Land Securities preliminary results presentation

Tuesday 17 May 2016

Speaker: Robert Noel – Chief Executive

Slide 1 – Title slide

Good morning everyone, and welcome to our annual results presentation.

As you will hear today, the business is in terrific shape following a year in which we delivered what we said we would deliver.

Continued development letting momentum, with great progress at Oxford and in London, not far short of last year's total, which you'll remember was a record.

Healthy operational performance right across the business.

And a stronger balance sheet with as we signalled at the half year, net disinvestment in the second half, selling some assets into a market relatively starved of product.

Slide 2 – A business in terrific shape and raising the dividend

Operationally, in contrast to national benchmarks, we had higher footfall and higher same store retailer sales in our shopping centres, and we had higher occupancy across the board - with voids down and rental values up.

And with these good operations we built on last year's outstanding results.

With the valuation up, good surpluses made on disposals and strong revenue profit performance. But it's about more than just one year's results.

Our strategy is working. We have a much stronger business, with better quality assets, longer income streams in London, and lower gearing.

And to underline our confidence we've recommended a final dividend which would take the dividend for the year up almost 10%.

Martin will give you more detail on all the numbers in a moment. What I'd like to do is remind you of the journey.

Slide 3 – A clear plan since 2010

It was six years ago now that we kicked off three broad strategic objectives.

First - delivery of a huge 3.5 m sq ft speculative development programme in London;

Second - transformation of our retail portfolio under our themes of dominance, experience and convenience;

And third - financing all this activity through capital recycling.

Slide 4 – Funding investment through disposals since 2010

And this chart shows our capital recycling over the period

Over the last two years we shared with you our aim to get to the end of this calendar year with no developments on site which are not substantially let, a longer weighted average unexpired lease term in London offices, a first class retail portfolio and lower financial gearing.

To achieve this, we have worked flat out - with £4.5bn of capital activity and 1.4m sq ft of development leasing activity in the last 24 months.

Six months ago I signalled we would be net sellers in the second half, and we have been.

Importantly, for shareholders, our actions have ensured that this positioning has not impacted our underlying performance.

Slide 5 – Performance – creating shareholder value while strengthening the balance sheet

You've seen this chart before, now updated. It shows our ungeared total property return since March 2010, in green, against our key benchmark, the IPD Quarterly Universe, in blue.

We've delivered a strong performance at the property level over this period, with the value of outperformance being approximately £2.8bn versus the underlying market.

This pink line shows our total business return over the period, that's the rise in net asset value per share, plus dividend, and we have achieved this, while slowly halving LTV from 44% in March 2010 to 22% today.

As economic and political risk outside the business have been increasing, we have been reducing risk within and this has put the business into a position of great strength and resilience.

Slide 6 – Agenda

Let me now hand over to Martin to take you through the results in detail, before we have updates on London from Colette and Retail from Scott.

What you'll hear is that there are common themes running right through the business, with teams that are all over their assets and their markets.

And that's why Land Securities is in such good shape. Martin

Speaker: Martin Greenslade – Chief Financial Officer

Slide 7 – Title slide

Thank you Rob. Good morning everyone.

As Rob has said, these are a strong set of results, driven by the actions we've taken and supported by good market conditions. So, as I run you through the results, I will try to draw out those aspects, but I'm also going to point out where our results don't yet fully reflect decisions we've already taken.

So, starting with the headline numbers.

Slide 8 – Financial summary

Our profit before tax was £1.34bn, which includes our valuation surplus of £907.4m and £119.4m of disposal profits. Our adjusted diluted NAV per share ended the year at £14.34, an increase of 10.9% or 141p.

I'm coming to Revenue profit in a minute, but it was up 10.0% over last year with adjusted diluted earnings per share up similarly to 45.7p. And we are recommending a final dividend of 10.55p bringing the total dividend to 35.0p up 9.9%. I want to be clear that 35p is a level from which we are confident we can continue to grow dividends in a sustainable manner. Just to make sure there isn't any confusion, the first quarterly dividend for next year will 8.95p, up 9.8% on this year's first quarterly dividend. Our aim is then to follow the pattern of previous years of three equal quarterly dividends followed by a review of the final dividend.

So, turning now to more detail on revenue profit.

Slide 9 – Revenue profit

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

Revenue profit increased by £33.0m to £362.1m with around half of that increase from lower interest costs with the balance down to increased net rental income and lower indirect expenses. I'll come to net rental income in a minute but let me cover the indirect expenditure first which was down £12.4m. This decrease comes through these two lines (indirect costs and unallocated expenses).

One of the key variables in our indirect costs is the amount we spend on feasibility costs on properties we do not yet own – and indeed these costs were down by £6.4m compared to last year. Unallocated expenses were also down due to a lower headcount and a reduction in variable pay following last year's stronger relative performance.

The net interest costs of the Group and joint ventures decreased by £16.4m. Let me explain why: around £4m is due to lower debt following disposals, £3m is due to higher capitalised interest but the majority is due to lower interest rates following the repayment of joint venture debt last year and the expiry of some fixed rate swaps.

I'm now going to cover net rental income in more detail.

Slide 10 – Net rental income analysis

On this slide, I have set out the changes in net rental income, split between London and Retail.

Overall, net rental income increased by £4.2m, made up of a £15.3m increase in London and an £11.1m reduction in Retail.

Like-for-like net rental income was up £13.0m with the majority of the increase in Retail, which also benefited from some £4.1m of surrender receipts. Net rental income grew at a number of properties including Gunwharf Quays, Trinity Leeds and the Accor hotels. London's net rental income growth is entirely dependent on the rent review cycle. The main uplift this year was at Dashwood House and Colette will talk a little more about this in a minute.

The development programme saw net rental income increase by £21.5m with almost all of the increase coming from 1 & 2 New Ludgate and The Zig Zag Building following practical completion of those two schemes.

Acquisitions were up £11.2m, predominantly due to the purchase of our 30% stake in Bluewater in June 2014.

And, finally, disposals. The scale of our disposal activity resulted in a loss of £51.1m of net rental income. The main impact was from sales we made in the previous financial year, namely our Retail assets in Bristol, Livingston, Sunderland, and also Times Square and Oriana in London.

Turning now to the valuation surplus.

Slide 11 – Combined Portfolio valuation

The value of our Combined Portfolio at 31 March was £14.5bn. The valuation surplus was £907.4m, an increase of 7.0%, and within that, Retail saw values rise by 3.7% and London by 9.7%. And, of course, these numbers include the impact of the 1% increase in stamp duty in the March Budget.

Around 60% of the valuation increase came from the like-for-like portfolio which I will cover in a moment. Within acquisitions, Bluewater was up in line with the overall Retail Portfolio but this was partly offset by a decline at Buchanan Galleries as we put the development there on hold.

Our completed developments were up 12.4% or £109.3m. The two main contributors are 20 Fenchurch Street and 62 Buckingham Gate, with the latter performing particularly strongly as it went from 69% to fully let over the year.

And the development programme saw the largest increase up 16.6%, or £253.0m, with all six developments performing really well.

And now briefly back to the like-for-like movement and what was behind it.

Slide 12 – Like-for-like valuation

Shopping centres values were up 4.3% due to a combination of inward yield shift and rental value growth. In contrast, retail parks were down 1%, as yields moved slightly out and rental values were flat. It was another good year for our 'leisure and hotels' portfolio with both types of asset showing similar performance.

Our London like-for-like office portfolio was up 6.3% with the City and Mid-town performing better than the West End, which was entirely due to a fall in value at Queen Anne's Gate.

You may have spotted a counter-intuitive 6 basis points outward yield shift for London offices. Those of you who were here six months ago will recall that I explained that this is down to the change in our valuers from Knight Frank to CBRE and their different approaches to yields and rental values. I also warned you that we would most likely encounter the situation again at the year end. And we have. I won't repeat my explanation from last time, but this marginal re-basing of rental values and equivalent yields between valuers is done.

Finally, Central London shops were up 10.3% on the back of strong performances from the retail at One New Change and Cardinal Place.

Moving onto adjusted net assets.

Slide 13 – Movement in adjusted diluted NAV

We started the period with adjusted NAV per share of £12.93.

Adjusted earnings were £362.1m. Then comes our valuation surplus, which is followed by disposal profits. We made £78.7m of profits from selling investment properties (largely Thomas More Square and Haymarket House) and £40.7m from selling trading properties – principally 86 apartments at Kings Gate which completed this year.

Our dividend in the period was £255.4m, and we had an exceptional cost of £27.1m related to redeeming our 2017 bond. With other reserve movements of £3.9m, that's how our adjusted diluted NAV per share ended the year at £14.34.

A quick look now at our net debt.

Slide 14 – Adjusted net debt

In the appendices, you will find my slide on our cash flows for the year. Set out here is how our net debt has changed with this year in blue and last year in pink. You can see how our net debt jumped last year following the acquisition of Bluewater and then declined as we paid down debt with the proceeds from disposals.

This year we have continued to pay down debt with disposal proceeds, particularly in the second half of the year, as we moved away from net debt neutral to being net sellers. There are two important points here: our decision to be net sellers was driven by the combination of specific assets – largely those where we had completed asset management initiatives – and a strong investment market, receptive to that type of asset. And the second point is that, while the proceeds have come in and net debt is down now, these disposals will impact earnings next year as assets we have now sold contributed £36.4m to net rental income this year. There will be some interest benefit from the lower debt but this will be small in comparison to the lost income.

So let's now look briefly at financing.

Slide 15 – Financing

As a result of disposals, our adjusted net debt is down £933m over the year. This, together with the continued rise in asset values, led to a 6.5 percentage point reduction in our LTV to 22%.

Right at the end of the year, we redeemed the £400m outstanding on our bonds maturing in 2017. There is an exceptional cost of £27.1m related to this of which £26.2m is the redemption premium. But, looking ahead and taking into account the facilities used to pay for the redemption, we will save approximately £16.0m in interest next year and £9.6m the year after. So the interest saving just about matches the redemption premium but importantly that premium can be offset for tax purposes against the £40.7m of trading profits we made this year. Together that makes the transaction NPV positive, which is important. I'm always open to more of those.

At the year end, the weighted average maturity of our debt is 9.6 years with a weighted average cost of 4.9%, up from 4.5% last March, as we repaid cheaper revolving credit facilities.

So let me summarise.

Slide 16 – Financial summary

It's been a good year for earnings growth; we have raised the dividend meaningfully and aim to progress it from this level; and, quite simply, our balance sheet is in great shape. Now let me hand you over to Colette to cover what she's been doing in London.

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

Slide 17 – Title slide

Thank you Martin. It's been another very good year in London!

Slide 18 – Another good year in London

We've had a strong year of lettings as you've heard from Rob and with rigorous asset management continued to lengthen income growing the portfolio's resilience.

We've also taken advantage of a strong investment market to sell some assets.

Before talking about all our activity, let me update you on the market.

As you'd expect, we track the occupational market forensically.

Slide 19 – London Portfolio – Tracking the market forensically

Last May I talked about a supply constrained market, with a falling vacancy rate where the negotiating position was firmly with the Landlord. We've taken full advantage of these market conditions as you're about to see.

Today, supply to 2017 is as we predicted. After that, we're now expecting it to increase at a faster rate than we were anticipating a year ago. The vacancy rate has also started to rise.

There are some slides in the appendix which show the detail. For the record, we've assumed we remain in Europe.

That's the market context. So what about our performance?

Slide 20 – Development – strong year of lettings

We've let half the 1.1m sq ft we had available, on an average lease of 14 years and 20% of the remainder is already in solicitors' hands.

What's left is mostly in the West End, where we offer a great product, and environment at a competitive price point.

As you can see on the slide, The City schemes are almost full and I'm really pleased with the great progress we've made in the West End.

Slide 21 – Development – Nova – continuing Victoria's transformation

Now to Nova, which completes this phase of our Victoria transformation and also means we're approaching the end of the 2.4 bn development programme we started in 2010.

Our customers “get it” and with Egon Zehnder, BHP Biliton and Advent International adding to our who’s who of names in the Portfolio we’re already 38% pre-let or in solicitors hands. When London’s newest restaurant quarter opens along with the new underground entrance. I’m confident it’s popularity will continue to grow.

Residential at Kingsgate and Nova substantially concludes our development activities.

Slide 22 – Development – Victoria residential - great product and location

A combination of unwelcome tax measures, and uncertainty arising from the Europe question, has left a challenging Central London residential market. However, we’re confident in our product and have flexibility in our marketing to attract buyers.

The development programme has produced some great returns for us. But it’s not just about development.

As I said at the start, our asset management is rigorous.

Slide 23 – Asset Management – rigorous approach is strengthening the portfolio

We have a great team who many of you have met on our tours. We’re constantly in dialogue with our customers throughout their lease, which gives us insight and enables us to be proactive. This helps us do a good job keeping our customers as well as improving rental values which in turn gives the portfolio greater resilience.

Since March 10 we’ve increased the lease term in our offices from 7.8 to 9.2 years, rising to 9.7 years if you include completed developments.

This year we’ve done £18m of investment lettings, £25m of rent reviews and have continued to see rental value growth. Voids remain low at only 2.9%.

Let me give you some examples.

Slide 24 – Asset management – creating opportunities to lengthen income - Cardinal Place, SW1

Cardinal Place celebrates its 10th anniversary this year.

It was our first phase in Victoria and kick-started the transformation.

It's a popular building. In 2012, new developments were completing around it and we were approaching breaks or expiries in three quarters of the income.

Since then a number of high-profile customers have committed to longer leases. We've re-geared nearly half the space that was subject to breaks and expiries and taken the income through to 2026 and beyond.

This year working closely with EDF Trading on their occupational strategy we agreed their rent review early at a higher rent and moved their lease expiry to 2026.

When Microsoft vacated in March we moved quickly and in just 6 weeks, 75% of the available space is already pre let or in solicitors' hands.

Slide 25 – Asset management – value creation through capturing rental value growth - New Street Square, EC4

New Street Square our other major London campus is 9 years old, fully let, with an office lease term of almost 9 years.

As well as Deloitte's expansion into 250,000 sq ft on a 20 year lease, other customers are committing to these popular buildings. For example Taylor Wessing has now committed all its leases until 2025.

We're seeing good rents too. Our latest lettings have achieved £63.50 and two recent rent reviews have achieved a 12% uplift.

All this activity is creating good evidence ahead of reviews on over 50% of the income over the next 24 months.

Slide 26 – Asset management, seizing opportunities to strengthen income

Our rent review activity continues at Dashwood.

Last May I mentioned that over 80% of the income was subject to review by March 2016, and that we'd created good rental evidence in advance. We've now reviewed over 70% increasing the passing rent by 23%.

Turning to retail activity in London.

At Moorgate Hall, we've grown the retail rents through active management. We took back an HMV unit, split it, let it at a higher rent at a time when 56% of the retail income is subject to review or renewal, increasing the Zone A from £250 to £288.

The One New Change retail, celebrated its 5th anniversary last October.

We have 53 retailers here. 12 had breaks, only two breaks were exercised, and we re-let both units straight away at higher rents.

Over the last 24 months the retail passing rent has increased by 31% and year on year sales are up 4.9%.

As Rob and Martin have said, we've used the strong investment market to implement our plan to sell some assets but where we've seen opportunities to actively manage ahead of a disposal, we've done so such as at Thomas More Square and Holborn Gate.

Slide 27 – Asset management – increasing value, crystallised through disposal – Thomas More Square, E1

At Thomas More Square, we purchased our partners 50% share in 2014 for £85m when the estate was 21% vacant following the departure of News International.

We carried out our plan to reposition the whole estate, refurbishing vacant offices and the public realm. This meant we were able to increase rents and complete our plan, by selling it for £284m, crystallising a 36% surplus on the purchase price in just 16 months.

Slide 28 – Asset management – increasing value, crystallised through disposal – Holborn Gate, WC1

It's a similar story at Holborn Gate, which we sold immediately after it had been refurbished and re-let.

These two, along with our other disposals contracted in the year, amount to a total of £661m at a 14% surplus to the March 15 valuation.

Slide 29 – Future pipeline – progressing 1.2m sq ft of potential

So, while we've been doing all this, we've also had a clear eye on the future working on more than a million square feet of new developments.

In the last few months, we've made good progress securing planning consents at Nova East and 1 Sherwood Street. At 21 Moorfields we've started demolition and enabling works and secured the requisite consent from the city to help with rights of light and we've started designing a scheme in Southwark of 140,000 sq ft.

Slide 30 – London portfolio – high quality, well let and resilient

So in summary. We have a high quality, well let, resilient portfolio.

The focus this year will be on letting our remaining space, capturing reversion in the portfolio through active management and progressing the future pipeline. And as you've seen from Martin we're in an excellent financial position to take advantage of any new opportunities that may arise.

I'll now handover to Scott.

Speaker: Scott Parsons – Managing Director, Retail Portfolio

Slide 31 – Title slide

Thanks Colette. Good morning everyone.

Slide 32 – Delivering on a clear strategy

The retail market continues to face some challenges and uncertainty. But there's been no uncertainty in our retail strategy.

At our last investor day, and the interim results presentation, we said there were five key factors driving success for a retail property business. And this morning I'm pleased to report that we've delivered on all of them.

We said we'd dispose of less resilient assets and invest in quality and we have.

We said these assets would achieve sales growth ahead of the pack and they have.

We said we'd deliver a constant flow of leasing wins and we have.

We said we'd keep voids low to drive rental tension and we have.

And we said we'd relentlessly manage our assets to drive growth in net rental income and we have.

The result of this strategy has been a year of good relative performance from our retail business and confidence in the year ahead.

Here's why.

Slide 33 – Achieving strong results

Our retail portfolio valuation stands at just over £6.2bn, or £7.7bn including our Central London retail assets. Amongst our peers, we continue to benefit from by far the largest proportion of both Greater London and leisure assets, where performance has largely been strongest.

As Martin said, values are up 3.7% and we've outperformed the Retail IPD Benchmark by 150bps. London retail, leisure, St David's and Buchanan Street were particularly strong performers.

Over the period we made disposals of £385m made up of retail parks at Gateshead, Dundee, and Derby a first generation leisure park at Maidstone and our last remaining standalone foodstore at Crawley. These disposals were ahead of book value and were well-timed given the lull in market transactions we've seen since.

Slide 34 – Achieving strong results – Castle Quarter, Oxford

In January we acquired Castle Quarter in Oxford for £47.2m with our joint venture partners The Crown Estate. Located adjacent to our Westgate development and set to benefit from the transformation it will bring to the city centre, Castle Quarter includes a heritage visitor's attraction, a 95 bedroom Malmaison Hotel and numerous restaurants and bars.

So we've been strategic with our sales and selective when acquiring ensuring that our assets appeal to consumers and occupiers alike. And what appeals to occupiers is strong footfall and sales.

Slide 35 – Outperforming the market

Footfall in our shopping centres was up 3.4%, outperforming the benchmark which was down 1.3%. And not only are we attracting more than our fair share of consumers to our centres they're spending more.

The BRC Benchmark for total like for like same store retail sales over the year was up 2.1%. It's worth pointing out that this is total non-food retail sales growth including online but if we look at bricks & mortar retail sales growth in isolation the figure is actually a decline of 0.2%. A sombre picture for many landlords but not for us our like for like same store retail sales were up 1.5%, and thus outperformed the national benchmark by a healthy 170bps.
And our total growth same centre retail sales taking into account new lettings and tenant changes were up 3.3% again outperforming the benchmark by a whopping 270bps margin.

But that's just our retail, remember that we're at the forefront of bringing the optimal mix of leisure and catering to our centres. We're outperforming here too, with like for like same store catering sales up 3.8%, beating the national benchmark by 260bps. Total growth same centre catering sales also beat the benchmark, and are up 6.6%.

Slide 36 – Outperforming the market – Gunwharf Quays, Portsmouth

A few highlights from around the portfolio include strong sales growth from St David's and Trinity, Bluewater sales surpassing the £900m mark and Gunwharf Quays where sales growth and record-breaking sales densities paved the way for asset management wins that delivered 19 fantastic letting deals.

And speaking of lettings momentum has been really strong.

Slide 37 – Capturing occupier demand

Investment lettings during the year totalled more than £20m a five year high. Food & beverage, health & beauty, fashion, and homewares have all been active, and we've been particularly busy upsizing retailers across the portfolio.

On the development lettings side, Filmworks in Ealing, where the CPO has been confirmed; Worcester Woods, where we await a planning decision in the coming months; and Selly Oak, where we hope to start on site in the autumn are all substantially pre-let with Worcester and Selly likely to be over three quarters let before we even break ground. We're now on site at White Rose, where our leisure extension has only one unit not already spoken for, with ten months to go until practical completion.

Slide 38 – Capturing occupier demand – Westgate Oxford

Our Oxford team has had a brilliant year, and I think you'd be hard pressed to find a major UK shopping centre development that has secured more pre-lets at this stage in its programme. Opening in autumn 2017, it's now more than 50% let or in solicitors' hands, to brands including Tommy Hilfiger, Calvin Klein, Joules, Bobbi Brown and Jo Malone alongside John Lewis and Curzon Cinemas. And remember our strategy for Oxford is to secure leases outside the Landlord & Tenant Act to give us better control and choice when it comes to asset management and tenant mix.

But having leases outside the Act alone isn't enough. As I've said many times before real choice needs rental tension and you can't have rental tension if your voids are high.

Slide 39 – Securing record occupancy levels

And our voids are lower than ever.

In fact, our retail parks are 100% let with no voids compared to 1.4% this time last year. Our leisure has just 0.7% voids and our shopping centres voids are down 40bps to 2.8%.

So total like for like voids for the portfolio now stand at 1.8%.

Administrations are also down, at just 0.6%.

A highlight of our efforts is Bluewater, where in the 18 months since we took over the asset management, the void rate has come down roughly 200bps to 3.5%, no easy feat for a 1.8m square foot shopping centre.

Slide 40 – Securing record occupancy levels – White Rose, Leeds

Every asset has a plan and the combination of great destinations and low voids means we can implement those plans a lot easier. You'll have all seen the press on Bhs well this doesn't present a problem for us, it presents an opportunity. Besides a small exposure to them at Lewisham, Bhs occupy MSUs at White Rose and Trinity. Retailers in both these centres are performing well and both centres have minimal voids. As a result, two key MSU occupiers in each of the two centres want to upsize into state-of-the-art flagships so while Bhs is still a moving feast, we're ready and able to backfill their space, improving the offer to the consumer and increasing the value of our assets.

And adding value through asset management wins is what we do best.

Slide 41 – Driving growth in net rental income

That's why our like for like net rental income is up overall by just over 4.5% driven mainly by our leisure portfolio and regional shopping centres with Trinity, White Rose and St David's all up by more than 6%.

Asset management initiatives driving these increases include upsizes across the portfolio giving our customers the space they need importantly without sacrificing rental tone.

Slide 42 – Driving growth in net rental income – Bluewater, Kent

At Bluewater, the team has delivered upsizes for Fat Face, Next and H&M, along with 25 lettings bringing in 16 new brands including Michael Kors, Mint Velvet, Tesla, Aveda, and Anthropologie and overall these new lettings were well ahead of ERV.

Now growing net rental income keeps Martin happy and our thriving centres keep our customers happy but I'd like to wrap up by adding that we're also very passionate about keeping our consumers happy from convenient parking to clear wayfinding to tenant mix, catering and leisure line-up. That's why it's in a Land Securities asset where more people watched the new Star Wars flick than any other landlord's that's why Bluewater sells more gift cards than any other European shopping centre that's why two and a half million people have learned to ski in one of our centres and why our annual student lock-ins generate an additional £2m in retailer sales in just a few hours. It's why a million people spend about £60 per second in a Land Securities centre now that's more than £3,500 a minute £200 grand an hour and £7m every day.

Thanks very much, and on that note I'll hand you back to Rob.

Speaker: Robert Noel – Chief Executive

Slide 43 – Outlook

Thanks Scott. So before we hand over to you for questions I'd like to share our outlook for the current year.

Slide 44 – Outlook

In London rental value growth should remain positive, albeit at a reduced rate.

This is because we expect the supply/demand balance, which has been tipped very much in favour of the landlord over the past three years to start slowly changing as the vacancy rates rise from historic lows. We will continue to work our assets hard, capturing reversion within our portfolio, leasing the remainder of our development programme and will continue to work on development opportunities for the future.

In Retail, we have strong destinations and we expect rental values to edge up. We are pleased with what we own and we believe it right to have disposed of secondary retail where we think the market is becoming really challenging, particularly where net effective rents are concerned. We are adding to our development pipeline both at White Rose and Selly Oak, and we also hope to do so at Worcester Woods; and will work to attract yet more customers through constantly improving their experience. Great brands, great catering, great connectivity.

This all assumes next month's referendum re-affirms the UK's position within the EU.

If we vote to leave the EU we will likely be looking at a different picture.

Business, which is not expecting a vote to leave would take an immediate intake of breath.

We have consistently spoken about our market being driven, fundamentally, by the balance between occupational supply and demand. A vote to leave would bring uncertainty for business and that would likely lead to a negative impact on demand for office space, particularly in London. In turn, this would put downward pressure on rental values.

Whatever the outcome, Land Securities consistent strategy over the last 6 years means we are well placed to navigate through a more uncertain and volatile macro environment.
As you have just heard from Scott, our Retail portfolio is in really good health as evidenced by strong operational metrics, a load of accretive asset management plays and a development programme with good retailer support.

In London, with our great leasing momentum we have low voids and longer income streams. And while we concentrate on working up our future pipeline, a remain vote would see us able to capture reversion within our portfolio.

In the event of a leave vote our strong balance sheet means we are well placed to take advantage of any opportunities that arise.

So, as our strategy continues to deliver it's been another strong year for Land Securities

And as I said earlier, the business is in terrific shape.

Let's now hand over to you for questions

- End -

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