

Half-yearly results presentation

10 November 2011

Overview



- Focus on key operational metrics:
 - Vacancy rates down further to 3.4%
 - Investment lettings at 5.8% above ERV*
- Development programme well placed:
 - Current development programme de-risked through pre-lettings and sales
 - Developments boosting returns
 - Good enquiry levels on schemes
- Lower balance sheet gearing:
 - 37.7% LTV
 - Capacity to invest in accretive acquisitions

* Excluding turnover leases

Occupier focus with careful management of developments and gearing

Drivers of performance

Focus on income

- £22.6m of income from 139 investment lettings
 - Total portfolio lettings relative to ERV* +5.8%
 - London Portfolio lettings relative to ERV +7.7%
 - Retail Portfolio lettings relative to ERV* +2.9%
- Voids in LFL portfolio reduced to 3.4% from 4.1% (in March 2011)

Voids total	3.4%
Temporary lettings	0.8%
In solicitors' hands	0.3%
Residual voids	2.3%

- Units in administration unchanged at 0.4%

* Excluding turnover leases



Drivers of performance

Capital recycling



6 months to 30.09.2011	£m
Investment acquisitions	55.8
Investment sales	(210.8)
Net (sales) / acquisitions	(155.0)
Development programme	70.2
Other capital expenditure	57.2
Total net investment	(27.6)

10.2% surplus on sales relative to March 2011 valuation

Drivers of performance

Development

	Total development cost £m	Current status
Park House, W1	412	SOLD
62 Buckingham Gate, SW1	180	
Wellington House, SW1	57	98% SOLD
Almondvale Retail Park, Livingston	16	100% PRE-LET
Lindis Retail Park, Lincoln	16	100% PRE-LET
Garratt Lane, Wandsworth, SW18	37	SOLD
Trinity Leeds	358	54% PRE-LET
110 Cannon Street, EC4	45	SOLD
123 Victoria Street, SW1	155	
185-221 Buchanan Street, Glasgow	60	74% PRE-LET
20 Fenchurch Street, EC3	246	
	1,582	

Schemes initiated since January 2010 52% de-risked through sales or pre-lettings

Drivers of performance

Development

Property	Letting status	TDC ⁽¹⁾	Net income / ERV	Gross yield on cost	Valuation surplus to date	Market value at 30 Sept + outstanding TDC ⁽¹⁾	Gross yield on: TDC ⁽¹⁾ + valuation surplus to date
	%	£m	£m	%	£m	£m	%
123 Victoria Street, SW1	20	155	13.2	8.5	23	180	7.4
62 Buckingham Gate, SW1	-	180	17.2	9.6	33	214	8.1
20 Fenchurch Street, EC3	-	246	21.1	8.6	9	255	8.3
Trinity Leeds	54	358	28.7	8.0	42	400	7.1
185-221 Buchanan Street, Glasgow	67	48 ⁽²⁾	4.8	9.9	18	66 ⁽²⁾	7.2
Total		987	85.0	8.6	125	1,115	7.6

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

(2) Excludes cost of residential flats of £11.7m

High gross yield on cost implies further value to come

Investment portfolio valuation surplus

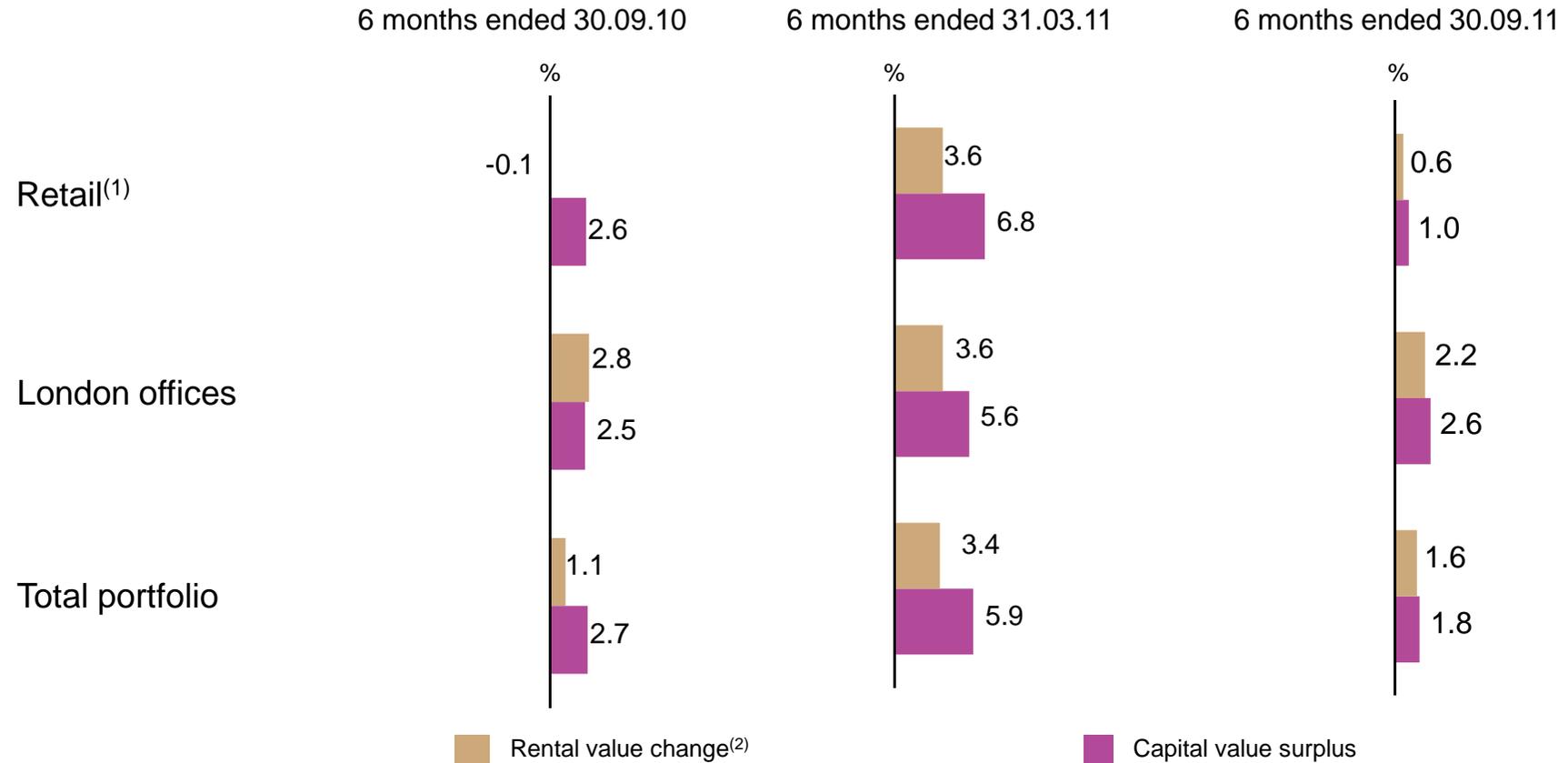
	Combined portfolio excluding development programme	Development programme	Combined portfolio
	%	%	%
Shopping centres and shops	0.2	7.3	1.3
Retail warehouses and food stores	0.7	n/a	0.7
Central London shops	2.5	1.9	2.4
London offices	2.3	7.7	3.0
Total investment portfolio	1.5	6.6	2.1

Continued strong valuation surpluses on developments



Rental and capital value trends

Like-for-like portfolio



(1) Includes London retail

(2) Rental value growth figures exclude units materially altered during the year and also Queen Anne's Gate, SW1

Retail rental values - H1 2011/12: shopping centres 0.0% / retail warehouses +2.1%



Investment portfolio performance relative to IPD

Ung geared total return (six months ended 30 September 2011)



(1) Land Securities total return higher by 0.2% for London offices and 0.1% for total portfolio if adjusted for capital extracted from Queen Anne's Gate, SW1 through bond issue

Financial results

Martin Greenslade

Group Finance Director



Financial summary

Six months ended 30.09.10		Six months ended 30.09.11	Change %
£455.3m	Profit before tax	£378.9m	-16.8
£314.1m	Valuation surplus ⁽¹⁾	£211.5m	+2.1 ⁽³⁾
826p ⁽²⁾	Adjusted diluted NAV per share	863p	+4.5
£135.9m	Revenue profit	£159.3m	+17.2
17.6p	Adjusted diluted earnings per share ⁽⁴⁾	20.5p	+16.5
14.0p	Dividend per share	14.4p	+2.9

(1) Including share of joint ventures

(2) As at 31 March 2011

(3) Increase in value of the investment portfolio over the six months to 30 September 2011

(4) Now excludes profits on disposal of trading properties and long-term development contracts

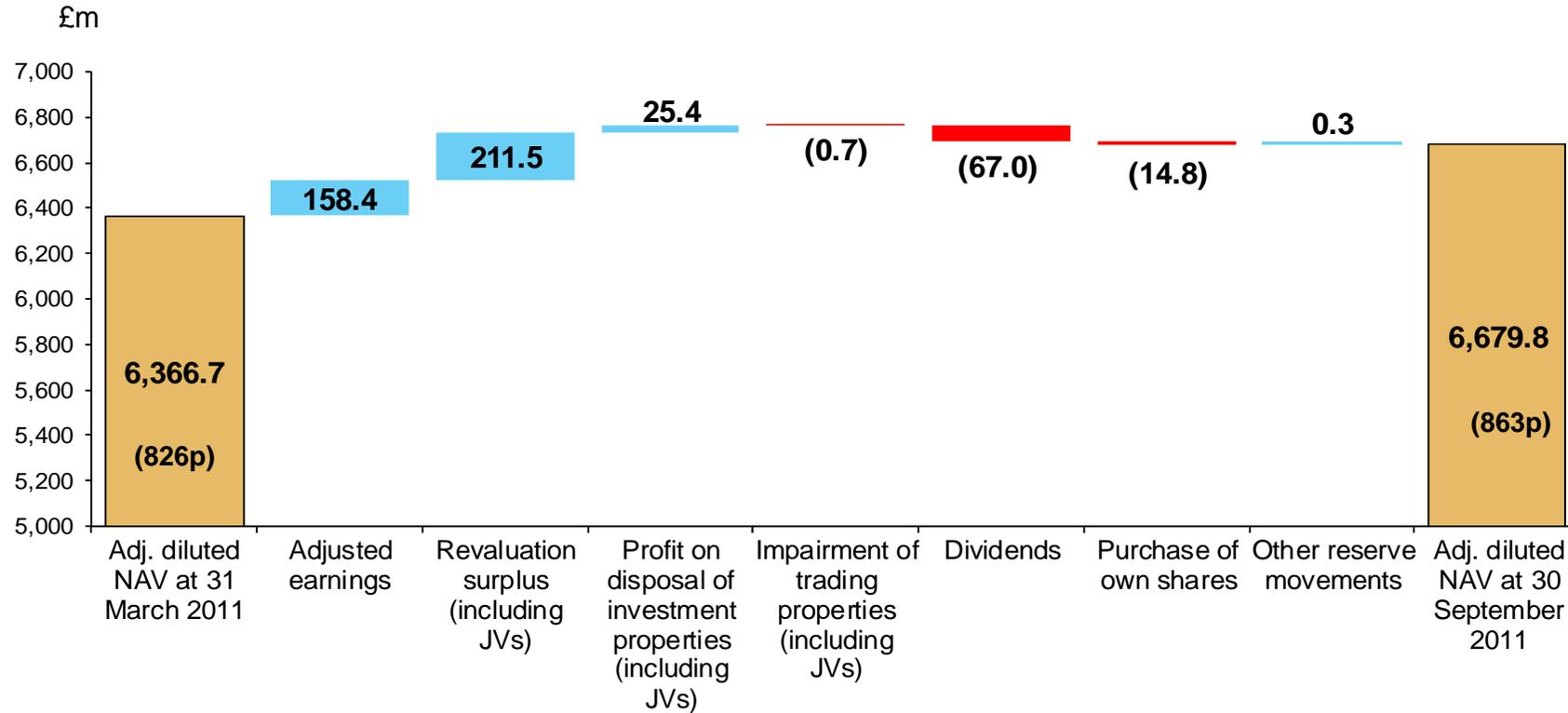


Revenue profit

	Six months ended 30.09.11 £m	Six months ended 30.09.10 £m	Variance £m
Gross rental income ⁽¹⁾	309.1	305.3	3.8
Net service charge expense	(3.4)	(3.9)	0.5
Direct property expenditure (net)	(12.0)	(21.9)	9.9
Net rental income	293.7	279.5	14.2
Indirect costs	(21.1)	(21.5)	0.4
Segment profit before interest	272.6	258.0	14.6
Unallocated expenses (net)	(18.8)	(16.4)	(2.4)
Net interest – Group	(78.4)	(88.5)	10.1
Net interest – joint ventures	(16.1)	(17.2)	1.1
Revenue profit	159.3	135.9	23.4

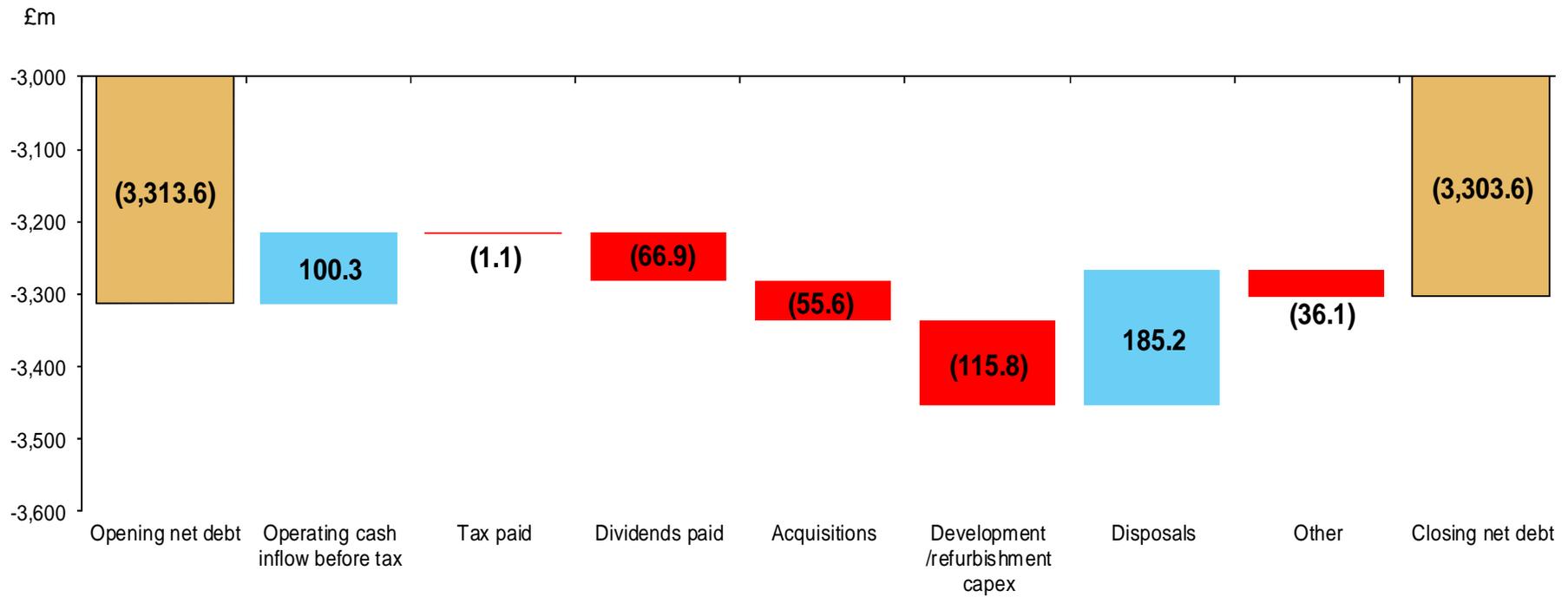
(1) Includes finance lease interest, net of ground rents

Movement in adjusted diluted NAV



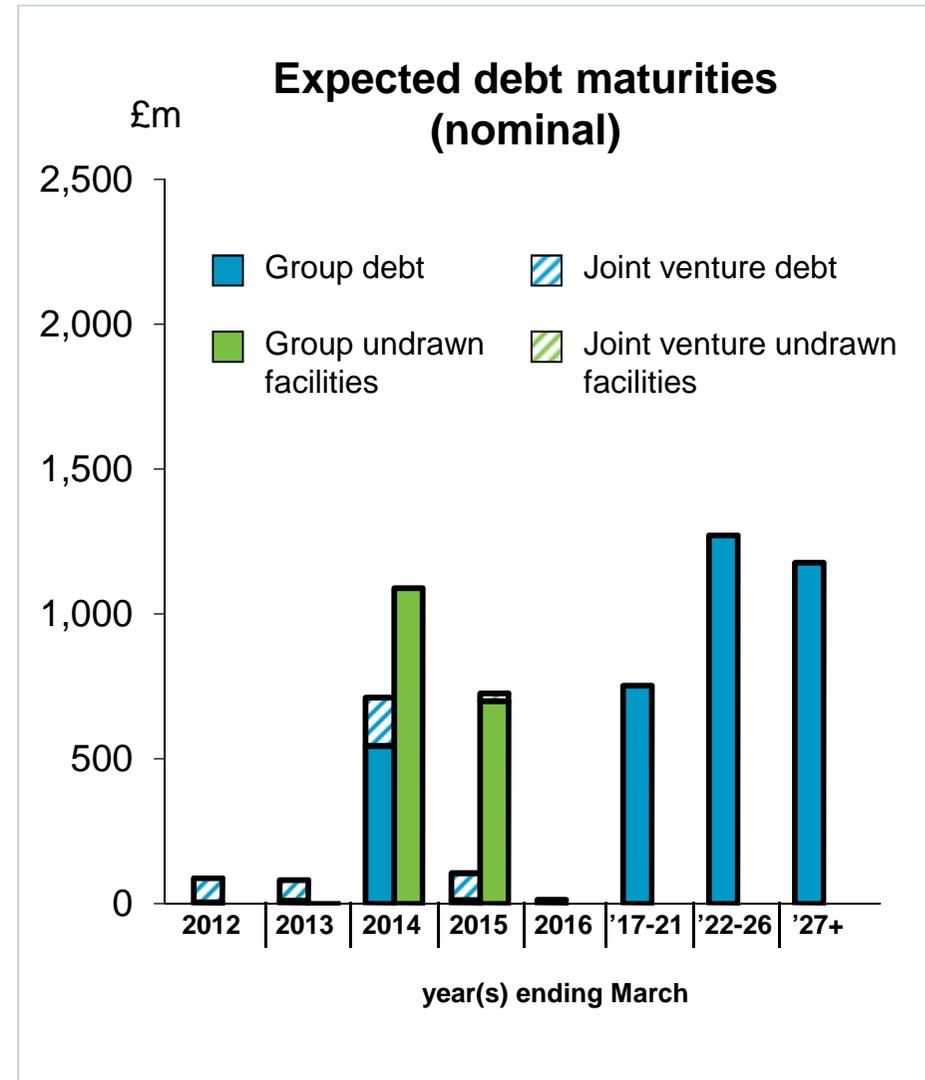
NNNAV per share up from 812p to 815p

Cash flow and net debt



Financing

- £1.9bn of cash and undrawn facilities
- Group LTV at 37.7% (including JVs), down from 39.0% at 31 March 2011
- Weighted average maturity of debt: 11.0 years
- Weighted average cost of debt: 4.9 %
- Recently began discussions regarding bank facilities



Summary



- Good growth in revenue profit
- Capital recycling discipline continues
- Appropriate level of gearing

Retail Portfolio

Richard Akers

Managing Director, Retail Portfolio



Overview

- Taking advantage of change in the retail sector
- Embracing technology
- Improving resilience to a weaker consumer economy



Gunwharf Quays, Portsmouth



Ocado wall

Protecting income

- Change from March 2011:

LFL voids 4.7% → 3.6%

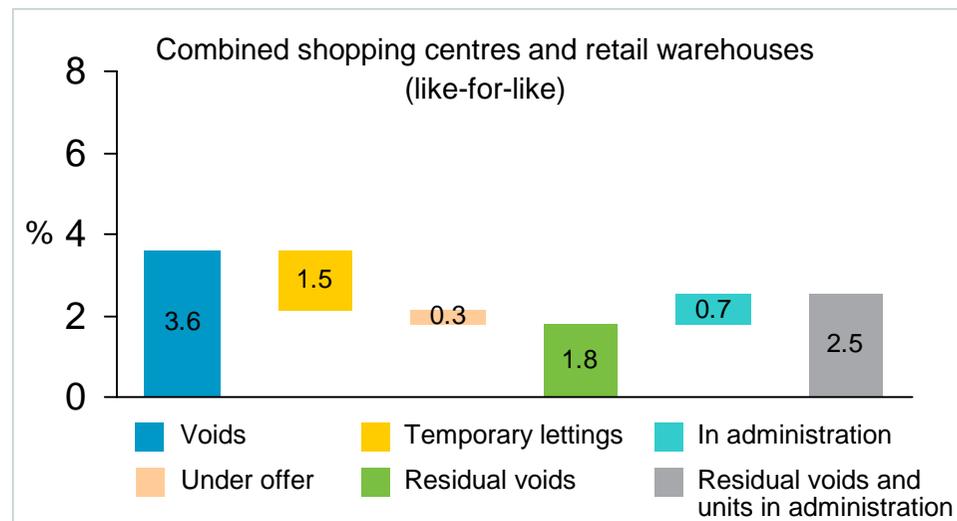
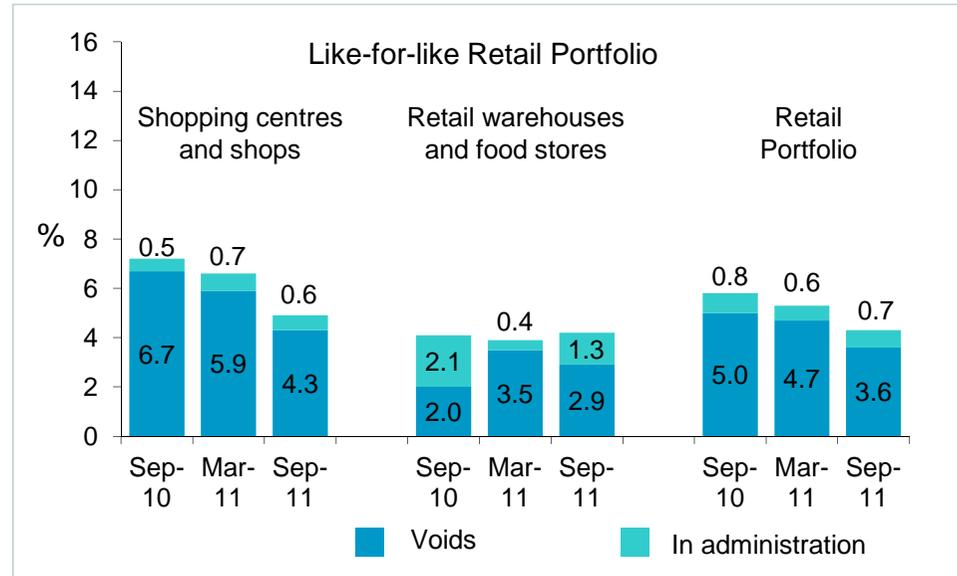
Administrations 0.6% → 0.7%

Total 5.3% → 4.3%

- 104 investment lettings for £8.9m rent
- Completed lettings 2.9% above ERV*
- 2.5% residual voids and units in administration

* Excluding turnover leases

Intense focus on lettings



Sales and acquisitions

- Sales – £101.7m at 5.8% above March 2011 value at an average yield of 5.3%
- Acquisitions – £31.6m at an average yield of 5.7%



Kingsmead, Bath

Leisure

- In the Retail Portfolio we have:
 - 1.75m sq ft of leisure space
 - £34.9m p.a. rental income
 - 10 cinemas
- Accor hotel portfolio
 - 29 hotels (66.3% by value in London)
 - £28.0m p.a. rental income
 - Valuation surplus 4.0%
 - Outperformed IPD All Property index by 4.5% p.a. since purchase



O2 Centre, London



Accor hotels

Development

In-town



Trinity Leeds

- 60.7% pre-let or in solicitors' hands
- Construction on programme
- 6.7% valuation surplus (6 months)



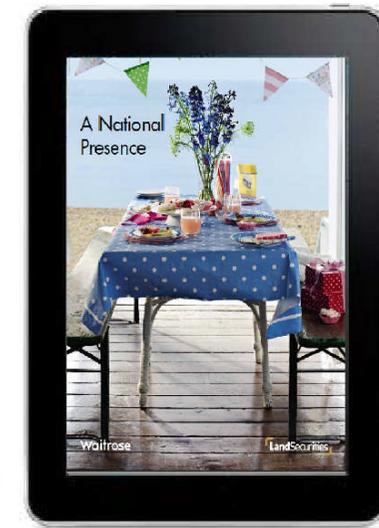
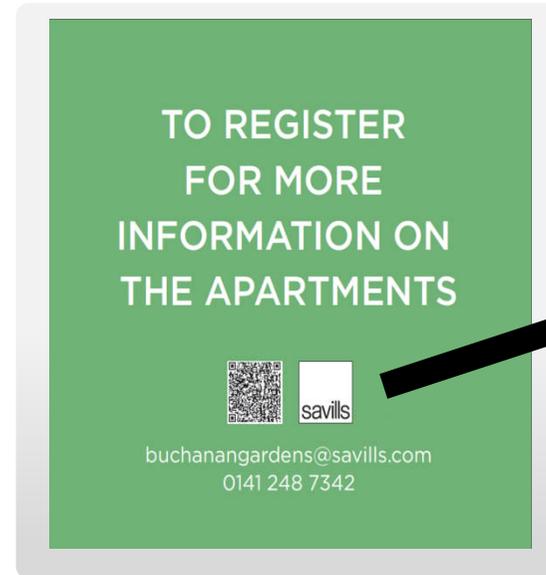
185-221 Buchanan Street, Glasgow

- 90.7% pre-let or in solicitors' hands
- Completion spring 2013
- 22.5% valuation surplus (6 months)

Developments driving performance

Integrating technology into the business

- Quick response codes
- Events promoted through social media
- Mobile consumer websites and Wi-Fi in our centres
- Indoor sat-nav
- Digital selling tools



Key lettings

John Lewis



Exeter

- Upsized to a department store of 109,000 sq ft



Oxford

- Good progress with Oxford City Council

Strong relationships creating opportunities

Asset management

Shopping centres



White Rose, Leeds



**Gunwharf Quays,
Portsmouth**



Cabot Circus, Bristol



St David's 2, Cardiff

- Asset management to “right size” retailers
 - H&M
 - New Look
 - WH Smith

- Retailer sales up 8.4%
- 4.6% ERV growth
- 4.0% capital growth

- Retailer sales up 0.7%

- Now 93.2% let or in solicitors' hands

Asset management increasing rents

Asset management

Retail warehousing



Debenhams, Chesterfield

- 32,000 sq ft let to Debenhams
- Double March ERV of former Focus unit



M&S, Bexhill-on-sea

- 23,000 sq ft let to M&S
- Subject to planning
- Five times ERV of existing bowling unit

Development

Out of town

- Planning applications submitted for 400,000 sq ft
 - Peterborough 74,000 sq ft: food store
 - Taplow 131,000 sq ft: food store and units
 - Chadwell Heath 49,000 sq ft: food store
 - Crawley and 146,000 sq ft: food store, 110-bed hotel and 3 restaurants



Summary



- Change in the retail environment
- Continued focus on customer relationships
- Portfolio well positioned for what our customers want

Development and active management generating performance

London Portfolio

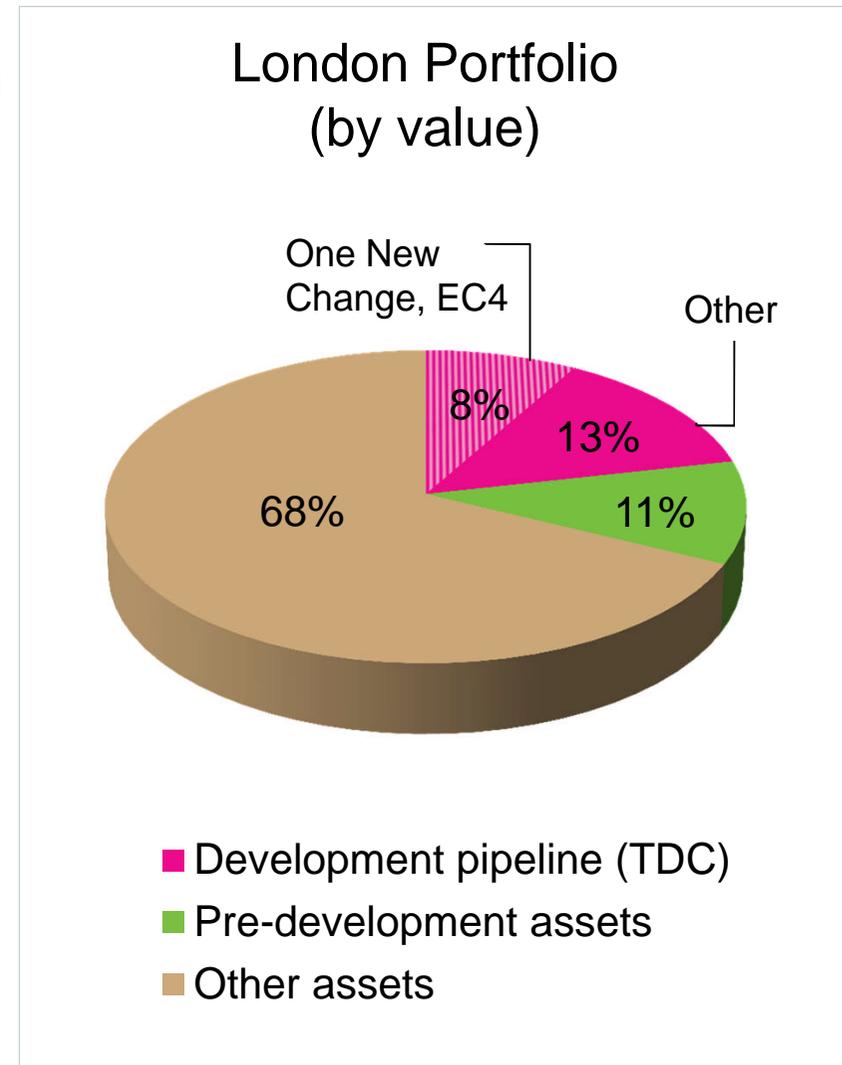
Robert Noel

Managing Director, London Portfolio

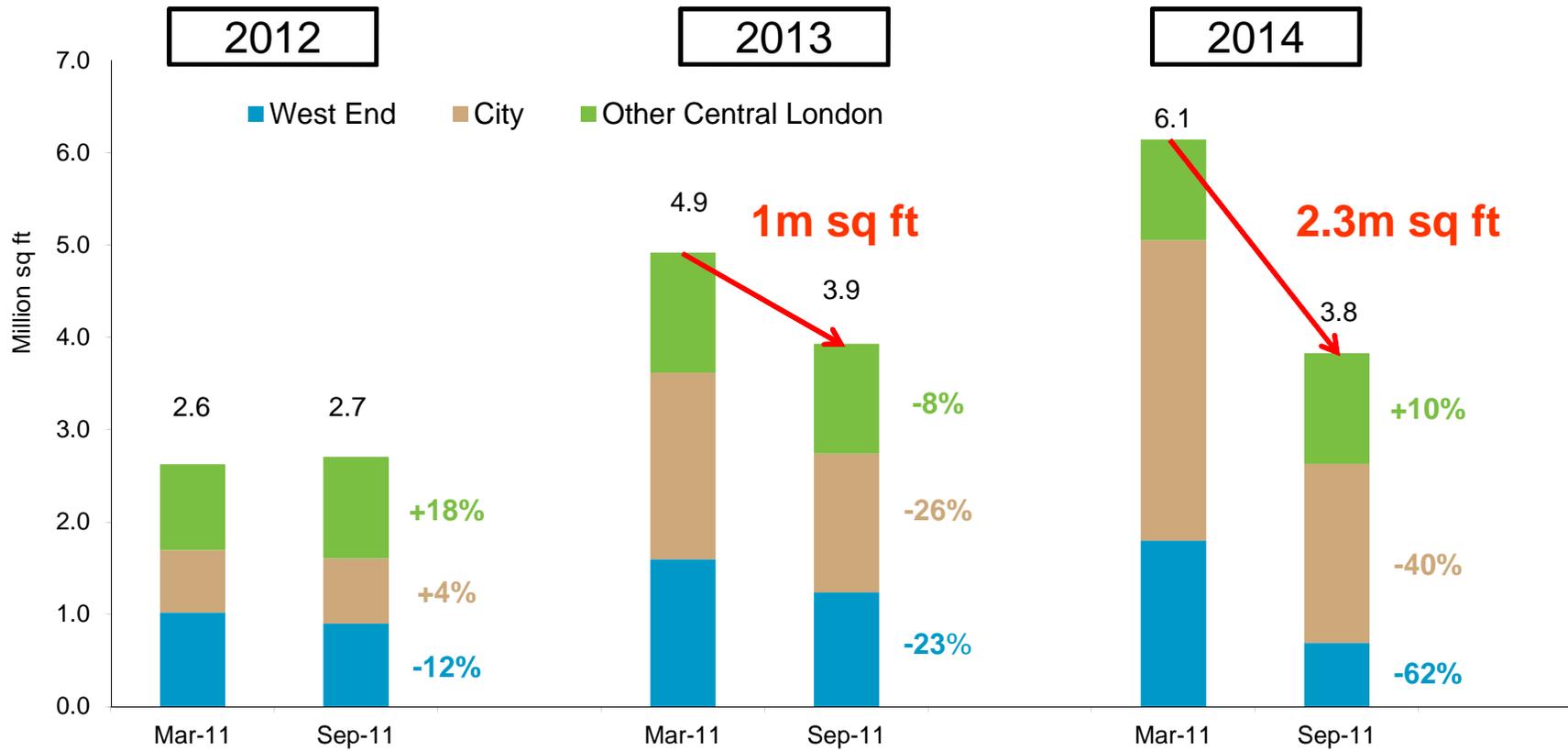


Asset management activity

- £93.9m of sales, 15.6% ahead of March valuation
- £83.3m spent on acquisitions and other capital expenditure
- £13.7m of lettings and restructurings, 7.7% ahead of March rental value
- Voids down from 3.4% to 3.3% (2.7% excluding pre-development properties)
- WAULT increased to 9.1 years (9.9 years excluding pre-development properties)
- Office WAULT 9.6 years (10.5 years excluding pre-development properties)

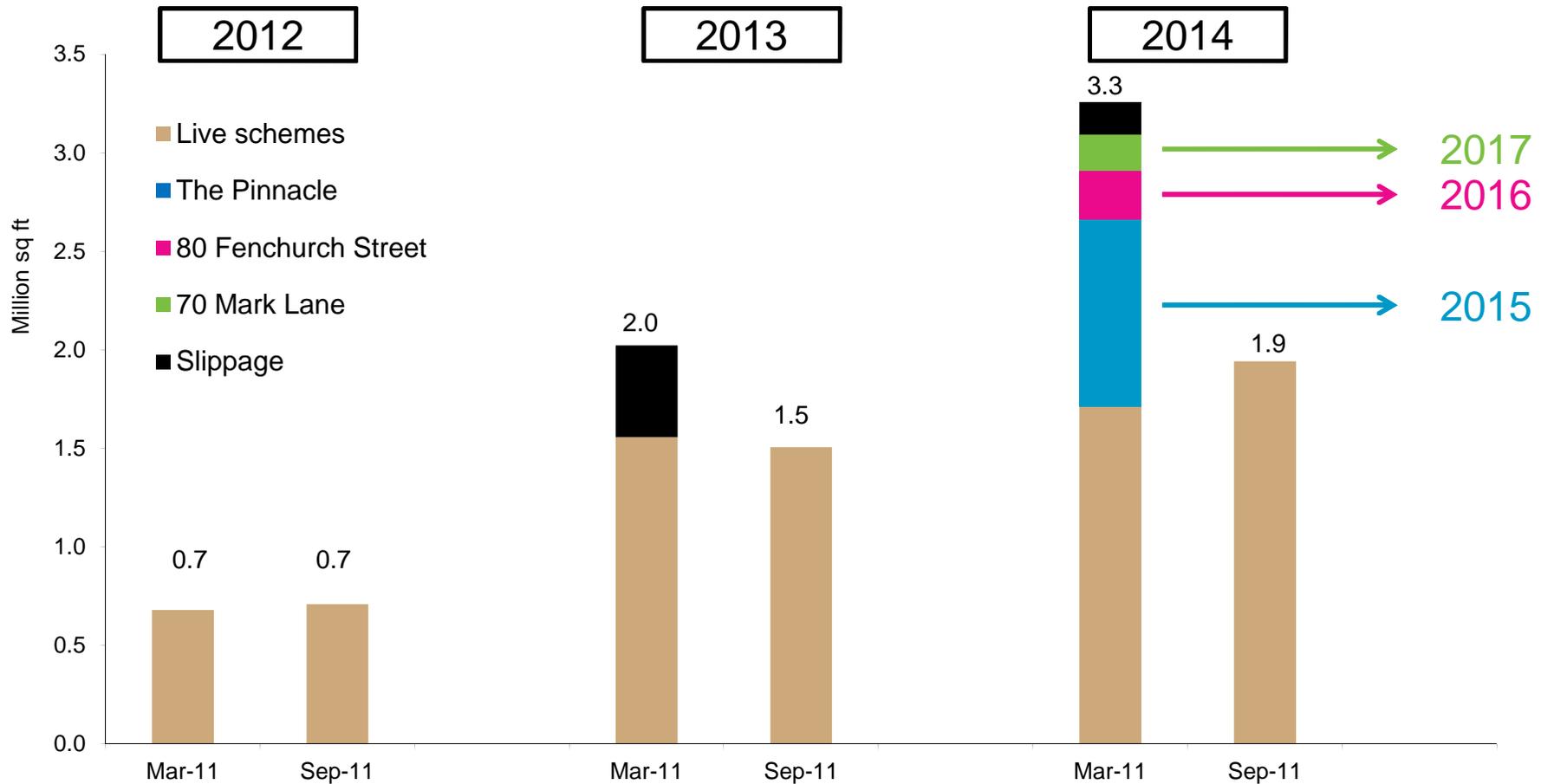


Central London office development completions



Source: CBRE

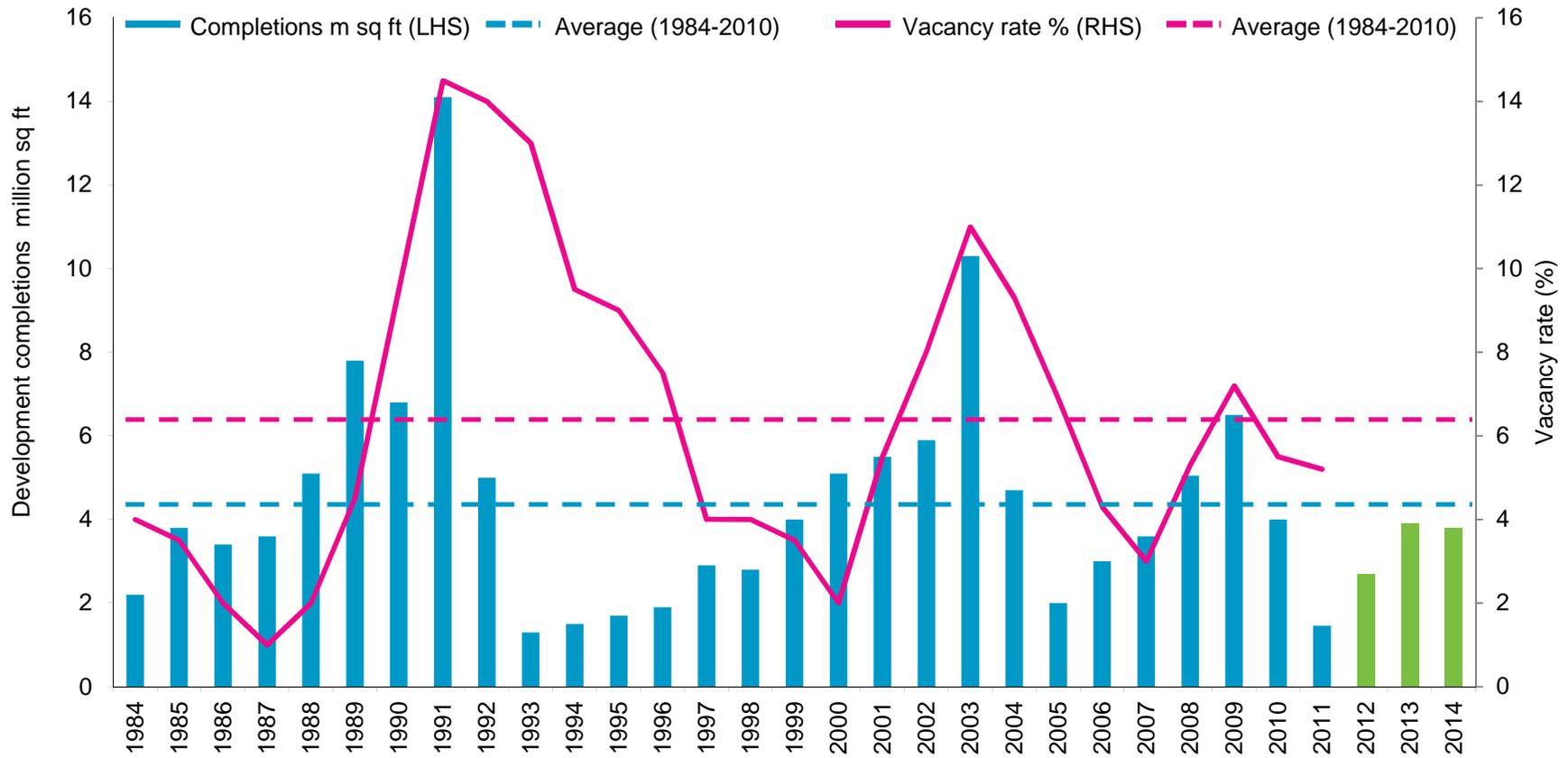
City office pipeline



Source: CBRE

1.9m sq ft knocked off 2011–2014 pipeline since spring 2011 – 1.3m sq ft in 2014 alone

Central London office cycles



Source: CBRE

London development

City: progress and sale



One New Change, EC4

- 6th floor let at £55.50 psf
- Offices now 75% let
- 90,000 sq ft remaining



110 Cannon Street, EC4

- 73,000 sq ft
- Sold during course of construction
- Profit crystallised early

London development

City: 20 Fenchurch Street, EC3



- 50:50 JV with Canary Wharf Group
- 695,000 sq ft
- Completion due April 2014
- Revised planning received July
- S237 resolution August
- Construction management agreement
- Package prices below estimates
- TDC <£250m (our share)

London development

City and Mid-town



30 Old Bailey / 60 Ludgate Hill, EC4

- Planning permission August 2011
- Demolition underway
- Earliest completion December 2013



1 New Street Square, EC4

- Planning resolution October 2011
- 255,000 sq ft
- Leased until December 2012

An aerial photograph of the West End of London, showing a dense urban landscape with a mix of historic and modern architecture. In the foreground, the curved, glass-roofed structure of the London Palladium is prominent. To its right, the large, curved glass facade of the London Convention Centre is visible. The city extends to the horizon under a clear sky. A large green park area is visible in the middle ground, with a fountain and a large open space. The text 'London development' is overlaid in orange, and 'West End' is overlaid in white below it.

London development

West End

An aerial photograph of the West End of London, showing a dense urban landscape. In the foreground, several modern architectural renderings are overlaid on the existing cityscape. These include a large, curved glass structure with a white, ribbed exterior, a tall, slender glass skyscraper, and a cluster of modern buildings with blue-tinted glass facades. The background shows a mix of traditional brick buildings and green spaces, including a large park with a river winding through it. The sky is clear and blue.

London development

West End

London development

West End: progress



Wellington House, SW1

- 58 out of 59 apartments pre-sold
- Average price £1,400 psf
- Completion July 2012



123 Victoria Street, SW1

- 227,000 sq ft
- Completion June 2012
- Target rent £52 psf (offices only)



62 Buckingham Gate, SW1

- 269,000 sq ft
- Completion April 2013
- Target rent £65.50 psf (offices only)

London development

West End: continued progress



Kingsgate House, SW1

- Resolution to grant consent
- 232,000 sq ft office and retail
- 104,000 sq ft prime residential



Victoria Circle, SW1

- Compulsory purchase confirmed
- Leased until September 2012
- Phased completion of 2016 – 2018

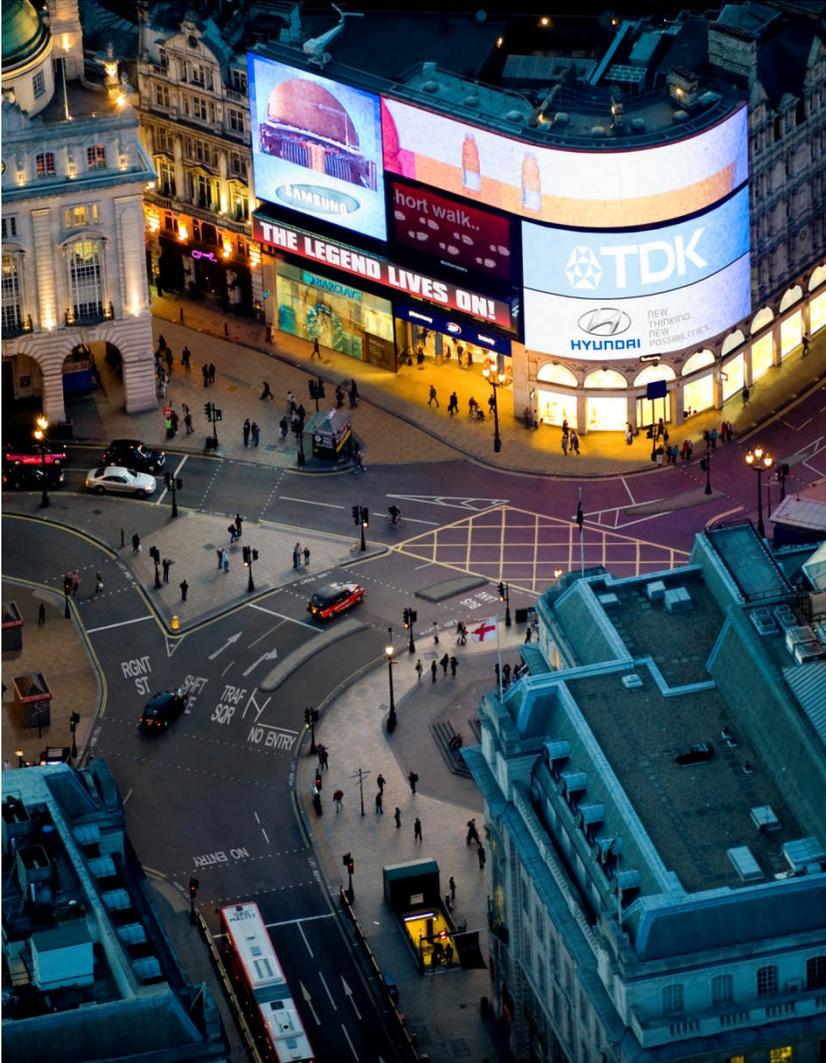


London development

West End



Summary



- Sales above valuation
- Leasing above valuation
- Reducing voids, lengthening and strengthening income
- Good development momentum
- Crystallising profits
- City developments timed to match lease expiries
- Moving development focus to West End

Outlook



Market outlook

Challenging economic environment

Uncertainty in capital markets

Slowing pace on transactions





Market outlook

Challenging economic environment.....but

- Large corporates, our core customers, in sound financial health
- Encouraging levels of enquiries from occupiers

Uncertainty in capital markets.....but

- Lower risk free rate of return
- Continued strong demand from global SWF capital to invest in London
- Impact varies across property types and individual assets

Slowing pace on transactions.....but

- Shift in the balance between buyers and sellers may generate some buying opportunities



Land Securities' proposition



- Customer and operational metrics focus to drive earnings growth
- Portfolio and developments well aligned to business needs of large corporates
- Lower gearing
- Capacity to drive earnings and total return from acquisitions as opportunities arise

Clear strategic direction based on realistic economic outlook