Land Securities half-yearly results presentation

Tuesday 11 November 2014

Speaker: Robert Noel – Chief Executive

Slide 2 – Title slide

Good morning everyone, and welcome to Land Securities' half yearly results.

There should be no surprises today, not least as many of you will have been at our Investor day in September.

We've been very clear on how we are positioning the business and, as these results demonstrate, we have not taken our foot off the gas.

Scott and Colette have absolutely hit the ground running with the pace, and the scale, of our activity ensuring we deliver on our plan.

And while the current political environment creates some uncertainty for all companies, our business is in great shape and it's getting stronger.

As you know, we run Land Securities based on property fundamentals and that's because we recognise our markets are cyclical, and our occupiers' needs are constantly changing.

Anticipating this evolution in occupiers' needs - that's in all our product lines, and ensuring that we own and deliver the right space, is crucial.

Since emerging from the global financial crisis we've been building and trading our way back to a position of strength by recycling capital.

Slide 3 – Recycling capital

A well timed development programme in London, and decisive action in our retail portfolio with our push with leisure and dominance with nearly £7bn of sales and acquisitions and development capex since we started development in 2010, while following a broadly net debt neutral approach, is transforming the business, both in terms of quality and resilience.

Over 40% our portfolio by value today has either been acquired or redeveloped in that time.

And as you will hear in a moment from Scott and Colette, we have more opportunities to exploit.

So here’s the running order this morning.

Slide 4 – Agenda

First, Martin will take you through the numbers, including the valuation. Scott will then talk about the continued reshaping of our retail portfolio. And, finally, Colette will update you on progress in London before we open it up to your questions.

Martin

Speaker: Martin Greenslade – Chief Financial Officer

Slide 5 – Title slide

Thank you Rob. Good morning everyone.

It’s been a good six months; values are up, earnings are up, and the quality of our portfolio is up with Bluewater giving us the opportunity to demonstrate the flexibility of our balance sheet.

So let’s look at the headline numbers…

Slide 6 – Financial summary

Our profit before tax was £1,031.1m, which includes our valuation surplus of £880.2m and £38.2m of disposal profits. Adjusted diluted NAV per share was 1,129p, an increase of 11.5% or 116p since March.

Revenue profit for the six months was £170.0m, up £13.5m or 8.6% on the same period last year.

Adjusted diluted earnings per share were up 7.5%. Growth here was slightly lower than for revenue profit largely due to take-up under our scrip dividend scheme increasing the number of shares in issue. As you may recall, we suspended the scrip dividend after the payment of the April dividend.

And on the subject of the dividend, we have today confirmed a second interim dividend of 7.9p bringing the total to 15.8p for the six months, up 3.9%.

Overall, these results translate into a total business return of 13.0% for the 6 month period.

So, turning now to more detail on revenue profit.

Slide 7 – Revenue profit

This slide sets out the main components of our revenue profit on a proportionate basis.

Revenue profit increased by £13.5m which was mainly due to a £7.0m increase in net rental income and lower interest costs.

Our net indirect expenses were £39.3m compared with £40.4m in the prior period. This reduction is primarily due to lower staff costs partly offset by higher feasibility expenditure in the current period on properties we do not yet own.

The net interest costs of the Group and joint ventures decreased by £5.4m, primarily due to the repayment of the X-Leisure external debt in the previous year using our cheaper Group facilities.

Let's now look at the £7.0m increase in net rental income.

Slide 8 – Net rental income analysis

Here we have net rental income broken down into the various categories and compared against the first half last year. There is a more detailed split between London and Retail in the appendix but this slide brings out the main points.

Net rental income on the like-for-like portfolio was up £4.0m. The majority of this increase was in Retail and was largely due to new lettings and the settlement of a number of rent reviews, with an increase in bad debts offset by lower direct property costs. In London, gross rental income was up some £3.5m but we expensed a similar amount of development related costs on an asset where progress was not sufficiently advanced to capitalise them

The development programme saw net rental income increase by £10.3m. Almost all of this increase came from 62 Buckingham Gate and 20 Fenchurch Street. Completed developments were up slightly, as a result of the final lettings at 123 Victoria Street, partly offset by higher bad debt provisions impacting net rental income at Trinity Leeds.

Acquisitions contributed a £15.7m increase in net rental income due to the purchase of our 30% stake in Bluewater at the end of June and the increase in our ownership of X-Leisure in September 2013.

And, finally, disposals. The scale of our disposal activity resulted in a loss of £24.0m of net rental income. The main impact was from sales we made last year, namely Bon Accord, Aberdeen, the Overgate Centre, Dundee, Bankside 2 & 3 and Empress State, together with the disposal of The Bridges, Sunderland, which occurred in the first half of this year.

Turning now to the valuation surplus.

Slide 9 – Combined portfolio valuation

The value of our combined portfolio at 30 September was £13.2bn. The valuation surplus over the six months was £880.2m, an increase of 7.5%, and within that, Retail saw values rise by 5.4% and London by 9.4%.

The 7.1% increase in the like-for-like portfolio was due to rental value growth of 2.2% and inward yield shift of 27 basis points. Within acquisitions, Bluewater was flat and the X-Leisure properties were up 5.4%.

And once again, the development programme delivered the highest percentage increase, up 14.0% representing £197.7m and within that figure the major contributor was 1 & 2 New Ludgate, which produced a £73.6m surplus in the six months.

Let's now look how the valuation surplus, and other movements, affected adjusted net assets.

Slide 10 – Movement in adjusted diluted NAV

We started the period with adjusted NAV per share of 1,013p.

Adjusted earnings were £170.0m. Then comes our valuation surplus, which is followed by two items related to disposals and acquisitions; first £38.2m from the disposal of investment properties (largely The Bridges, Sunderland) and then a goodwill impairment related to the acquisition of our 30% stake in Bluewater which is accounted for as a business combination. Scott will cover all the exciting aspects of Bluewater in a minute – but first, I've got goodwill impairment.

The goodwill impaired here relates to the difference between the fair value of what we acquired, as determined by our external valuers, and the consideration we paid. The difference is largely due to prospective purchasers' costs, which are deducted by the external valuer in arriving at their valuation, as well as a lower value being attributed to the 110 acres of surrounding land where we were prepared to pay a premium due its long-term potential and adjacency to Ebbsfleet. More information on the accounting for the Bluewater acquisition is included in note 18 to the financial statements and in a slide in the appendices. If you do look at these, you will learn that there is a small additional element of goodwill of £6m of which only £0.1m has been impaired. It relates to a deferred tax liability on an intangible asset. Enough said

Our cash dividend in the period was £105.0m, and we spent £5.9m buying shares for the EBT. With other reserve movements of £1.1m, that's how our adjusted diluted NAV per share ended the period at 1129p. Let's now move onto cash flow.

Slide 11 – Cash flow and adjusted net debt

Set out on this slide are the major components of the cash flow movements which affect our adjusted net debt – all on a proportionately consolidated basis.

So beginning with adjusted net debt at 31 March of £3.95bn, operating cash inflow was £118.3m. Acquisitions relates to the purchase of our 30% stake in Bluewater in June. We spent £205.1m on development and refurbishment capex including our joint ventures at Nova, Victoria and 20 Fenchurch Street. We received consideration of £201.5m from disposals and, after some sundry items, we ended the period with adjusted net debt of £4.62bn, up £674.6m. So let's look at how our net debt has moved so far this year compared to last year.

Slide 12 – Adjusted net debt

So on this slide, last year's adjusted net debt is in red with the year to date in blue. We started out the year with lower net debt than we had had for a number of years but, following the Bluewater acquisition, adjusted net debt jumped up to around £4.6bn. However, on average, our net debt has been only £21m higher in the first six months of this year compared to the prior period. That confirms my earlier comment that our lower interest cost was due to the type of debt not the amount.

Looking forward, we know net debt is going to come down by some £340m following the sale of Cabot Circus, Bristol and 47 Mark Lane and it may come down even more if market pricing tempts us into further sales. And as we have discussed before, disposals do have a negative earnings impact particularly with our marginal cost of debt currently at below 1.5%.

Slide 13 – Financing

So let's now look briefly at financing.

The increase in our adjusted net debt, led to a 1.1 percentage point rise in our LTV to 33.6%. However, adjusting for the recent disposal of Cabot Circus and 47 Mark Lane and the Exeter/Buchanan Galleries asset swap takes our LTV down to 32.0%.

The weighted average maturity of our debt is 8.2 years with a weighted average cost of 4.5%, down from 5.0% at March as we increased the borrowing on our cheaper, revolving credit facilities to fund the Bluewater acquisition.

So let me summarise.

Slide 14 – Summary

There's been a huge amount of activity in the business with capital transactions so far this financial year totalling £1.5bn.

Our financial performance has been strong, with good growth both on the valuation side and in our underlying earnings. And, as we demonstrated with the acquisition of Bluewater, our balance sheet remains robust and flexible.

Now let me pass you over to Scott for news of the Retail Portfolio.

Speaker: Scott Parsons – Managing Director, Retail Portfolio

Slide 16 – Retail Portfolio - highlights

Thanks Martin. Good morning everyone.

In our results presentations over the past few years, we've spoken about the evolution in consumer behaviour and its impact on the retail environment. And against that backdrop, we've shared with you our plan to reshape our portfolio along the lines of dominance, experience and convenience: selling out of assets less relevant to the changing landscape and recycling the proceeds to fund acquisitions and developments that will not only cope, but will thrive. And over the past six months we've increased the pace.

Since the beginning of the financial year, we've completed investment transactions totalling more than £1.4 billion. We acquired a 30% interest in Bluewater and the 50% we didn't already own in Buchanan Galleries and we've sold centres which don't fit with our plan.

Over the six month period we've produced a valuation surplus of 5.4%. Voids remain low and sales are up.

So why are we moving up the quality curve? Well, it's because rental tension is driven by retailer demand for space. And retailers are only really demanding space in the most successful trading locations. Let me explain why.

Slide 17 – Prospects for rental growth

We monitor each of our shopping centres' performance closely via retailer sales, individual store contribution to total retailer profit and consumer footfall. We also monitor others' centres as closely as we can. In a number of centres we've witnessed flat or falling sales densities and footfall. That leads to difficult conversations with retailers with their appetite to continue to trade in some centres diminishing as they in turn seek to reshape their store portfolios.

But retailers located in other centres have seen strong sales densities growth on previous years in some cases up to 20% ahead of where they were last year. Our extensive turnover data consistently demonstrates that stores in dominant locations such as Bluewater, St David's and Buchanan Galleries contribute much more to retailers' coffers than those in Sunderland or Dundee for instance.

Having strong performing and profitable retailers ultimately provides us with a better base to grow rents within our portfolio. That's why we've invested in Dominance.

Slide 18 – Bluewater – acquiring dominance

In June of this year we acquired a 30% stake in Bluewater and full ownership of 110 acres of surrounding land. We also acquired the full asset management rights to the centre.

Outside our direct holding of 30%, Bluewater is co-owned between three other owners: M&G who own 35%; LLRP who own 25%, which is made up of over 50 different investors, of which we're one; and 10% by Hermes.

The Management Lease gives us the ability to set the annual budget and the 5 year strategy, determining the vision and path forward for Bluewater. This is agreed each year between the four co-owners and our relationships with them are strong and collaborative. They're pleased to have Land Securities at the tiller.

Slide 19 – Bluewater – consumer experience

Bluewater reaches a catchment of 6.6m people with a potential spend of £13 billion. It's an affluent and growing population dominated by over 70% ABC1's and the catchment is forecast to grow by over 11% in the next 8 years.

The scheme is a highly accessible and convenient destination: it's 23 miles from central London; located just off the main A2/M25 junction; and it provides 13,000 free car parking spaces.

According to CACI's Retail Footprint Study, Bluewater is ranked number one in the UK, based on a weighted catchment comparison spend and dwell time at 167 minutes. That's ahead of its peer group, including both the Westfields and the Trafford Centre. Occupier sales are in excess of £865m annually, up more than 6% year to date.

We've been busy since the acquisition in June…

Slide 20 – Bluewater – performing on plan

We've started to reduce voids as we said we would when we announced the acquisition. We've completed 8 new lettings, totalling £2.5m per annum of rental income and further deals representing annual rent of £3.0m are in solicitors' hands.

We've also agreed a store upsize and lease restructure with Next and that will facilitate a multi-million pound store re-fit. That's in line with our plan to reduce the number of smaller shops in favour of larger flagship size stores to meet retailer demand and maximise rental income. A number of similar tenant upsizes are in the works.

And as you know, every Land Securities asset has a plan. So looking ahead…

Slide 21 – Bluewater – looking ahead

Bluewater has 350,000 sq ft of active retailer demand from more than 50 interested operators. 85% of that demand is for units above 5,000 sq ft and 65% is for units above 10,000 sq ft. We will exploit this demand through reconfiguration and limited addition of new space.

Glow is Bluewater's event venue. It's historically been unprofitable and underutilised. So this 60,000 sq ft space presents a great opportunity for us to work the space harder. We're exploring a number of options to convert it to further strengthen the retail, leisure and catering offer and that will complement and improve the Bluewater consumer experience.

Now let's move on to the rest of our investment portfolio.

Slide 22 – Retail Portfolio – asset management

Footfall within our current portfolio has edged up over the six month period, by 0.6% and our same centre sales are up 6.9%.

While voids and administrations in the like-for-like portfolio have increased from 3.0% to 3.6%, the level of voids has remained relatively flat over the first six months of the year. So the increase has mainly been driven by administrations, namely Paul Simon, Phones4U and

LaSenza. But, our occupancy rate remains high at 98% and, since 30th September, lettings accounting for roughly 40% of the ERV of our units in administration have exchanged or are in solicitors' hands. Our usual detailed disclosure on voids, administrations and occupancy is included within the appendix to your packs.

Slide 23 – Asset management - St David's, Cardiff

At St David's in Cardiff, the new Primark store opened in June. It's already producing weekly sales almost double those of their previous Cardiff store, and our footfall is up 5.0% year to date.

Slide 24 – Asset management - Trinity Leeds

At Trinity Leeds, sales are up 5.6% with significant activity on the leisure and catering front.

The Everyman Cinema has opened an additional screen to satisfy customer demand and we've exchanged contracts with four new catering lettings in the first six months of the year. The consumer experience at Trinity is going from strength to strength.

Slide 25 – Asset management - retail parks and leisure

The retail park portfolio has seen an increase in activity; mainly driven by homewares, discount retailers and catering, although the occupational market for larger units at retail parks remains challenging, so overall our retail park ERVs are slightly down.

We've covered the merits of our interest in the leisure sector before; ERVs are up and the market is performing well. The breadth of food and beverage on offer continues to expand, with operators such as Five Guys taking units in out of town locations and standalone leisure destinations for the first time.

Slide 26 – hotels

Rental income from the Accor portfolio averages approximately 20% of net turnover. We've seen strong year to date turnover growth, with a cumulative increase of 6% to the end of

September. The Accor hotels are unlikely to be long term holds for us but, as we've said before, they're underpinned by vacant possession values that are well above investment values, and we're happy with their performance prospects for the time being.

On the development front, we have a good pipeline of opportunities but we remain disciplined in evaluating which development schemes to pursue.

Slide 27 – Retail Portfolio – developments

Our exclusivity period with AEG to develop a designer outlet centre at the O2 in Greenwich expired in July, and we decided not to pursue the opportunity based on our feasibility assessment.

At Maidstone, we were refused planning permission for a 225,000 sq ft retail park development. We have very little capital tied up in this strategic site and we're now deciding whether or not to appeal the decision or explore other options.

The Bishop Centre in Taplow, which is a 105,000 sq ft scheme in a convenient Southeast edge-of-town location, had a strong opening and is 88% let to retailers including TKMaxx, Tesco and Nike.

Elsewhere in the Southeast, we exchanged a development agreement with Guildford Borough Council in June and we're undertaking feasibility work for a potential retail-led, mixed-use scheme in the town centre.

Outline planning permission for Filmworks, a potential mixed use leisure and residential development in Ealing, was granted in July and contracts have been exchanged with Picturehouse Cinemas to anchor the scheme.

At Worcester, we'll be submitting a planning application towards the end of this year for a 240,000 sq ft development which is 69% pre-let to John Lewis, Marks & Spencer, Sainsburys and Next.

Slide 28 – Retail Portfolio

And we've made good progress on extension plans for The Westgate Centre in Oxford…

Slide 29 – Retail Portfolio

…and Buchanan Galleries in Glasgow where we now have full control. As you know, both schemes have outline planning consent and we anticipate achieving reserved matters consents before the end of the financial year; by which time we'll have decided whether or not we'll commit to these developments.

Moving on to sales.

Slide 30 – Recycling capital

We've made more than £580m of sales so far this year; just over £185m in the first half of the year and almost £400m since 30th September.

As we signalled at the beginning of the year, we sold The Bridges in Sunderland. In our JV with Sainsburys, we sold a supermarket in Hull and now have only two standalone supermarkets remaining in our portfolio.

And since 30th September, we've sold our 50% stakes in Cabot Circus, Bristol and Princesshay, Exeter. These are relatively new schemes, but from the passing rents, due to competition within these cities, we don't think future performance will be acceptable.

So to conclude…

Slide 31 – Dominance, experience and convenience

The retail market has proven liquid and we've taken, and will continue to take, full advantage of that to recycle our capital away from assets that don't fit our plan and into assets that do.

Our capital recycling over the past six months has made a significant impact. Today, all but one of our shopping centres is either a dominant regional or in Greater London.

The retail portfolio's exposure to secondary shopping centres is now just 3% and standalone supermarkets account for only around a half a percent.

Looking ahead, our potential developments at Oxford and Glasgow would further enhance the quality of our portfolio in line with our key themes.

As I said at the start, over the past six months we've increased the pace of reshaping our portfolio along the lines of dominance, experience and convenience. And we're really pleased with our progress.

Thanks very much, and I'll now hand you over to Colette to update you on our activity in London.

Speaker: Colette O'Shea – Managing Director, London Portfolio

Slide 32 – Title slide

Now to London. Martin has updated you on our valuation performance, and we gave you an update on the market 2 months ago at the Investor Conference, so I'll focus on our operational activity. We are in good shape, as you'll see.

Slide 33 – London Portfolio

As you know, we've spent the last four years bringing forward a large development programme, which is now at its most active, being delivered over the next 24 months into a market which is relatively starved of new space.

We struck the construction cost curve at the low point and are delivering highly efficient, technically resilient workspace that our customers want, into increasingly well connected locations

This, along with supply constrained conditions, means we are able to capture rental growth and negotiate longer leases. Since the 1 April the weighted average lease term of the 362,000 square feet we have let is 19 years.

But this negotiating position won't last forever. With supply set to pick up beyond 2016 and a hot construction market, putting pressure on costs and resource, the risk dynamics of development are changing from when we started large scale development in 2010. Then we had little competition and low construction costs. This is why we said in May that any future development starts, would more likely be on the back of pre-lets.

I'll talk more about our future pipeline later.

Slide 34 – Development at full tilt

Onto the individual developments, you'll see we've been very busy. I will start in the City.

Slide 35 – Development – City and mid-town

Since we saw you in May, 20 Fenchurch Street, has moved to 90% let. We've achieved an average rent of £64 per square foot and a weighted average lease term of 17 years.

At New Ludgate, we've let 61% of the space - all on 20 year leases. The average rent is £58 per square foot, which will rise to a minimum of £62 per square foot at first review.

The scheme is due to complete in April 2015 and we are confident about letting the remainder of the space. As part of our place making activities 25% of the retail is now in solicitors' hands.

At 1 New Street Square, construction is well underway. This is a 270,000 square foot building, located within a 10 minute walk of Blackfriars and Farringdon, where Crossrail meets the Thames link. We're confident about the prospects of this central part of mid-town and the scheme will also have a positive impact on our existing holdings immediately to the West.

Over in Victoria our masterplan approach means the buildings are complementary…

Slide 36 – Development - Victoria

They offer customer choice and they provide value creation for us.

At 62 Buckingham Gate, we are now 69% let.

Whilst letting the building has taken longer than we'd hoped, as Victoria remains a building site, we are achieving average office rents 6% above our original appraisal levels.

At The Zig Zag Building we are 35% pre-let. We're working to an anticipated average rental value of £73 per square foot. We believe the risk is on the upside. Practical completion is now programmed for July.

Next door at Kings Gate, which is also due to complete in July, 85 of the 100 apartments have been pre-sold. We've achieved an average price of just over £1,700 per square foot, for which we now hold 20% deposits. Virtually all of the remaining value is in the top 3 floors which as we've previously said are more likely to sell post PC. We have though recently sold one penthouse, for £9.75million or just under £2,800 per square foot.

Up the road at Nova…

Slide 37 – Nova

On the recent tour you'll have seen that the site is a hive of activity. We're on programme for completion of the residential in April 2016 and we've pre-sold 128 of the 170 apartments, at an average price of just over £1,800 per square foot.

Slide 38 – Nova residential

These sales represent approximately 55% by value. As with Kings Gate, the majority of the remaining apartments are on the upper floors, which we expect to sell after practical completion.

We started marketing the offices last month. And of the 18 retail units, 8 are in solicitors' hands.

We have two Nova office buildings…

Slide 39 – Nova offices and retail

Nova South, which is 296,000 square feet, and Nova North, which is 184,000 square feet. Both are due to be delivered in July 2016. As with The Zig Zag Building, we are working to an average rental value of £73 per square foot. We are confident in our timing and we are already seeing early interest in the space. Victoria really is changing.

Elsewhere in the West End we have the advantage of being focused around Crossrail …..

Slide 40 – taking advantage of Crossrail

At the east end of Oxford Street we have our Joint Venture with Frogmore. Construction started this month to deliver 72,000 square feet of retail space and 18 private residential apartments by November 2016. We've already pre-let, 64% of the retail space to Schuh and Primark. For Primark we will be building a 40,000 square foot extension to their existing 148,000 square foot store. Now construction has started we'll be marketing the two other flagship stores.

At Eastbourne Terrace, right outside the entrance to Paddington Crossrail Station, we will be delivering 93,000 square feet of office space in February 2016.

As you know, our development programme has already produced some great returns for us, since we started in 2010. And there is still plenty to come.

Elsewhere in the Portfolio the Investment and Asset team remain busy.

Slide 41 – Manage – every asset has a plan

We have completed 17 investment lettings, and smart lease re-gearing activity continues to strengthen our income. Our weighted average unexpired lease term in our offices is now 9.1 years, which excludes our development lettings.

There are a couple of transactions I'd like to highlight.

Slide 42 – Manage – rigorous asset management

At 40 Strand we achieved a 59% increase in rental value by letting 2,800 square feet of retail space to Itsu on a 15 year lease.

Since September we've also let the second floor at Cardinal Place to Schneider Electric at £61 per sq ft, for a 10 year lease, with a 5 year tenant break.

At Thomas More Square, News UK breaking their leases in September was the largest contribution to our voids increasing since March. The space is being refurbished, and we have already re-let 50% or 97,000 square feet.

The other main contributor to voids was 5 New Street Square. This was due to GSM Associations' decision to vacate the 7th floor because they had run out of space and we were full. This now gives us the opportunity to re-let the space into a supply constrained market.

As you'd expect we continue to recycle capital.

Slide 43 – Sell – taking advantage of investment demand

Since 30 September we've sold 47 Mark Lane for £73.2m after completing some letting and lease regearing. We've taken advantage of market conditions to crystallise the value gain we created.

As we've said before, every asset has a plan.

We made no acquisitions in the first half, although we spent £190m on our existing assets and development programme.

So let me look forwards …..

Slide 44 – Future pipeline

In the West End at Portland House we have consent to remodel this 1960's tower building into 206 apartments and as you know, we are rolling the office income over to 2016. This remains a very popular office building so we have good optionality.

At phase 2 of Nova we are revisiting the 2009 planning consents: we are looking at how we can evolve the product and create more value.

At the Piccadilly lights site we are now carrying out feasibility studies for a comprehensive re-development of the remainder of the block.

In the City, at 21 Moorfields we have the opportunity to acquire a 1.9 acre development site at the western entrance to Liverpool Street Crossrail station.

Slide 45 – Future – actively re-stocking pipeline

We already have an option to purchase the leasehold interest in the site from the Administrators and we've now agreed heads of terms with the freeholder TfL, for a new lease and development agreement. We're hoping to conclude this shortly, after which we aim to submit a planning application for around 500,000 sq ft of office and retail space.

So, we now have a potential future pipeline of almost 1.0 million sq ft in the capital. And if you include 21 Moorfields this increases to 1.5 million sq ft and we expect to grow this, as opportunities present themselves.

So in summary…

Slide 46 - London Portfolio summary

We are entering the busiest phase of our development programme at a time when the availability of space is low.

Our investment and asset team are moving full steam ahead. We have a clear plan for every asset, which is improving the quality and resilience of the Portfolio.

And looking to the future, we're actively re-stocking the pipeline.

Now let me hand you back to Rob.

Speaker: Robert Noel – Chief Executive

Slide 47 – Land Securities – delivering to plan

Thanks Colette.

So as you've heard, and as I said at the start, there are no surprises, and that's because we have been crystal clear on our intent.

In retail, it's about moving our assets up the retail hierarchy. We have been decisive, and we've been very busy, as you've heard from Scott.

And, as you've also heard - with good capital flows in the market, this work can continue.

In London, the market is behaving broadly as we were expecting: our developments are well placed, they're being delivered right at the point of low availability and low development completions.

We have always said we will manage our business with discipline.

From having relatively short leases in London and a large tail of secondary retail assets at the top of the last cycle, we've been building and trading our way to this position of increased strength that we've talked about today.

And by the time we've completed our committed speculative development programme - we aim to have a retail portfolio of appealing, dominant and convenient environments; We expect to have a robust weighted average unexpired lease term on London offices; and a more conservative LTV.

I am very pleased with progress against these goals

And with that, we'll now hand over to you for questions

- End -

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