

2014 INVESTOR CONFERENCE





Agenda

Robert Noel

Scott Parsons

Colette O'Shea

Oliver Gardiner

Kaela Fenn-Smith

Tom Eshelby

Marcus Geddes and Tom Elliott

Q&A



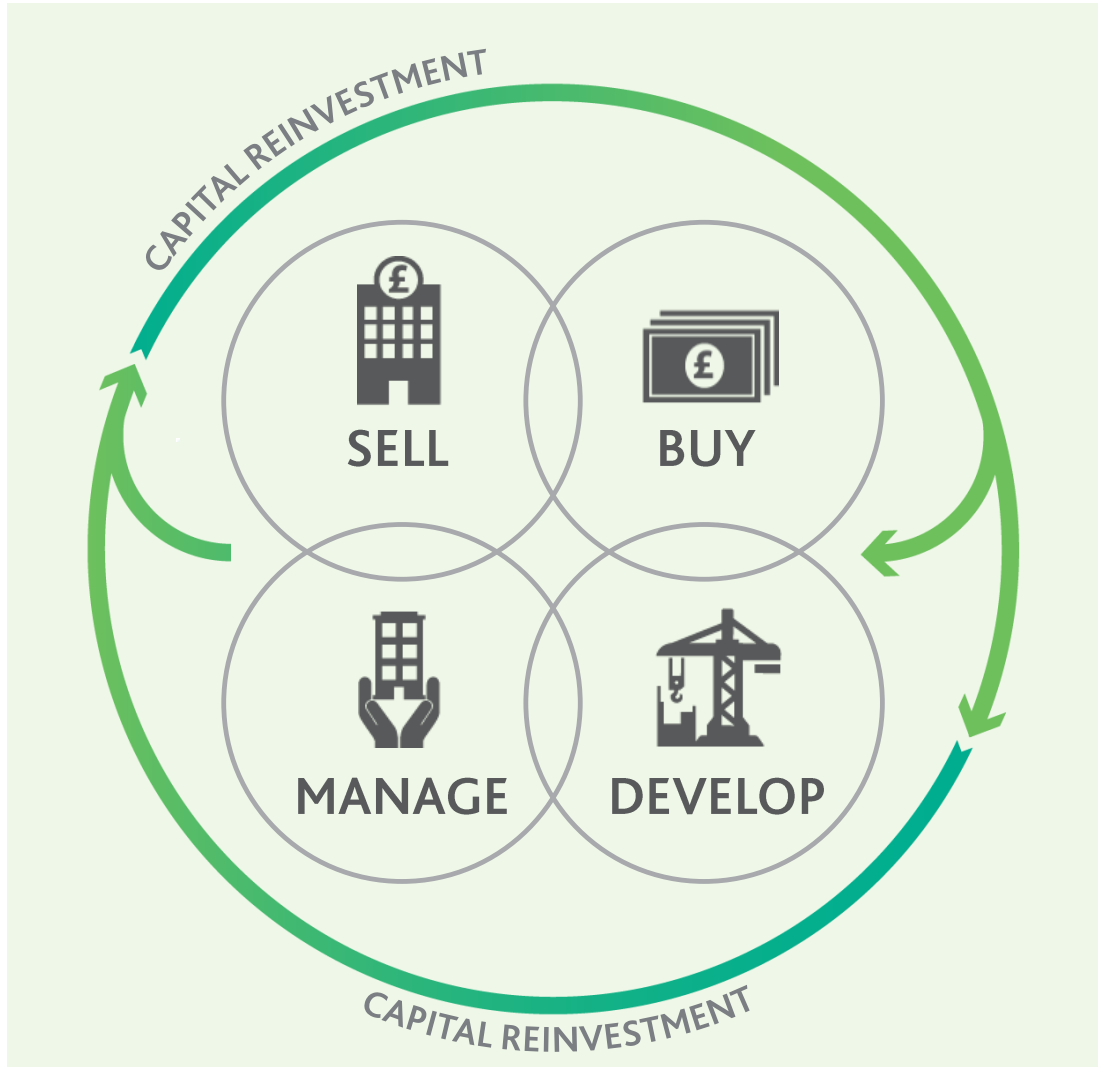


Welcome

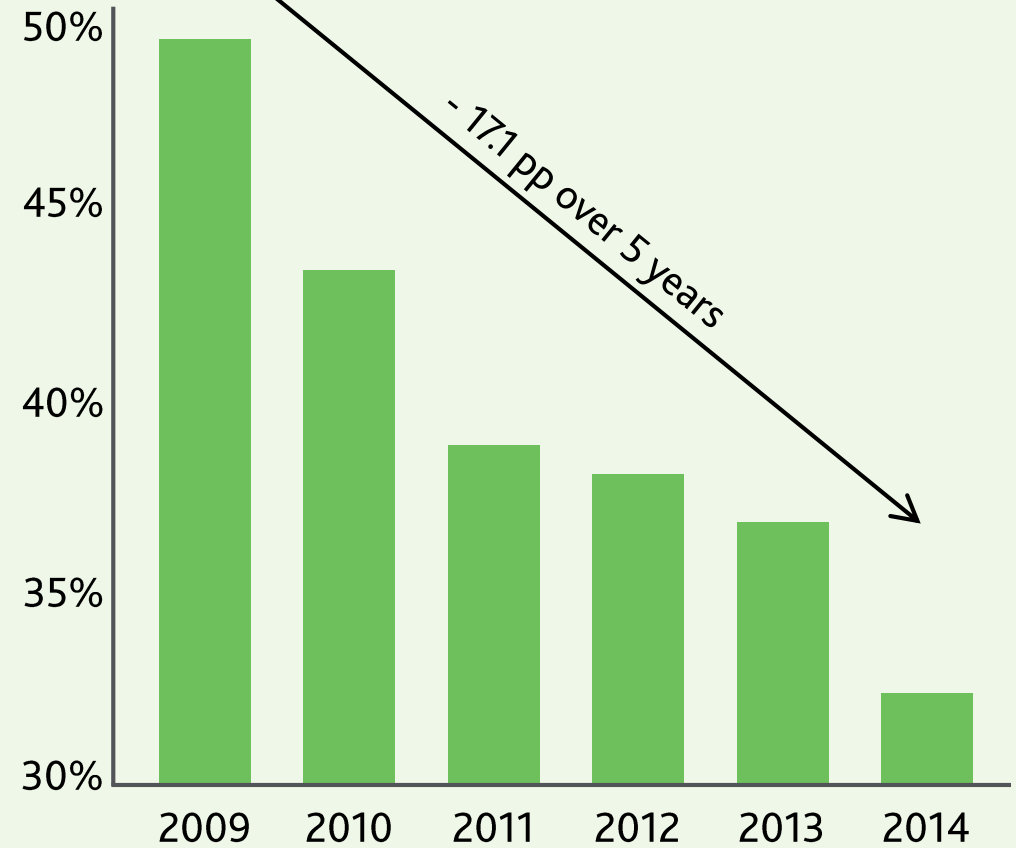
Robert Noel

Chief Executive

Recycling capital

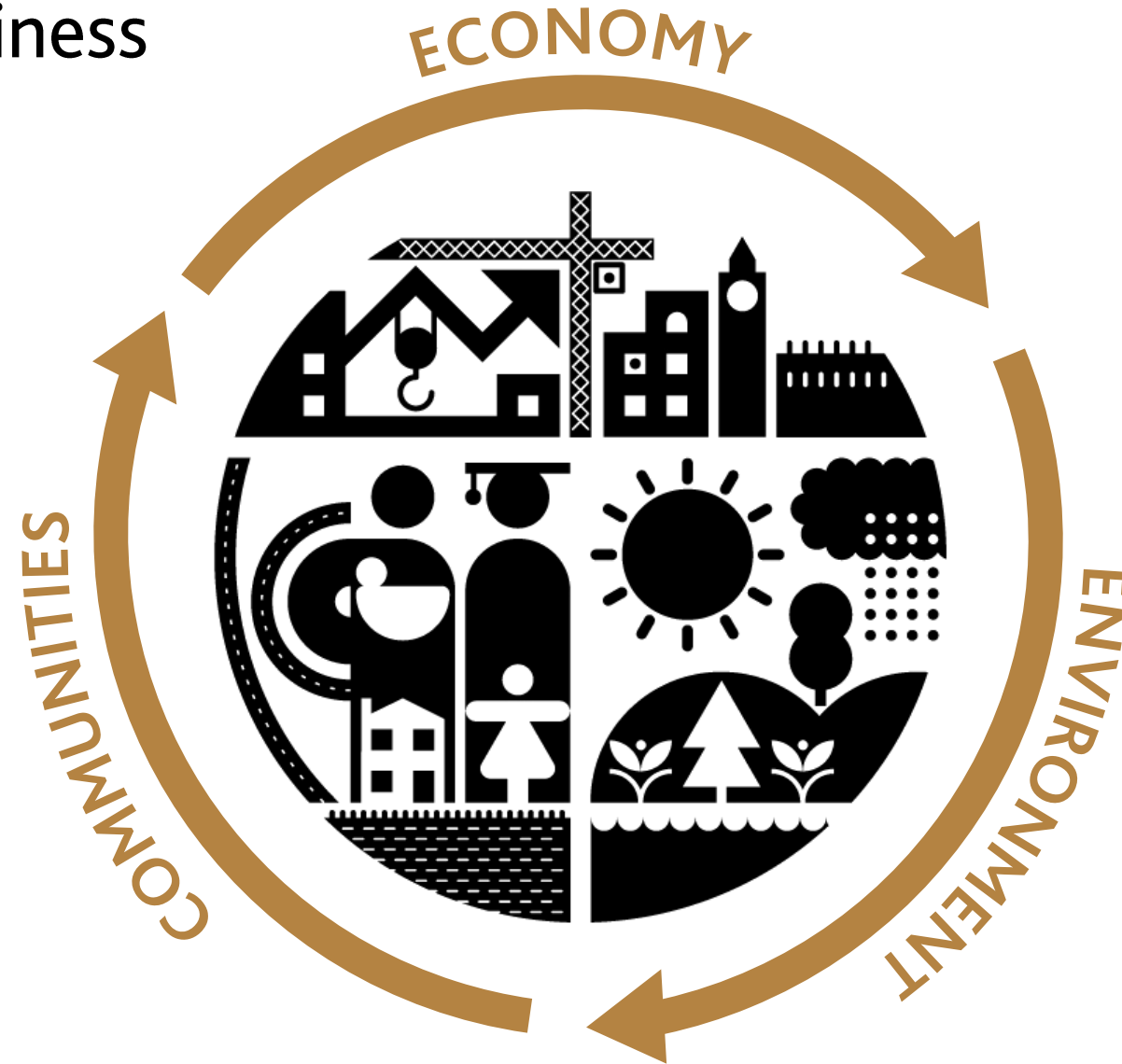


Group Loan to Value⁽¹⁾ (“LTV”)



(1) On a proportionate basis

Sustainable business





2014 INVESTOR CONFERENCE



Retail Portfolio

Scott Parsons

Managing Director, Retail Portfolio



Mobile technology



More
mobile phones
in UK
than people



The consumer choice



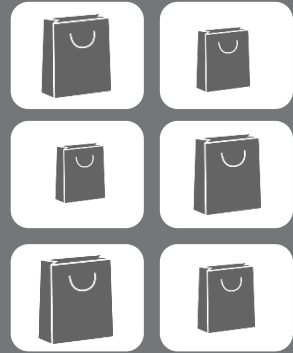
Consumers changing shopping habits

	Dominance & experience	Convenience	Secondary	
Dwell time increasing				Influence of catering/leisure within centres
Average spend increasing				Dominant/destination centres – more choice/ variety/stock range
Frequency of visit				Convenience schemes up, secondary down

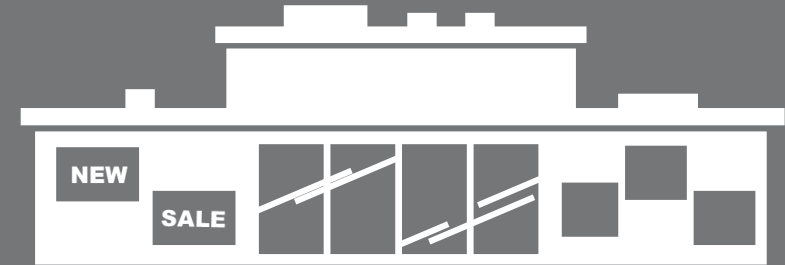


Retailer trends

Many stores
in many
locations



One flagship store in one dominant centre



Large hyper/supermarkets

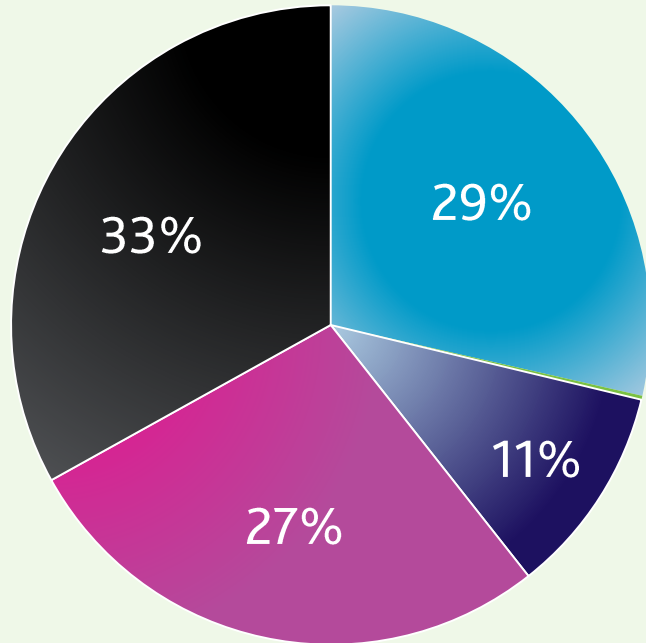


Smaller c-stores, convenient locations

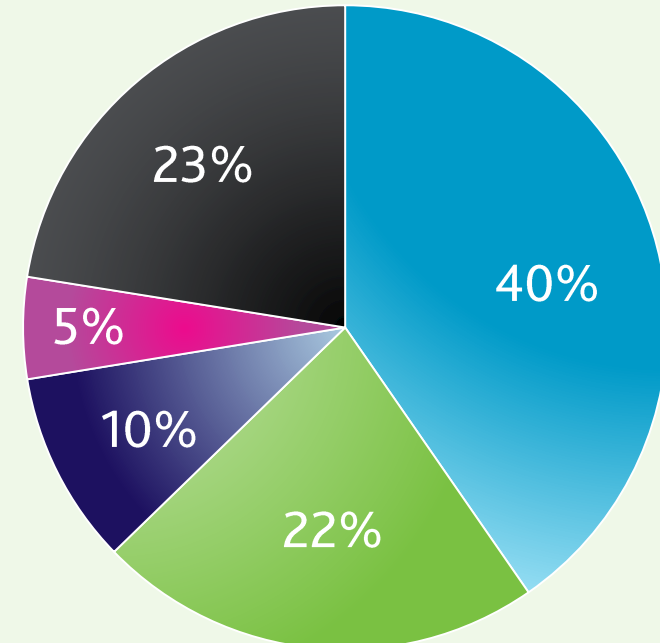


Portfolio evolution

March 2007



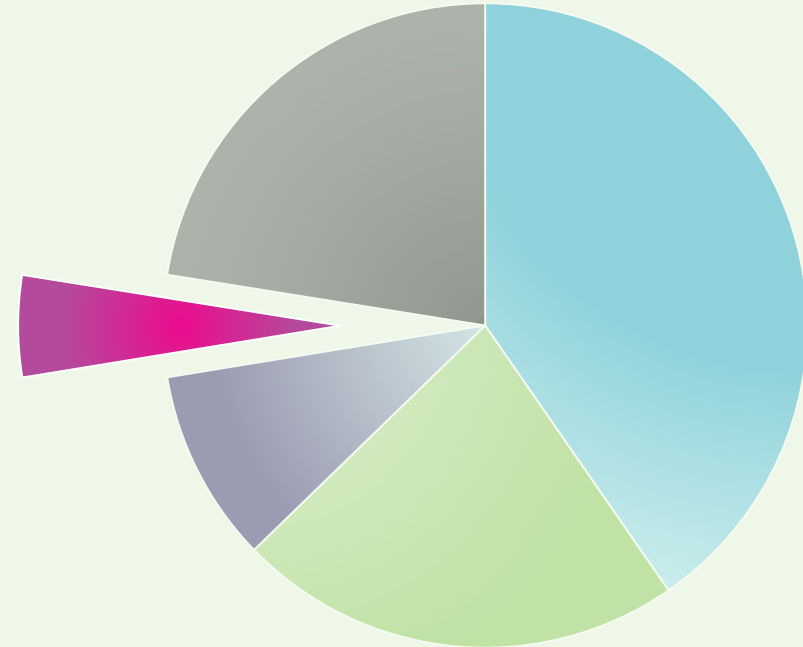
March 2014



■ Dominant shopping centres ■ Leisure and hotels ■ London suburban centres ■ Secondary centres
■ Retail warehouses and foodstores

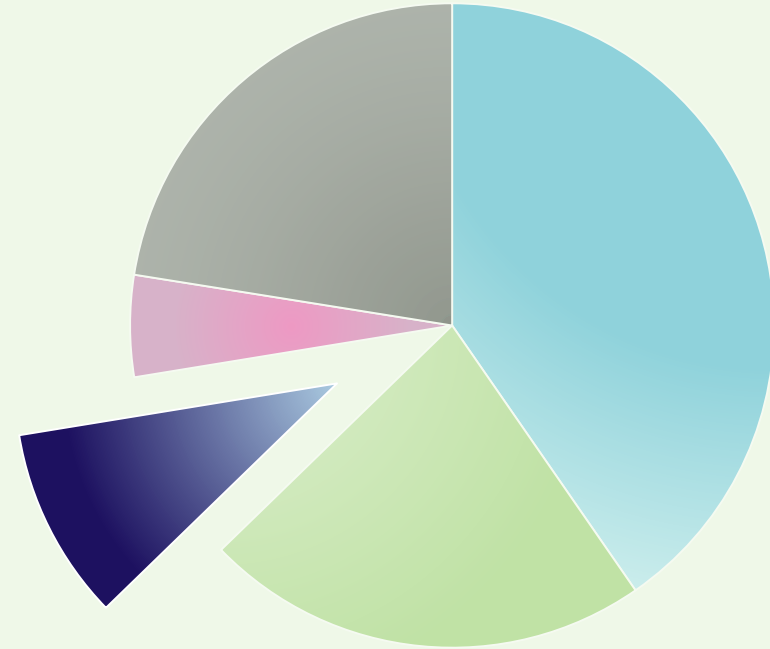
Recycling capital into dominance, experience and convenience

Secondary shopping centres



EXITING

Suburban London shopping centres



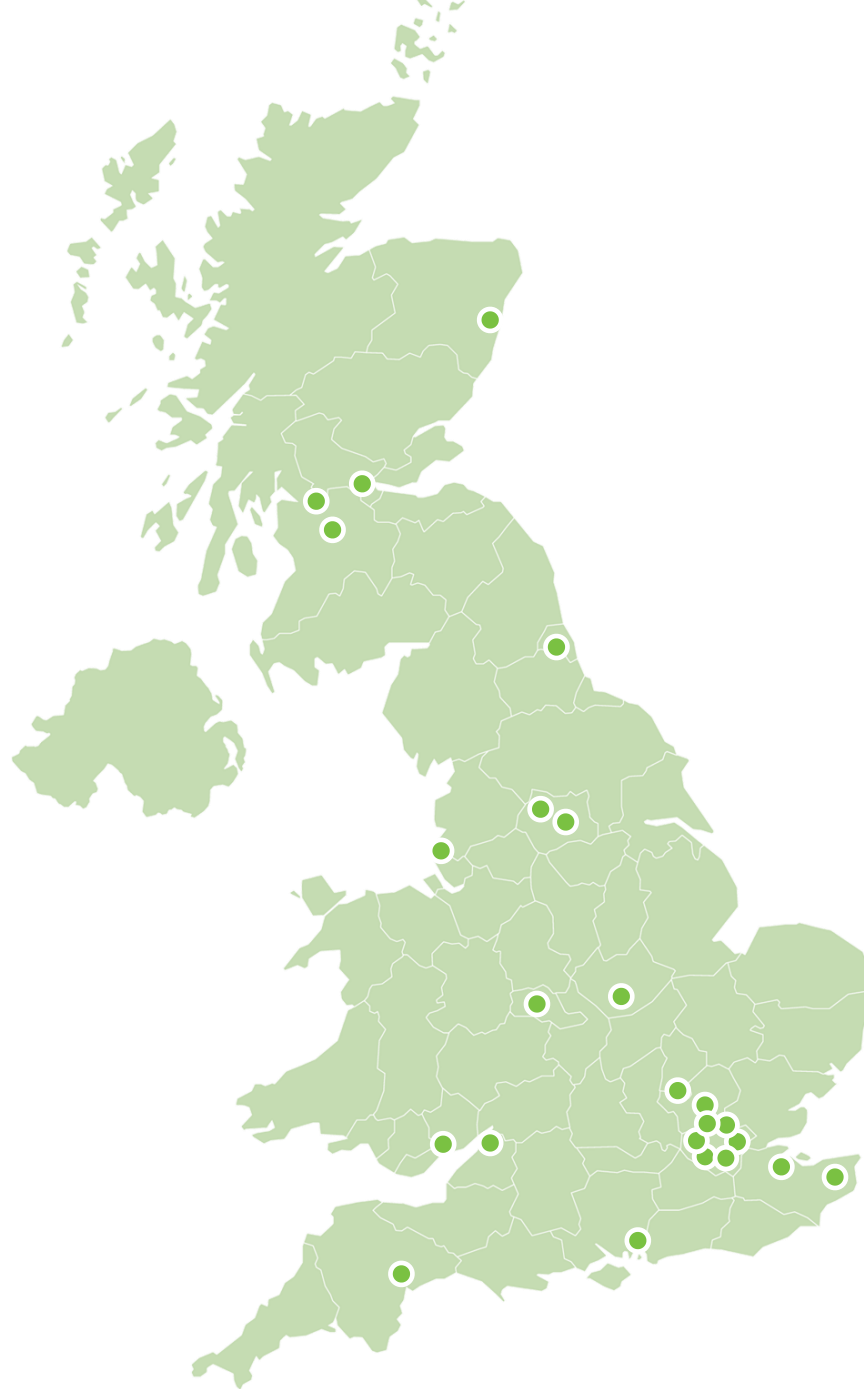
EXPLORING

Dominant shopping centres



GROWING

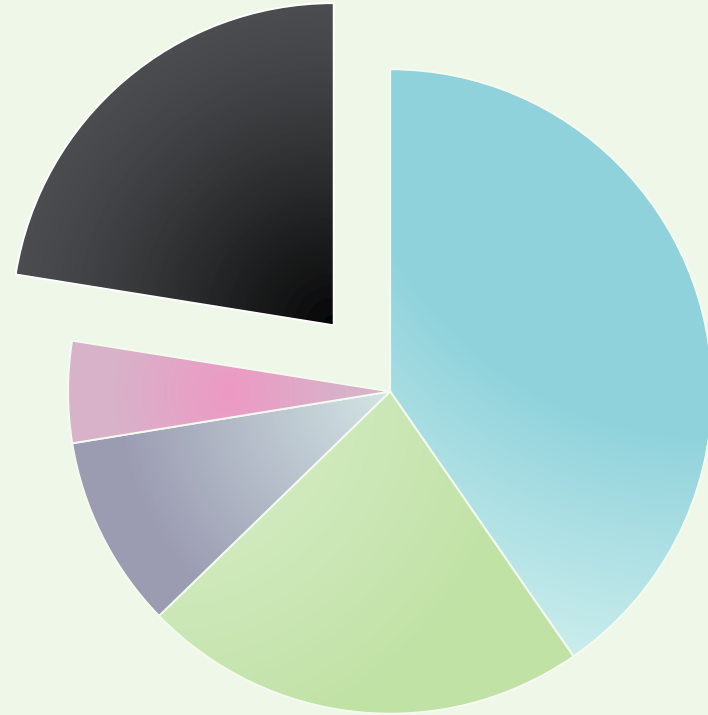
Shopping centre portfolio 2007



Shopping centre portfolio 2015

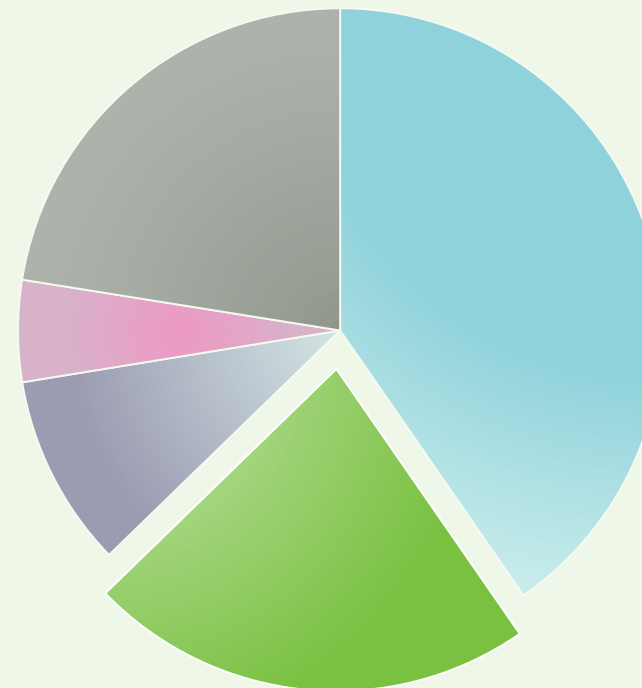


Retail parks



EVOLVING

Leisure



MATURING



Dominance



Experience



Convenience





London Portfolio

Colette O'Shea

Managing Director, London Portfolio

London Portfolio

- Clear strategy
- Early cycle developer
- Delivery results



Piccadilly Lights, W1

A focus on excellence

- Team
- Operational
- Delivery
- Market



20 Fenchurch Street, EC3

Intellectual firepower

- Market intelligence
- Customer insight
- Product development



New Ludgate, EC4

The “Property Trinity”

- Control of day-to-day operations
- The right developments and delivery to plan
- Investing in relationships



New Street Square, EC4

A focus on excellence

- Team
- Operational
- Delivery
- Market



123 Victoria Street, SW1

Team Excellence

Development:

Oliver Gardiner

Leasing and Markets:

Kaela Fenn-Smith

Residential:

Tom Eshelby

Investment and Asset Management:

Marcus Geddes and Tom Elliott



One New Change, EC4



London Portfolio

Oliver Gardiner

Head of Development



Committed
to total of

3.3_m
sq ft

Total
Development Cost
of

£2.4_{bn}

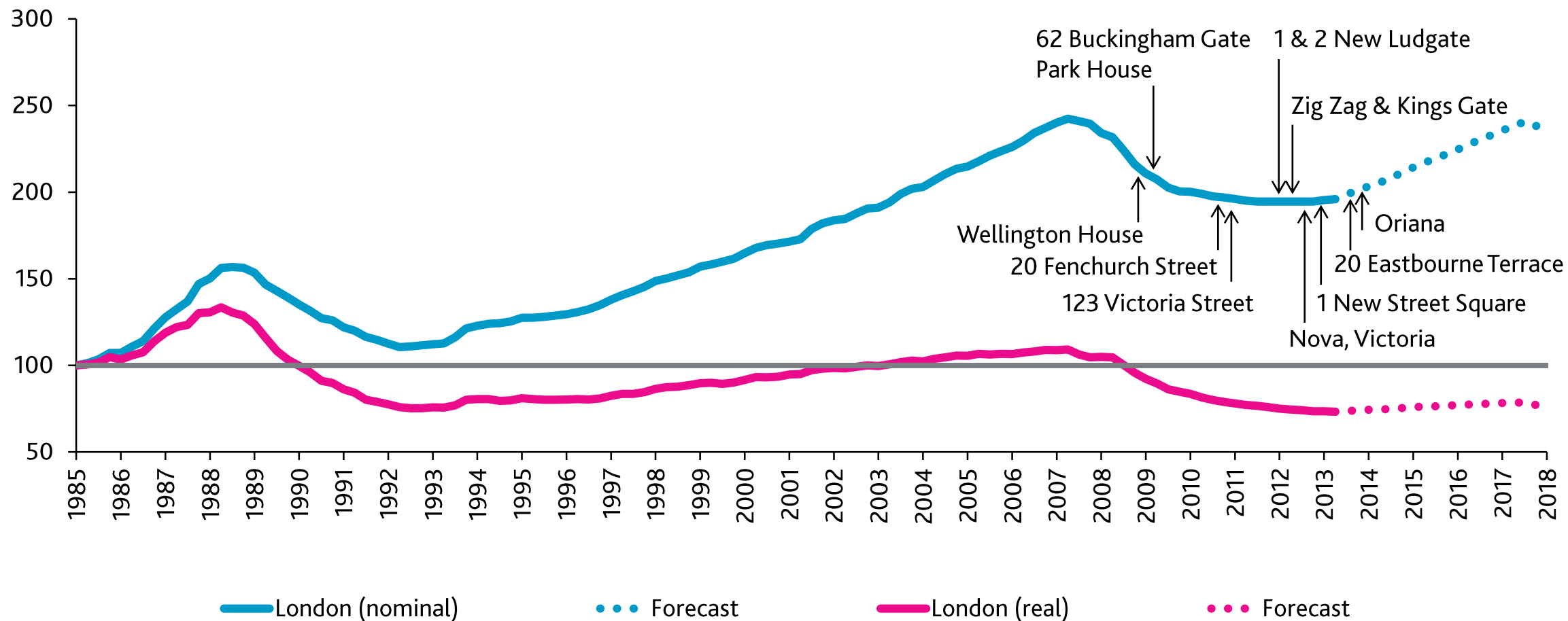




Land Securities' London developments

Construction contracts negotiated

Tender prices 1985 = 100



2010 and our start of development



Park House, W1

- Sold during construction in 2010



Wellington House, SW1

- 59 private apartments
- All units sold pre-PC



62 Buckingham Gate, SW1

- 275,300 sq ft
- Completed May 2013

Quality design and finishes



123 Victoria Street, SW1

- 228,000 sq ft (including 28,000 sq ft retail)
- Completed August 2012
- 100% let



The Zig Zag Building

- 189,000 sq ft offices
- 44,000 sq ft retail

Kings Gate

- 109,000 sq ft
- 100 apartments
- 82 apartments pre-sold

The Zig Zag Building and Kings Gate, SW1



Kings Gate apartments

Resilient power infra-structure



TO FUTURE
DEVELOPMENTS

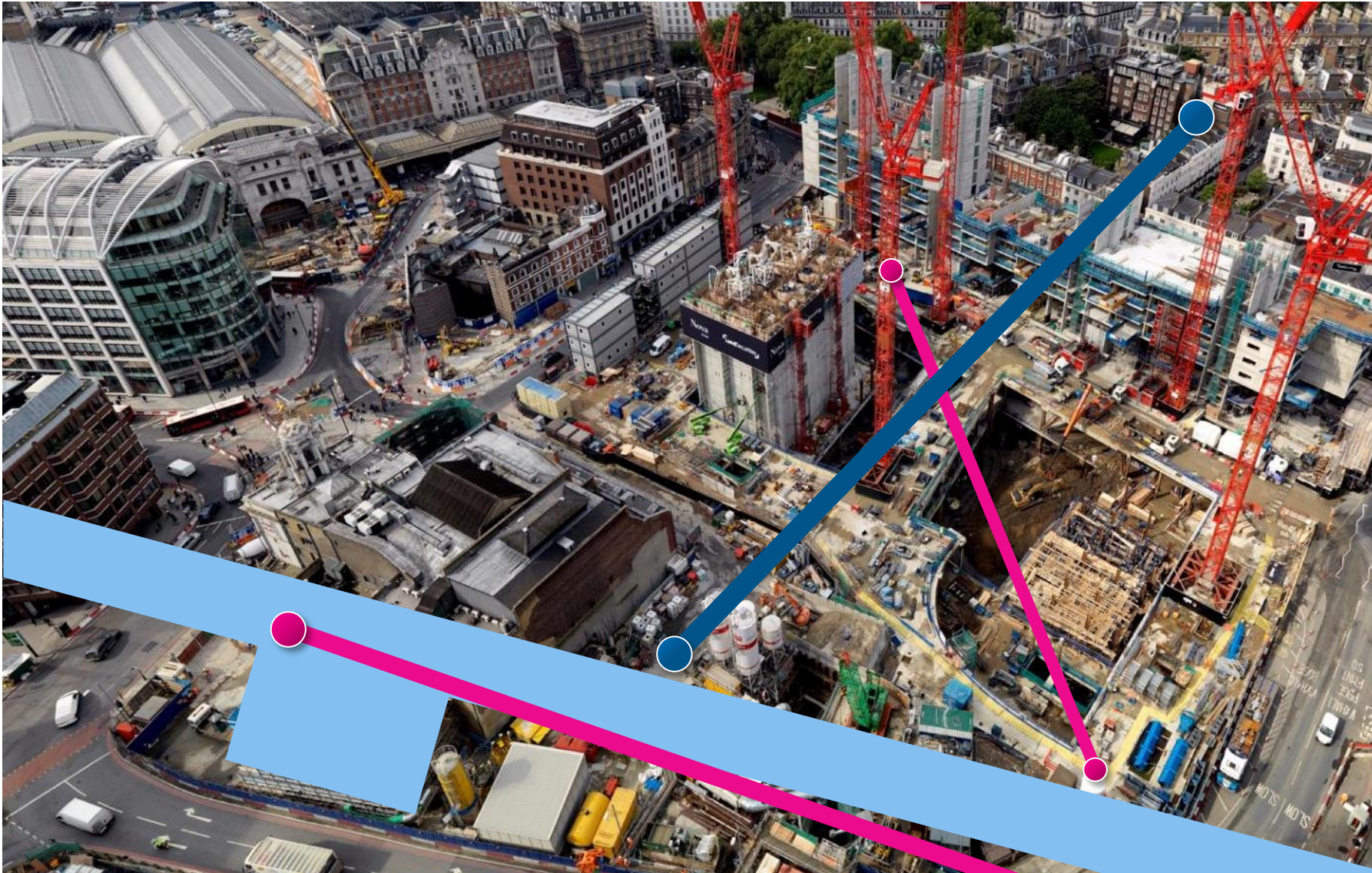
TO FUTURE
DEVELOPMENTS

High voltage
power in

Low voltage
power out



Nova, Victoria, SW1



Victoria Line



King's Scholars
Pond sewer and
Western Deep sewer



Crossrail 2
(Chelsea to Hackney)

Nova, Victoria, SW1



Nova, Victoria, SW1

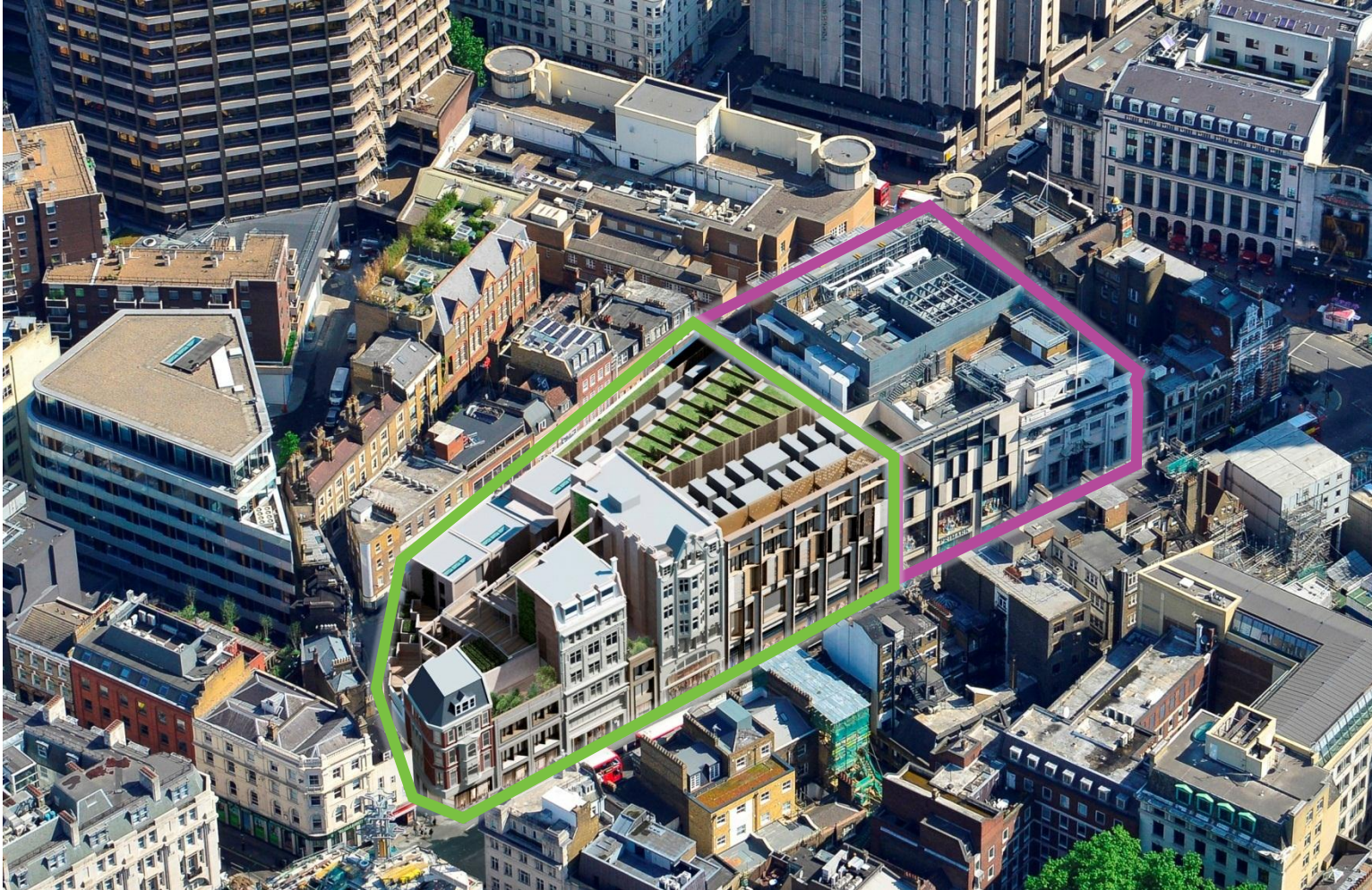
Perfectly sized floor plates



- 92,000 sq ft offices
- 6,000 sq ft per floor
- Shared 17th floor roof terrace

20 Eastbourne Terrace, WC2

More retail in Oxford Street



50% interest

- 72,000 sq ft retail
- 20,000 sq ft residential
- 18 residential apartments

Oriana Phase II, W1

Speculative development in the City



20 Fenchurch Street, EC3

50% interest

- 690,000 sq ft
- Average rent £63 per sq ft
- Average lease 17 years
- Tenant fitting-out has started
- Solar shading works underway

The centre of Central London



New Ludgate, EC4

1 New Ludgate

- 154,000 sq ft offices
- 25,000 sq ft retail

2 New Ludgate

- 195,000 sq ft offices
- 5,900 sq ft retail

The centre of Central London



1 New Street Square

- 258,000 sq ft offices
- 4,700 sq ft retail

1 New Street Square, EC4

Crossrail Farringdon and Blackfriars Stations



Construction at full tilt



Development returns

Property	Letting status at 31 March	TDC ⁽¹⁾	Net income / ERV	Gross yield on cost	Valuation surplus to date	Market value at 31 March + outstanding TDC ⁽¹⁾	Gross yield on: TDC ⁽¹⁾ + valuation surplus to date
	%	£m	£m	%	£m	£m	%
123 Victoria Street, SW1	93	154	13.9	9.0	97	262	5.5
62 Buckingham Gate, SW1	65	179	18.6	10.4	139	323	5.8
20 Fenchurch Street, EC3 ⁽⁴⁾	87	239	21.5	9.0	137	377	5.7
The Zig Zag Building, SW1 ⁽²⁾	4	174	15.8	9.1	36	210	7.5
1 & 2 New Ludgate, EC4	0	257	22.6	8.8	32	289	7.8
Nova, Victoria, SW1- Phase I ⁽⁴⁾	0	245	20.0	8.2	30	276	7.3
Oriana, W1- Phase II ⁽⁴⁾	64	40	3.0	7.6	16	55	5.4
20 Eastbourne Terrace, W2	0	66	5.3	8.0	3	69	7.7
1 New Street Square, EC4	0	177	16.0	9.0	4	181	8.8
Bishop Centre, Taplow	82	39	2.7	6.9	9	48	5.6
Total		1,570	139.4	8.9	503	2,090	6.7

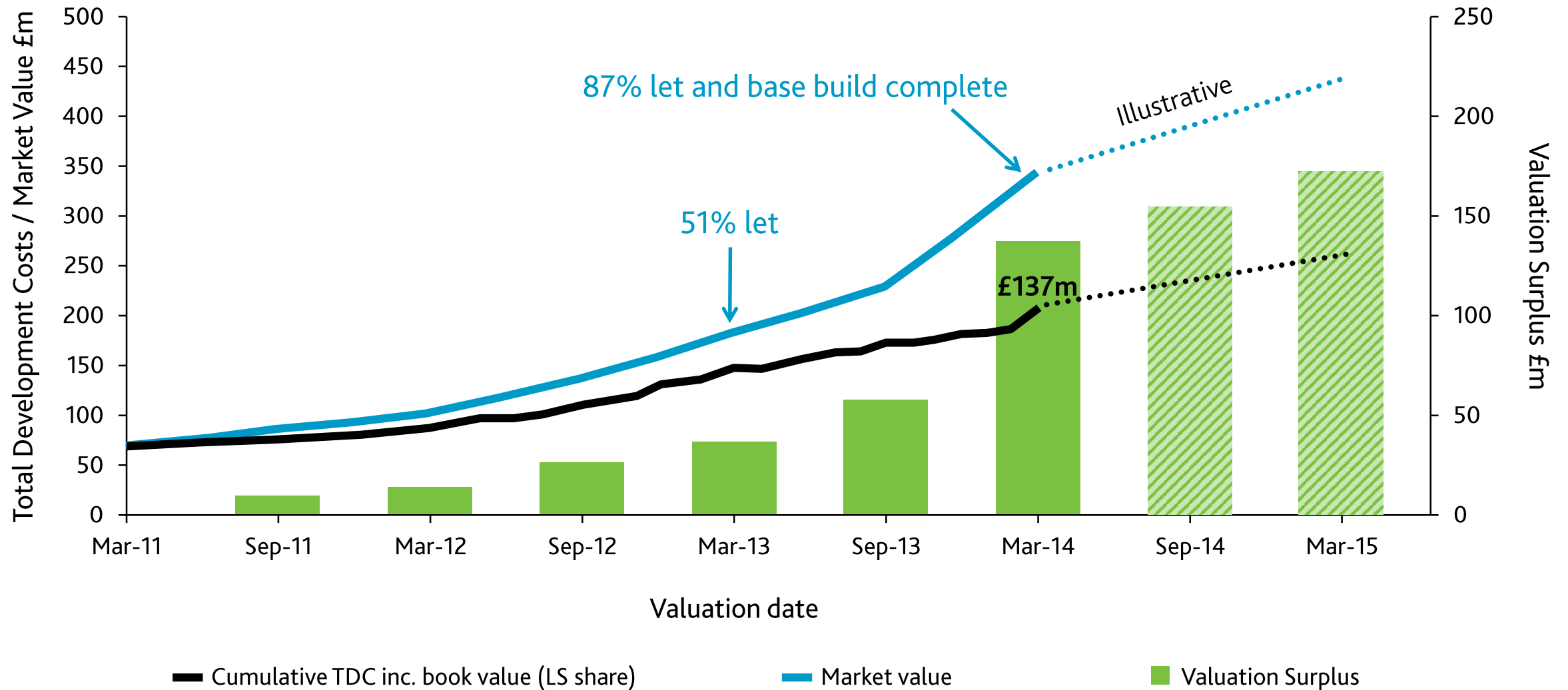
(1) Excludes allowances for letting voids and rent free periods, but includes estimated tenant capital contributions

(2) Includes retail element of Kings Gate, SW1

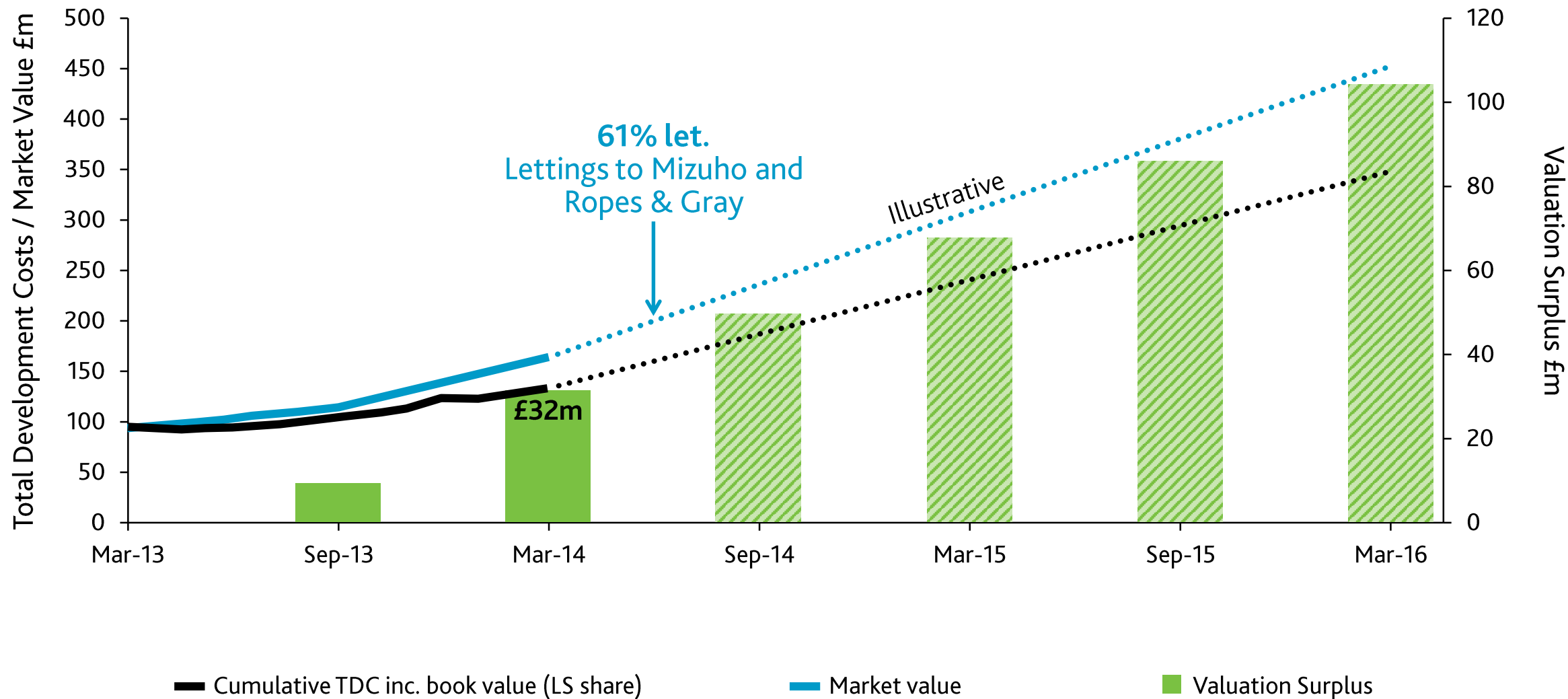
(3) All figures exclude residential properties

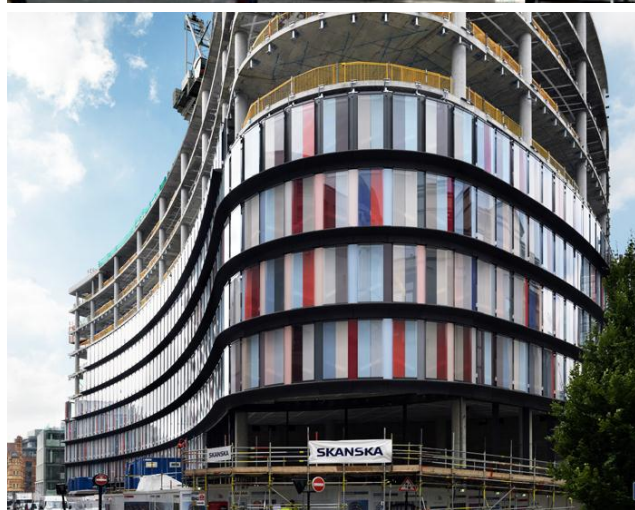
(4) Land Securities' share

20 Fenchurch Street



1 & 2 New Ludgate







London Portfolio

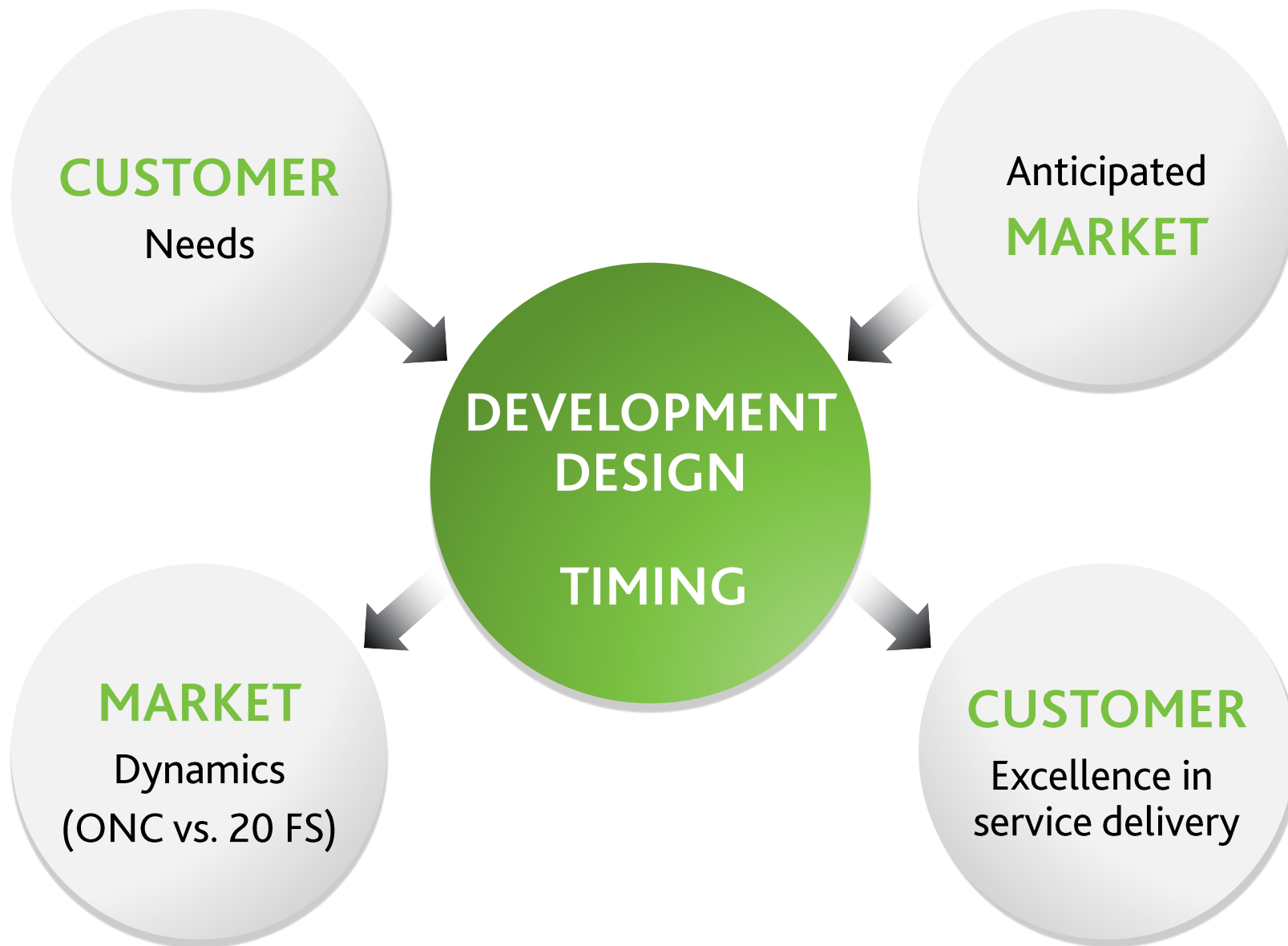
Kaela Fenn-Smith

Head of Commercial



- We understand our market
- We understand our customer
- This informs our building design and leasing tactics



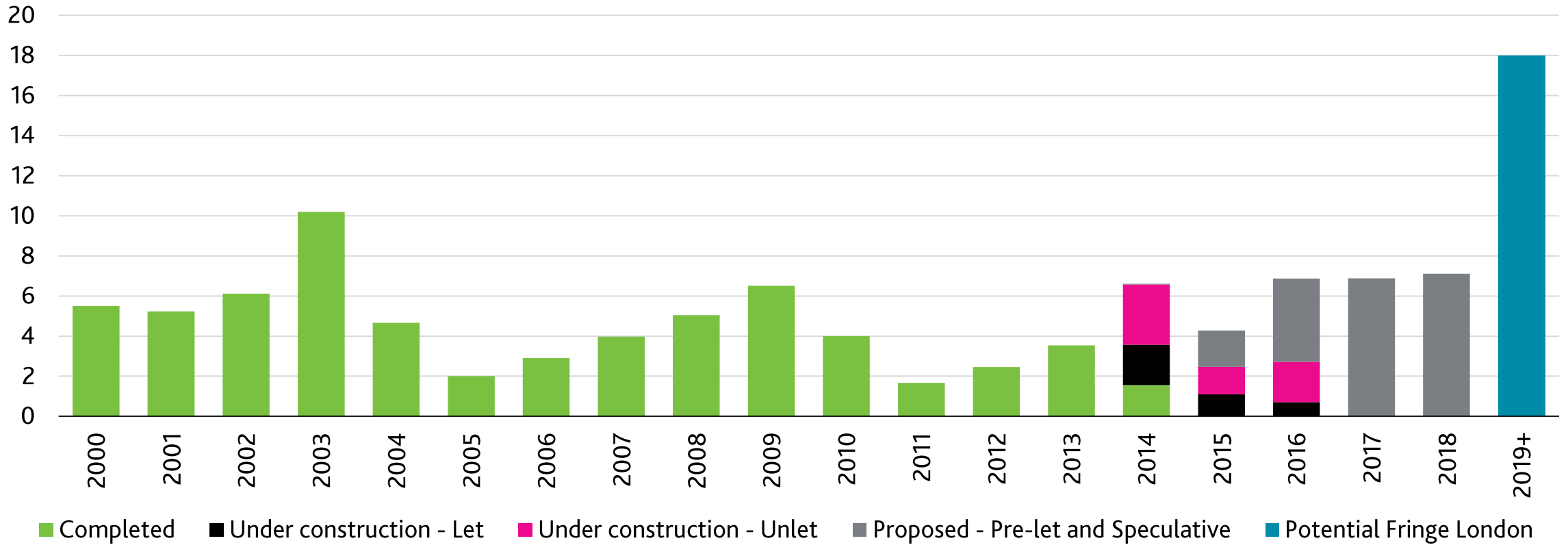




Supply – Central London, May 2014

Development completions

Million sq ft



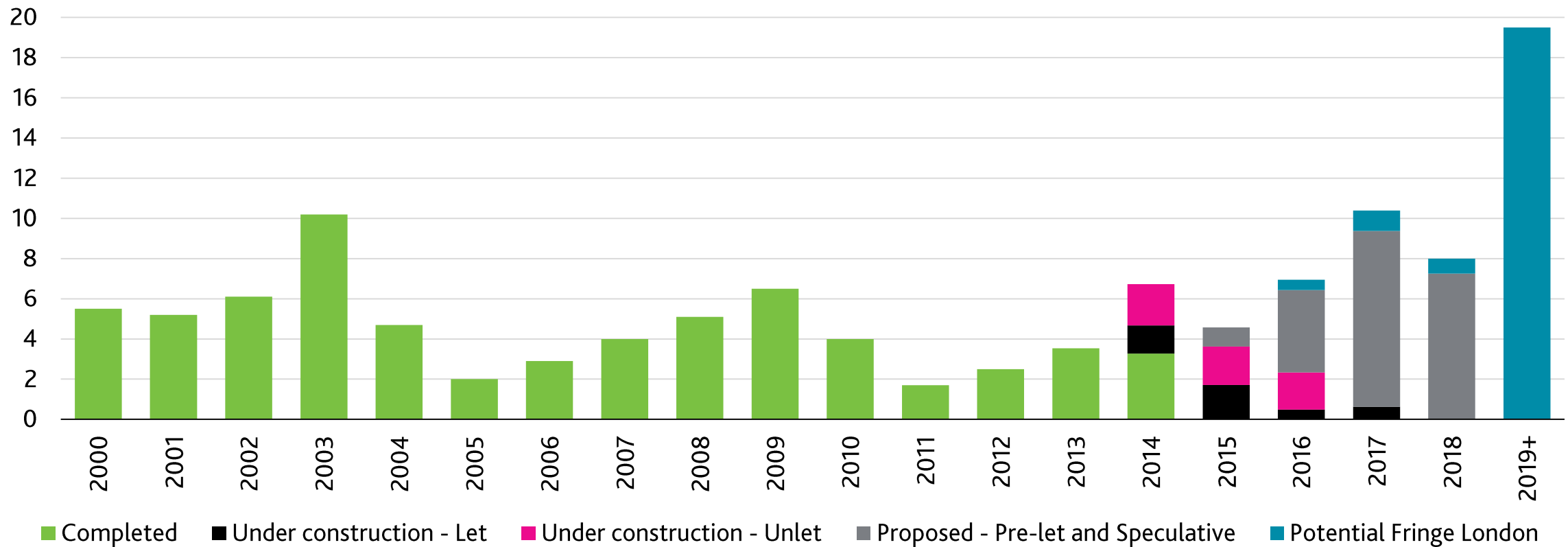
Source: CBRE, Knight Frank, Land Securities



Supply – Central London, September 2014

Development completions

Million sq ft



Source: CBRE, Knight Frank, Land Securities



Pre-lets



True
pre-lets only
account for



2%
take-up
in West End



5%
take-up
in City





Tenant demand



One of
highest levels
of take-up
across Central
London



Since
2007



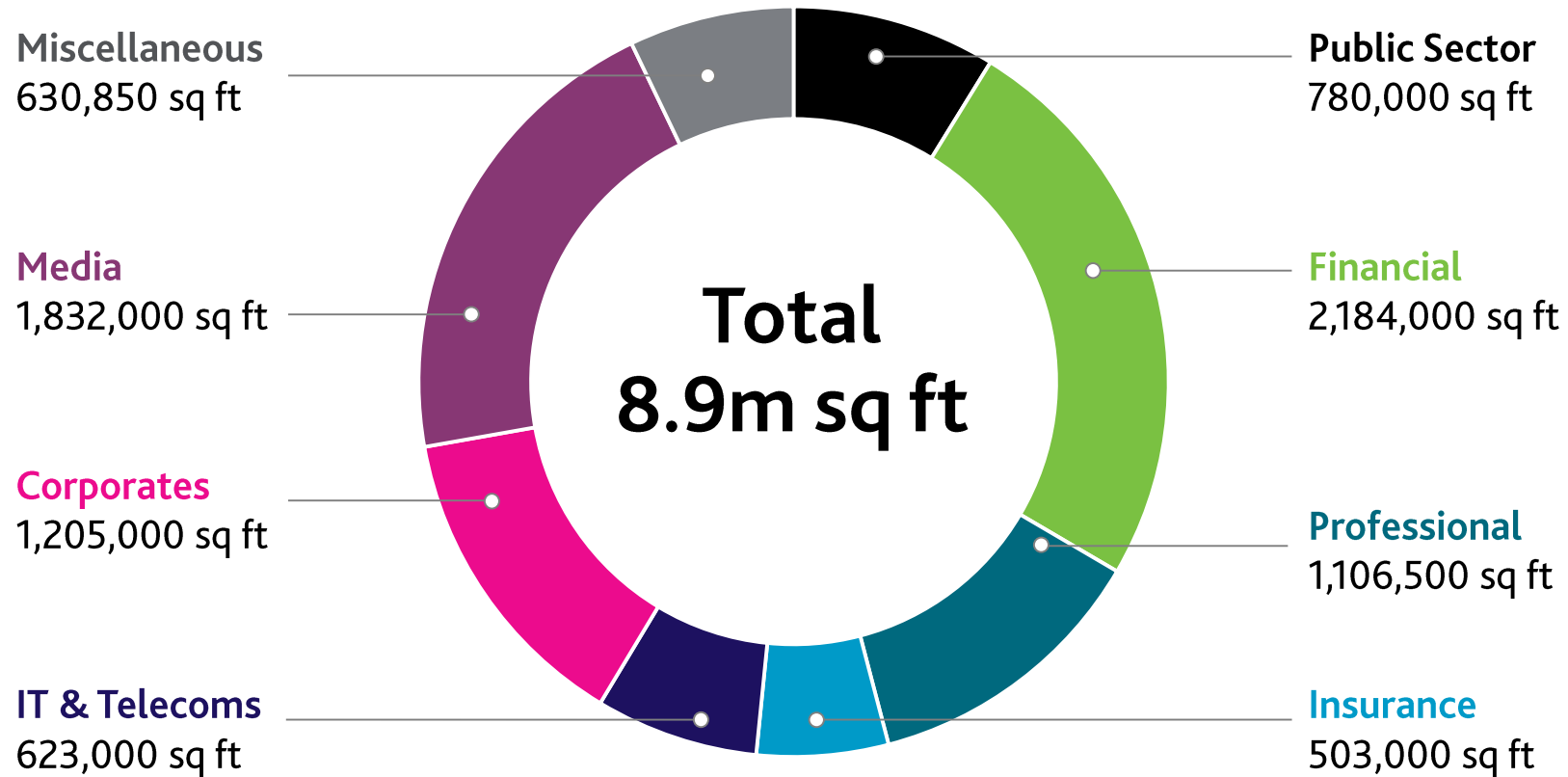
Tenant demand





Active demand in Central London

Sector and space requirement



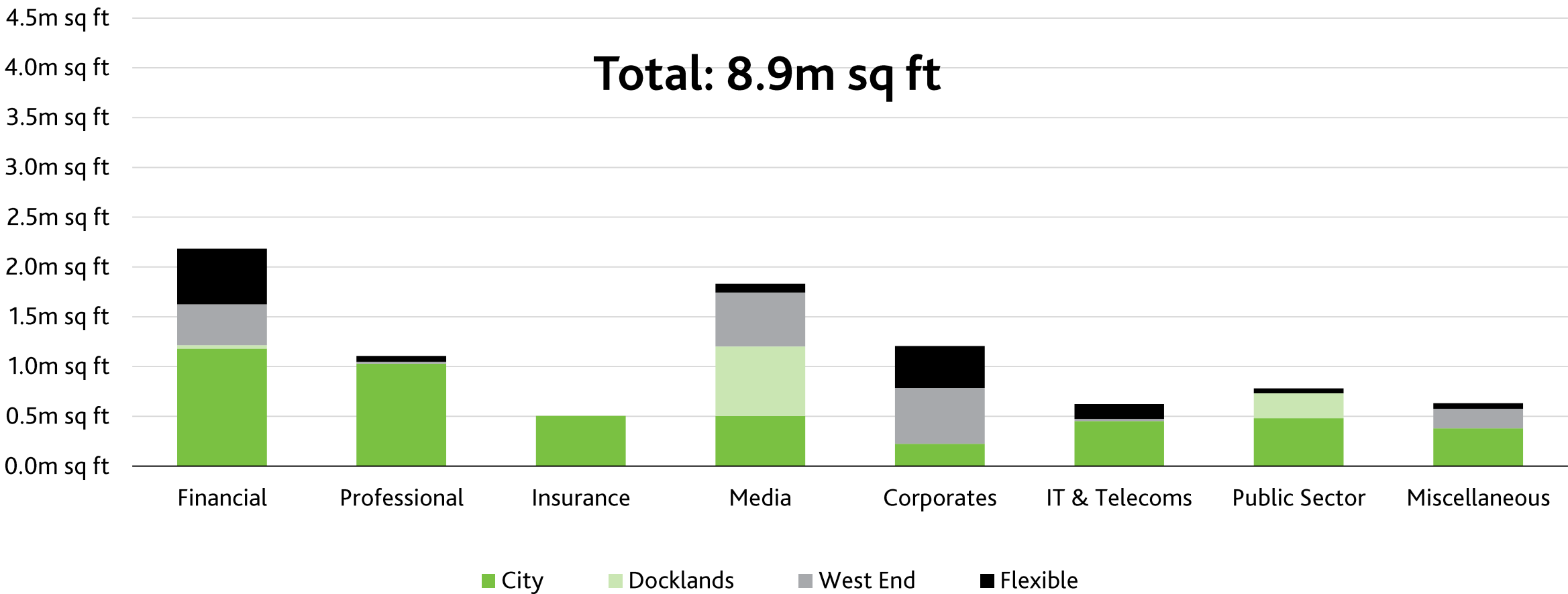
Source: CBRE, Knight Frank, Land Securities





Active demand in Central London

Sector and location requirement



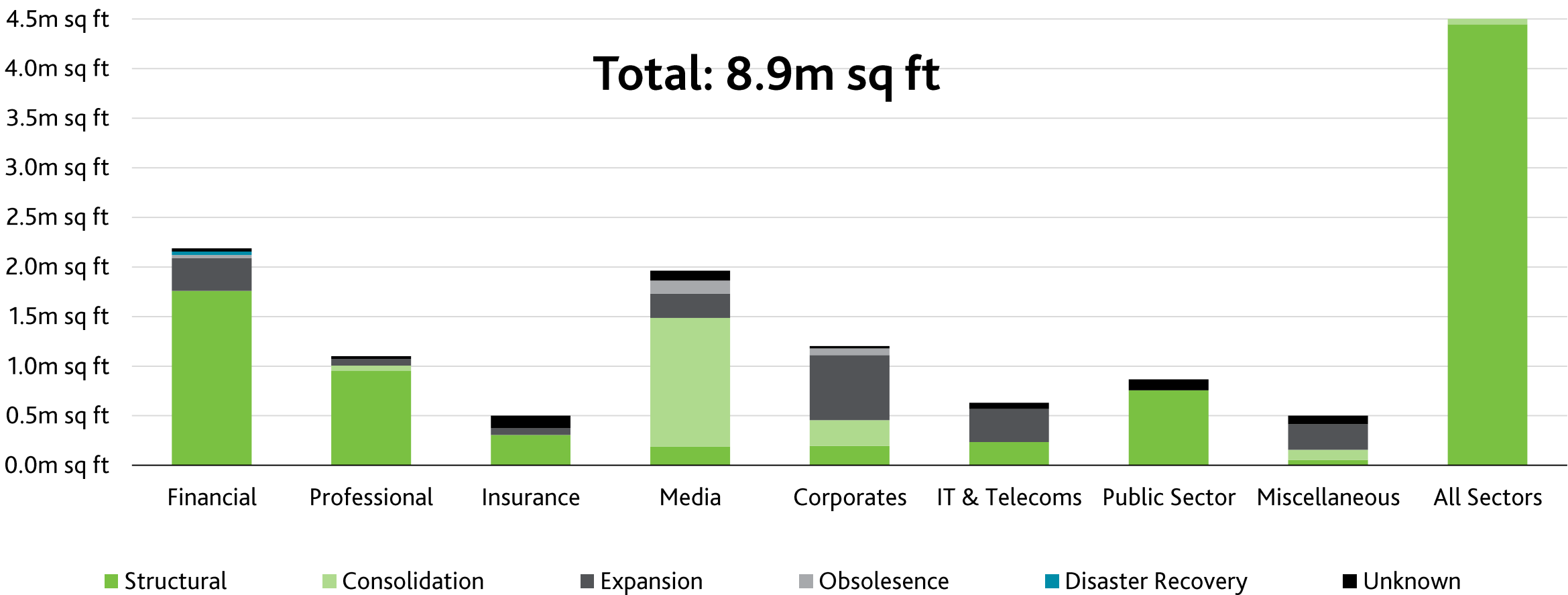
Source: Knight Frank





Active demand in Central London

Sector and primary motivation



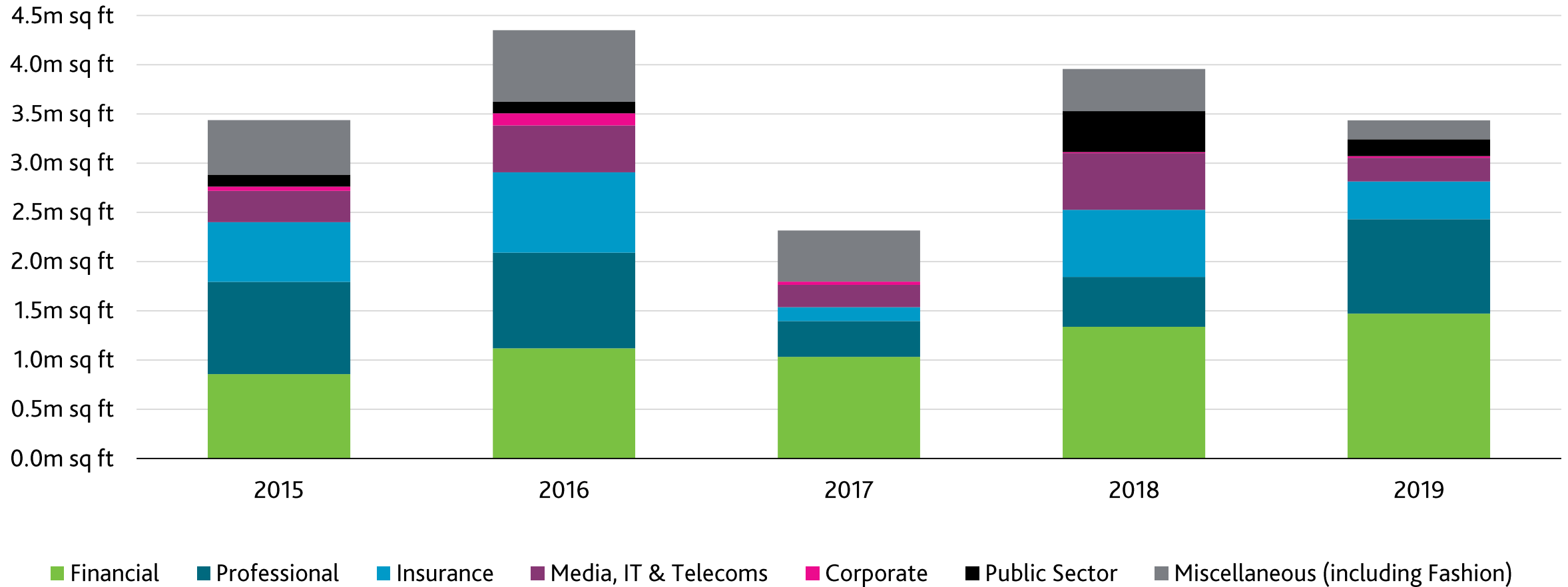
Source: Knight Frank





Lease expiries in the City

Sector and potential space requirement



Source: Knight Frank





Active
demand
in the City

Financial sector
take-up
in the City of
1.7 m
sq ft

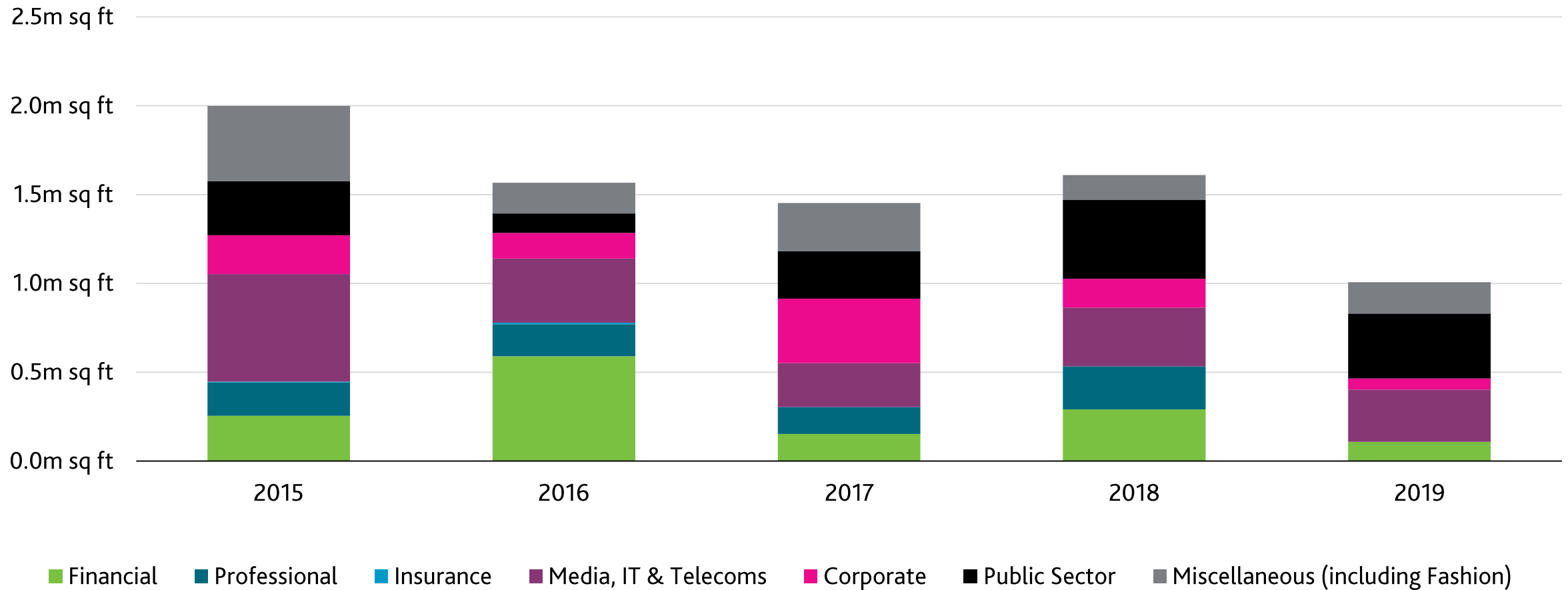
Financial sector
is up by
56%





Lease expiries in the West End

Sector and potential space requirement



Source: Knight Frank





Vacancy rate
is at its
lowest in the
West End

Since
2001

Almost fivefold
increase in
**lettings
of space**
under construction

Source: JLL





Active demand
in the
financial
sector

Has increased
almost
threefold



Growth in oil and gas sector



Headcount growth in fashion sector

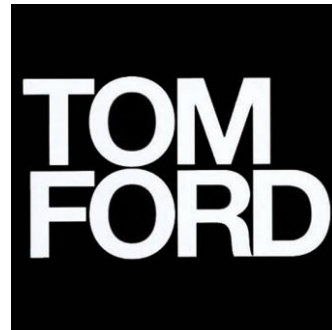


GIORGIO ARMANI

BALLY



K E R I N G



JIMMY CHOO



BURBERRY[®]
L O N D O N





One New Change, EC4



20 Fenchurch Street, EC3



- Practical completion at end of 2010

One New Change, EC4

- Marketing in 2012 for completion in 2014



20 Fenchurch Street, EC3



Customers and our buildings

**Powerful machines for better business.
Just add talent.**



Productivity

Innovation

Collaboration

Talent



POWERFUL MACHINES FOR BETTER BUSINESS

(Just add talent.)





Building design meeting occupier needs



Productivity

Comfortable, well-ventilated, well-lit, safe workplaces increase productivity by as much as 16% and job satisfaction by up to 24%, and reduce absenteeism.

www.desktime.com

Creativity

65% of workers say they would improve their performance if their offices were more comfortable.

www.inc.com

Cycling

The quality and availability of workplace cycle facilities influences the career choices of more than half of respondents.

[Cycling and The Modern Workplace](http://www.pleasecycle.com)

Fit healthy staff

Fit employees commit 27% fewer errors on tasks involving memory or concentration.

www.pleasecycle.com





Customer experience

One MIZUHO: Building the future with you
Mizuho Financial Group

“The Right building at the right time”
“Customer First Mentality”





Residential

Tom Eshelby

Residential Director



Wellington House, SW1

- Completed 2012



Kings Gate, SW1

- Completion due summer 2015

The role of Residential within Land Securities



62 Buckingham Gate, SW1

- Development increased floor space from 118,000 sq ft to 275,300 sq ft

RESIDENTIAL
REQUIREMENT



Wellington House, SW1

- Private apartments



Wilton Plaza, SW1

- Affordable housing

An aerial night photograph of a city, likely Victoria, showing a mix of modern and traditional architecture. The modern buildings have illuminated glass facades, while the older buildings have traditional brickwork and lit-up windows. The city is densely packed with buildings, and the streets are visible with some traffic. The text "Benefit of residential to place making and Victoria brand" is overlaid on the top left of the image.

Benefit of residential to place making and Victoria brand

Helps the transformation of Victoria, providing variety and prestige



Wellington House, SW1

- Land Securities first prime London residential development
- 59 apartments
- Delivered 47% profit on cost

RESIDENTIAL

by LandSecurities



Strong reputation for delivering market beating design and specification

Established and attractive residential developer

- Globally renowned real estate brand
- Unrivalled covenant attractive to all buyers and investors
- Strong development track record
- Over-arching investment story of mixed-use transformation



On-going design work



Portland House, SW1

Disposals with residential consents



Park House, Oxford Street W1



Oxford House, Oxford Street W1



Arundel Great Court, WC2

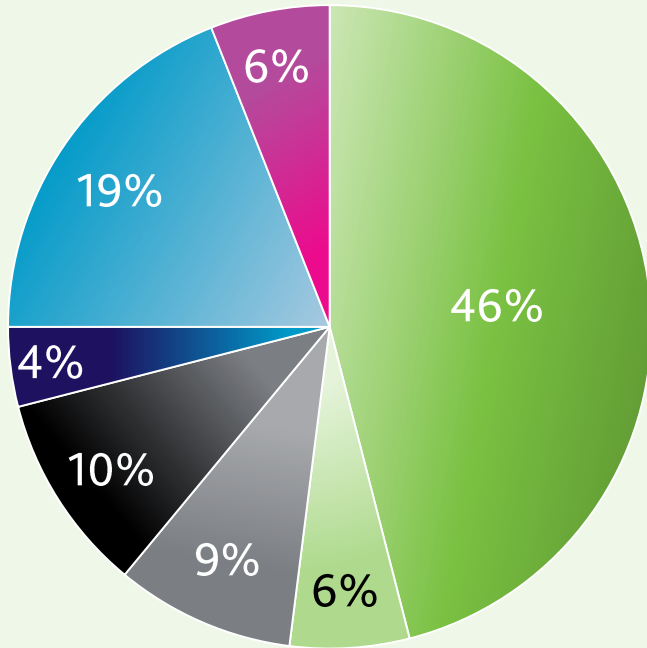


Residential programme

Project	Status	P/C	Units	NIA sq ft	GDV £m	% Unsold	£/sq ft
Park House, Oxford St, W1	Forward sold	2012	39	60,000	£120m	0%	£2,250
Wellington House, SW1	Completed and sold	2013	59	66,000	£90m	0%	£1,425
Arundel Great Court, WC2	Site sold with planning consent	2017?	151	158,000	£300m	0%	£1,800
Oxford House, Oxford St, W1	Site sold with 'Office to Resi' consent	-	88	90,000	£150m	0%	£1,750
Kings Gate, SW1	Under construction	2015	100	109,000	£207m	36%	£1,900
The Nova Building, SW1 (50% JV Share)	Under construction	2016	170	166,000	£340m	32%	£2,050
TOTAL			607	649,000	£1.207bn	15%	£2,400

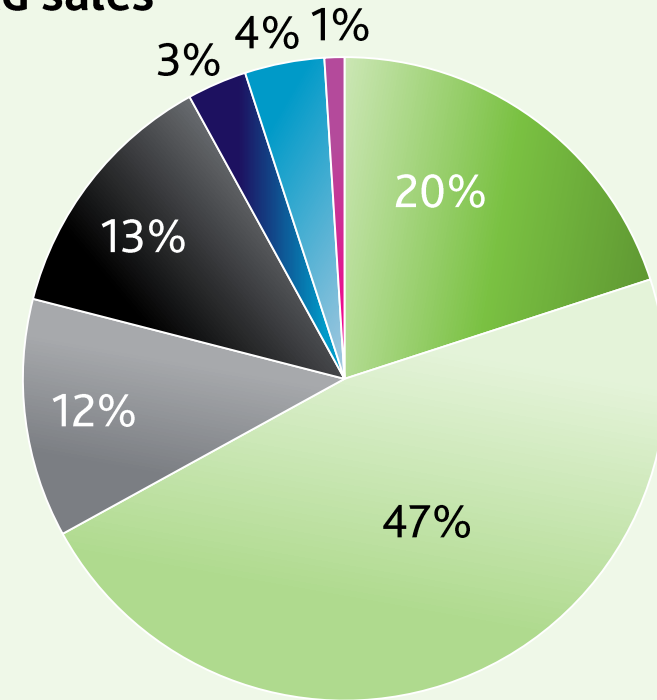
Overseas investors in prime Central London prefer new build

Second hand sales

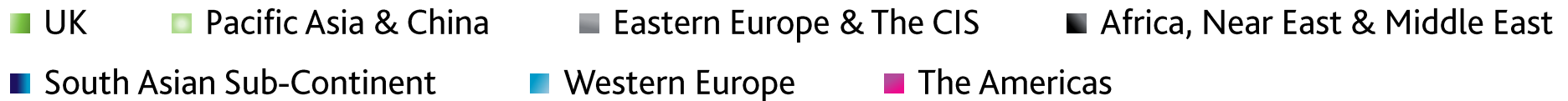


Based on number of units

New build sales



Based on number of units



Source: Savills 2010-2014



RESIDENTIAL

by LandSecurities

- Strong reputation for high quality architecture and specification
- Continued strong overseas demand
- UK-based buyers increasingly important



Kings Gate Penthouse, SW1





Portfolio Update and Strategy

Marcus Geddes

Head of Portfolio, West End



Tom Elliott

Head of Portfolio, City



Asset management
initiatives

Retail
within London

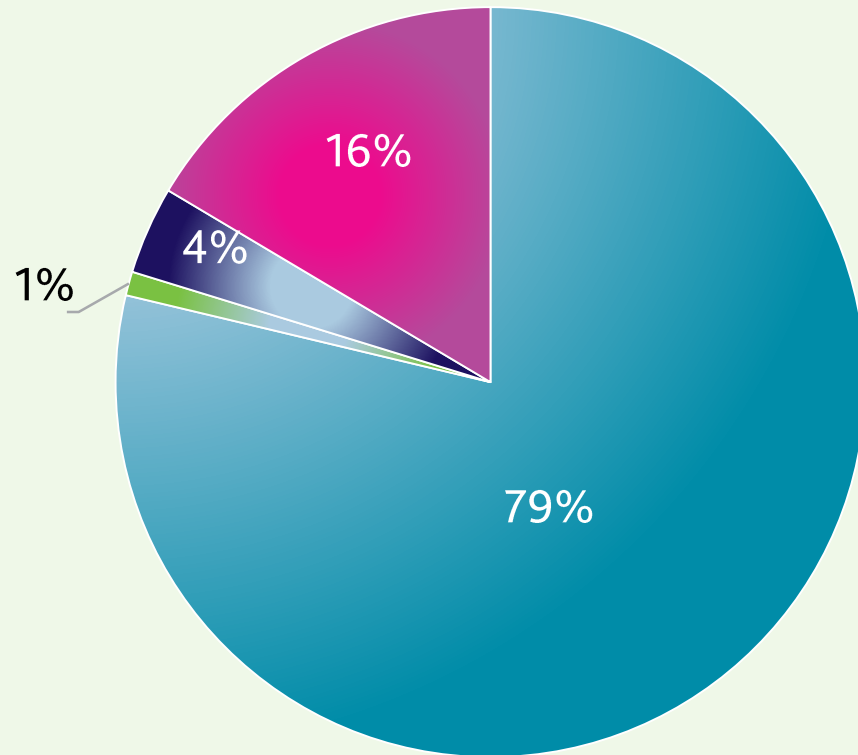
Sales and capital
allocation

Future pipeline



London Portfolio allocation - classification

March 2014



Investment Properties

Consented schemes

Feasibility

Schemes on Site

Investment Portfolio
relative to
Development
Activities

Uncompromising asset management



Clear Channel



LLOYDS BANK



WELLINGTON MANAGEMENT®



Asset management

- Lease surrender and combination of Spar and Brook Street units
- New 15 year lease ITSU
- 59% uplift in aggregate rent



40 Strand, WC2

Asset management

- DP World 4th floor lease surrender
- 10 year lease to Polar Capital
- 5th floor break removed
- New rental tone set
- Over 90% of income now secured past 2022



16 Palace Street, SW1

Asset management



80 – 100 Victoria Street, SW1

Strategic acquisitions



Piccadilly Lights, W1

- Completed Island site freehold ownership
- Unlocking series of accretive deals

Asset management



Piccadilly Lights, W1

Asset management



Piccadilly Lights, W1

Asset management



Piccadilly Lights, W1



WW1 Commemoration

Asset management



Red Lion Court, SE1

- Lloyds Banking Group reversionary lease
- Income extended from June 2015 to June 2020

Asset management



160 Queen Victoria Street, EC4

- Majority let to Bank of NY Mellon, 2023
- Dechert LLP – reversionary lease
- 90% of income secured to 2023
- Future block date aligned

Asset management



- Head tenant surrender premium
- Sub tenant direct relationship
- Income lengthened from 1¼ – 5¼ years
- Sale crystallised gain

38-48 Southwark Bridge Road, SE1

Asset management



- Offices fully let
- Consumer choice and convenience
- 99% retail occupancy
- 9% Y/Y sales growth

One New Change, EC4

Asset management



- Lease surrenders
- Reconfiguration
- New 20 year lease to Wahaca
- On trend brand consolidating F&B quarter

One New Change, EC4

One New Change is thriving



next

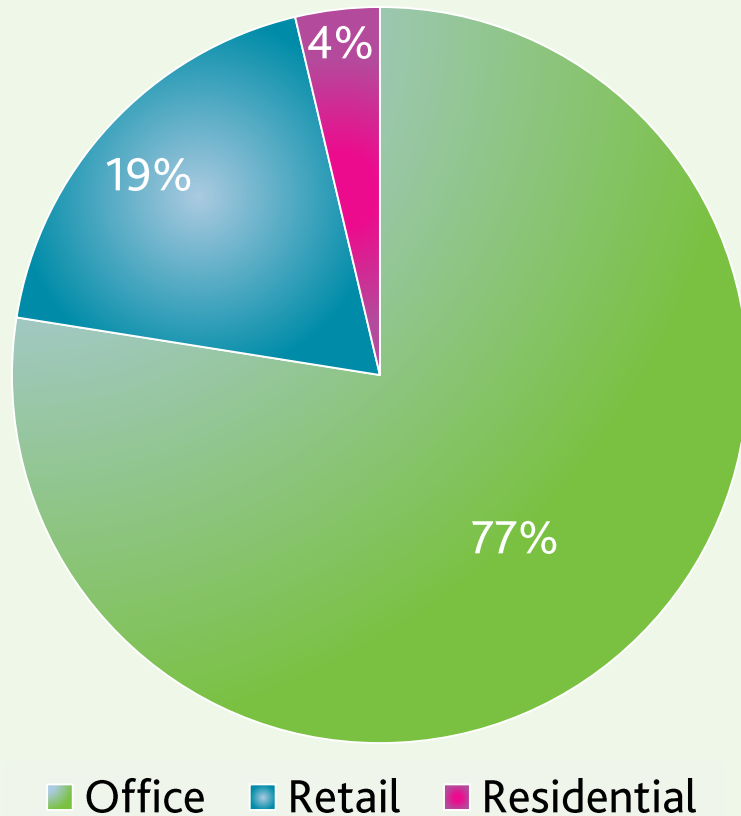
Asset management



One New Change, EC4

London Portfolio sector allocation

March 2014

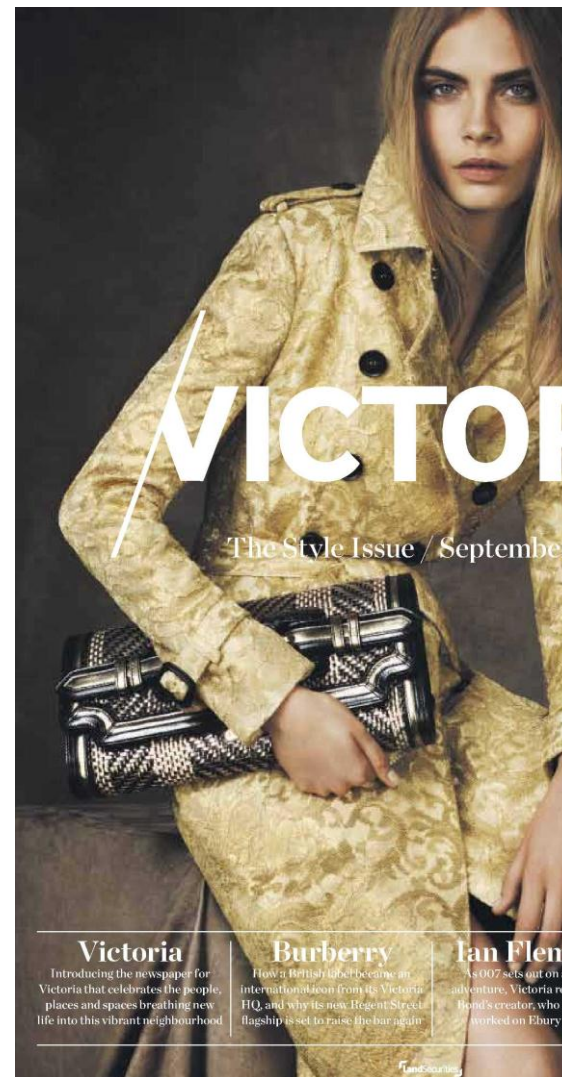
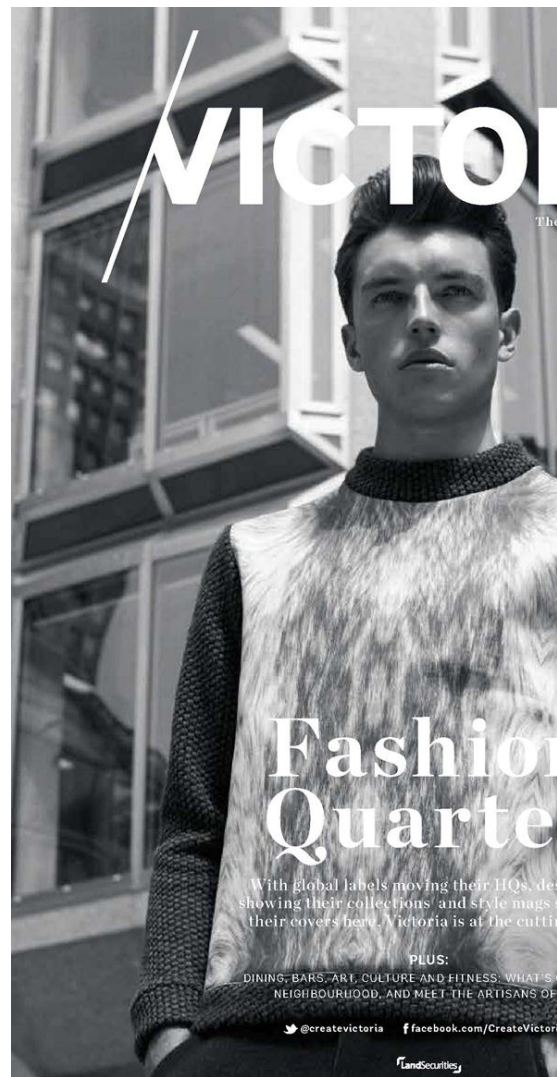


**Retail key component
of the portfolio**

Public space



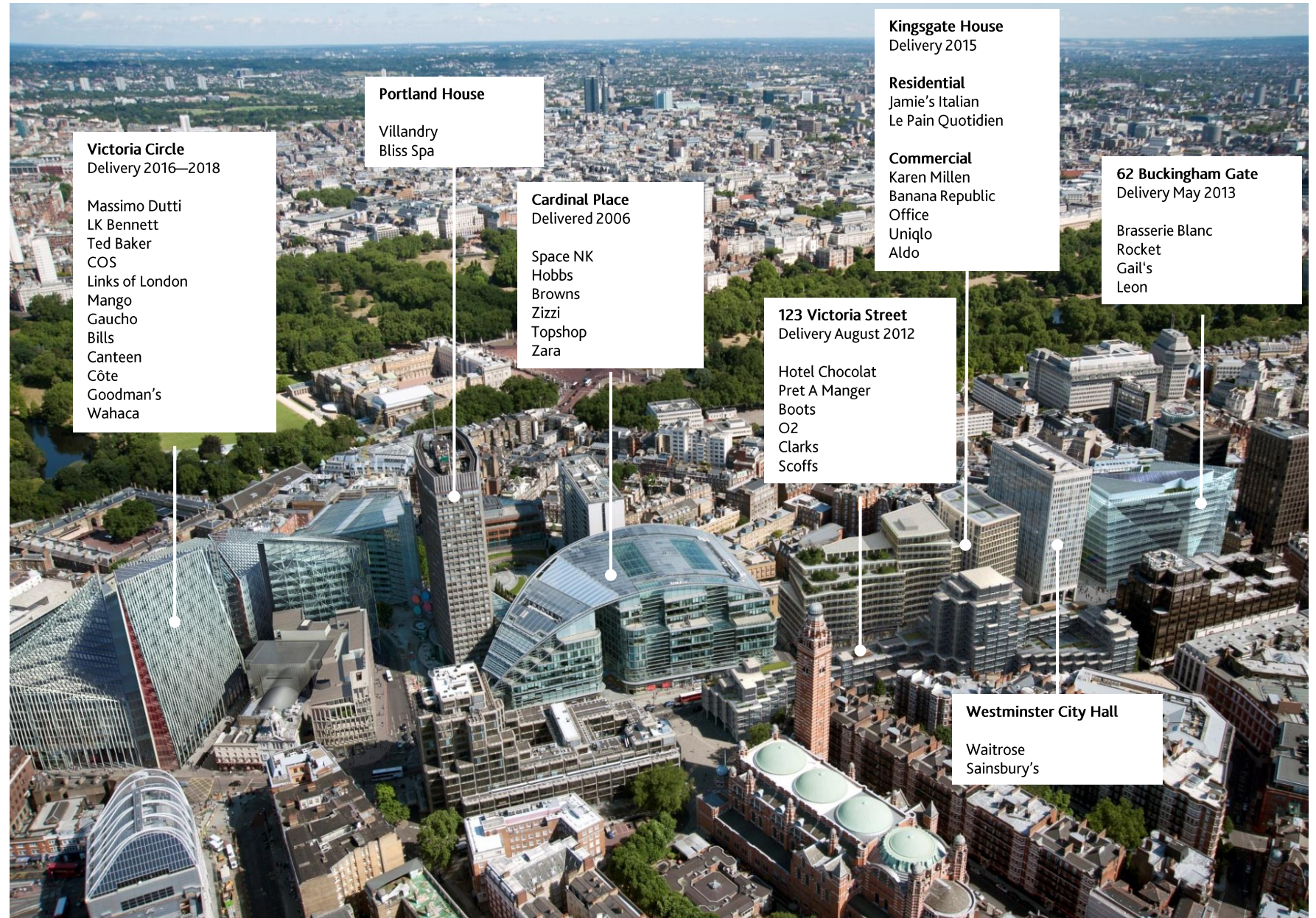
Create Victoria



Victoria

Retail vision

July 2012



Victoria Retail vision

September 2014

LEON
NATURALLY FAST FOOD



[**CURZON**
VICTORIA]

MANGO

Jamie's
ITALIAN



little
Waitrose

Capital allocation and returns

- Investment returns comparatively unattractive for now....
- Focus on development returns 13%+
- Refurbishment returns 10%+



1 & 2 New Ludgate, EC4



Thomas More Square, E1

Pre-development sales



Park House, W1



110 Cannon St, EC4

Sale provided development profit with no risk or capital



Recent sales

Recycling capital into development programme



Harbour Exchange, E14

- Imminent voids
- Capital expenditure required
- Weak tenant demand



38-48 Southwark Bridge Road, SE1

- Value captured through regear
- Crystallised via sale



Oxford House, W1

- Special Purchaser
- Sold immediately post planning
- Poor returns from price paid



Empress State, SW6

- Special Purchaser
- Offices over rented
- Shortening lease



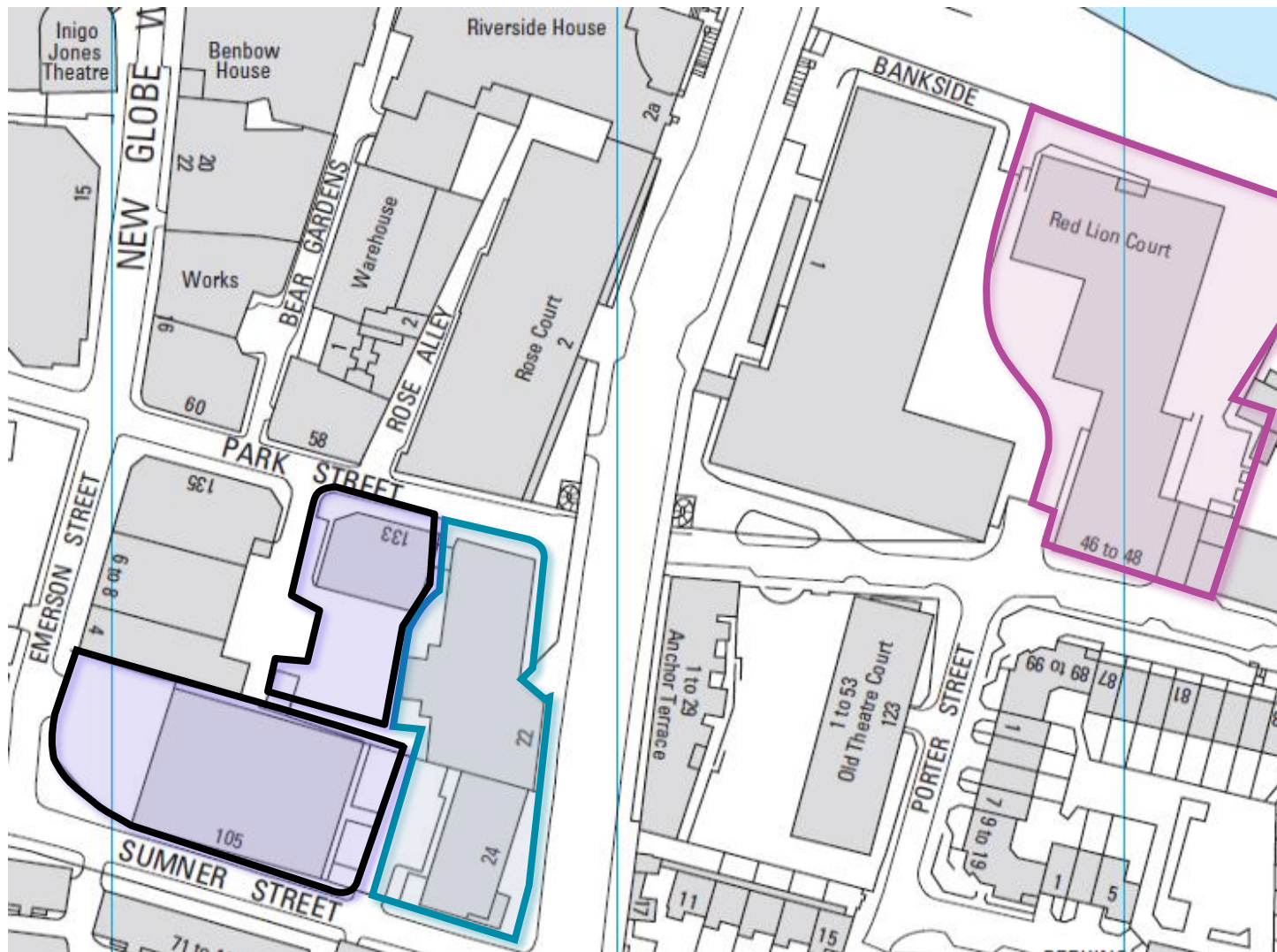
Recent sales



Bankside 2 & 3, SE1

- RBS 13 years unexpired
- Leasehold
- £315m
- 5.2% NIY

Southwark pipeline – Land Securities ownerships



- Red Lion Court
- City Gate and 24 Southwark Bridge Road
- 105 Sumner Street, 133 Park Street and Car Park

Future pipeline



Piccadilly Lights, W1 - 120,000 sq ft



Phase 2 & 3 Nova, SW1 - 170,000 sq ft



Portland House, SW1 - 390,000 sq ft



Portfolio strategy

- Well progressed development programme
- Funded by selective sales
- Rigorous asset management
- Strong balance sheet for acquisitions

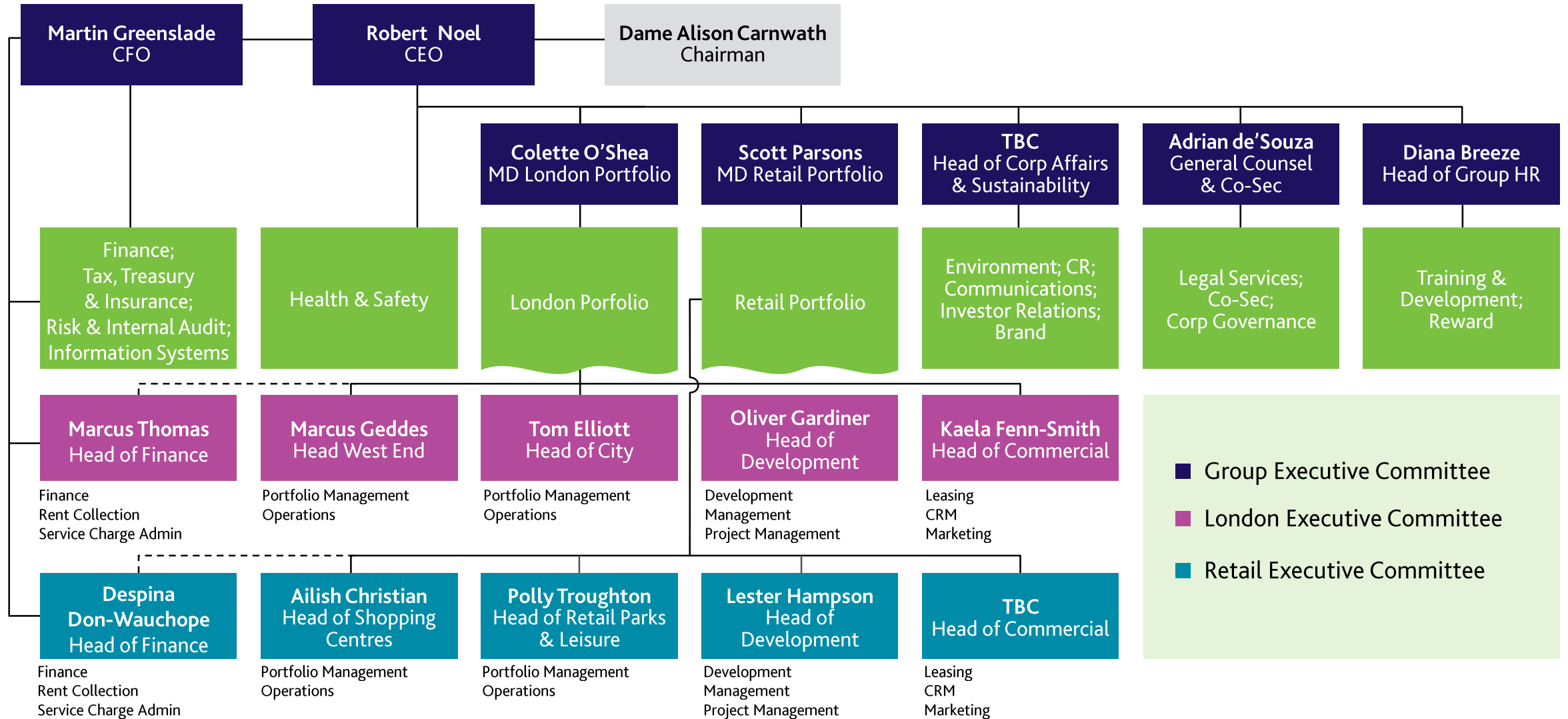




2014

INVESTOR CONFERENCE

Ownership and accountability





Notes





Notes

