

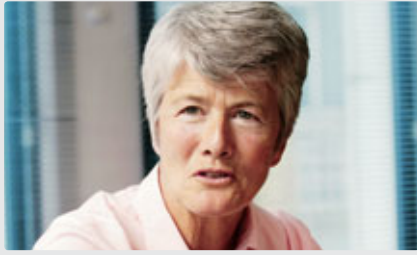
Our Chairman's message

Resilient response to an extraordinary market

—A letter from Alison Carnwath

[Alison Carnwath](#)

Chairman



“This Company is not fixed to conventional ways of doing things and we will take all necessary measures to deliver exceptional value for investors over time.”

[Alison Carnwath](#)

We have seen 12 months of high drama in the global economy, the financial markets and the UK business environment. Property asset values suffered steep falls and this trend has continued into the new financial year. As a shareholder you have seen the tangible effects of these straitened conditions – a rapid decline in the share price and a reduced dividend.

Demanding and unpredictable circumstances reveal character. Some in our industry have fallen prey to gloom and passivity. Others conduct a feverish search for green shoots. Land Securities has taken a different approach, responding with decisive, pragmatic actions today while positioning the business for growth tomorrow. We believe the current period of transformation will generate attractive opportunities and we will be ready to take advantage.

The very positive support shown for our recent Rights Issue speaks volumes for the inherent strength of the Company and its relationship with investors. Our last Rights Issue was 29 years ago, and shareholders recognised this year's initiative as a common sense response to exceptional times.

Before, during and since the Rights Issue the Company has continued to do everything necessary to create a resilient balance sheet, minimise costs and maximise income. From the sale of Trillium to the pause in development at Ebbsfleet, we have seized every opportunity to strengthen our position. We also cancelled plans to separate the Retail and London Portfolios. Land Securities is, and will remain, a diversified property company. We will use the flexibility of our funding structure and broad portfolio of prime assets to ensure we emerge from this downturn in excellent shape.

While the Company's long-established qualities of stability and integrity remain widely recognised, I also welcome the openness and creativity I have found. Ultimately, our strengths flow from two sources – first, our clear understanding of how to manage our business mix and skills to add value for shareholders; and second, our truly excellent people. Life has been demanding, and I am very disappointed that market dynamics required us to make redundancies, but the robust spirit within this Company is inspiring. I thank our employees for their positive attitude and commitment this year.

Table 7

Total shareholder returns*

	Over one year to 31/03/09	Over five years to 31/03/09
Land Securities	32.84	53.00
FTSE 100	69.00	103.22
FTSE 350 Real Estate	37.60	57.84
FTSE All Share Real Estate	34.11	47.00

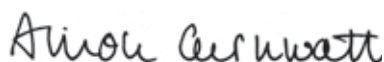
*Historical TSR performance in the value of a hypothetical £100.
Source: Datastream

In difficult times the rationale for extensive investment in corporate responsibility comes under sharp scrutiny. The value of our approach is clear. By developing a leadership position in areas such as sustainability, community relations and employee development, we ensure we are the sort of company people prefer to work with and for. Put simply, our investment in corporate responsibility makes us a more successful and sustainable business, and it will continue.

During the year our previous Chairman, Paul Myners, left the Board, as did Rick Haythornthwaite and Trillium Chief Executive, Ian Ellis. I thank them for their contribution to the Board and the business as a whole. The Board is now smaller and well balanced. The Non-executives are playing an active role in all aspects of strategy, performance and oversight. The Executive team, led by Francis Salway, has shown its mettle in the face of the formidable challenges affecting the Company and our industry. However, their dedication and hard work has not been reflected in the results and therefore as a Board we decided not to pay bonuses or grant salary increases for the Executive Directors this year.

The next 12 months will continue to make great demands on us all. The economic outlook remains murky. While there is little we can do about the wider environment, there is an enormous amount we can and will do to strengthen our own position. We will continue to focus on income and lettings to protect asset values. We will sell assets to reposition the portfolio ready for the resumption of economic growth. We will time our developments with precision. And we will be alive to opportunities where we can use our cash, banking support and terrific industry relationships to make astute acquisitions.

This Company is not fixed to conventional ways of doing things and we will take all necessary measures to deliver exceptional value for investors over time. I thank shareholders, customers, suppliers and colleagues for their tremendous support during a tumultuous year, and I look forward to reporting back to you in 12 months' time.



Alison Carnwath
Chairman

For a comprehensive review of our performance this year, please read our Chief Executive's report > p12-14 and the Financial review. > p18-23