



INVESTOR CONFERENCE 2016



Colette O'Shea

Managing Director, London Portfolio

London Portfolio Investor Day

Marcus Geddes

Market, Sell, Develop, Manage

Colette O'Shea

Customers, Restocking Portfolio

Property tours

Kaela Fenn-Smith

Victoria Transformation and Nova

Lunch



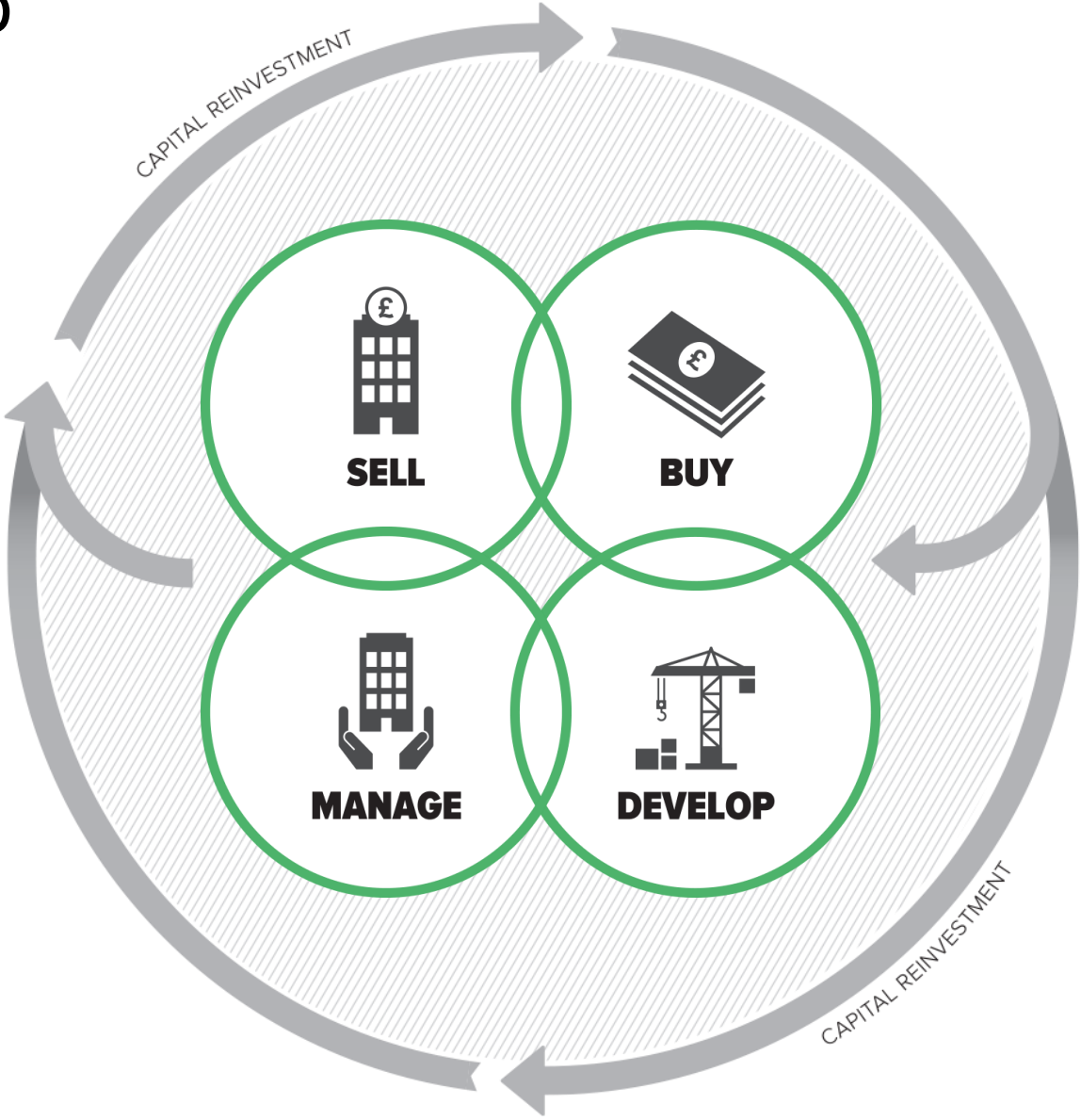
The Zig Zag Building, SW1

Marcus Geddes

Head of Property, London Portfolio

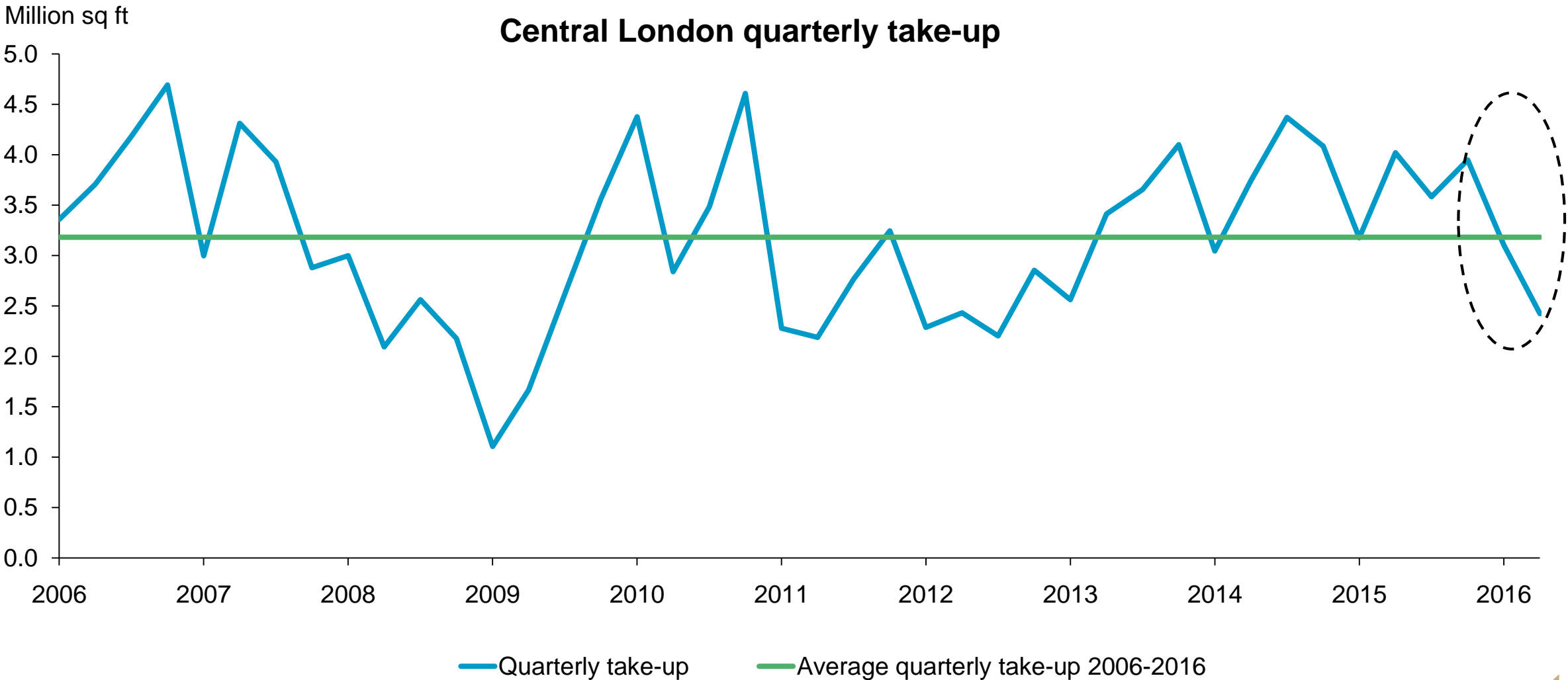


London Portfolio

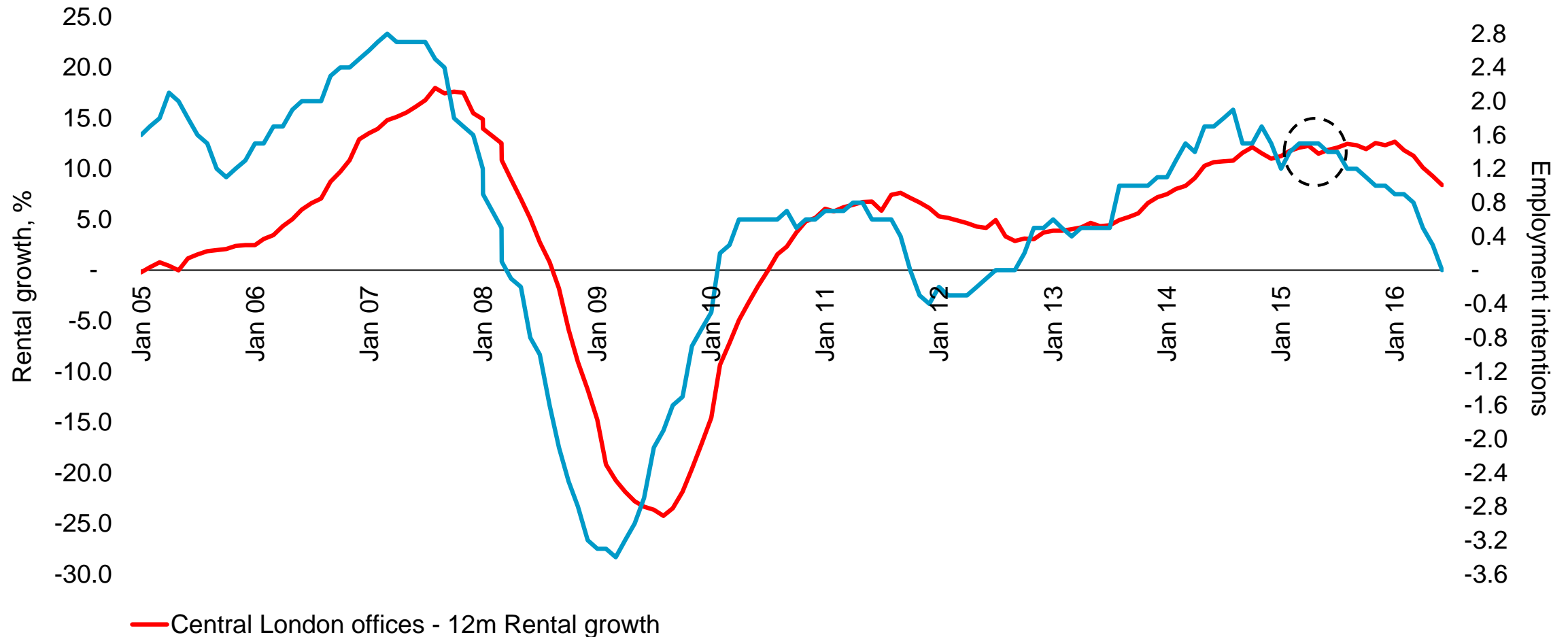




Take-up falling



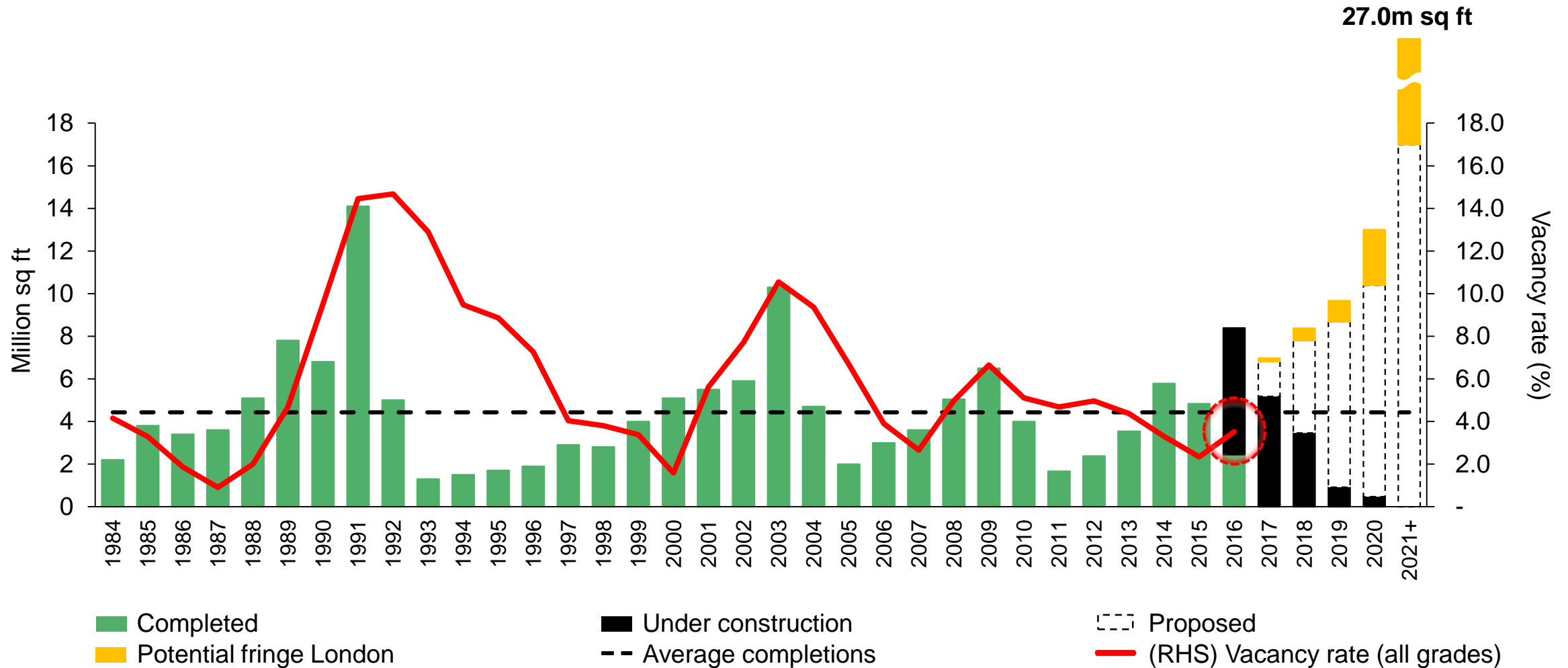
Employment intentions vs Central London Rental growth



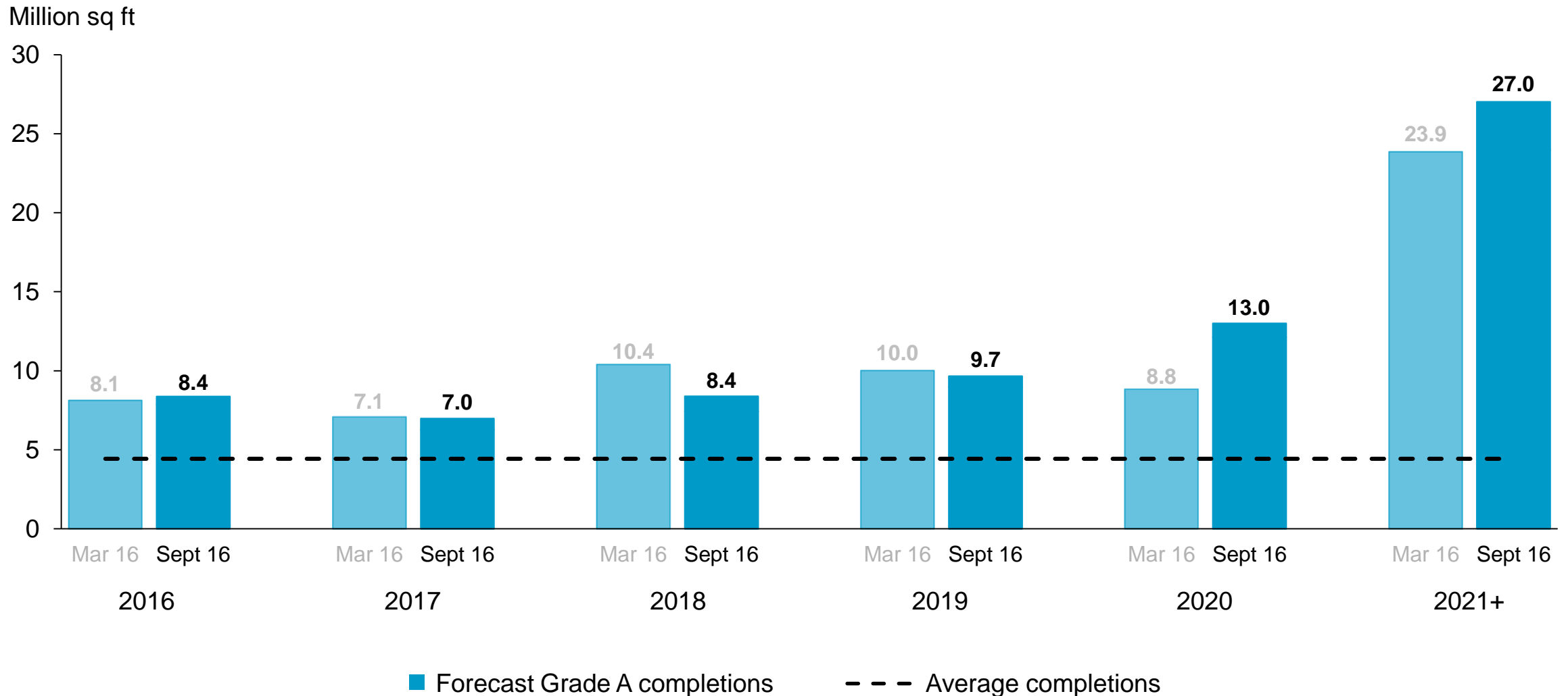
Source: Bank of England, IPD. The Employment intentions series refers to both planned and possible changes in the sizes of companies' workforces over the next six months, ignoring normal seasonal fluctuations. The series ranges from -5 to +5, with -5 typically denoting a rapidly falling level and +5 representing rapid growth.

Central London supply – September 2016

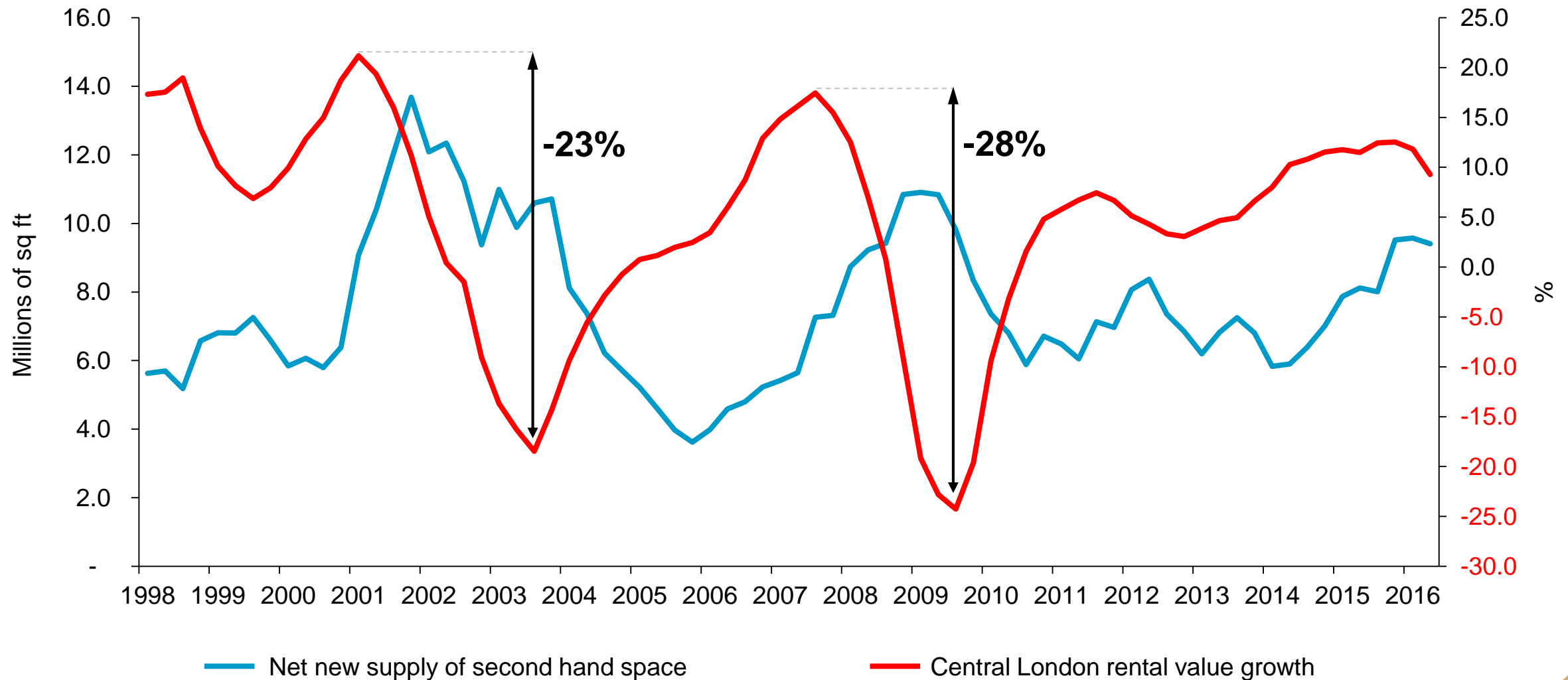
Grade A completions and vacancy



Central London supply – March 16 and September 16 forecasts



Rents fall as occupiers release space



Sales – crystallising value

- £3bn of disposals in London over the last six years
- Crystallising early profit on developments
- Disposal of non-core assets with limited look ahead returns after adding value



Thomas More Square, E1



Arundel Great Court, WC2



Holborn Gate, WC1



Empress State, SW6



Times Square, EC4



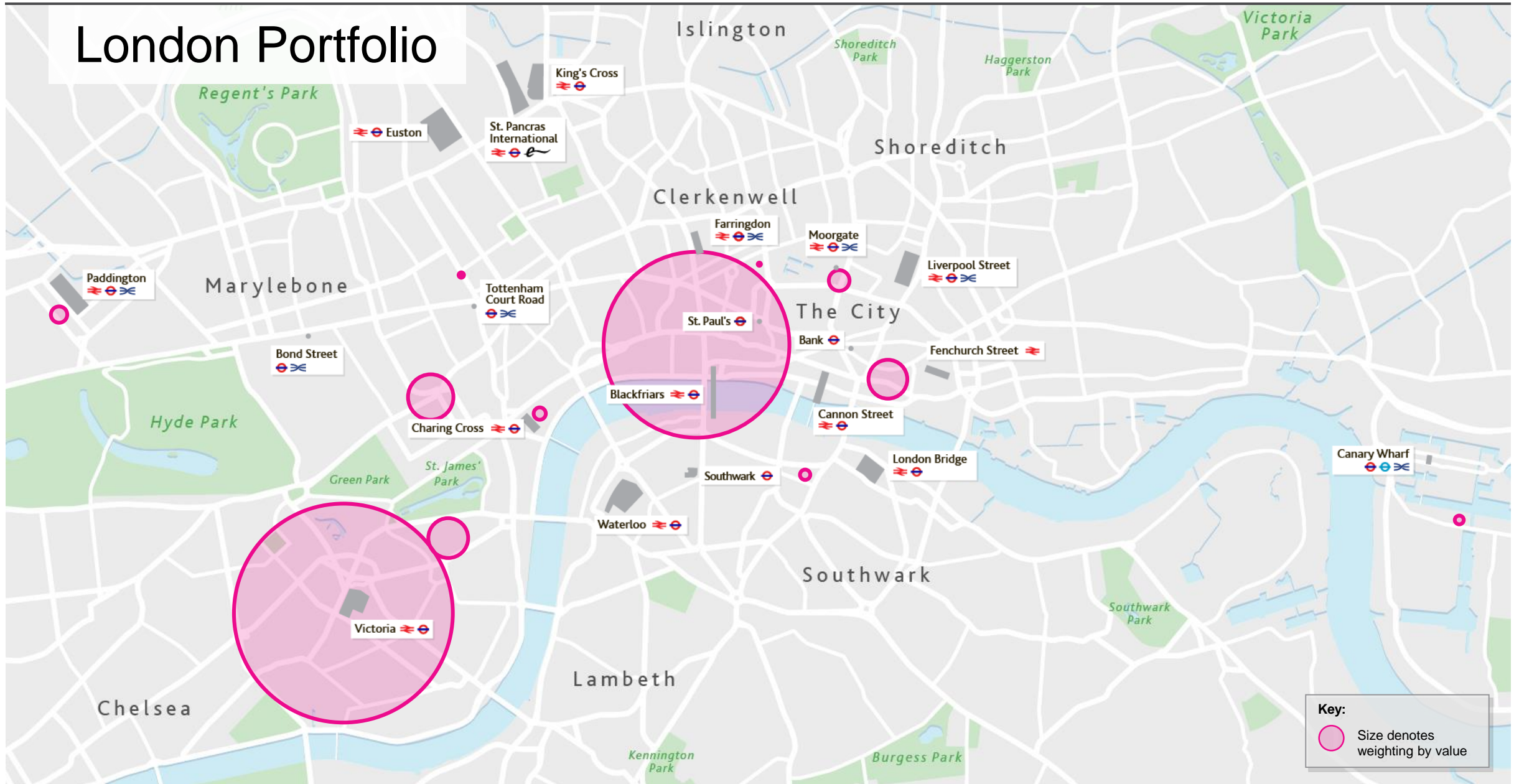
110 Cannon Street, EC4

Development – sustainability

- 11.5 acres of new public realm
- 20,000 employed on construction sites
- Community Employment Programme: trained 1,100 over last 5 years securing over 800 jobs

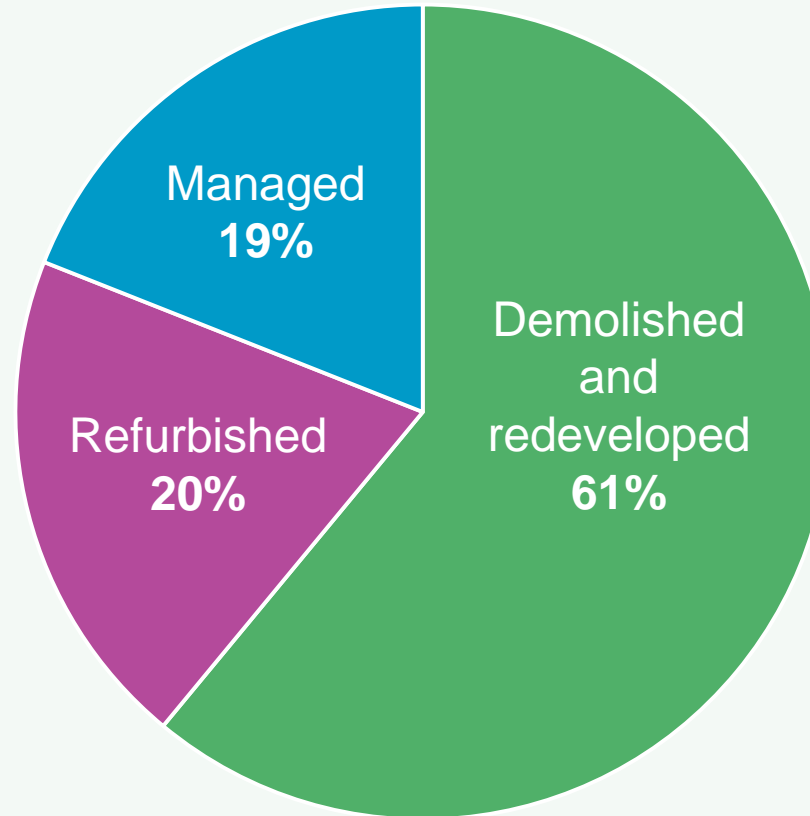


London Portfolio



A modern relevant office portfolio

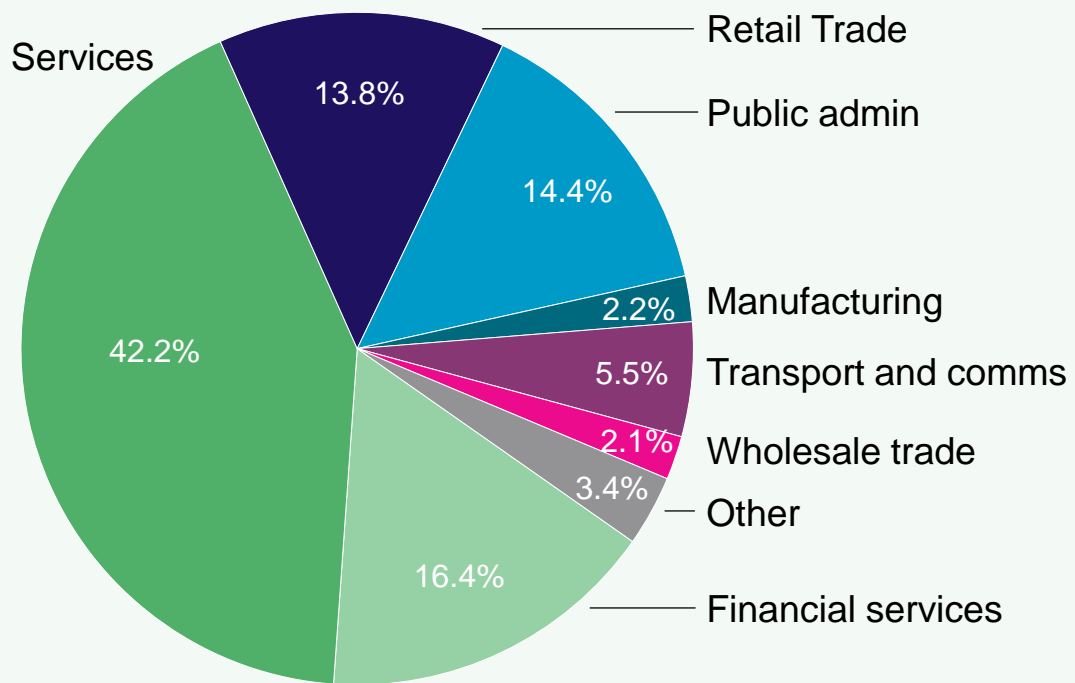
Portion of London Portfolio refurbished or developed since 2006



81% of the portfolio is less than 10 years old

Diverse customer base

Rental income by business sector



Standard Industrial Classification

Selected key occupiers



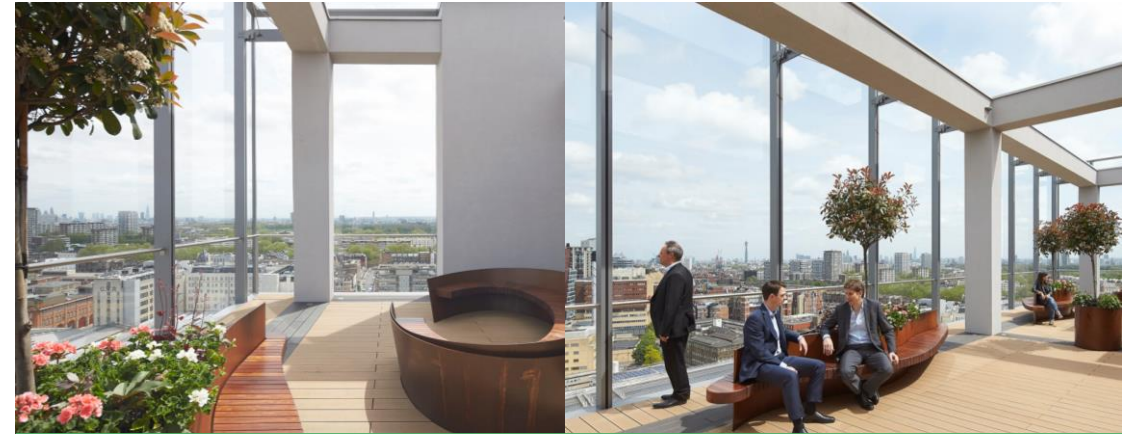
Development letting – maintaining momentum

20 Eastbourne Terrace, W2

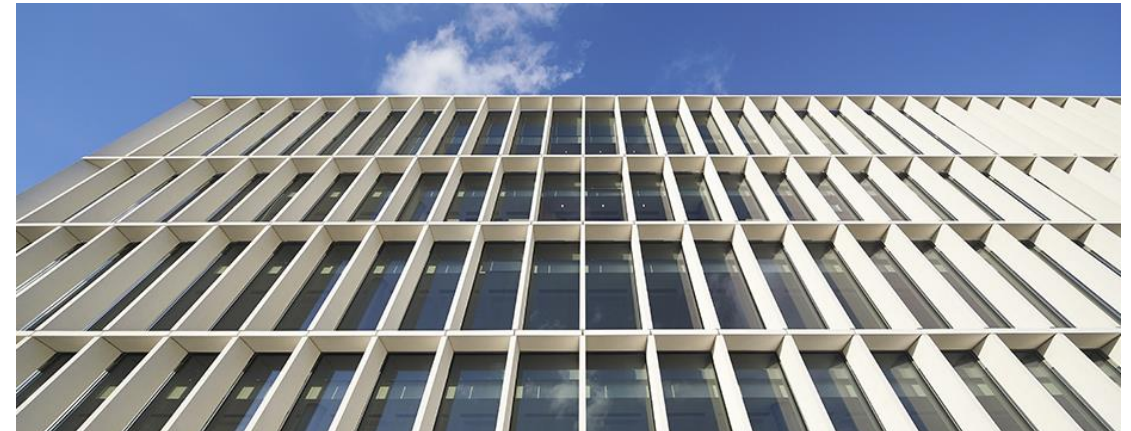
- Three lettings secured in August totalling 24,000 sq ft
- 10 year leases
- 90% let with two floors remaining

1 & 2 New Ludgate, EC4

- 5,160 sq ft let since March
- 96% let with one floor remaining



20 Eastbourne Terrace, W2



New Ludgate, EC4

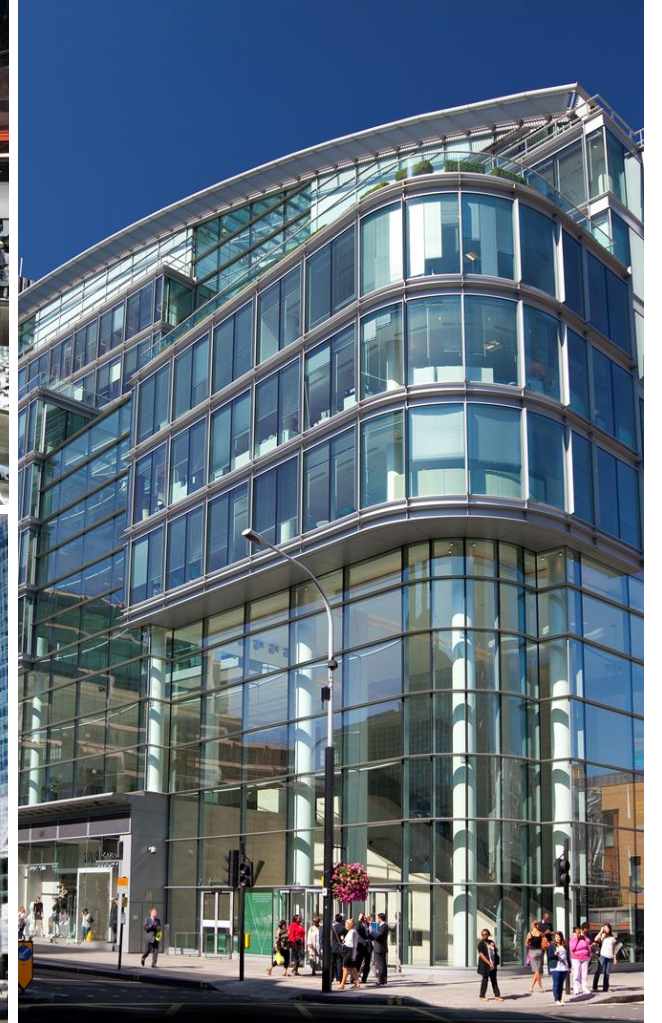
Nova – good interest as we approach completion

- 83,000 sq ft let since March 2016 on 15 year leases
- Now 35% pre-let
- 360,000 sq ft to let
- Scheme now due to complete in the new year
- Retailers and office occupiers fitting out



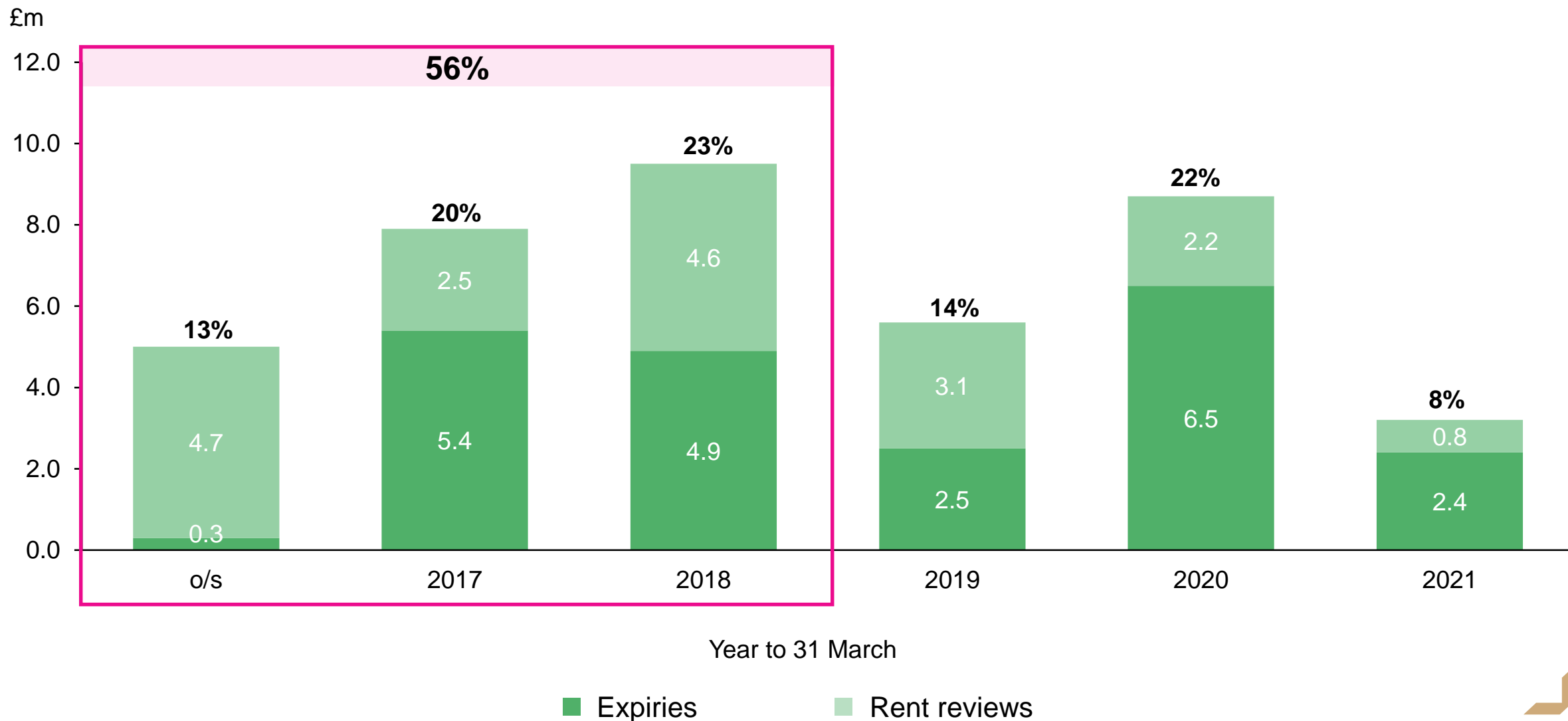
Nova North, SW1

Rigorous asset management



Extracting portfolio income

Reversionary potential as at 31 March 2016



7 Soho Square – growing customer, lengthening income

- Located next to Tottenham Court Road Crossrail station
- Trip Advisor has taken an additional 8,500 sq ft of space
- Leases extended to 2023
- Pre-agreed 2018 rent reviews
- Rent increased by 38%



Working with our customers

- Westminster City Council (WCC) planning a major refurbishment at Westminster City Hall
- Land Securities has two years to run on its occupational lease at 5 Strand and moves in January
- 5 Strand lease assigned and 33,000 sq ft leased in Portland House as swing space for Westminster during refurbishment



City of Westminster



Westminster City Hall, SW1

Creating opportunities



Piccadilly Lights, 2014

Creating opportunities – harnessing new technology

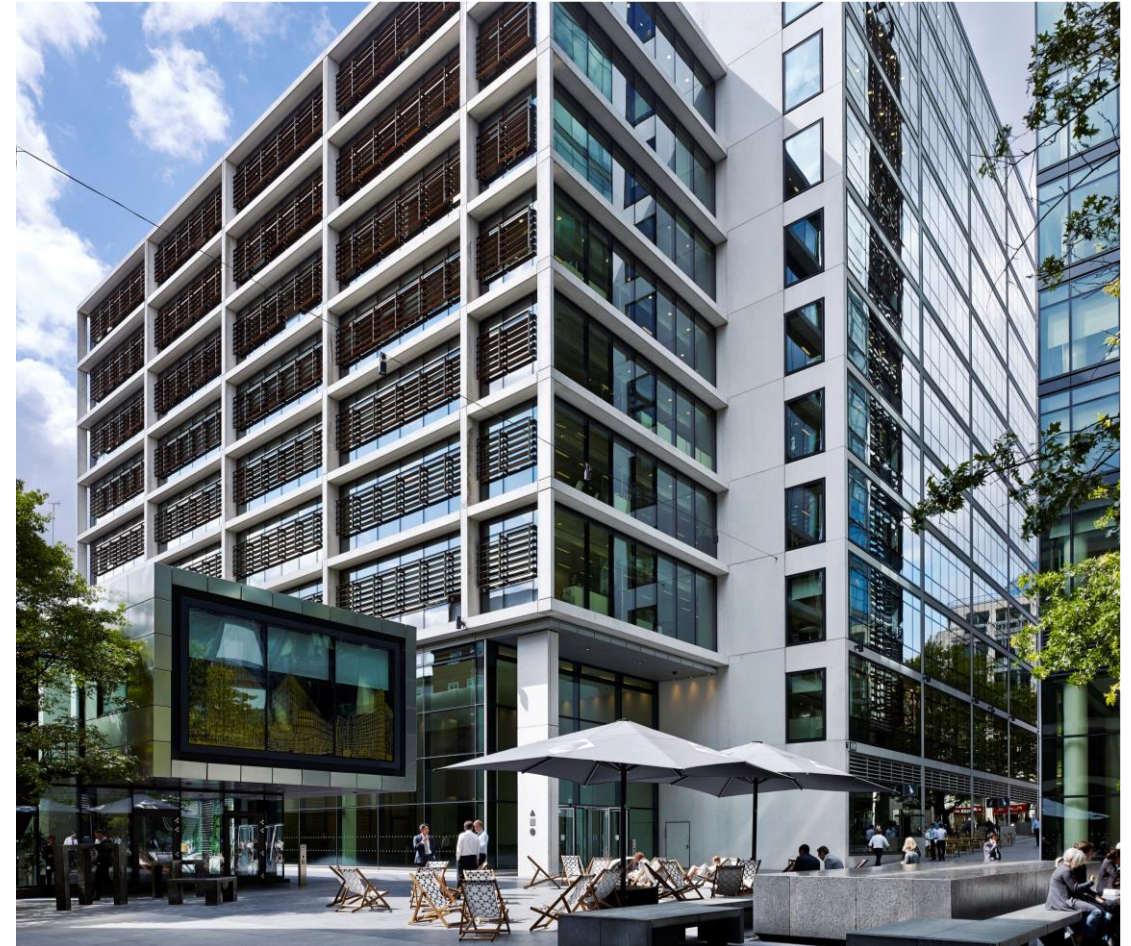
- Obtained planning consent to replace existing 6 screens with a single state of the art screen
- Flexibility over how space is used
- Interactive screen technology responding to public, environment and social media



Piccadilly Lights, consented screen

Optimising efficiency

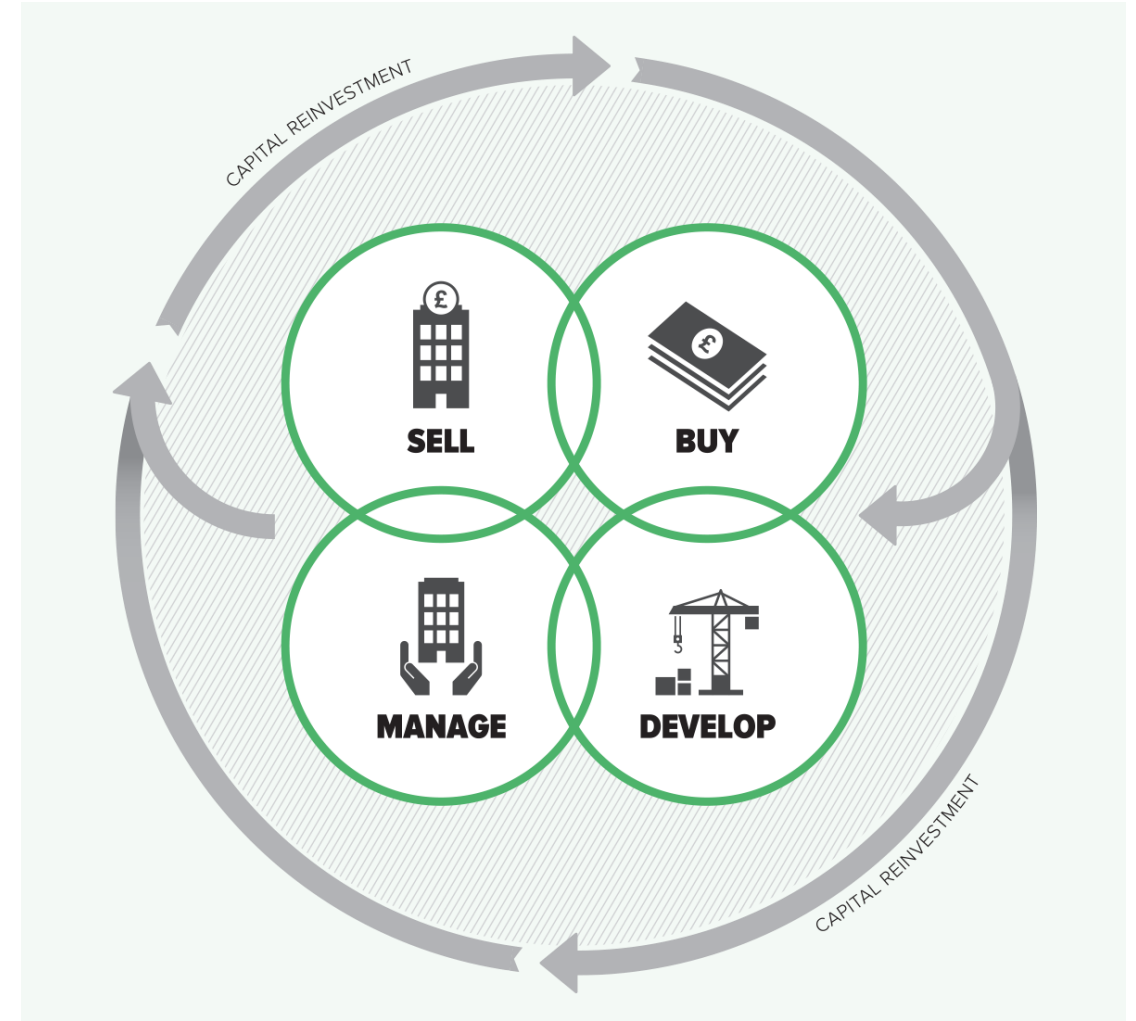
- Heart of New Street Square estate
- Former marketing suite and management office
- Reconfigured to operate as a self-contained office suite
- Let at £80 per sq ft, highest at New Street Square



New Street Square, EC4

Replacing risk with resilience

- Development programme funded by judicious sales
- Created building and income resilience
- LTV reduced
- Creating and seizing opportunities to drive value



Customers and restocking the portfolio

Colette O'Shea

Managing Director, London Portfolio

Our focus

- Letting remaining 414,000 sq ft
- Extracting reversion from the portfolio
- Focusing on changing customer needs
- Restocking the portfolio



Nova, Victoria , SW1

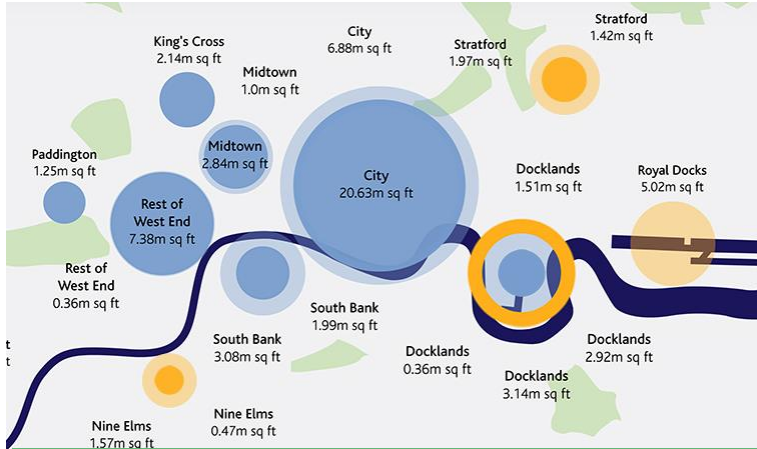
Changing customer needs – staying ahead of the game

- Anticipating customers' needs has resulted in a strong development performance since 2010
- Development programme: let or sold 2.7m sq ft since 2010, 90% of let space on 16 year leases or more
- Portfolio resilience with longer leases and a diverse customer base



Nova, Victoria, SW1

Changing customer needs



Geography

- London is a polycentric city
- Product now more on a par with geography



Product

- How does the building improve business performance?
- Quality of the environment and local amenities
- Talent retention



Design Principles

- Sustainable design
- Health and wellbeing
- Efficiency
- Resilience

Design principles – resilience

- New development must anticipate business continuity issues
- 1 & 2 New Ludgate, EC4
 - Met Mizuho's business continuity requirements
- Victoria, SW1
 - Built a substation which provides resilience for our expanded Victoria portfolio



1 & 2 New Ludgate, EC4



Refurbishments

- Developments and refurbishments successfully meeting business requirements
- Applied skillsets that:
 - Drive development outperformance
 - Deliver different type of product with different risk profile
 - Employ less capex in a faster programme



123 Victoria Street, SW1



20 Eastbourne Terrace, W2



Holborn Gate, WC1



Thomas More Square, E1



Changing customer needs – what's next?

- Places and spaces create experiences and foster talent
- Technology
 - Changing where and how we work
 - Will lead building design and construction
- Changing workforce
 - Need for more flexible and adaptable product



20 Fenchurch Street, EC3

Potential within the portfolio – flexibility on timing

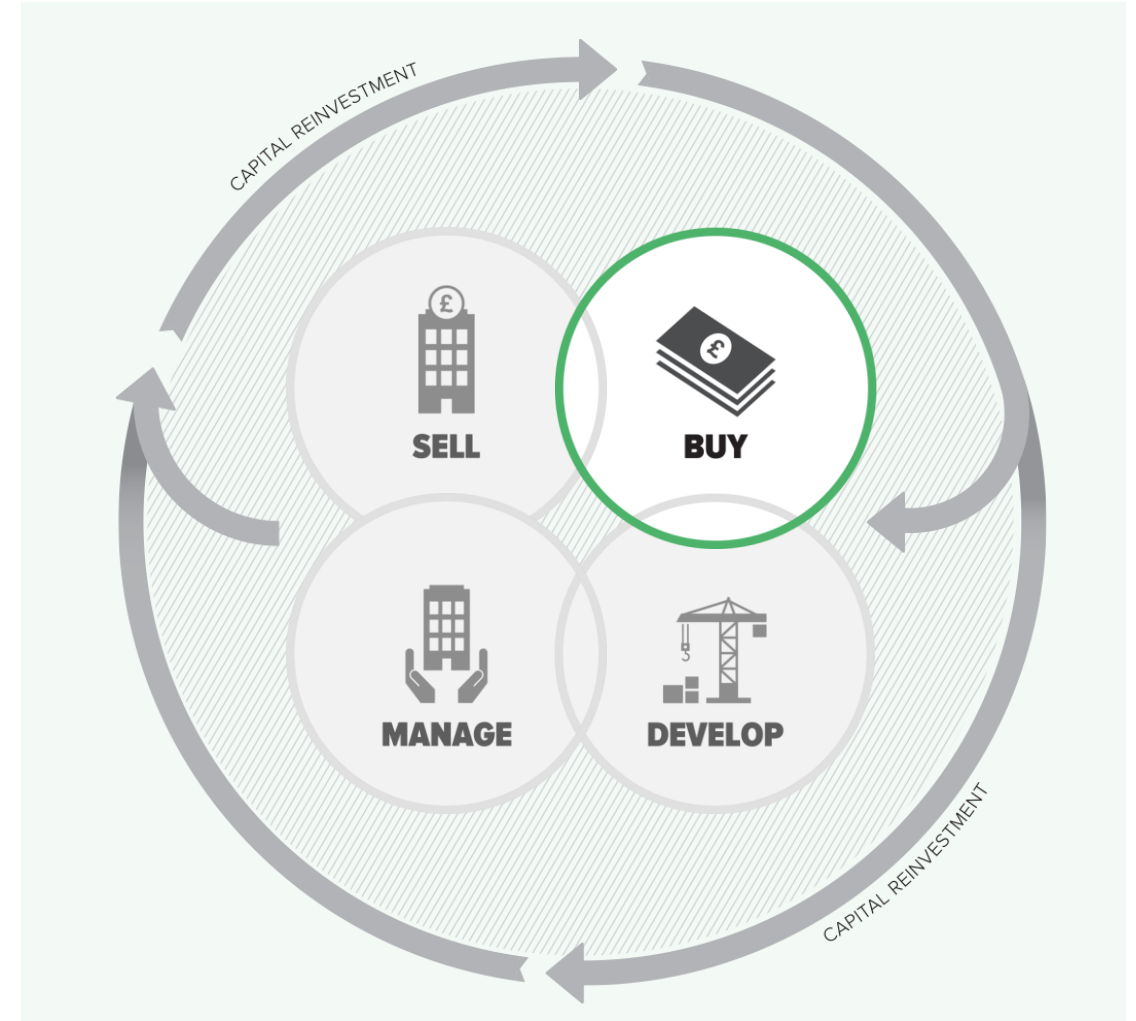
- 1.2m sq ft of potential in the portfolio
- Nova East, SW1
 - Securing infrastructure approvals
- 21 Moorfields, EC2
 - Demolition and enabling works continue
 - Option to start next year
- Southwark Street, SE1
 - Early design 140,000 sq ft
- 1 Sherwood Street, W1
 - Planning for 142,000 sq ft



21 Moorfields, EC2

Restocking the portfolio

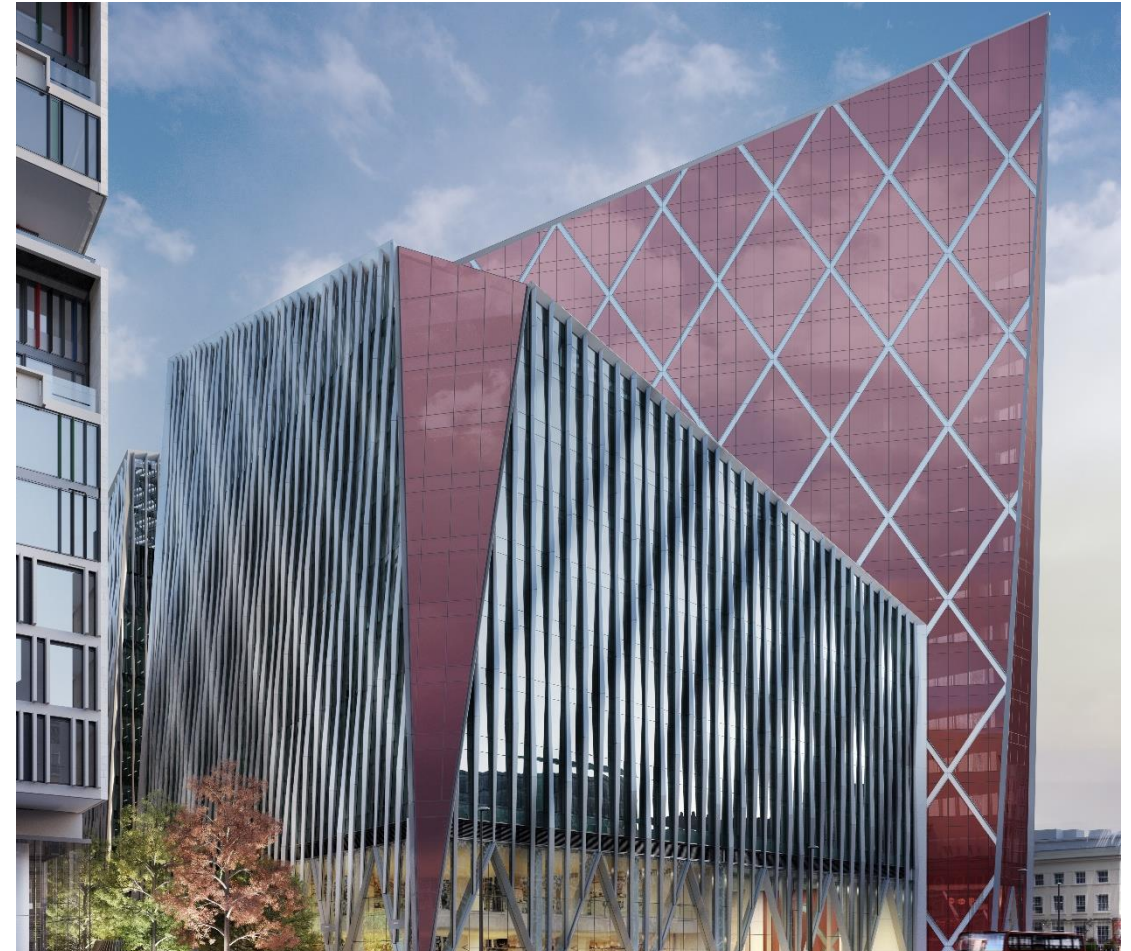
- Geography – well-connected locations across the whole of London
- Capitalise on development and refurbishment skills
- Pure yield / asset management opportunities to capture rental and capital value growth



Restocking the portfolio – tracking £2bn, but patient

- Pre-Brexit volumes were down 25% compared to Q2 2015*
- Well let, high quality assets most resilient
- Limited transactional evidence on higher risk properties

* Rolling 4 quarters year-on-year



Nova South, SW1

A sustainable business

- Focused on letting remaining development space
- Focused on extracting reversion from the portfolio
- Focused on our customer and future product
- Focused on restocking the portfolio





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