

## Sales and share buyback

# Sales and return

Pricing in London's commercial property investment market remained at elevated levels during the year. As a result, we continued to be a net seller, using supportive market conditions to crystallise surpluses. With limited accretive acquisition opportunities to reinvest the sales receipts and our debt levels at near record lows, our usual capital allocation discipline applied and in November we launched a £200 million share buyback programme to return surplus capital to our shareholders.

We combine experience, gut instinct and a highly analytical approach to managing our property portfolio. We review the forward look returns from each and every building quarterly and, where our hurdles are not expected to be met or where business plans have been completed, they are often sold. In the first half of the financial year, we made six commercial sales, totalling £322.5 million, in line with book value. Our two largest sales were 55 Wells Street, W1 (£64.6 million) and 160 Great Portland Street, W1 (£127.3 million), both of which we had redeveloped and successfully let on long leases. With no further opportunity to add value, future growth was considered limited and accordingly they were sold, in both cases to overseas investors.

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In November 2018, after receipt of the sales proceeds, LTV reduced to only 6%. With limited attractive acquisition opportunities, we launched a £200 million on-market share buyback programme.

**"The share buyback programme is designed to return further surplus equity to our shareholders whilst maximising our flexibility given the uncertain macro-economic backdrop."**

**Martin Leighton**  
Director of Corporate Finance

Having structured our two previous capital returns this cycle as one-off payments via a special dividend and B-share scheme respectively, the buyback programme can be executed over time, and potentially ceased, ensuring that we retain our significant financial flexibility in this period of heightened political and macro-economic uncertainty. We have so far completed £74.1 million of the buyback, meaning we have now returned £490 million of surplus equity to shareholders over the past two years following our profitable sales activity. Once the share buyback is complete, we will have returned £616 million to shareholders this cycle, in addition to ordinary dividends. Moreover, with LTV today at 8.7%, the balance sheet remains robust and we have maintained our ability to invest if the right market conditions should emerge.



Top right: 55 Wells Street, W1 sold in October 2018 for £64.6 million. The development completed in November 2017 and was 85% let on an average lease term of ten years.

Above: Our corporate finance team: Adi Gokal, Corporate Finance Manager, Martin Leighton, Director of Corporate Finance and Nick Sanderson, Finance and Operations Director.

Left: 160 Great Portland Street, W1 sold in August 2018 for £127.3 million. The offices are let until 2032 in their entirety to Double Negative, the digital effects company.

# £490m

Equity returned to shareholders in last two years