



# **Land Securities Annual General Meeting**

**16 July 2009**

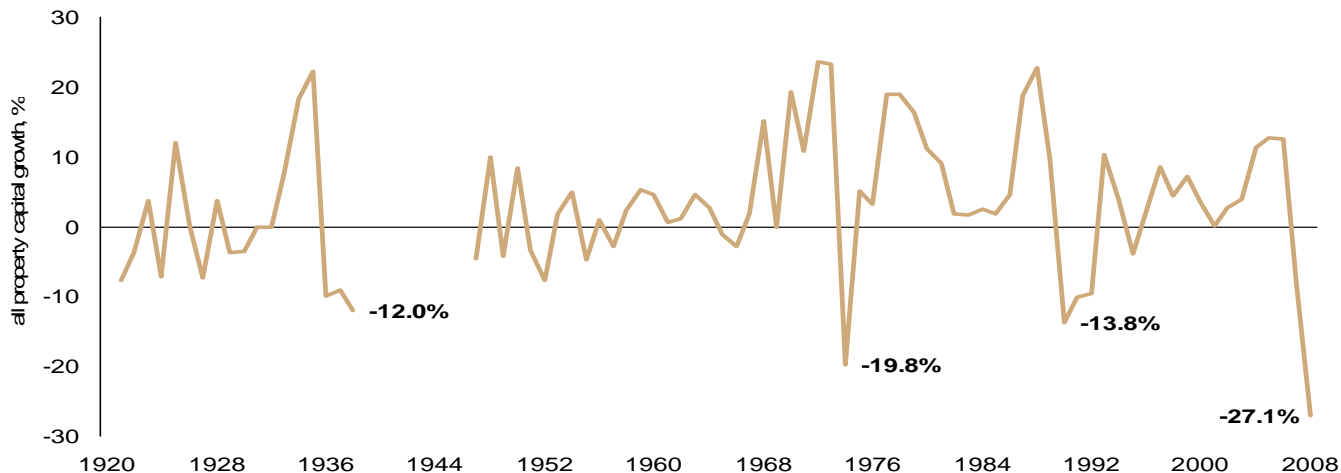
**Alison Carnwath, Chairman**

**Francis Salway, Chief Executive**



# UK Property over the long term

All property capital growth, %



Source: Scott (1921-1970), IPD Annual Index (1971-2007), IPD Monthly Index (2008)

The fall in capital values in 2008 was the largest on record





# Financial summary

Year ended 31.03.08		Year ended 31.03.09		change %
£(988.0)m	Pre-tax loss <sup>(1)</sup>	£(4,773.2)m		n/a
£(1,292.6)m	Valuation deficit <sup>(1)</sup>	£(4,743.7)m		-34.2
£284.8m	Revenue profit <sup>(1)</sup>	£314.9m		+10.6
60.79p	Adjusted diluted earnings per share <sup>(1)</sup>	62.57p		+2.9
1763p	Adjusted diluted NAV per share	593p		-66.4
57.0p	Dividend per share	51.1p		-10.4

(1) Continuing activities



# Business highlights



New Scotland Yard, SW1



Cabot Circus, Bristol

## Balance sheet management:

- Property investment sales
- Trillium asset sales
- Sale of Trillium
- Rights Issue

£527m
£154m
£444m
<hr/>
£1,125m
£756m

## Letting of completed developments:

- Cabot Circus, Bristol
- The Elements, Livingston
- 10 Eastbourne Terrace, W2
- Dashwood House, EC2

91%
80%
100%
9%
<hr/>
72%

Net debt reduced by £1.46bn or 27%



## Asset values

Emerging value support for assets let on strongest leases



**Queen Anne's Gate, SW1**



**Hill House, EC4**

Flat or positive valuation change for c.£1.0bn of assets since 31 January



# Rights Issue

- Equity capital raising of £785m
- The rights issue proceeds deliver:
  - An appropriate balance sheet in terms of the mix of equity and debt capital
  - Protection against the downside risk of further significant falls in property values
  - An ability to access debt capital markets in the future
  - Positioning of the business to exploit market opportunities





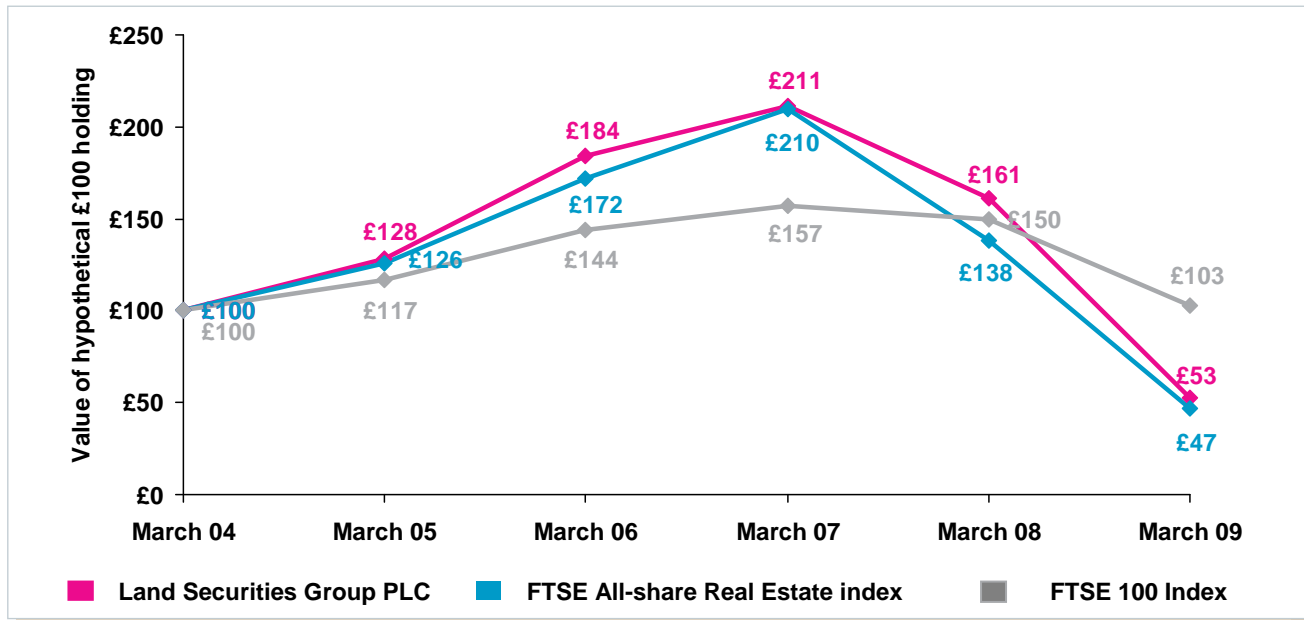


## Dividend repositioned

- Dividend re-set at a sustainable level from Q4 2008/09
  - Final dividend for 2008/09 financial year expected to be 7pps (28pps annualised), post Rights Issue
  - Quarterly dividend payments for 2009/10 financial year expected to be at same level
  - Dividend payout expected to reduce from £307m to £212m on an annualised basis
- Outlook for earnings and cashflow impacted by:
  - Dilution of earnings on sale of Trillium
  - Tenant insolvencies
  - Rental income to drop on lease expiries owing to falling rental values
- Dividend at a level which is robust and offers future growth potential



# TSR performance





# Q1 Interim Management Statement

- Trends in property values in line with our February Rights Issue expectations
- Investment property sales in the quarter £357.4m at 2.7% below March 2009 valuation
- Positioned to take advantage of opportunities that will arise as the market turns



**Portman House, Oxford Street, W1**

# Outlook

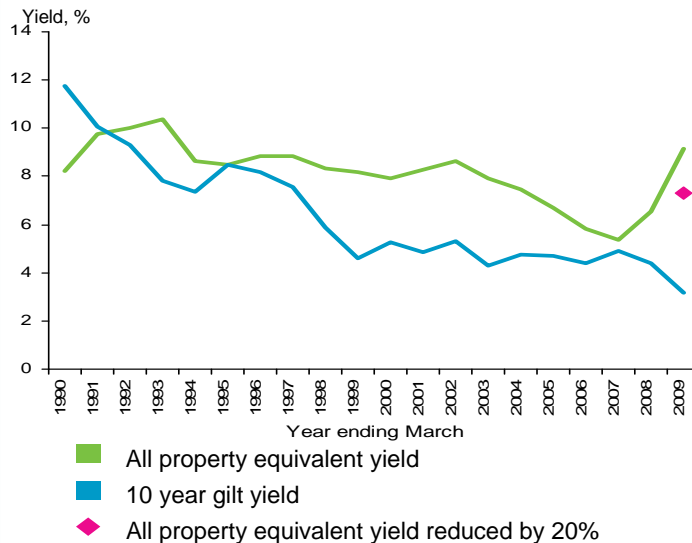
## Issues

Property yields vs risk free return

Economic recession and impact on rental values

Banks' exposure to property

All property equivalent yield and 10 year gilt yield



Source: IPD Monthly Index, Reuters

Potential for capital and rental value trends to de-couple – subject to capital flows

# Sources of competitive advantage

SKILLS	Unrivalled occupier relationships and development expertise
FINANCING	Flexibility of debt structure: asset selection not tied to debt
PORTFOLIO STRUCTURE	Blend of long income and assets with future enhancement potential
DEVELOPMENT	Medium term planning undertaken to create West End office development opportunities
OPPORTUNITY	Breadth of opportunity from coverage of largest market segments

Skills base, capital structure and business mix to exploit a range of opportunities



# Summary

- Net debt reduced by 27% in 2008/09
- Flexibility and liquidity from £1.9bn of cash
- Operational focus on income – voids and renewals
- Forward looking – clear view on likely opportunities for value creation



Focus on fundamentals of income and lettings with an eye on timing of future opportunities



**Official business**