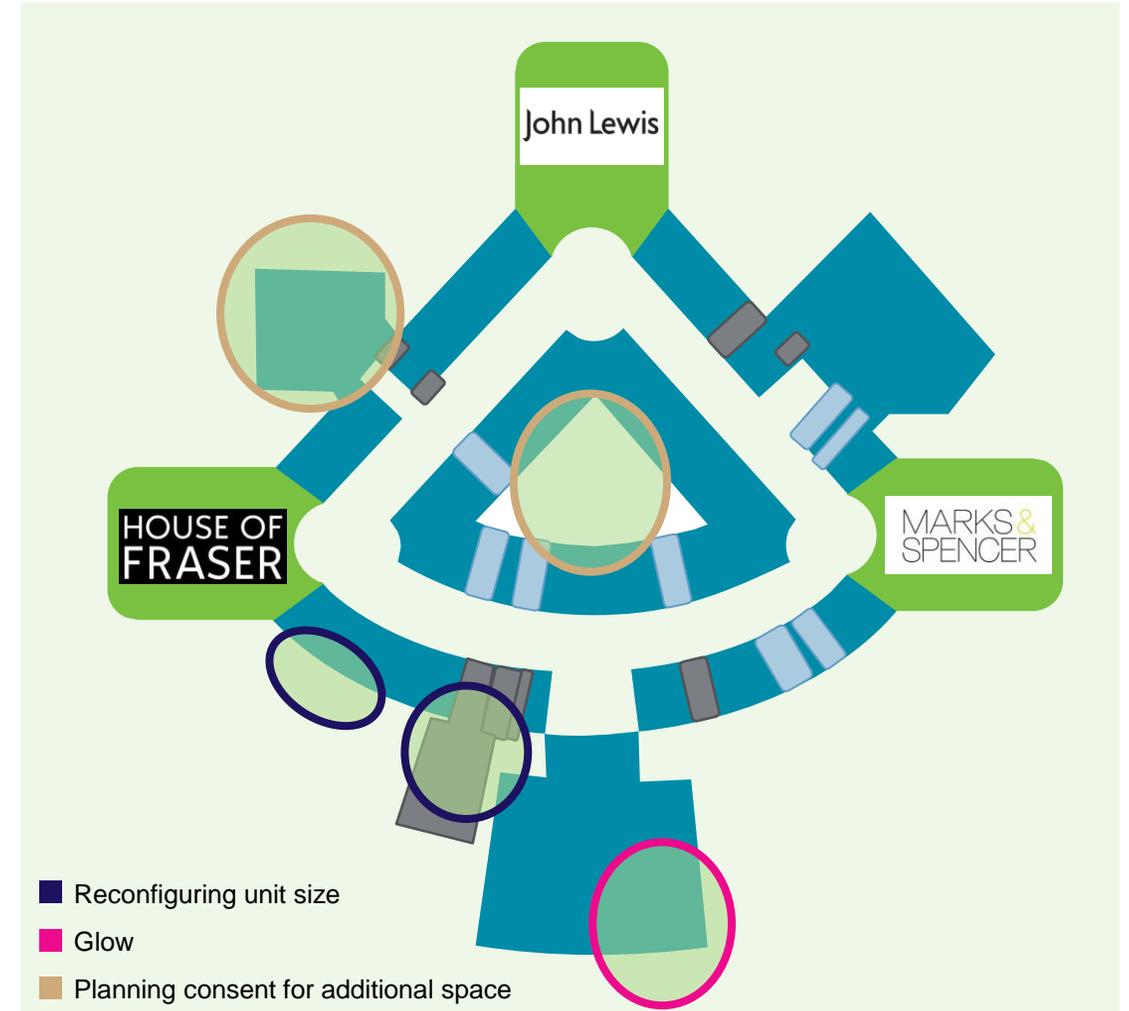


Steamer Trading Cookshop

Bluewater – looking ahead



- 350,000 sq ft of active retailer demand
- Upsizing demand from numerous retailers... reducing number of smaller units
- Exploring alternative uses for Glow space... leisure, catering and experiential
- Over 300,000 sq ft of planning consent for additional space



Retail Portfolio – asset management



- Footfall ▲ 0.6%; benchmark ▼ 0.8%
- Same centre sales ▲ 6.9%; benchmark ▲ 3.8%
- Voids and administrations up from 3.0% to 3.6%
- Completed £6.4m of lettings; £6.9m in solicitors' hands



Asset management – St David's, Cardiff



- YTD LFL retail sales ↑ 2.0%
- 8 new lettings
- 86,000 sq ft Primark opened



St David's, Cardiff

Asset management – Trinity Leeds



- YTD LFL retail sales **↑ 5.6%**
- 7 new lettings
- Additional Everyman screen



Trinity Leeds

Asset management – retail parks and leisure



- Active demand from homewares, discounters and catering
- New long-term lettings agreed on all Dreams units
- Little exposure to standalone grocery



Bexhill



Lakeside



Cambridge Leisure Park

Asset management – hotels



- 29 hotels – 8 London, 21 regional
- c.55% of value in London
- VP value c.40% > investment value
- Rent averages 20% of turnover...
YTD turnover growth of 6%
- Full parent guarantee from Accor S.A.



Novotel London West, Hammersmith



Ibis London, Docklands

Retail Portfolio – developments



- Maidstone: exploring options
- Taplow: successful opening
- Guildford: development agreement signed
- Ealing: anchor secured
- Worcester: planning application



Maidstone



Bishop Centre, Taplow

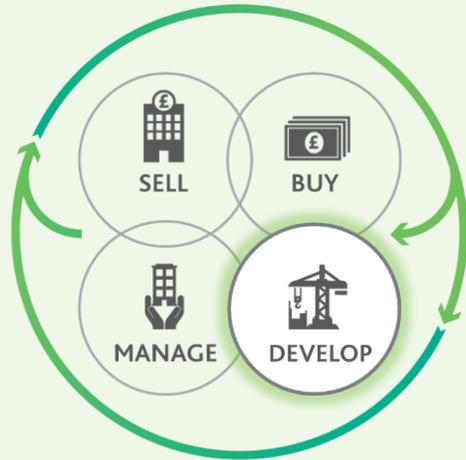


Filmworks, Ealing



Worcester

Retail Portfolio – developments



- 800,000 sq ft refurbishment and extension
- Over 100 retail, leisure and catering units
- John Lewis and Curzon Cinema anchored
- Earliest start on site April 2015
- Earliest completion October 2017



Westgate, Oxford

Retail Portfolio – developments

**BUCHANAN
GALLERIES**



- 500,000 sq ft extension
- 42 additional retail and catering units
- Showcase Cinema
- Earliest start on site April 2015
- Earliest completion March 2018



Buchanan Galleries, Glasgow

Recycling capital



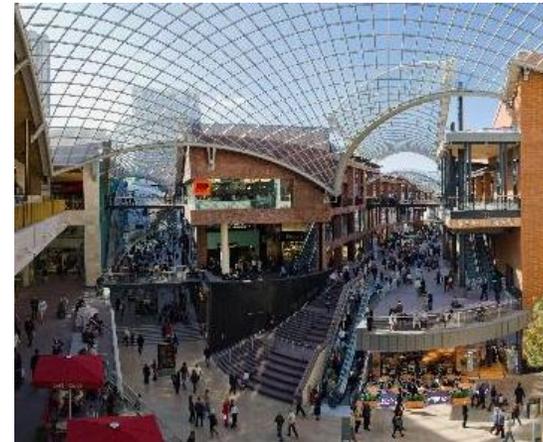
- £581.5m year to date sales
- Exiting non-core shopping centres and standalone foodstores



Sunderland



Hull



Bristol



Exeter

Dominance, experience and convenience

- Liquid market
- Capital recycling ongoing
- Shopping centre focus on dominance and London
- Increasing occupier activity in retail park portfolio
- Development potential



Street Feast, Lewisham

London Portfolio

Colette O'Shea

Managing Director, London Portfolio

London Portfolio

- Development programme at its most active
- Delivering highly efficient technically resilient workspace at low construction cost
- Supply constrained conditions but supply expected to pick up beyond 2016



Development at full tilt



- Delivering 2.9m sq ft of space in the next 24 months
- Since 1 April, let 362,000 sq ft with weighted average lease term of 19 years



New Ludgate, EC4

Development – City and mid-town – capturing rental growth



20 Fenchurch Street, EC3

- 687,000 sq ft
- 90% let
- Average rent £64 psf
- Average lease term of 17 years
- Sky Garden opens in Jan 2015



New Ludgate, EC4

- 381,000 sq ft
- 61% pre-let
- Average rent £58 psf (£62 min uplift)
- Average lease term of 20 years
- PC April 2015



1 New Street Square, EC4

- 271,000 sq ft
- Average appraisal rent £61 psf
- PC June 2016

Development – Victoria – customer choice – value add



62 Buckingham Gate, SW1

- 275,000 sq ft
- 69% let
- Average rent achieved £71 psf
- Retail all trading: Curzon Cinemas, Leon, Benugo, All Bar One



The Zig Zag Building, SW1

- 234,000 sq ft
- 35% pre-let
- Average appraisal rent £73 psf
- PC July 2015
- 2 of the 5 retail units let: Mango, Iberica



Kings Gate, SW1

- 109,000 sq ft
- 85 of 100 apartments pre-sold
- Average price achieved £1,708 psf
- PC July 2015
- Retail let to Jamie Oliver



Nova, Victoria, SW1

Development - Nova residential



Nova, Victoria, SW1

- 166,000 sq ft
- 128 of 170 apartments pre-sold
- Average price achieved £1,806 psf
- PC April 2016

Development - Nova offices and retail



Nova South, Victoria, SW1

- 296,000 sq ft offices
- Average appraisal rent £73 psf
- PC July 2016



Nova North, Victoria, SW1

- 184,000 sq ft offices
- Average appraisal rent £73 psf
- PC July 2016



Nova, Victoria, SW1

- 80,000 sq ft retail
- 18 units, 8 units in solicitors' hands
- PC July 2016

Development – taking advantage of Crossrail



Oriana Phase II, W1



20 Eastbourne Terrace, W2

Oriana Phase II

- 72,000 sq ft of retail space being developed
- 18 apartments
- 64% pre-let to Primark and Schuh
- PC November 2016

20 Eastbourne Terrace

- 93,000 sq ft being developed
- Average appraisal rent £57 psf
- PC February 2016

Manage – every asset has a plan



- Completed 17 investment lettings totalling £3.9m
- Office WAULT 9.1 years excluding development programme



One New Change, EC4

Manage – rigorous asset management



40 Strand, WC2

- Combined 2 retail units
- Letting to ITSU
- Rental value increase of 59%



Cardinal Place, SW1

- Letting to Schneider Electric at £61 psf
- Voids low at 3%



Thomas More Square, E1

- News UK leases terminated Sept 2014
- Refurbishment of vacated floors underway
- Already let 50% of vacated space to Ipsos Mori and Mitsui OSK



5 New Street Square, EC4

- GSM exercised break on 23,000 sq ft as required further space
- Expect to capture mid-town rental growth in re-let

Sell – taking advantage of investment demand



- WAULT 3.0 years
- Sold for £73.2m
- High demand for secondary short term income



47 Mark Lane, EC3

Future pipeline



Portland House, SW1 - 395,000 sq ft

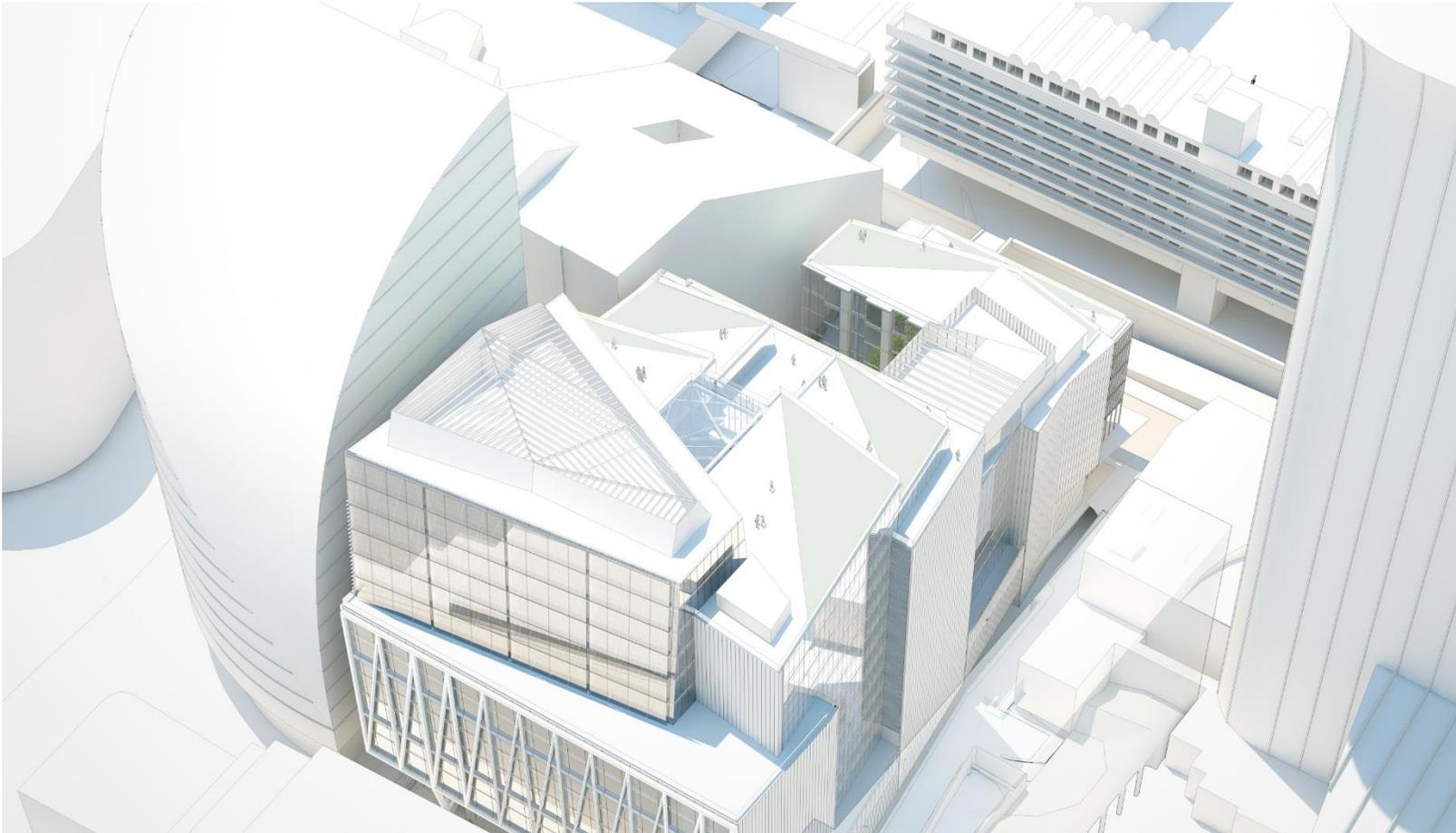


Phase II Nova, SW1 - 171,000 sq ft



Piccadilly Lights, W1 - 128,000 sq ft

Future – actively re-stocking pipeline



21 Moorfields, EC2

- 1.9 acre site
- Liverpool Street Crossrail location
- Option to acquire leasehold
- Heads of terms agreed for:
 - lease re-gear
 - development agreement

London Portfolio summary



- Delivering 2.9m sq ft of space over the next 24 months
- Supply remains constrained with availability low
- Team continues to work on quality of product and adding resilience to the portfolio
- Building pipeline for the future

Land Securities – delivering to plan

- Retail - moving assets up the retail hierarchy
- London - delivering space at the right time and increasing lease lengths
- Working towards a stronger portfolio with lower LTV



Nova, Victoria, SW1