

Appendix



Top 10 assets by value

Name	Principal occupiers	Ownership interest (%)	Floor area (000 sq ft)	Passing rent* (£m)	Let by income (%)	Weighted average unexpired lease term (yrs)
Cardinal Place, SW1	Microsoft, Wellington	100	Retail: 44 Offices: 452	30	100	7.9
New Street Square, EC4	Deloitte, Taylor Wessing	100	Retail: 16 Offices: 603	23	100	13.2
Queen Anne's Gate, SW1	Government	100	Offices: 324	27	100	16.6
White Rose, Leeds	Sainsbury's, Debenhams, M&S and Primark	100	Retail: 680	27	99	8.3
Cabot Circus, Bristol	House of Fraser, Harvey Nichols, H&M	50	Retail / :1,200 leisure	18	94	10.9
Bankside 2&3, SE1	RBS	100	Retail: 16 Offices: 391	17	99	17.2
Gunwharf Quays, Portsmouth	Vue Cinema, M&S, Nike, Gap	100	Retail: 444	19	99	8.0
Park House, W1	n/a	100	Retail: 100 Office: 165	n/a	n/a	n/a
One New Change, EC4	n/a	100	Retail: 220 Office: 341	n/a	n/a	n/a
St David's, Cardiff	John Lewis, New Look, H&M	50	Retail: 1,400	12	57	8.3

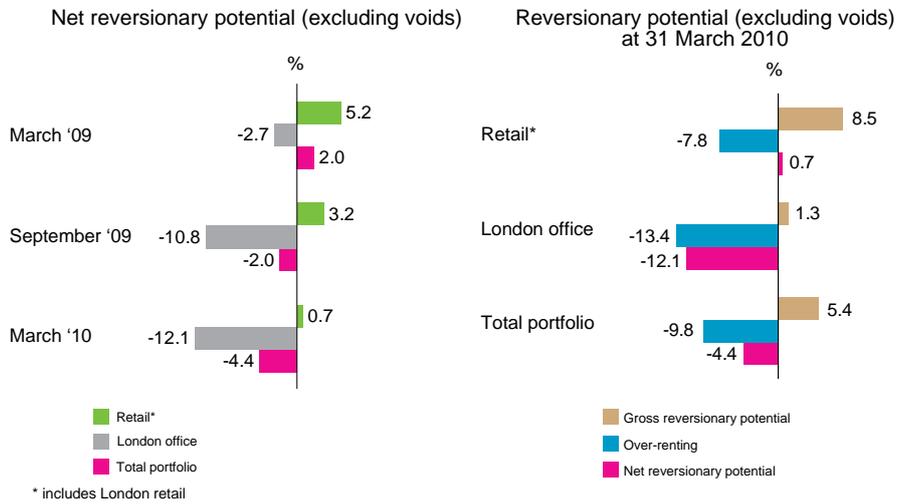
Aggregate value of top 10 assets: £3.4bn

* Land Securities' share

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Reversionary potential

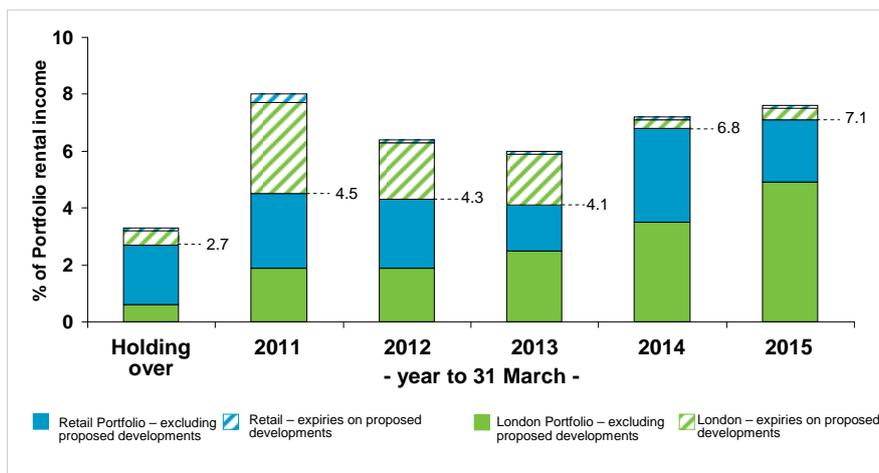
Like-for-like portfolio



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Investment portfolio

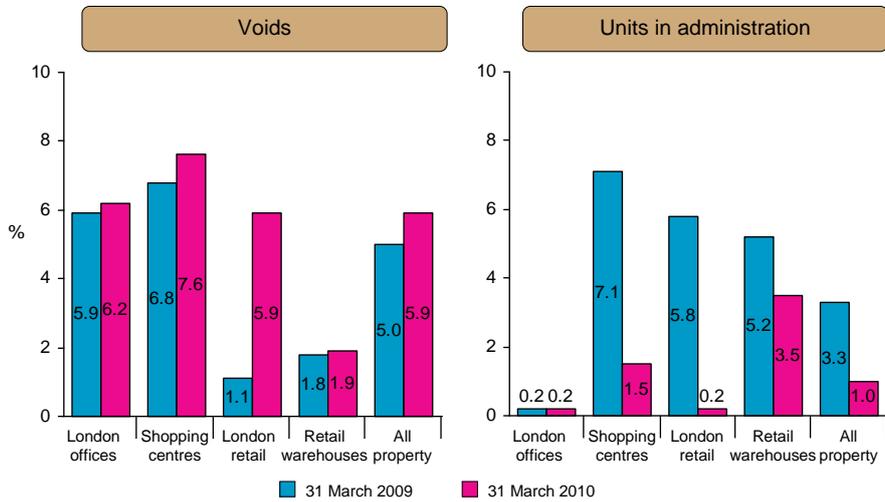
Lease maturities (expiries and break clauses)



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Voids and units in administration

Like-for-like portfolio



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Unexpired lease term

Investment portfolio

	Like for like portfolio		Like for like portfolio + acquisitions + completed developments ⁽¹⁾	
	Median years	Mean years	Median years	Mean years
Retail				
Shopping centres and shops	6.2	7.6	6.5	8.0
Central London shops	4.1	6.2	4.2	6.3
Retail warehouses and foodstores	10.1	11.2	10.1	11.2
Offices				
West End	5.8	8.0	6.3	9.0
City	2.0	4.8	2.0	4.8
Midtown	3.1	8.9	12.6	11.7
Inner London	5.9	9.7	5.9	9.7
Rest of UK	3.5	4.5	3.5	4.5
Other	8.6	12.6	8.6	12.5
TOTAL	6.4	8.5	7.0	9.0

(1) Excluding development programme

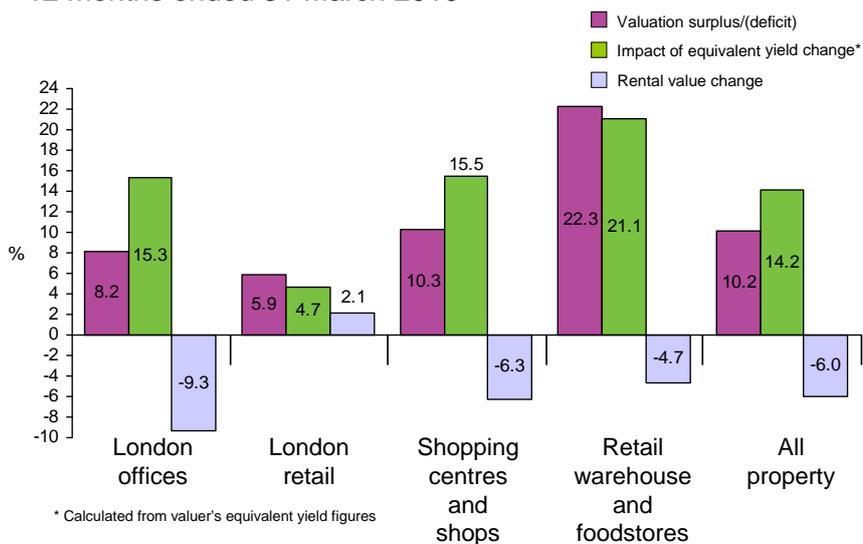
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Analysis of voids

	Gross ERV of voids £m	Cumulative total portfolio ERV £m	Voids as proportion of cumulative total gross ERV %
Like-for-like:			
Available to let	23.1	522.3	4.4
Subject to temporary lettings	6.6	528.9	1.2
Unavailable to let (being refurbished)	1.7	530.6	0.3
Total like-for-like	31.4		5.9
Non like-for-like items:			
Pre-development voids	2.0	551.6	0.3
Acquisitions	0.2	555.1	0.0
Completed and 95% let developments	1.2	612.0	0.2
Completed developments not yet 95% let	7.5	645.2	1.2
Developments to complete in 2010/11	16.2	676.3	2.4
Developments to complete in 2011/12 or later	44.3	722.3	6.1
Total portfolio	102.8		14.2

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Investment portfolio performance – like-for-like 12 months ended 31 March 2010



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Yield changes

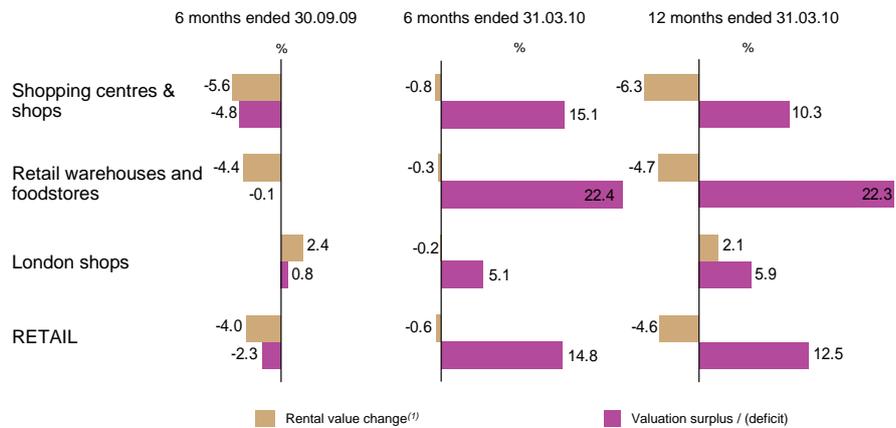
Like-for-like portfolio

	31 March 2009		31 March 2010		
	Net initial yield (%)	Net nominal equivalent yield (%)	Net initial yield (%)	Topped-up net initial yield (%)	Net nominal equivalent yield (%)
Shopping centres and shops	7.2	8.1	6.3	6.6	6.8
Retail warehouses and foodstores	6.9	7.9	5.8	6.0	6.3
London retail	5.1	5.8	4.9	5.0	5.5
London offices	6.9	7.5	6.6	6.8	6.4
Total portfolio	6.8	7.5	6.3	6.4	6.5

Retail like-for-like portfolio

Rental and capital value trends

Like-for-like portfolio value at 31.03.10: £3,712.3m



(1) Rental value figures exclude units materially altered during the year

London office like-for-like portfolio

Rental and capital value trends

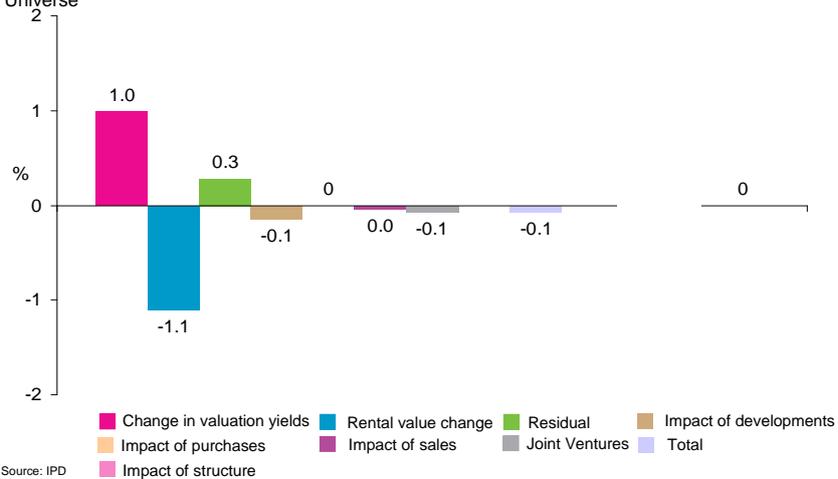
Like-for-like portfolio value at 31.03.10: £2,796.7m



(1) Rental value figures exclude units materially altered during the year

Analysis of performance relative to IPD

Attribution analysis, ungeared total return, 12 months to 31 March 2010, relative to IPD Quarterly Universe



Source: IPD

Investment portfolio activity

	Retail Portfolio £m	London Portfolio £m	Total £m
Investment acquisitions	15.6	-	15.6
Investment sales	(625.5)	(411.4)	(1,036.9)
Net sales	(609.9)	(411.4)	(1,021.3)
Development programme	86.8	122.7	209.5
Other capital expenditure	46.8	11.9	58.7
Total net investment	(476.3)	(276.8)	(753.1)

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Profile of cash rents / ERV

	Cash Rents and ERVs at 31.03.10		
	Retail Portfolio £m	London Portfolio £m	Total £m
Net rental income subject to market reviews ¹ (excluding development programme)	228.5	260.9	489.4
Net rental income subject to market reviews ¹ – (development programme only)	12.1	0.2	12.3
Net rental income subject to fixed or RPI increases ^{2,5}	3.1	35.0	38.1
Net commercialisation income and managed car park income profit	15.5	0.0	15.5
Turnover rents ³	43.0	0.3	43.3
Rent in payment (net of ground rent)	302.2	296.4	598.6
Add back ground rents payable	14.0	4.5	18.5
Other	(2.1)	(8.0)	(10.1)
Additional cash rent from unexpired rent free periods (non-development)	11.1	4.9	16.0
Additional cash rent from unexpired rent free periods (completed developments)	0.8	10.8	11.6
Contracted additional income (from development programme)	4.6	19.9	24.5
Reversions on rent review – positive reversion	14.6	7.4	22.0
Reversions on rent review – over-rented	(22.3)	(22.0)	(44.3)
Reversions on lease break / expiry	1.2	(8.0)	(6.8)
Top up turnover rents not secure	(3.0)	0.3	(2.7)
ERV from portfolio currently let (or agreed to be let)	321.1	306.2	627.3
Existing voids (proposed development sites)	1.6	0.4	2.0
Existing voids (excluding proposed development sites)	16.8	14.9	31.7
Theoretical over renting on RPI indexed leases ⁵	(0.1)	(11.6)	(11.7)
Non-contracted potential additional income from development programme ⁴	5.3	67.7	73.0
ANNUAL GROSS ERV	344.7	377.6	722.3

- 1 Includes tenants in administration
2 Fixed and RPI increases over next 5 years, assuming future RPI at 2% pa, total £4.0m (£3.6m London Portfolio and £0.4m Retail Portfolio)
3 Includes Accor hotel portfolio
4 Excludes any prospective income on proposed developments
5 Includes Queen Anne's Gate: £28.6 m of current income and within this there is £11.7 m of over-renting

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Prospective rental income

From the development programme

Cash income

	London Portfolio	Retail Portfolio	Total Portfolio
2011			
Contracted	0.5	14.9	15.4
Balance	0.3	0.5	0.8
Total prospective rental income	0.8	15.4	16.2
2012			
Contracted	4.5	17.6	22.1
Balance	3.9	1.5	5.4
Total prospective rental income	8.4	19.1	27.5
2013			
Contracted	12.6	18.0	30.6
Balance	11.9	3.5	15.4
Total prospective rental income	24.5	21.5	46.0
2014			
Contracted	16.8	18.0	34.8
Balance	19.9	7.1	27.0
Total prospective rental income	36.7	25.1	61.8
2015			
Contracted	18.6	18.0	36.6
Balance	42.6	7.1	49.7
Total prospective rental income	61.2	25.1	86.3

SIC15 income

	London Portfolio	Retail Portfolio	Total Portfolio
2011			
Contracted	7.5	16.2	23.7
Balance	6.1	1.3	7.4
Total prospective rental income	13.6	17.5	31.1
2012			
Contracted	15.4	17.1	32.5
Balance	15.3	3.0	18.3
Total prospective rental income	30.7	20.1	50.8
2013			
Contracted	15.5	17.2	32.7
Balance	23.2	6.0	29.2
Total prospective rental income	38.7	23.2	61.9
2014			
Contracted	15.5	17.2	32.7
Balance	40.1	6.0	46.1
Total prospective rental income	55.6	23.2	78.8
2015			
Contracted	16.3	17.2	33.5
Balance	54.5	6.0	60.5
Total prospective rental income	70.8	23.2	94.0

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Rent reviews and lease expiries and breaks ⁽¹⁾

Retail Portfolio

	Outstanding £m	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	Total 2010-14 £m
Rents passing from leases subject to review	40.5	68.2	34.6	27.9	35.9	207.1
Current ERV	40.6	66.8	32.2	25.7	34.2	199.5
Over-renting*	(3.6)	(3.9)	(2.8)	(3.0)	(3.1)	(16.4)
Gross reversion under lease provisions	3.7	2.5	0.4	0.8	1.4	8.8

* Not crystallised at rent review because of upward only rent review provisions

	Outstanding £m	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	Total 2010-14 £m
Rents passing from leases subject to expiries or breaks	11.4	14.3	14.4	9.7	19.2	69.0
Current ERV	13.7	18.1	14.5	9.0	16.9	72.2
Potential rent change	2.3	3.8	0.1	(0.7)	(2.3)	3.2

(1): This is not a forecast and takes no account of increases or decreases in rental values before the relevant review dates.

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Rent reviews and lease expiries and breaks ⁽¹⁾

London Portfolio

	Outstanding £m	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	Total 2010-14 £m
Rents passing from leases subject to review	16.7	56.6	19.7	52.0	35.3	180.3
Current ERV	17.8	49.9	17.1	45.2	32.2	162.2
Over-renting*	(1.3)	(7.4)	(2.7)	(7.6)	(3.5)	(22.5)
Gross reversion under lease provisions	2.4	0.7	0.1	0.8	0.4	4.4

* Not crystallised at rent review because of upward only rent review provisions

	Outstanding £m	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	Total 2010-14 £m
Rents passing from leases subject to expiries or breaks ⁽²⁾	6.0	30.3	22.8	25.4	21.2	105.7
Current ERV	7.7	27.9	19.5	23.3	19.9	98.3
Potential rent change	1.7	(2.4)	(3.3)	(2.1)	(1.3)	(7.4)

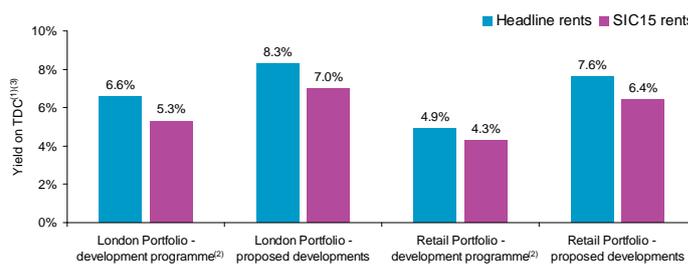
(1): This is not a forecast and takes no account of increases or decreases in rental values before the relevant review dates.

(2): Includes lease expiries/breaks on properties subject to planning proposals for development or refurbishment totalling £2.6m passing rent outstanding; £18.8m in 2010/11; £11.7m in 2011/12; £10.4m in 2012/13; £1.5m in 2013/14

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Development contribution

Income growth and valuation surplus – development pipeline



	London Portfolio – development programme	London Portfolio – proposed developments	Retail Portfolio – development programme	Retail Portfolio – proposed developments
TDC ⁽¹⁾	£1,334m	£1,130m	£555m	£458m
Valuation surplus / (deficit) crystallised to date	£(175)m	n/a	£(210)m	n/a

(1) Total development cost (TDC) – includes land and capitalised interest

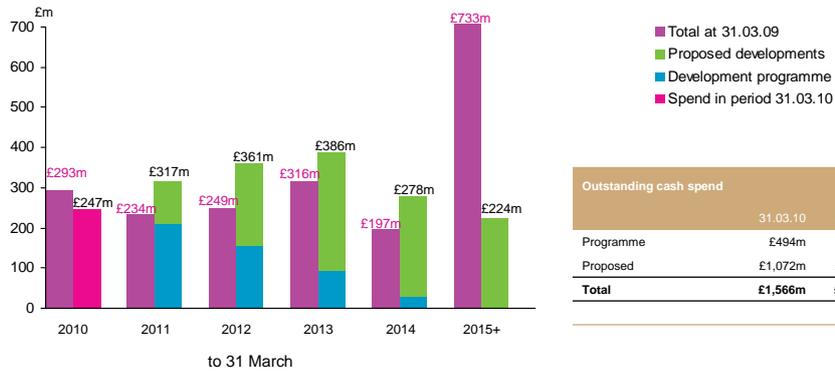
(2) Ongoing development programme only

(3) For the purposes of calculating yields the total cost of residential has been excluded. This amounts to £478m for London Portfolio and £29m for Retail Portfolio

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Development

Estimated future spend



	31.03.10	31.03.09
Programme	£494m	£370m
Proposed	£1,072m	£1,652m
Total	£1,566m	£2,022m

Estimated future spend includes the cost of residential space but excludes interest

Revenue profit

12 months ended 31.03.09 £m		12 months ended 31.03.10 £m	Change %
(4,773.2)	Profit / (loss) before tax	1,069.3	
	Adjustments:		
4,743.7	Net (gains) / deficit on revaluation of investment properties	(863.8)	
10.2	Demerger costs	-	
127.9	Loss on disposal of investment properties	24.5	
(17.7)	JV net liabilities adjustment	15.7	
(8.0)	Profit on disposal of trading properties	(0.8)	
104.6	Impairment of trading properties	13.5	
(3.8)	Profit on long-term development contracts	(6.7)	
117.5	Fair value movement on interest-rate swaps	(5.6)	
13.7	Other items	5.7	
314.9	Revenue profit from continuing operations	251.8	-20.0

Adjusted EPS reconciliation

	12 months ended 31 March 2010			Adjusted diluted earnings per share (pence)
	Pre-tax profit measure £m	Taxation £m	Earnings measure £m	
Reported results excluding minority interests	1,065.8	23.1	1,088.9	143.96
Revaluation surplus				
- Group	(746.0)	-	(746.0)	(98.62)
- joint ventures	(117.8)	-	(117.8)	(15.57)
Loss on disposal of investment properties	24.5	-	24.5	3.24
Fair value movement on interest-rate swaps	(5.6)	-	(5.6)	(0.74)
Eliminate effect of bond exchange de-recognition	13.8	-	13.8	1.82
Impairment of trading properties	13.5	-	13.5	1.78
Joint venture tax adjustment	(2.0)	2.0	-	-
JV net liabilities adjustments	15.7	-	15.7	2.06
Eliminate effect of debt restructuring charges	3.6	-	3.6	0.48
Non-revenue tax adjustments	-	(23.1)	(23.1)	(3.05)
Eliminate effect arising on restructuring of TQD financing	(9.7)	-	(9.7)	(1.28)
	<u>255.8</u>	<u>2.0</u>	<u>257.8</u>	<u>34.08</u>
Profit on disposal of trading properties	(0.8)			
Profit on long-term development contract	(6.7)			
Minority interest	<u>3.5</u>			
Revenue profit	<u>251.8</u>			

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Cashflow and debt

	Period ended:	
	31.03.10 £m	31.03.09 £m
Opening net debt	(3,923.6)	(5,384.5)
Operating cash inflow after interest and tax	179.3	367.2
Dividends paid	(217.9)	(302.4)
Property acquisitions	(46.8)	(86.1)
Development/refurbishment capital expenditure	(217.1)	(429.2)
Other capital expenditure	(2.5)	(0.6)
Total capital expenditure	(266.4)	(515.9)
Disposals – Trillium	25.0	392.7
Disposals – other	847.8	1,036.4
Disposals – joint ventures	209.8	-
Joint ventures	(65.2)	(117.0)
Rights Issue	-	755.7
Other cash movements and non-cash movements	(52.2)	(155.8)
Closing net debt	<u>(3,263.4)</u>	<u>(3,923.6)</u>
Gearing – on book value of balance sheet debt	57.4%	81.4%
Adjusted gearing ⁽¹⁾	72.1%	97.3%
Adjusted gearing ⁽¹⁾ – including notional share of joint ventures	80.2%	105.9%
Interest cover (excluding joint ventures)	1.92x	1.89x

1) Book value of balance sheet debt increased to recognise nominal value of debt on refinancing in 2004 divided by adjusted net asset value

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Group LTV and ICR

31.03.09 £m		31.03.10 £m
3,923.6	Closing net debt	3,263.4
76.7%	Security Group LTV	45.5%
49.6%	Group LTV - including notional share of joint ventures	43.5%
Interest cover ratio		
1.89x	Group (excl. joint ventures)	1.92x
1.62x	REIT (Finance: Cost ratio)	1.73x

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REIT balance of business

	12 months ended 31.03.10			12 months ended 31.03.09		
	exempt £m	residual £m	adjusted results £m	exempt £m	residual £m	adjusted results £m
Income						
Group revenue	763.8	171.3	935.1	845.7	78.8	924.5
Cost	(272.8)	(172.5)	(445.3)	(291.2)	(166.9)	(458.1)
Operating profit	491.0	(1.2)	489.8	554.5	(88.1)	466.4
Interest expense	(258.6)	-	(258.6)	(382.4)	-	(382.4)
Interest income	-	13.1	13.1	2.7	4.9	7.6
Profit before tax	232.4	11.9	244.3	174.8	(83.2)	91.6
Balance of business	95.1% ⁽¹⁾	4.9%		190.8%	-90.8%	
Assets						
Adjusted total assets	9,497.8	826.0	10,323.8	9,229.5	2,487.3	11,716.7
Balance of business – 75% assets test	92.0%	8.0%		78.8%	21.2%	

(1) 90.2% if impairment of trading properties is ignored

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