

Half-yearly results presentation

8 November 2012



Land Securities half-yearly results

- Introduction Robert Noel
- Financial results Martin Greenslade
- Retail Portfolio Richard Akers
- London Portfolio and outlook Robert Noel



Introduction

Robert Noel





Financial summary

Six months ended 30.09.11 £m		Six months ended 30.09.12 £m	change %
378.9	Profit before tax	131.4	-65.3
159.3	Revenue profit ⁽¹⁾	143.7	-9.8
20.5p	Adjusted diluted earnings per share	18.4p	-10.2
211.5	Valuation surplus/(deficit) ⁽¹⁾	(10.9)	-0.1 ⁽²⁾
863p ⁽³⁾	Adjusted diluted NAV per share	864p	0.1
14.4p	Dividend per share	14.8p	2.8

(1) Including share of joint ventures

(2) Decrease in value of the investment portfolio over the six months to 30 September 2012

(3) As at 31 March 2012

Delivering on our clear, realistic plan

Investment portfolio valuation

	Market value at 30.09.12	Investment portfolio by value	Valuation surplus/(deficit) six months to 30.09.12	
	(£m)	(%)	(%)	(£m)
Like-for-like	8,475.2	80.1	-1.2%	(98.5)
Acquisitions	96.1	0.9	-3.8%	(3.8)
Completed developments	733.4	6.9	0.4%	3.0
Proposed developments	223.4	2.1	4.7%	10.1
Development programme	1,050.4	10.0	8.2%	78.3
Total investment portfolio	10,578.5	100.0	-0.1%	(10.9)

Developments delivering a valuation surplus



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Financial results

Martin Greenslade



Revenue profit

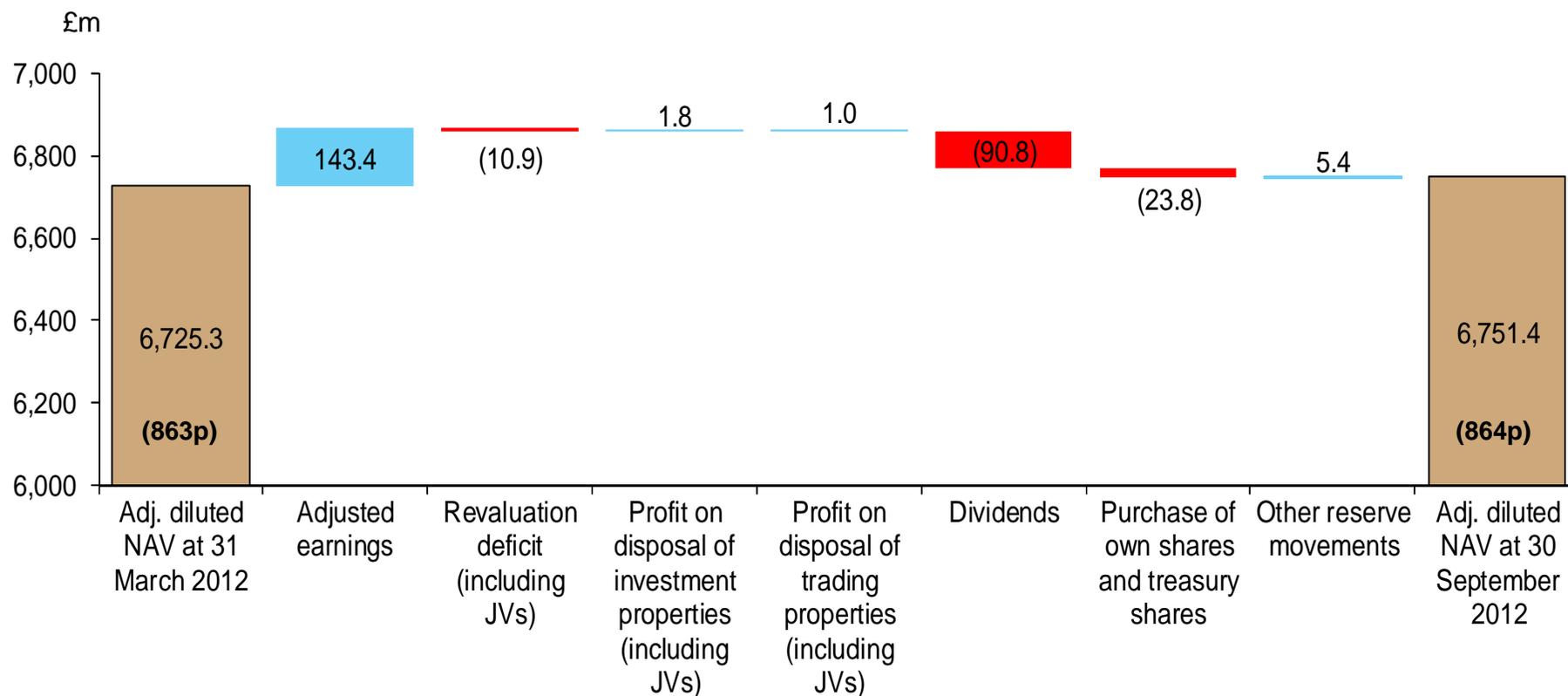
	Six months ended 30.09.12 £m	Six months ended 30.09.11 £m	Variance £m
Gross rental income ⁽¹⁾	286.7	309.1	(22.4)
Net service charge expense	(1.0)	(3.4)	2.4
Direct property expenditure (net)	(15.6)	(12.0)	(3.6)
Net rental income	270.1	293.7	(23.6)
Indirect costs	(19.9)	(21.1)	1.2
Segment profit before interest	250.2	272.6	(22.4)
Unallocated expenses (net)	(16.7)	(18.8)	2.1
Net interest – Group	(75.2)	(78.4)	3.2
Net interest – joint ventures	(14.6)	(16.1)	1.5
Revenue profit	143.7	159.3	(15.6)

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

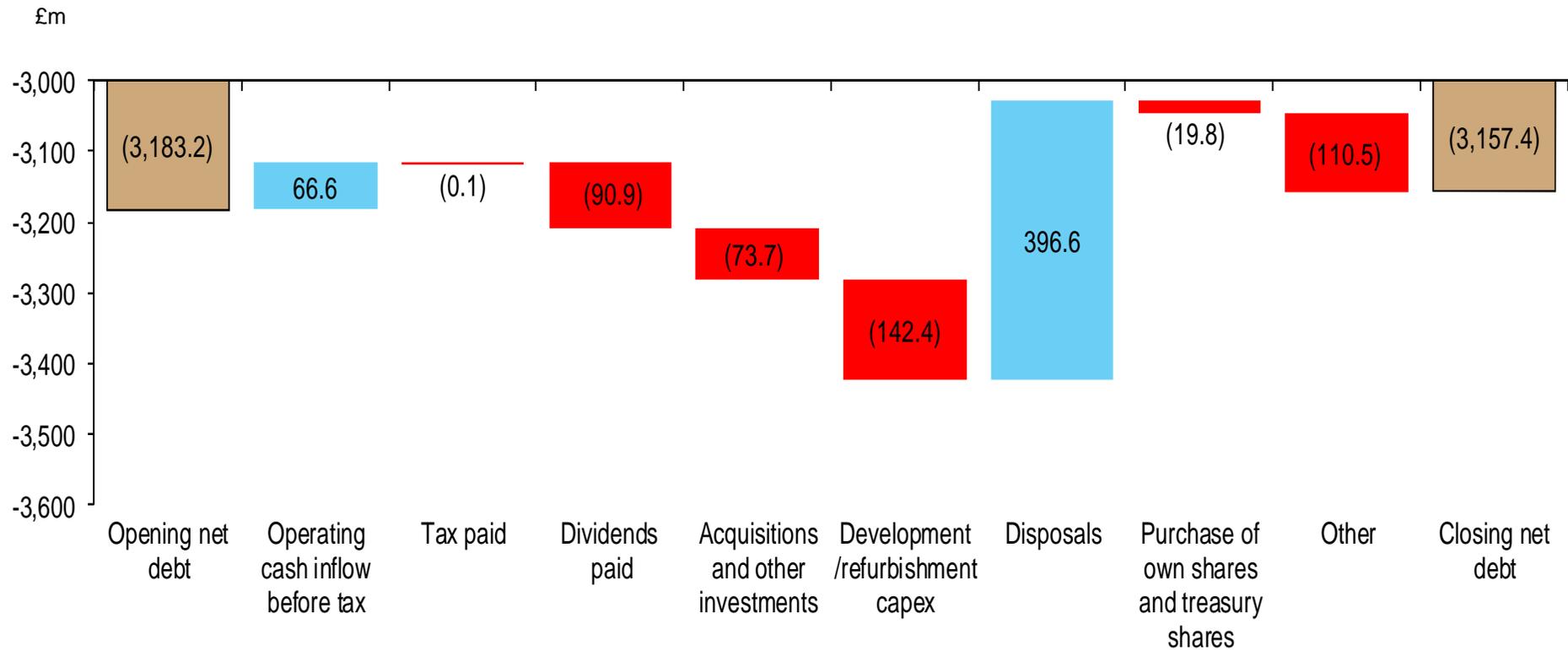
Net rental income analysis

	Six months ended 30 September		Variance	
	2012 £m	2011 £m	£m	%
Like-for-like investment properties	244.8	242.9	1.9	0.8
Proposed developments	1.2	3.9	(2.7)	
Development programme	2.2	7.2	(5.0)	
Completed developments	13.8	12.0	1.8	
Acquisitions since 1 April 2011	2.2	0.4	1.8	
Sales since 1 April 2011	1.4	23.1	(21.7)	
Non-property related income	4.5	4.2	0.3	
Net rental income	270.1	293.7	(23.6)	-8.0

Movement in adjusted diluted NAV

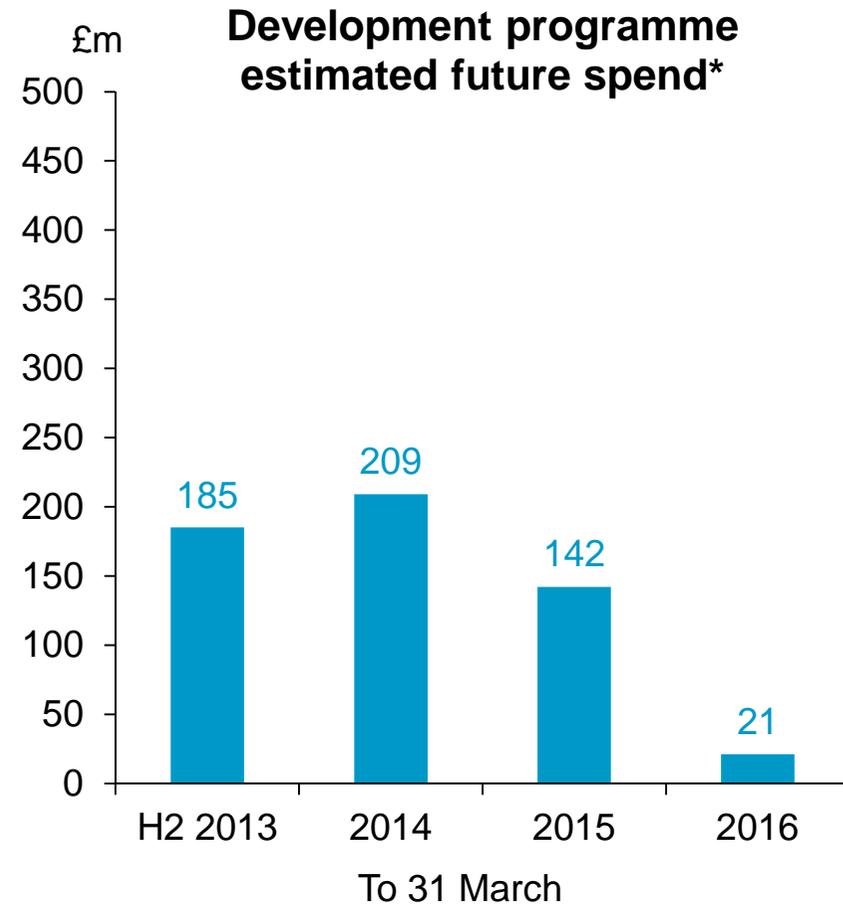


Cash flow and net debt



Financing

- Group LTV at 36.2% (including JVs), down from 38.0% at 31 March 2012
- Weighted average maturity of debt: 10.9 years
- Weighted average cost of debt: 5.1%
- £1.2bn cash and undrawn facilities
- Total committed development capex £557m



* Estimated future spend includes the cost of residential space but excludes interest

Summary

- Earnings down but ahead of expectations
- Strong, flexible balance sheet
- Debt structure positioned to support the Group's asset strategy





Retail Portfolio

Richard Akers





Retail market trends

**Changing
shopping patterns**

Convenience

Multi-channel



Changing shopping patterns

Fewer trips with higher spend

“The average number of shopping trips per person fell by 18% between 1997 and 2009”

National Travel Survey 2010

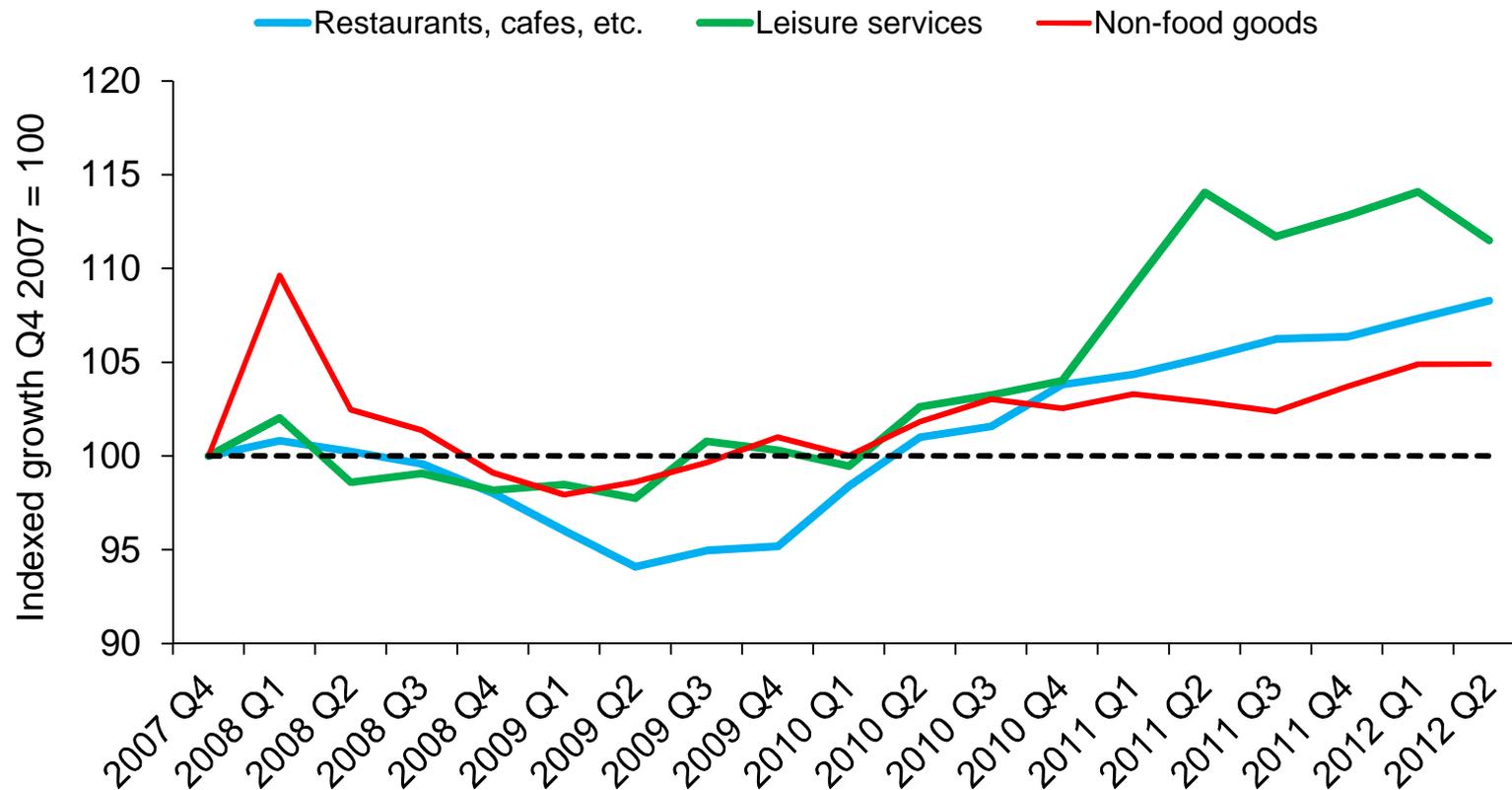
- Shopping centres six months to 30.09.12
 - Footfall ↓ 2.6%
 - Same store sales⁽¹⁾ ↑ 1.3%
 - Same centre sales⁽²⁾ ↑ 3.7%
 - Food & beverage sales ↑ 4.6%

(1) Land Securities' shopping centres same store / same retailer like-for-like sales

(2) Based on all store sales in centres open for more than 12 months

Changing shopping patterns

Leisure spend growth outstripping retail sales growth



Source: Land Securities, ONS current prices seasonally adjusted

Shift to convenience based shopping patterns

Consumers like the convenience of out of town shopping

“Out of town locations saw a 61% increase in shopping population since 1998 and an overall market share increase of 53%”

National Survey of Local Shopping Patterns 2011

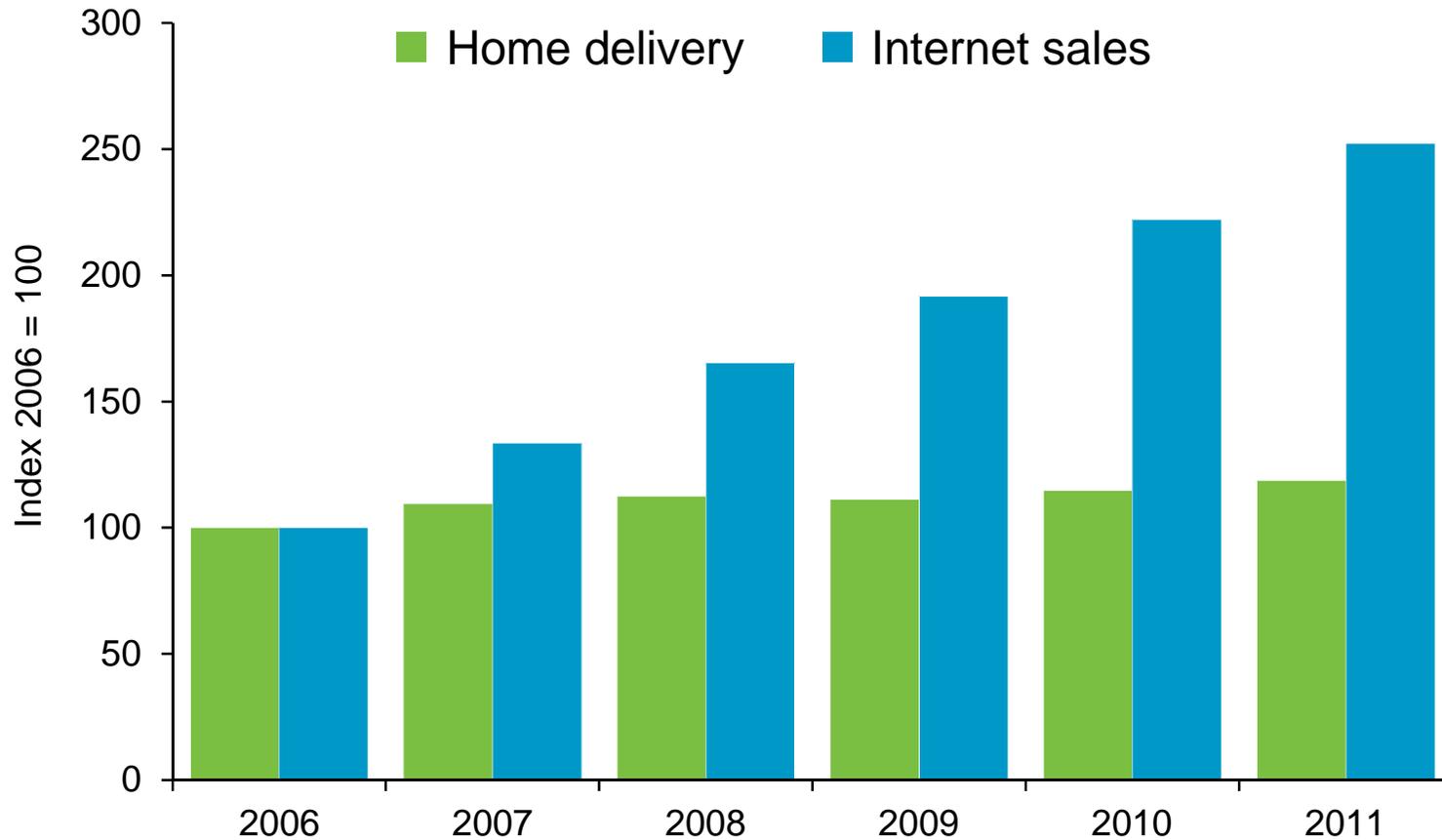
Retailers with active demand for out of town space

Supermarkets	Sainsbury's, Waitrose, Morrisons, Asda
Major stores	Debenhams, Primark, Next, John Lewis, Ikea
Fashion	TK Maxx, Gap, H&M, JD Sports, Sportsdirect
Discount	B&M, Poundland(world), Home Bargains
Other	ASDA Living, Boots, Pets at Home, Dunelm
Food & beverage	Nando's, Frankie & Benny's, Costa Coffee



Multi-channel

Fast adoption of multi-channel changing retailer requirements



Source: Verdict

Home delivery sales growth a better guide to role of retail property

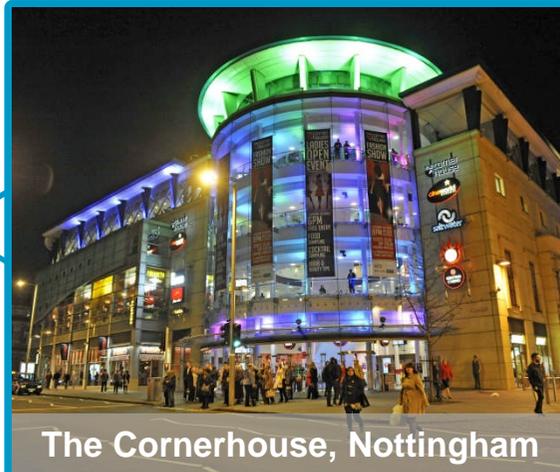


Our strategic response

Changing shopping patterns

Convenience

Multi-channel



Strengthening leisure and food and beverage

Our strategic response

Changing shopping patterns

Convenience

Multi-channel



Total approximate future capex £560m for out of town schemes

Our strategic response

Changing shopping patterns

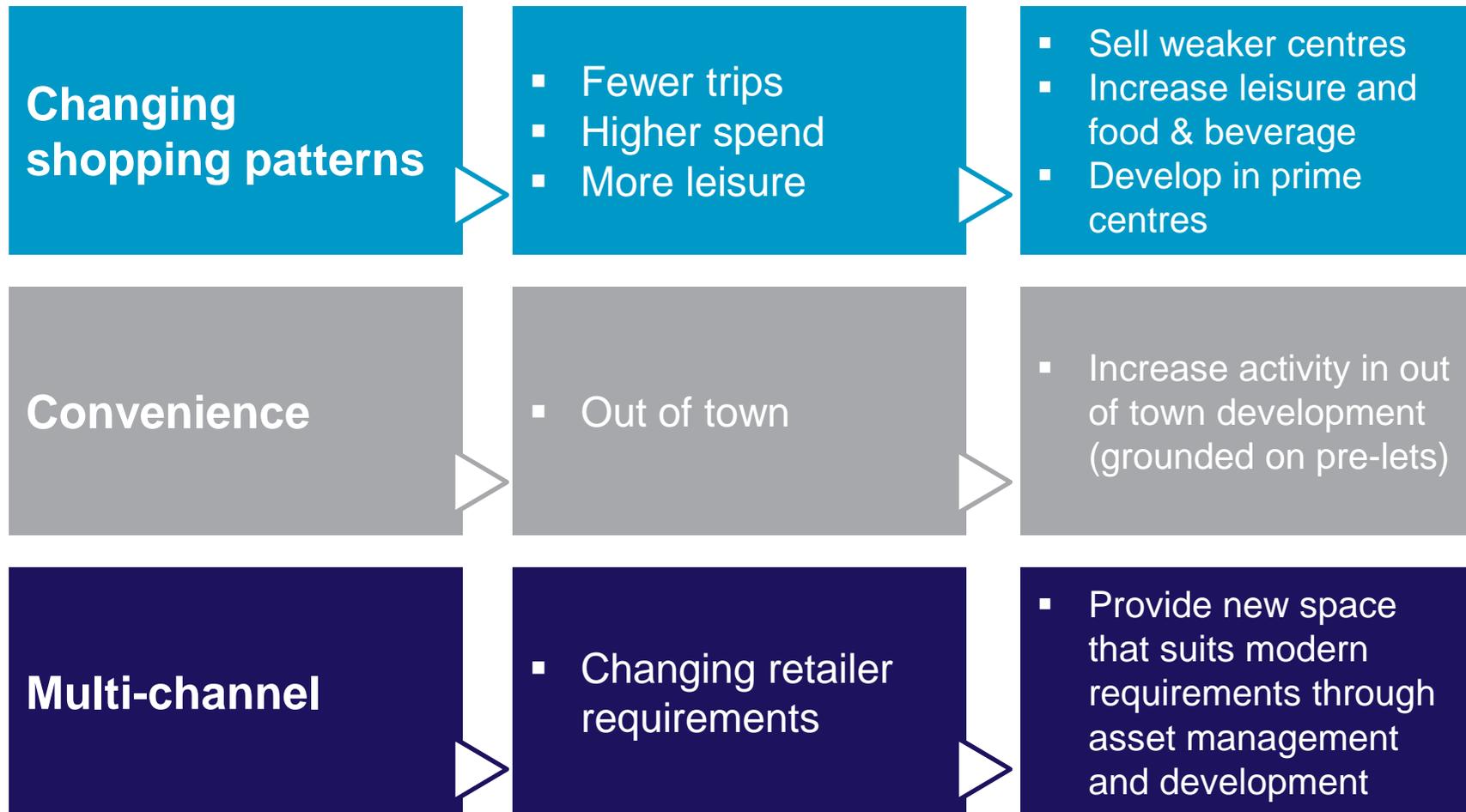
Convenience

Multi-channel



New stores responding to retailers' multi-channel strategies

Our strategic response



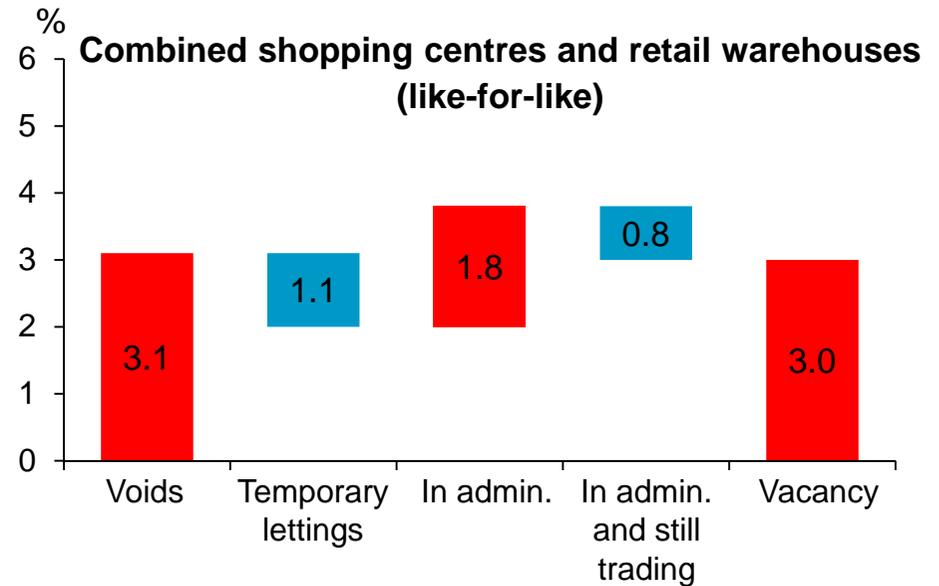
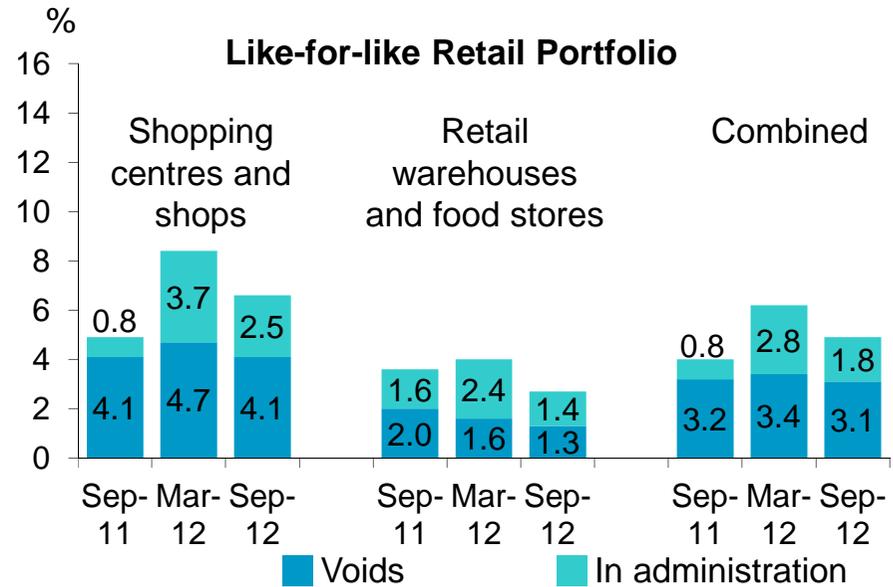
Operational excellence and a plan for every asset



Performance

Voids and administrations

- LFL voids down from 3.4% to 3.1%
- Units in administration down from 2.8% to 1.8%
- Occupancy 97.0%



All metrics moving positively



Performance

Lettings progress

- £8.0m of investment lettings at 2.9% above ERV, with a further £3.0m in solicitors' hands
- £5.5m of development lettings
 - 185-221 Buchanan Street, Glasgow now 99% pre-let or ISH, opening 22 March 2013
 - Trinity Leeds 84% pre-let or ISH, opening 21 March 2013



Strong performance in investments and developments

Delivering on asset plans

Out of town



Nene Valley Retail Park, Northampton

- Restructured and renewed leases – Staples, Currys/PC World, 99p Stores, Carpetright
- WAULT 3.5 years ➡ 8.1 years



Ravenside Retail Park, Chesterfield

- Debenhams first full range store at a retail park opened in September
- Additional 26,500 sq ft pre-let to Hobbycraft and Asda Living

Every asset has a plan

Delivering on asset plans

Shopping centres



Southside, Wandsworth

- Upgrading Garratt Lane frontage with 35,000 sq ft development
- 82,000 sq ft Debenhams pre-let for further development



O2 Centre, NW3

- New retailers and restaurants
- Planning permission received for façade improvements
- Added four screens to the Vue Cinema

Every asset has a plan

Summary

What you can expect from us:

- More development: the right space at the right price
- More leisure – a permanent part of the portfolio
- Continuing strong relationships with retailers
- More pace – keeping ahead of fast changing trends



The Cornerhouse, Nottingham

High levels of activity reshaping the portfolio



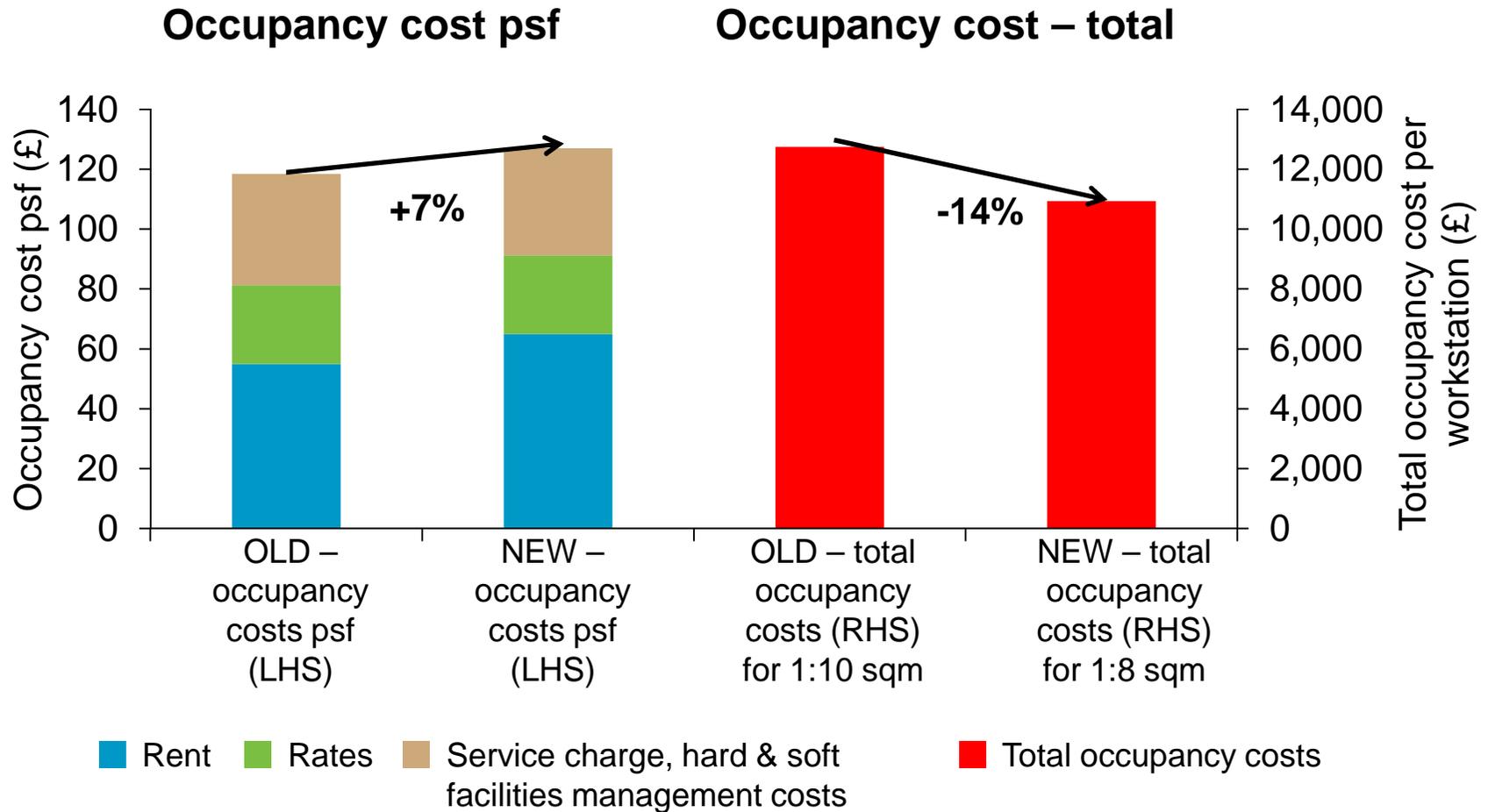
London Portfolio

Robert Noel



Building efficiency

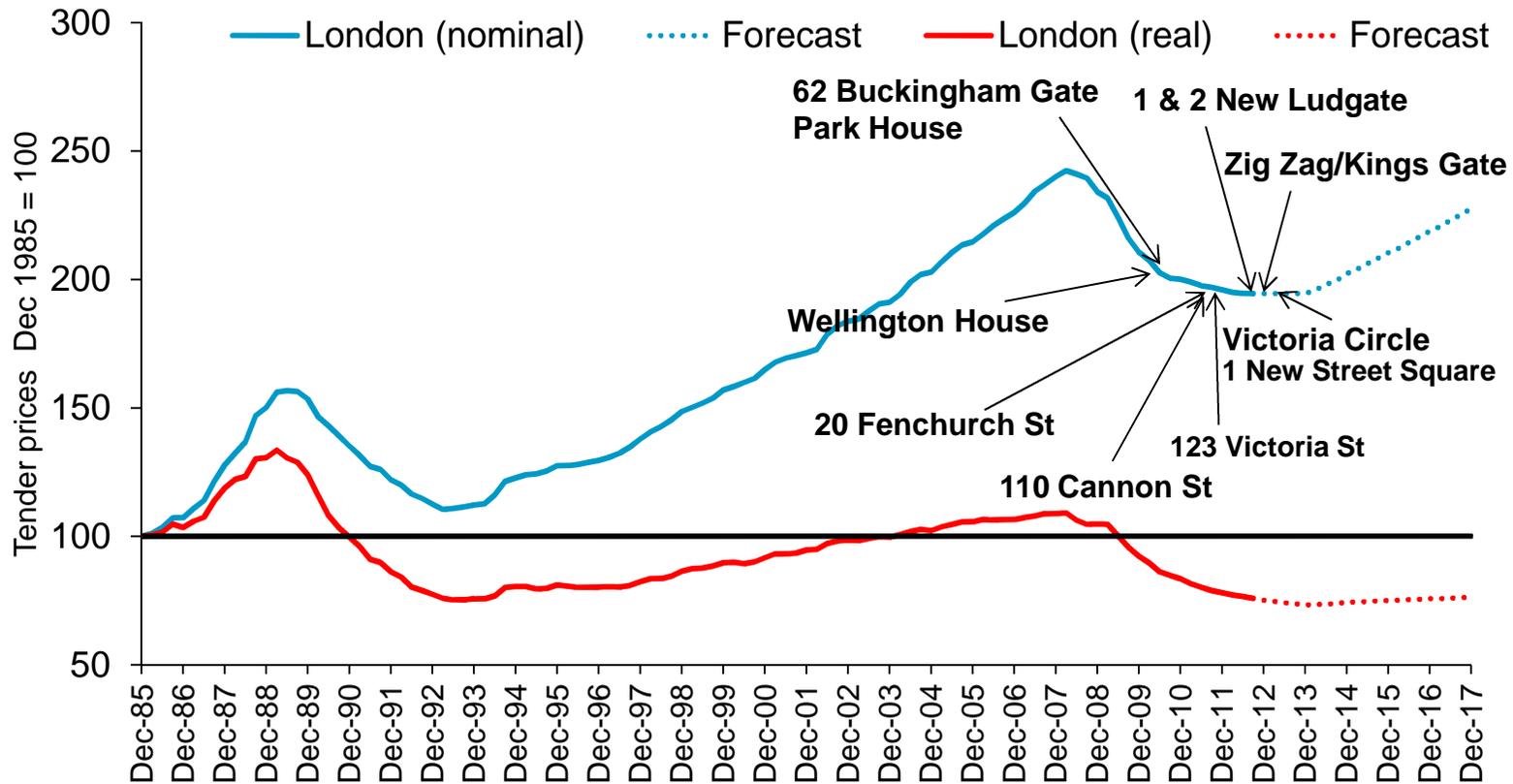
A reason to move



Source: Land Securities, Actium Consult Total Office Cost Survey 2012, CBRE, IPD

Land Securities' developments

Construction contracts negotiated



Source: EC Harris, Land Securities

Securing construction contracts at the right point in the cycle

Developments Progress



20 Fenchurch Street, EC3

- 690,000 sq ft scheme
- 23% pre-let
 - Markel 51,000 sq ft
 - Kiln 78,000 sq ft
 - Ascot 29,000 sq ft
- 11% in solicitors' hands
- Completion April 2014



123 Victoria Street, SW1

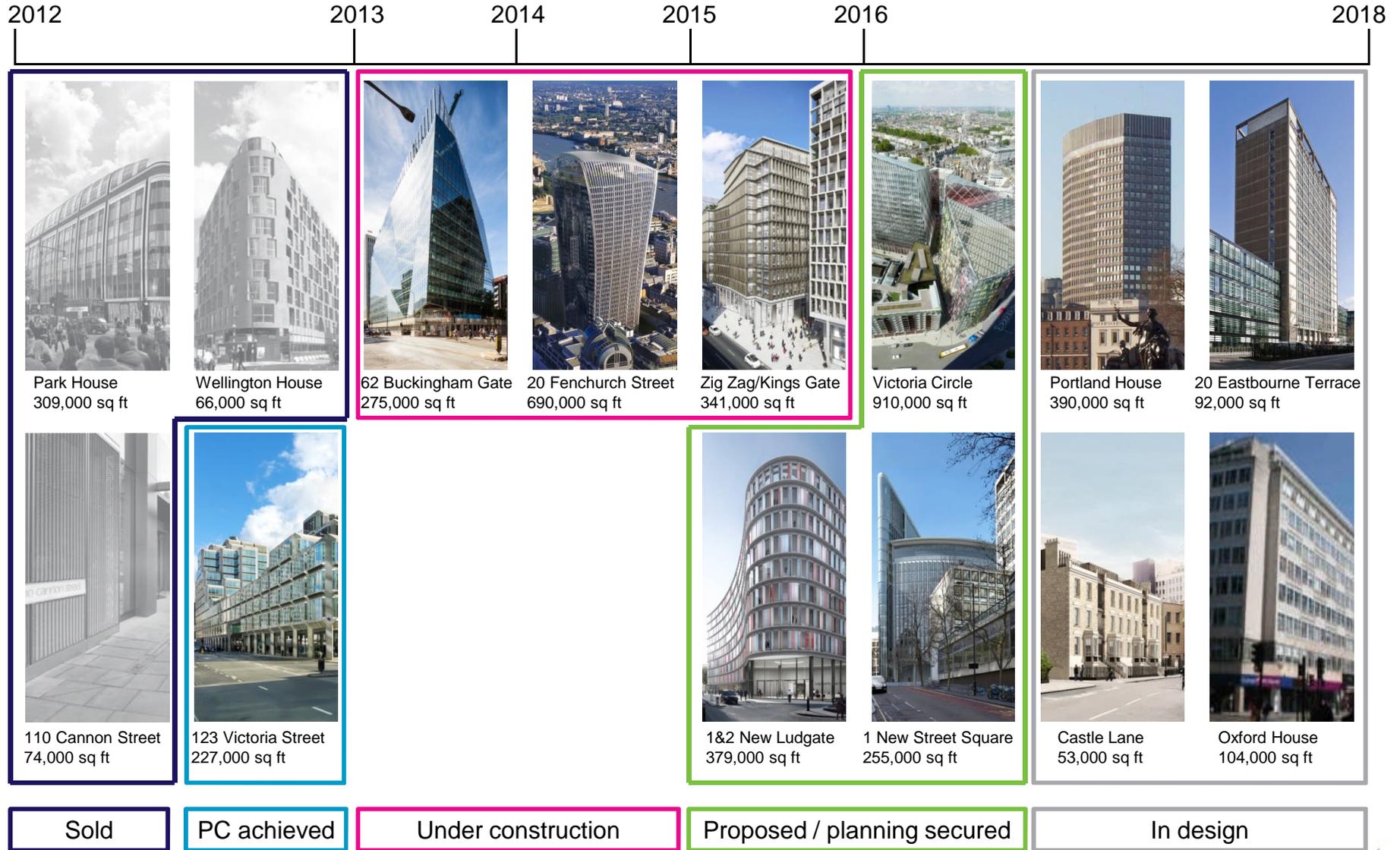
- 28,000 sq ft retail
- 199,000 sq ft offices
- Retail 100% let
- Offices 42% let
 - Jimmy Choo 48,000 sq ft
 - CDC 31,000 sq ft
- 25% in solicitors' hands
- Completed August 2012



62 Buckingham Gate, SW1

- 15,000 sq ft retail
- 260,000 sq ft offices
- Completion May 2013

A timeline to transformation



2.6m sq ft and £1.5bn TDC (under construction / proposed construction)

Starting new schemes

New development



The Zig Zag Building, SW1

- 188,000 sq ft office
- 45,000 sq ft retail

Kings Gate, SW1

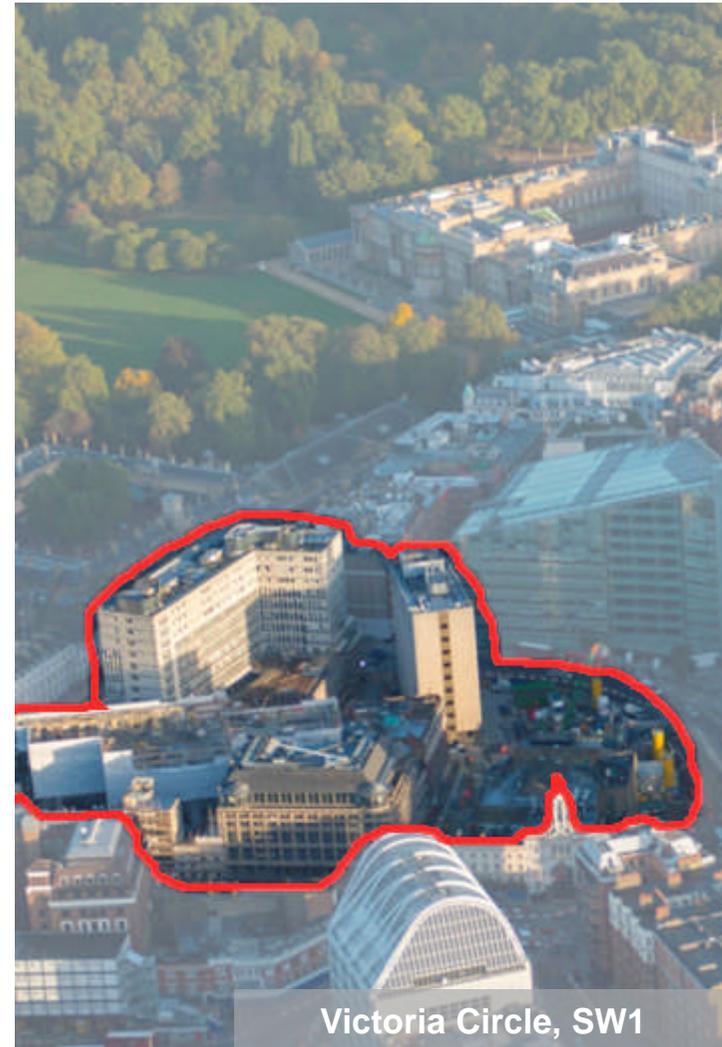
- 108,000 sq ft prime residential
- 100 private apartments

- Demolition started April 2012
- Two buildings with enhanced public realm and placemaking
- £343m TDC
- Timed for completion in January 2015

Starting new schemes – Victoria Circle, SW1

Demolition

- Comprehensive redevelopment scheme totalling 910,000 sq ft over six buildings
- 50:50 JV with Canada Pension Plan Investment Board
- Phase 1 – delivery 2016
 - 77 Buckingham Palace Road 175,000 sq ft of residential and 11,000 sq ft of retail in two buildings
 - 11 Bressenden Place 184,000 sq ft of office and 25,000 sq ft of retail
 - 130 Victoria Street 295,000 sq ft of office and 42,000 sq ft of retail
- Phase 2 – delivery 2018
 - 1 Bressenden Place 108,000 sq ft of office and 4,000 sq ft of retail
- Phase 3 – delivery 2018
 - 122 Victoria Street 66,000 sq ft of office, library, affordable housing and retail
- Demolition started October 2012



Asset management



Victoria Circle, SW1

- 170 leasehold interests resolved by the team to secure vacant possession on time and below budget



One New Change, EC4

- 95% let following lettings to CBRE, bwin and Panmure Gordon
- Lettings to Boots and Bang & Olufsen ahead of ERV



Cardinal Place, SW1

- Lease restructure to Ruffer with 22,500 sq ft increase in space
- New rental tone of £65 psf achieved on 6,500 sq ft let to KPI Oil



Oriana, W1

- Primark opened 149,000 sq ft flagship store in September
- Planning application submitted for Phase II extension of 93,500 sq ft



47 Mark Lane, EC3

- Key lettings and lease restructurings securing additional income
- Tenant mix improved and WAULT increased



Oxford House, W1

- 44,500 sq ft letting to Publicis
- Maximising income ahead of VP target December 2014

Summary

- Making good progress on letting up the development pipeline
- Risk aware, not risk averse, adding further efficient schemes
- Striking the construction cost curve at the right point to keep breakeven rents low
- Intensive asset management activity throughout the portfolio



Oriana, W1

Every asset has a plan



Group outlook





Group outlook

- Challenging and changeable environment but lots of activity
- Working to a clear plan with developments driving performance
- Delivering the right space to retailers with more emphasis on leisure
- Delivering efficient, technically resilient space to London businesses
- Discipline to be maintained on capital recycling
- Top class team and business operating with pace

Clear plan not based on a bull market



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