# Agenda

| | |
|---|---|
| ▪ Operational review and valuation results | Francis Salway |
| ▪ Financial review | Martin Greenslade |
| ▪ Retail Portfolio | Richard Akers |
| ▪ London Portfolio | Mike Hussey |
| ▪ Outlook | Francis Salway |

# Business highlights


New Scotland Yard, SW1

Cabot Circus, Bristol

Balance sheet management:

| | |
|---|---|
| • Property investment sales | £527m |
| • Trillium asset sales | £154m |
| • Sale of Trillium | £444m |
| | £1,125m |
| • Rights Issue | £756m |

Letting of completed developments:

| | |
|---|---|
| • Cabot Circus, Bristol | 91% |
| • The Elements, Livingston | 80% |
| • 10 Eastbourne Terrace, W2 | 100% |
| • Dashwood House, EC2 | 9% |
| | 72% |

**A year of focus on sales and lettings**

# Management actions in 2008/9

- Sold £500m+ investment properties
- Sold Trillium
- Completed new or extended debt facilities of £1.29bn
- Protected access to cash through drawing £1.1bn of debt facilities
- Raised £756m of new capital through rights issue
- Reduced net debt by £1.46bn or 27%
- Maintained Group LTV at 52.0% (including share of JVs) in face of 34.2% fall in values
- Reduced committed development capex to £370m
- Achieved 72% letting on completed developments
- Achieved 295 retail lettings in total

Empress State Building, SW6

# Investment portfolio sales

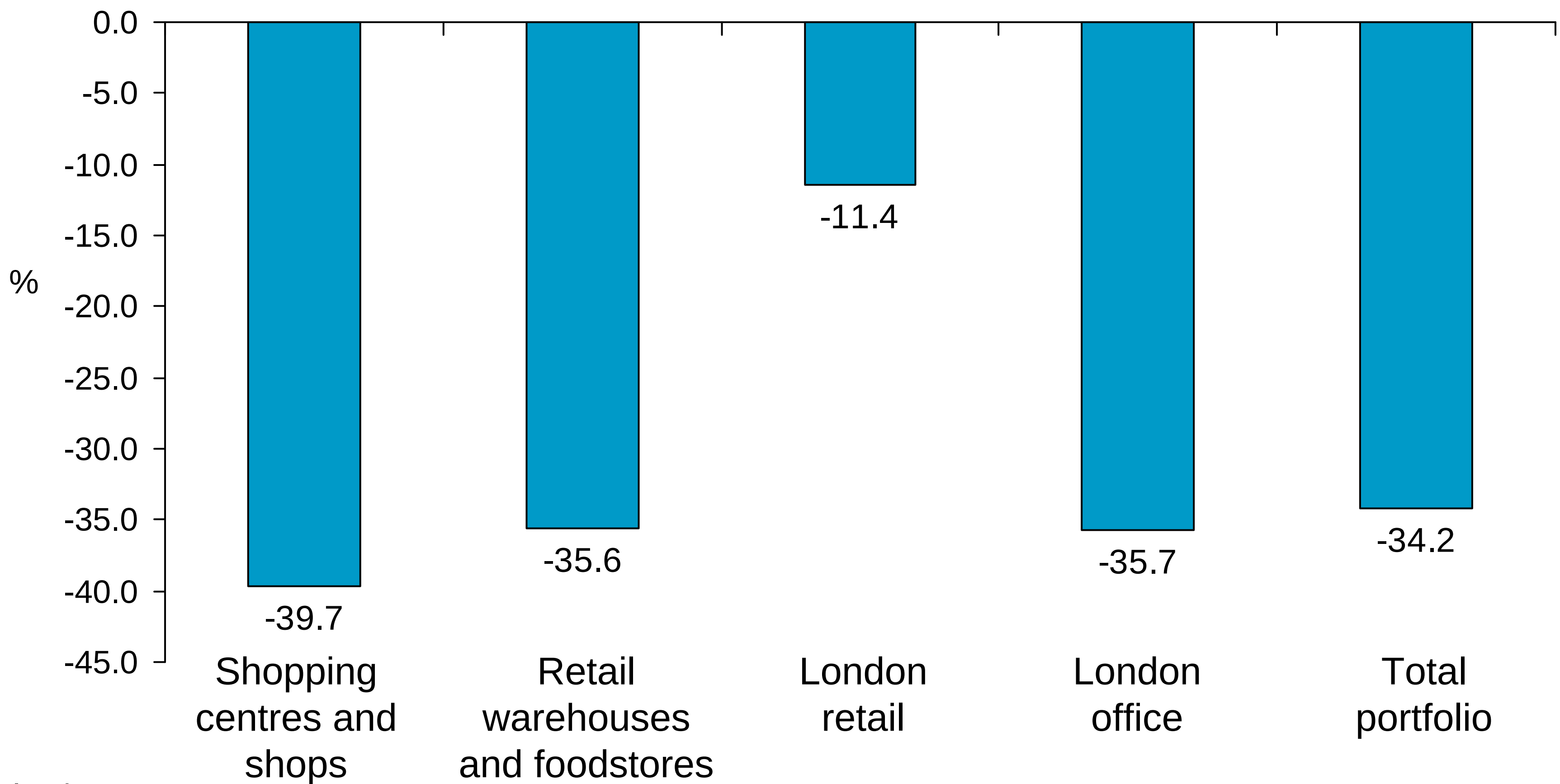

Maskew Avenue retail park, Peterborough

- £527.5m of sales
- Yield on properties sold at 6.7%
- Market share of £346.0m sales in H2 > market share in 2007/08 with £1.56bn sales

**Sales at 18.5% below March 2008 valuation (before disposal costs)**

# Investment portfolio valuation results

## Valuation deficit (total portfolio,12 months ended 31 March 2009)




| | | | | | |
|---|---|---|---|---|---|
| Valuation as at 31.03.09 | £2.6bn | £1.1bn | £1.0bn | £4.0bn | £9.4bn |

**Value declines broadly similar across sectors – except for London retail**

# Yield profile as at 31 March 2009

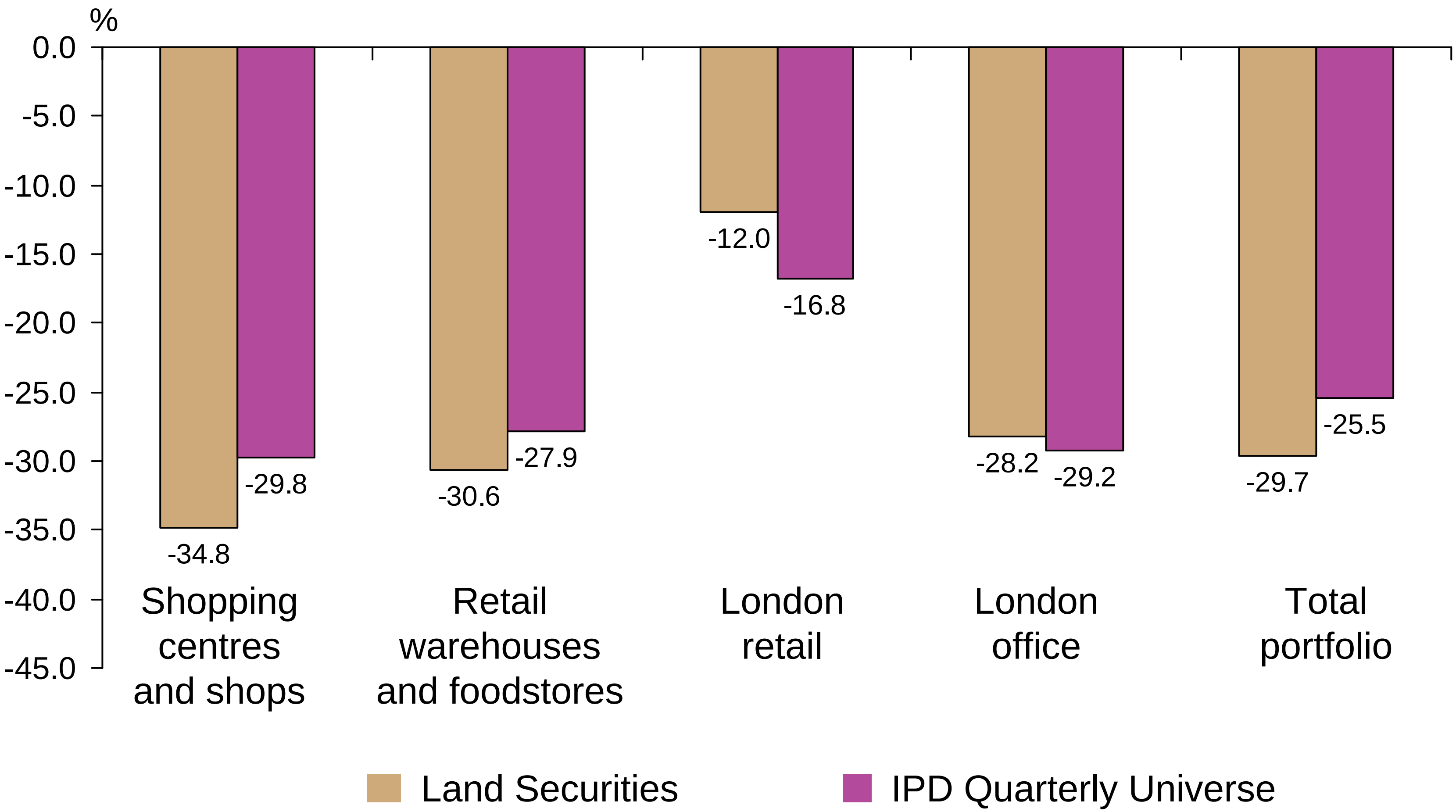
## Like-for-like portfolio + acquisitions + completed developments[1]

| | Gross Income Yield[2] % | Topped-up Gross Income Yield[3] % | Equivalent Yield[4] % | Range of equivalent yields[5] % |
|---|---|---|---|---|
| Shopping centres and shops | 8.9 | 9.0 | 8.0 | 6.9-10.3 |
| Retail warehouses and foodstores | 7.9 | 8.3 | 7.9 | 6.9-10.7 |
| London retail | 5.5 | 5.6 | 5.8 | 5.0 - 7.7 |
| London office | 7.5 | 8.1 | 7.3 | 6.3-10.5 |
| **Total portfolio** | **7.7** | **8.1** | **7.5** | **5.0-10.7** |

(1) Total portfolio excluding only the development programme and proposed developments
(2) Annual cash rents payable under lease contracts (including units in administration) at 31 March 2009 less ground rents as a percentage of valuation
(3) Gross income yield topped up for unexpired rent free periods (but not for future stepped rental increases)
(4) Net nominal equivalent yield calculated on the gross outlays for a purchase of a property (valuation plus purchaser's costs)
(5) Excludes properties under £10m

# Investment portfolio performance relative to IPD

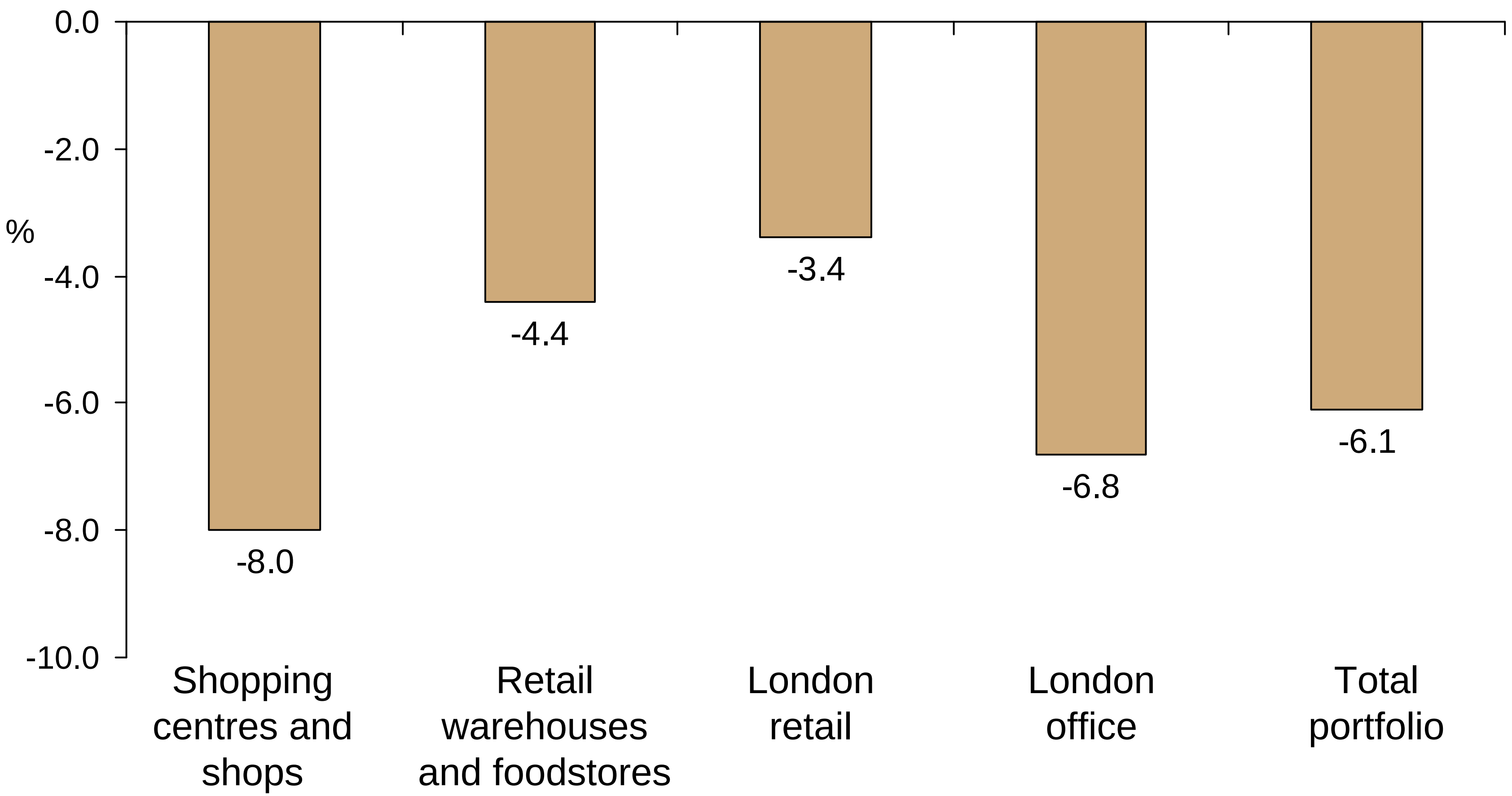
## Ungeared total return (12 months ended 31 March 2009)




**Adverse impact of portfolio mix**

# Investment portfolio valuation results

## Valuation deficit (total portfolio, 2 months ended 31 March 2009)




**Improved performance over last 2 months – in absolute and relative terms**

# Asset values

## Emerging value support for assets let on strongest leases

**Queen Anne's Gate, SW1**

**Hill House, EC4**


**Westminster City Hall, SW1**

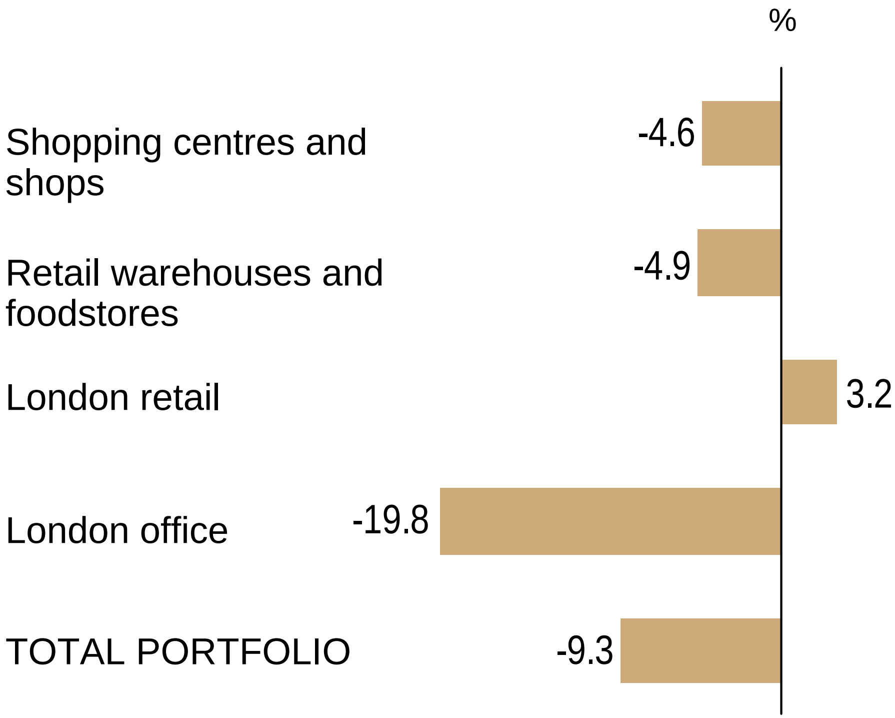

**Ravenside Retail Park, Edmonton**

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

# Rental value change and reversionary potential

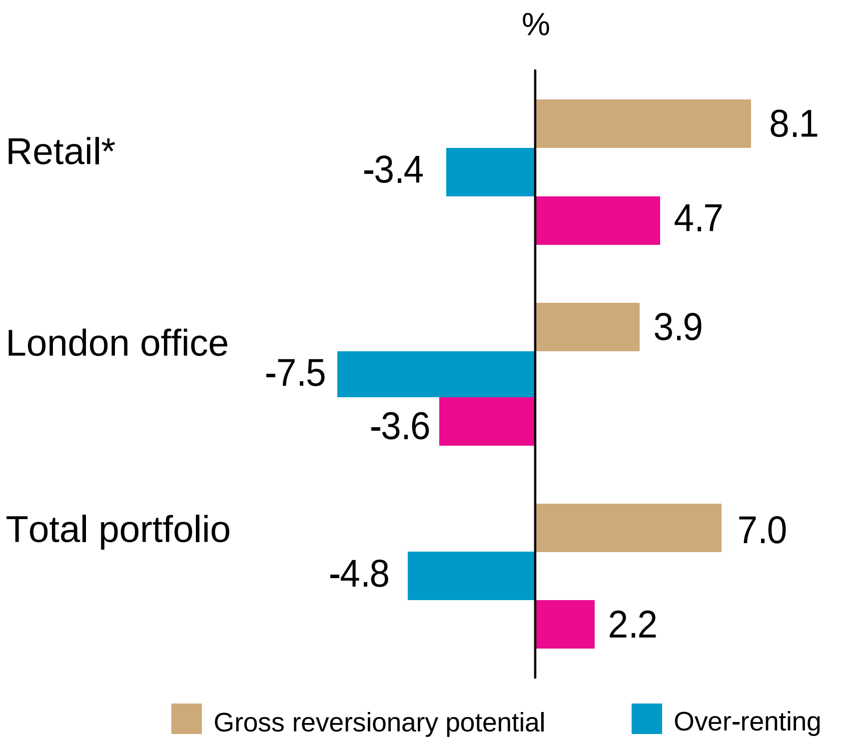
## Like-for-like portfolio

Rental value change
12 months ended 31 March 2009




Rental value growth figures exclude units materially altered during the year

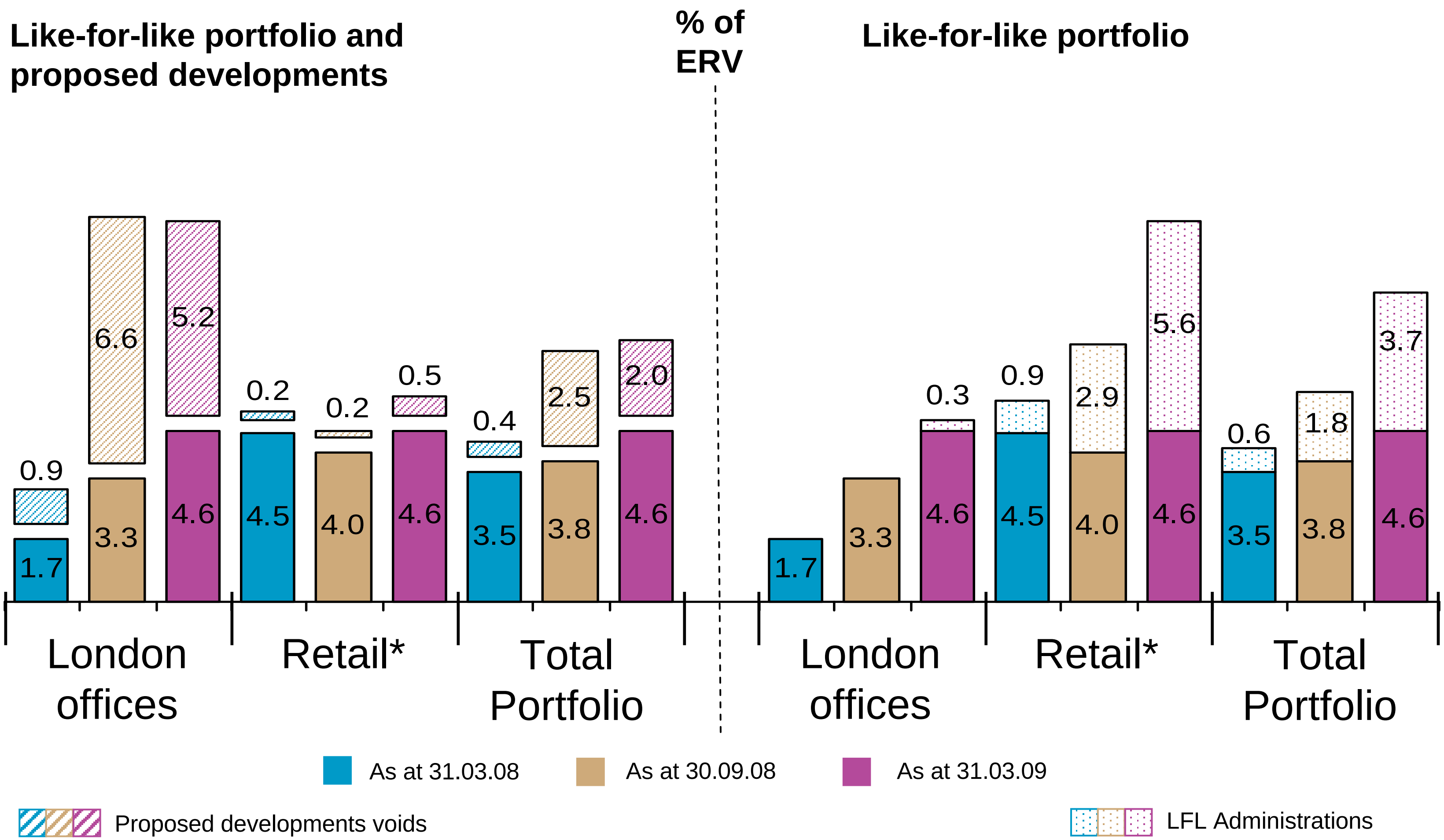
Reversionary potential (excluding voids)
As at 31 March 2009




* Includes London Retail

**Reversionary potential falling sharply, but gross reversions not yet fully eroded**

# Voids and units in administration




* includes London retail

**Modest increase in underlying voids – increased impact of administrations**

# Financial results

Martin Greenslade

Group Finance Director

# Financial summary

| Year ended 31.03.08 | | Year ended 31.03.09 | change % |
|---|---|---|---|
| £(988.0)m | Pre-tax loss[1] | £(4,773.2)m | n/a |
| £(1,292.6)m | Valuation deficit[1] | £(4,743.7)m | -34.2 |
| £284.8m | Revenue profit[1] | £314.9m | +10.6 |
| 60.79p | Adjusted diluted earnings per share[1] | 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*

# Consolidated income statement

| Year ended 31.03.08 £m | | Year ended 31.03.09 £m | change % |
|---|---|---|---|
| 818.0 | Group revenue | 821.2 | |
| (307.6) | Costs | (316.2) | |
| **510.4** | **Underlying operating profit** | **505.0** | **-1.1** |
| (9.8) | Demerger costs | (10.2) | |
| - | Impairment of trading properties | (92.3) | |
| (1,158.4) | Valuation deficit | (4,113.4) | |
| 57.3 | Profit / (loss) on disposals | (130.8) | |
| (286.4) | Net interest payable | (332.5) | |
| (101.1) | Share of losses of joint ventures and associates | (599.0) | |
| **(988.0)** | **Pre-tax loss** | **(4,773.2)** | |
| 15.1 | Income tax credit / (expense) | (0.5) | |
| **(972.9)** | **Loss for the financial year from continuing operations** | **(4,773.7)** | |
| 142.1 | Discontinued operations | (420.9) | |
| **(830.8)** | **Loss for the financial year** | **(5,194.6)** | |

# Revenue profit

| | Retail Portfolio £m | London Portfolio £m | 31 March 2009 £m | Retail Portfolio £m | London Portfolio £m | 31 March 2008 £m |
|---|---|---|---|---|---|---|
| Gross rental income[1] | 374.6 | 352.8 | 727.4 | 370.6 | 342.5 | 713.1 |
| Ground rents | (12.1) | (4.6) | (16.7) | (11.3) | (5.3) | (16.6) |
| Net service charge and property costs | (44.0) | (18.6) | (62.6) | (25.3) | (19.8) | (45.1) |
| Indirect costs | (38.9) | (35.8) | (74.7) | (40.7) | (36.0) | (76.7) |
| **Underlying operating profit** | **279.6** | **293.8** | **573.4** | **293.3** | **281.4** | **574.7** |
| Unallocated expenses | | | (14.2) | | | (13.0) |
| Net interest - Group | | | (217.9) | | | (255.9) |
| - joint ventures | | | (26.4) | | | (21.0) |
| **Revenue profit** | | | **314.9** | | | **284.8** |

(1) Includes finance lease interest

# Rental income analysis

| Year ended 31.03.08 £m | | Year ended 31 March | | | | |
|---|---|---|---|---|---|---|
| | | Retail Portfolio | | London Portfolio | | Total |
| Total | | 2009 | 2008 | 2009 | 2008 | 2009 |
| £m | | £m | £m | £m | £m | £m |
| 473.8 | Like-for-like investment properties | 284.5 | 281.2 | 199.2 | 192.6 | **483.7** |
| 28.4 | Proposed development properties | 8.4 | 8.8 | 9.8 | 19.6 | **18.2** |
| 59.1 | Completed developments | 19.3 | 12.3 | 76.6 | 46.8 | **95.9** |
| 46.5 | Purchases since 1 April 2007(1) | 38.2 | 30.6 | 28.1 | 15.9 | **66.3** |
| 80.9 | Sales since 1 April 2007 | 10.5 | 34.7 | 12.7 | 46.2 | **23.2** |
| 24.4 | Ongoing developments | 13.7 | 3.0 | 26.4 | 21.4 | **40.1** |
| **713.1** | **Gross rental income(2)** | **374.6** | **370.6** | **352.8** | **342.5** | **727.4** |

(1) *Retail purchases figure includes £29.1m Accor Hotels income for 12 months to 31 March 2009 (31 March 2008: £28.2m). This was previously recognised in Trillium*

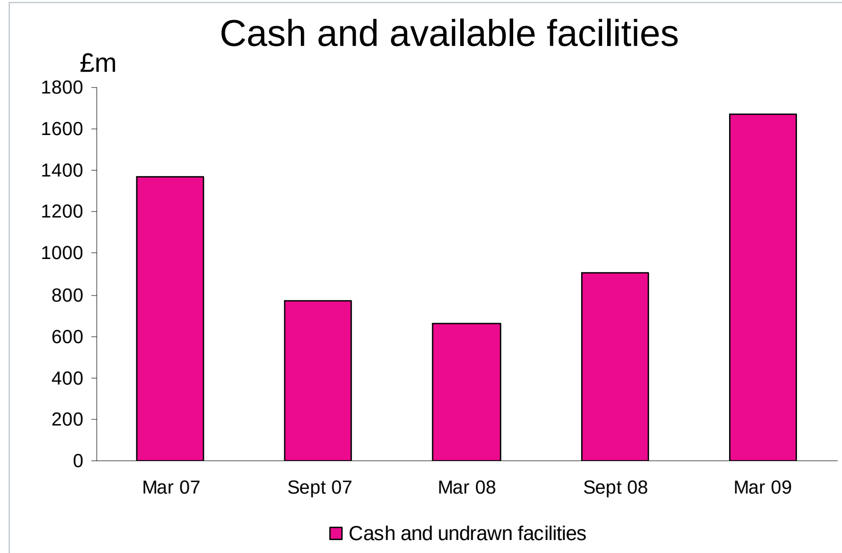
(2) *Includes properties treated as finance leases. The income of these properties for the 12 months to 31 March 2009 was £8.0m (31 March 2008: £8.8m)*

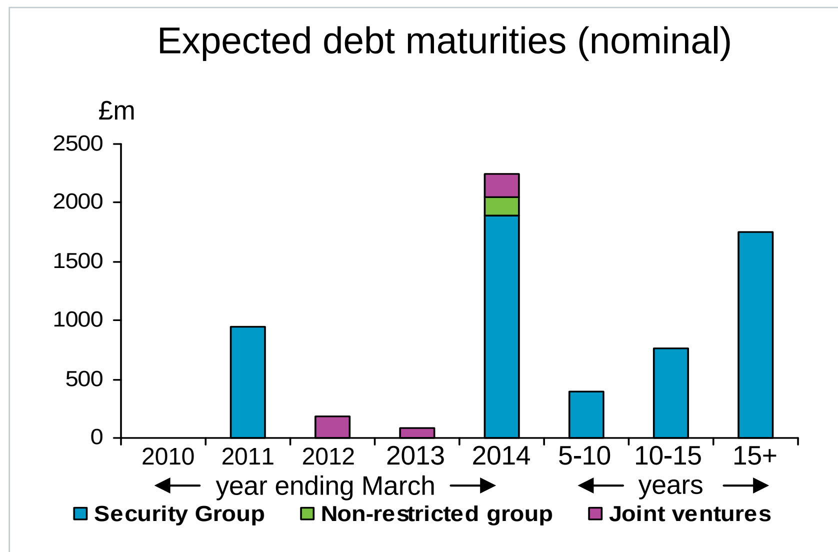
# Cash flow and debt

| Year ended 31.03.08 £m | | Year ended 31.03.09 £m |
|---|---|---|
| **(5,087.9)** | **Opening net debt** | **(5,384.5)** |
| 315.4 | Operating cash inflow after interest and tax | 367.2 |
| (308.4) | Dividends paid | (302.4) |
| (722.6) | Investment property acquisitions | (86.1) |
| (240.4) | Property Partnerships | - |
| (530.3) | Development / refurbishment capital expenditure | (429.2) |
| (311.2) | Acquisition of PPP investments | - |
| (15.4) | Other capital expenditure | (0.6) |
| (1,819.9) | Total capital expenditure | (515.9) |
| 1,946.6 | Disposals (including Trillium) | 1,329.2 |
| (0.2) | Joint ventures | (117.0) |
| (316.2) | REIT conversion charge | - |
| - | Rights Issue | 755.7 |
| (113.9) | Other | (55.9) |
| **(5,384.5)** | **Closing net debt** | **(3,923.6)** |

# Financing

- £1.6bn of cash outside the Security Group having paid down £300m of debt during March.
- £1.5bn of unencumbered assets outside the Security Group, of which £560m could be transferred
- Debt maturities:
  - £640m bilaterals maturing in July – December 2010 (subject to 1 year term-outs)
  - £1.5bn of syndicated facilities maturing in August 2013
  - £300m 4.625% notes expected maturity February 2011(legal maturity 2013)
- Weighted average maturity of debt: 10.0 years
- Weighted average cost of debt: 4.1%
- 107% of net borrowings hedged or fixed at 31 March 2008 (91% removing Rights proceeds)
- Committed expenditure on developments: £370m
- Group LTV 52.0%

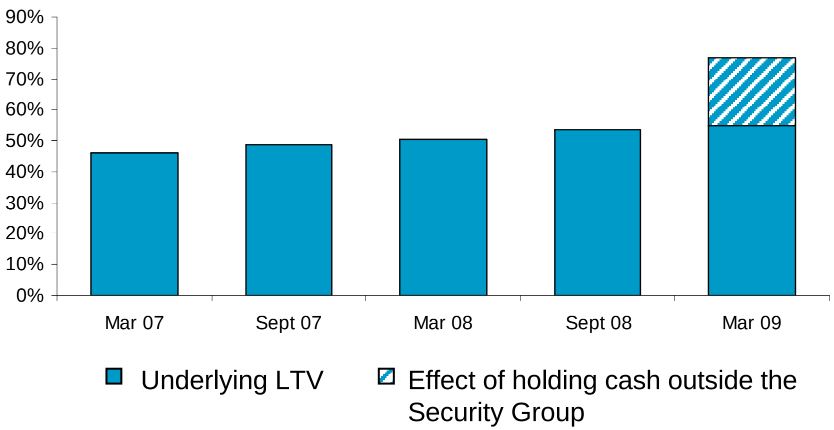


# Security Group

| | LTV % |
|---|---|
| At 30 September 2008 | **53.4** |
| At 31 March 2009 | **76.7** |
| At 31 March 2009 if £1.6bn of cash contributed | **55.3** |

## Security Group LTV history




## Security Group (31 March 2009)

| | £m | LTV |
|---|---|---|
| Collateral value: | 7,453 | |
| Bonds: | 3,609 | 48.4% |
| Bank borrowings: | 2,140 | 28.7% |
| Eligible Investments | (30) | -0.4% |
| Net Debt | 5,719 | 76.7% |

# Financial summary

- Pre-tax loss £4.77bn; revenue profit £314.9m up 10.6%

- Pressure will remain on earnings from:
  - Declining rental values
  - Voids
  - Development impact
  - Sales
  - Holding cash

- Group LTV 52.0% and £1.6bn in cash

# Retail Portfolio

Richard Akers

Managing Director, Retail Portfolio

# Highlights

The Centre, Livingston


Cabot Circus, Bristol

**High quality sustainable developments**

# Highlights

Gunwharf Quays, Portsmouth


Maskew Avenue retail park, Peterborough

Gunwharf Quays

- Additional 9,000 sq ft of space
- First factory outlet units for Hurley, Superdry and Rip Curl
- New letting for Tesco Express
- Like-for-like turnover up by 1.7%

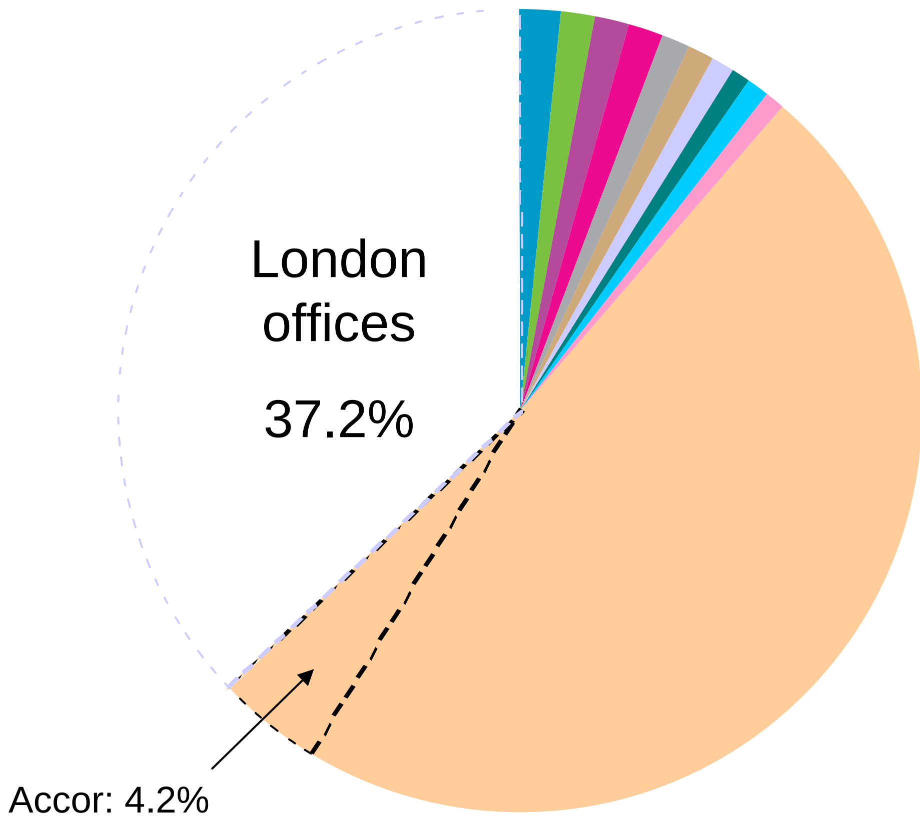
Retail warehouse disposals

- 5 retail parks sold in financial year
- 11 retail parks sold since January 2007, at an average initial yield: 5.2%

**Shopping centre footfall up 2.3% (benchmark down 1.1%)**

# Retail

## Tenant diversification



By % of income

Top ten retail tenants by % of income

| | |
|---|---|
| Arcadia Group | 1.7% |
| DSG | 1.4% |
| Boots | 1.4% |
| J Sainsbury | 1.2% |
| Marks & Spencer | 1.2% |
| Next | 1.1% |
| New Look | 0.9% |
| Home Group | 0.9% |
| Tesco | 0.8% |
| H&M | 0.7% |
| | 11.3% |
| Retail other | 51.5% |
| Total | 62.8% |

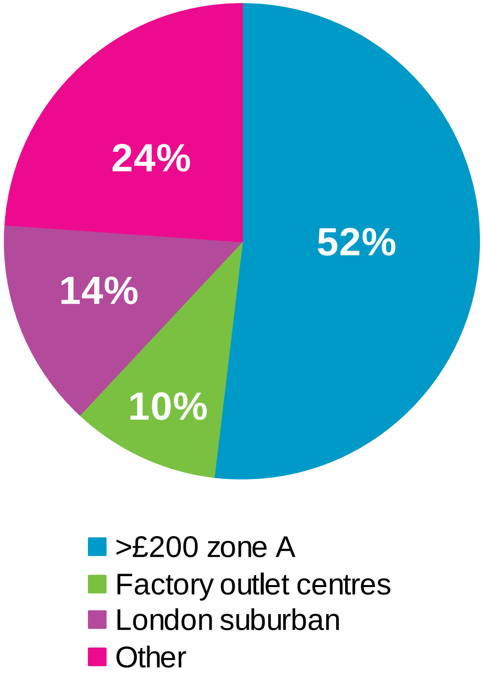
**Extensive diversification of tenant credit risk**

# Retail – shopping centres

## Analysis by capital value

Buchanan Galleries, Glasgow

Shopping centres by capital value

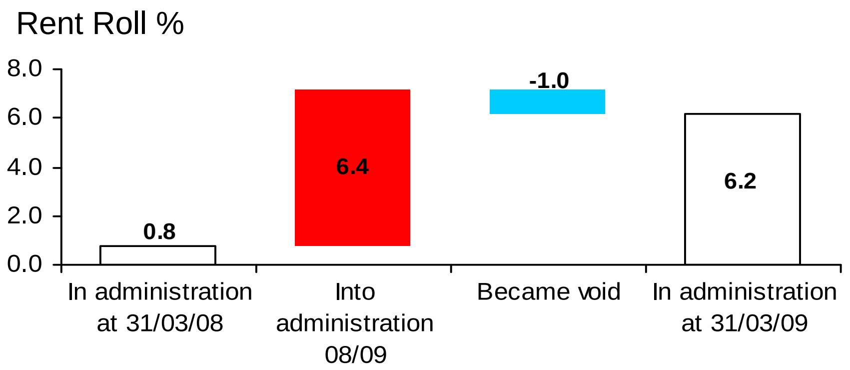



**Substantially prime shopping centre portfolio**

# Retail – occupier analysis

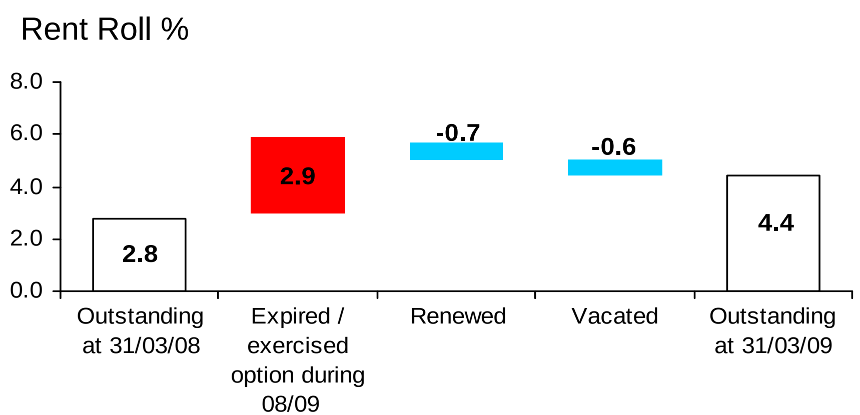
## Retail Portfolio excluding current developments

### Analysis of units in administration




- £21.8m p.a. rent fell into administration
- 6.2% of rents still in administration
- 1.3% agreed to be bought out

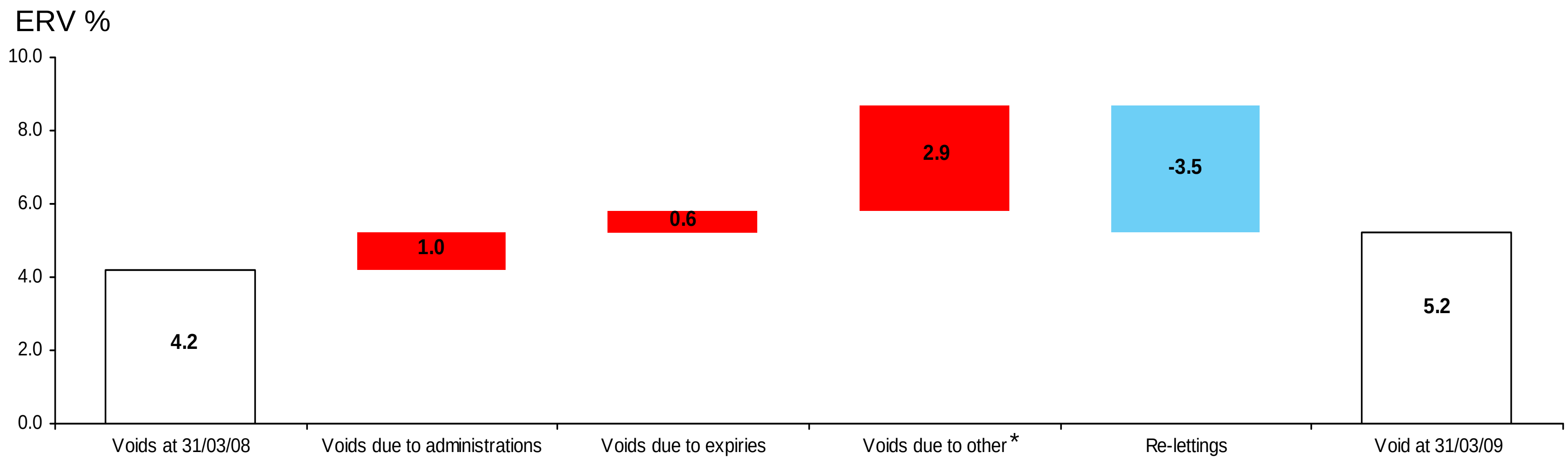
### Analysis of expiries and options




- 6.4% of breaks exercised
- Vacation rate at expiry 10%

# Retail Portfolio – analysis of voids

## Like-for-like portfolio




* Includes new units created through refurbishments and re-organisations, forfeiture, repossessions and miscellaneous other

- 5.2% void rate is below sector average (IPD Retail 7.4%)
- Leasing performance strong
- 2% agreed to be let (in solicitors' hands)
- Voids include units let on a temporary basis

# Development

St David’s 2, Cardiff

**Completing current development programme**


Trinity Leeds

**Timing future developments**


Harvest JV

**Accessing smaller development opportunities**

# Priorities

- Leasing
  - Relationships
  - Flexibility
  - Innovation

*"…Most importantly owned by Land Securities with whom JLP have a good relationship, know and trust.  This gave us the ability to move quickly and with discretion."*

John Lewis on taking their new unit in Poole

JLP unit, Poole Commerce Centre, Poole

# London Portfolio

Mike Hussey

Managing Director, London Portfolio

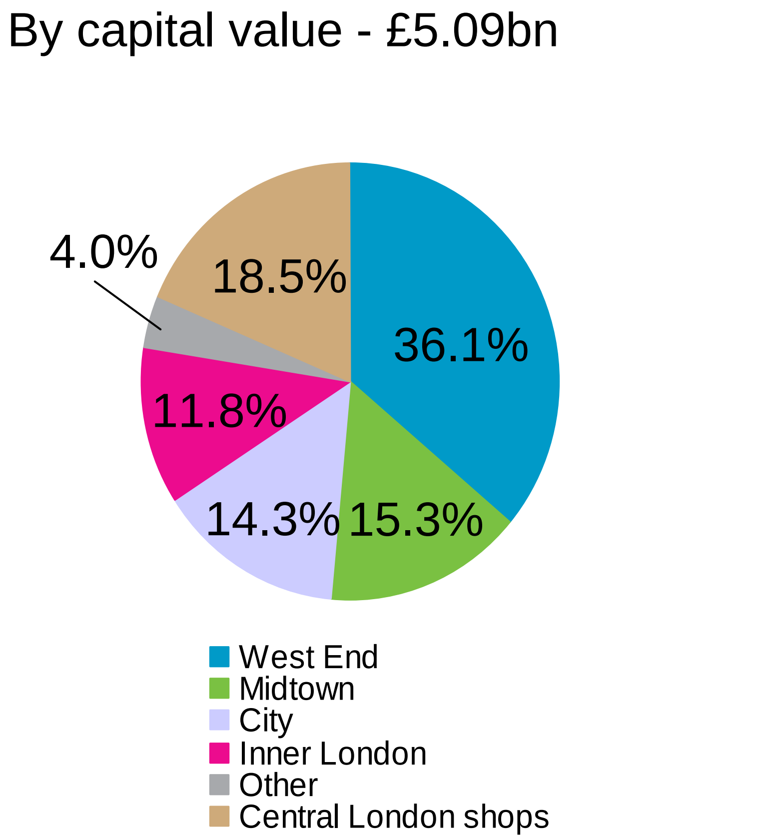
# Where we are now

- Great progress on sales in 2008/09
- Outperformed IPD by 2%
- Tough occupier market, but London Portfolio well-let
- Maintained income on 73% of all breaks and expiries in the 12 months to 31 March 2009

New Scotland Yard, SW1

**Created a stable platform**

# London Portfolio



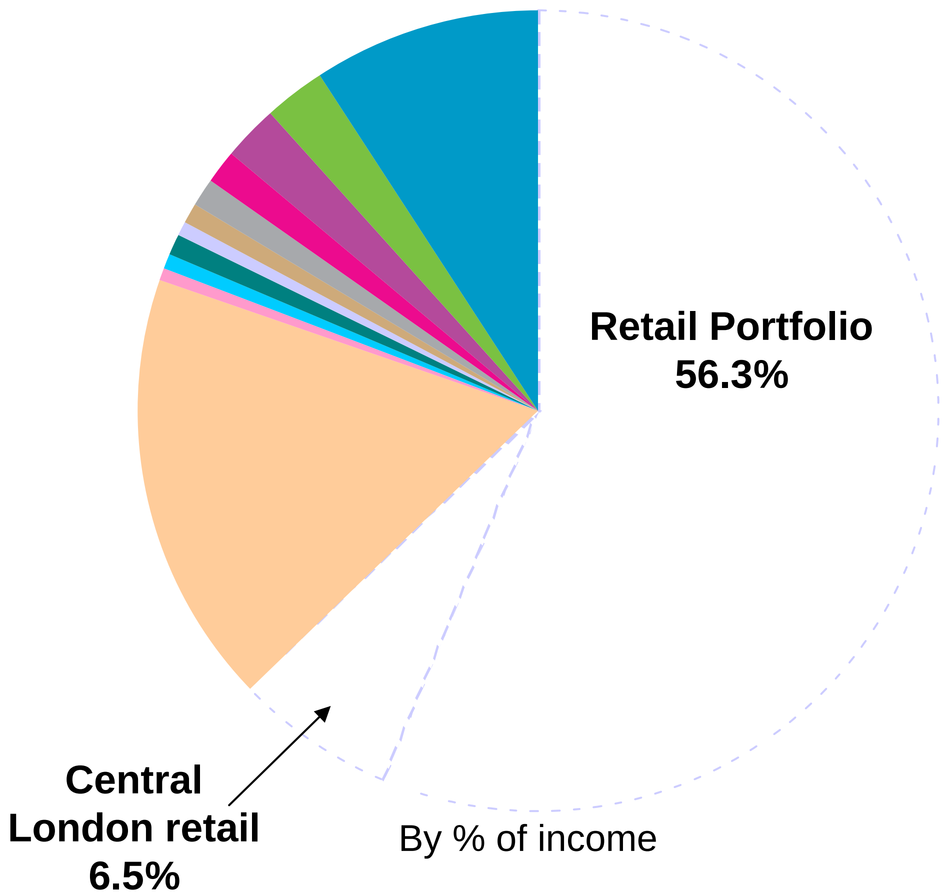


Piccadilly Lights, W1

**Average London office rent £37psf**

# London offices

## Tenant diversification



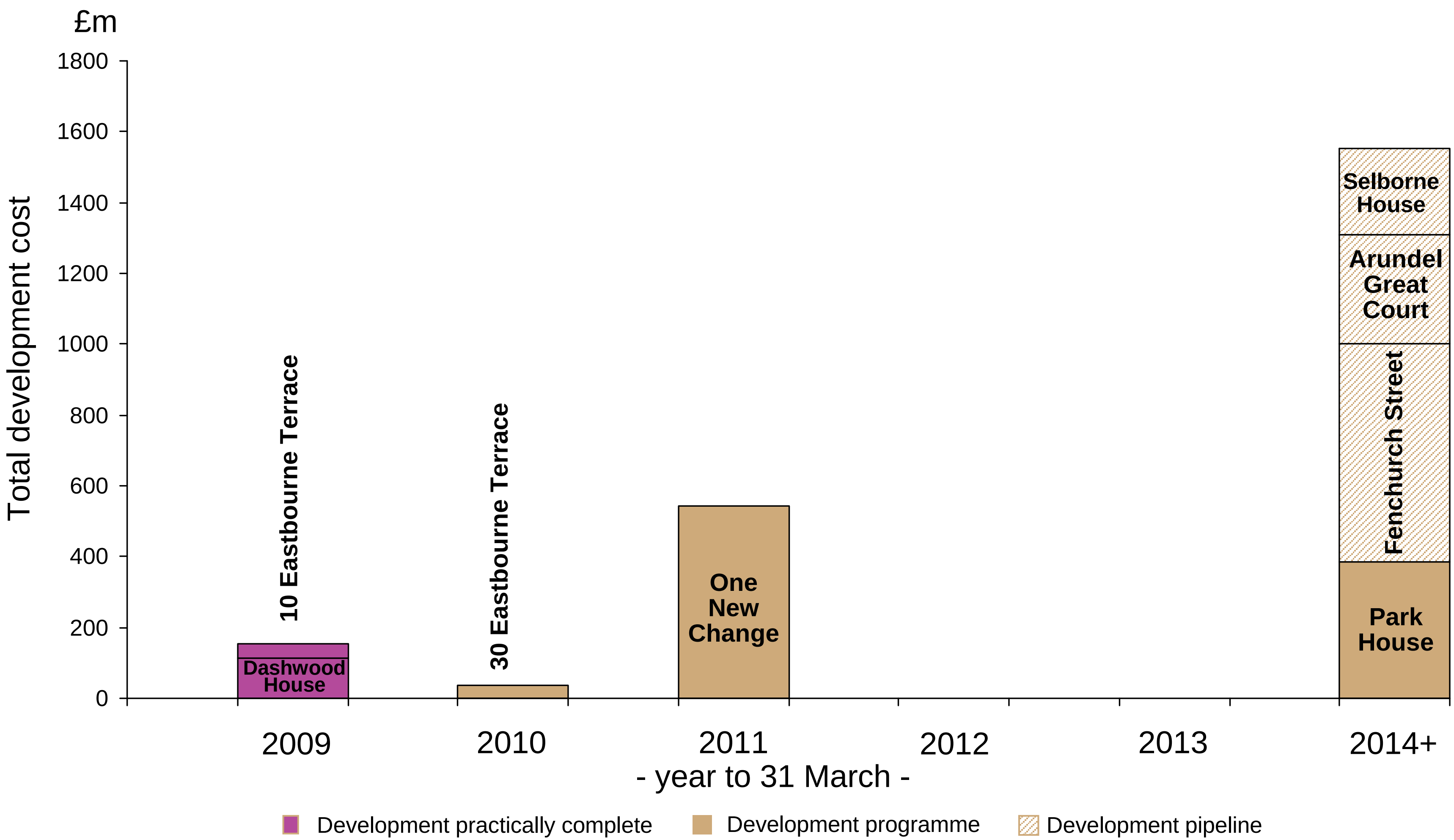

By % of income

Top 10 office tenants by % of income

| | |
|---|---|
| Government | 9.3% |
| Deloitte | 2.3% |
| RBS | 2.3% |
| Mellon Bank | 1.3% |
| Eversheds | 1.1% |
| Metropolitan Police | 0.9% |
| Microsoft | 0.7% |
| Lloyds TSB | 0.6% |
| Taylor Wessing | 0.6% |
| Speechly Bircham | 0.6% |
| | 19.7% |
| Office other | 17.5% |
| Total | 37.2% |

**The preferred No.1 tenant**

# London Portfolio – timing of development completions




**Astute timing in a cyclical market**

# London Portfolio

## Planning for the next cycle

**Victoria Transport Interchange, SW1**

**Selborne House, SW1**

**Wellington House, SW1**

**Planning approvals granted this year for 1.6 million sq ft for delivery from 2013**

# Outlook

Francis Salway

# Outlook

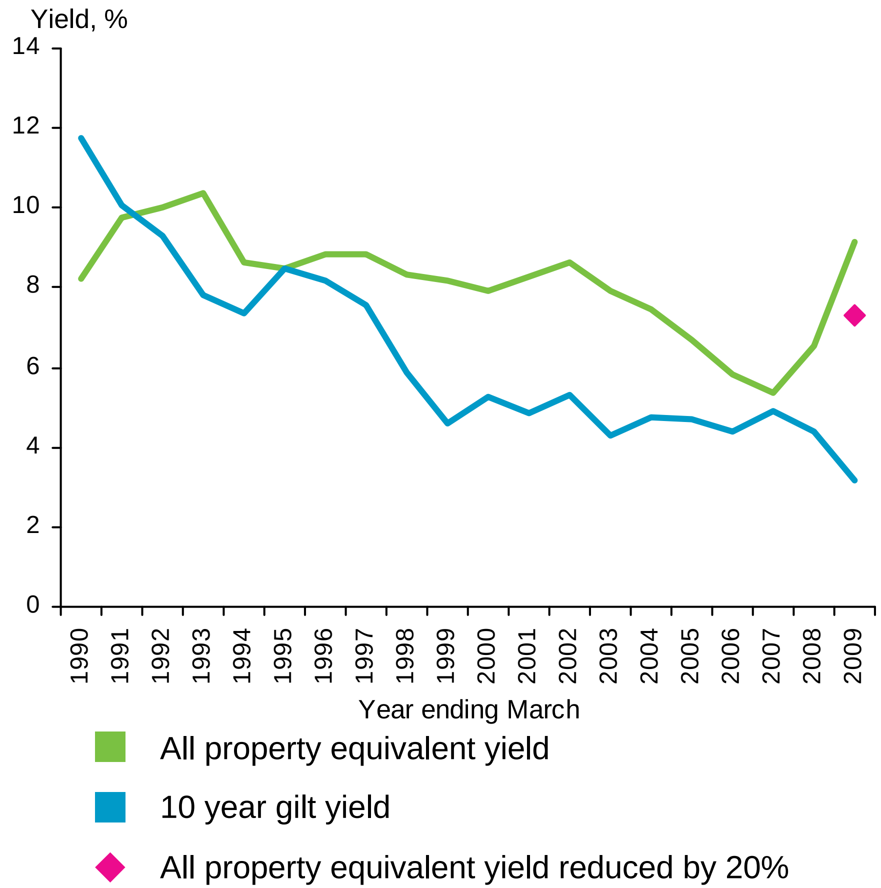
## Issues

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%
- Flexibility and liquidity from £1.6bn of cash
- Operational focus on income – voids and renewals
- Forward looking – to time acquisitions and the delivery of new developments for the next cycle

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