

Group business review

In this Group business review we outline our business model and our approach to a number of key areas, from our customers to employees to sustainability.

Table 22
Top 10 global REITs

Rank	Company	Mkt cap £m
1	Westfield Group	11,006
2	Unibail-Rodamco	8,044
3	Public Storage	6,532
4	Simon Property Group	5,590
5	Annaly Capital Management	5,267
6	Vornado Realty Trust	3,605
7	Equity Residential Trust Properties SHBI	3,492
8	Plum Creek Timber	3,343
9	Land Securities Group	3,306
10	Nippon Building Fund	3,239

Source: Datastream, as at 31 March 2009

Chart 23
Floorspace under management
('000m²)



Our business model

We are the ninth largest Real Estate Investment Trust (REIT) in the world and the largest in the UK [Table 22](#). We own, develop and manage commercial property through two business divisions – the Retail Portfolio and the London Portfolio.

Our customers

Our business divisions work with a wide range of organisations and you will find more coverage of key customers and current market trends in the two business review sections that follow. Across the Group, Central Government remains our largest customer. In London, Government represents a total of 21% of the portfolio rent roll. In Retail, our largest retail customer, Arcadia, accounts for just over 3% of our portfolio rent roll.

In response to the economic environment, we have worked very closely with customers to find new and better ways to mitigate the effects of tough commercial conditions. This has included pioneering work on service charges, lease arrangements, marketing and promotions, and flexible space planning. We have also worked proactively with key customers to ensure we understand their immediate business issues and provide support wherever possible.

We provide office space for many types of businesses and organisations [Chart 23](#). Every day thousands of people work in a building owned or managed by us, and thousands visit our shopping centres, retail parks and other properties.

Table 24
Group development activity

	Number of projects	Floorspace m ²	TDC ¹ £m	ERV ² £m
Retail Portfolio				
Programme	4	252,940	812	44
Proposed development	1	92,000	375	28
Total Retail Portfolio pipeline	5	344,940	1,187	72
London Portfolio				
Programme	5	164,300	1,457	95
Proposed development	4	157,070	1,165	98
Total London Portfolio pipeline	9	321,370	2,622	193

1. TDC: Total Development Cost – land, capital expenditure and capitalised interest.

2. The net ERV represents headline annual rent payable on let units plus Estimated Rental Value (ERV) at 31 March 2009 on unlet units.

Our people

The quality and commitment of our people helps to set Land Securities apart and provides us with an invaluable competitive advantage. Our objective is to attract, retain and develop the brightest and best people in our industry, and to maximise the contribution they make to the Company. We are very proud of the expertise, ambition and sheer energy of our employees and their resilient response to current difficult market conditions.

This year, key areas of employee development included:

- **Communication and engagement**

Each year we carry out an employee engagement survey and the responses to this provide a clear indicator of engagement levels within the Company. Despite an uncertain economy and substantial changes within the Company, this year saw a very positive overall response rate of 82%, while more than 88% of employees who responded were in agreement with the statement 'Overall I am satisfied working for the Land Securities Group'.

The improvement in engagement levels reflects additional investment in learning and development, culture and communication throughout the year.

We continue to encourage and enable excellent communication throughout the Company. Our Business Exchange programme has created a new way for employees to provide input and raise questions, while our popular 'Ask Francis' and Board question time sessions have enabled employees to ask questions directly to our Chief Executive and Board directors.

▪ **Reward and recognition**

Our challenge is to ensure our packages remain competitive against a range of comparable organisations and professions while reflecting the financial performance of the Company. We believe current levels of reward and recognition have achieved that balance and will continue to serve us well in terms of recruiting and retaining excellent employees.

This year the Board and Remuneration Committee took a proactive approach to bonuses by announcing there would be no bonus payments to Executive Directors. Across the Company we did pay bonuses, focusing on rewarding employees for their individual contribution against agreed personal targets. This is a fair approach that ensured we rewarded exceptional contributions by individuals.

For further information on pay and rewards please see pages 68-79.

▪ **Employment policies**

We work with a diverse range of communities, organisations and individuals, and we are committed to ensuring that Land Securities is a diverse and vibrant place where everyone is respected, valued, encouraged and treated fairly. Our policy is to ensure there is equal opportunities access for all and we always give full and fair consideration to applications from all parts of the communities in which we work. Our focus is on developing a diverse workforce, all of whom have access to learning and career development opportunities. Full consideration is given to application for employment from disabled persons, having regard to their particular aptitudes and abilities. The Group has continued the employment wherever possible of any person who becomes disabled during their employment. Opportunities for training, career development and promotion do not operate to the detriment of disabled employees.

In line with economic conditions, we have had to reduce employee numbers this year – a difficult but necessary commercial measure. We supported every individual, providing full outplacement support and as much notice as we could. We also successfully managed the complex task of transferring around 1,000 Trillium employees to the acquiring company, and communicated promptly and clearly during the hand-over – something many Trillium employees greatly appreciated.

Our approach to corporate responsibility

Responsibility is at the heart of the way we work. Our aim is to maintain a leadership position across areas such as sustainability, community relations and employee development so we continue to be recognised as a great company to work with and for. Given the physical and social effect of our work, particularly development, it is important that we take into consideration the views of the communities affected by our actions. Keeping good and open relationships with all stakeholders remains a central principle behind our approach [Table 25](#).

We have a long history of addressing environmental issues and improving the way we operate to support sustainability. This has been important to the business for many years, and it is increasingly important to those we work with and rely upon – customers, local authorities, central government, business partners, suppliers and the public.

You can find further coverage of our approach to corporate responsibility on pages 54-63 of this annual Report and in our Corporate Responsibility Reports, which are available at www.landsecurities.com. Given the sale of the Trillium business, we are redefining our corporate responsibility strategy to ensure it fully reflects the needs, commitments and ambitions of the London and Retail Portfolios. Our new strategy will be published during 2009.

[Table 25](#)
Development stakeholder groups

Stage	Stakeholder
Site assembly	<ul style="list-style-type: none"> ▪ Adjacent owners ▪ Local authorities
Design	<ul style="list-style-type: none"> ▪ CABE ▪ Energy consultants and BREEAM ▪ Heritage bodies ▪ Local authorities
Public consultation	<ul style="list-style-type: none"> ▪ Businesses ▪ Local authorities ▪ Residents ▪ Schools and other community organisations ▪ Transport
Planning	<ul style="list-style-type: none"> ▪ Department for Communities and Local Government ▪ Local authorities ▪ Local communities
Construction	<ul style="list-style-type: none"> ▪ Contractors ▪ Design team ▪ Local communities
Letting	<ul style="list-style-type: none"> ▪ Agents ▪ Occupiers