

Annual results presentation

19 May 2010

Land Securities

Looking forward:

- London: development pipeline opportunities for early delivery into supply constrained market
- Retail: the right lettings to the right tenants – to drive assets, developments and acquisitions
- Actions to grow revenue profit in medium term
- Financial capacity and management expertise to deliver



One New Change, EC4

Clear plan for delivering value

Income growth outlook

- Leasing up voids
- Rent review increases in medium term
- High yield on cost on new developments
- Making dormant development sites productive



The Centre, Livingston

Plan for building revenue profit growth in medium term



Financial summary

Year ended 31.03.09		Year ended 31.03.10	change %
(4,773.2)	Profit / (loss) before tax ⁽¹⁾	1,069.3	
(4,743.7)	Valuation surplus / (deficit) ⁽¹⁾⁽²⁾	863.8	10.3
593p	Adjusted diluted NAV per share	691p	16.5
314.9	Revenue profit ⁽¹⁾	251.8	-20.0
62.57p	Adjusted diluted earnings per share ⁽¹⁾	34.08p	-45.5
51.7p	Dividend per share	28.0p	-45.8

(1) Continuing activities

(2) Including share of joint ventures

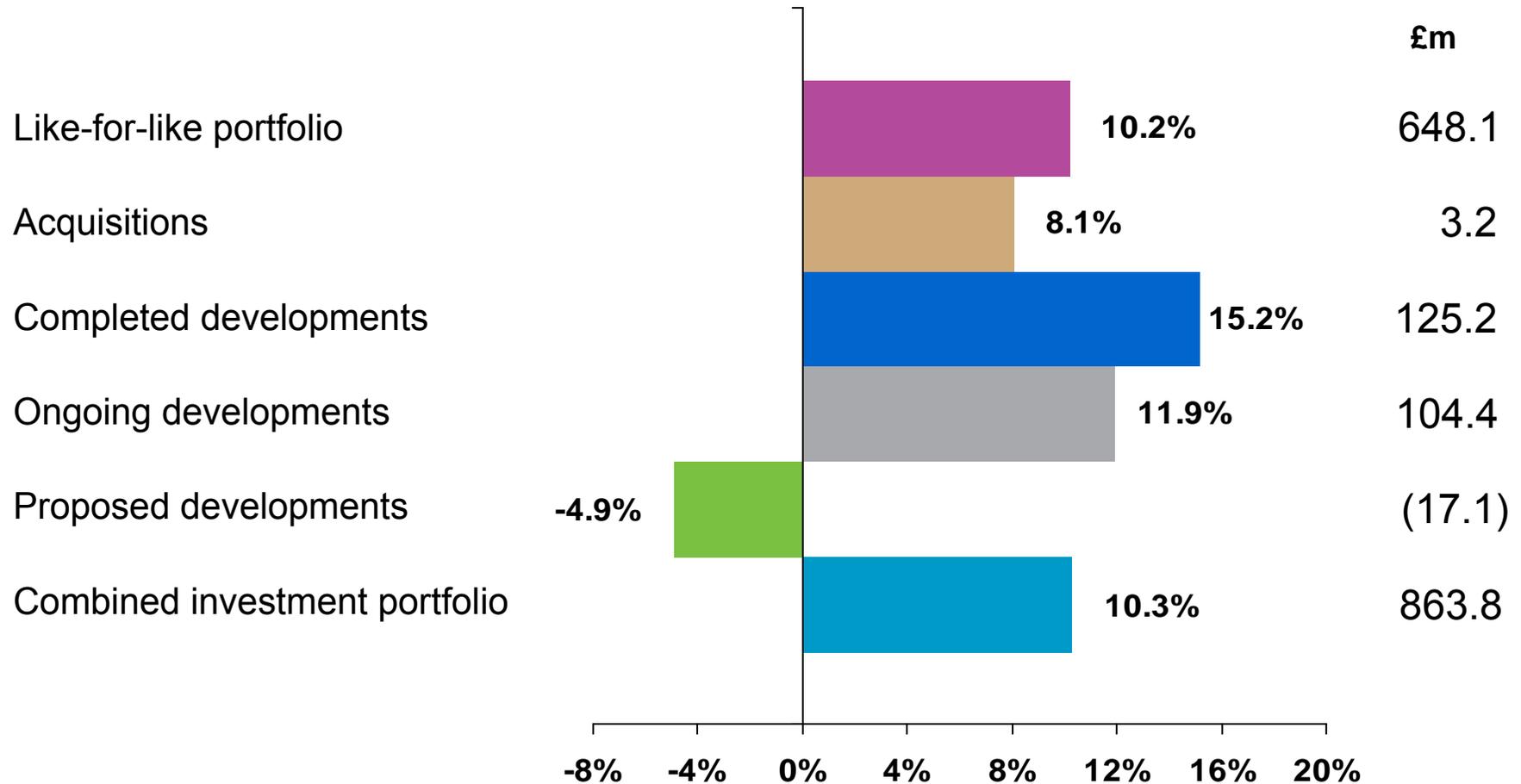




Portfolio valuation results

Impact of developments and acquisitions

Valuation surplus / (deficit)
12 months to 31.03.10



Investment portfolio performance relative to IPD

Ung geared total return (12 months ended 31 March 2010)



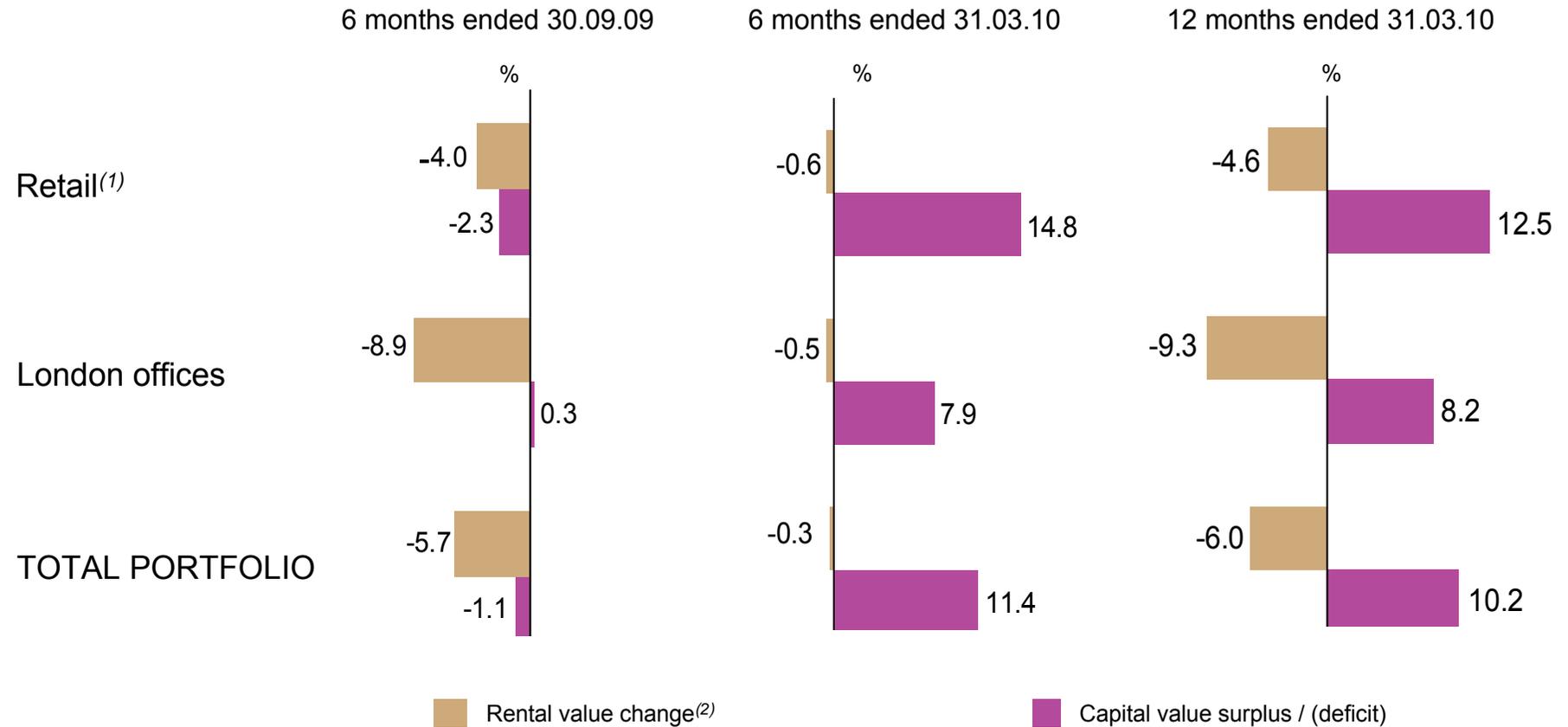
(1) Land Securities total return higher by 1.2% for London offices and 0.6% for total portfolio if adjusted for capital extracted from Queen Anne's Gate, SW1 through bond issue



Like-for-like portfolio

Rental and capital value trends

Like-for-like portfolio value at 31 March 2010: £7,174.3m



(1) Includes London retail

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



Financial results

Martin Greenslade

Group Finance Director

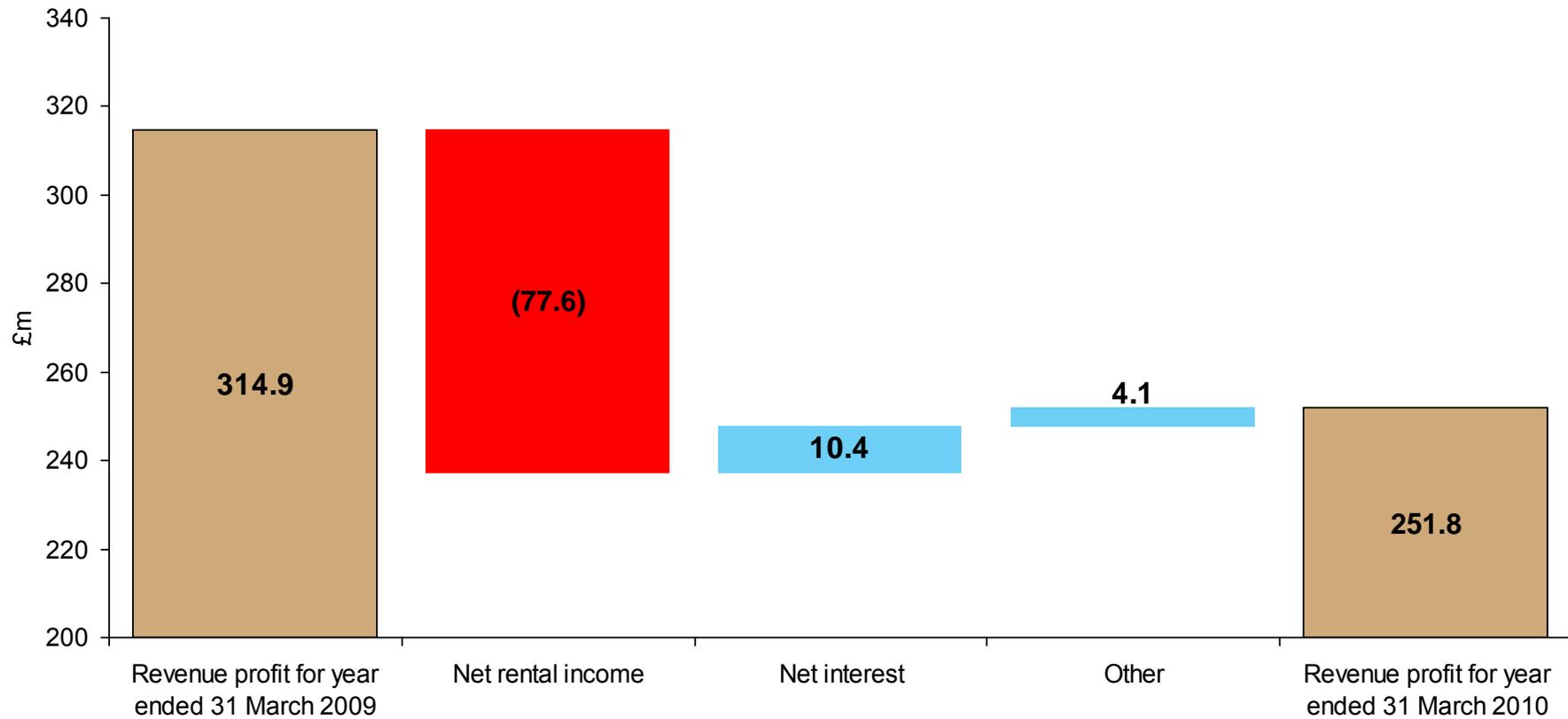
Financial highlights

- Strengthened balance sheet in the year
- Development and acquisition funding through AA debt structure
- Gearing at right level for this point in the cycle
- Revenue profit down as expected





Movement in revenue profit



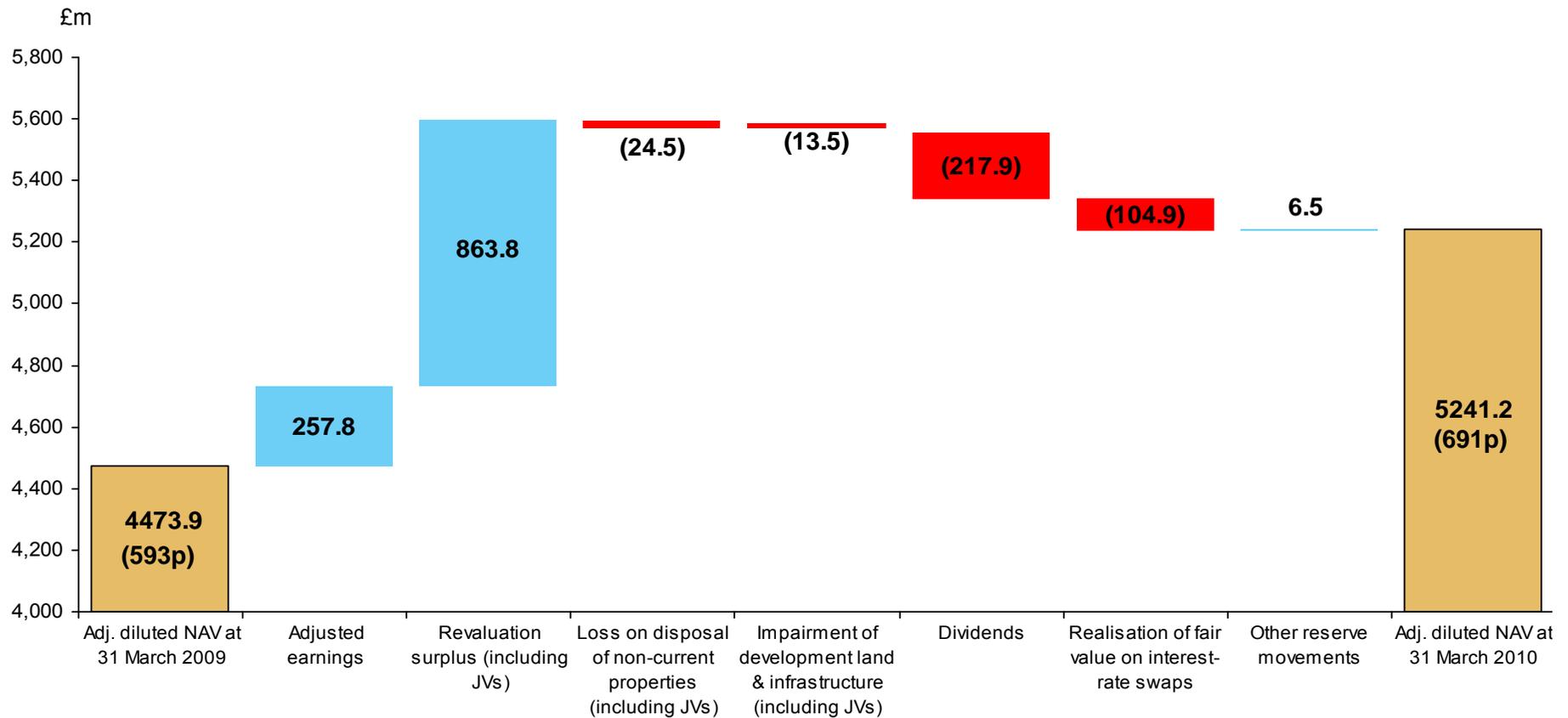


Net rental income analysis

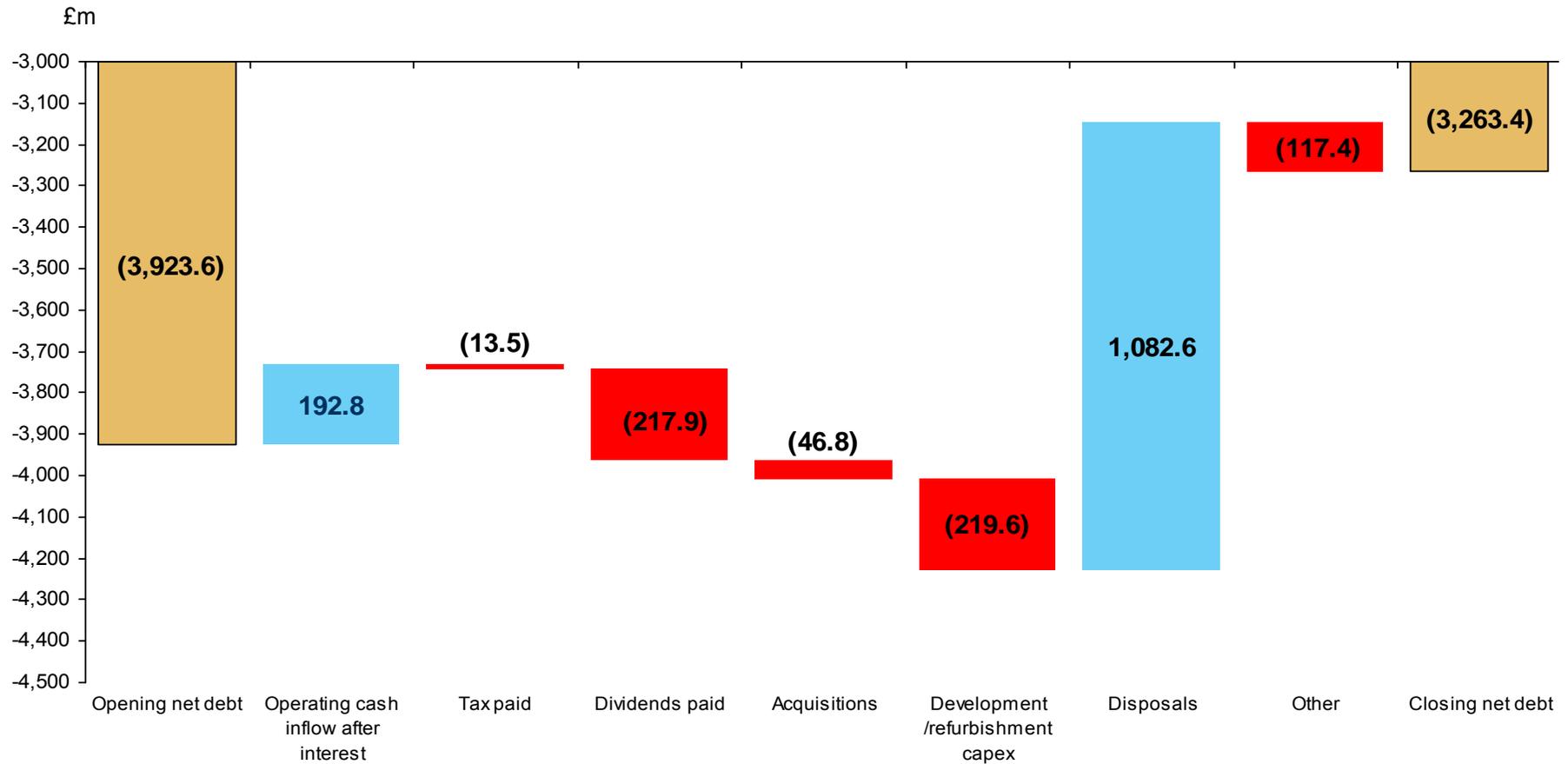
	Year ended 31 March				
	Retail Portfolio		London Portfolio		Combined portfolio variance
	2010	2009	2010	2009	
£m	£m	£m	£m	£m	
Like-for-like investment properties	228.5	242.0	226.4	232.5	(19.6)
Proposed development properties	7.2	8.6	5.5	5.7	(1.6)
Developments	19.4	7.3	41.6	41.3	12.4
Purchases since 1 April 2008	0.2	-	1.1	0.5	0.8
Sales since 1 April 2008	20.2	55.2	11.1	44.7	(68.6)
Non-property related income	3.7	5.4	2.6	1.9	(1.0)
Net rental income⁽¹⁾	279.2	318.5	288.3	326.6	(77.6)



Movement in adjusted diluted NAV

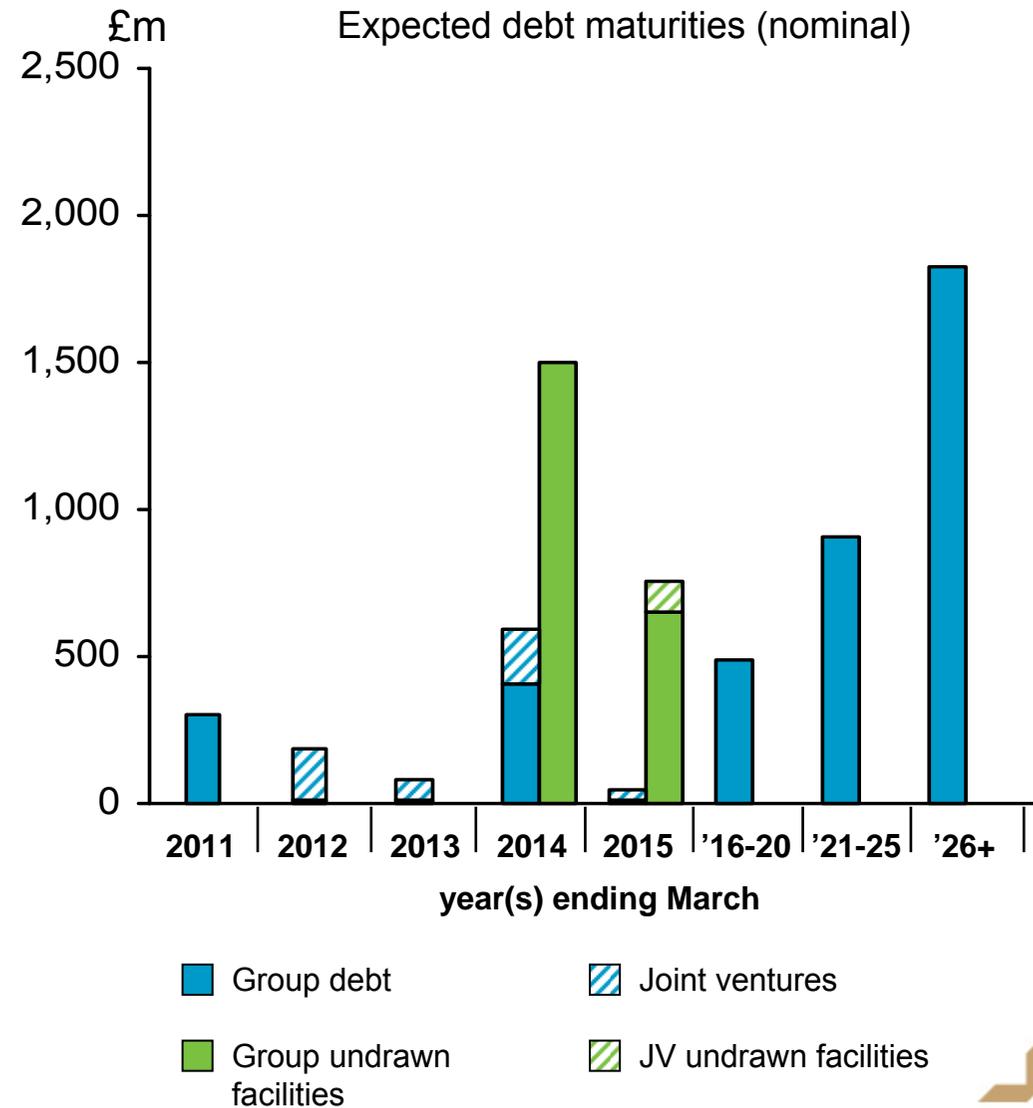


Cash flow and debt



Financing

- £505m of debt raised and £650m of facilities refinanced during the year to 31 March 2010
- Weighted average maturity of debt: 11.8 years up from 9.6 years at 31 March 2009
- £2.4bn of cash and undrawn facilities
- AA rating reaffirmed
- Group LTV at a comfortable level of 43.5%



Summary

- Values up 10.3% (-1.4% in H1, +11.7% in H2)
- Adjusted NAV per share up 16.5% (-4.7% in H1, +22.3% in H2)
- Revenue profit down but opportunities for future growth
- A strengthened balance sheet supporting value-enhancing asset decisions



Retail Portfolio

Richard Akers

Managing Director, Retail Portfolio



Context

Rapidly evolving market

Opportunities

- Competition and overseas brands
- Tightening supply
- Long term trends

Market

- Impact of technology
- Capital recycling



Delivering space for retail winners

Performance

- IPD outperformance
 - shopping centres +6.9%
 - retail warehouses +0.75%
- £27m p.a. let in 350 deals
- Leasing based on:
 - Strong relationships
 - Shared information and understanding
 - Integrity and delivery

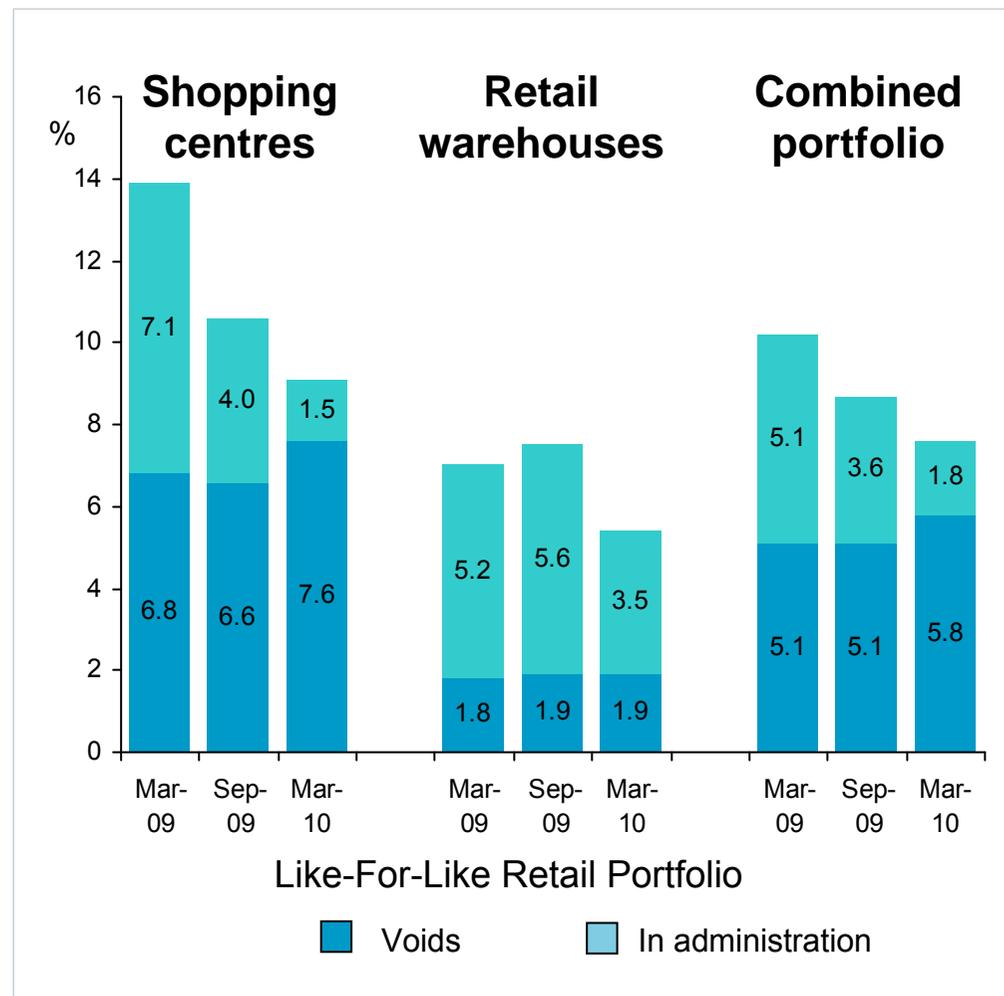


White Rose Centre, Leeds

The right lettings to the right retailers

Lettings, voids and insolvencies

- 2.6% reduction in combined voids and units in administration
- Voids occupied through temporary lettings up from 0.6% to 1.8%
- 1.2% in solicitors' hands



Intense focus on leasing and retailer performance

Where we have created value

Shopping centres



Gunwharf Quays, Portsmouth
Value up 32.4%



Bon Accord, Aberdeen
Value up 11.1%

Key lettings drive value and prove resilience

Where we have created value

Retail warehouses



Lakeside Retail Park, Thurrock
Value up 32.5%



Commerce Centre, Poole
Value up 46.1%

Key lettings drive value and prove resilience

Where we will create value

Asset management



The Galleria, Hatfield



The Peel Centre, Bracknell

Work in progress to move assets up the hierarchy

Where we will create value

Development



Leeds Trinity
32% let / 12% in solicitors' hands



Sainsbury's, Lincoln
To create 115,000 sq ft scheme

Revenue profit growth to come from development

Where we will create value

Acquisitions



Atlas Site, Glasgow



Westgate Centre, Oxford



O2 Centre, Finchley Road, NW3

Identifying assets with growth potential

Retail Portfolio

Plan:

- Move assets up the retail hierarchy – through development or asset management
- In town – lease up vacancies, selectively develop 100% prime
- Out-of-town – refreshed portfolio with development potential
- Recycling capital into assets with growth potential



Leeds Trinity



O2 Centre, Finchley Road, NW3

Clear strategy founded upon occupier trends and occupier demand

London Portfolio

Robert Noel

Managing Director, London Portfolio



Market context

- Vacancy rates peaked at lower levels than early 1990s and early 2000s
- The development pipeline is restricted
- Demand, which has remained robust, is likely to increase



One New Change, EC4

...heading towards a supply constrained market

London offices

Valuation growth



New Street Square, EC4
Valuation up 26.6%



Park House, W1
Valuation up 38.7%

London offices

Conservative average rents, positioned for growth



New Street Square, EC4
Average rental level: £45 psf



Cardinal Place, SW1
Average rental level: £59 psf



Times Square, EC4
Average rental level: £37 psf



Bankside 2&3, SE1
Average rental level: £43 psf

These four holdings represent 31% of the London portfolio



Central London office vacancy rates

Vacancy levels have peaked...



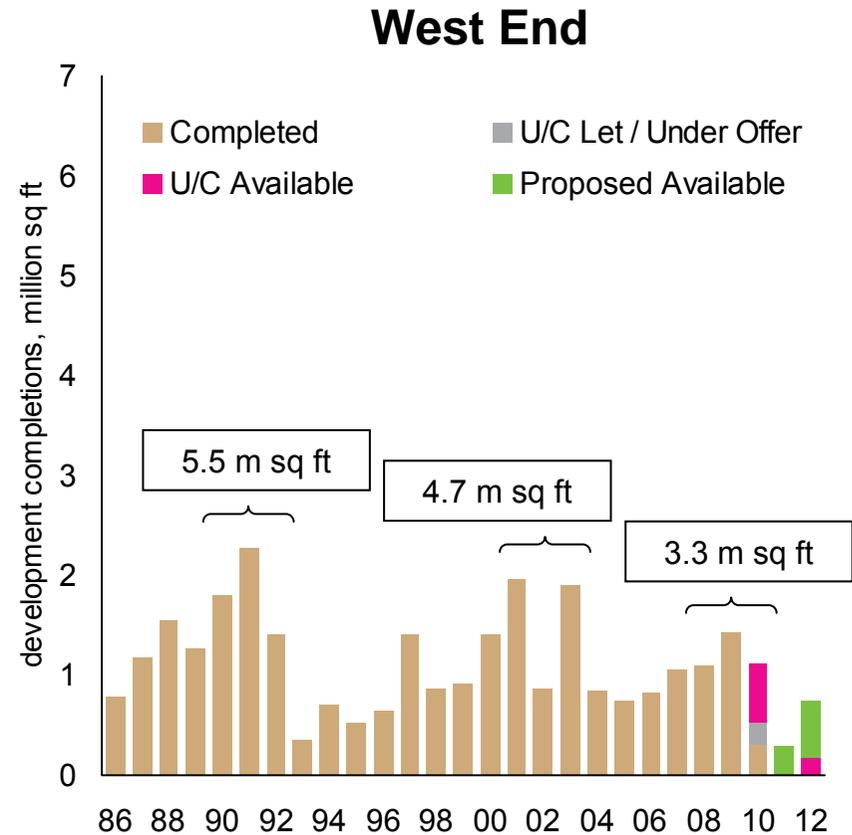
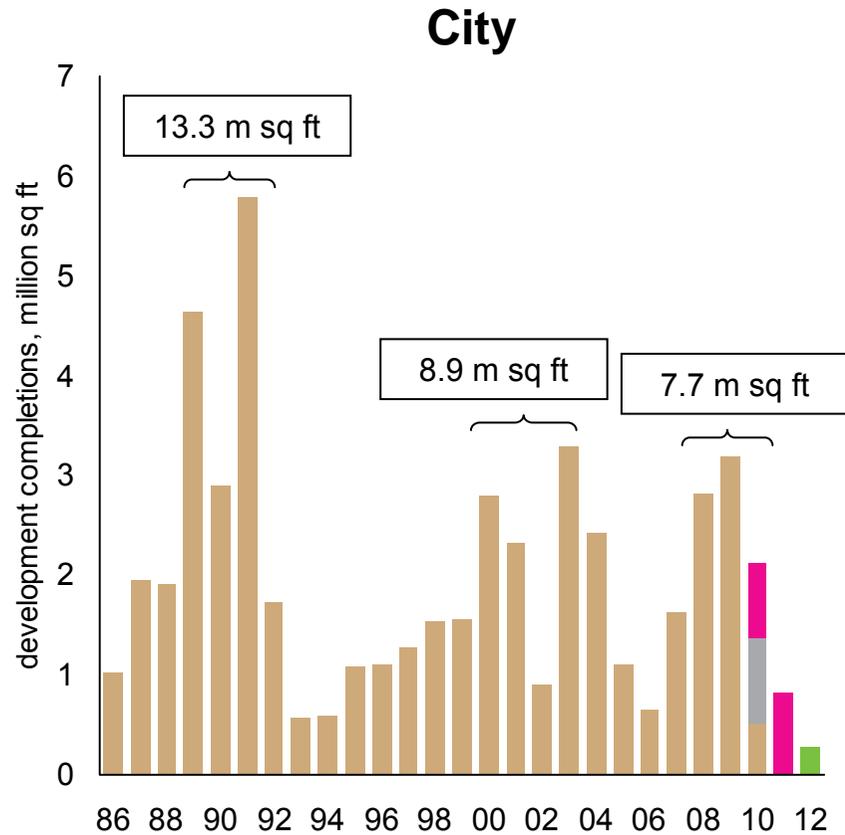
Sources: Knight Frank, Land Securities

...and the proportion of Grade A space is low



London office development pipeline

This cycle has seen less development...

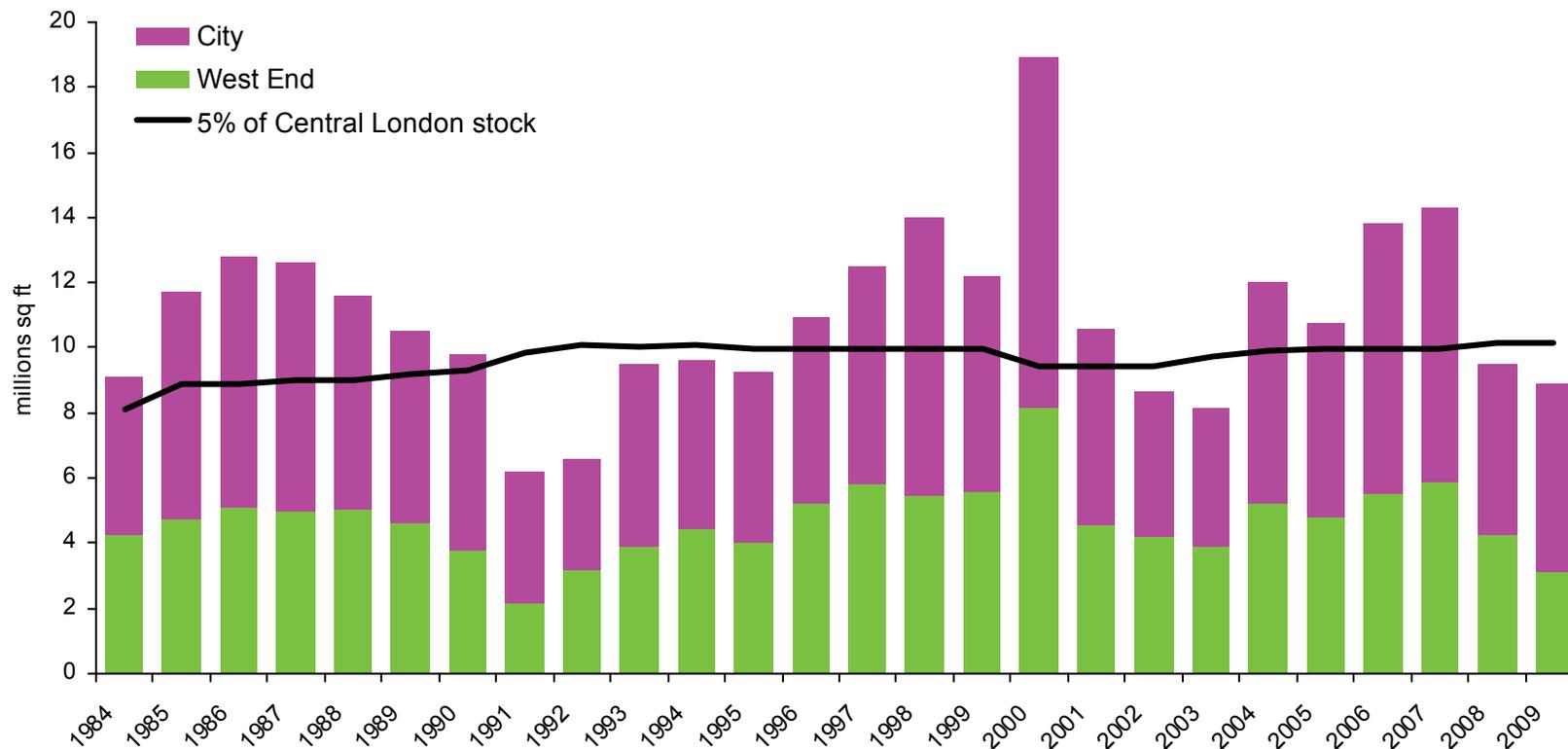


Source: CBRE

...and development completions over the next two years are limited

Central London office take-up

Take up is remarkably robust through the cycles...

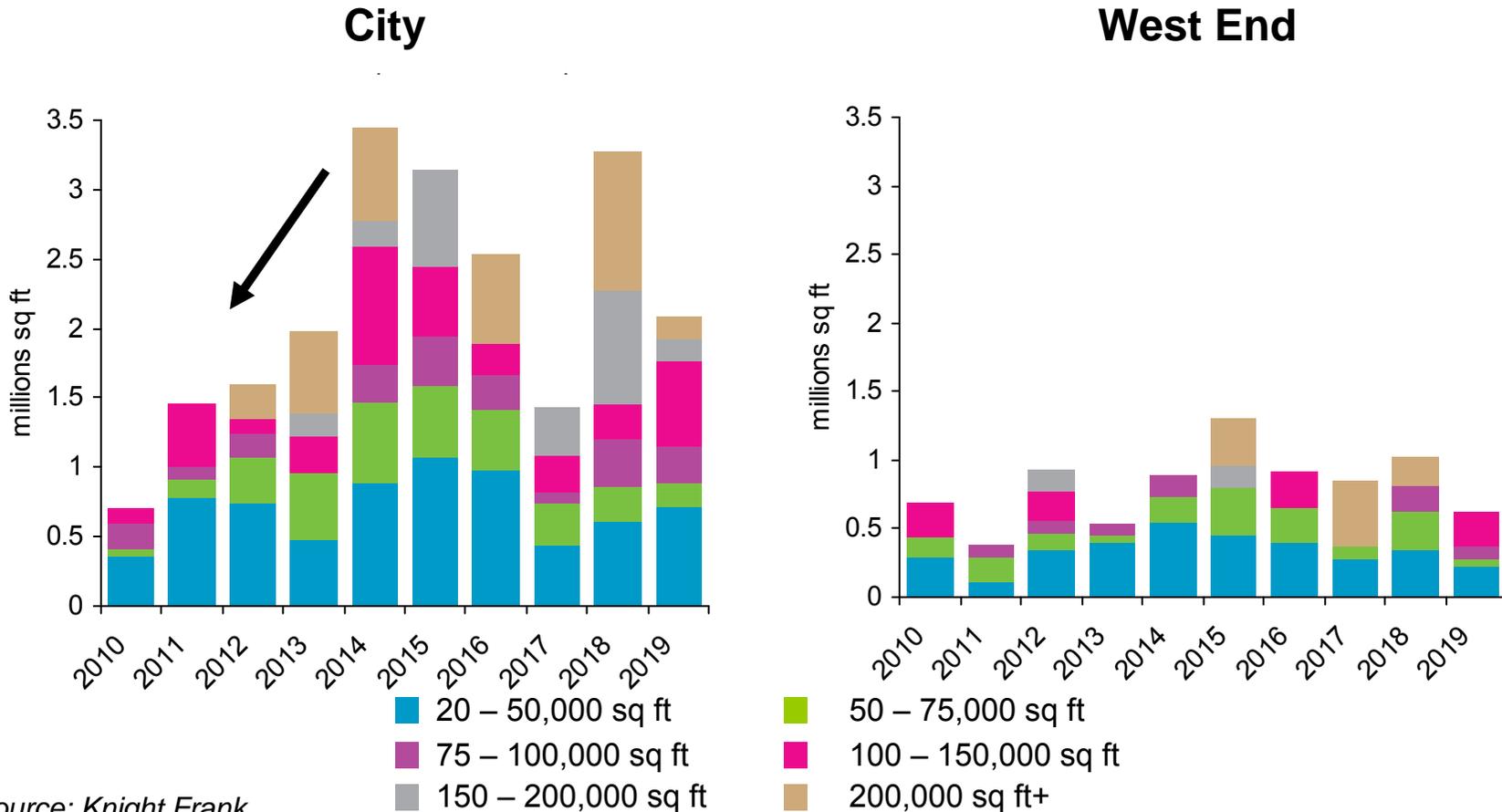


Sources: Knight Frank, Land Securities.

...and is about to pick up

London office lease breaks and expiries

20,000 sq ft units and above



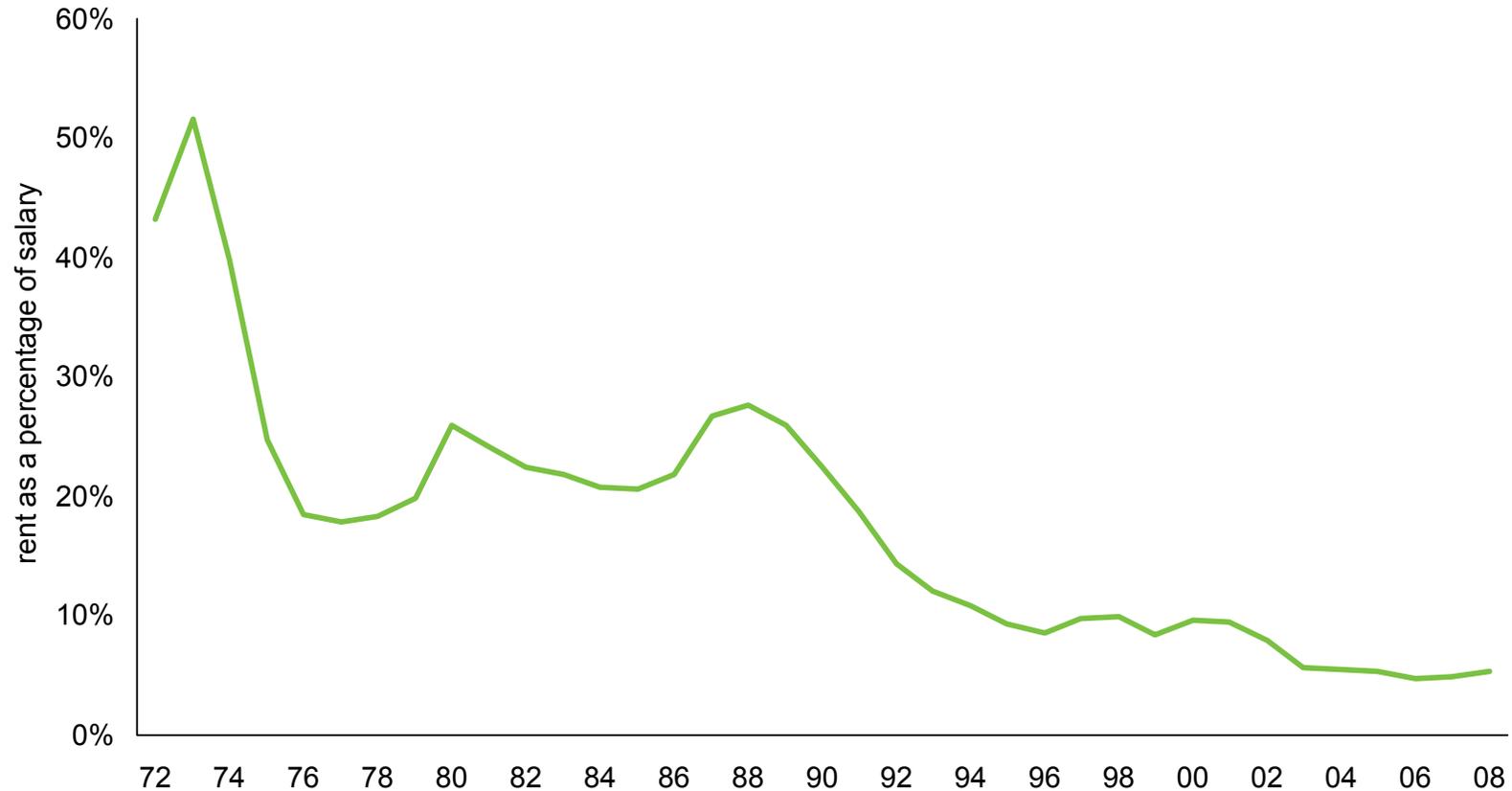
Source: Knight Frank.

Potential surge in demand due to lease expiries from 2014



Property costs over time

City office rents as a percentage of salary cost



Sources: PMA, ONS

Property costs now form a much smaller part of business overhead





Committed developments

One New Change, EC4



- 550,000 sq ft
- PC: October 2010
- Retail opening: November 2010
- Retail: 90% let or in solicitors' hands
- Offices ready for occupation: July 2011
- Offices: 38% let

Committed developments

We are already building...



Wellington House, SW1
62,200 sq ft
Completion July 2012



Park House, Mayfair
308,500 sq ft
Completion November 2012



62 Buckingham Gate, SW1
269,000 sq ft
Completion April 2013

...delivering into a supply constrained market

Consented schemes

We have planning consents...



20 Fenchurch Street, EC3
686,600 sq ft



VTI 2, SW1
910,600 sq ft



Arundel Great Court, WC2
666,200 sq ft

...delivering into a supply constrained market

In design

We have plenty of opportunity...



123 Victoria Street, SW1



110 Cannon Street, EC4



Shoe Lane, EC4



Ludgate Hill, EC4



Kingsgate House, SW1

...delivering into a supply constrained market

Development pipeline

	Completion	Existing area '000 sq ft	Proposed area '000 sq ft	Increase	
				'000 sq ft	%
Schemes on site					
One New Change, EC4	2010	377	550	173	46%
Wellington House, SW1	2012	53	62	9	17%
Park House, W1	2012	195	309	114	58%
62 Buckingham Gate, SW1	2013	118	269	151	128%
Sub total		743	1,190	447	60%
Consented schemes					
20 Fenchurch Street, EC3	2014	313	687	374	119%
Arundel Great Court, WC2	2015	451	666	215	48%
City Forum, EC1	2016	132	666	534	405%
VTI 2, SW1	2016/18	488	911	423	87%
Sub total		1,384	2,930	1,546	112%
Schemes in design					
Ludgate Hill, EC4	2012	139	139	-	-
123 Victoria Street, SW1	2012	217	231	14	6%
Cannon Street, EC4	2012	74	74	-	-
Hillgate House, EC4	2014	68	151	83	122%
Shoe Lane, EC4	2015	123	199	76	62%
Kingsgate House, SW1	2015	201	403	202	100%
Sub total		822	1,197	375	46%
Total		2,949	5,317	2,368	80%

Well positioned for the cycle

- Forecast supply constrained market
- High quality portfolio
- We are already building
- No pressure to buy
- Plenty of organic opportunity
- Balance sheet capacity and discipline to recycle capital



New Street Square, EC4

Well positioned to capitalise on future market opportunities

Outlook

Francis Salway

Group Chief Executive



Market outlook and business actions

Outlook

Investment market

- Increased number of sellers → move towards equilibrium

London offices – occupational market

- Limited supply / improving demand → strong growth in prime rents

Retail – occupational market

- Continued high vacancy rates, but slowly improving demand → delayed resumption of rental growth and at modest levels

Actions

- Balance sheet capacity to make accretive acquisitions, but prepared to be patient

- Develop early

- Portfolio lease-up opportunities
- Selective development grounded on pre-lets

A clear view on the market and a clear plan

Land Securities' proposition



Gunwharf Quays, Portsmouth



62 Buckingham Gate, SW1

People, portfolio, plan... performance

Land Securities' proposition

- Clear plan for delivering value
- Portfolio with extensive organic opportunities
 - and a balance sheet to deliver them
- Focus on re-building revenue profit growth in medium term
- Disciplined capital recycling
 - good asset liquidity
- Underpinned by strong management team
 - committed to capital recycling
 - committed to strong occupier relationships



62 Buckingham Gate, SW1

People, portfolio, plan... performance