

Annual results presentation

16 May 2012



Land Securities annual results

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



Introduction

Robert Noel





Financial summary

Year ended 31.03.11 £m		Year ended 31.03.12 £m	change %
1,227.3	Profit before tax	515.7	-58.0
274.7	Revenue profit	299.4	9.0
35.5p	Adjusted diluted earnings per share ⁽¹⁾	38.5p	8.5
908.8	Valuation surplus ⁽²⁾	190.9	2.0 ⁽³⁾
826p	Adjusted diluted NAV per share	863p	4.5
28.2p	Dividend per share	29.0p	2.8

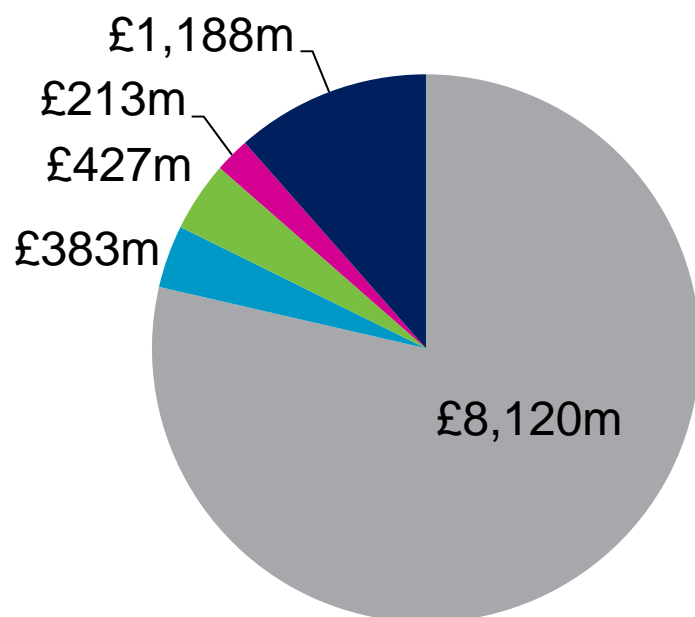
(1) Now excludes profits on disposal of trading properties and long-term development contracts

(2) Including share of joint ventures

(3) Represents increase in value over year

Combined portfolio valuation

**Combined portfolio by market value -
£10,331m**

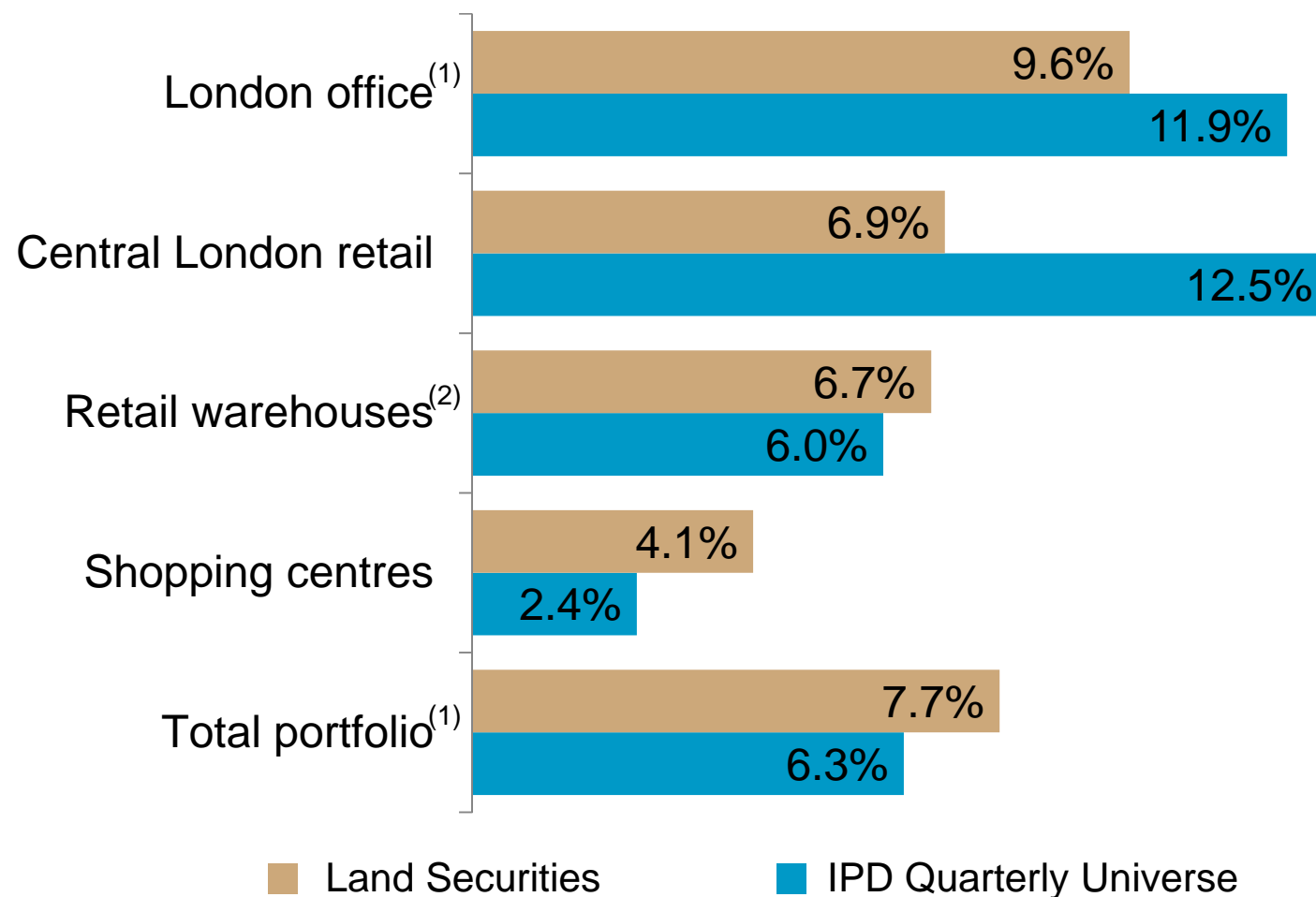


Valuation surplus 12 months

		£m
Like-for-like	1.8%	140.5
Acquisitions	-4.8%	(19.0)
Completed developments	3.3%	13.0
Proposed developments	-12.8%	(31.2)
Development programme	8.2%	87.6
Total investment portfolio	2.0%	190.9

Investment portfolio performance relative to IPD

Ungeared total return (12 months ended 31 March 2012)

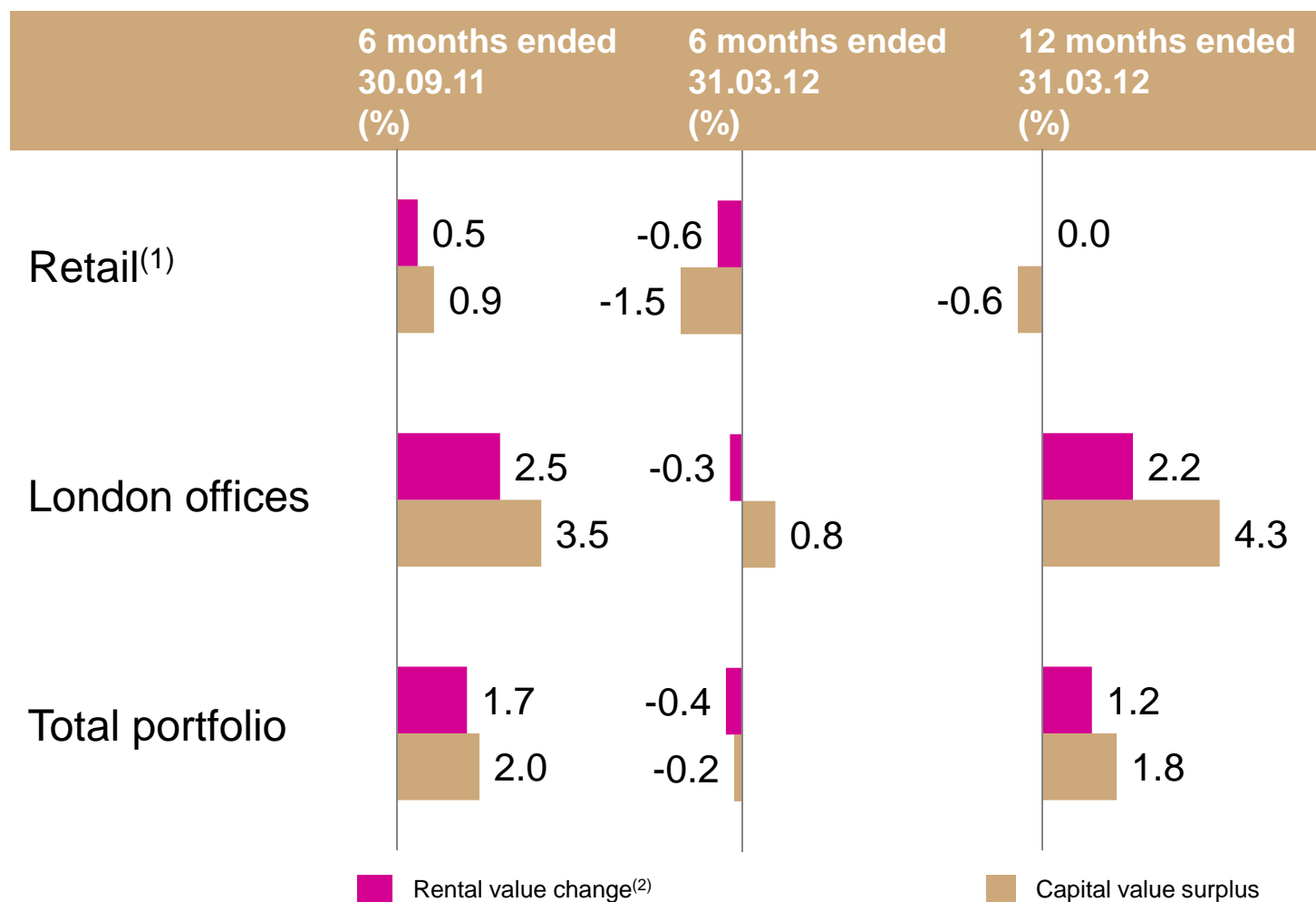


(1) Land Securities total return higher by 0.3% for London offices and 0.2% for total portfolio if adjusted for capital extracted from Queen Anne's Gate, SW1 through bond issue

(2) Includes food stores for Land Securities

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



Financial results

Martin Greenslade

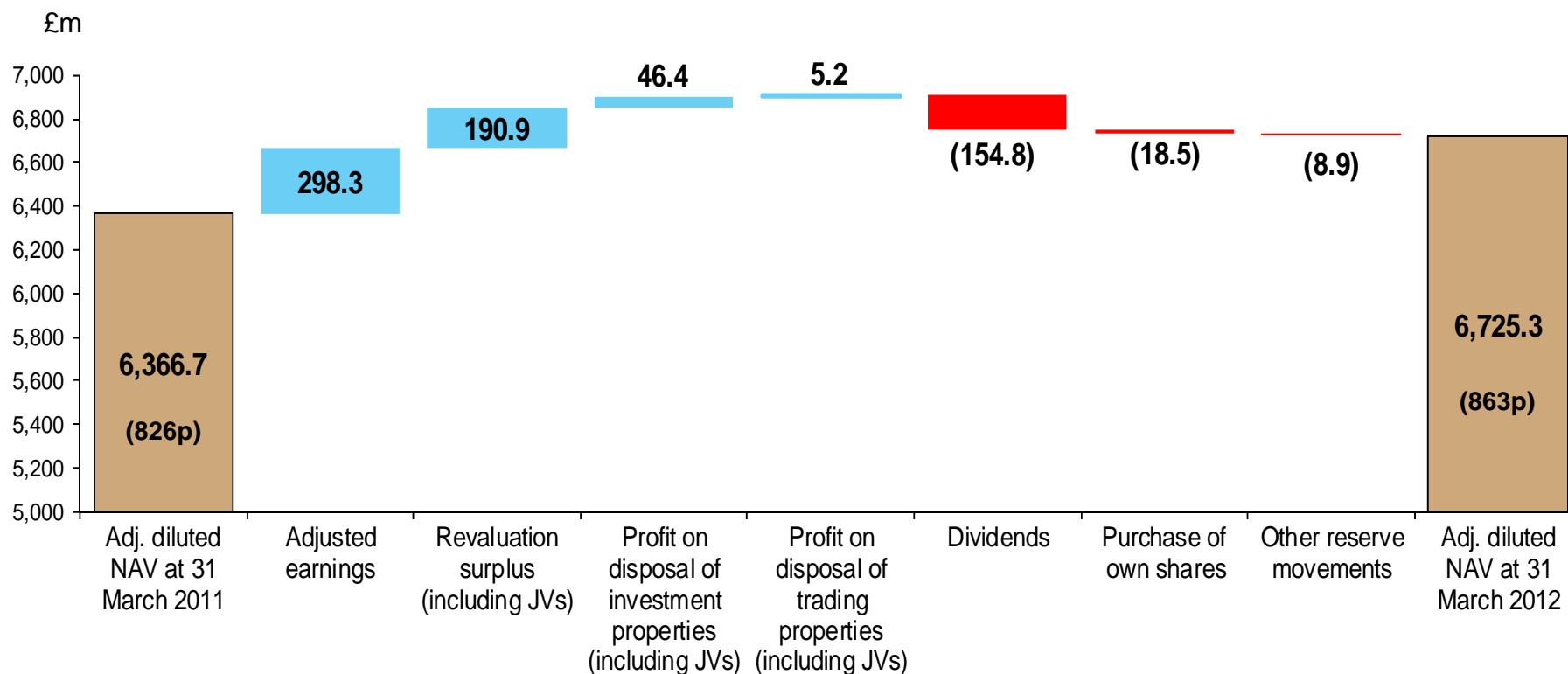


Revenue profit

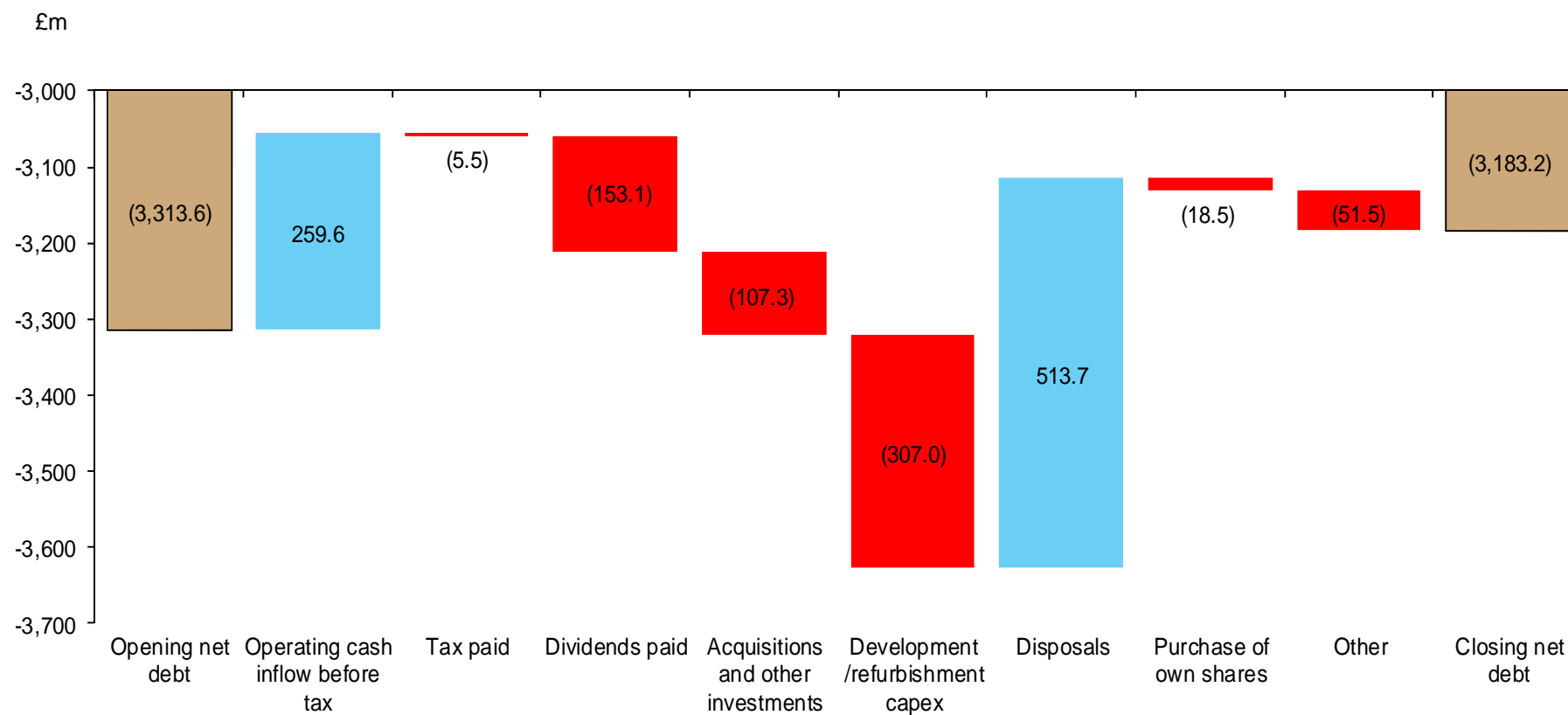
	Year ended 31.03.12 £m	Year ended 31.03.11 £m	Variance £m
Gross rental income ⁽¹⁾	606.1	610.6	(4.5)
Net service charge expense	(5.3)	(6.0)	0.7
Direct property expenditure (net)	(28.1)	(47.9)	19.8
Net rental income	572.7	556.7	16.0
Indirect costs	(45.8)	(45.0)	(0.8)
Segment profit before interest	526.9	511.7	15.2
Unallocated expenses (net)	(40.1)	(30.9)	(9.2)
Net interest – Group	(155.5)	(173.7)	18.2
Net interest – joint ventures	(31.9)	(32.4)	0.5
Revenue profit	299.4	274.7	24.7

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

Movement in adjusted diluted NAV



Cash flow and net debt



Financing

- £1.085bn new revolving credit facility signed during year
- £1.2bn of cash and undrawn facilities
- Weighted average cost of debt 5.0%
- Weighted average maturity of debt 10.9 years
- Group LTV at 38.0% (including JVs), down from 39.0% at 31 March 2011

	Proforma	31 March 2012	31 March 2011
	%	%	%
Group LTV ⁽¹⁾	33.4	38.0	39.0
Security Group LTV	32.8	37.6	40.1

(1) Includes share of JVs

Net rental income analysis

	Year ended 31 March		Variance	
	2012	2011	£m	%
	£m	£m		
Like-for-like investment properties	457.8	452.1	5.7	1.3
Proposed developments	10.9	12.0	(1.1)	
Development programme	21.5	6.5	15.0	
Completed developments	15.4	11.6	3.8	
Acquisitions since 1 April 2010	21.4	11.7	9.7	
Sales since 1 April 2010	37.0	56.5	(19.5)	
Non-property related income	8.7	6.3	2.4	
Net rental income	572.7	556.7	16.0	2.9

Summary



- Good growth in revenue profit
- Robust balance sheet
- Financial flexibility



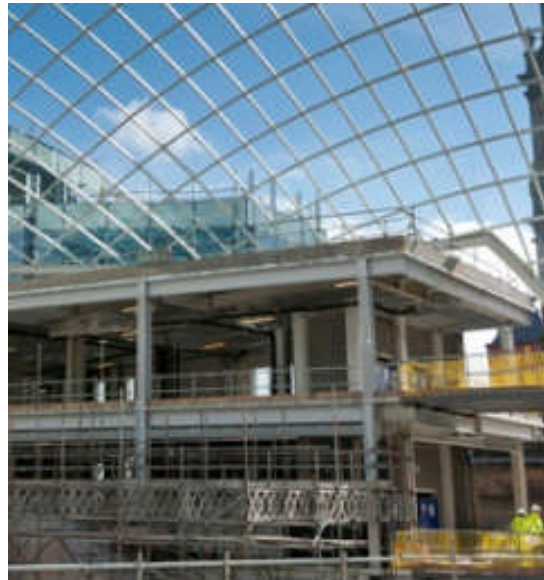
Retail Portfolio

Richard Akers



Executing our plan

- Every asset has a plan
- Good progress on execution



Retail market and trends

- Consumer economy remains fragile but market share is moving

From:

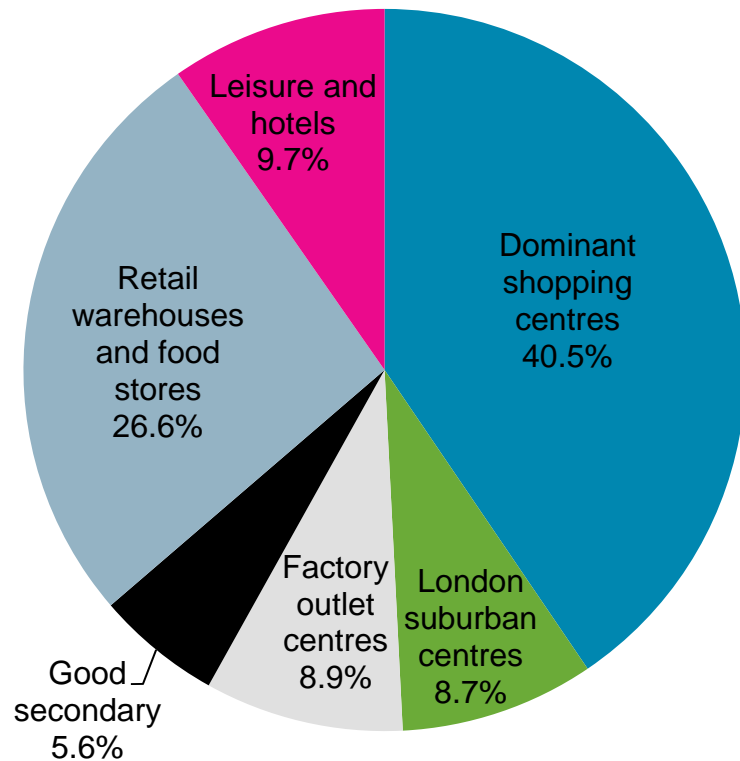
- Weaker shopping centres
- High streets

To:

- Internet enabled shopping
- Larger centres with choice
- Out of town and supermarkets
- Destinations with leisure facilities

Portfolio reshaped

Retail Portfolio by capital value £4,751m



Retail Portfolio performance vs. IPD (% p.a.)

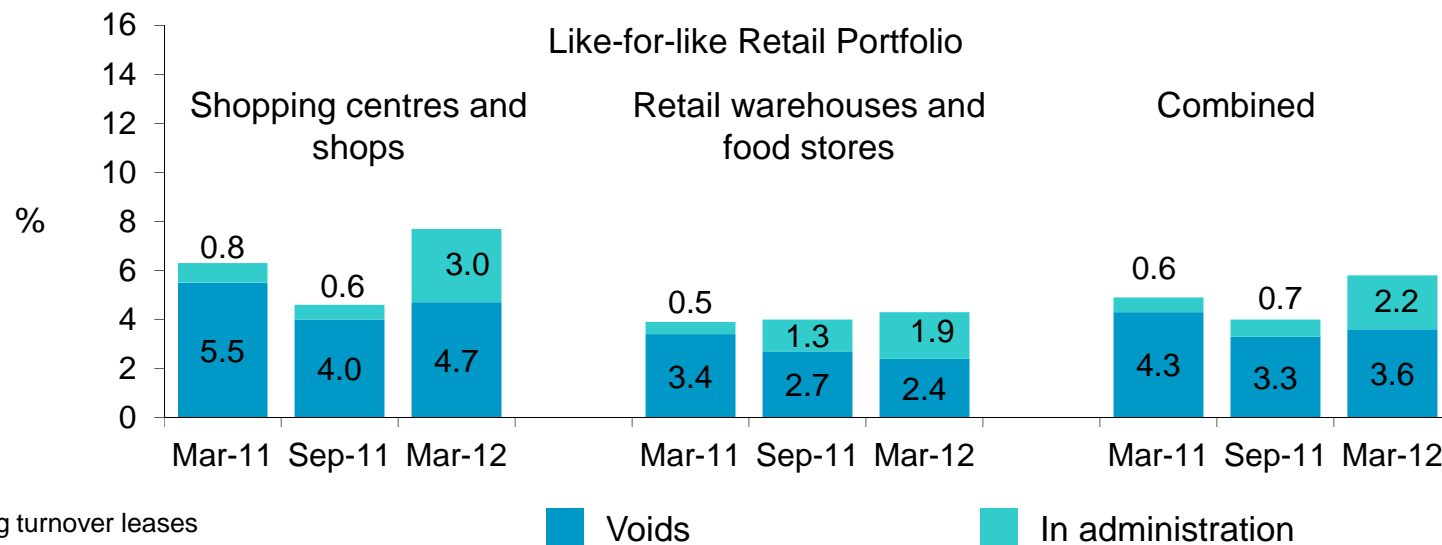
	1 year	3 years	5 years
Retail Portfolio	5.8	13.4	-1.5
IPD	3.4	10.4	-3.1
Relative performance	2.4	2.7	1.6



Performance

Voids, lettings, insolvency

- 182 investment lettings for £14.6m rent
- LFL voids down from 4.3% to 3.6%
- Completed lettings 2.1% above ERV*
- Administrations up from 0.6% to 2.2%



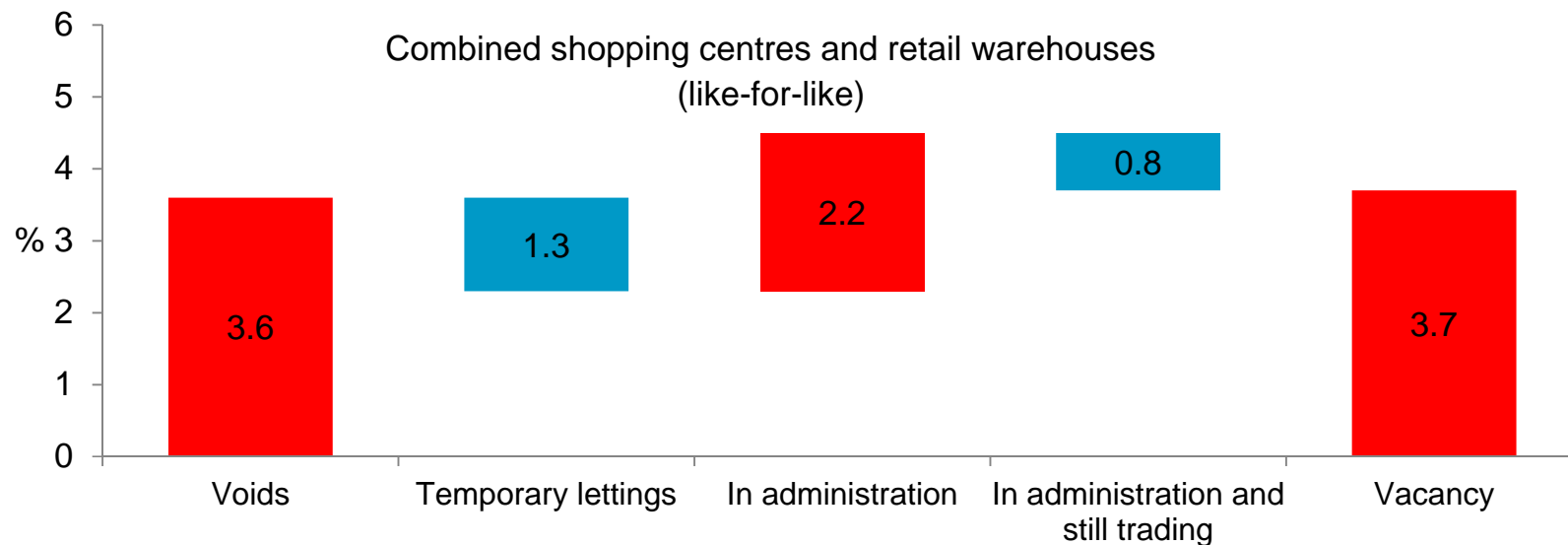
Strong lettings performance reducing voids



Performance

Operational metrics and occupancy

- Occupancy 96.3%
- Footfall down 0.5% vs. benchmark down 1.8%
- Sales down 1.5% on same store basis, vs. benchmark* down 1.3%



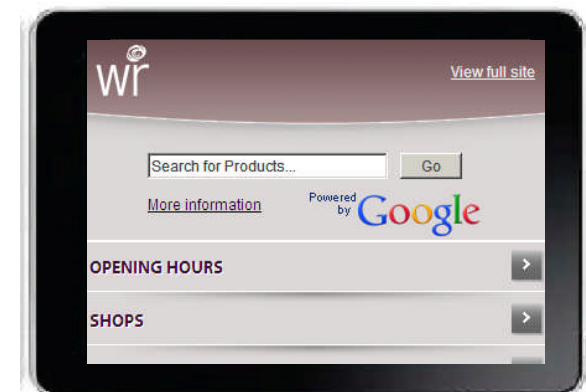
* Land Securities' shopping centres same store / same retailer like-for-like sales (VAT exclusive). BRC – KPMG RSM statistics (VAT inclusive), based on non-food like-for-like weighted average

Strong focus on occupancy

Internet and multi-channel retailing

Integrating the online world into physical stores

- Amazon collection lockers
 - Ocado shopping wall
 - Free Wi-Fi in our centres
 - Mobile enabled consumer websites
 - Google Local Product search
- ✓ Trialled last year
- ✓ Implementing
- New!**



Sales

Recycling capital out of secondary assets



St Johns, Liverpool

- Sold for £76.6m



Corby town centre

- Sold for £67.8m



Almondvale Retail Park,
Livingston

- Sold for £31.9m

Sales of £281.9m at 5.6% above March 2011 value

Shopping centre asset management

Bringing in new major occupiers

- Primark at the Bridges, Sunderland – new store under construction
- Princesshay, Exeter – Hollister introduced into the scheme
- Southside, Wandsworth – planning permission achieved for 126,000 sq ft including a new anchor store



Shopping centre asset management

Improving the food and beverage provision

- Southside, Wandsworth – on site with five new restaurants: Cattle Grid, Ed's Diner, Prezzo, Rossopomodoro and Wagamama
- Bon Accord & St Nicholas, Aberdeen: refurbished food court with four new restaurants
- O2 Centre, NW3: leases signed with three restaurants – Rossopomodoro, Wagamama and Yo! Sushi



In-town development



Trinity Leeds

- Now 72% pre-let or ISH
- On track to open March 2013



185-221 Buchanan Street,
Glasgow

- Now 92% pre-let or ISH
- On track to open March 2013

Derisking prime developments through pre-lettings

In-town development

Future opportunities



Westgate, Oxford

- Agreed terms with Council for development agreement
- Agreed terms with John Lewis for anchor store



Paris Street, Exeter

- Progressing with construction of John Lewis store
- Appointed developer for the bus station site



Buchanan Galleries, Glasgow

- Planning permission achieved
- TIF approved

Preparing opportunities for future development

Out of town activity

	sq ft	% let
Garratt Lane, Wandsworth	93,400	83
Lakeside	25,000	100
Chesterfield	32,000	100
Thanet	70,000	100
Under construction	220,400	93
Taplow	131,500	42
Crawley	118,390	90
Peterborough	71,870	-
Whalebone Lane, Chadwell Heath	50,000	100
Derby	100,000	Under offer
Banbridge	110,000	100
With planning	581,760	55
Selly Oak	1,000,000	12
Salisbury	123,500	100
Bexhill (M&S)	53,000	100
Planning applications submitted	1,176,500	25
6 further sites secured		
Sites secured and under offer	904,800	
Total	2,883,460	

Total approximate future capex £500m (LS share)

Leisure

Integral to retail

- Opportunity to acquire further assets and grow earnings
- You can't eat out on the internet
- Leisure: 2.0m sq ft of space, £38.0m of rental income and 11 cinemas already in portfolio
- Acquisitions: Kingsmead, Bath, X-Leisure fund units, The Cornerhouse, Nottingham
 - Synergies with Retail Portfolio
 - Strong relationships with occupiers



The Cornerhouse, Nottingham

Summary

- Intensive asset management
- Developments upgrading our portfolios
- Selling our weakest assets
- Growing earnings with high quality leisure acquisitions



High levels of activity reshaping the portfolio



London Portfolio

Robert Noel





Disciplined appetite for risk

Active asset management and development

Sold

for the right reasons

- £623.8m of assets at 3.8% above March 2011
- Disciplined approach to disposals

Re-gears + investment lettings

to lengthen and strengthen income

- £29.5m of re-gears and investment lettings
- Like-for-like office WAULT increased to 10.2 years

Development management

de-risking and enabling optionality

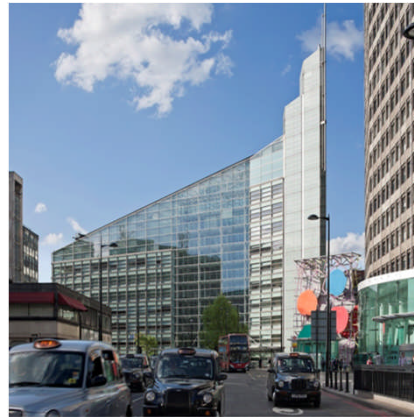
- £4.0m of development lettings in the year
- Further profits crystallised

Sales



110 Cannon Street, EC4

- Sold during course of construction
- Profit crystallised early



Eland House, SW1

- Sold below valuation
- Ageing building with break approaching



Victoria Circle, SW1

- Site assembly completed
- Holding transferred to 50:50 JV



Arundel Great Court, WC2

- Redevelopment decision approaching
- Better return prospects elsewhere

Selling for the right reasons

Asset management



40 Strand, WC2

- 95,300 sq ft refurbishment completed
- Bain & Co have taken new 15-year lease



Southwark Bridge Road, SE1

- 56,000 sq ft lease expiry December 2012
- Restructured to new 15 year lease with Motability



Moorgate Hall, EC2

- 67,000 sq ft with 39% vacant
- Whole building let to Mace for 15 years



Cardinal Place – Palace Street, SW1

- Part lease surrender, part lease extension to 13 years
- New rental tone to be set

Delivering on asset plans

London developments – May 2010

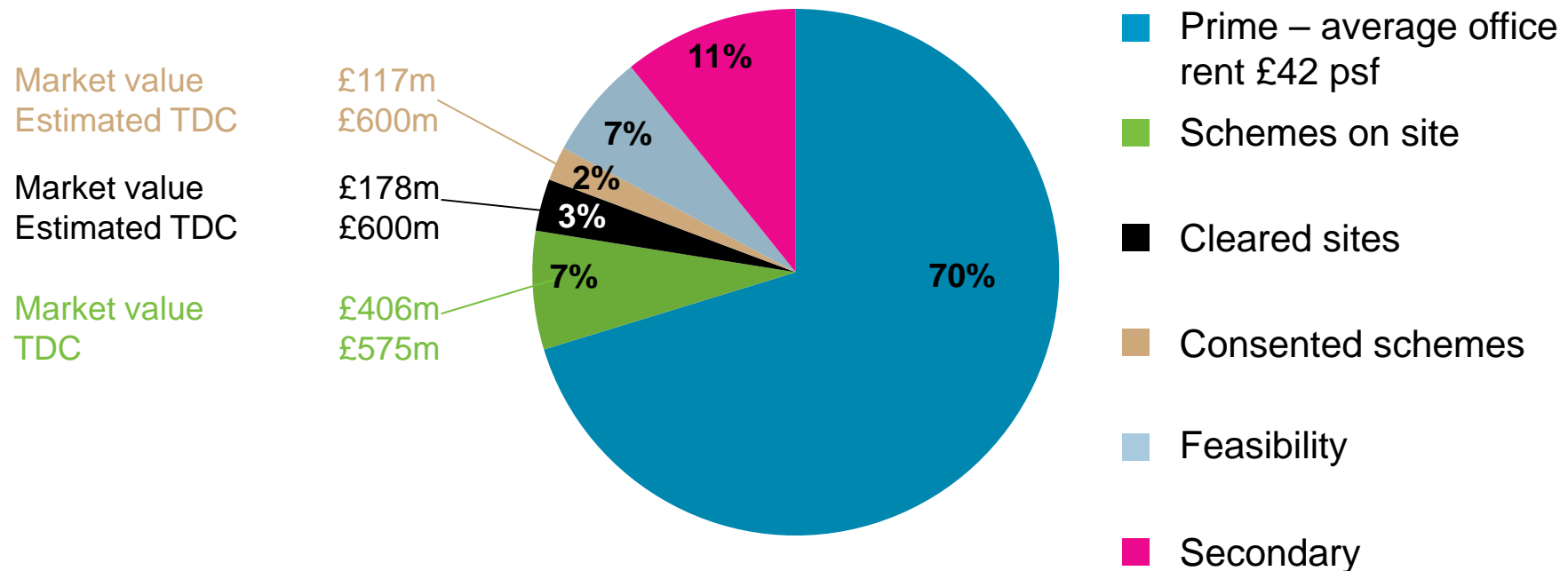
	Completion	Existing area	Proposed area	Increase	
		'000 sq ft	'000 sq ft	'000 sq ft	
Schemes on site					
One New Change, EC4	2010	377	550	173	46%
Wellington House, SW1	2012	53	62	9	17%
Park House, W1	2012	195	309	114	58%
62 Buckingham Gate, SW1	2013	118	269	151	128%
Sub total		743	1,190	447	60%
Consented schemes					
20 Fenchurch Street, EC3	2014	313	687	374	119%
Arundel Great Court, WC2	2015	451	666	215	48%
City Forum, EC1	2016	132	666	534	405%
VTI 2, SW1	2016/18	488	911	423	87%
Sub total		1,384	2,930	1,546	112%
Schemes in design					
Ludgate Hill, EC4	2012	139	139	-	-
123 Victoria Street, SW1	2012	217	231	14	6%
Cannon Street, EC4	2012	74	74	-	-
Hillgate House, EC4	2014	68	151	83	122%
Shoe Lane, EC4	2015	123	199	76	62%
Kingsgate House, SW1	2015	201	403	202	100%
Sub total		822	1,197	375	46%
Total		2,949	5,317	2,368	80%

What we have done with them

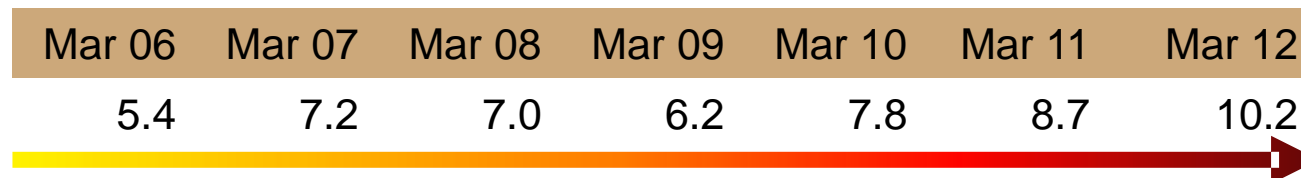
	Completion	Existing area '000 sq ft	Proposed area '000 sq ft	Increase '000 sq ft	%	
Schemes on site						
One New Change, EC4	2010	377	550	173	46%	90% LET
Wellington House, SW1	2012	53	62	9	17%	100% PRE-SOLD
Park House, W1	2012	195	309	114	58%	SOLD
62 Buckingham Gate, SW1	2013	118	269	151	128%	U/C
Sub total		743	1,190	447	60%	
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20 Fenchurch Street, EC3	2014	313	687	374	119%	U/C
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Sub total		1,384	2,930	1,546	112%	
Schemes in design						
Ludgate Hill, EC4	2012	139	139	-	-	DEMOLISHED
123 Victoria Street, SW1	2012	217	231	14	6%	U/C 21% PRE-LET
Cannon Street, EC4	2012	74	74	-	-	SOLD
Hillgate House, EC4	2014	68	151	83	122%	DEMOLISHED
Shoe Lane, EC4	2015	123	199	76	62%	PLANNING OBTAINED
Kingsgate House, SW1	2015	201	403	202	100%	IN DEMOLITION
Sub total		822	1,197	375	46%	
Total		2,949	5,317	2,368	80%	

London Portfolio

£5,579m portfolio by value at 31 March 2012



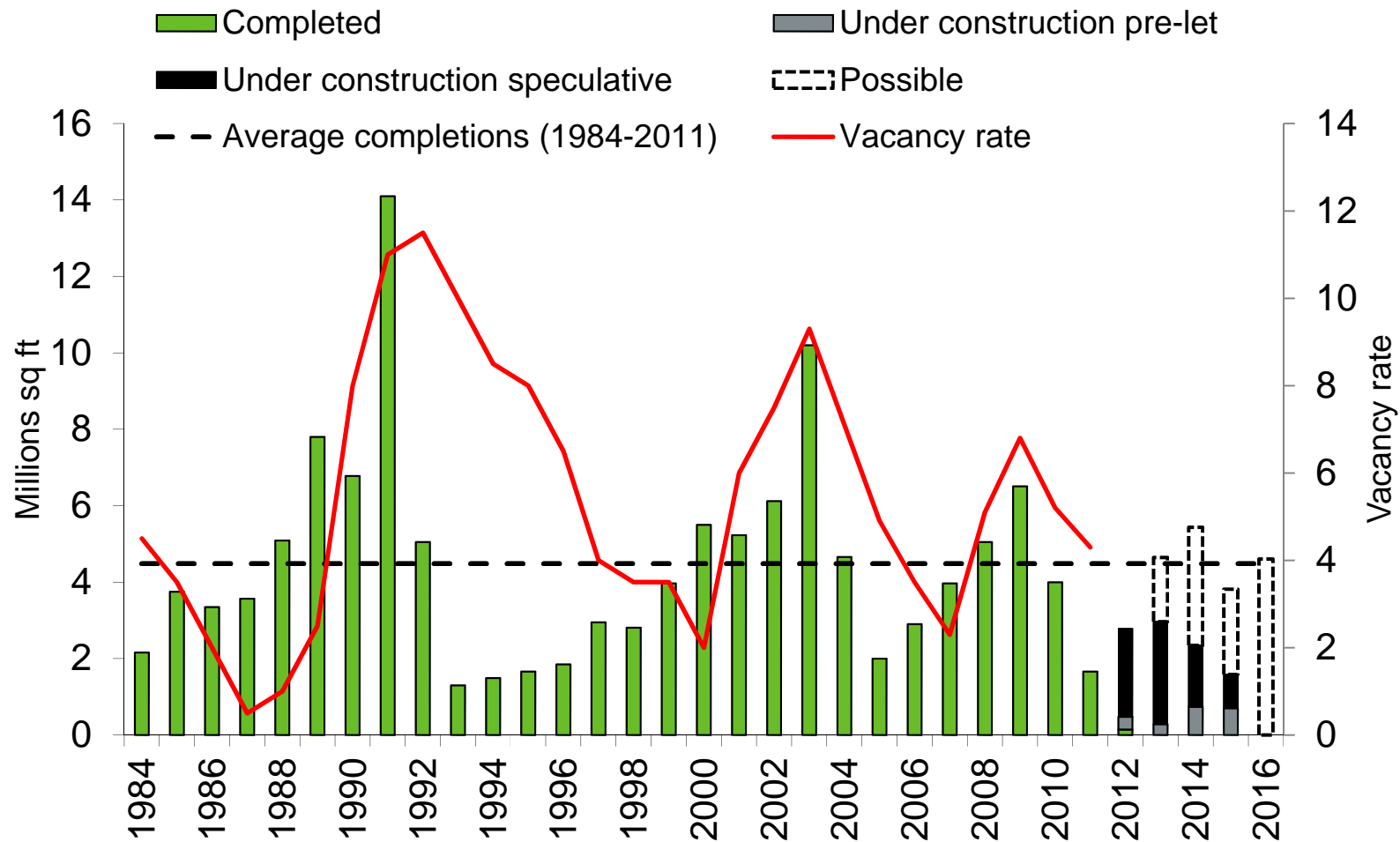
WAULT (years) Total London offices – LFL portfolio



Defensive strength and well-timed development with optionality

Supply – Central London

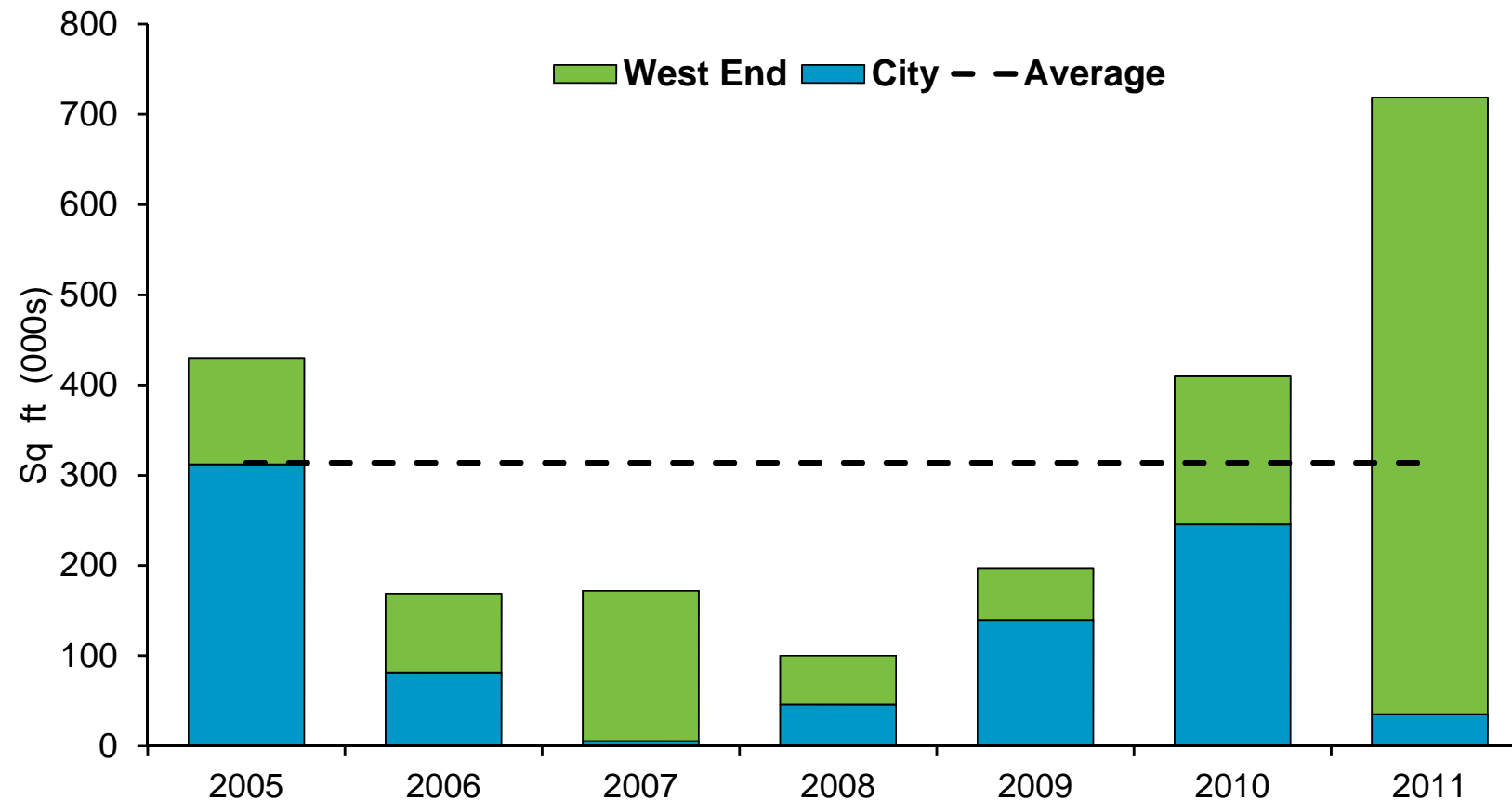
Development completions & vacancy



Source: CBRE

London office supply – lost space

Office change of use



Source: PMA

Office floorspace lost to alternative uses is rising

Land Securities London developments



£1.9bn TDC (potential and under construction)

(1) LS share

City developments



20 Fenchurch Street, EC3

- 695,000 sq ft, completion due April 2014
- All main trade contracts awarded
- 8% in solicitors' hands



1 & 2 New Ludgate, EC4

- 380,000 sq ft scheme
- Demolition completed
- Pausing on construction to time delivery



1 New Street Square, EC4

- 255,000 sq ft scheme
- Vacant possession 2012
- Earliest delivery July 2016

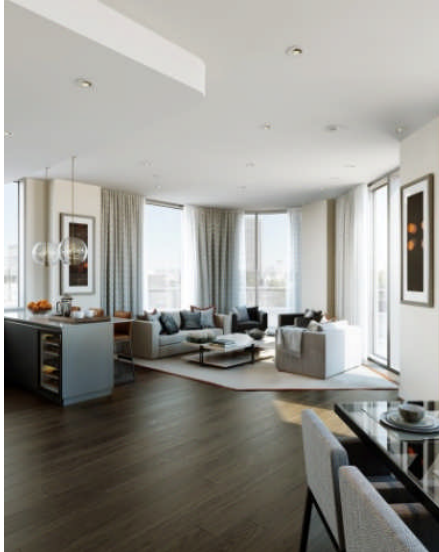
Delivering the right schemes at the right time

West End developments



West End developments

Under construction



Wellington House, SW1

- All 59 apartments pre-sold
- Average sales £1,430 psf
- Completion July 2012



123 Victoria Street, SW1

- 227,000 sq ft scheme
- 37,000 sq ft pre-let to Jimmy Choo
- Completion August 2012



62 Buckingham Gate, SW1

- 275,000 sq ft scheme
- Structural frame complete. Cladding and services installation underway
- Completion May 2013

Construction on track

West End developments

Proposed / planning secured



Kingsgate House, SW1

- 234,000 sq ft office and retail
- 110,000 sq ft residential
- Planning permission granted
- Demolition started



Victoria Circle, SW1

- Comprehensive redevelopment scheme totalling 910,000 sq ft over 5 buildings
- 50:50 partnership formed with Canada Pension Plan Investment Board



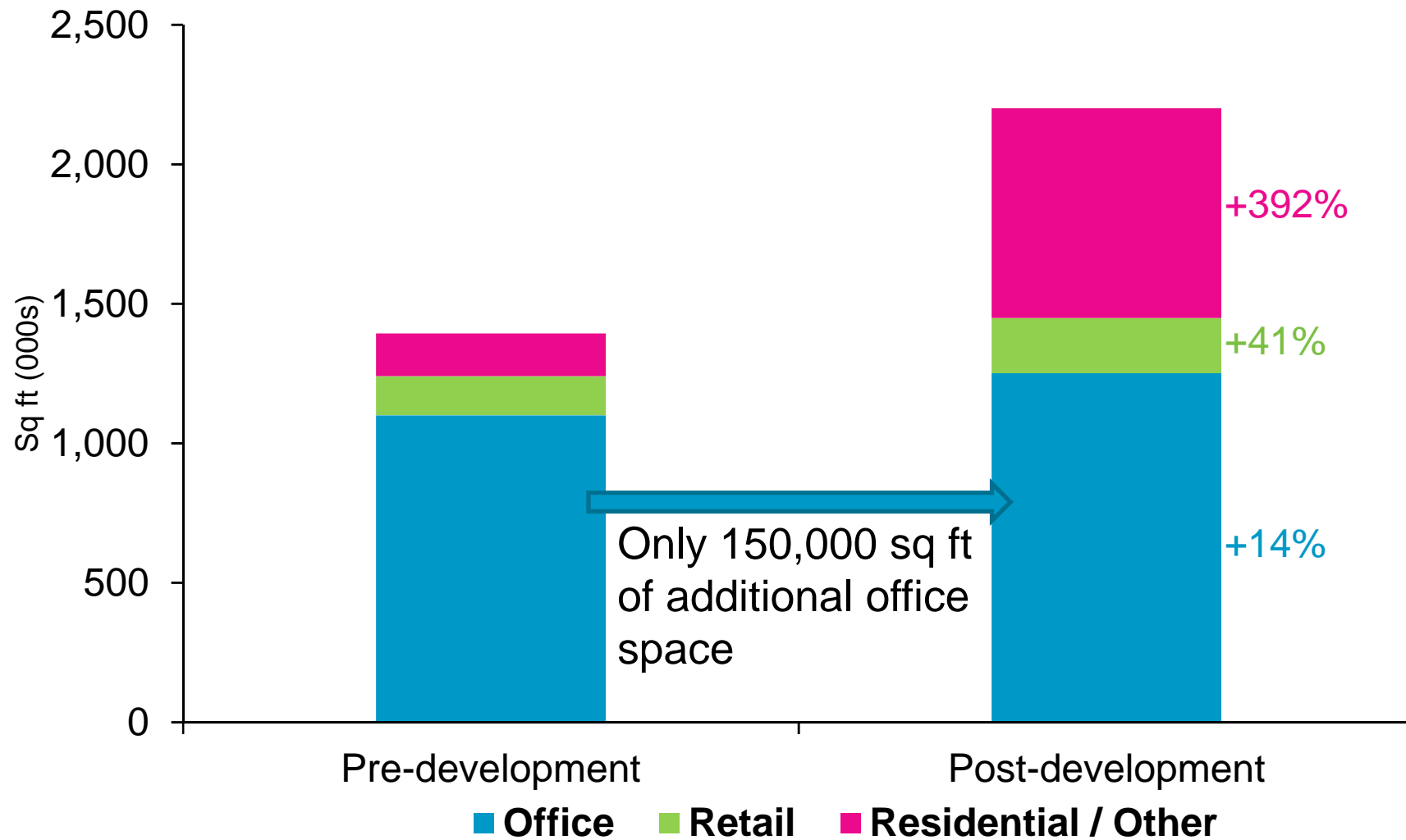
Portland House, SW1

- Submit planning application this financial year
- Convert into residential space
- 206 apartments over 363,000 sq ft

Future pipeline a game changer in the West End

Victoria programme

Pre and post re-development



Summary

- Well positioned portfolio
- Well managed development programme
- Asset management lengthening and strengthening income



Every asset has a plan



Outlook

Robert Noel





Driving the business forward

Delivery of our clear, realistic plan

- London and Retail focus
- Every asset has a plan
- Backed by our financial strength and firepower

Unparalleled development programme

- Build into supply constrained markets
- Securing lettings
- Maintaining our optionality and choices

Momentum throughout the business

- Top class team focused on delivery and performance
- Financial discipline using modest gearing

“One business focused on delivering results for shareholders”





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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