

Press Release

15 November 2016

Half-yearly results for the six months ended 30 September 2016

"Land Securities has produced a resilient performance against the backdrop of current market uncertainty thanks to the actions we've taken to transform our portfolio and reduce gearing over the last few years.

"Our strong leasing performance and lower interest costs have contributed to a 4.5% rise in revenue profit despite the significant disposals made in the second half of last year. While valuations across our markets are under pressure, leading to a 1.8% reduction in our adjusted diluted net assets per share to 1,408p, our portfolio has outperformed its market sectors," said Chief Executive Robert Noel.

"In London, we've entered the final phase of our £2.4 billion development programme. In the City and mid-town, all schemes are now complete and fully let. In Victoria, SW1, our transformation of the area into a vibrant destination is now clear to see, with Nova due to complete in the new year.

"In Retail, we've reinvested the proceeds from the sale of our secondary assets into dominant destinations that attract retailers and deliver the experience consumers want. At our latest destination, Westgate Oxford, we have a fabulous line-up of retailers and restaurants and the scheme is on target for opening this time next year.

"We've followed a clear strategy to transform the quality of our business. And now, with historically low levels of speculative development and conservative financial gearing, we're well-placed to take advantage of any opportunities that may lie ahead."

Results summary

	Six months ended 30 September 2016	Six months ended 30 September 2015	Change
Revenue profit ⁽¹⁾⁽²⁾	£192.5m	£184.2m	Up 4.5%
Valuation (deficit)/surplus ⁽¹⁾⁽²⁾	£(259.6)m	£519.3m	Down 1.8% ⁽³⁾
(Loss)/profit before tax	£(95.0)m	£707.9m	
Basic (loss)/earnings per share	(12.1)p	89.7p	
Adjusted diluted earnings per share ⁽¹⁾⁽²⁾	24.3p	23.2p	Up 4.7%
Dividend per share	17.9p	16.3p	Up 9.8%
	30 September 2016	31 March 2016	
Basic net assets per share	1,449p	1,482p	Down 2.2%
Adjusted diluted net assets per share ⁽¹⁾⁽⁴⁾	1,408p	1,434p	Down 1.8%
Group LTV ratio ⁽¹⁾⁽²⁾	22.6%	22.0%	

1. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRSs. For further details, see the Business Analysis section included within the half-yearly results.
2. Including our proportionate share of subsidiaries and joint ventures, as explained in the notes to the financial statements included within the half-yearly results.
3. The % change for the valuation deficit represents the decrease in value of the Combined Portfolio over the six month period, adjusted for net investment.
4. Our key valuation measure.

Activity

- £15.0m of investment lettings
- £6.9m of development lettings
- Acquisitions, development and refurbishment expenditure⁽¹⁾ of £194.0m
- Disposals⁽¹⁾ of £90.9m
- Supported a further 114 people from disadvantaged backgrounds into jobs through our Community Employment Programme

Performance

- Ungeared total property return⁽¹⁾ of 0.5% (IPD Quarterly Universe 0.2%)
- Total business return⁽²⁾⁽³⁾ of -0.5%
- Combined Portfolio⁽³⁾ valued at £14.4bn, with a valuation deficit⁽³⁾ of 1.8%
- Voids⁽¹⁾ in the like-for-like portfolio: 2.9% (31 March 2016: 2.4%)

Financials

- Group LTV ratio⁽³⁾ at 22.6%, based on adjusted net debt⁽³⁾ of £3.3bn
- Weighted average maturity of debt at 9.0 years
- Weighted average cost of debt at 4.7%
- Cash and available facilities of £1.5bn
- First half dividend of 17.9p, up 9.8%

Development

- 1 & 2 New Ludgate, EC4 now fully let
- 20 Eastbourne Terrace, W2 now completed and 90% let
- 1 New Street Square, EC4 now completed and fully let
- Nova, Victoria, SW1, due to complete in the new year, now 41% pre-let or in solicitors' hands
- Westgate Oxford due to open in October 2017, now 64% pre-let or in solicitors' hands
- 1.2m sq ft future London pipeline including 21 Moorfields, EC2; Nova East, SW1; 1 Sherwood Street, W1; and our Southwark estate, SE1

Recognition

- Achieved Carbon Disclosure Project 2016 climate change leadership score of A-
- Winner of 2016 Better Society Award for National Commitment to the Community
- Shortlisted for Energy Efficient Partnership of the Year at the Energy Awards 2016

1. For further details see the Business Analysis section included within the half-yearly results.
2. Dividend paid per share in the period plus the change in adjusted diluted net assets per share, divided by adjusted diluted net assets per share at the beginning of the period.
3. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRSs. For further details see the Business Analysis section included within the half-yearly results.

All measures above are presented on a proportionate basis, as explained in the notes to the financial statements included within the half-yearly results.

-Ends-

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Notes to editors

A live video webcast of the presentation will be available on <http://pres.landsecurities.com/landsecurities069/welcome.asp> at 09.00am GMT. Please also note that there will be an interactive Q&A facility during the webcast. A downloadable copy of the webcast will then be available at the same address from 3pm.

We will also offer an audio conference call. We recommend that you dial in to the call 10-15 minutes before the start of the presentation due to the large volume of callers expected. Dial-in details are as follows:

Dial-in number: +44 (0) 1452 541003
Call title: Land Securities' interim results 2016
Passcode: 2727553

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There will be a replay facility available for 7 days following the results:

Replay dial-in number: +44 (0) 1452 550000

Call ID number: 2727553

A short video of Robert Noel, Chief Executive, discussing the results is available at <http://www.landsecurities.com/investors/results>

About Land Securities

Land Securities is the UK's largest listed commercial real estate company. Our £14.5 billion portfolio totals 23.6 million sq ft and includes some of London's most desirable office buildings and the UK's most successful shopping and leisure destinations.

In London, we own and manage a portfolio totalling more than £8.2 billion. Our relentless customer focus delivers vibrant working environments, both in our developments and through thoughtful asset management, which resonate strongly with businesses looking to attract and retain top talent. In the City, our 1.7 million sq ft of real estate includes the award-winning New Ludgate scheme, and the landmark 20 Fenchurch Street. In the West End, our expertise in placemaking and public realm has seen the transformation of Victoria, SW1 into a vibrant destination that is attracting global businesses and visitors alike.

In Retail, our commitment to creating an outstanding consumer experience, combined with the strength and resilience of our 17.5 million sq ft of assets, means we provide the space where consumers want to shop and retailers want to be, both now and in the future. Our focus on collaborating with our retailers and anticipating consumer needs not only delivers an unrivalled experience for our customers, but our footfall and sales figures consistently outperform the industry benchmarks.

Whether in offices or retail, sustainability is key to everything we do. For us, being a sustainable business means ensuring Land Securities remains healthy and successful for years to come. To achieve this we need the support of our customers, communities and partners. That's why we lead the way on sustainability in the UK listed real estate sector by focusing on three key areas: creating jobs and opportunities through our award-winning Community Employment Strategy, which has put 779 disadvantaged people into employment since 2011; efficient use of natural resources; and sustainable design and innovation.

Land Securities delivers value for our shareholders, great space for our customers and positive change for our communities.