

Interim results presentation

14 November 2007



Agenda

- Highlights, valuation results and business overview
- Financial results
- Looking ahead – sector outlook and review of business structure
- Q&A





Highlights, valuation results and business overview

Francis Salway

Group Chief Executive



Business highlights



Development lettings



Success on
volume &
pricing



Positive NAV growth +2.5%



Investment property sales



Success on
volume &
pricing



Outperforming IPD +2.3%



Trillium new business



Broadening the
new business
pipeline



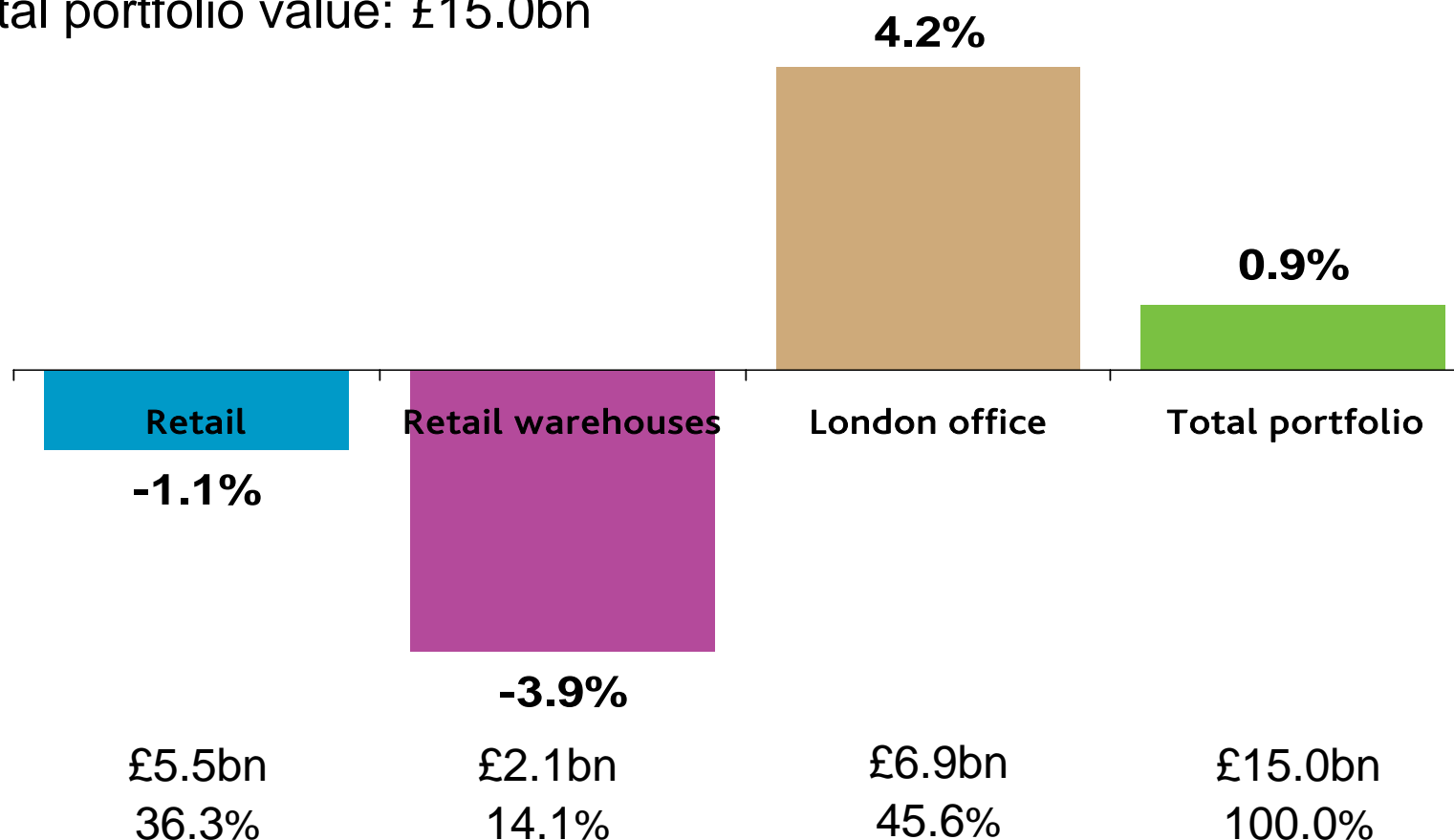
Platform established for
future growth

Creating value through timing execution of development & sales programme

Investment portfolio valuation results

Combined portfolio (six months ended 30 September 2007)

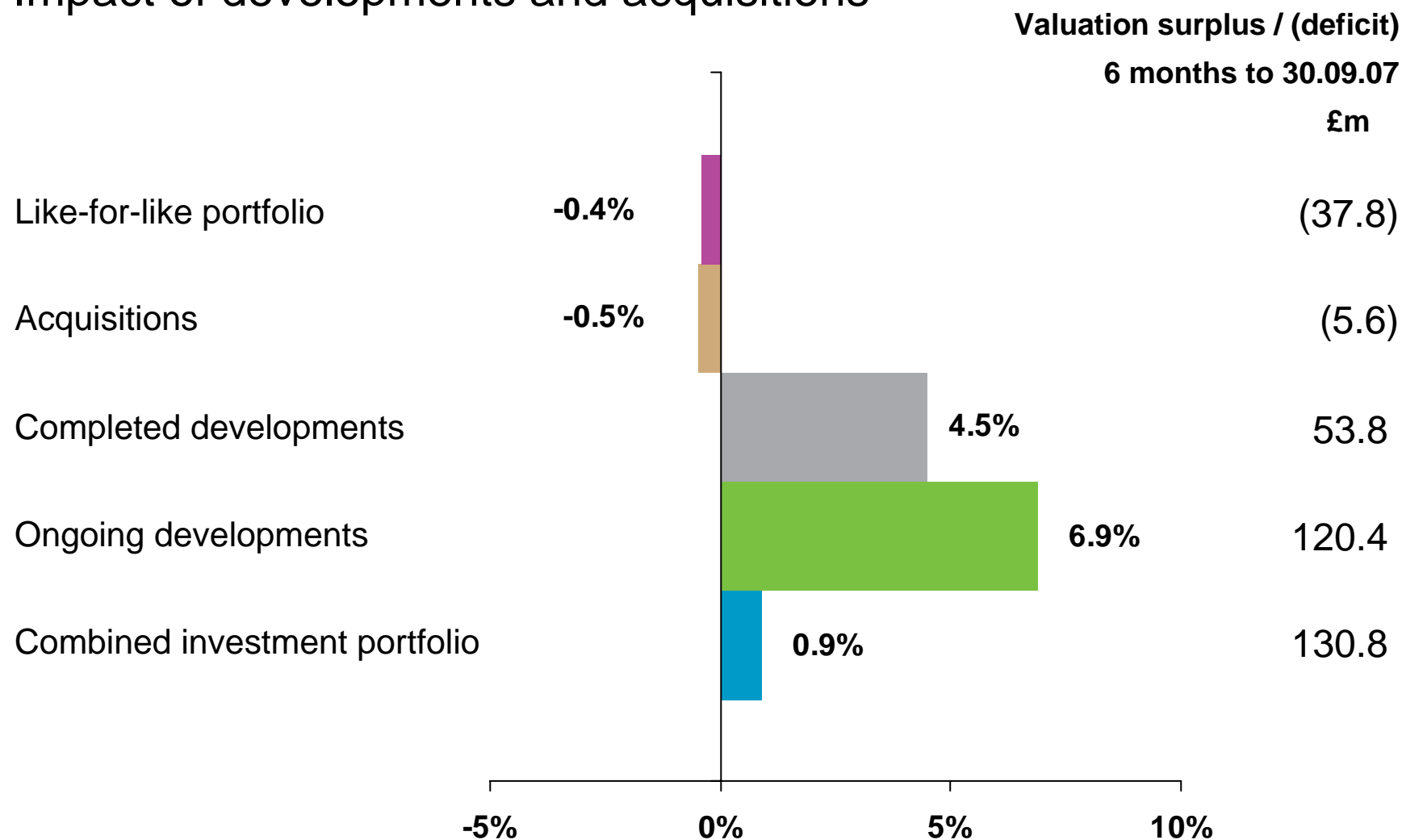
Total portfolio value: £15.0bn



Land Securities' total property return 3.6% vs IPD Quarterly benchmark 1.3%

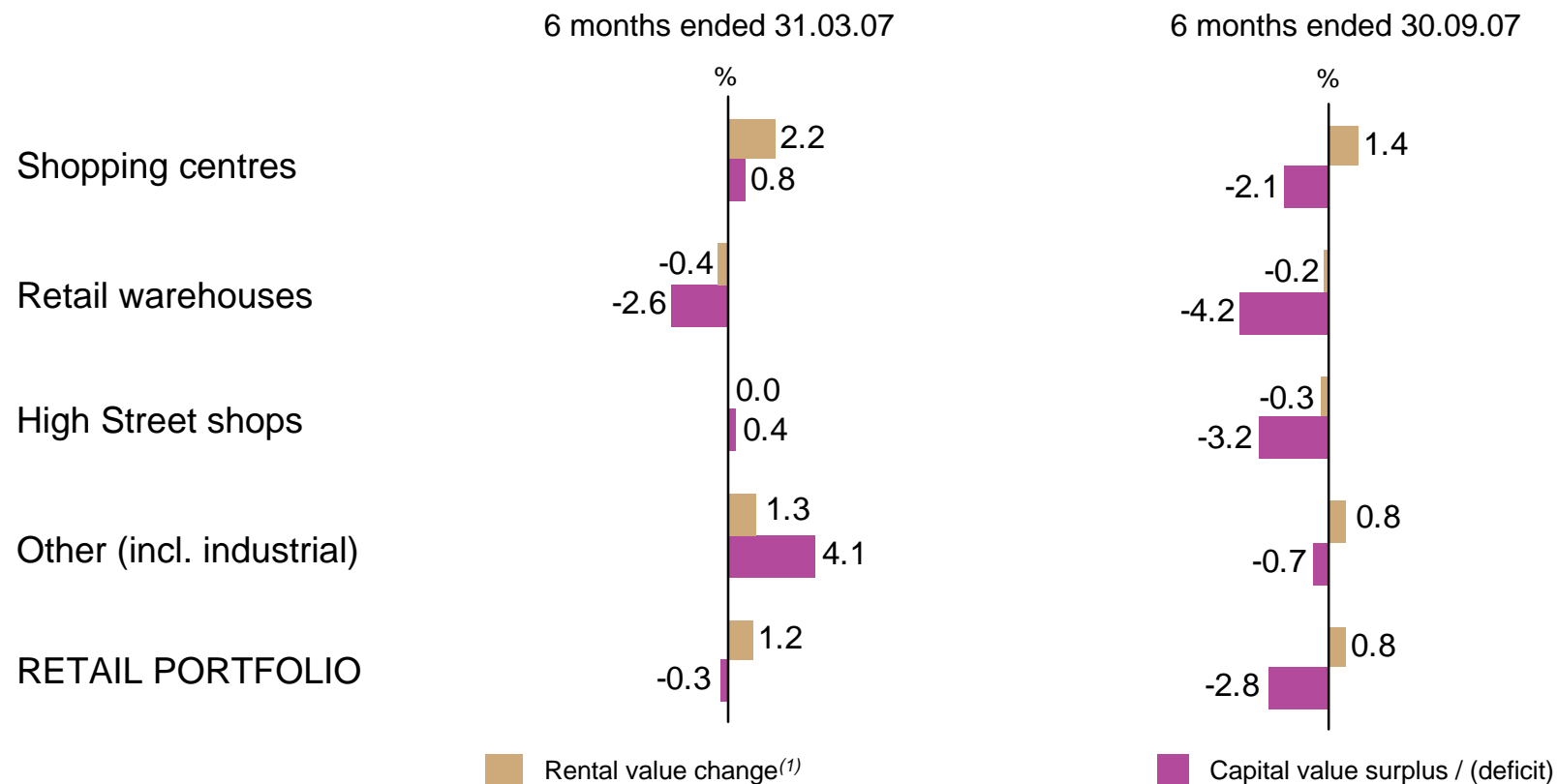
Portfolio valuation results

Impact of developments and acquisitions



£174.2m valuation surplus on developments – more than our £130.8m total portfolio valuation surplus

Retail Portfolio (like-for-like assets)



(1) Rental value growth figures exclude units materially altered during the year

Marked variance in yield shift according to quality of assets

Retail Portfolio sales



Whitefriars, Canterbury



East Kilbride Shopping Centre



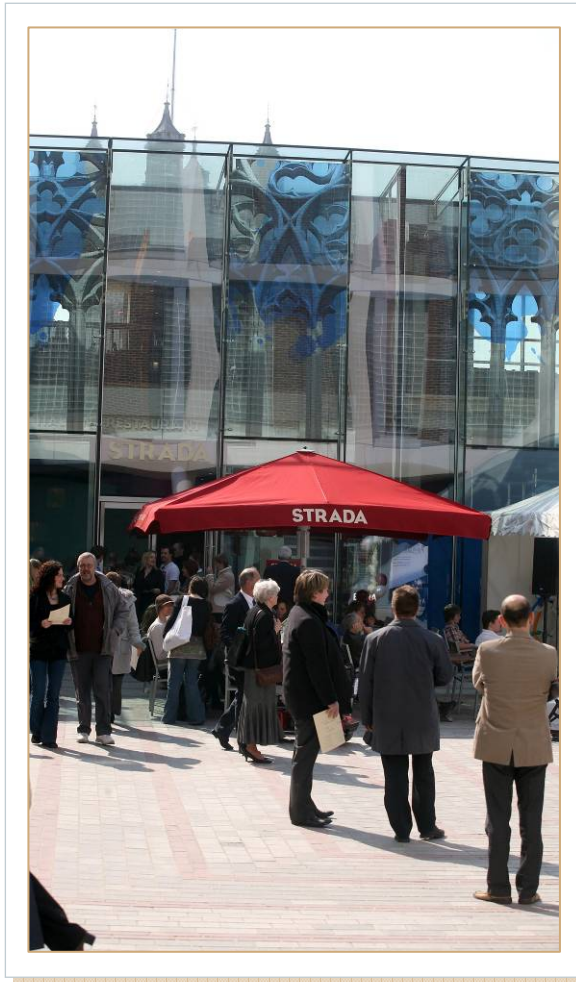
Wyvern Retail Park, Derby

£0.6bn of sales at 4.1% above valuation*

* Pre sale costs

Retail development - case study

Princesshay, Exeter



“A jewel in the crown”

“Fit for a princess”

“Cathedral city that rediscovered its soul”



13.2% IRR on development and enhanced future growth prospects

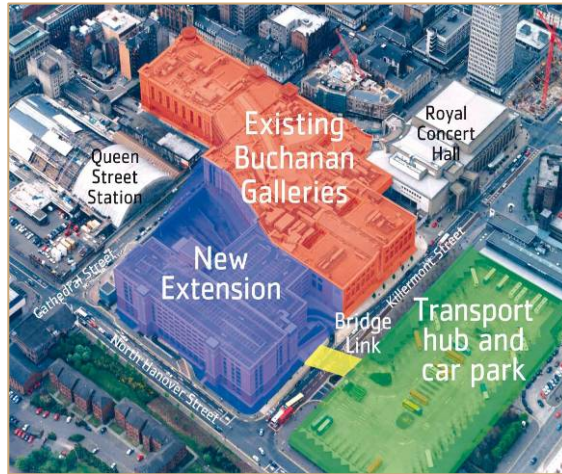
Retail development – the future



Trinity Quarter, Leeds



Buchanan Galleries, Glasgow



Stratford Shopping Centre, E14



Creating a future development pipeline in major conurbations

Retail Portfolio – JV with Sainsbury's

We sell:



Sainsbury's Supermarket, Winchester

We invest in JV properties:



Sainsbury's Supermarket, Thanet

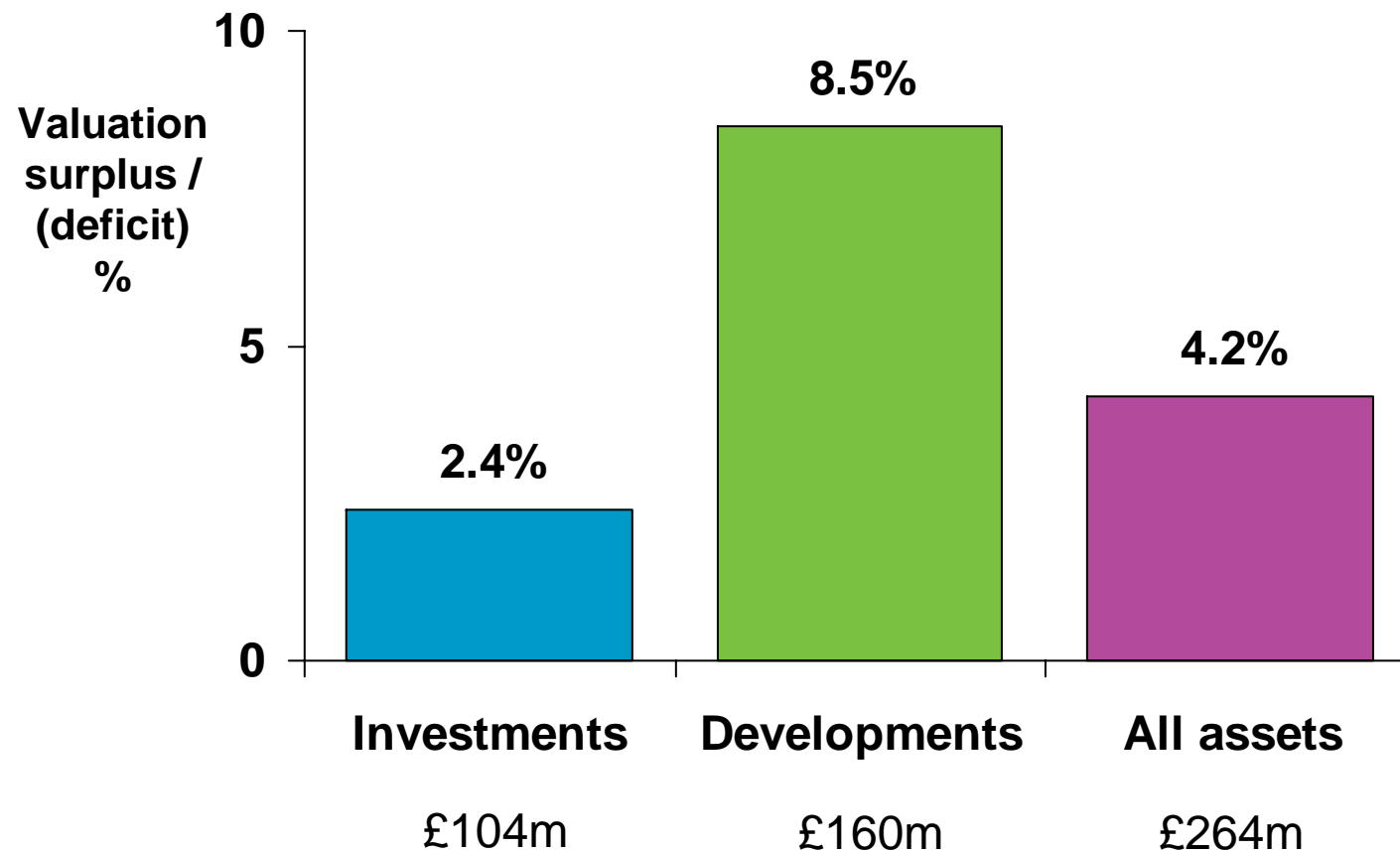


Sainsbury's

Accessing development opportunities, contributing development expertise

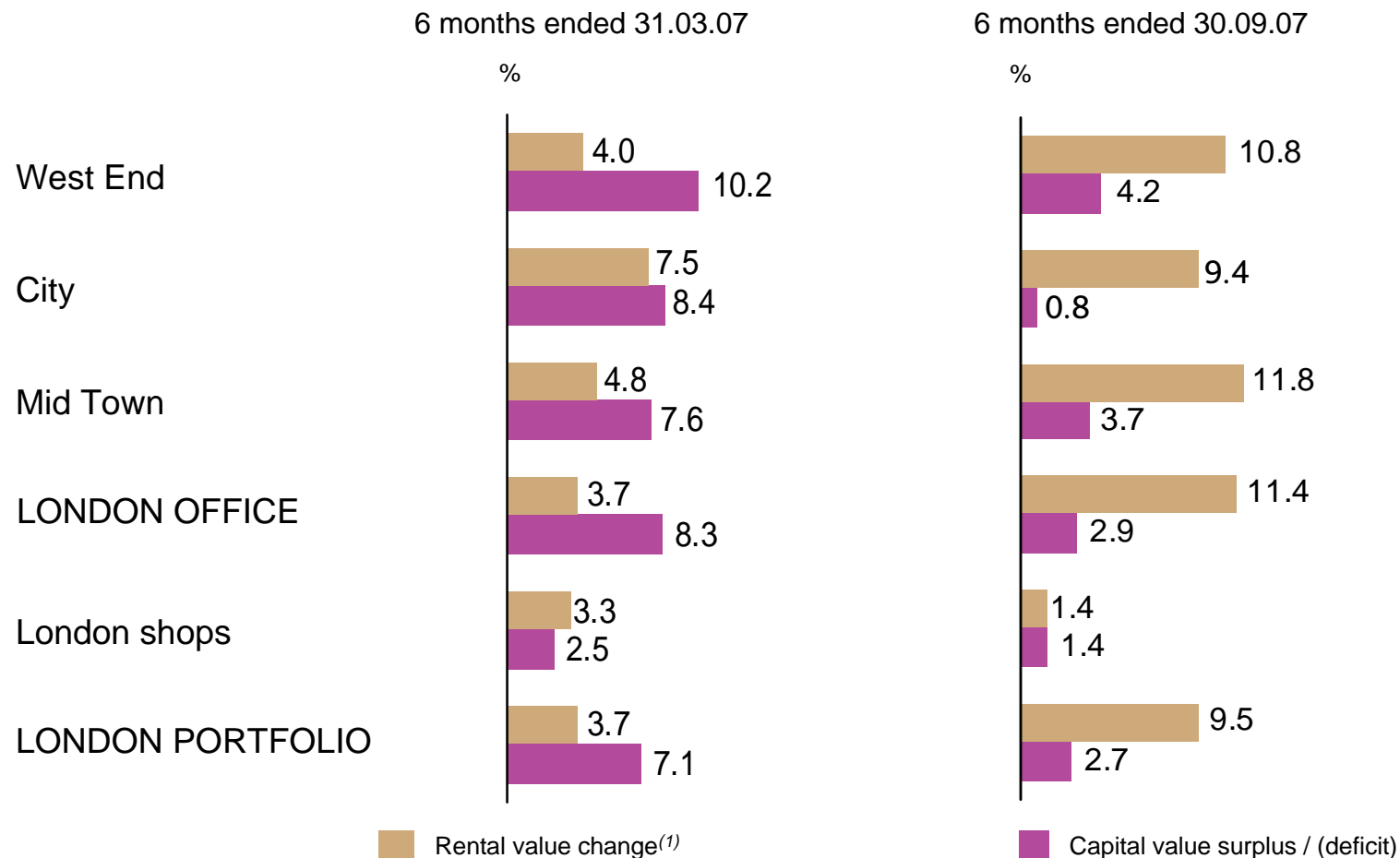
London Offices

Valuation surplus – 6 months to 30 September 2007



Developments create over half the total valuation surplus on London offices

London Portfolio (like-for-like assets)



(1) Rental value growth figures exclude units materially altered during the year

Strong growth in rental values is the dominant feature ... with 30 bps adverse yield shift

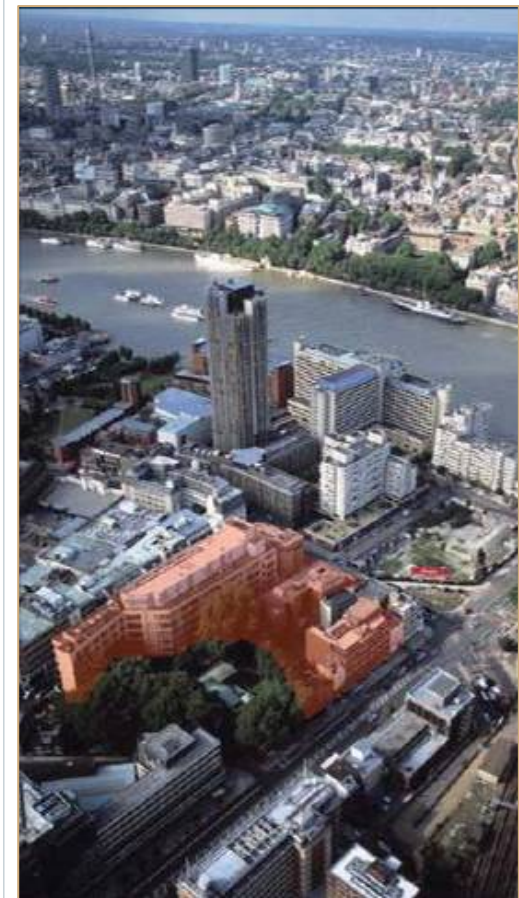
London Portfolio sales



Greater London House, NW1



New London House, EC3



Blackfriars Road, SE1

£0.3bn of sales at 15.3% above valuation*

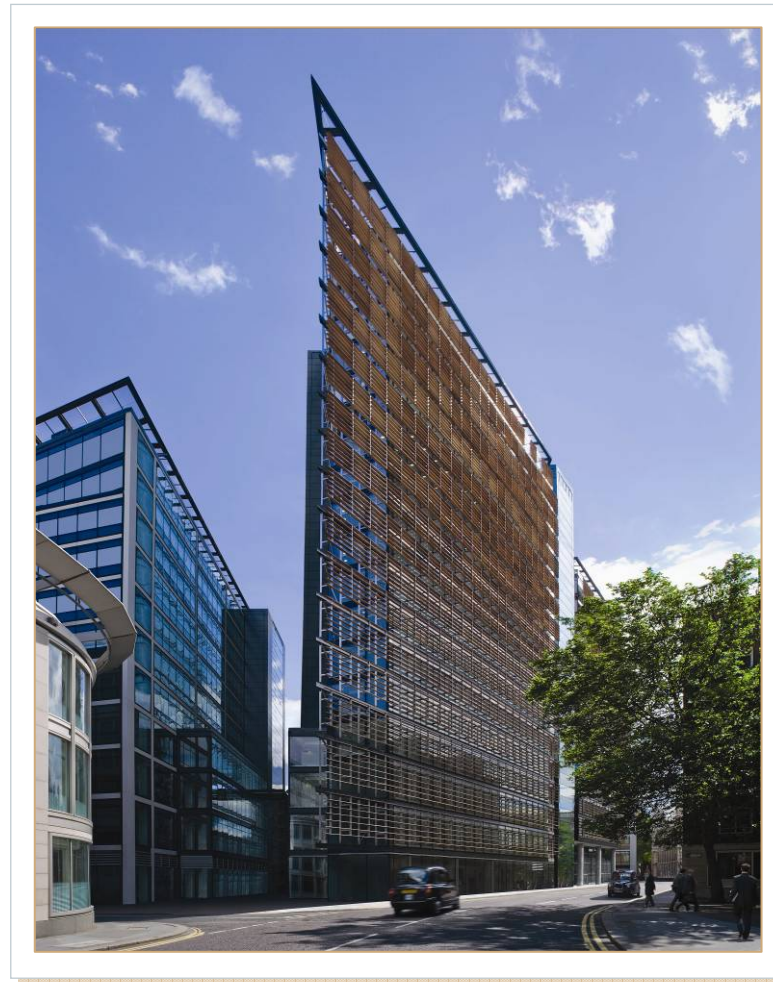
* Pre sale costs

London development – case study

New Street Square, EC4

- November 2004 – demolition commenced - when Central London office vacancy rates were 13.0%⁽¹⁾
- April 2005 - first pre-letting to Deloitte at £42.50 psf
- November 2006 - next major letting at £50 psf
- October 2007 - more recent lettings at £71-76 psf
- Office element now 87% let and retail 63% let

(1) Source: Knight Frank



Expected IRR of over 40% and valuation surplus of £275m to date

London developments – building now



One New Change, EC4
213,500 ft² retail / 341,000 ft² offices

Completion due in September 2010 – offices already 35% pre-let

London developments – the future



Park House, W1

**167,400 ft² offices / 91,200 ft² retail /
128,000 ft² residential**



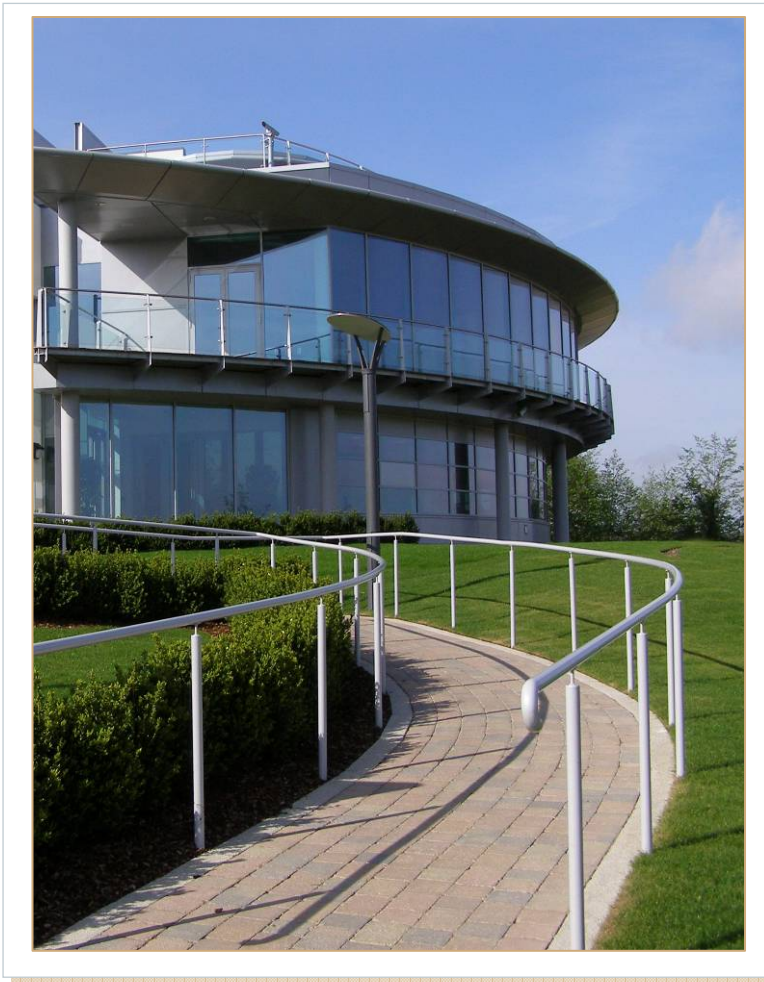
20 Fenchurch Street, EC3

600,000 ft² offices

A future pipeline for delivery in 2011+

Urban Community Development

Ebbsfleet Valley, Kent

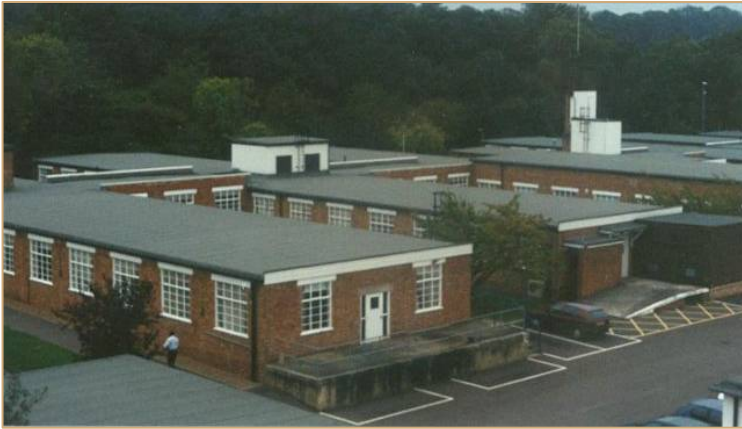


- Resolution to grant Outline Planning Permission for the Eastern Quarry site on 5 July 2007
 - 657 acres site
 - 6,250 new homes
 - 2.48 million ft² commercial and community floorspace
- First Eurostar train runs on new CTRL line to St Pancras on 14 November with Ebbsfleet International station opening on 19 November

Highways contribution resolved and CTRL trains running

Land Securities Trillium

Current contracts



DWP



Norwich Union



DVLA



Accor

The beauty is in the numbers – for Trillium and its clients

Land Securities Trillium

New business opportunities



MoD's Defence Training Review



London Borough of Croydon



DVLA



Northern Ireland Civil Service



AMEC



Kent 'Building Schools for the Future'

Vibrant and more broadly based new business pipeline

Financial results

Martin Greenslade

Group Finance Director

Financial highlights

		change %
Pre-tax profit	£375.2m	-68.2
Valuation surplus ⁽¹⁾	£130.8m	+0.9
Revenue profit	£172.8m	-10.5
Adjusted diluted earnings per share	36.46p	+11.0
Adjusted diluted NAV per share	2236p	+2.5
Dividend per share	32.0p	+68.4

(1) Excludes investment properties in Land Securities Trillium

Consolidated income statement

Six months ended 30.09.06 £m		Six months ended 30.09.07 £m	change %
814.4	Group revenue	734.7	
(515.1)	Costs	(450.4)	
299.3	Underlying operating profit	284.3	-5.0
896.7	Valuation surplus	145.5	
33.6	Profit on disposals and other items	89.0	
(110.5)	Net interest payable	(133.8)	
59.1	Share of profits / (losses) from JVs	(9.8)	
1,178.2	Pre-tax profit	375.2	-68.2
(318.4)	Income tax expense	(8.2)	
859.8	Profit for the financial period	367.0	-57.3
193.1	Revenue profit	172.8	-10.5
32.84p	Adjusted diluted earnings per share	36.46p	11.0

Underlying operating profit by segment

Six months ended 30.09.06 £m		Six months ended 30.09.07 £m	change %
Property investment excluding joint ventures			
106.8	Retail Portfolio	98.5	-7.8
126.4	London Portfolio	131.6	4.1
2.0	Other investment portfolio	1.6	
51.8	Property Partnerships excluding joint venture	57.8	11.6
18.2	Long-term contracts and trading property profits	1.0	
305.2	Segment operating profit	290.5	
(5.9)	Less: unallocated expenses	(6.2)	
299.3	Underlying operating profit	284.3	-5.0
Joint venture underlying operating profit / (loss)			
26.7	Retail Portfolio	27.6	3.3
-	Other investment portfolio	(0.1)	
(1.1)	Property Partnerships (IIC)	0.1	
25.6		27.6	

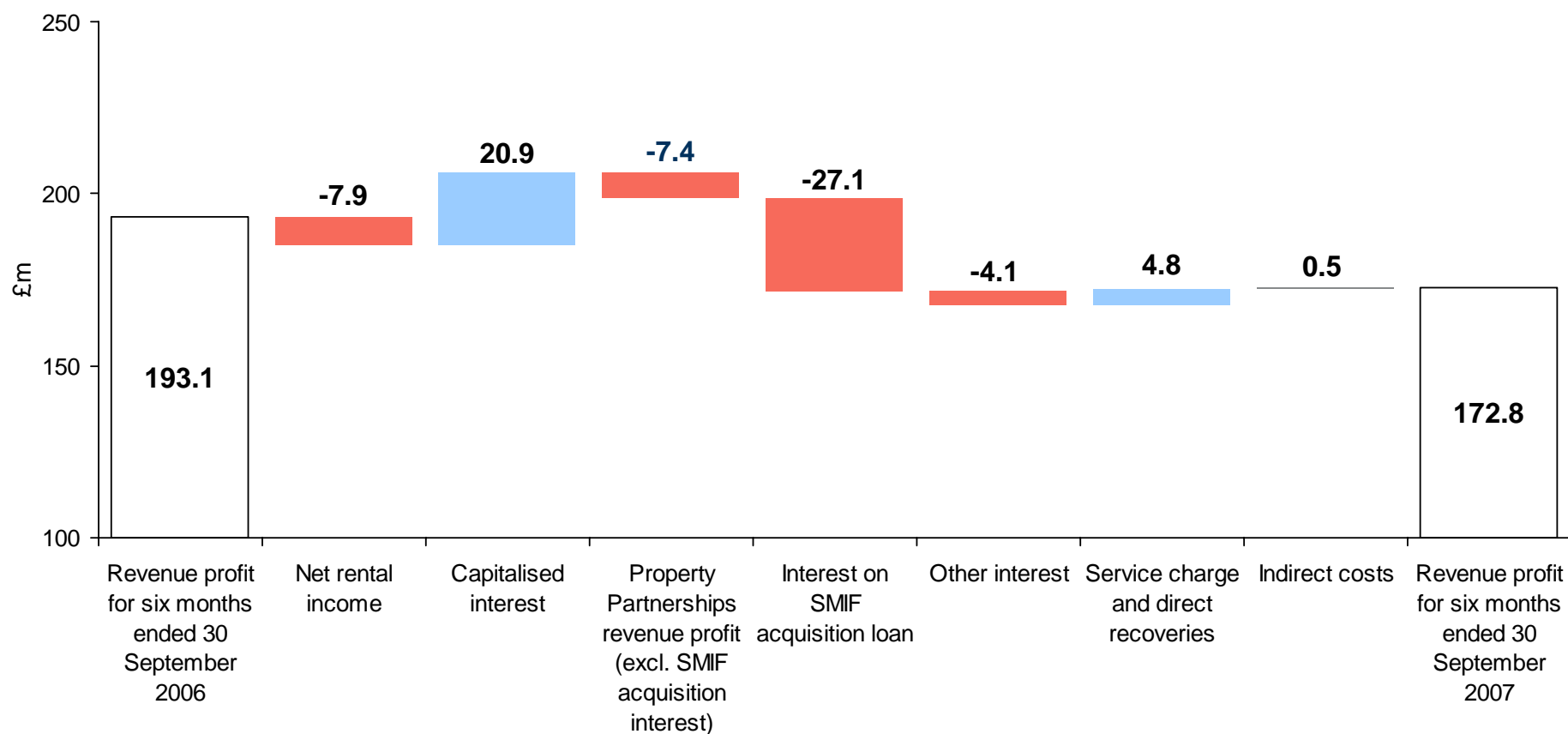
Rental income analysis

Six months ended 30.09.06 £m		Six months ended 30.09.07 £m	change %
	Like-for-like properties ⁽¹⁾		
140.1	Retail Portfolio	146.7	+4.7
118.7	London Portfolio	116.8	-1.6
1.7	Other	1.7	
260.5		265.2	+1.8
9.2	Completed developments	17.7	
5.5	Purchases since 1 April 2006	20.5	
42.7	Sales since 1 April 2006	15.1	
18.4	Ongoing developments	10.3	
336.3	Gross rental income	328.8	-2.2

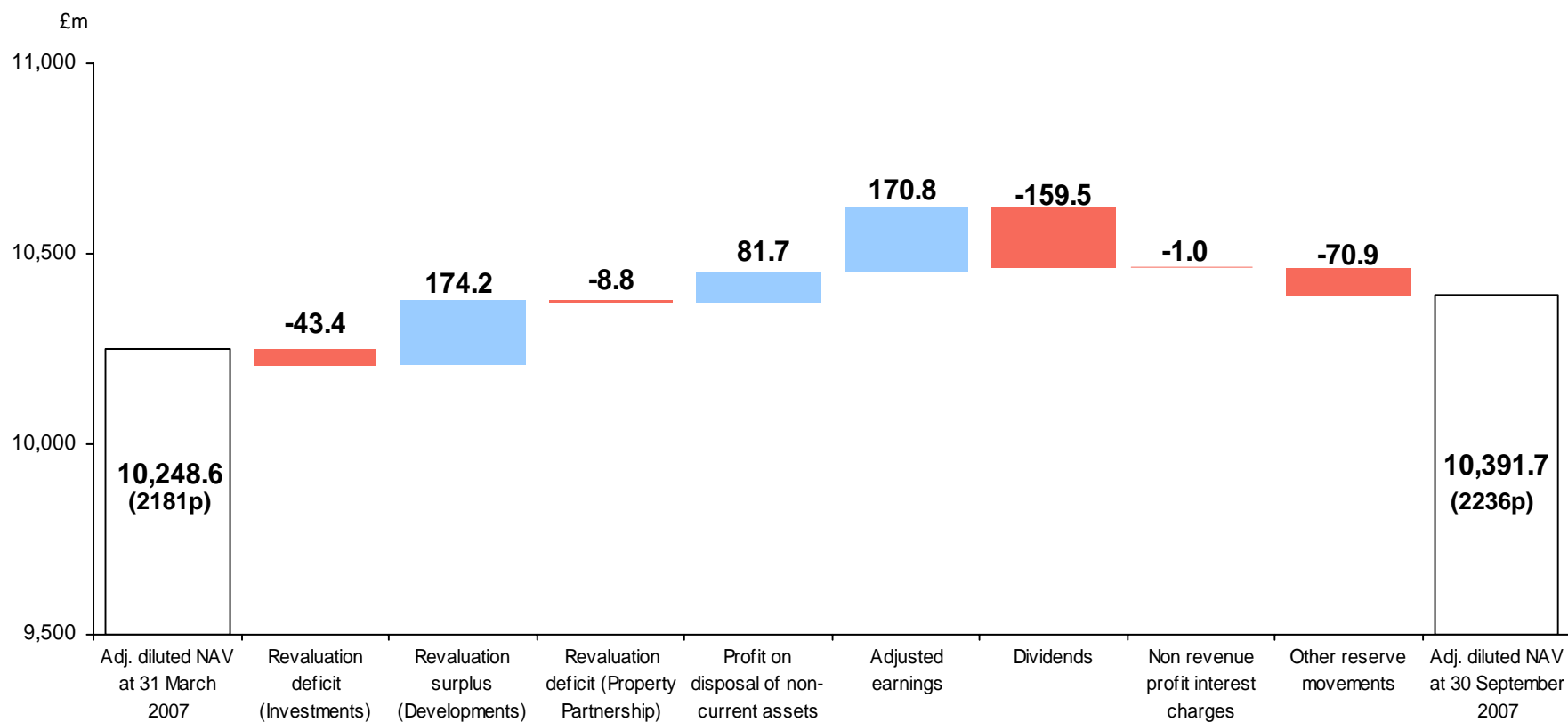
(1) Properties owned and outside the development programme since 1 April 2006

Six months ended 30.09.06 £m		Six months ended 30.09.07 £m
	Contract level operating profit:	
42.8	DWP	45.2
3.9	Norwich Union	4.8
1.2	Barclays	0.9
0.7	DVLA	1.8
7.0	Telereal II	7.6
-	Accor	11.6
-	Royal Mail	2.1
(1.4)	Bid costs	(3.1)
(5.7)	Central costs	(15.4)
3.3	Other	2.3
51.8	Underlying operating profit	57.8
0.3	Net surplus / (deficit) on revaluation of investment properties	(8.8)
8.5	Profit on disposal of properties	15.1

Movement in revenue profit



Movement in adjusted diluted NAV



Adjusted diluted net asset value per share +2.5%

Cash flow and debt

Six months ended 30.09.06 £m		Six months ended 30.09.07 £m
(3,685.9)	Opening net debt	(5,087.9)
174.1	Operating cash inflow after interest and tax (excluding REIT conversion charge)	86.0
(133.8)	Dividends paid	(159.5)
(473.4)	Investment property acquisitions	(552.7)
(43.8)	Property Partnerships	(259.3)
(194.1)	Development/refurbishment capital expenditure	(309.4)
(9.1)	Other capital expenditure	(5.3)
(720.4)	Total capital expenditure	(1,126.7)
334.2	Property sales	855.3
(38.4)	Joint ventures	(29.8)
-	REIT conversion charge	(316.2)
(30.6)	Other cash and non-cash movements	(85.6)
<u>(4,100.8)</u>	Closing net debt	<u>(5,864.4)</u>



Gearing

31.03.07

30.09.07

5,087.9	Closing net debt (£m)	5,864.4
47.1%	Gearing – on book value of balance sheet debt	53.7%
54.7%	Adjusted gearing ⁽¹⁾	61.4%
58.8%	Adjusted gearing ⁽¹⁾ - including notional share of joint ventures	63.6%
Interest cover ratio		
2.43x	Group (excl. joint ventures)	1.82x
	REIT	2.59x

(1) book value of balance sheet debt increased to recognise nominal value of debt on refinancing in 2004 divided by adjusted net asset value



PPP acquisitions - update

	Retained £m	Disposal Group £m
Original SMIF acquisition		
- Goodwill	71.5	
- Assets for new investment vehicle		819.3
- Sundry liabilities (net)	(1.2)	
Position at 31 March 2007	70.3	819.3
Acquisition of projects		61.0
AMEC projects recognised		48.0
Cash received on disposal of Meterfit		(25.3)
Profit on disposal of Meterfit		10.0
Position at 30 September 2007	70.3	913.0

Trillium Investment Partnership – Progress update



- Achieved 29% savings on insurance costs across the portfolio
- Well advanced with structure to collateralise debt obligations of first tranche of PPP assets.
- New £568m debt facility signed, including £100m for new additions
- Good progress towards first closing





Looking ahead – sector outlook



Looking ahead – to now



**Lime Street Estate,
EC3**



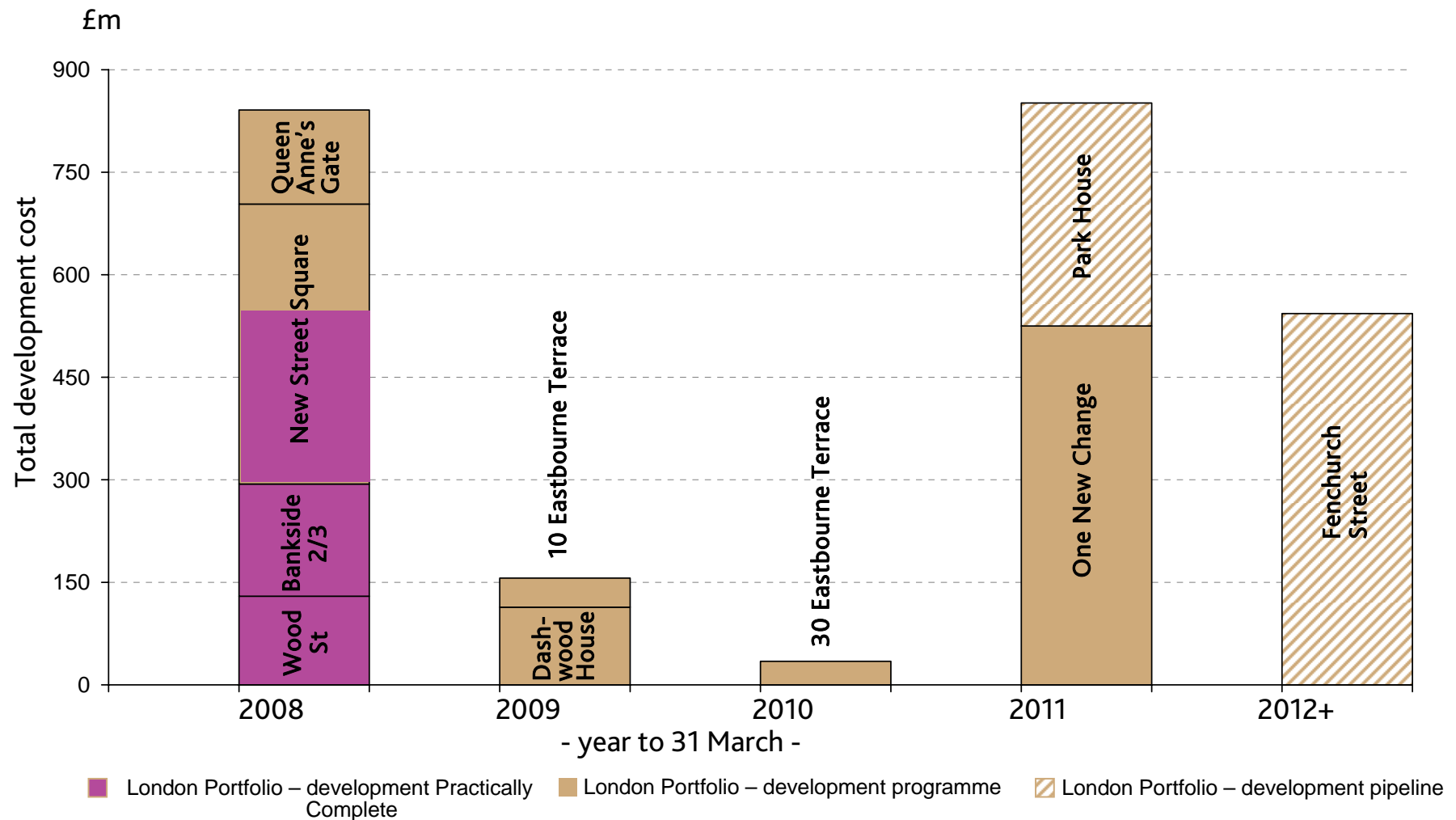
**Sainsbury's Supermarket,
Winchester**

Post 30 Sept – 5 sales for c.£175m – 7.1% above March 07 valuation*

* Pre sale costs

Looking ahead – London Portfolio

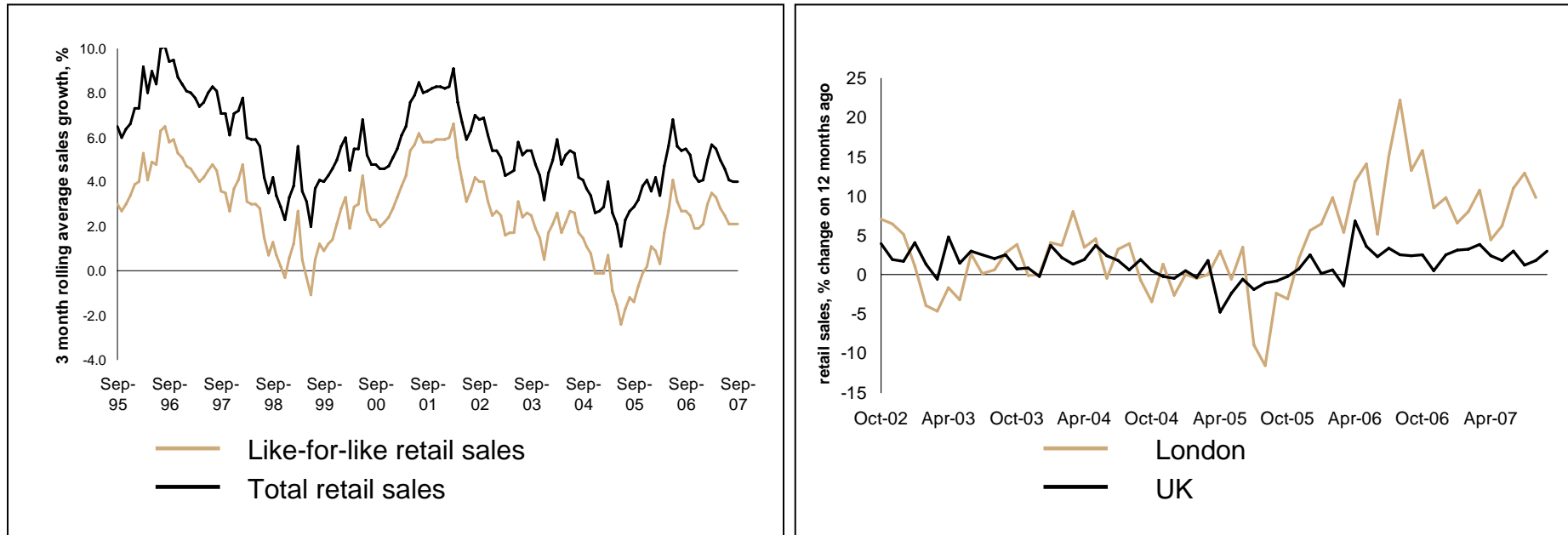
Timing of development completions



Managing development timing in a cyclical market

Looking ahead – Retail

UK and Central London Retail Sales Growth



Source: BRC / KPMG

UK retail sales resilient to date and London retail sales growth strong

Looking ahead – Land Securities Trillium

“PFI continues to form significant part of (government’s) strategy for delivering high quality public services”

“PFI projects worth a total of £22.2bn expected to reach financial close before April 2011”

“Government will continue to pursue PFI projects where they demonstrate value for money”

“£30bn of public sector assets to be sold by 2011”

Source: Pre-Budget Report 9 October 2007



Positive outlook for PPP in PBR statement on 9 October



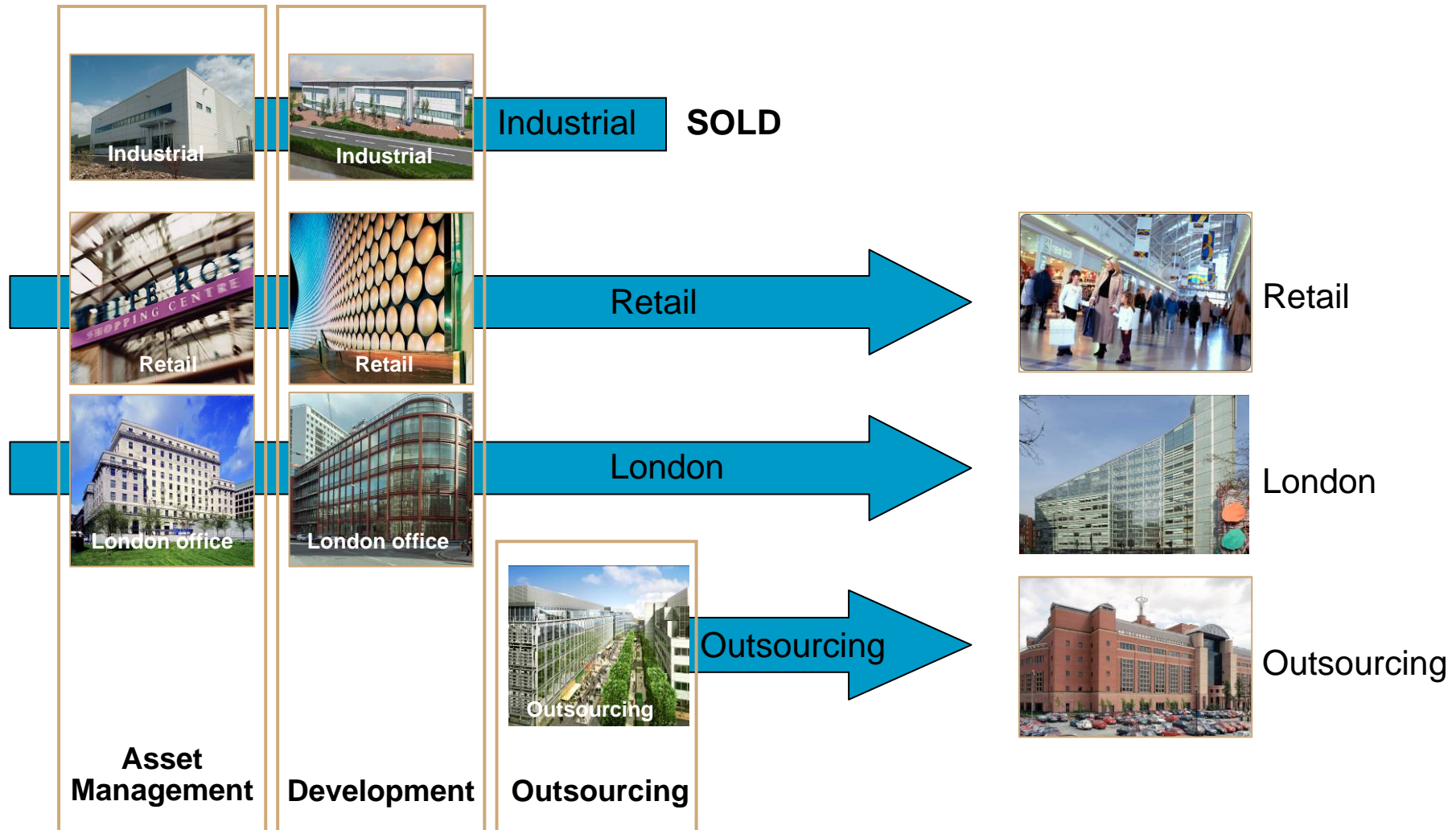
Looking ahead – review of business structure



Background

Pre-2004

2004



From broad generalist to specialist in three areas

The business today



Retail

- 18m sq ft floorspace
- £6.7bn of assets
- 28 shopping centres and 29 retail parks



London

- 11m sq ft floorspace
- £8.3bn of assets
- Over 3,000 acres of mixed use residential led development in UCD portfolio



Trillium

- 51.6m sq ft floorspace
- £2.2bn of assets
- Market leader in PPP / PFI and property outsourcing markets

Three businesses with the scale and management expertise to stand alone



Business divisions to be run as separately quoted companies

Giving

- Optimal balance sheet for specific business
- Better currency for asset and corporate acquisitions

Allowing

- Successful investment decisions to have greater impact on shareholder returns
- Easier valuation by increasingly specialist investor base
- Greater attraction to new sources of capital
- Choice for shareholders on sector allocation – technically more efficient

Retaining

- Strength of customer relationships
- Stability of cash flows
- Scale to be at forefront of their sectors

Creating the conditions for long term growth & sustained outperformance



In Summary



- Good results demonstrating value of long-term focus and decision making
 - Timing and execution of sales and developments created positive value
 - Outperformance vs IPD overall and in both London and Retail
 - Results belie general market trend
- Business in good shape for the future
 - London development programme – well timed
 - Improvement in reversionary potential of investment portfolio
 - Stronger new business pipeline for Trillium
- Three strong businesses all performing well but long term shareholder interest best served by demerger
- One good business delivering good returns evolving to three focused businesses delivering better returns for shareholders

Creating long term value through specialisation with scale




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