



London Portfolio investor conference

6 July 2012



Agenda

- Introduction Robert Noel
- Market and investment portfolio Scott Parsons
- Development portfolio Colette O'Shea



Scott Parsons
Head of Property





London Portfolio

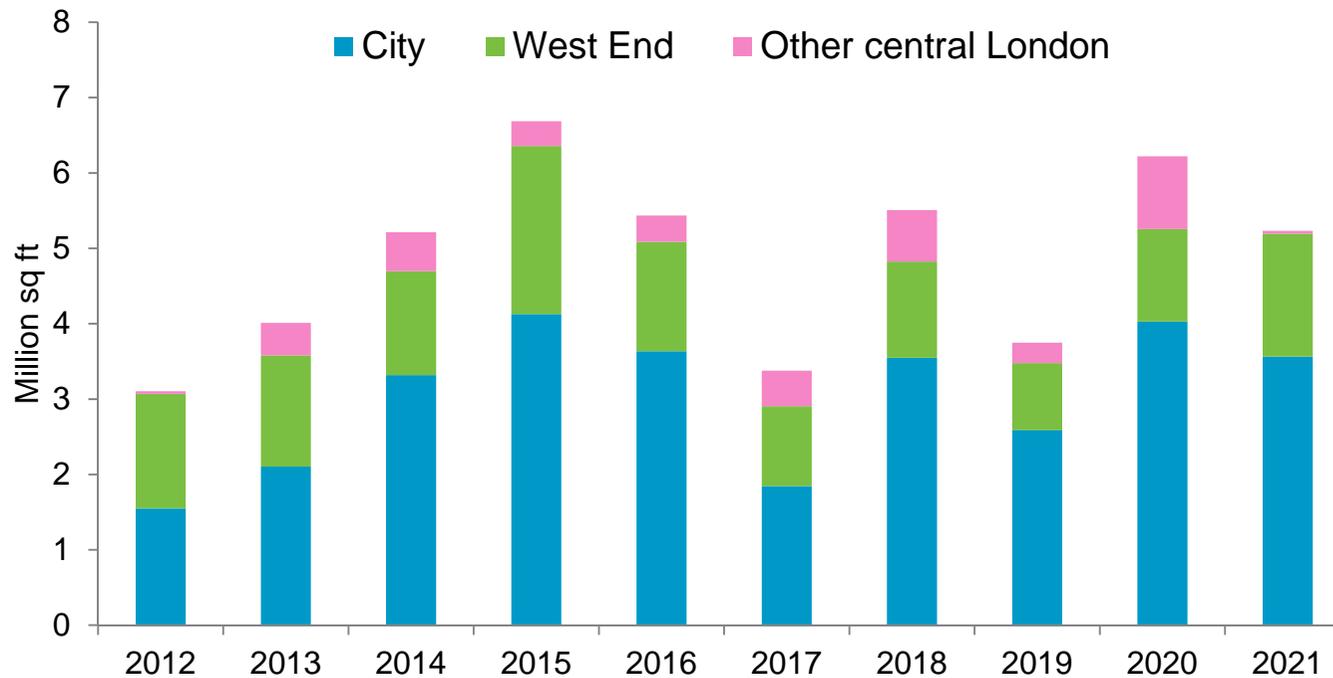
- Clear strategy not predicated on a bull market
- Strengthening the investment portfolio
- We will continue smart capital recycling
- We are delivering the right product into the right market





Structural demand

Known lease expiries and breaks



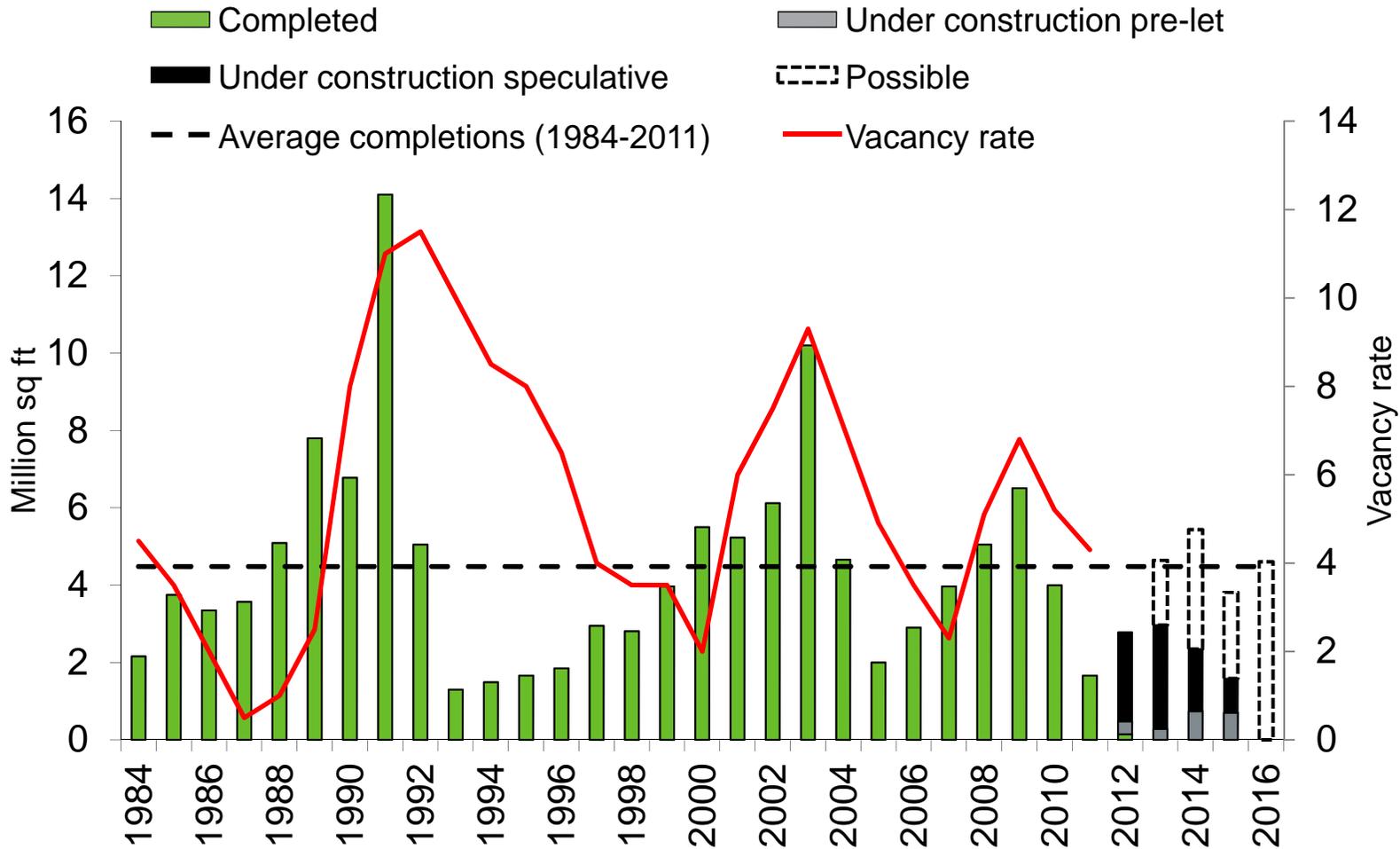
Source: Knight Frank

50m sq ft of known lease expiries over the next 10 years



Supply constrained market

Central London development completions & vacancy

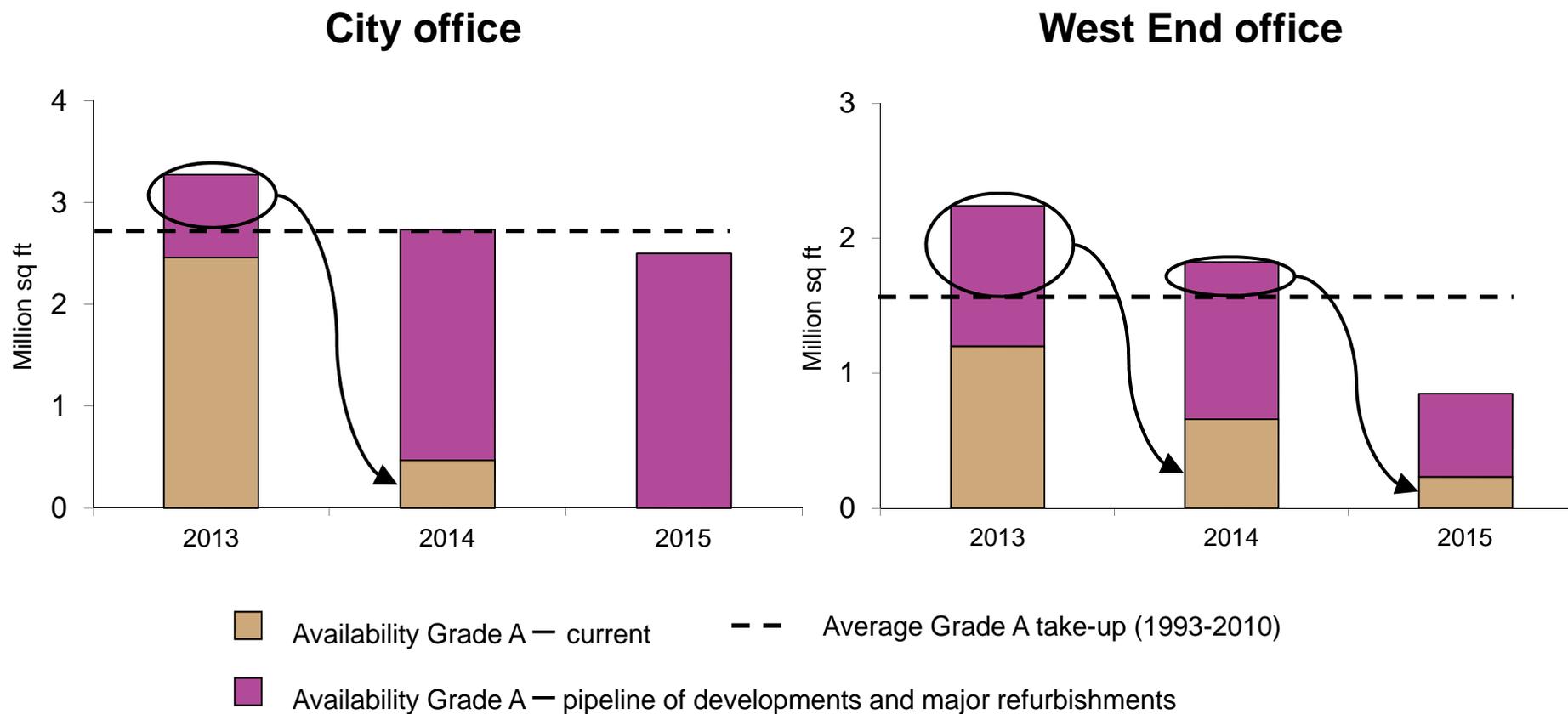


Source: CBRE

Building into a supply constrained market

Central London office availability – Grade A space

Assuming take-up of Grade A space in line with long-term average take-up

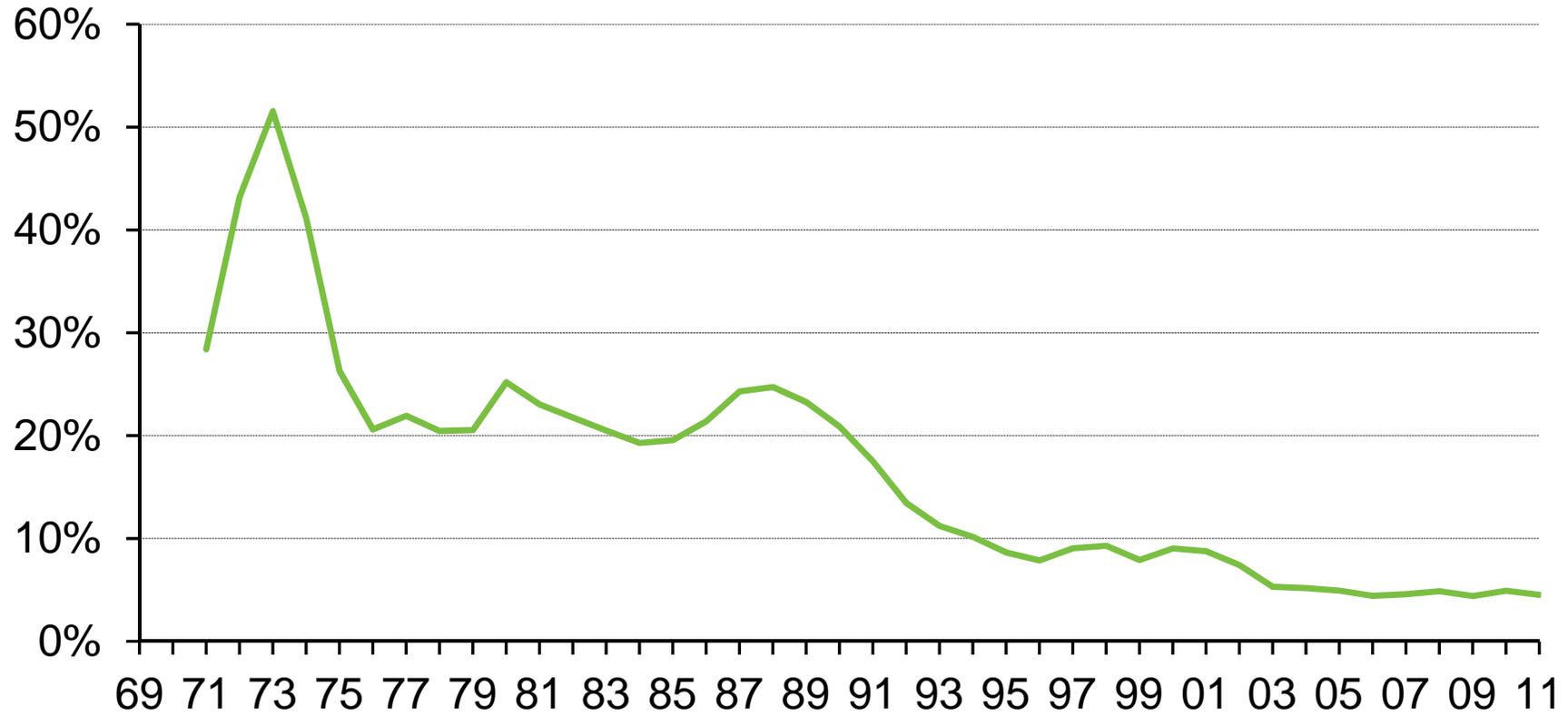


Source: Knight Frank, Land Securities



Reasons to move - affordability

Rents as a % of salary costs



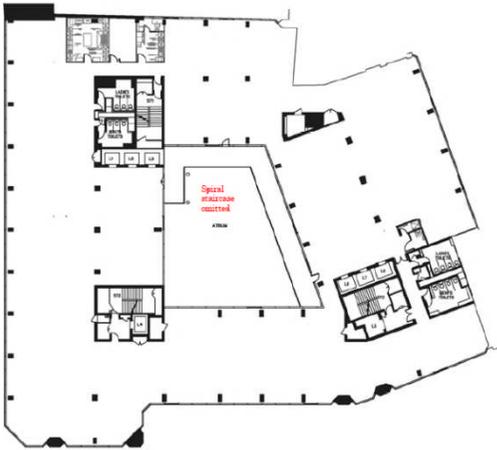
Source: ONS, PMA

Rents now stand at less than 5% of salary costs

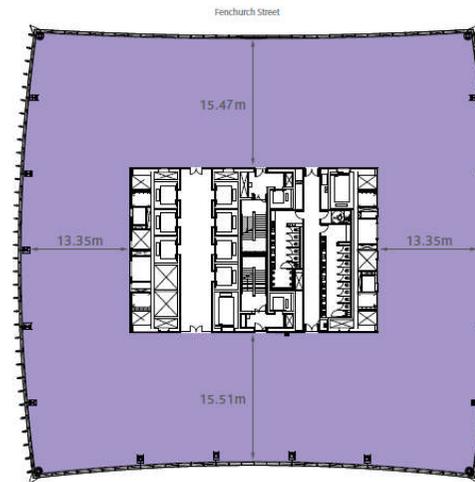


Market relocation example

49 Leadenhall Street



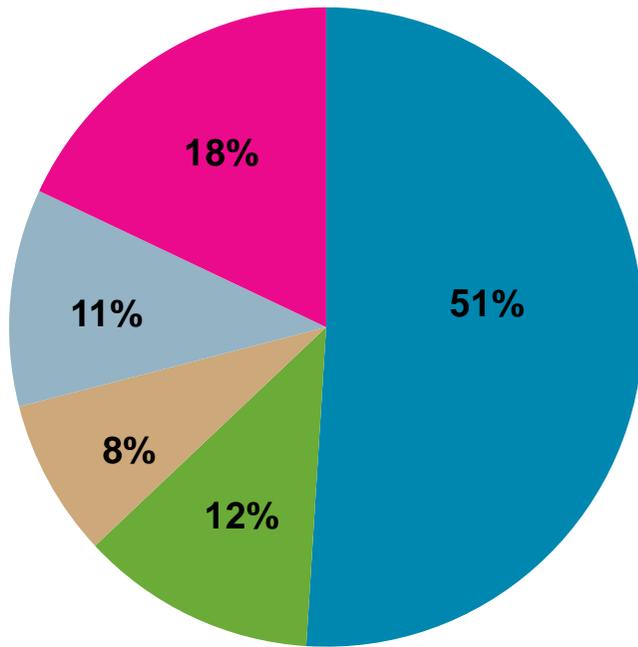
20 Fenchurch Street, EC3





London Portfolio mix

March 2010



■ Prime

■ Schemes on site

■ Consented schemes

■ Feasibility

■ Active asset management

Defensive strength and development optionality





Investment portfolio

Converting active asset management to prime



40 Strand, WC2

- 95,300 sq ft refurbishment completed
- Bain & Co have taken new 15-year lease



City Gate, SE1

- 56,000 sq ft lease expiry December 2012
- Restructured to new 15 year lease with Motability



Moorgate Hall, EC2

- 67,000 sq ft with 39% vacant
- Whole building let to Mace for 15 years

Transforming assets



Investment portfolio

Strengthening prime



One New Change, EC4

- Offices:
 - Panmure Gordon 14,800 sq ft ... tenant retention
 - 20,000 sq ft exchanged with Bwin
- Retail:
 - Bang & Olufsen
 - Key unit in solicitors' hands



Cardinal Place –
16 Palace Street, SW1

- 3i part lease surrender, part lease extension to 13 years
- 40% of income now secured to 2025
- New rental tone to be set



Cardinal Place –
80 Victoria Street, SW1

- Ruffer reversionary lease
- Expiry moves from September 2016 to March 2021
- Occupancy doubled to c.45,000 sq ft

Lengthening investment income

Investment portfolio - WAULT

WAULT (years) Total London offices – LFL portfolio						
Mar 06	Mar 07	Mar 08	Mar 09	Mar 10	Mar 11	Mar 12
5.4	7.2	7.0	6.2	7.8	8.7	10.2



...WAULT is now one of the industry's longest

Investment strategy – sales



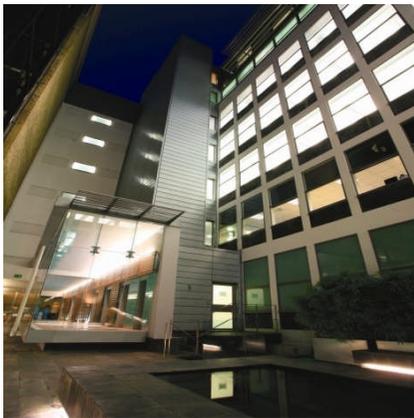
Park House, W1



City Forum, EC1



110 Cannon Street, EC4



15 Bonhill Street, EC2



Eland House, SW1

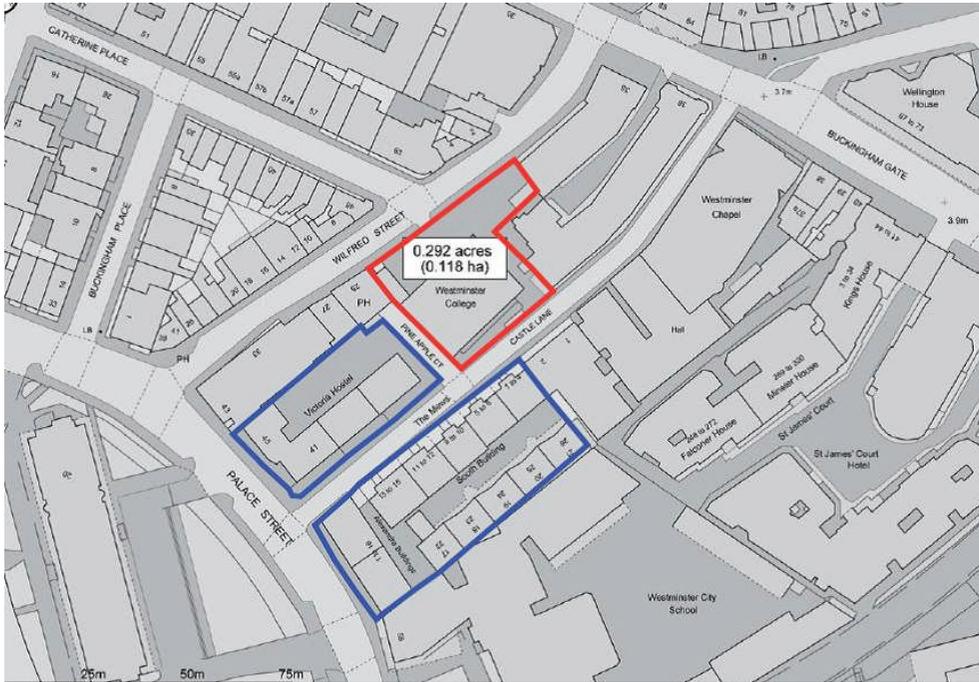


Arundel Great Court, WC2

Selling for the right reasons

Investment strategy – acquisitions

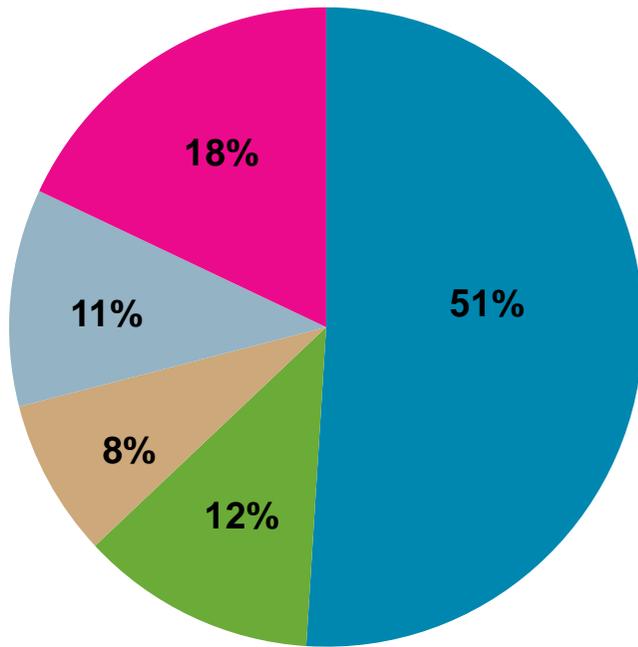
Castle Lane and St James's Park Centre, SW1



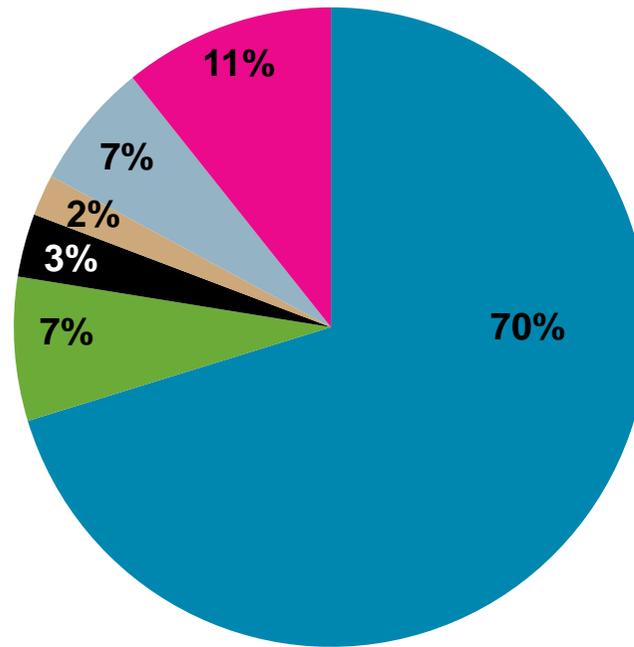
Complementary to our Masterplan

London Portfolio mix

March 2010...



And today



■ Prime ■ Schemes on site ■ Cleared sites ■ Consented schemes ■ Feasibility ■ Active asset management

Defensive strength and development optionality



Colette O'Shea
Head of Development



A timeline to transformation

2012 2013 2014 2015 2016 2018



Wellington House
66,000 sq ft



62 Buckingham Gate
275,000 sq ft



20 Fenchurch Street
695,000 sq ft



Kingsgate House
344,000 sq ft



1 New Street Square
255,000 sq ft



20 Eastbourne Terrace
95,000 sq ft



Oxford House
108,000 sq ft



123 Victoria Street
227,000 sq ft



1&2 New Ludgate
377,000 sq ft



Victoria Circle
910,000 sq ft



Portland House
379,000 sq ft



Castle Lane
53,000 sq ft

Under construction

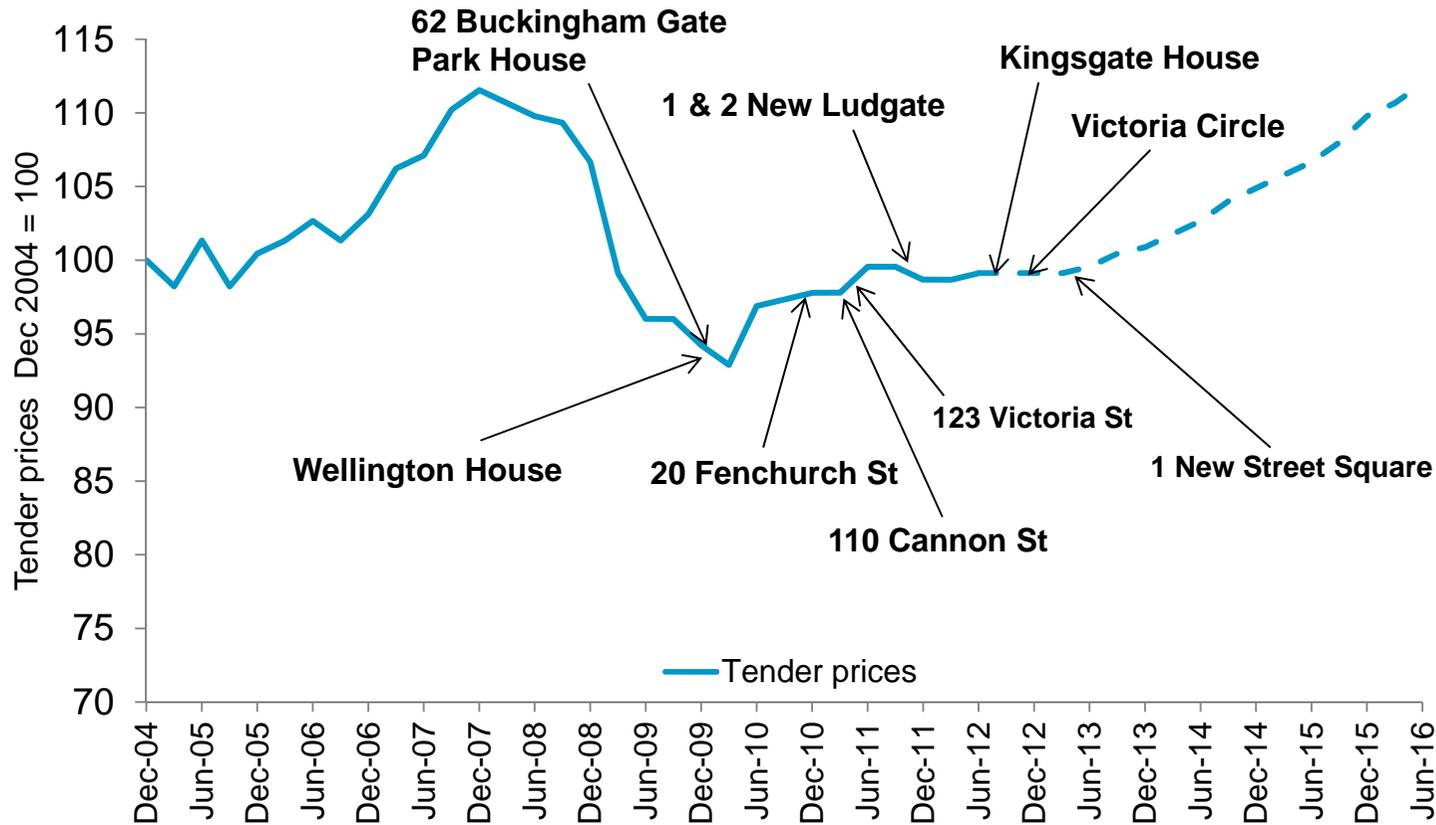
Proposed / planning secured

In design

3.8m sq ft and £1.9bn TDC (under construction / proposed construction)

Land Securities' developments

Construction contracts negotiated



Source: BCIS

Securing construction contracts at the right point in the cycle

20 Fenchurch Street, EC3 Under construction

- 19% let or in solicitors' hands
 - 51,000 sq ft pre-let to Market
 - 80,000 sq ft in solicitors' hands
- All main trade contracts awarded
- 90% of construction costs secured and fixed
- 695,000 sq ft, completion due April 2014



20 Fenchurch Street, EC3

1 & 2 New Ludgate, EC4 Demolished

- 377,000 sq ft scheme
- Demolition completed
- Pausing on construction to time delivery
- Construction contract in place and costs agreed until end of 2012
- Flexibility as construction time just 22 months

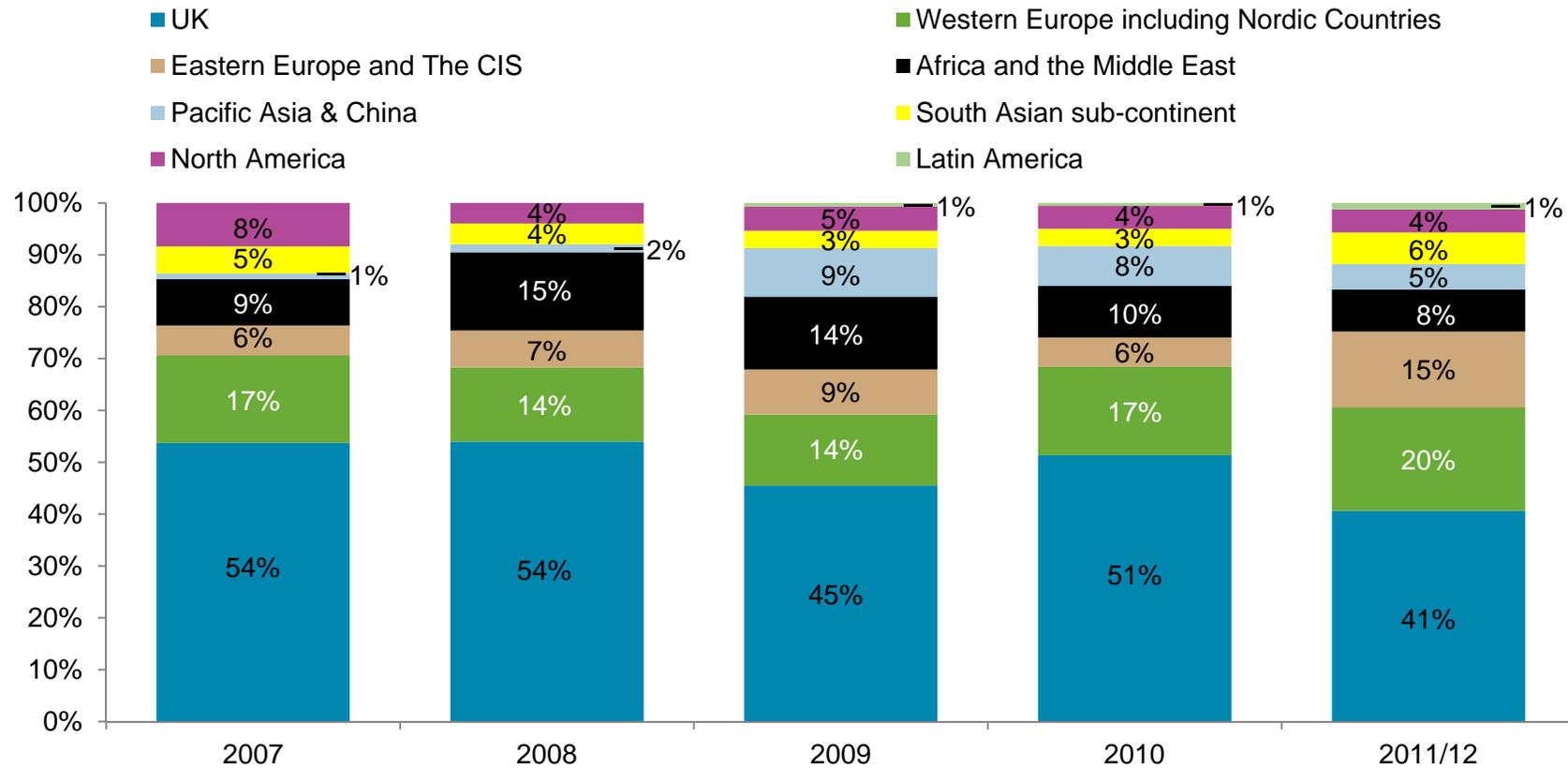


1 & 2 New Ludgate, EC4



Who's buying?

Purchaser nationality – prime central London residential

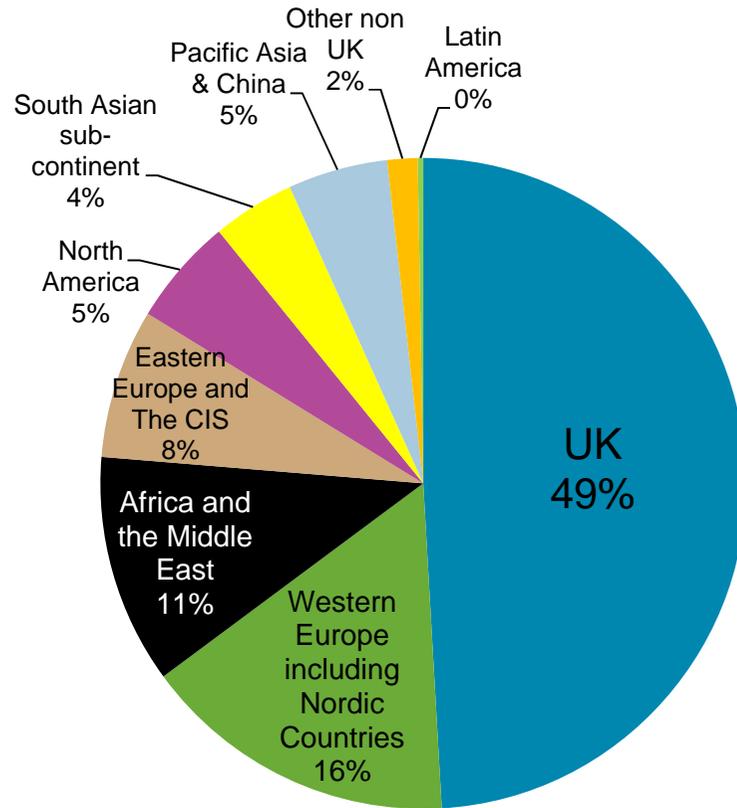


Source: Savills

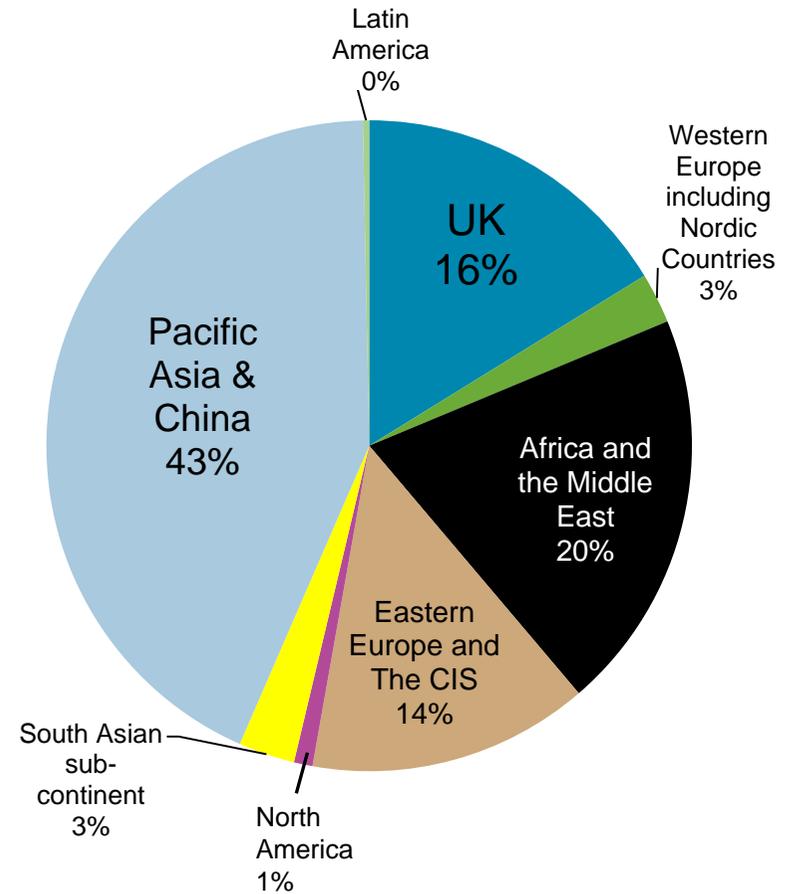


What are they buying?

Prime central London residential period buildings



Prime central London residential new build

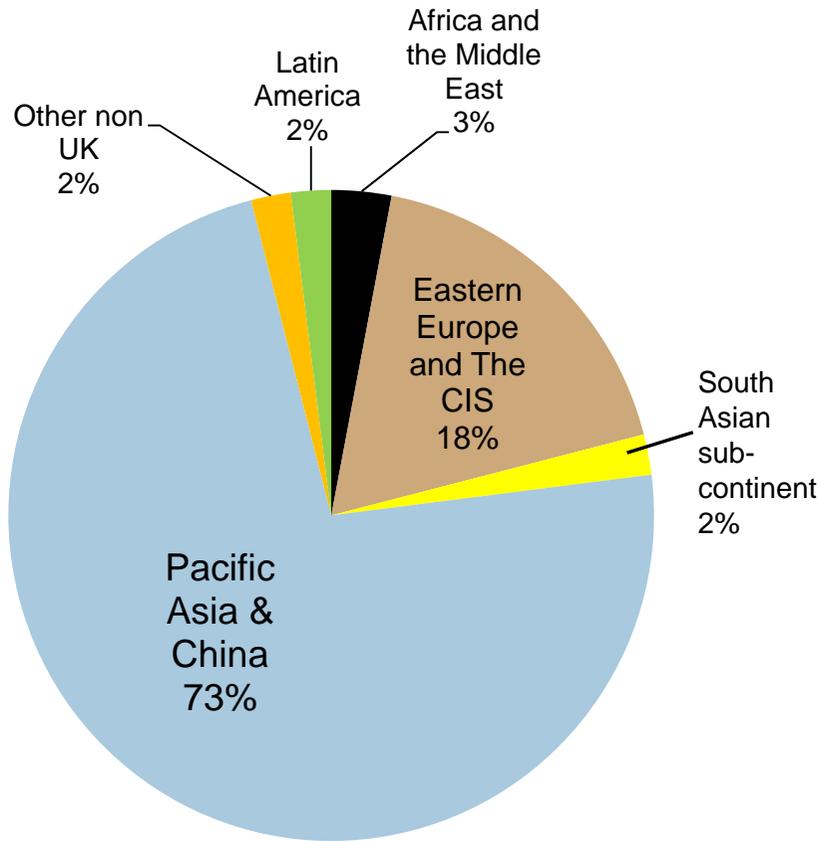


Source: Savills (2007 – 2011)

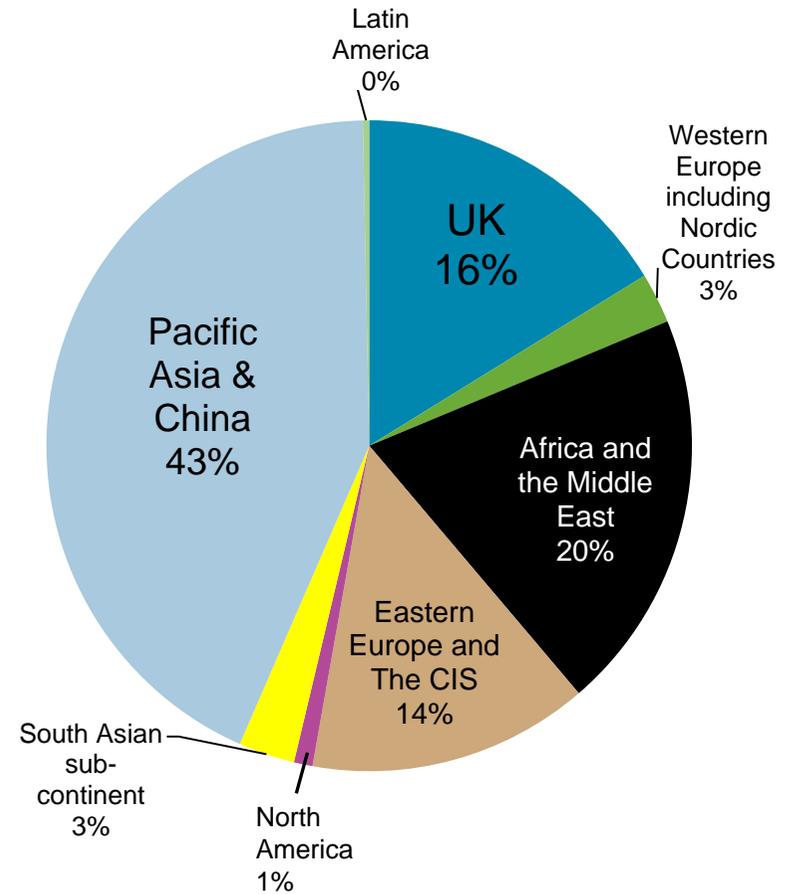
Overseas investors prefer new builds

What are they buying?

Wellington House



Prime central London residential new build



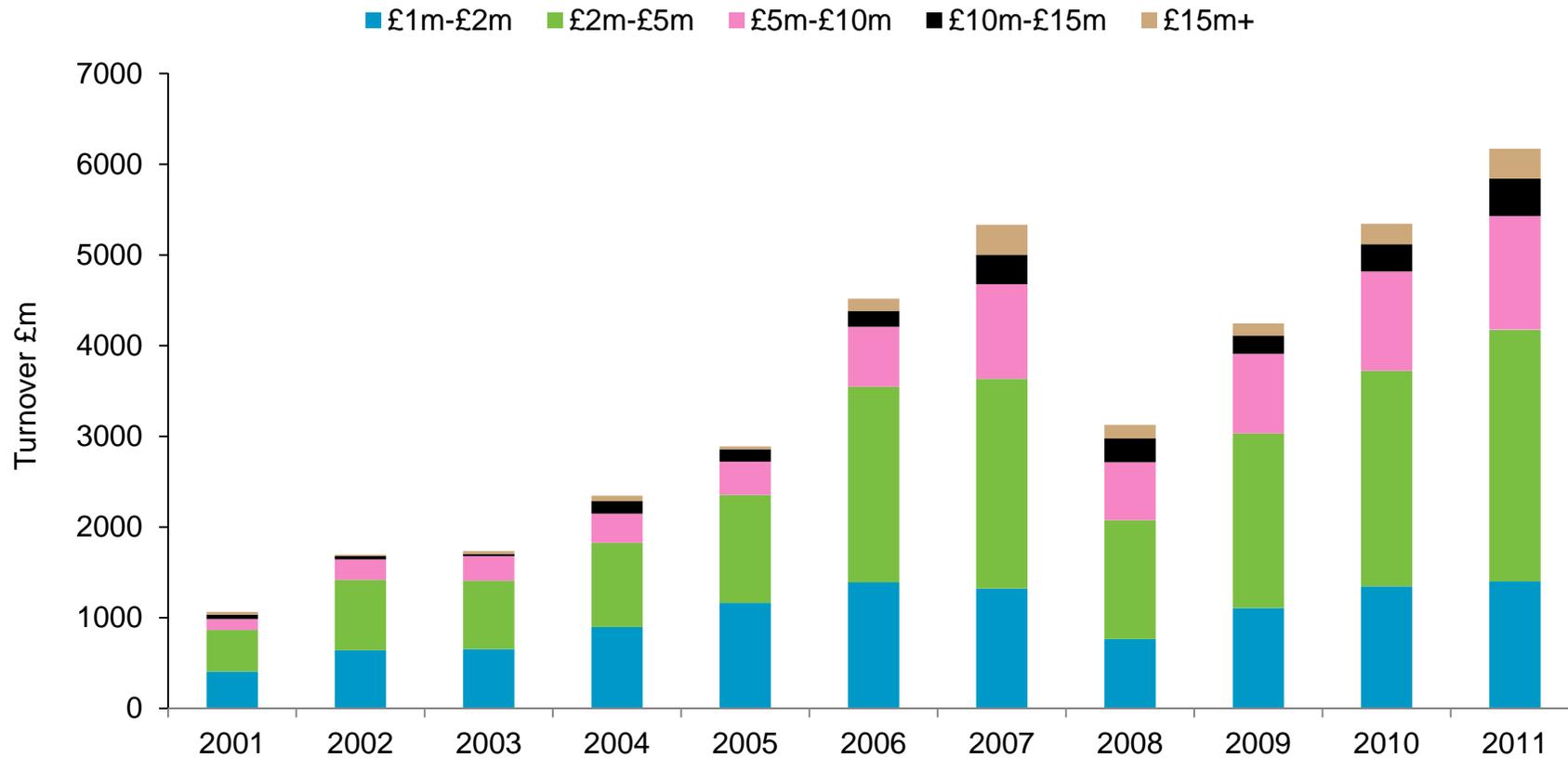
Source: Savills (2007 – 2011)

Overseas investors prefer new builds



Demand

Sales turnover in prime central London residential

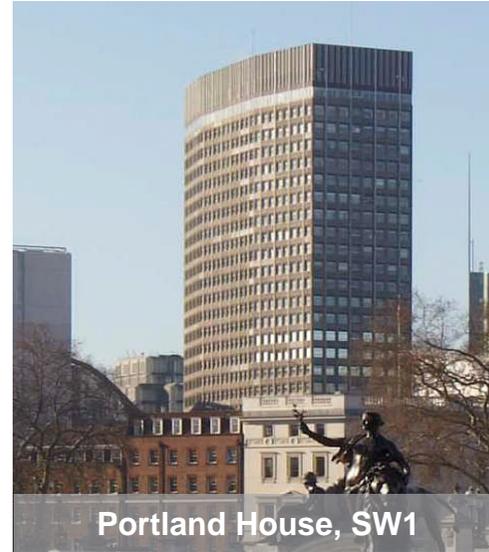


Source: Savills

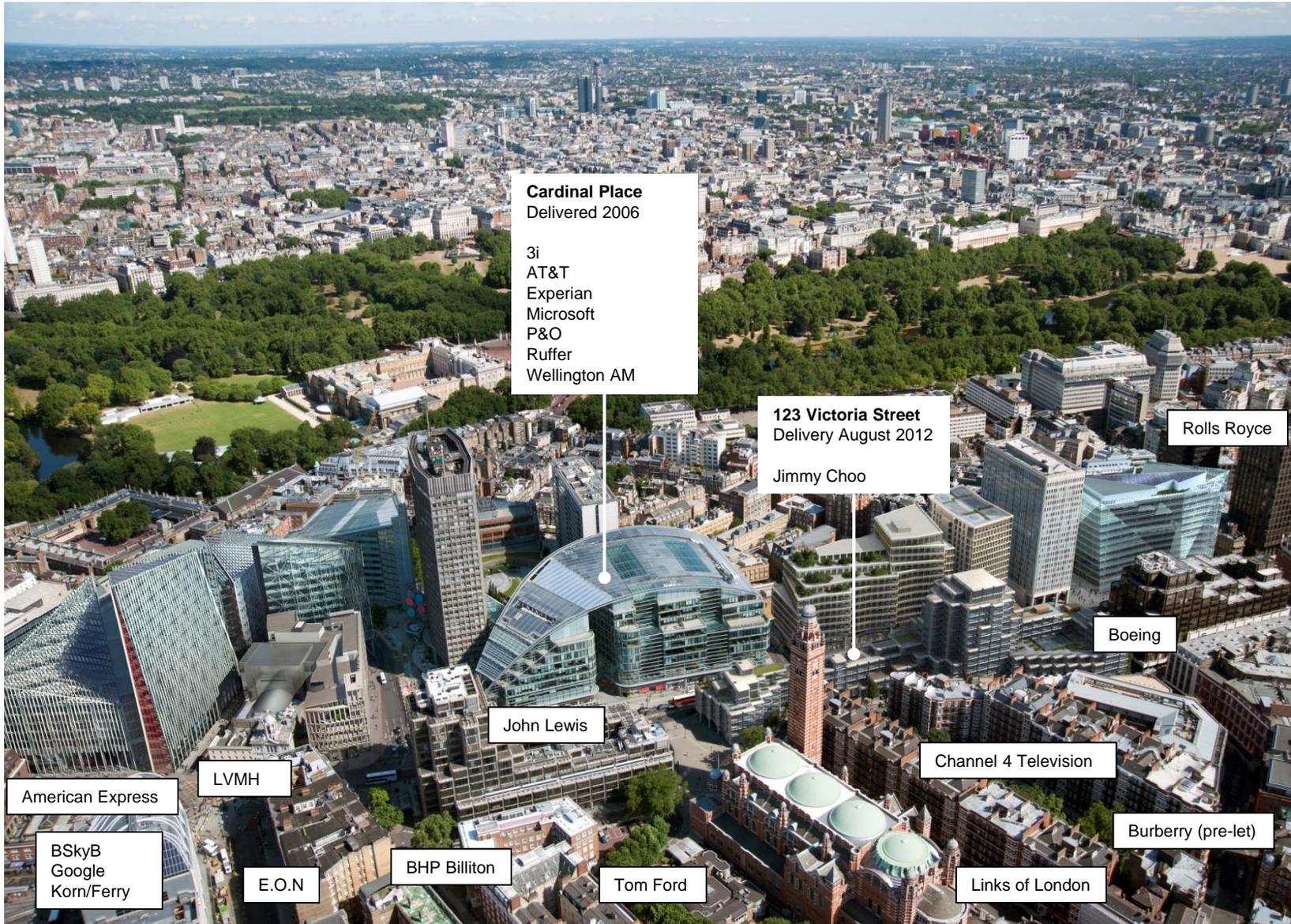
Robust, especially around the £1m - £5m price points



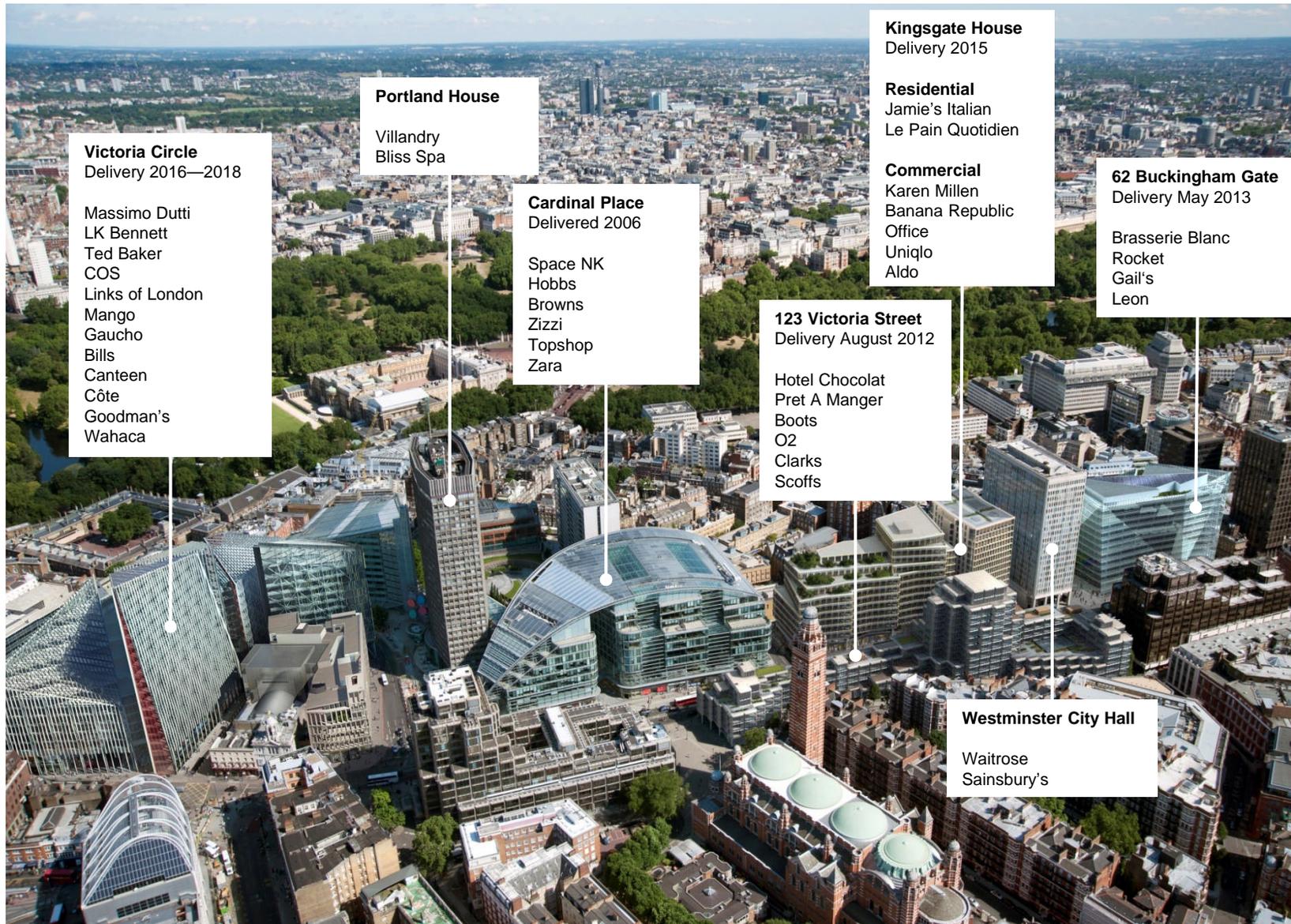
Our residential ambition



Victoria office occupiers



Victoria retail vision



123 Victoria Street, SW1

Under construction

- 27,000 sq ft retail – let
- 200,000 sq ft offices
 - 48,500 sq ft pre-let to Jimmy Choo
 - Further 31,000 sq ft in solicitors' hands
- Interest in all remaining space
- Completion August 2012



62 Buckingham Gate, SW1

Under construction

- 275,000 sq ft scheme
- Cladding and services installation underway
- Target rents avg. £65.50 psf
- Interest in significant proportion of the space
- Completion May 2013



Kingsgate House, SW1

Planning secured

- 234,000 sq ft office and retail
- 110,000 sq ft residential
- Demolition started
- Committed to building to grade:
 - Provides flexibility as thereafter just 18 months to completion



Victoria Circle, SW1

Planning secured

- Comprehensive redevelopment scheme totalling 910,000 sq ft over 5 buildings
- 50:50 partnership formed with Canada Pension Plan Investment Board
- Demolition to start in October 2012



Victoria Circle Masterplan



Victoria Circle Masterplan

Phase I – Delivery 2016



77 Buckingham Palace Road

- 186,000 sq ft of residential and retail



11 Bressenden Place

- 209,000 sq ft of office and retail



130 Victoria Street

- 337,000 sq ft of office and retail



Victoria Circle Masterplan

Phase II – Delivery 2018



1 Bressenden Place

- 112,000 sq ft of office and retail

Victoria Circle Masterplan

Phase III – Delivery 2018



122 Victoria Street

- 61,000 sq ft of office, library, affordable housing and retail

Victoria



Summary

- Clear strategy not predicated on a bull market
- Strong investment portfolio
- We will continue smart capital recycling
- We are delivering the right product into the right market





Important notice

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