Press Release

15 May 2014

Financial results for the year ended 31 March 2014

“Land Securities is reaping the reward of its bold strategy to develop early and speculatively in central London. Our buildings are coming to the London market in the right locations, when competition is low and occupiers are actively planning to move. This strategy, together with a resurgent London market, has led to significant valuation gains, while our near fully-let retail portfolio has delivered strong cash flow and increased revenue profit.

“20 Fenchurch Street, one of our most financially successful developments yet, has so far delivered a valuation surplus of £137.2m. The combination of location, timing, form and function mean the building is now 87% let with an average lease length of 17 years. The solar glare issue last summer illustrates the risk associated with development but we now have planning permission for an external solution which we will commence fitting this month. Further west, at the emerging Crossrail/Thameslink hub, since the year end we have pre-let the entirety of 2 New Ludgate to Mizuho Group on a 20 year lease.

“Our balance sheet discipline is also making the business stronger. Development expenditure and acquisitions have been funded by recycling capital from sales. As a result, the increase in valuation of our portfolio coupled with more recent sales has reduced our loan-to-value ratio further, to 32.5%.

“In London, our building programme will continue apace as we seek to maximise the benefits from favourable market conditions, though any additional commitments in the near term will require pre-lets. We expect to see a shortage of Grade A space until at least late 2016. The market balance beyond that will depend on the general development response to improving market conditions.

“In retail, economic growth has returned and we are now seeing a real rise in wages which is welcome news for retailers, but rental growth will be limited to the best locations. Our strategy is to ensure we have the right properties in the right locations and to anticipate and accommodate retail trends. Unless we see buying opportunities that satisfy these requirements, our focus will remain on developing retail assets which fit this strategy and selling assets that do not.

“Overall, market conditions for property are positive and Land Securities is well positioned. Our strategy is clear, our people focused, our activity relentless and our business stronger. I am confident of continued good performance.” said Land Securities’ Chief Executive Robert Noel.

Results summary

	31 March 2014	31 March 2013	Change
Valuation surplus [(1)]	£763.8m	£217.5m	Up 7.1%
Basic NAV per share	1,069p	959p	Up 11.5%
Adjusted diluted NAV per share [(2)]	1,013p	903p	Up 12.2%
Group LTV ratio [(1)]	32.5%	36.9%	
Profit before tax	£1,108.9m	£533.0m	
Revenue profit [(1)]	£319.6m	£290.7m	Up 9.9%
Basic EPS	142.3p	68.4p	
Adjusted diluted EPS	40.5p	36.8p	Up 10.1%
Dividend	30.7p	29.8p	Up 3.0%

1. Including our proportionate share of subsidiaries and joint ventures. The % change for the valuation surplus represents the valuation movement as a percentage of the market value of the combined portfolio at the beginning of the year.
2. Our key valuation measure.

A year of action….

- £26.6m of development lettings
- £23.6m of investment lettings
- Sales[(1)] of £920.4m
- Acquisitions of £209.9m including X-Leisure
- Development and refurbishment expenditure[(1)] of £366.6m
- Further developments committed with total development costs of £551.0m

....delivering results

- Ungeared total property return 12.8%, underperforming the IPD Quarterly Universe at 13.6%
- Total business return (dividends and adjusted diluted NAV growth) of 15.5%
- Combined portfolio valued at £11.86bn, with a valuation surplus of 7.1%
- Valuation surplus on properties in the development programme of 22.3%
- Revenue profit £319.6m, up 9.9%
- Profit before tax £1,108.9m, up from £533.0m
- Voids in the like-for-like portfolio up from 2.0% to 2.1%

Strong financial structure

- Group LTV ratio at 32.5%, based on adjusted net debt of £3.9bn
- Weighted average maturity of debt at 9.3 years
- Weighted average cost of debt at 5.0%
- Cash and available facilities of £1.1bn
- Recommended increase in final dividend to 7.9p (from 7.6p)

1. Includes trading properties.

-Ends-

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Notes to editors

A live video webcast of the presentation will be available on http://www.landsecurities.com/prelims2014 at 9.00am BST. Please also note that there will be an interactive Q&A facility on the webcast. A downloadable copy of the webcast will then be available at the same address from 3pm.

We will also offer an audio conference call line. We recommend that you dial in to the call 10-15 minutes before the start of the presentation due to the large volume of callers expected. Dial-in details are as follows:

Dial-in number: +44 (0) 1452 581 401
Call title: Land Securities' preliminary results
Conference ID number: 24357487

There will be a replay facility available four hours after the call's completion for 7 days following the results. The replay facility details are as follows:

Replay dial-in number: +44 (0) 1452 55 00 00
Replay conference ID number: 24357487#

A short interview with Robert Noel, Chief Executive, and Martin Greenslade, Chief Financial Officer, is available at http://www.landsecurities.com/investors/results