



London Portfolio investor conference

23 July 2010



Agenda

- Introduction Robert Noel
- Market and investment portfolio Scott Parsons
- Development portfolio Colette O'Shea
- Summary and outlook Robert Noel



London Portfolio management team



Scott Parsons
Property Director



Robert Noel
Managing Director



Colette O'Shea
Development Director

Property division

- Investment management
- Asset management
- Property management

Development division

- Development management
- Project management
- Engineering
- Marketing and community liaison
- Leasing





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Central London office vacancy rates

Vacancy rates have peaked at lower levels than previous cycles..

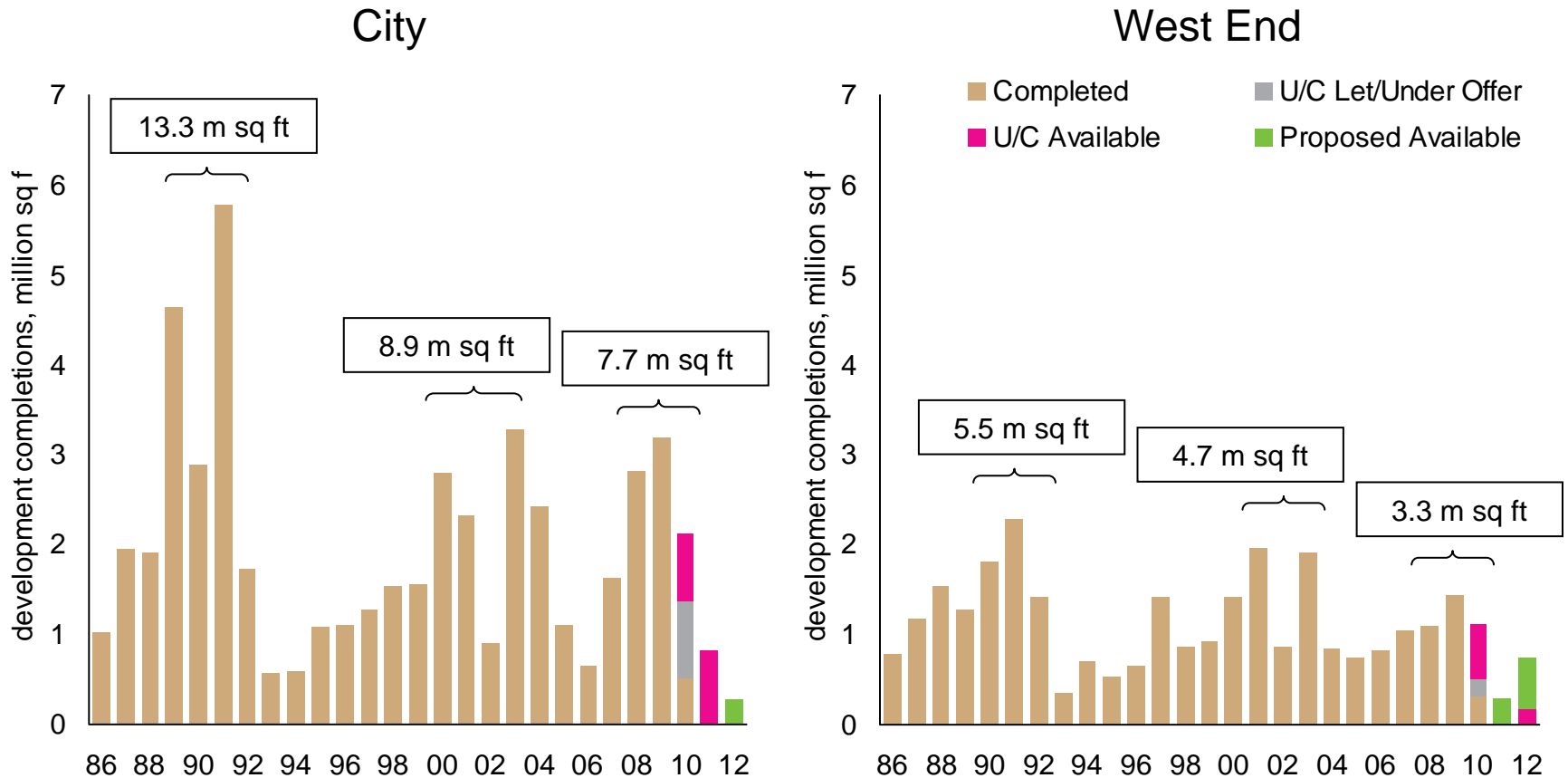


Source: PMA

...and the amount of Grade A space available has fallen considerably

London office development pipeline

This cycle has seen less development...

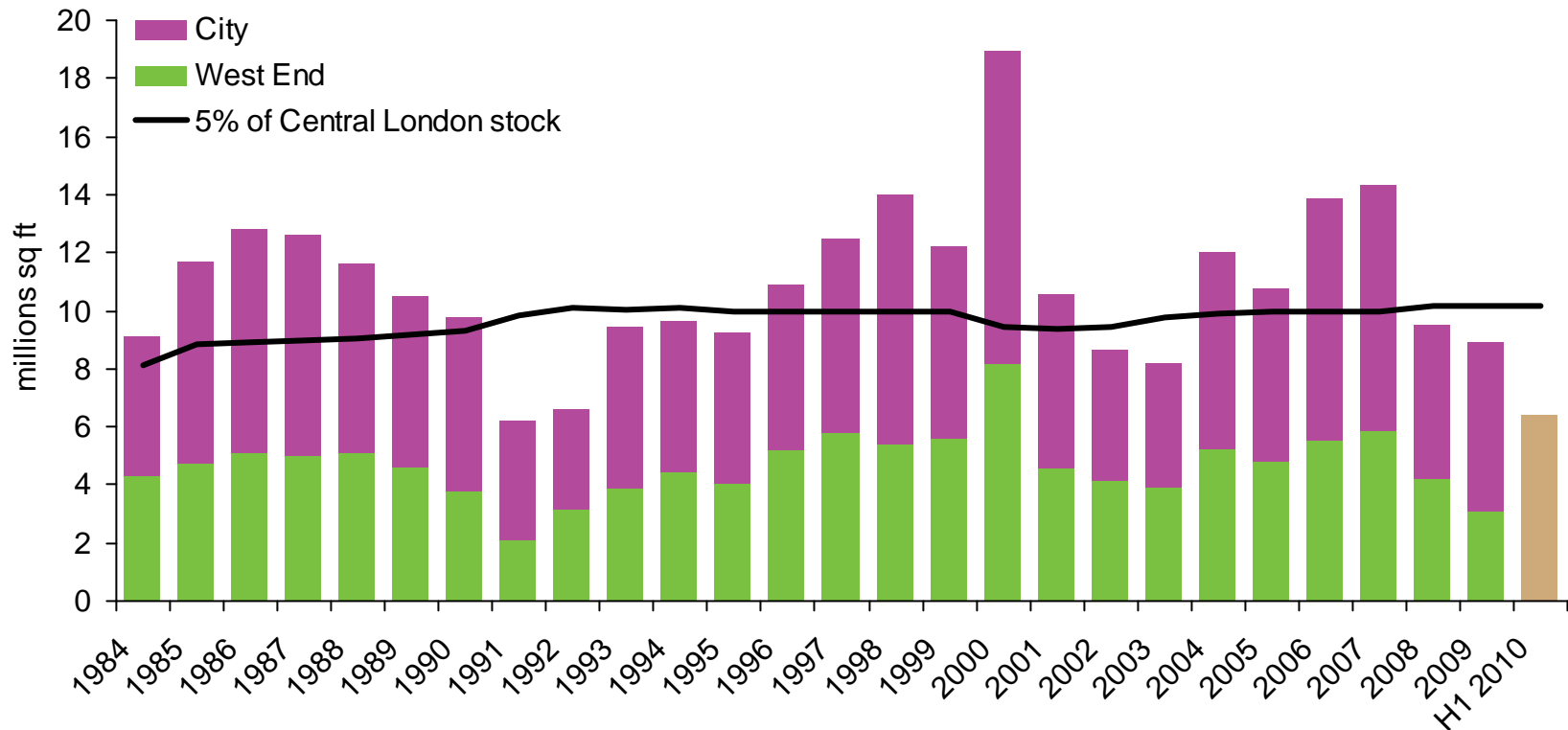


Source: CBRE

...and development completions over the next two years are limited

Central London office take-up

Take-up is remarkably robust through the cycles...

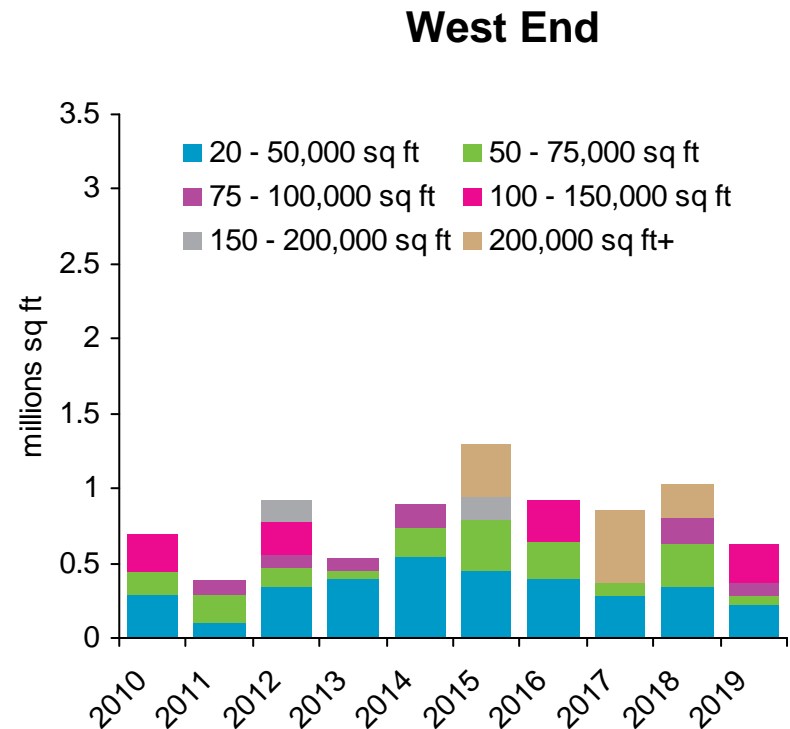
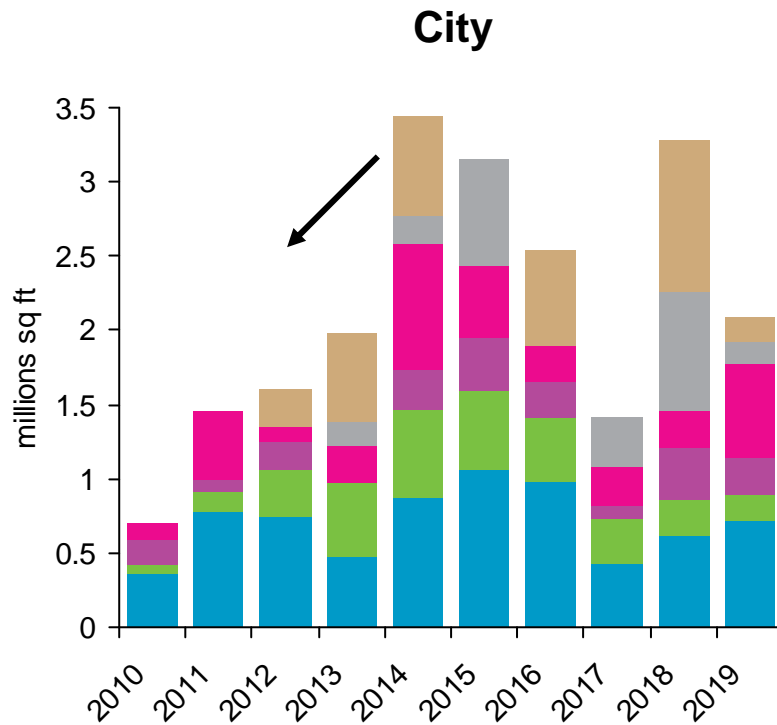


Sources: Knight Frank, Land Securities

...and is about to pick up

London office lease breaks and expiries

20,000 sq ft units and above



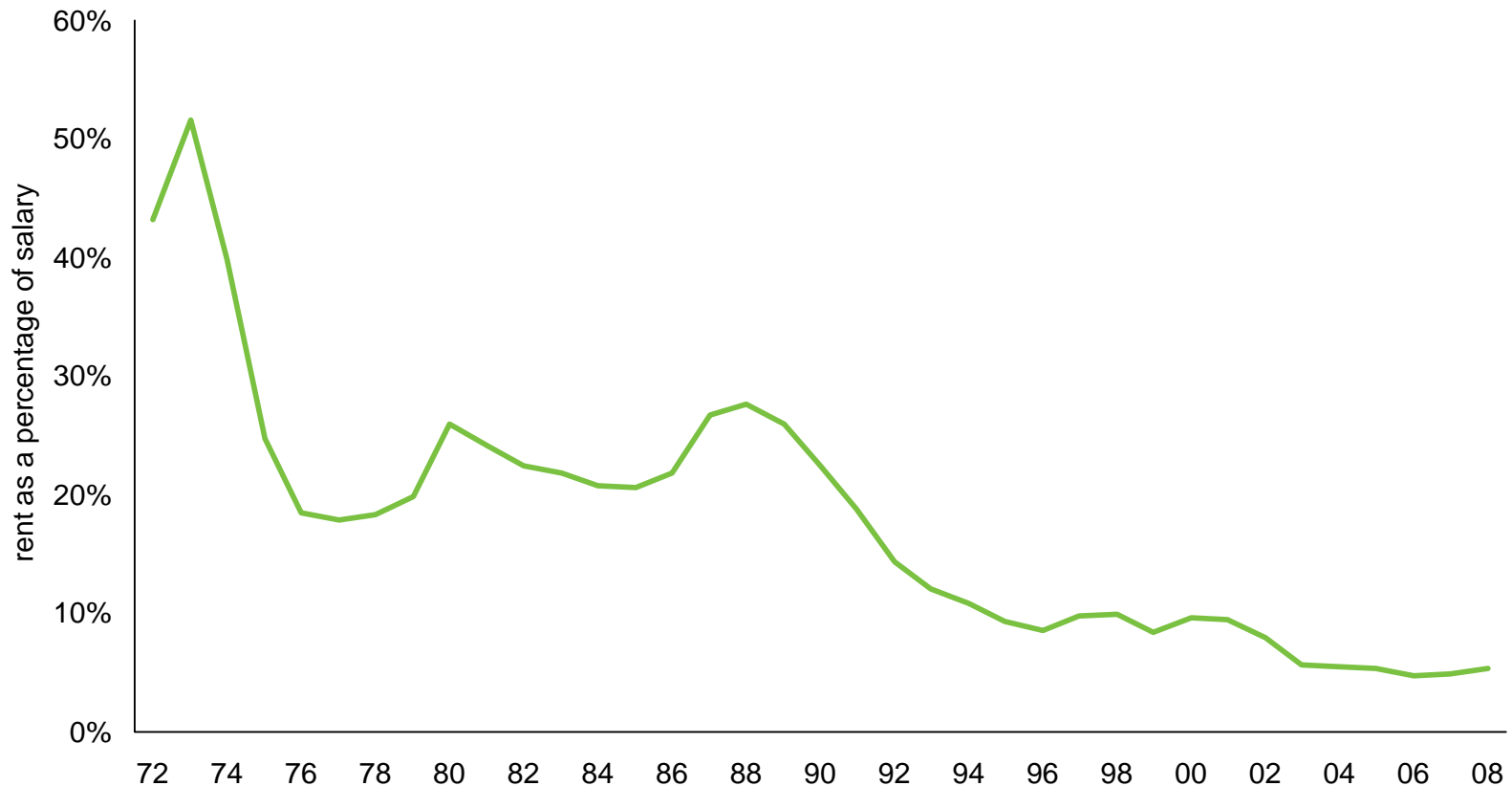
Source: Knight Frank

Potential surge in demand from City lease events in 2014/15/16



Property costs over time

City office rents as a percentage of salary cost



Sources: PMA, IPD, ONS

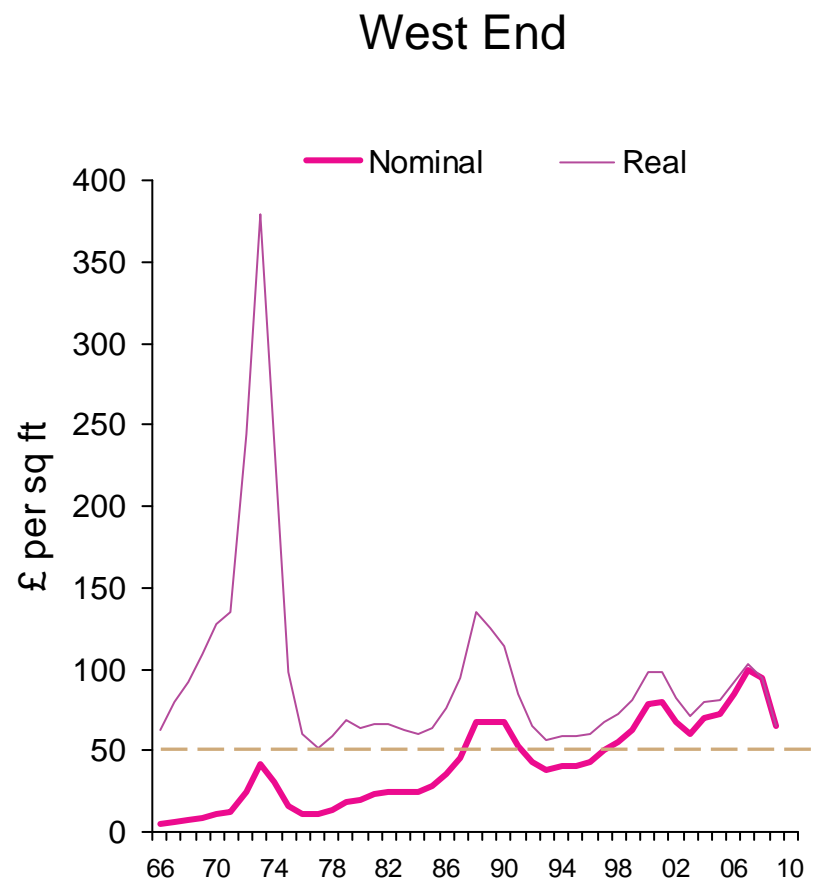
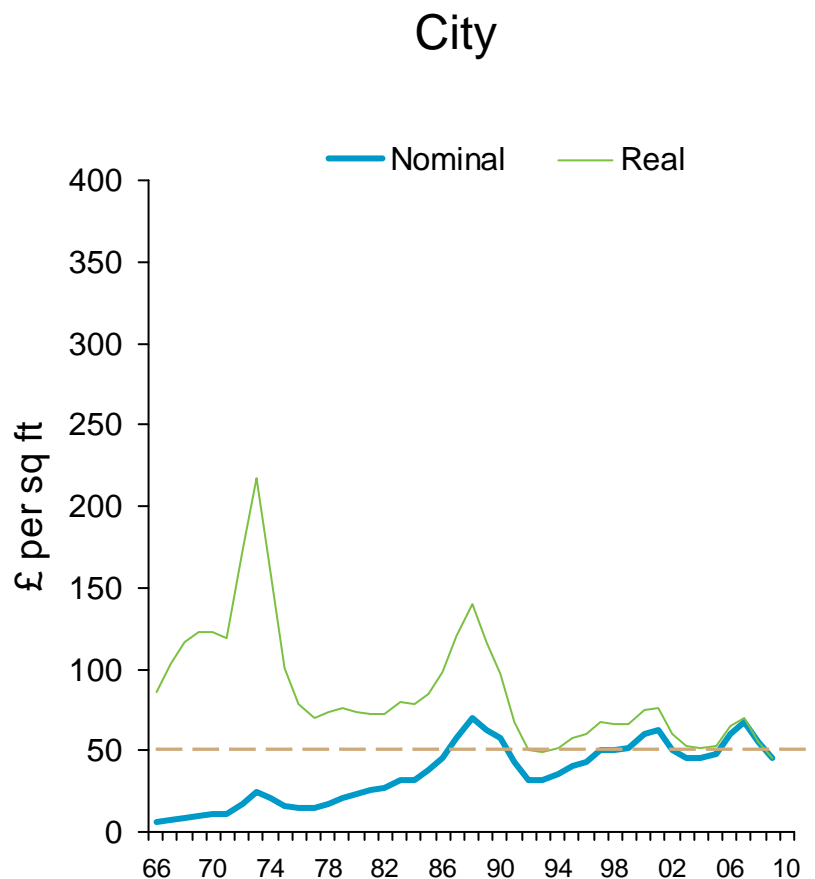
Property costs now form a very small part of business overheads





Prime office rents

Real rents vs nominal rents



Sources: PMA, ONS

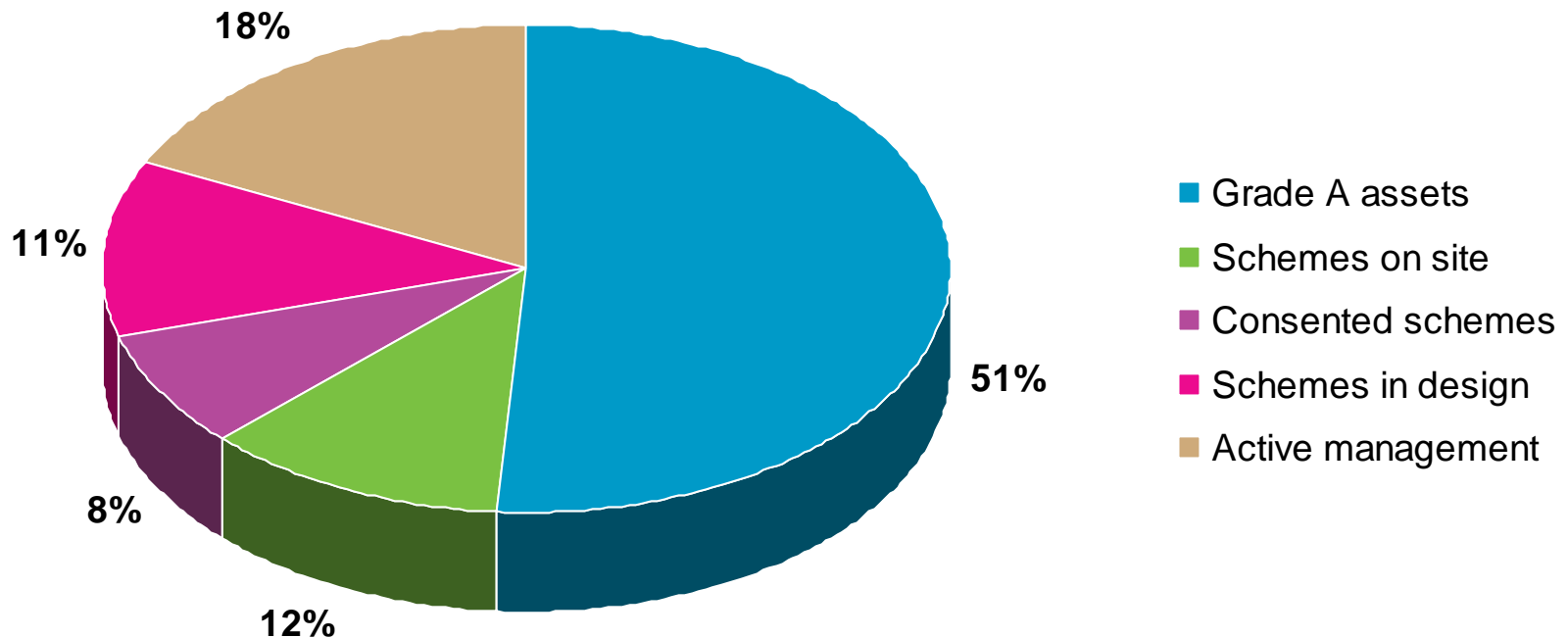
Rents are low by historic standards



London Portfolio by status

Proportion by value*

Over half the portfolio comprises Grade A assets



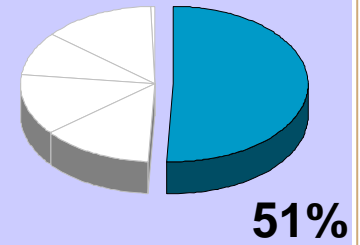
*excluding Queen Anne's Gate



Grade A assets

- Average rent: £44 per sq ft
- WAULT: 11.7 years

Portfolio by value



Bankside 2 & 3, SE1



Times Square, EC4



New Street Square, EC4



Cardinal Place, SW1



Dashwood, EC4



Piccadilly Lights, W1

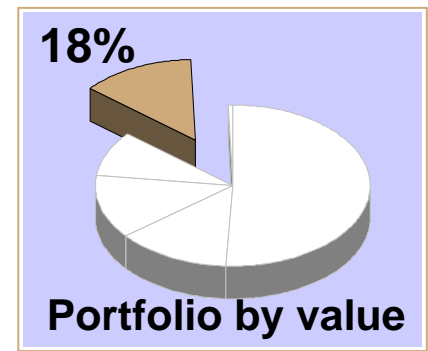
These six holdings account for 79% of Grade A assets





Active management

- Average rent: £32 per sq ft
- Short term income to benefit from headline rental growth through re-lettings and tenant retention.



32-50 Strand, WC2



Thomas More Square, E1



Moorgate Hall, EC2



Haymarket House, SW1



140 Aldersgate Street, EC1



Harbour Exchange, E14

These six holdings account for 50% of active management assets









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London development experts

- Property assets
 - Our raw material
- Market specialists
 - Partner, investor and landlord of choice
- Skills
 - Proactive local engagement
- Execution discipline
 - Early cycle developers



One New Change, EC4

Opportunities... expertise... execution...

London Portfolio pipeline





Development pipeline – schemes on site

Scheme	Target PC	Existing sqft ('000's)	Proposed sqft ('000's)	Area Increase %	Book Value March 10	TDC outstanding	Net income / ERV (p.a.)	Residential NCV	Use
One New Change, EC4	2010	377	550	46%	£238m	£131m	£28m	-	Office / Retail
62 Buckingham Gate, SW1 ¹	2013	118	269	128%	£55m	£133m	£17m	-	Office / Retail
Wellington House, SW1 ¹	2012	53	62	17%	£26m	£32m	-	£73m	Residential / Retail
Total		548	881	61%	£319m	£296m	£45m	£73m	

Notes:

1. Interest has not been capitalised on land value



One New Change, EC4



35% offices pre-let
98% of the retail let / under offer



332,000 sq ft offices
214,200 sq ft retail

The City of London's new shopping centre

└ Park House, W1

- 87,662 sq ft retail
163,010 sq ft offices
39 apartments
- Practical completion targeted
November 2012
- Pre sold to Barwa Real Estate
- Lion share of profit crystallised
with more to come
- No capital employed



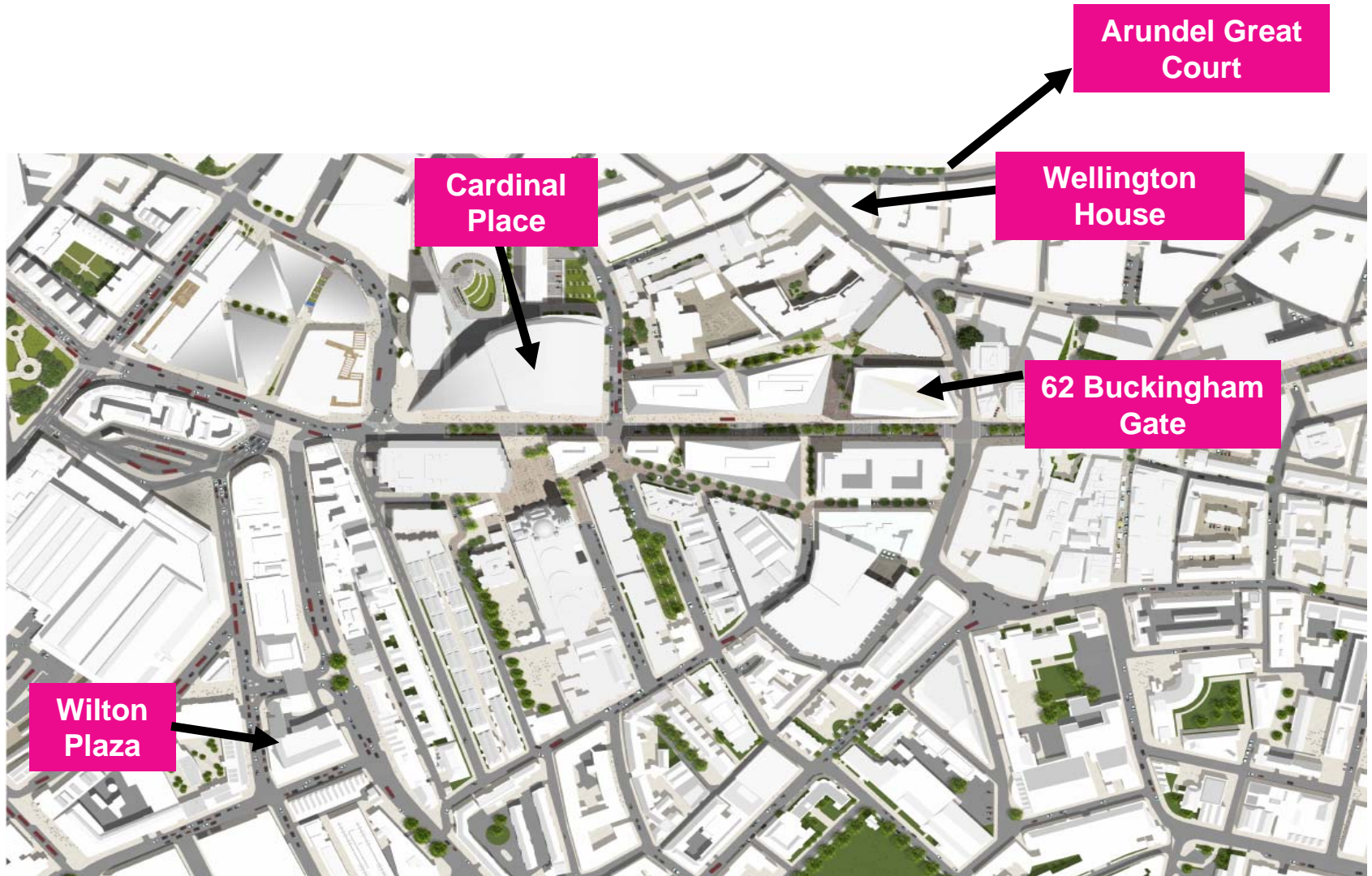
Wilton Plaza, SW1

- 158 units of student accommodation
- 74 affordable housing units
- 38 private market units



The affordable housing bank ...

Victoria Masterplan



Victoria – the next decade ...

Schemes on site



62 Buckingham Gate, SW1

**252,400 sq ft offices and
16,572 sq ft retail**

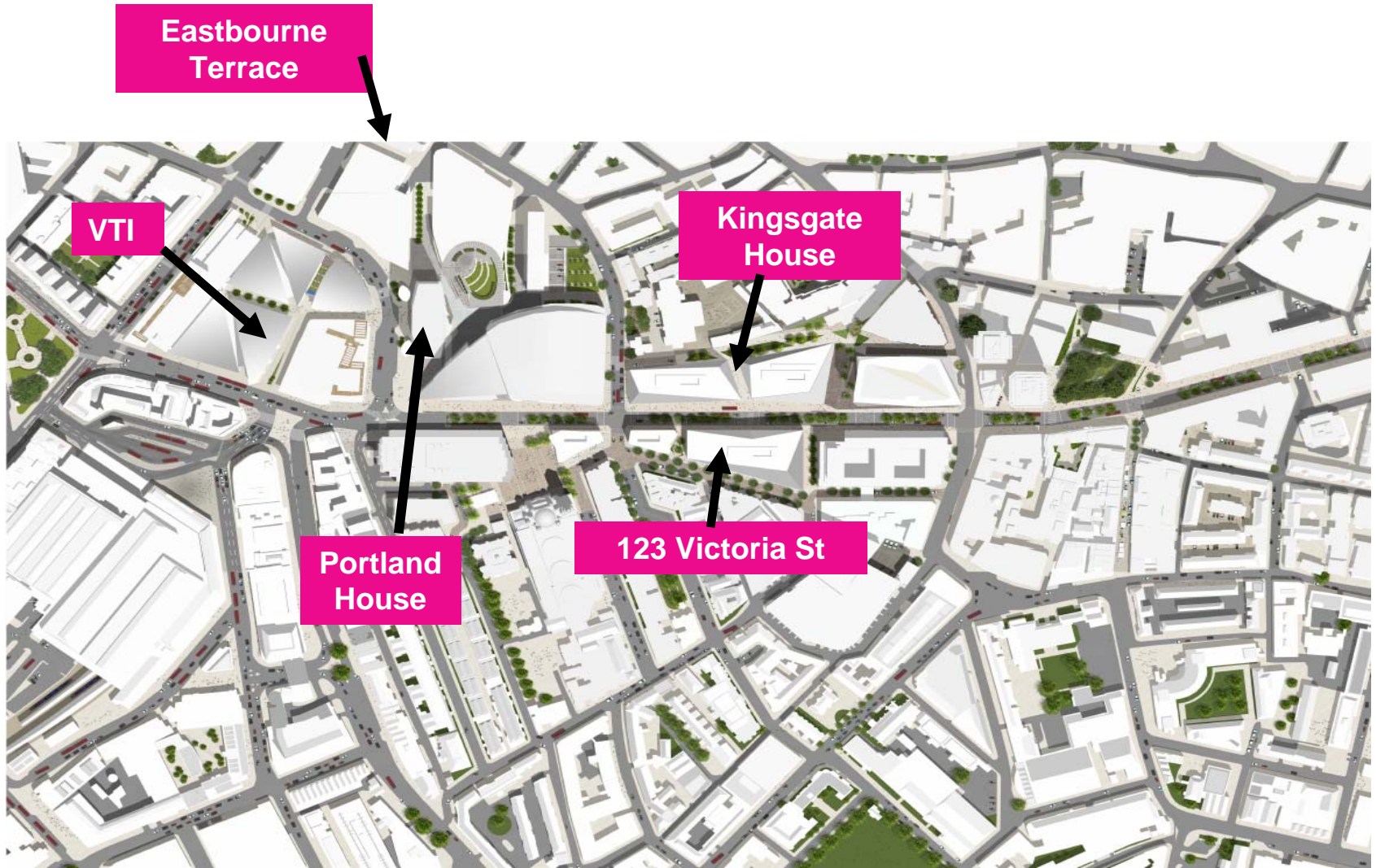


Wellington House, SW1

**60,776 sq ft residential and
2,734 sq ft retail**

We are building into a supply constrained market ...

Victoria Masterplan



Victoria – the next decade ...



Consented schemes



VTI, SW1
910,600 sq ft



Arundel Great Court, WC2
666,200 sq ft



20 Fenchurch Street, EC3
686,600 sq ft

Implementation strategies ...



Schemes in feasibility



The next generation of planning applications ...



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Corporate Responsibility



Sustainability



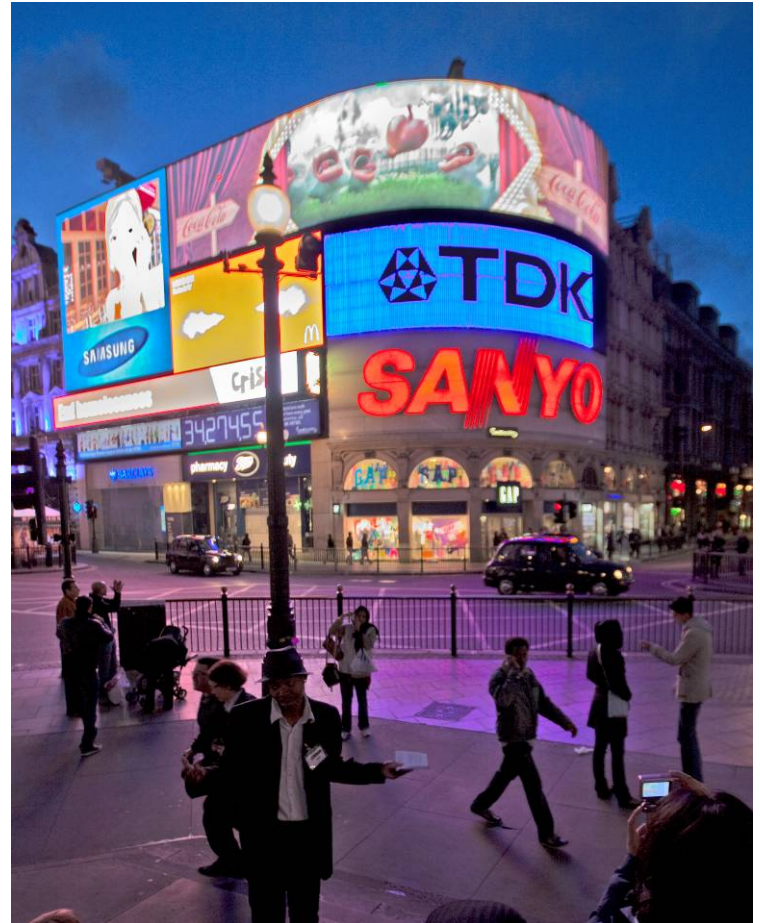
New build



Existing stock

Summary

- Heading towards supply constrained market conditions:
 - Vacancy rates coming down
 - Restricted supply
 - Demand set to rise
 - Prime rents will see strong pick up
 - Our portfolio well set to benefit
- Early cycle players:
 - Schemes tend to be at larger end of scale
 - Construction pricing advantage
 - Financing advantage
 - 1.2 million sq ft on site
 - 5+ million sq ft possible pipeline



Piccadilly Circus, W1

...opportunity, capacity, expertise, execution



Forging the future of London





Important notice

This presentation may contain certain ‘forward-looking’ statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

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Contacts

Edward Thacker

Investor Relations Director

Tel: +44 (0) 20 7024 5185

Fax: +44 (0) 20 7024 5011

Email: edward.thacker@landsecurities.com

Web: www.landsecurities.com

Abby Guthkelch

Investor Relations & Digital Comms Manager

Tel: +44 (0) 20 7024 5255

Fax: +44 (0) 20 7024 5011

Email: abby.guthkelch@landsecurities.com

Web: www.landsecurities.com

Appendix



Development pipeline

Consented schemes and schemes in design

Consented schemes	Target PC	Existing sqft (000's)	Proposed sqft (000's)	Area increase %	March 10 BV	Usage
20 Fenchurch St, EC3	2014	313	687	119%		Offices and retail
VTI, SW1	2016-2018	488	911	87%		Retail, Offices and residential
City Forum, EC1	2018	132	666	405%		Residential, offices and retail
Arundel Great Court, WC2	2015	451	666	48%		Offices, residential, hotel and retail
Sub-total		1,384	2,930	162%	£382.4m	
Schemes in design*						
60 Ludgate Hill, EC4	2013	139	170	22%		Offices and retail
30 Old Bailey, EC4	2013	68	151	209%		Offices
110 Cannon St, EC4	2012	74	74	0%		Offices
1 New Street Square, EC4	2015	123	199	62%		Offices and retail
123 Victoria Street, SW1	2012	217	231	6%		Offices
Kingsgate House, SW1	2015	201	408	100%		Offices and retail
Portland House, SW1	2017	311	326	5%		Residential and retail
20 Eastbourne Terrace, W2	2014	71	71	0%		Affordable residential
Sub-total		1,204	1,689	40%	£467.9m	
Total		2,588	4,619	78%		

* Data is indicative only