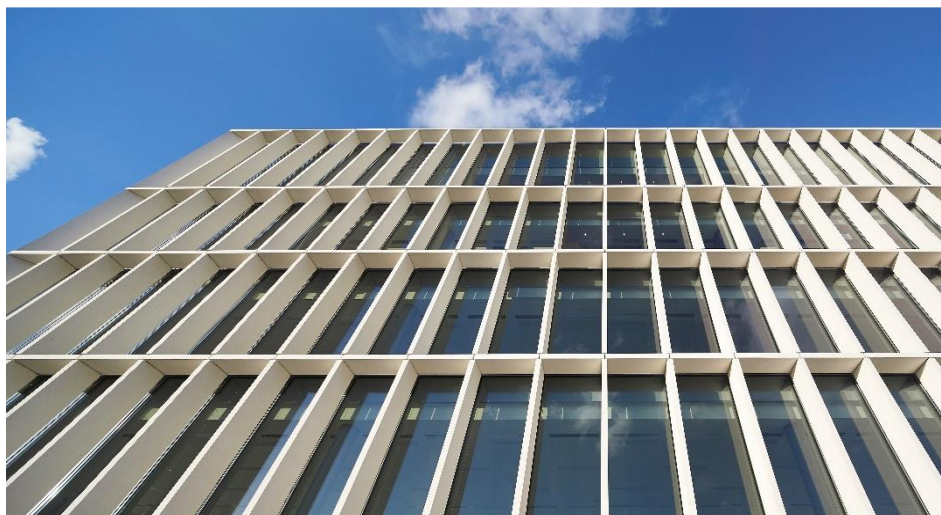




# INTERIM RESULTS 2016



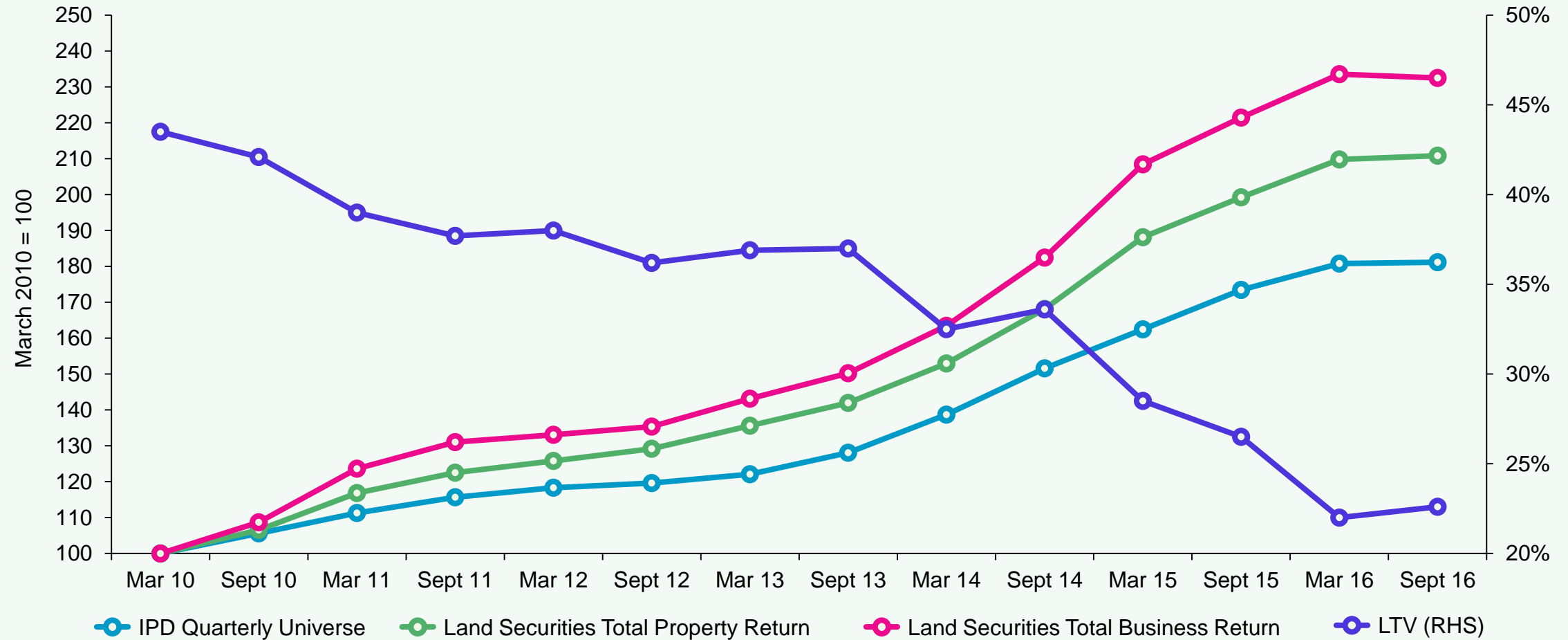
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# Welcome

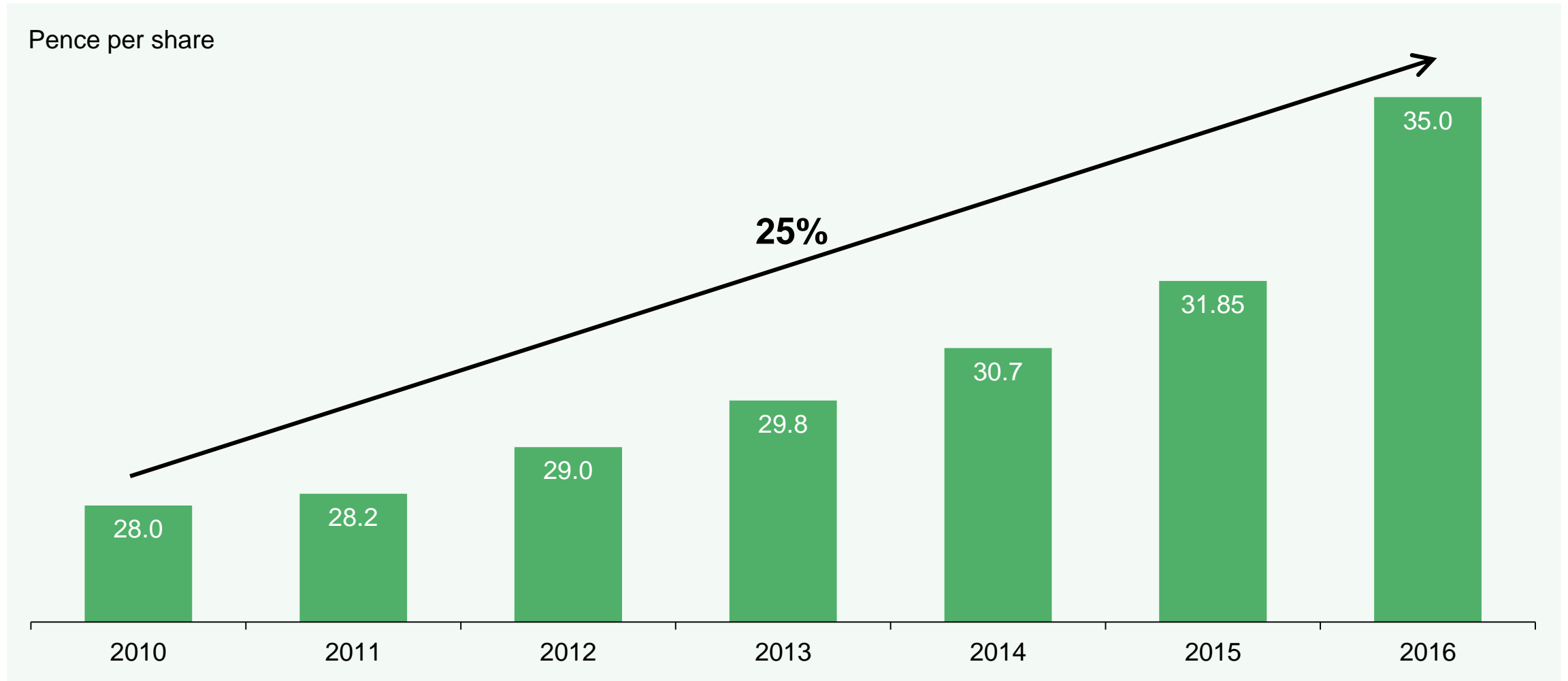
Robert Noel  
Chief Executive



# Performance – creating shareholder value while strengthening the balance sheet



# Total dividend for year ending 31 March





# Agenda

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Martin Greenslade

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Colette O'Shea

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Scott Parsons

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Robert Noel

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Q&A

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123 Victoria Street, SW1

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# Financial Results

Martin Greenslade

Chief Financial Officer



# Financial summary

Six months ended 30 Sept 15		Six months ended 30 Sept 16		Change
£m		£m		%
707.9	(Loss)/profit before tax	(95.0)		
519.3	Valuation (deficit)/surplus <sup>(1)</sup>	(259.6)		-1.8 <sup>(2)</sup>
1,434p <sup>(3)</sup>	Adjusted diluted net assets per share	1,408p		-1.8
184.2	Revenue profit <sup>(1)</sup>	192.5		4.5
23.2p	Adjusted diluted earnings per share <sup>(1)</sup>	24.3p		4.7
16.3p	Dividend per share	17.9p		9.8

(1) On a proportionate basis

(2) The percentage change for the valuation deficit represents the fall in value of the Combined Portfolio over the six month period, adjusted for net investment

(3) As at 31 March 2016



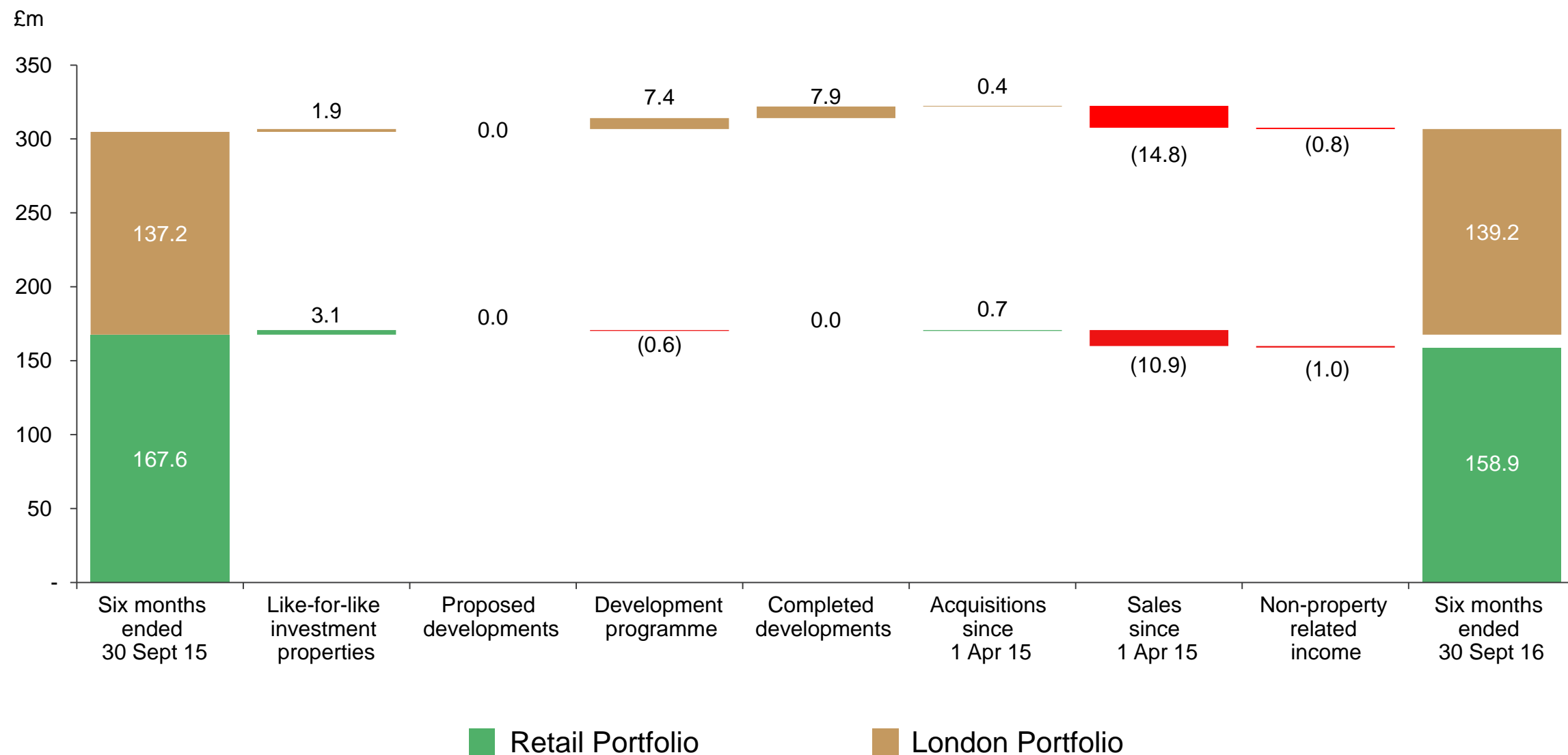
# Revenue profit

	Six months ended 30 Sept 16	Six months ended 30 Sept 15	Change
	£m	£m	£m
Gross rental income <sup>(1)</sup>	314.4	323.4	(9.0)
Net service charge expense	(2.3)	(2.0)	(0.3)
Net direct property expenditure	(14.0)	(16.6)	2.6
<b>Net rental income</b>	298.1	304.8	(6.7)
Indirect costs	(18.3)	(22.0)	3.7
<b>Segment profit before interest</b>	279.8	282.8	(3.0)
Net unallocated expenses	(18.3)	(17.4)	(0.9)
Net interest expense – Group and JVs	(69.0)	(81.2)	12.2
<b>Revenue profit</b>	192.5	184.2	8.3

(1) Includes finance lease interest, after rents payable









# Net rental income analysis





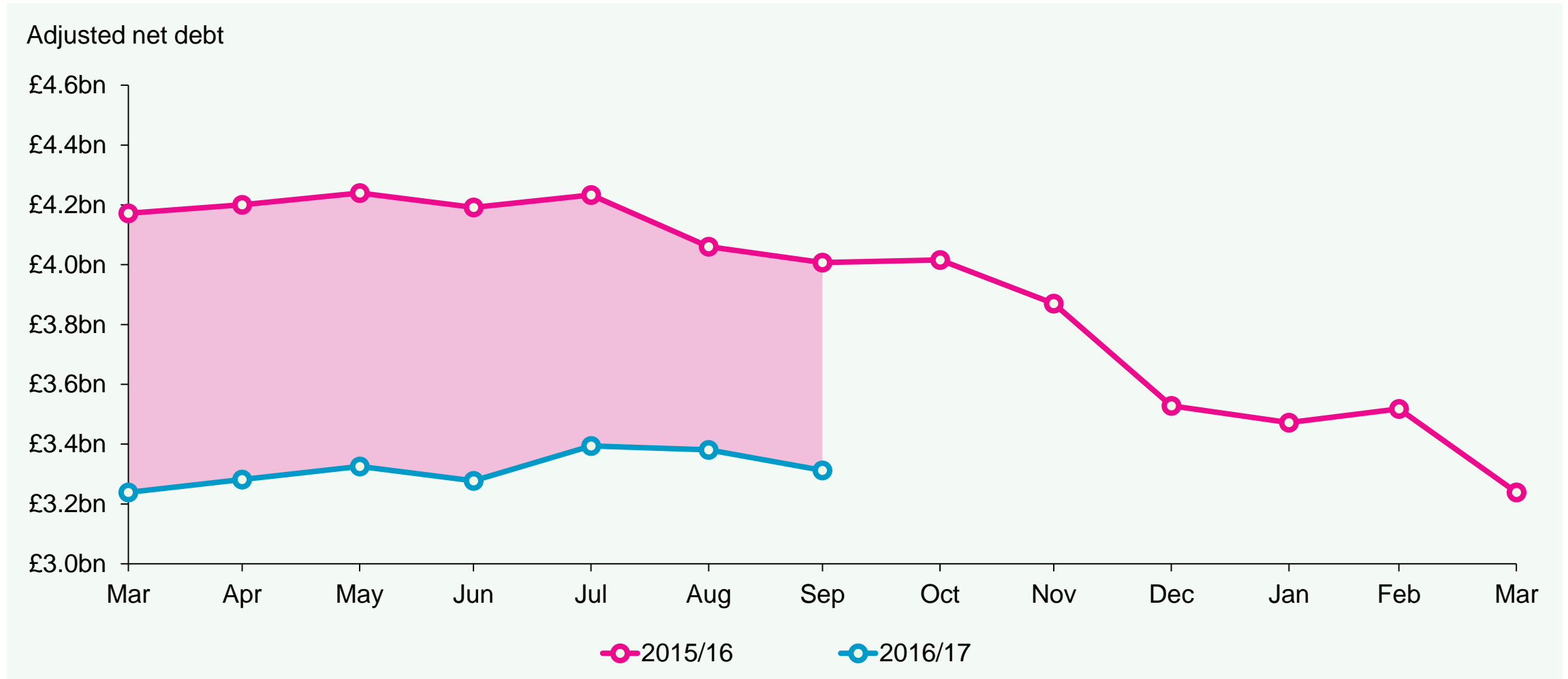
# Combined Portfolio valuation

	Market value at 30 Sept 16	Combined Portfolio by value	Valuation deficit Six months to 30 Sept 16	
	£m	%	%	£m
Like-for-like	11,374.1	79.1	-2.4 	(264.6)
Proposed developments	5.1	-	-34.8 	(2.7)
Development programme	1,415.2	9.8	2.3 	30.9
Completed developments	1,493.2	10.4	-1.7 	(23.9)
Acquisitions	93.6	0.7	0.8 	0.7
<b>Total Combined Portfolio</b>	<b>14,381.2</b>	<b>100.0</b>	<b>-1.8 </b>	<b>(259.6)</b>



# Adjusted net debt<sup>(1)</sup>

Year-on-year comparison by month



(1) On a proportionate basis



# Financing

- Group LTV<sup>(1)</sup> at 22.6% up from 22.0% at 31 March 2016
- Weighted average maturity of debt: 9.0 years
- Weighted average cost of debt: 4.7%
- £1.46bn cash and available facilities

Gearing	30 Sept 16	31 Mar 16
	%	%
Group LTV <sup>(1)</sup>	22.6	22.0
Security Group LTV	23.2	23.4

(1) On a proportionate basis

# Financial summary

- Resilient, high quality assets
- Low financial gearing
- Growth in revenue profit



Piccadilly Lights, W1



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# London Portfolio

Colette O'Shea

Managing Director

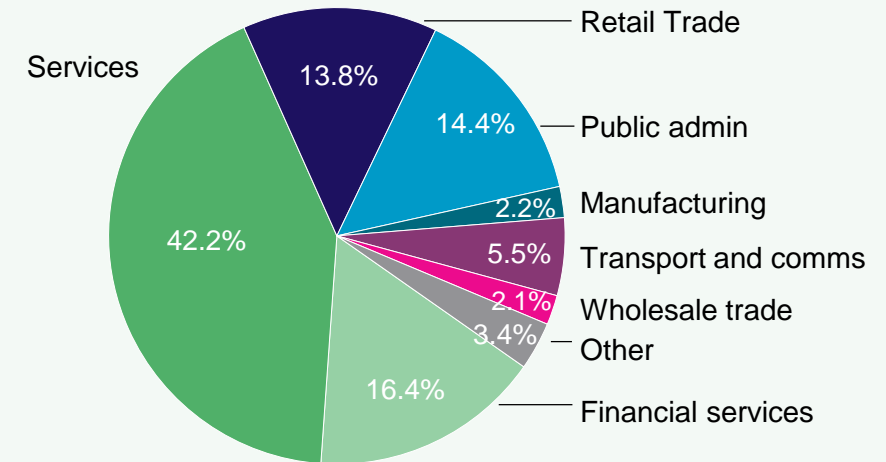
# A modern resilient office portfolio

- Office WAULT 10.1 years including completed development
- 81% of the portfolio is less than 10 years old
- Diverse customer base

## Selected key occupiers



## Rental income by business sector



Standard Industrial Classification – Mar 2016

Source: Land Securities and IPD

# Our focus

- Letting last 13% of development programme
- Extracting reversion from the portfolio
- Anticipating changing customer needs
- Restocking the portfolio with new product



# Market – supply/demand balance has shifted negotiating position

- Take-up has fallen below the 10 year average
- 5 million sq ft of completions been moved out to 2020 and beyond
- Delayed supply partly offset by released space
- The vacancy rate has increased



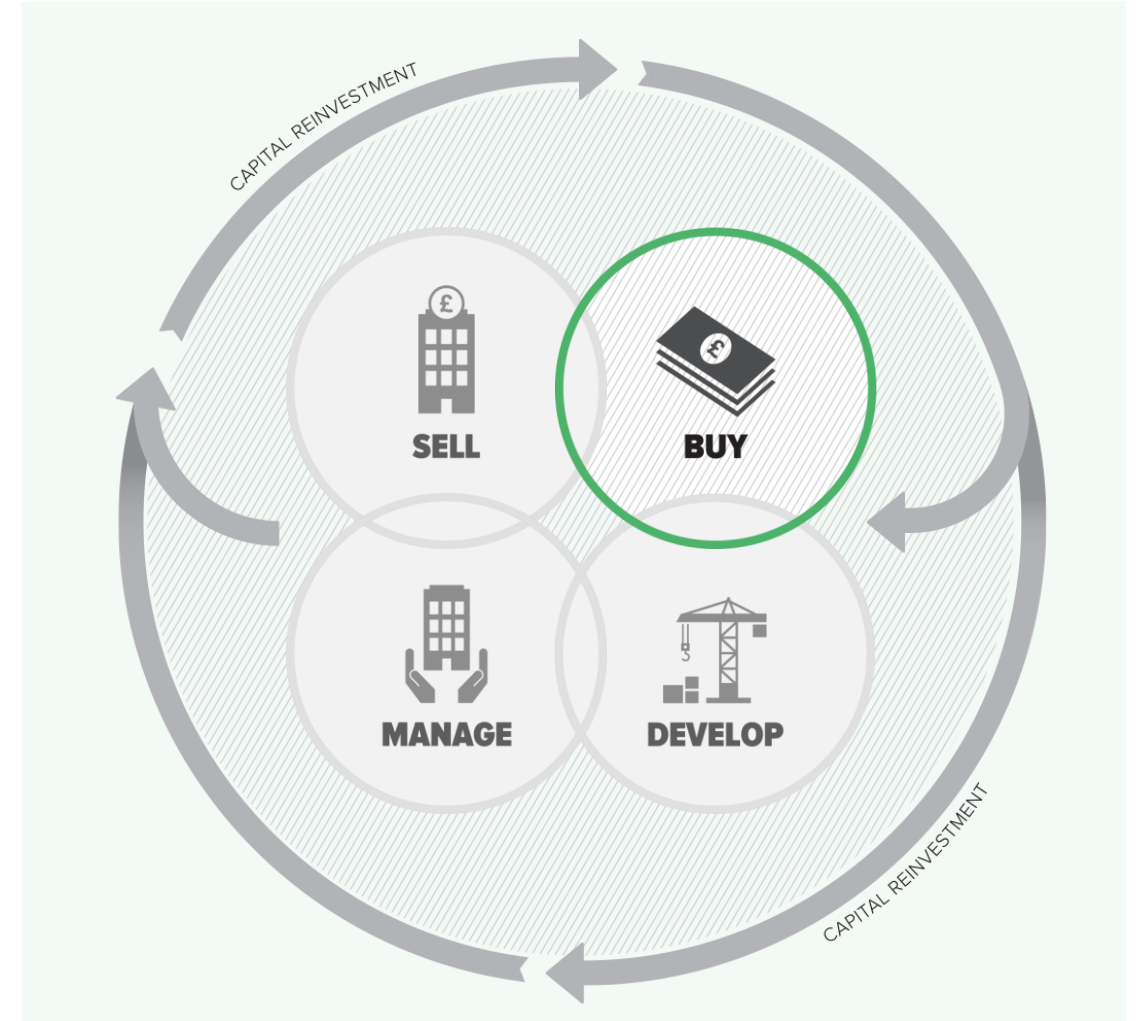
The Zig Zag Building, SW1



# Investment market – quality provides resilience

- Volumes had fallen pre-BREXIT
  - Q2 2016 24% below Q2 2015\*
  - Q3 2016 34% below Q3 2015\*
- High quality buildings in core locations, with longer income streams are most resilient
- Short-let, more risky assets, are most exposed
- Expect buying opportunities for Land Securities

\* Rolling 4 quarters year-on-year





## Development – continued letting momentum

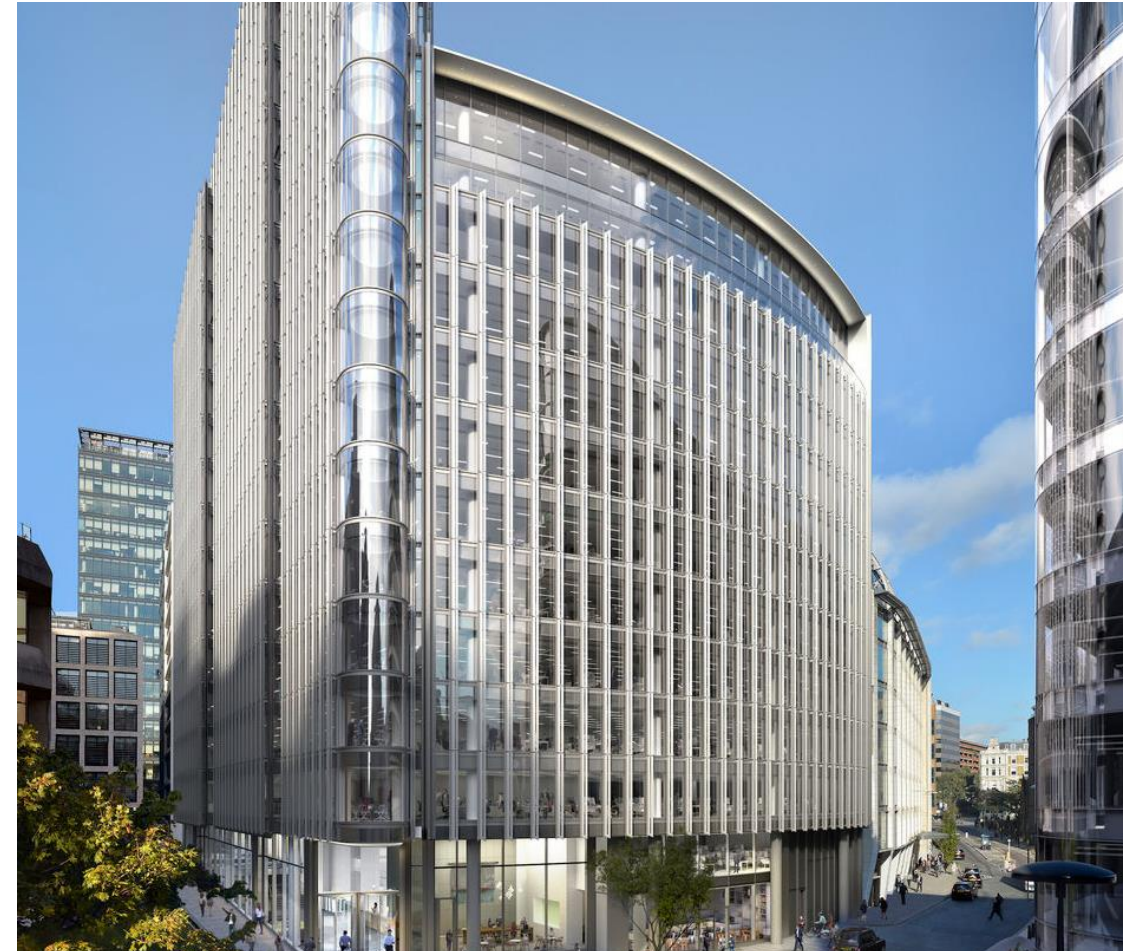
- 181,000 sq ft let or in solicitors' hands out of the 541,000 sq ft available at March
- Average lease term of 12 years
- Only 13% of the 3 million sq ft development programme left to let



20 Eastbourne Terrace, W2

# Development – City lettings successfully completed

- Average rent of £64 psf
- Average lease term of 18 years
- Average rent free of 8.7 months for every 5 years term certain

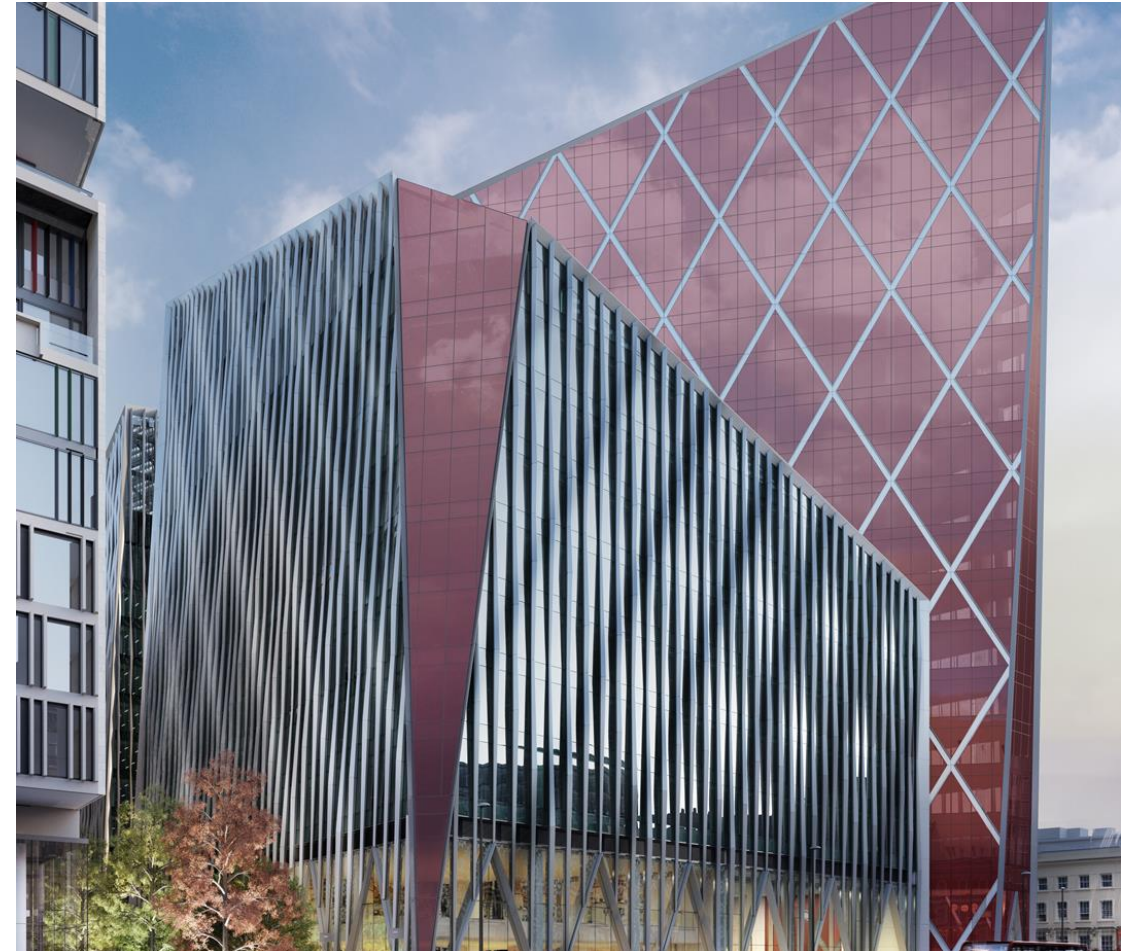


1 New Street Square, EC4



## Development – West End focus is Nova

- Nova is now 41% pre-let or in solicitors' hands
- Average office lease term of 15 years
- First phase complete with majority of retailers and office occupiers fitting out
- Practical completion of final commercial phases due early 2017



Nova South, Victoria, SW1

# Nova – good interest as we approach completion



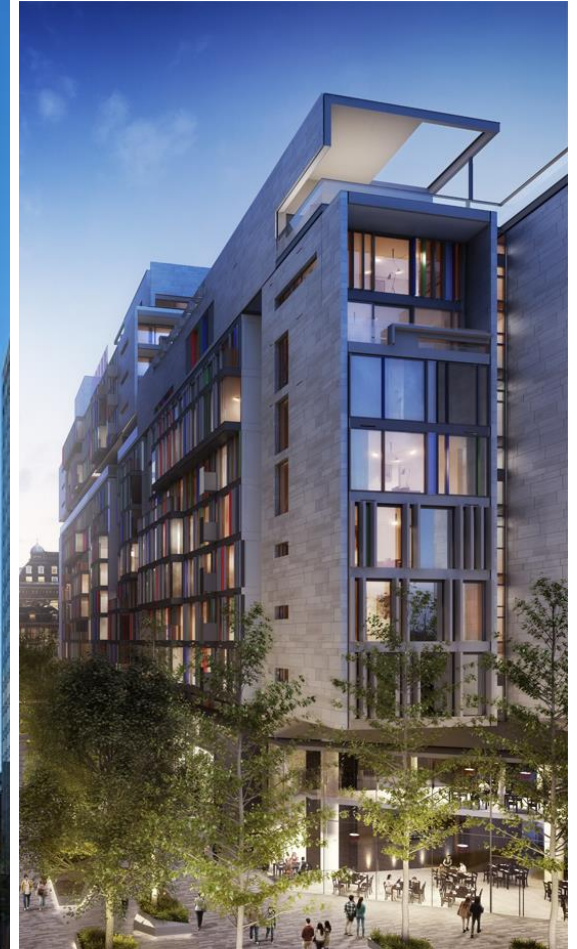
# Residential – small exposure

- Kings Gate and Nova residential virtually conclude our development activities
- Our £100m\* exposure represents 1% of the London portfolio
- Sold 4 apartments at Kings Gate for £14.7m at an average of £1,910 psf since March
- Pre-sold 139 out of 170 units at Nova

\* Includes Oriana, W1



Kings Gate, SW1



The Nova Building, SW1



# Manage – strengthening income and building portfolio resilience

- Office WAULT is 10.1 years including completed developments
- Voids remain low at 3.9% rising from 2.9% in March due to 10 Eastbourne Terrace and Portland House. At Piccadilly Lights working towards vacant possession in January 2017
- £7.9m of investment lettings and £20.0m of rent reviews completed



# Manage – strengthening and lengthening income



Dashwood House, EC2

- Rent reviews completed and passing rent increased by 26%



One New Change, EC4

- 87% of income due to be reviewed over the next two years
- 60% of income reviewed so far
- Most recent office rent review increased passing rent by 7%
- 15 retail rent reviews increased passing rent by 25%



Cardinal Place, SW1

- £11.6m subject to review in the next 15 months
- Wellington Management occupy 65,000 sq ft
- Settled Wellington Management December 2015 review, increased passing rent by 19%
- Created good rental evidence



140 Aldersgate, EC1

- Completed second upsize for Mount Anvil
- Taken additional un-refurbished space at £57.50 psf
- Quadrupled their floor space since 2009



# Restocking with new product

- 1.2 million sq ft of potential in the portfolio, flexible on timing
- Tracking over £2bn of assets, but happy to be patient
- Ready to move quickly



21 Moorfields, EC2

# A sustainable business

- High quality, well-let, resilient portfolio
- Focused on letting remaining development space
- Focused on extracting reversion from the portfolio
- Focused on our customer and future product
- Focused on restocking the pipeline



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# Retail Portfolio

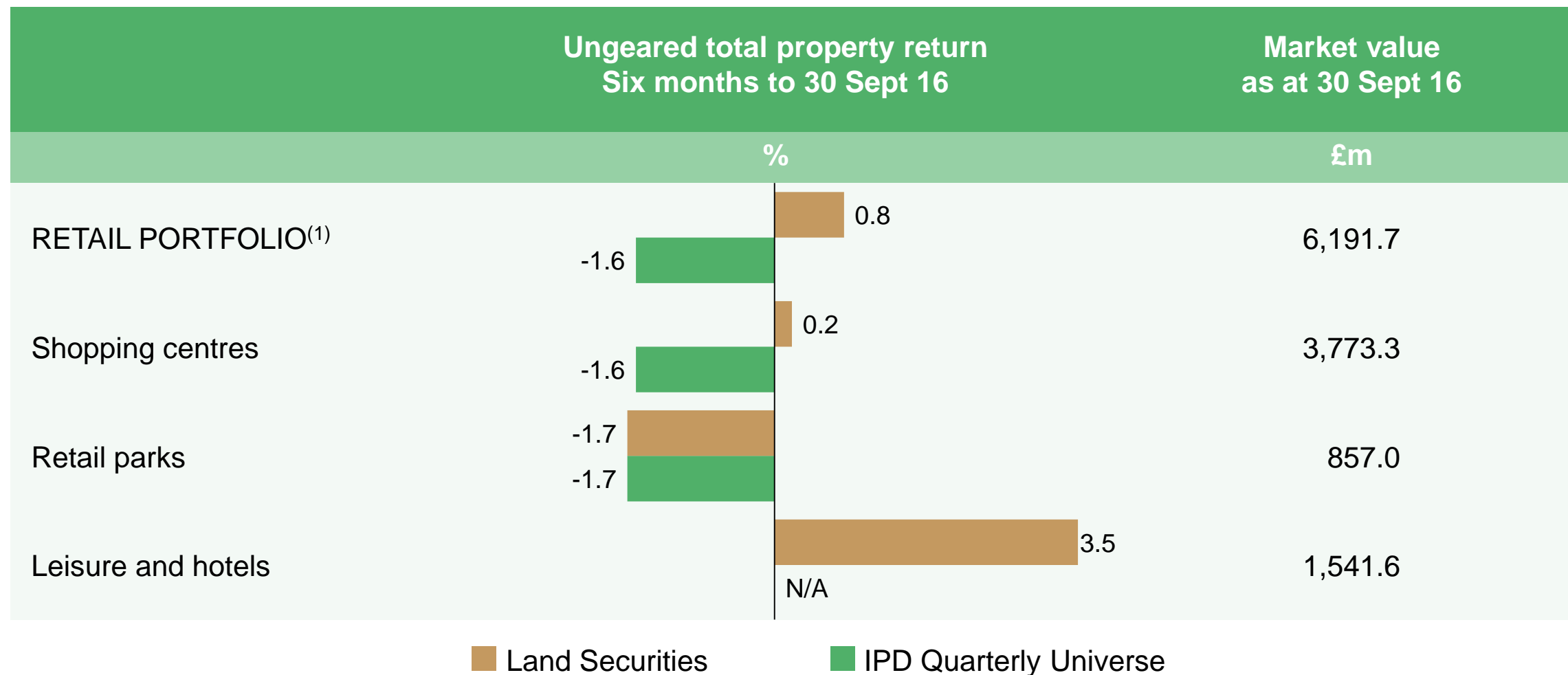
Scott Parsons

Managing Director



# Quality assets outperforming

Ungeared total property return (six months to 30 Sept 2016)



(1) Land Securities measure includes leisure, hotel portfolio and other

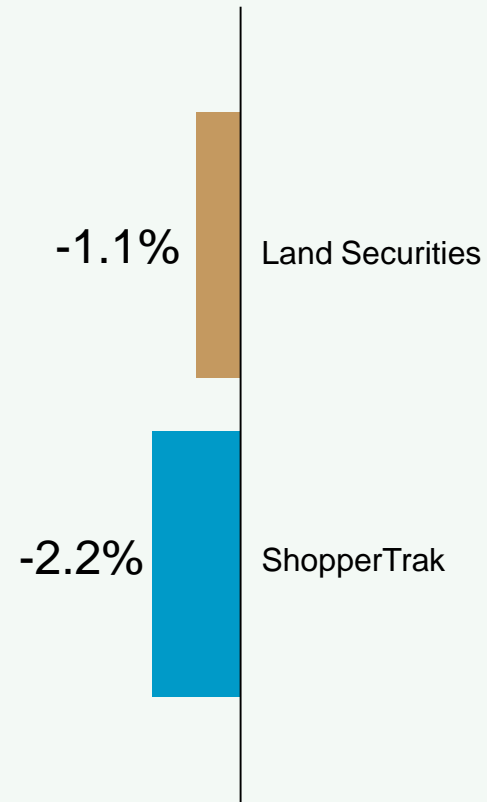
# Accor – underpinned by vacant possession values

- Exchanged contracts to sell four of the seven Accor hotels where breaks were served
- Income on the remaining 22 hotels is secured until 2031
- Vacant possession values are higher than their investment values
- The four sold hotels transacted at 9.8% above March 2016 book values

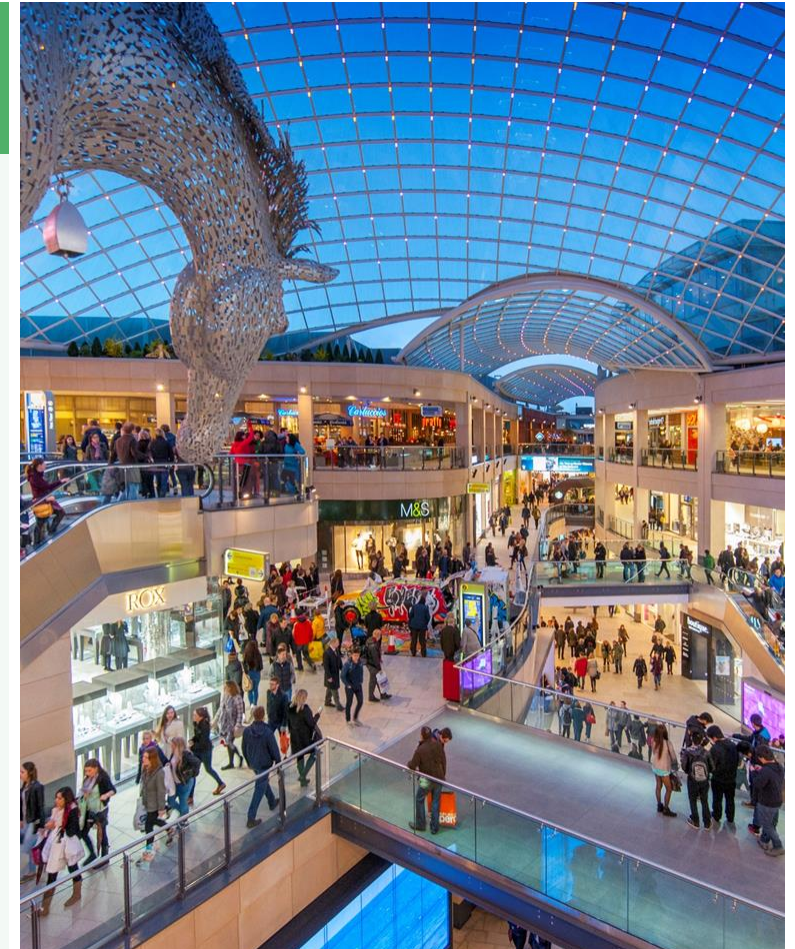
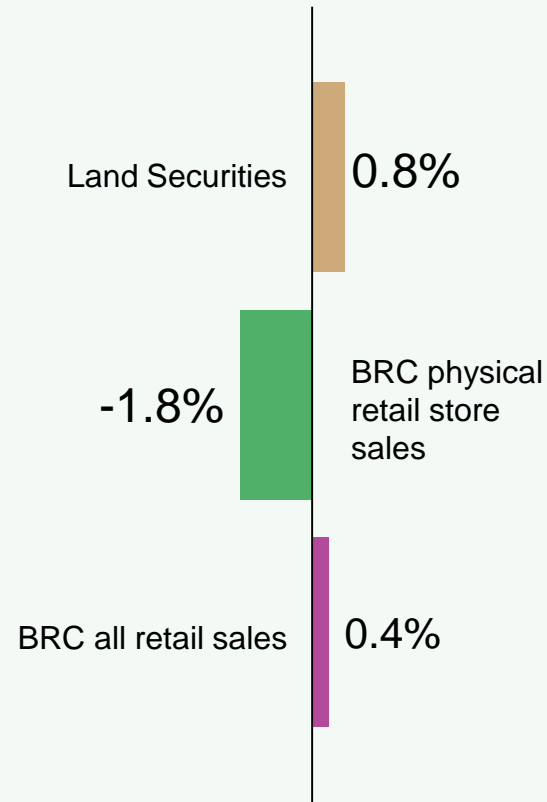


# Footfall & sales – active asset management delivering sales growth

## Footfall 26 weeks to 2 Oct 16



## Same centre retail sales 26 weeks to 2 Oct 16

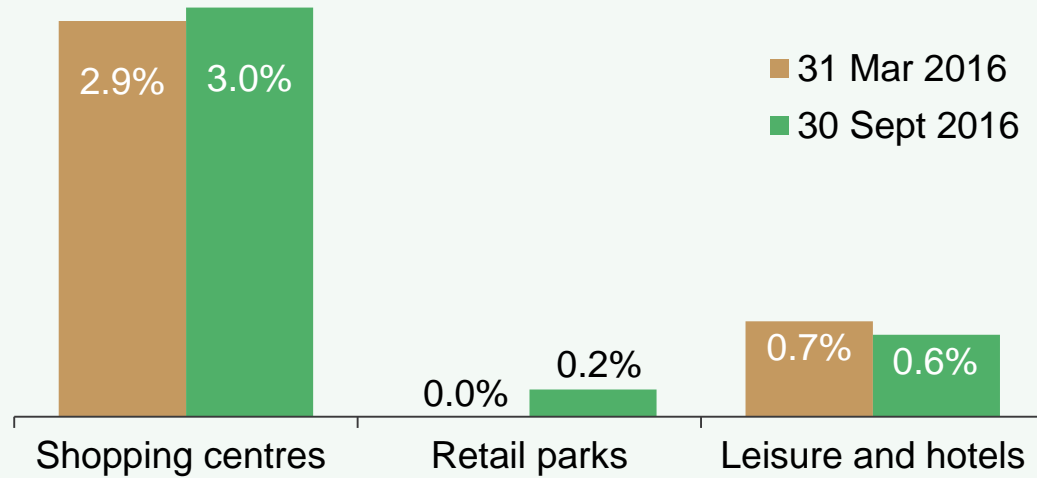


Trinity Leeds



# Low voids driving rental tension

- Like-for-like voids 2.1% (31 March 2016: 2.0%)



- Units in administration 0.9% (31 March 2016: 0.5%)
- 65 lettings equating to £7.1m in rent per annum



Gunwharf Quays, Portsmouth



# Creating value and consumer experience





# Continually adding to the experience



# Westgate Oxford – exciting mix of brands





# Westgate – great momentum





# Growing net rental income



Gunwharf Quays, Portsmouth

Oliver Sweeney

- Oliver Sweeney
- Under Armour
- Coach
- Jigsaw
- Guess



Buchanan Galleries, Glasgow



- Opened Street Dots on 17 August 2016
- Scotland's first indoor street food concept



Bluewater, Kent



- 8 new openings
- New 40,000 sq ft H&M store opening this month



Westwood Cross, Kent



- Acquired adjacent site
- Secure planning for four restaurants, all of which are pre-let or in solicitors' hands

# Resilient portfolio and dynamic team

- High quality assets
- Low voids
- Consistent lettings momentum
- Best-in-class asset management



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# Outlook

Robert Noel  
Chief Executive



# Outlook – Land Securities well-positioned as planned

## London offices

- Net effective rental values expected to weaken
- Occupational demand and supply uncertain
- Working up future pipeline
- London's long-term prospects are sound

## Retail

- Increased pressure on consumers and retailers
- Our strong destinations are performing well
- Disposal of all secondary centres leaves us well-placed







# Q&A

 **LandSecurities** 

