



Landsec

Press release

Title Positioning Landsec for growth
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Positioning Landsec for growth

Landsec will today host a virtual capital markets day for analysts and investors. At this presentation Mark Allan, CEO, and his senior management team will explain the future strategic direction for the company and their priorities to create value for all stakeholders.

Mark Allan said “Today we are setting out a strategy that makes the most of Landsec’s strengths and positions the business for growth. It will build on existing areas of competitive advantage. It will position the business to benefit from long-term macro trends. And it will be built around a clear, authentic purpose so that it delivers value not just for shareholders but for all stakeholders.”

The strategy identifies four strategic priorities. These are to:

Optimise our central London business. Through targeted capital recycling to crystallise significant value already created and fund investment into growth opportunities, and by making the most of our proven development and asset management expertise

Reimagine our retail business. Our outlets portfolio continues to have good growth potential. However, there is an opportunity for a significant reimagining of the model within our six regional shopping centres

Realise and recycle capital from the disposal of subscale sectors over time, where we have little or no competitive advantage. These sectors are hotels, leisure and retail parks

Grow through urban opportunities. Seeking enhanced returns through significant investment in mixed use urban opportunities, from within our portfolio and through new investments in London and potentially other major UK cities

There are six key findings that underpin the future strategic direction of Landsec. These are:

- The quality of the central London portfolio – these assets represent 64% of the Landsec portfolio by value and are of a very high quality with long term leases to a strong tenant base, underpinning the financial strength of the company. London remains one of the world’s gateway cities and this portfolio represents a good source of liquidity over time, with clear potential to recycle capital out of some assets and reinvest into new growth opportunities.



- Talent – there is considerable experience, expertise and capability throughout the Landsec business which will continue to drive value creation. We will enhance our culture and organisation to make the most of our talent.
- The strength of the balance sheet – starting from a position of strength, with low leverage and a liquid portfolio, we can face the short-term challenges resulting from the pandemic and ensure that we are well positioned to capitalise on the opportunities which will arise over time.
- Retail – whilst this sector is facing clear structural challenges as a result of the emergence of online shopping, and these have been accelerated by Covid-19, not all retail is the same. Regional shopping centres have been most impacted by these challenges, but these represent only 13% of our portfolio and our shopping centres are amongst the very best in the sector. Of the balance, our outlets remain an attractive subsector, many of our suburban shopping centres offer significant repurposing potential and our investment in retail parks is modest.
- Portfolio mix – our review has highlighted that certain elements of our portfolio are subscale, where we have little or no competitive advantage, while some structural growth areas are under-represented. This presents an opportunity to refocus the portfolio over time.
- Covid-19 – this continues to have a profound effect on all of us. We are focused on proactively managing the short-term impacts of Covid on our business and working hard to ensure Landsec is positioned to take advantage of the significant opportunities that we expect to arise as we emerge from the pandemic.

Landsec has a proven track record of creating, and the potential to add, significant value through its portfolio and activities. We will therefore prioritise delivering above market total returns through the cycle. Income will be an important component of our property returns but we do not believe it should be the key driver. This approach will enable us to increase our focus on delivering true value creation. Delivering our strategy will involve taking more operational risk and this will be offset through lower levels of financial gearing.

Our four strategic priorities make clear the roles played by the different parts of our portfolio. Our central London portfolio is a long-term driver of value for shareholders as well as a source of capital for reinvestment; our regional retail assets are an opportunity to further enhance our outlets and reimagine our regional shopping centres; our subscale sectors represent capital which can be better deployed in areas where we have competitive advantage; and urban opportunities will be a significant source of growth and enhanced returns over time.

We are positioning Landsec for growth.

Ends



Presentation details

The virtual capital markets day will commence at 09:00 BST and the presentation slides will be available on our website from 08:45 BST. To register for the conference call or to watch the webcast of the presentation, please go to <https://landsec.com/investors/results-presentations>

There will be a Q&A facility on both the webcast and conference call, and a replay of the event will be available at the same address by tomorrow morning.

About Landsec

At Landsec, we believe great places are for people to experience and are made with the experience of great people.

As one of the largest real estate companies in Europe, our £12.8 billion portfolio spans 24 million sq ft (as at 31 March 2020) of well-connected, experience-led retail, leisure, workspace and residential hubs, with a growing focus on London. From the iconic Piccadilly Lights in the West End and the regeneration of London's Victoria, to the creation of retail destinations at Westgate Oxford and Trinity Leeds, we own and manage some of the most successful and memorable real estate in the UK.

We aim to lead our industry in critical long-term issues – from diversity and community employment, to carbon reduction and climate resilience. We deliver value for our shareholders, great experiences for our customers and positive change for our communities. At Landsec, everything is experience.

Find out more at landsec.com

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