Annual results presentation

15 May 2014

LandSecurities

Agenda

Valuation and financial results	Martin Greenslade
Portfolio update and outlook	Robert Noel

Valuation and financial results

Martin Greenslade

Financial summary

Year ended 31.03.13 £m		Year ended 31.03.14 £m	Change %
533.0	Profit before tax	1,108.9	108.0
217.5	Valuation surplus[1]	763.8	7.1[2]
903p	Adjusted diluted NAV per share	1,013p	12.2
290.7	Revenue profit[1]	319.6	9.9
36.8p	Adjusted diluted earnings per share	40.5p	10.1
29.8p	Dividend per share	30.7p	3.0

(1) On a proportionate basis
(2) Represents increase in value over the year

Combined portfolio valuation

	Market value at 31.03.14	Combined portfolio by value	Valuation surplus Year ended 31.03.14	
	(£m)	(%)	(%)	(£m)
Like-for-like	8,369.7	70.6	5.4%	412.0
Acquisitions	802.4	6.7	1.1%	8.8
Completed developments	1,170.2	9.9	5.7%	59.3
Proposed developments	–	–	–	–
Development programme	1,517.1	12.8	22.3%	273.8
Total combined portfolio	11,859.4	100.0	7.1%	763.8*

* Includes a £9.9m surplus relating to Buchanan Gardens, Glasgow (£1.0m) and Nova, Victoria (£8.9m) before reclassification to trading properties during the year

Developments delivering a substantial valuation surplus

Revenue profit

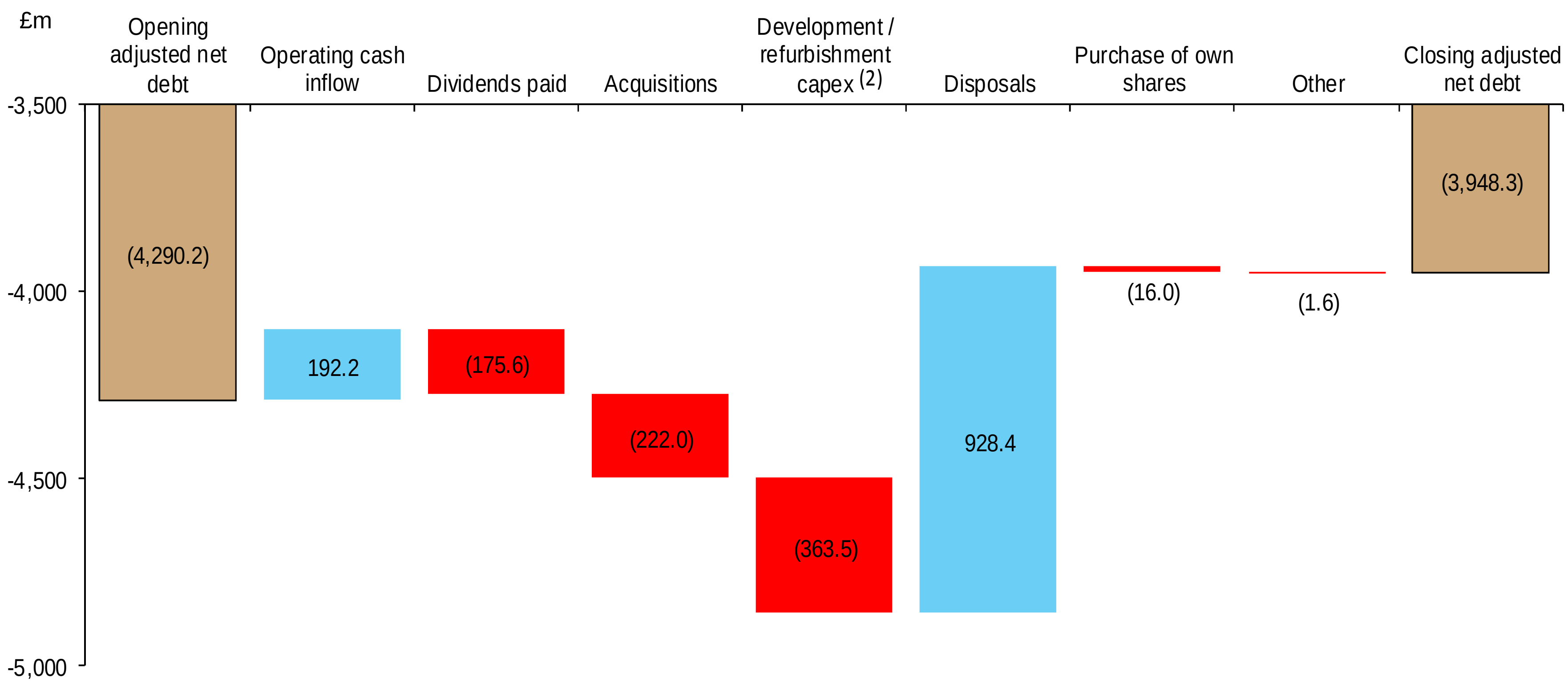
	Year ended 31.03.14 £m	Year ended 31.03.13 £m	Variance £m
Gross rental income[1]	631.4	589.9	41.5
Net service charge expense	(3.4)	(2.2)	(1.2)
Direct property expenditure (net)	(34.0)	(40.0)	6.0
Net rental income	**594.0**	**547.7**	**46.3**
Indirect costs	(47.2)	(40.3)	(6.9)
Segment profit before interest	**546.8**	**507.4**	**39.4**
Unallocated expenses (net)	(36.5)	(36.5)	-
Net interest – Group	(168.0)	(149.2)	(18.8)
Net interest – joint ventures	(22.7)	(31.0)	8.3
Revenue profit	**319.6**	**290.7**	**28.9**

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

Net rental income analysis

	Year ended 31 March		Variance	
	2014	2013		
	£m	£m	£m	%
Like-for-like investment properties	448.6	442.9	**5.7**	**1.3**
Proposed developments	-	-	**-**	
Development programme	9.0	5.4	**3.6**	
Completed developments	48.9	25.1	**23.8**	
Acquisitions since 1 April 2012	42.2	9.9	**32.3**	
Sales since 1 April 2012	34.5	55.5	**(21.0)**	
Non-property related income	10.8	8.9	**1.9**	
Net rental income	**594.0**	**547.7**	**46.3**	**8.5**

Cash flow and adjusted net debt[1]



(1) On a proportionate basis
(2) Includes trading properties

Financing

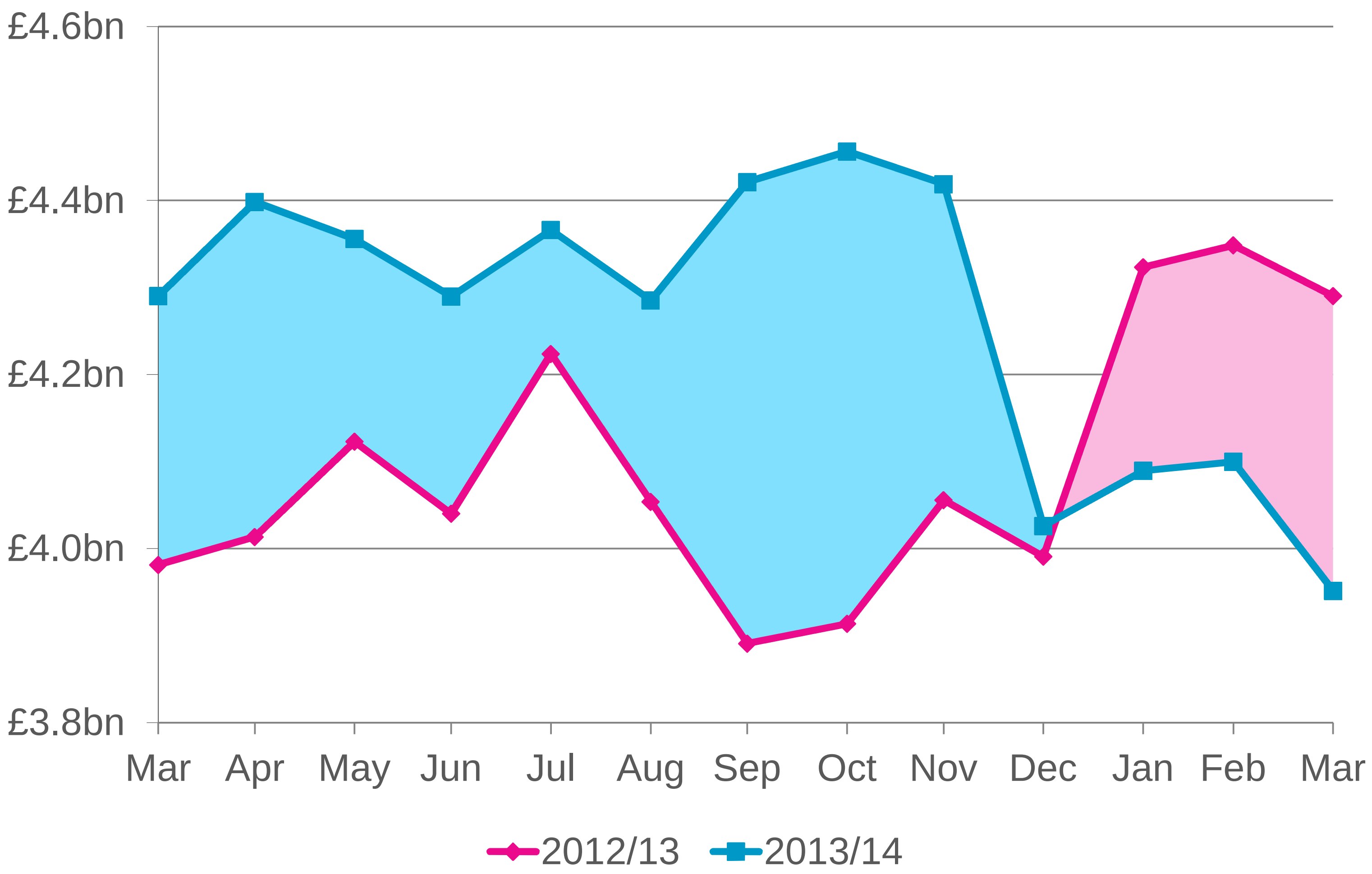
- Group LTV at 32.5%[1] down from 36.9% at 31 March 2013
- Weighted average maturity of debt: 9.3 years
- Weighted average cost of debt: 5.0%
- £1.1bn cash and available facilities

Gearing	31 March 2014 (%)	31 March 2013 (%)
Group LTV [1]	32.5	36.9
Security Group LTV	35.5	37.7

(1) On a proportionate basis

Adjusted net debt(1)

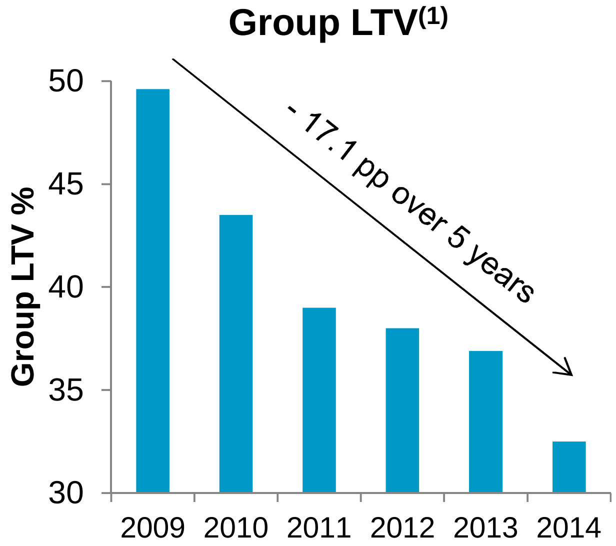
Year on year comparison by month



(1) On a proportionate basis

Summary

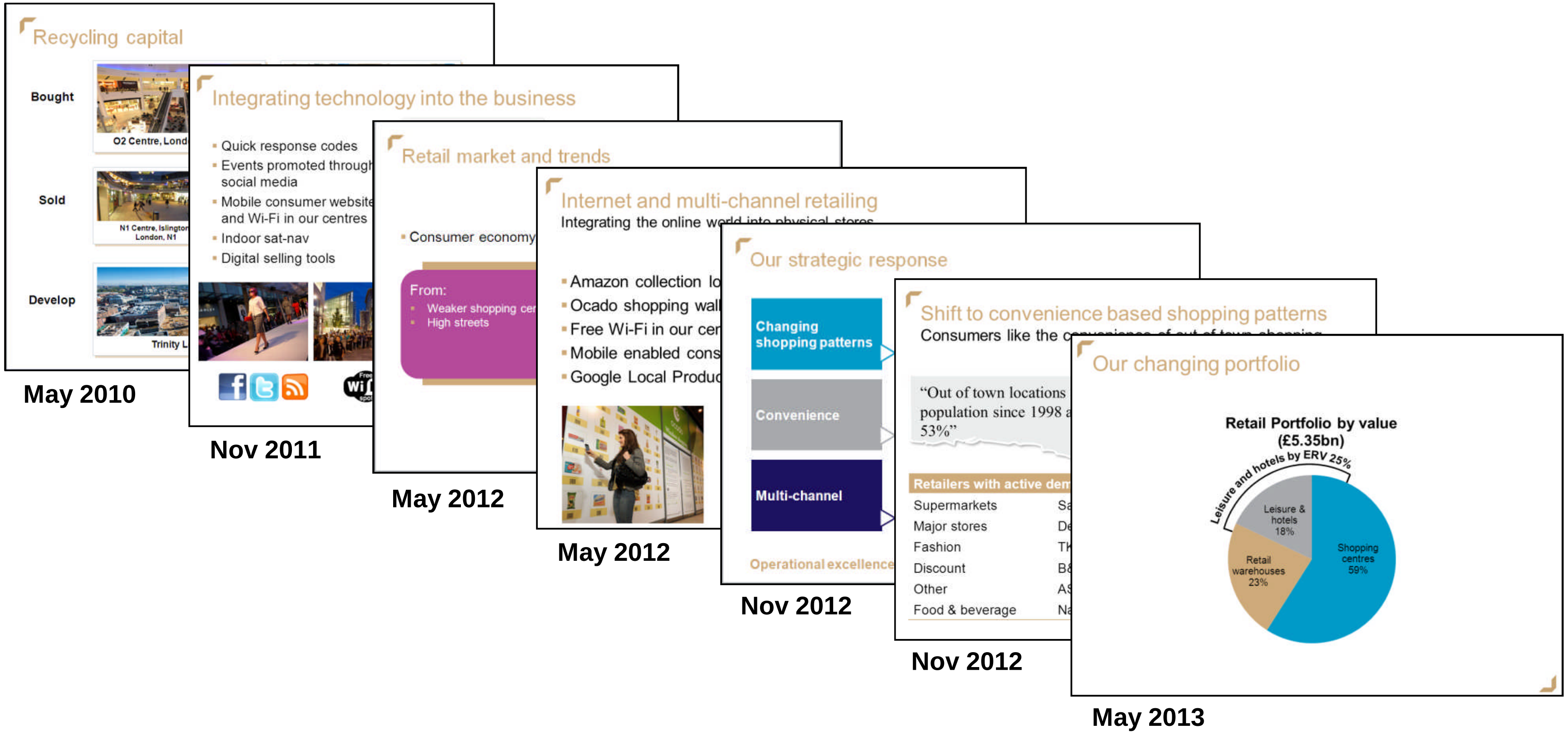
- Good underlying earnings growth
- Robust, flexible balance sheet
- Dividend well covered by earnings



(1) On a proportionate basis

Portfolio update
Robert Noel

Retail market – anticipating structural change

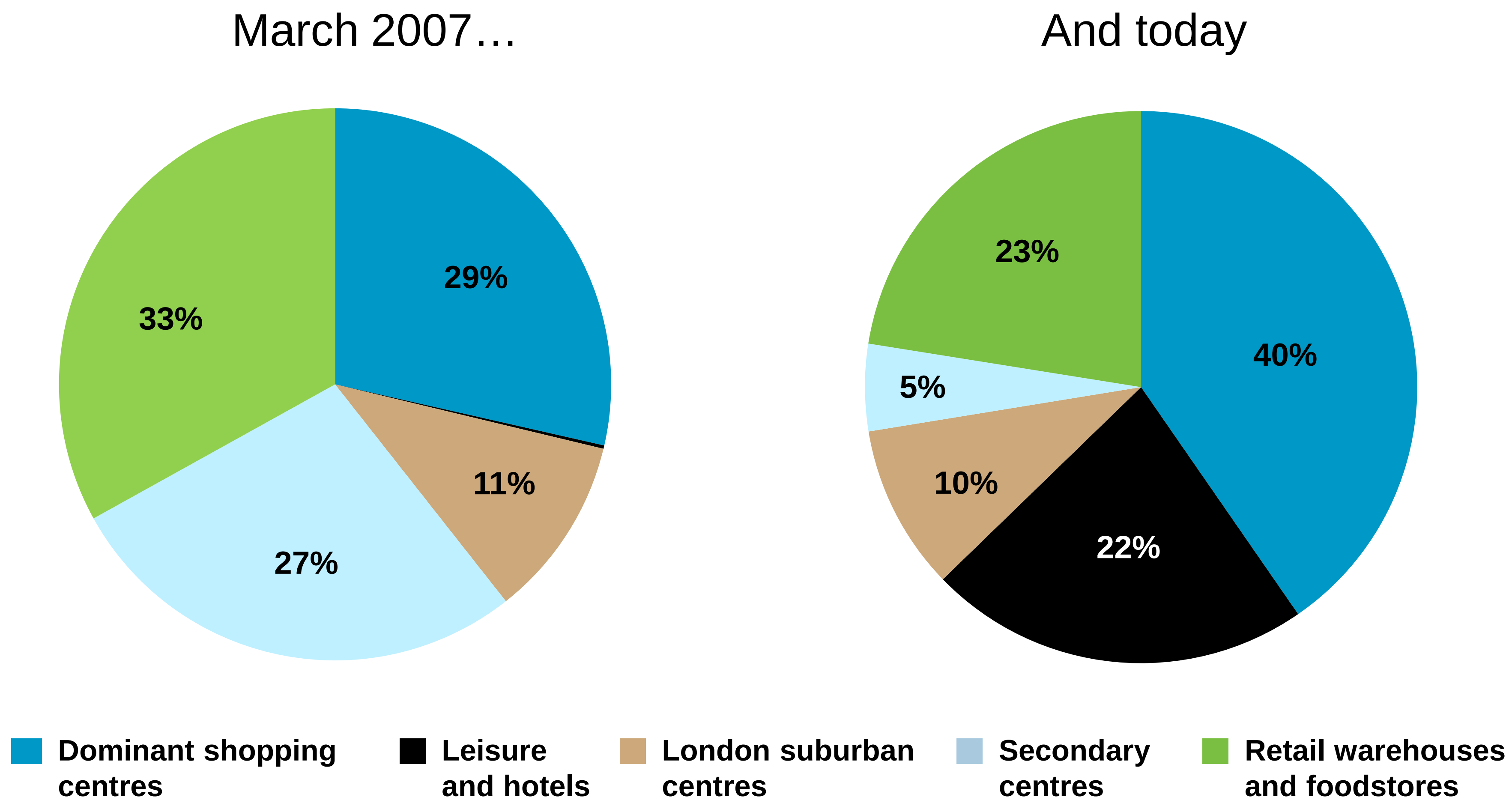


Destination
Dominance
Experience

SELL
Weaker assets
to fund activity

Convenience

Retail market – anticipating structural change



Recycling capital into dominance, experience and convenience

Retail activity

Recycling capital into dominance, experience and convenience

Disposals £326.0m


Welwyn


Livingston - DOC


Whalebone Lane, Chadwell Heath


Bon Accord & St Nicholas Centre, Aberdeen


Overgate, Dundee


Preston

Acquisitions and developments £330.1m (1)


Brighton Marina


Xscape, Milton Keynes


White Rose, Leeds


Buchanan Galleries, Glasgow


Bishop Centre, Taplow


Westgate, Oxford

(1) Includes debt within X-Leisure repaid post acquisition and represents our proportionate share of underlying assets

Trinity Leeds

Creating dominance and experience

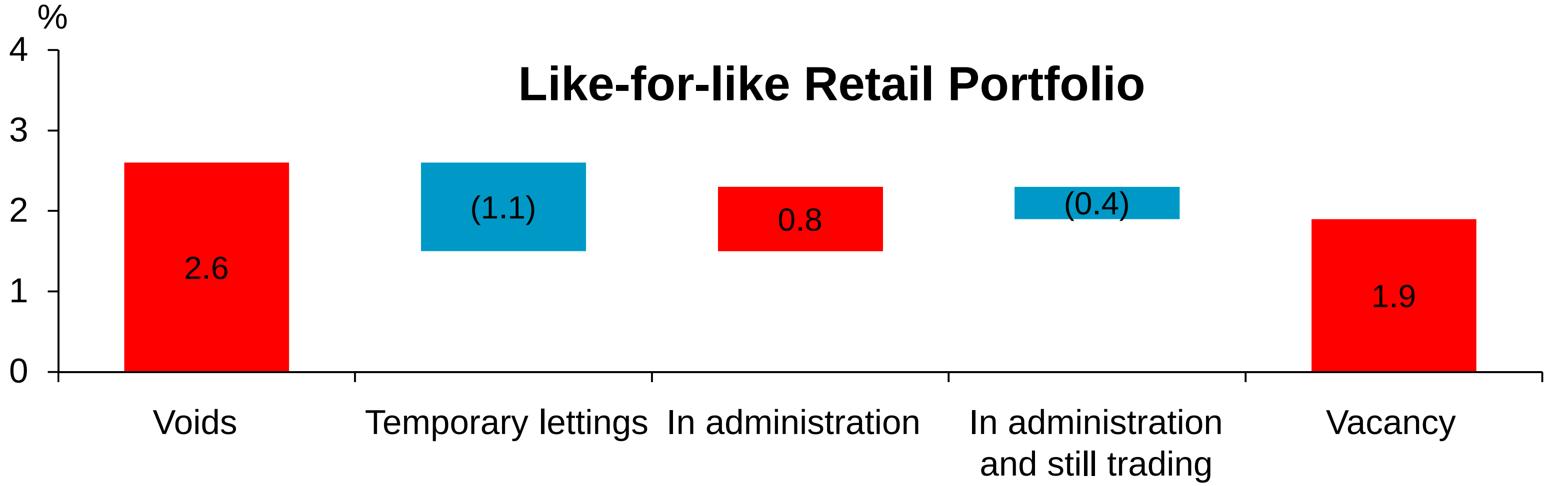
- Centre opened in March 2013
- Trinity Kitchen opened 17 October 2013
- Primark opened 3 December 2013
- 22 million footfall for the first 12 months
- Since Primark and Trinity Kitchen opened footfall has increased
- Impact on White Rose negligible

A resilient portfolio

Footfall and sales (53 weeks to 06.04.2014 vs 53 weeks to 07.04.2013)				
Footfall	↓	0.8%	(Benchmark[1]	↓ 2.6%)
Same store sales[2]	↑	0.9%	(Benchmark[3]	↑ 2.1%)
Same centre sales[4]	↑	4.7%		

Quarterly figures (14 weeks to 06.04.2014 vs 14 weeks 07.04.2013)				
Footfall	↑	0.1%	(Benchmark[1]	↓ 2.0%)
Same store sales[2]	↑	2.1%	(Benchmark[3]	↑ 3.5%)
Same centre sales[4]	↑	4.7%		

- £18.3m investment lettings
- Voids and administrations ↓ from 5.3% to 3.4%
- Occupancy ↑ from 97.2% to 98.1%



(1) UK Experian footfall
(2) Land Securities' shopping centres same store / same retailer like-for-like sales
(3) BRC – KPMG RSM statistics based on non-food like-for-like weighted average
(4) Based on all store sales in centres open for more than 12 months

Development opportunities (shopping centres)

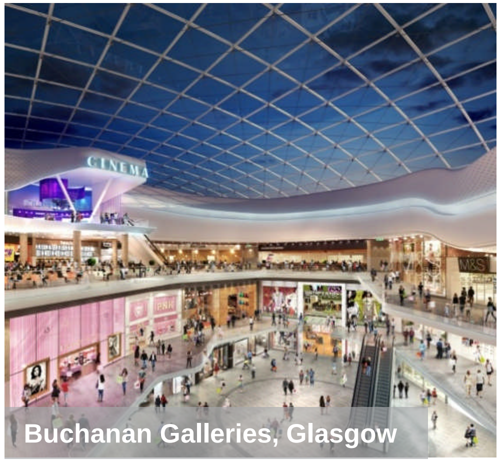
Creating dominance and experience

Westgate, Oxford

- 800,000 sq ft
- Over 100 retail and leisure units
- John Lewis anchored
- No 1 on the PROMIS retailer requirements
- Affluent catchment
- Tourist destination

White Rose, Leeds

- Up to 188,000 sq ft extension
- Cinema and leisure units
- Resolution to grant planning achieved
- Already dominant
- Creating experience



Buchanan Galleries, Glasgow

- 500,000 sq ft extension
- 42 units, cinema, car park
- CACI No 2 retail location in the UK
- Dominant centre in the catchment

O2, Greenwich

- Exclusivity agreements
- In feasibility
- Destination/ experience

Recycling capital into dominance, experience and convenience

Development opportunities (edge-of-town)

Creating convenience

Taplow

- 101,500 sq ft
- Tesco anchored
- TDC £39m
- 85% pre-let or ISH
- PC July 14

Maidstone

- 225,000 sq ft
- Waitrose and Debenhams anchored
- 37% pre-let
- Planning submitted

Selly Oak

- 200,000 sq ft
- Sainsbury anchored
- 61% pre-let
- Planning achieved
- Earliest start January 2016

Worcester

- 240,000 sq ft
- 55% ISH
- Planning application October 2014

Recycling capital into convenience

Summary

- Landscape remains fluid
- Portfolio reshaping continues
- Pipeline of development opportunities

Westgate, Oxford

Worcester

Taplow

Buchanan Galleries, Glasgow

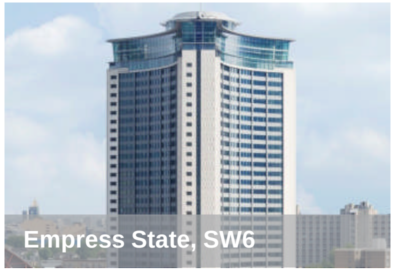
London Portfolio

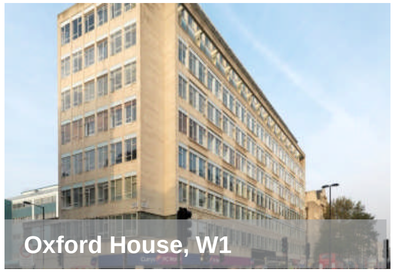
London activity

Recycling capital into efficiency and technical resilience

Disposals £594.5m


Southwark Bridge Road, SE1

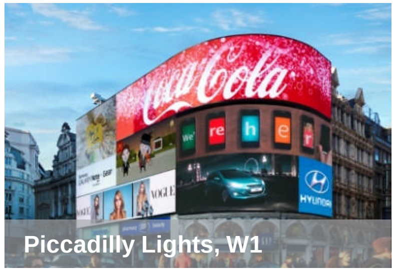

Empress State, SW6


Oxford House, W1


Bankside 2&3, SE1


Harbour Exchange, E14

Developments and refurbishments £246.4m


Piccadilly Lights, W1


1&2 New Ludgate, EC4


1 New Street Square, EC4

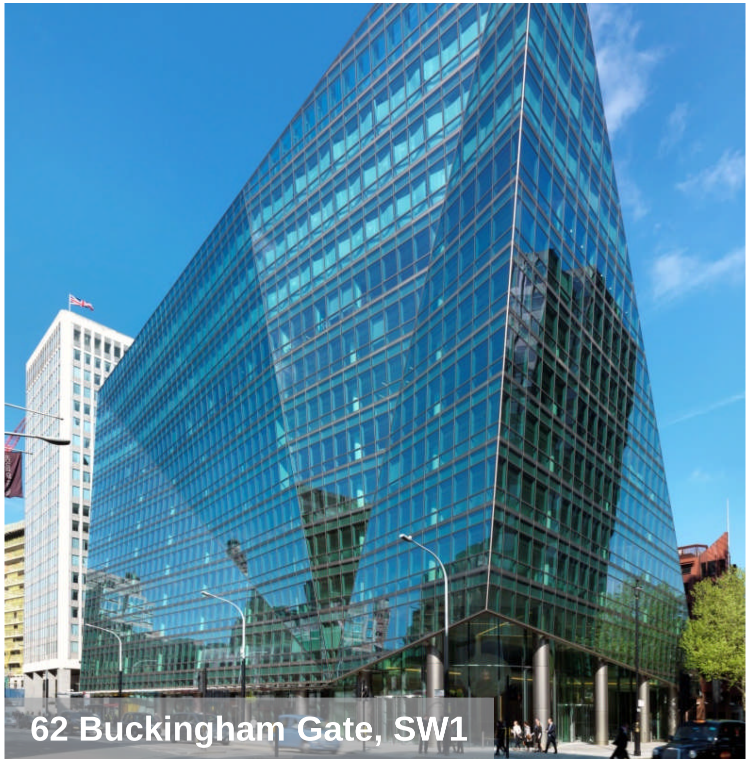

20 Fenchurch Street, EC3


The Zig Zag Building and Kings Gate, SW1


Nova, Victoria, SW1

Developments - completed

- 228,000 sq ft (incl. 28,000 sq ft retail)
- Completed August 2012
- 100% let



- 275,000 sq ft
- Completed May 2013
- 65% let

Delivered into supply constrained markets

Developments – on site

20 Fenchurch Street, EC3 (50% interest)

- 690,000 sq ft
- 87% let
- Tenant fitting-out has started
- Solar shading works underway
- TDC £239m (50%)

Delivered into supply constrained markets

Development – on site

Crossrail/Thameslink


1&2 New Ludgate, EC4

- 379,000 sq ft
- TDC £257m
- 61% let or ISH
- PC April 2015


1 New Street Square, EC4

- 271,000 sq ft
- TDC £177m
- PC June 2016

Victoria, SW1

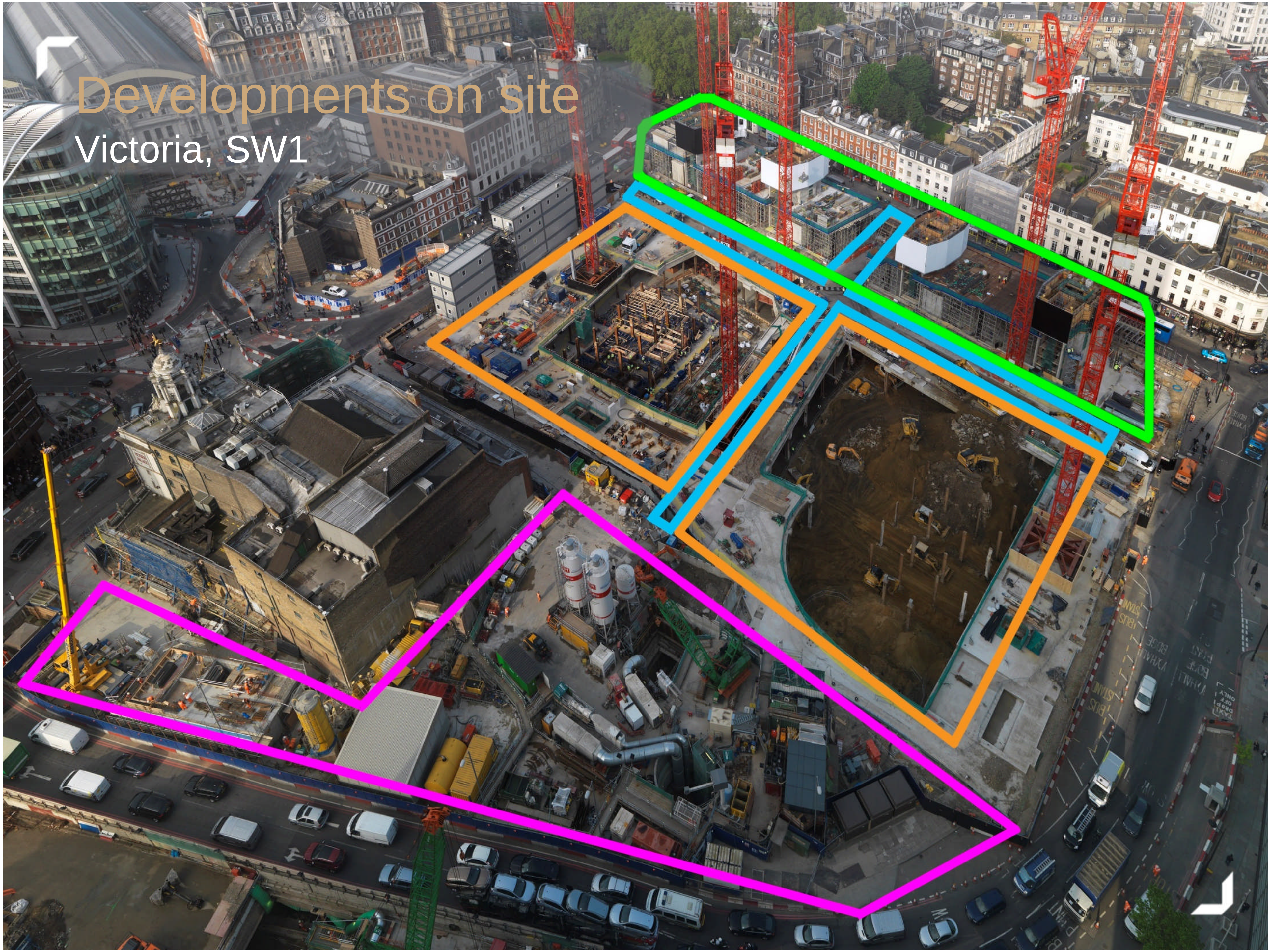

Kings Gate, SW1

- 109,000 sq ft
- 100 apartments
- 82 apartments pre-sold at £1,650 psf
- TDC £159m (trading property)
- PC May 2015


The Zig Zag Building, SW1

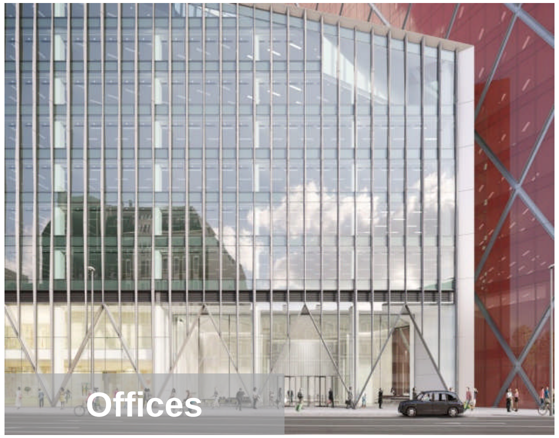
- 232,000 sq ft
- TDC £174m
- 7% let or ISH
- PC May 2015

Delivering into supply constrained markets


Developments on site
Victoria, SW1

Developments – on site

Nova Victoria, SW1 – Phase I – residential, offices and retail (50% interest)



Residential apartments *

- 170 apartments
- 166,000 sq ft
- TDC £138m (50%) (trading property)
- 116 apartments pre-sold
- Avg price £1,800 per sq ft
- PC April 2016

Offices and retail

- Offices 480,000 sq ft
- Occupation density 1:8 sq m
- Retail 80,000 sq ft in 18 units
- TDC £245m (50%)
- PC July 2016

*At 31 March

Creating a new hub for the West End

Developments – on site

West End

20 Eastbourne Terrace, W2

- 92,000 sq ft offices
- TDC £66m
- PC due February 2016

Oriana, W1 - Phase II (50% interest)

- 72,000 sq ft retail
- 20,000 sq ft residential
- 18 residential apartments
- TDC £51m (50%)
- PC September 2016
- Retail 64% pre-let

Delivering into supply constrained markets

Central London office market

- Favourable demand/supply balance until at least Q4 16
- Moving from below average to above average completions
- Construction costs now rising
- Development risk profile changing


The Zig Zag Building and Kings Gate, SW1

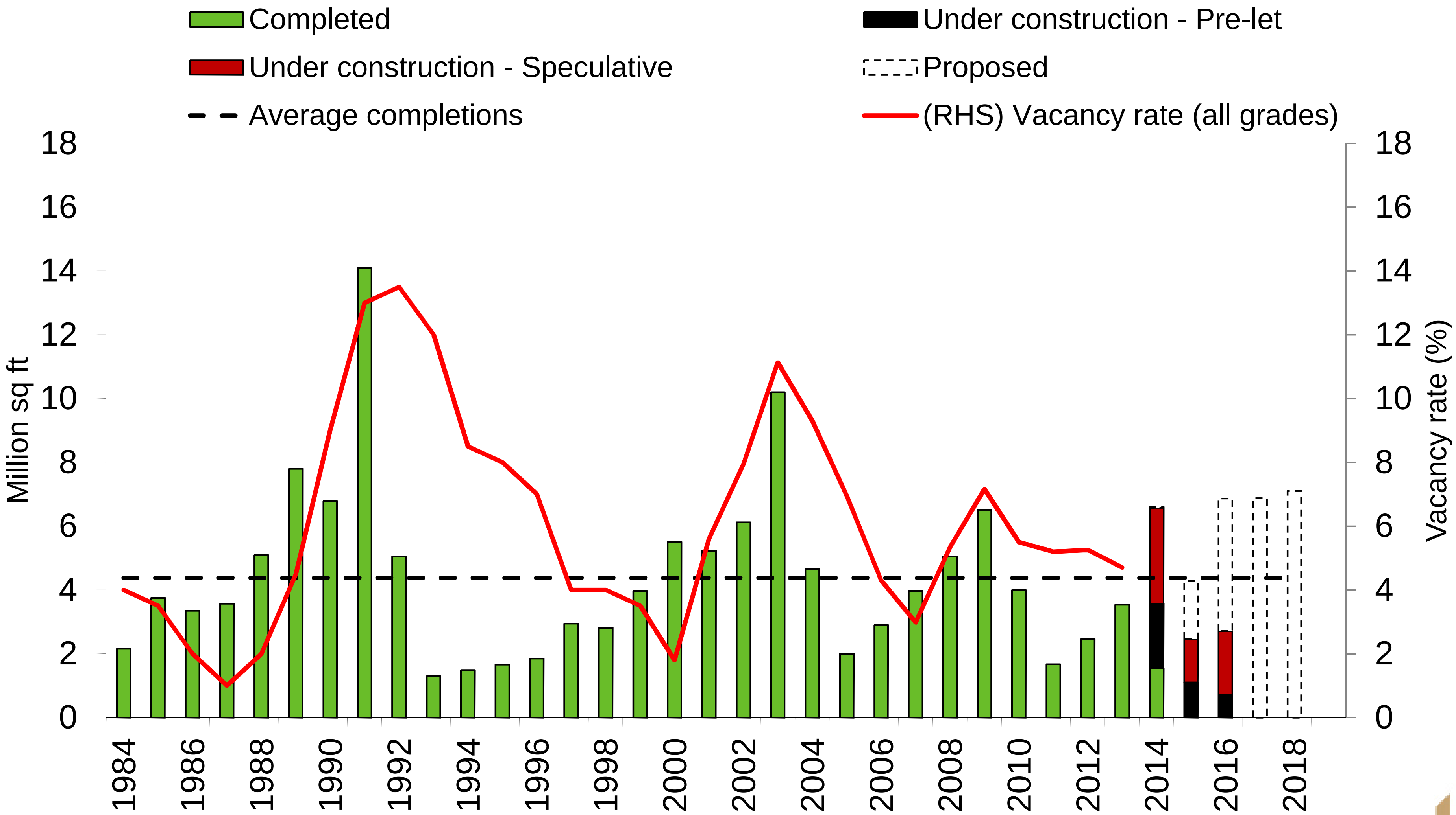

1&2 New Ludgate, EC4


1 New Street Square, EC4


Nova, Victoria, SW1

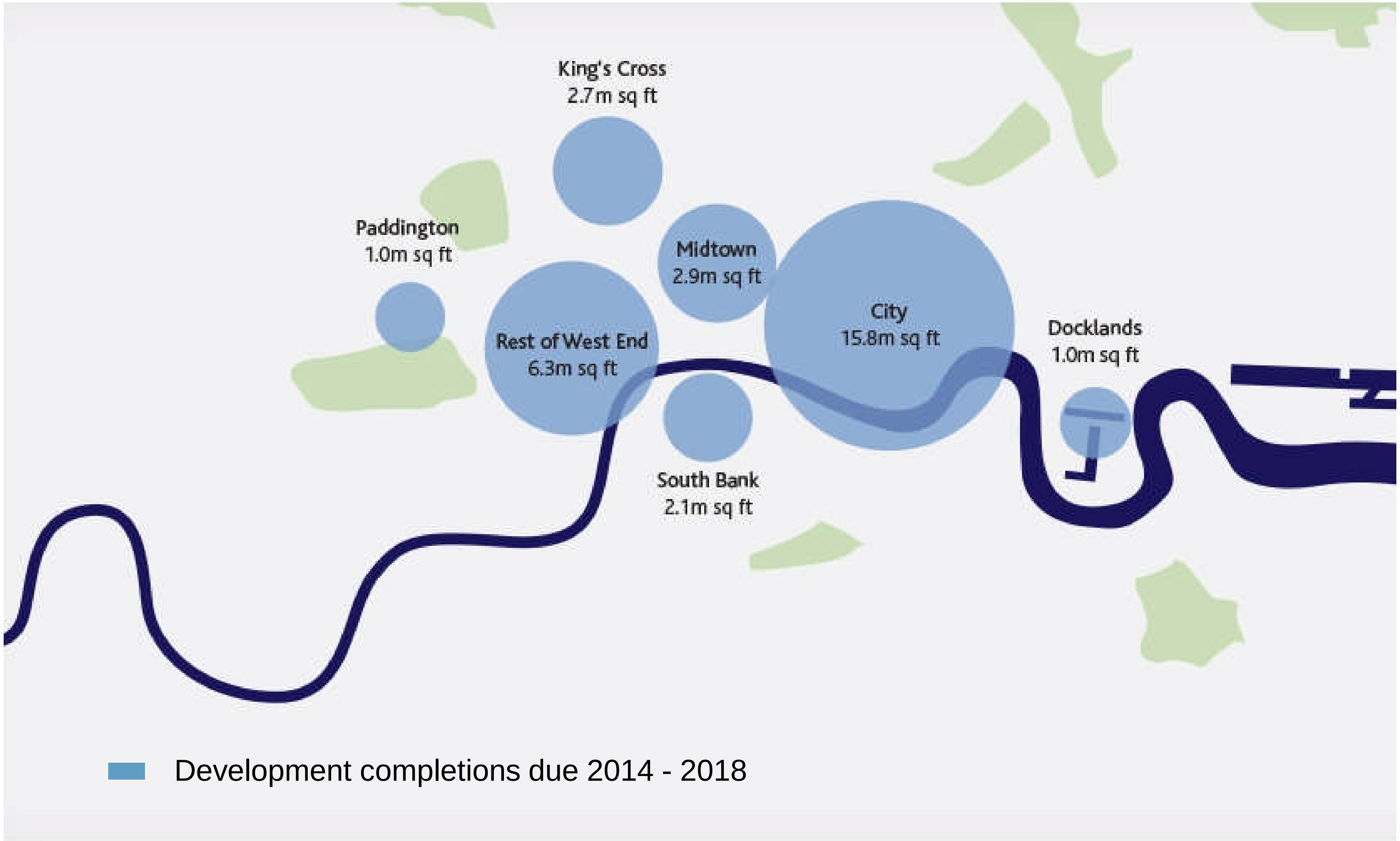
Supply – central London

Development completions & vacancy



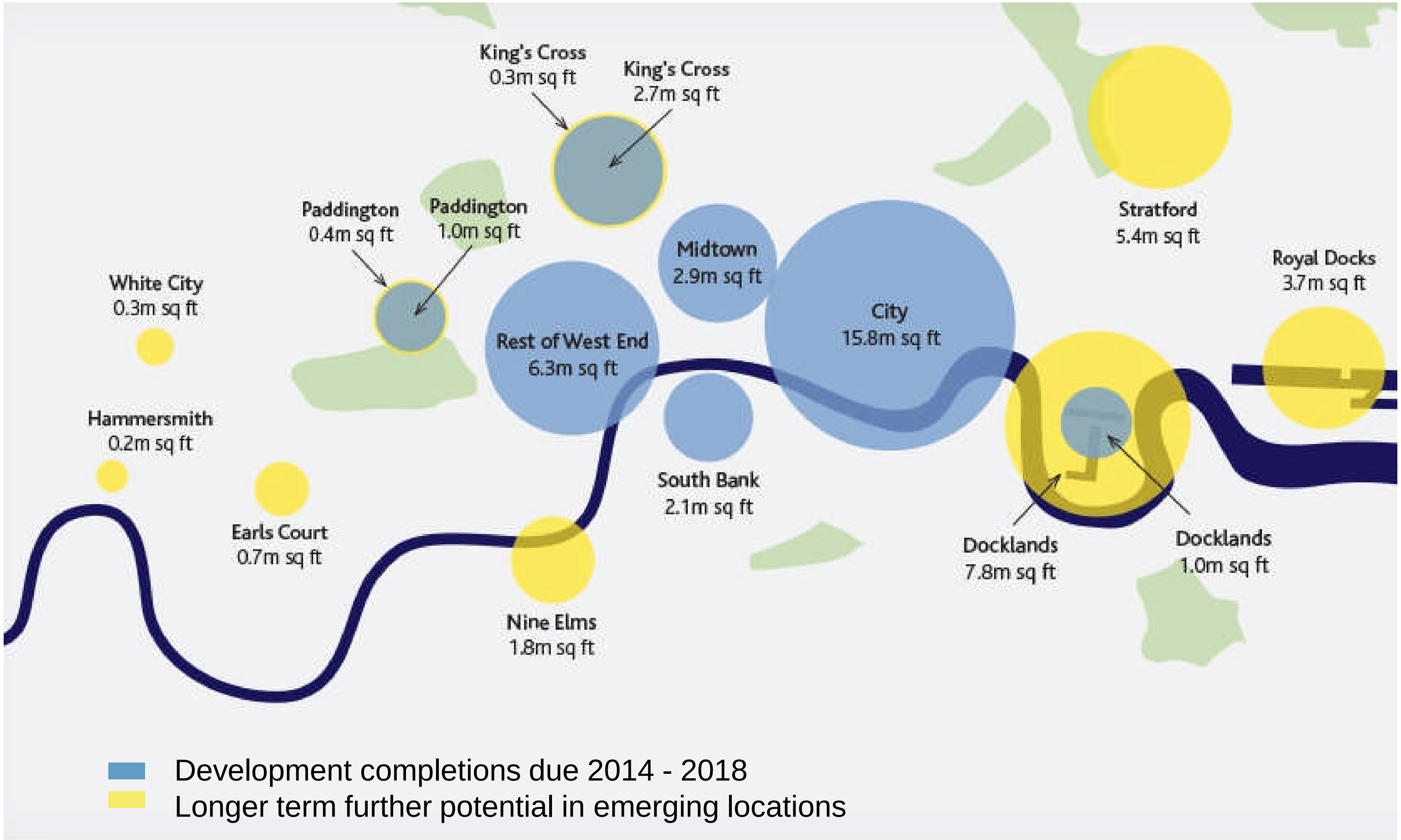
Source: CBRE, Knight Frank, Land Securities

Supply – proposed London office schemes



Completions set to increase

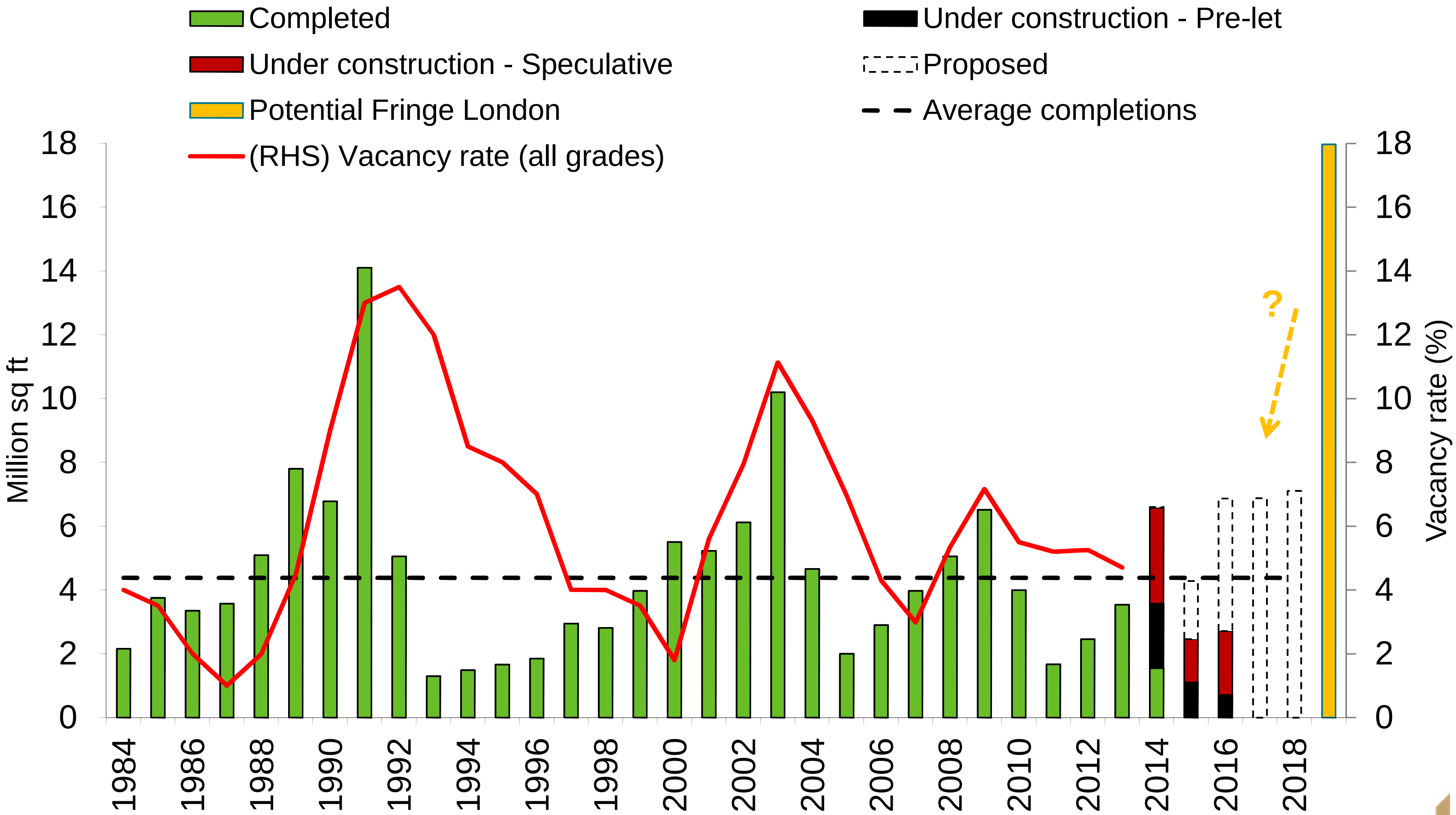
Supply – proposed London office schemes



Completions set to increase

Supply – central London

Development completions & vacancy

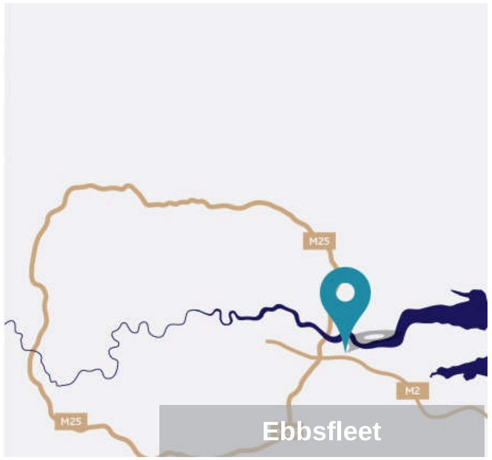


Source: CBRE, Knight Frank, Land Securities

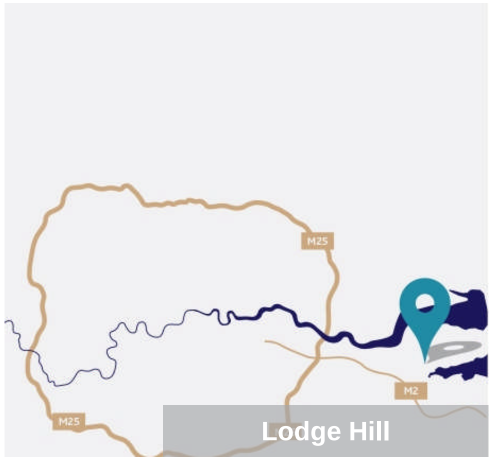
Strategic land – unlocking value

- 57 acres masterplan
- Phase I (owned)
  - 20 acres
  - Consent for 314 homes
- Phase II (owned)
  - 10 acres
  - Consent for 140 homes
- Remainder (option)
  - 27 acres

- 1,700 acres adjacent runway II
- Appeal pending for permission on 266 acres
- Current use agricultural and mineral extraction



- 1,100 acres owned
- 415 acres in 50:50 JV
- Infrastructure being put in
- 1st plot of 150 homes sold
- Terms agreed on second plot of 170 homes



- 790 acres
- Masterplan application for 5,000 homes pending
- Long term contract with DIO

Delivering plots to housebuilders

Summary

Land Securities…delivering on our plan