

Presentation to UKSA  
27 March 2007  
Francis Salway



# Agenda

- Financial summary
- Achievements of the last 12 months
- Market background
- Land Securities as a REIT
- Business update
  - Retail Portfolio
  - London Portfolio
  - Land Securities Trillium



# Interim financial highlights

Key statistics			change %
Pre-tax profit	£1,178.2m	↓	-0.5%
Revenue profit <sup>(1)</sup>	£193.1m	↓	-1.4%
Adjusted diluted earnings per share <sup>(2)</sup>	32.84p	↓	-4.4%
Interim dividend per share	19.00p	↑	+4.7%
Property investment business valuation surplus <sup>(3)</sup>	£962.1m	↑	+7.3%
Adjusted diluted NAV per share <sup>(3)(4)</sup>	2121p	↑	+10.9%

(1) Profit before tax, excluding profits on sale of non-current and trading assets, profits on long-term contracts, revaluation surpluses, mark-to-market adjustments on interest rate swaps and similar instruments used for hedging purposes, debt restructuring charges, the adjustment to interest payable resulting from the amortisation of the bond exchange de-recognition and any exceptional items

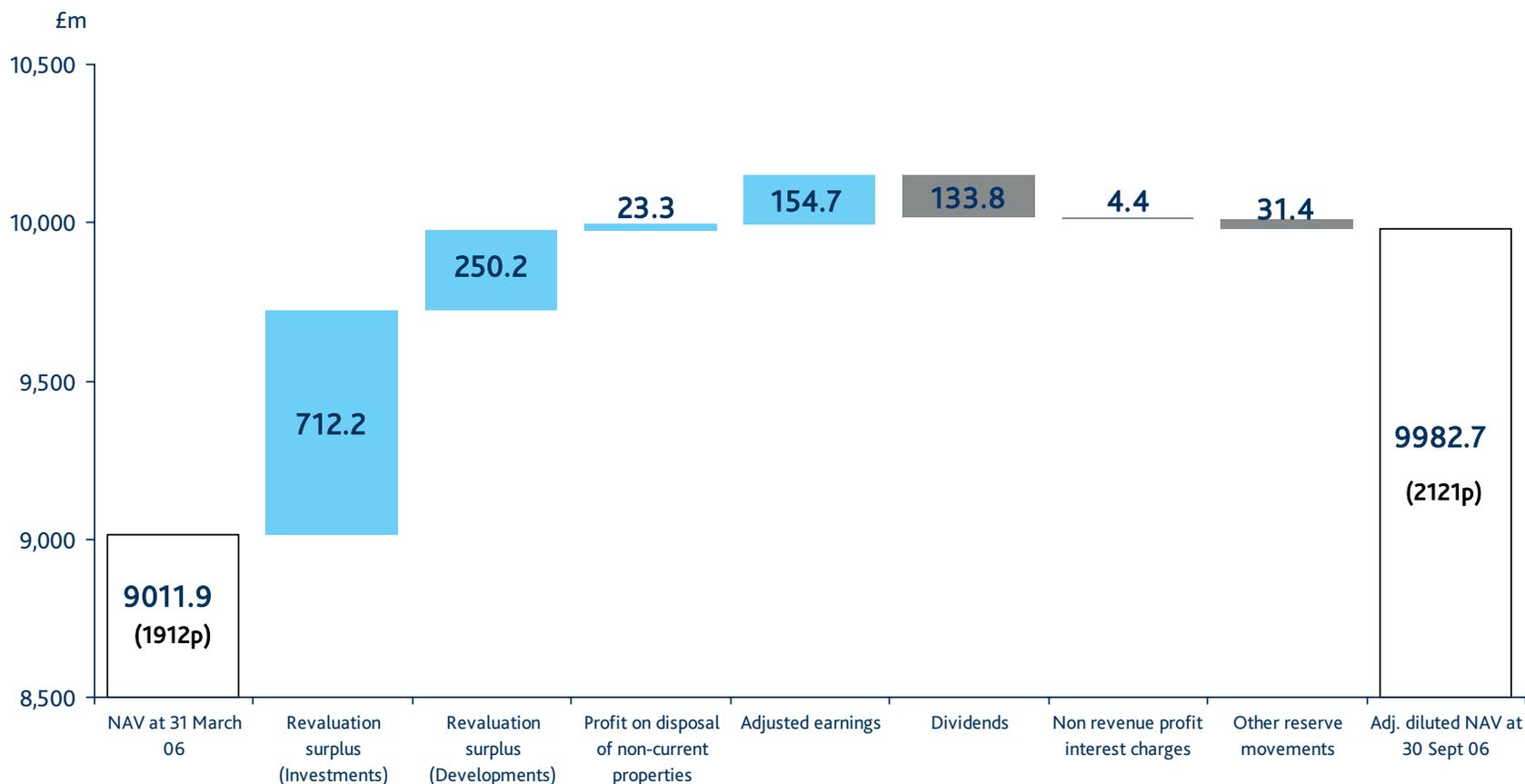
(2) Based on revenue profit. Excludes deferred tax on investment properties

(3) Compared to 31 March 2006

(4) Add back deferred tax on investment properties and bond exchange de-recognition

**Over 10% growth in net assets in six months**

# Movement in adjusted diluted NAV



**Adjusted diluted net asset value per share +10.9%**

# Achievements – winning new business for LST



SMIF



DTR



Accor

c. £2bn of potential capital investment

# Achievements – leasing progress – Retail developments



Exeter



Livingston



Bristol

**Successfully secured / agreed £15.7m of annual income\***

\*LS share, year to date



# Achievements – leasing progress – London developments



Cardinal Place, SW1



New Street Square, EC2



One Wood Street, EC2

**Successfully let 650,000 ft<sup>2</sup> with £14.9m of annual income\***



\*year to date

# Achievements – leasing success – Property outsourcing



222-236 Grays Inn Road, London, WC1

**Over 670,000 ft<sup>2</sup> let, assigned or surrendered from DWP contract**

# Achievements – a broader perspective



Mixed use



Sustainability



Customer service

Anticipating future trends, future customer needs



# Market background





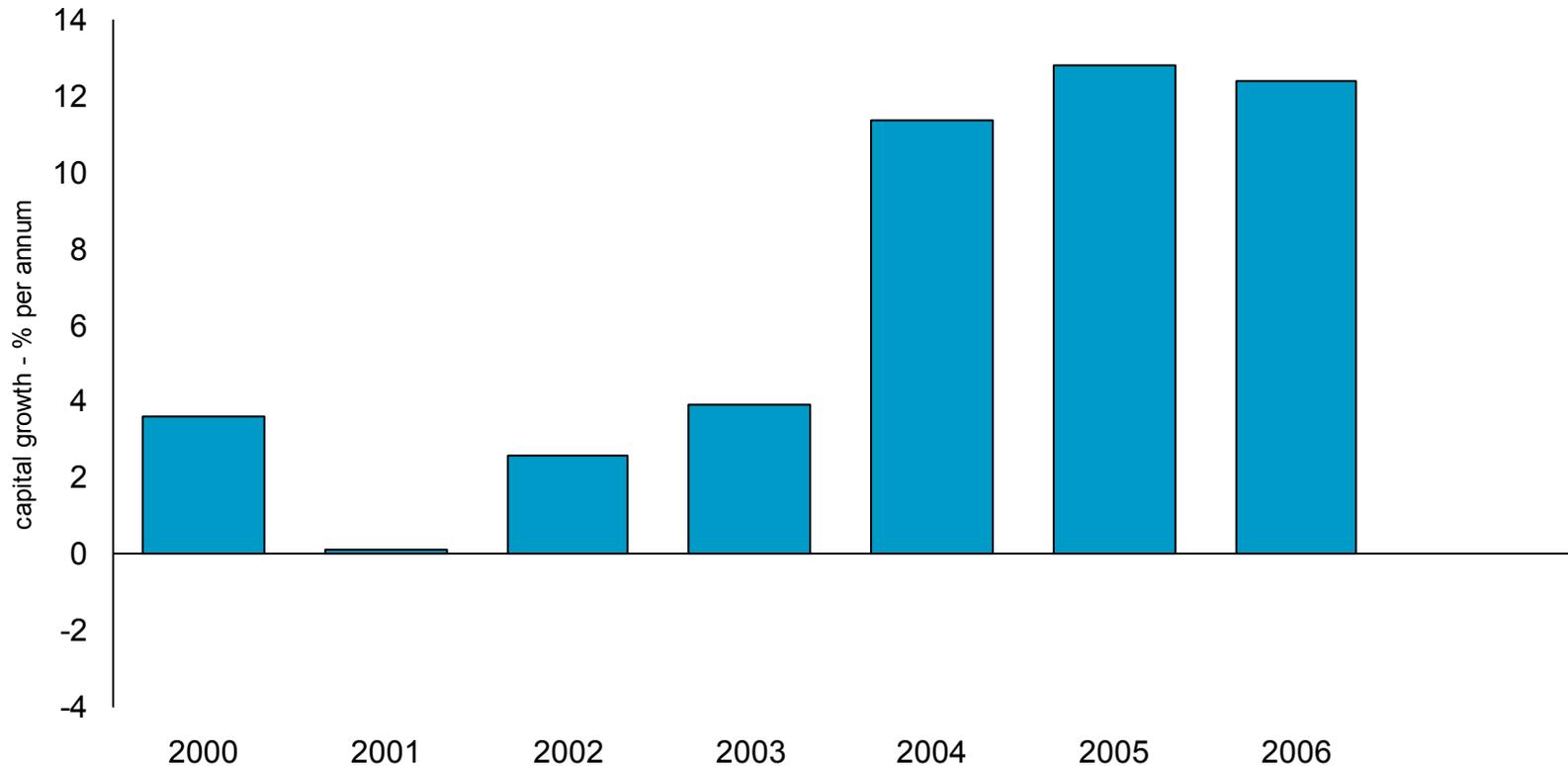
## Market outlook and strategic response

- 2003/04      Initiate large London office development programme
- 2004/05      Acquire low-rented London office investments
- 2005          Increase gearing – net investors by £1bn  
(Tops Estates & Lxb)
- 2006
- 2007

**Taking action in response to market outlook**



# Market background – capital growth in the 2000s

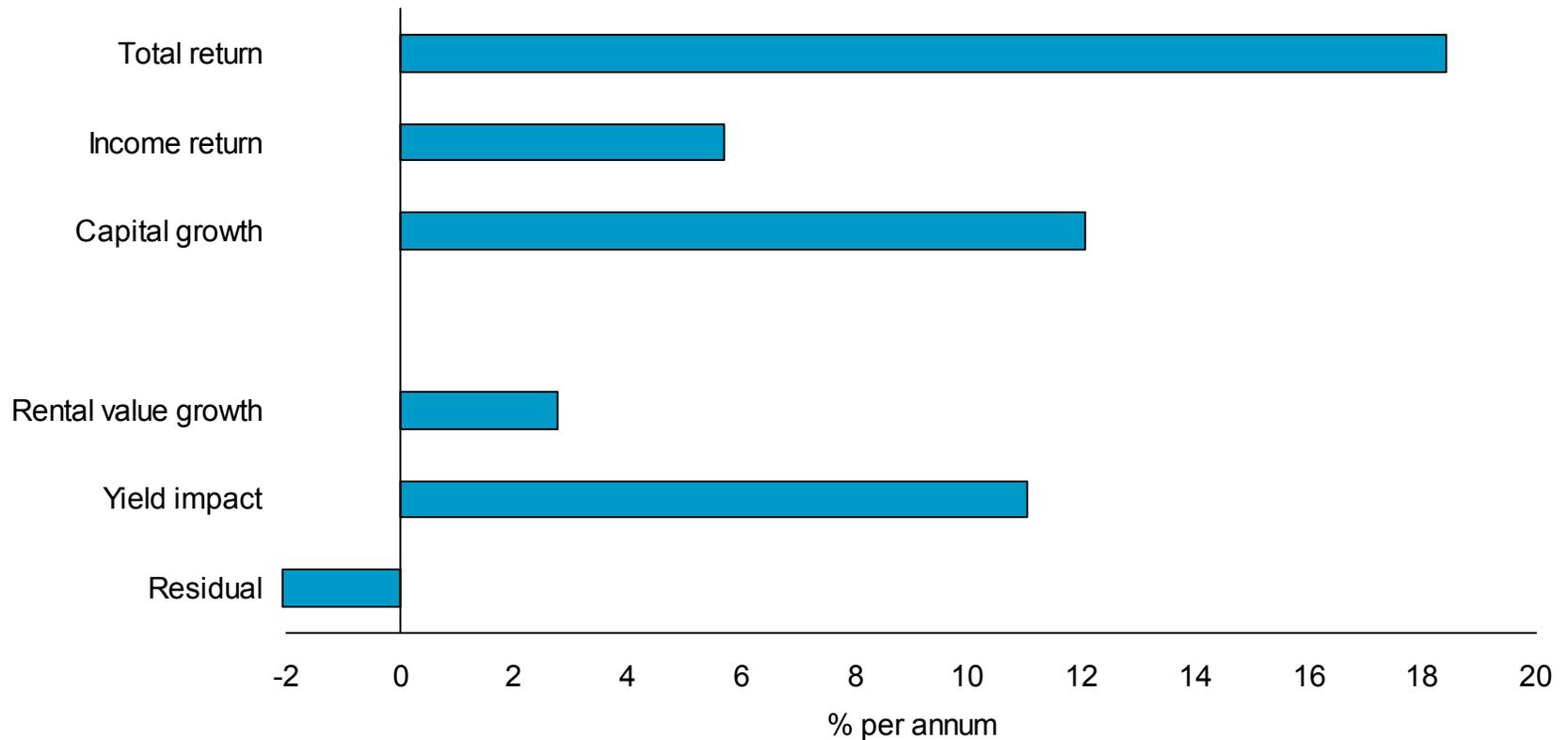


Source: IPD Annual Index 2000-2005, IPD Quarterly Index 2006

**A 'feel good' factor for the property sector**

# Market background – disaggregation of property returns

UK property performance - 3 years to December 2006

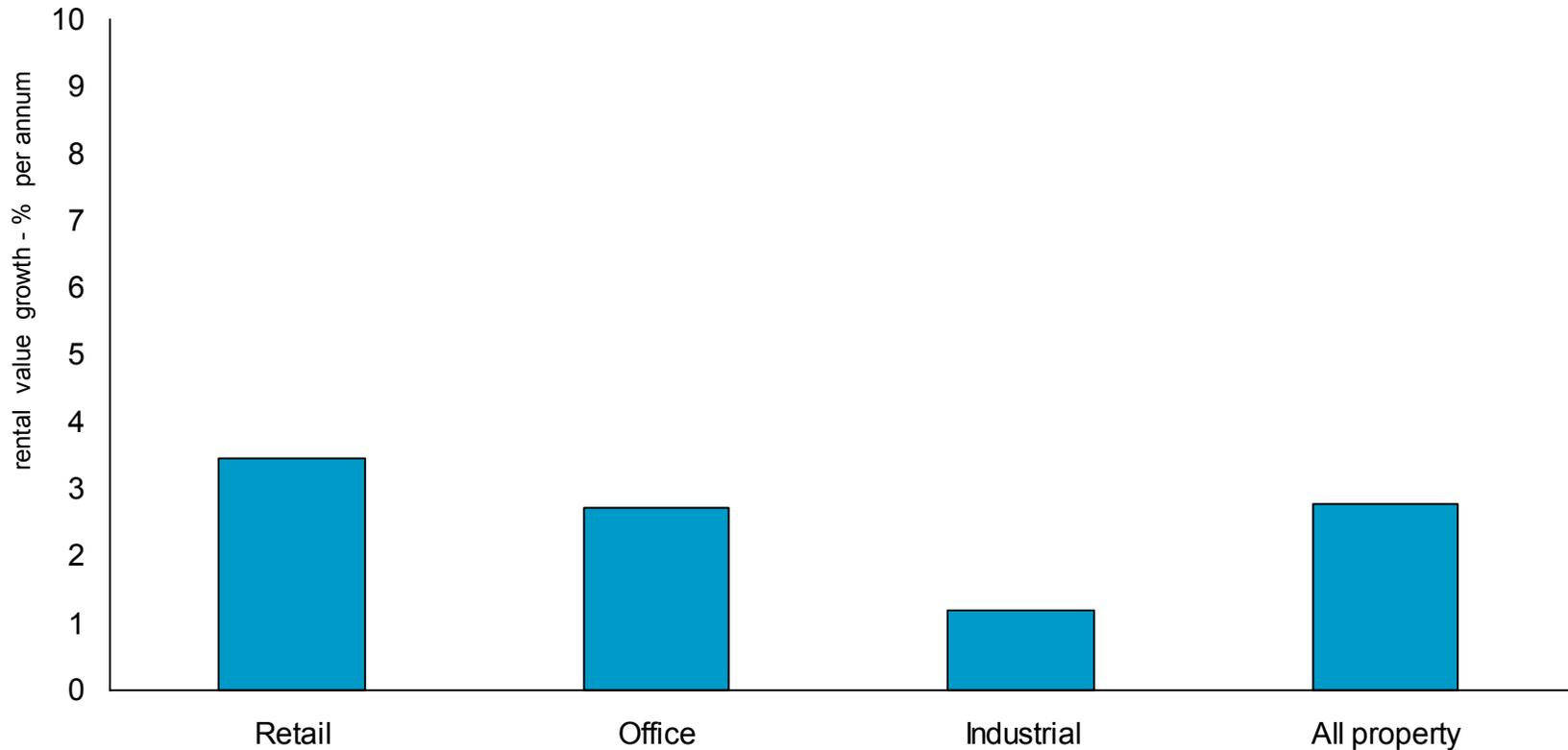


Source: IPD Quarterly Index – 3 years to 31 December 2006

**Yield re-pricing significant driver of direct property returns**

# Market background – disaggregation by sector

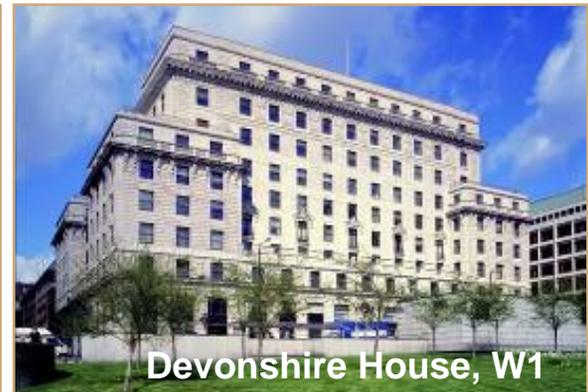
## UK rental value growth – 3 years to December 2006



Source: IPD Quarterly Index – 3 years to 31 December 2006

**No bubble in rents – stable / good outlook**

# Land Securities' strategy



**£3.7bn pipeline**

**Development**

**£2.0bn committed**

**Property Outsourcing**

**£0.5bn sold since  
01/01/07**

**Sales**

**Increase capital invested in higher return activities, more sales**



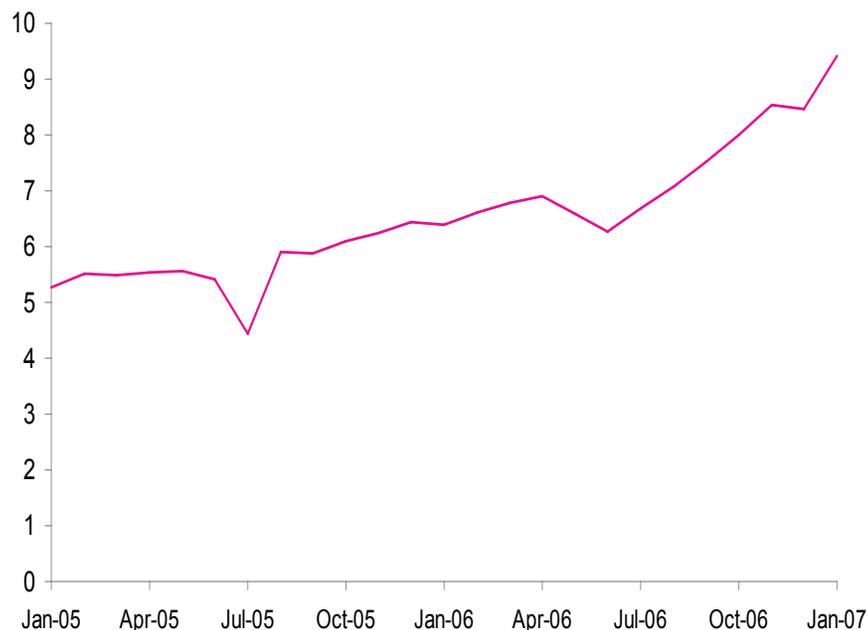
# Land Securities as a REIT



# Land Securities as a REIT

Rank	REIT	Market cap £m
1.	Westfield Group	14,862
2.	Simon Property Group Inc	11,958
<b>3.</b>	<b>Land Securities</b>	<b>9,462</b>
4.	Vornado Realty Trust	9,219
5.	Public Storage	8,352
6.	Prologis	7,867
7.	British Land	7,665
8.	General Growth Props.	7,333
9.	Equity Residential Trust Properties	7,401
10.	Boston Properties	7,009

% change in US shareholders base



Source: JPMorgan Cazenove Shareholder Analysis

- Changing shareholder base
- Impact on our operations limited to considerations around qualifying / non-qualifying

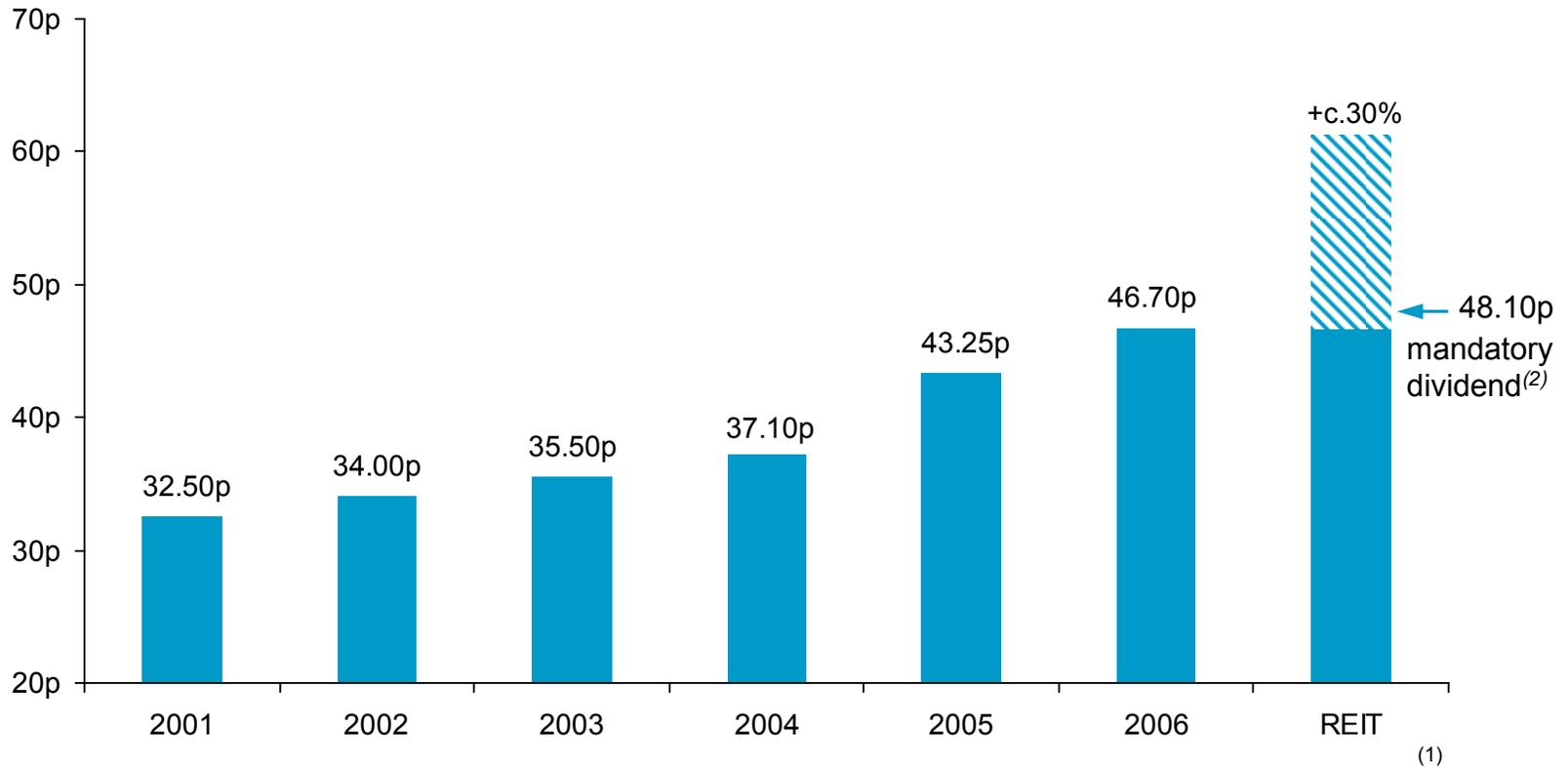
# Land Securities – balance of business tests

<b>Balance of business test</b>	<b>6 months to / as at 30/09/06</b>	
	<b>Tax exempt</b>	<b>Taxable</b>
75% profits test:	88.1%	11.9%
75% assets test:	93.4%	6.6%
Interest cover ratio:	> 2.0x	

Prepared to use 25% non-qualifying profits for higher returns



# REIT dividend policy



(1) REIT dividend uplift will be split over two financial periods

(2) Assuming the Group had been a REIT for the year ended 31 March 2006

## Stepped progression in dividend





# Business Update



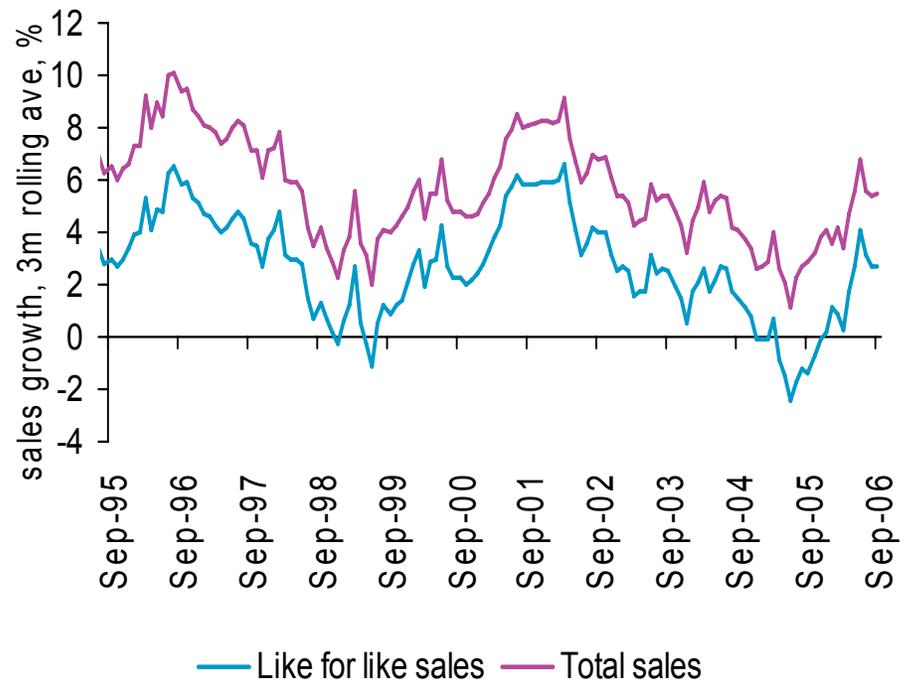
# Retail Portfolio



- £7.3bn portfolio
- 30 shopping centres and 29 retail parks
- 12.9% net reversionary potential<sup>(1)</sup>
- 4.1% voids<sup>(1)</sup>
- £1.1bn (3 million ft<sup>2</sup>) retail development pipeline
- Lettings agreed or concluded on £29.1m annual rental income in H1 2006/7

<sup>(1)</sup> on like-for-like portfolio at 30 September 2006

UK retail sales growth



Source: BRC – KPMG

## Substantial volume of lettings across retail portfolio

# London Portfolio



- £7.0bn portfolio
- 10 million ft<sup>2</sup> office and 860,000 ft<sup>2</sup> retail floor space
- £32 per ft<sup>2</sup> (£346 per m<sup>2</sup>) average office passing rent
- £2.6bn (3.9 million ft<sup>2</sup>) development pipeline
- Largest or second largest letting in each of West End, mid-town and City market in H1 2006/07

London office supply – development completions



Large development pipeline with substantial schemes completing in 2007/08

# Future opportunities – development

Contribution to earnings growth and valuation surplus



London Portfolio  
£2.6bn pipeline

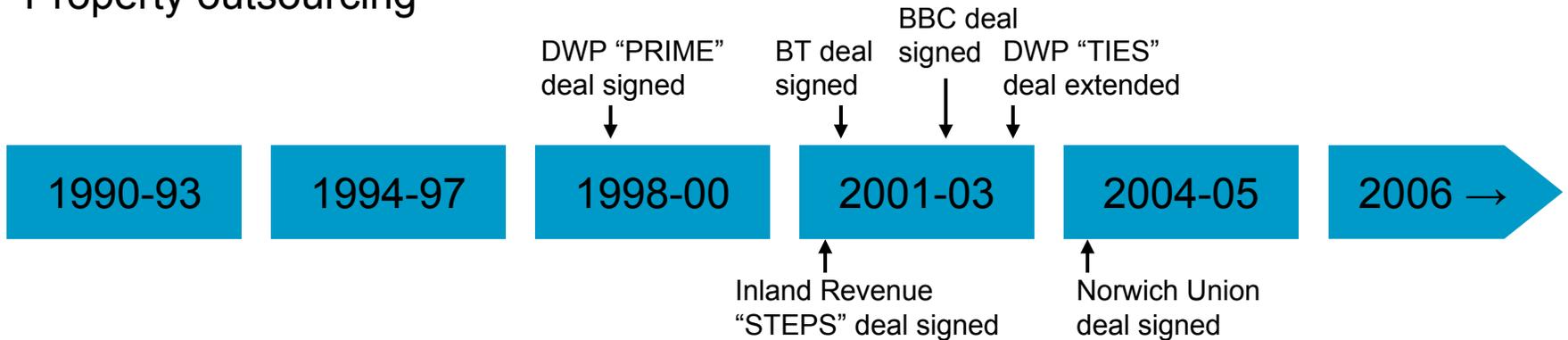


Retail  
£1.1bn pipeline

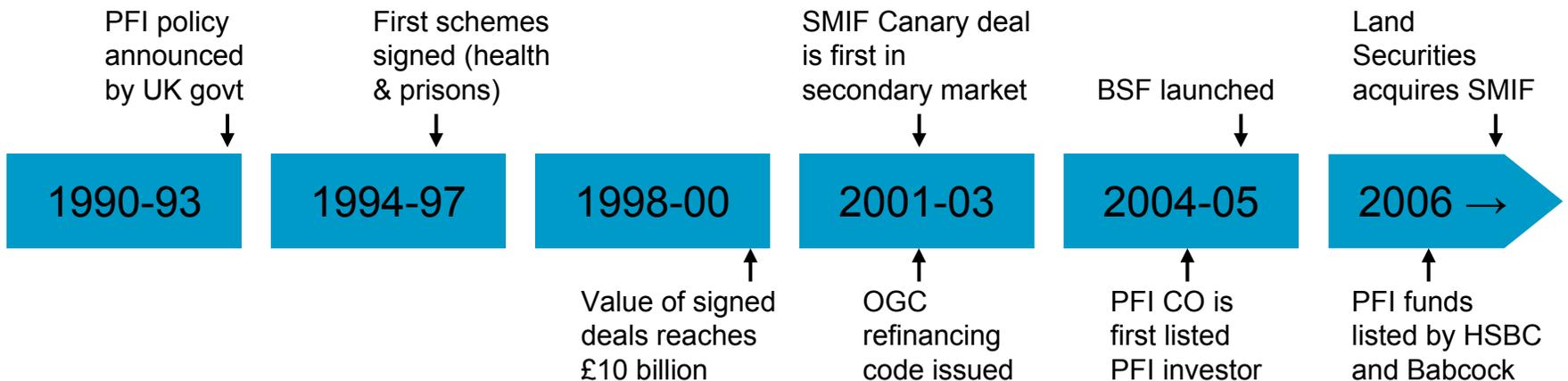
**Headline yield: 7.2% / P&L yield: 6.5% on total development cost**

# Land Securities Trillium - Context

## Property outsourcing



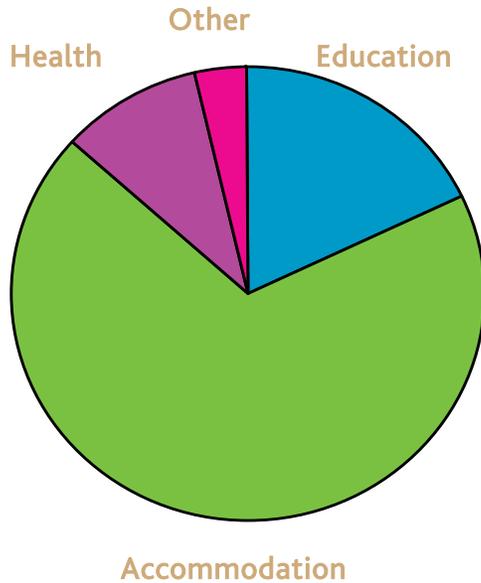
## PPP/PFI



LST- £120m profit and 19.5% return on capital employed (year to 30.09.06)

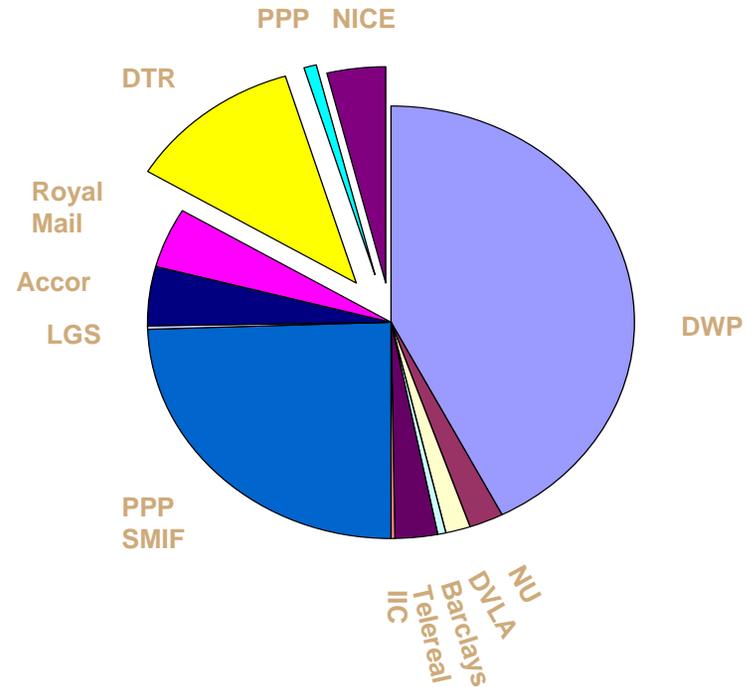
# LST: strategic progress

Existing portfolio by use



Total 51 million ft<sup>2</sup>

Existing and potential portfolio by floor area

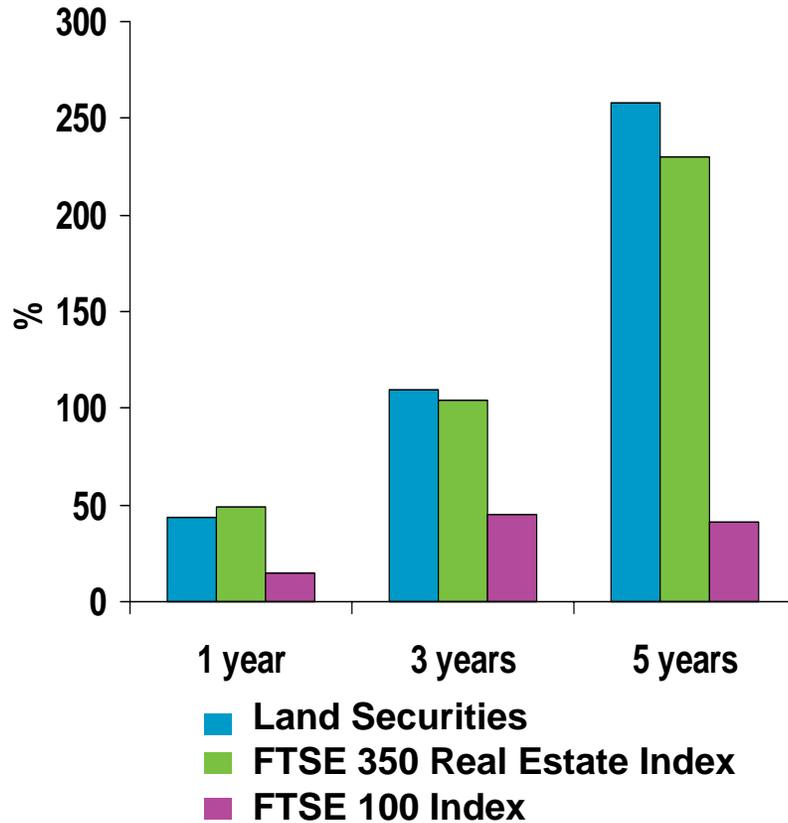


Total 61 million ft<sup>2</sup>

Accessing Community Infrastructure and MoD markets

# Performance

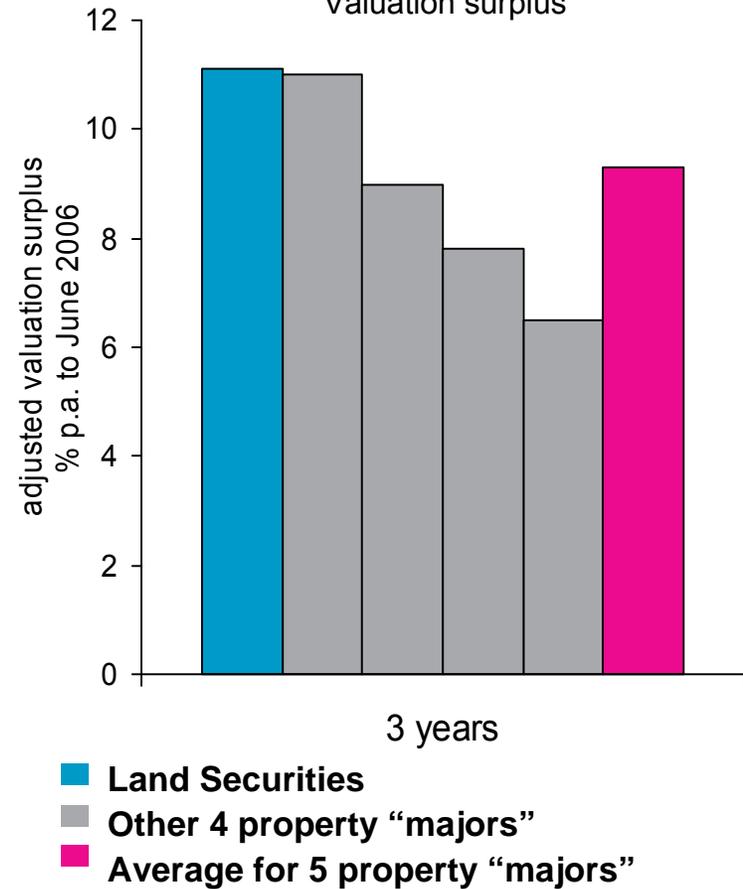
Total shareholder return<sup>(1)</sup>  
to 31 December 2006



Source: UBS Datastream

(1) Share price appreciation plus reinvested dividends

5 'majors' in UK quoted property sector  
Direct property returns –  
Valuation surplus



Source: Land Securities – from company results with valuation timing differences adjusted on a straight line basis

# Presentation to UKSA