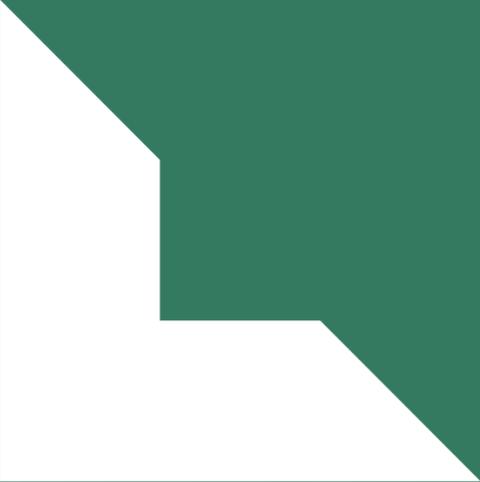


Our annual results

For the year ended 31 March 2020

@LandsecGroup
Landsec.com



Landsec

Introduction

Mark Allan

Chief Executive



Landsec

Introduction

Reflections on Landsec

Strength and resilience

- Our people's quick response to the pandemic
- Working proactively and collaboratively together and for our customers
- Quality of our portfolio and financial resources

Leadership in sustainability

- Commitment to tackling climate change
- Our responsible actions on Covid-19

Opportunities for change in challenging times

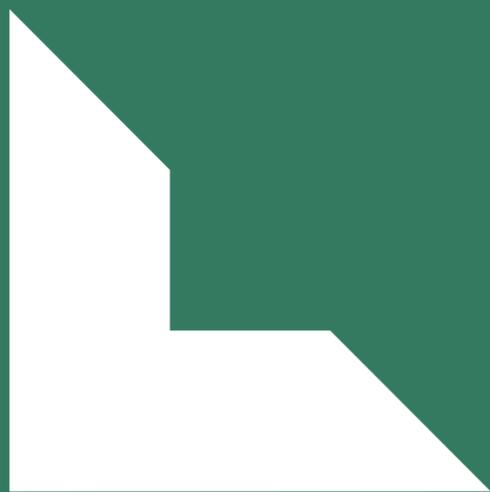


Cardinal Place, SW1

Financial results

Martin Greenslade

Chief Financial Officer



Landsec

Our year in context

Continuation of the trends in H1.... until March

	Office	Specialist	Retail
April 19 to mid-March 2020	<p>Healthy market conditions</p> <p>Portfolio virtually full</p> <p>Myo and Fitted going well</p> <p>Demonstrable progress on development plan</p>	<p>Leisure and hotels virtually full</p> <p>Good demand from consumers and operators despite headwinds in F&B market</p> <p>Cinema attendance up</p> <p>Hotel revenues flat</p> <p>Piccadilly Lights ahead of expectations</p>	<p>Nuanced markets</p> <p>Outlets and London steady</p> <p>Regional retail and retail parks impacted by declining values and poor investor sentiment</p>
Mid to end-March 2020	<p>Our office assets are open with 10% usage</p> <p>Development programme delayed</p>	<p>Leisure and hotel assets closed</p> <p>Rental income down</p>	<p>Shopping centres still open but only essential shops trading</p> <p>Significant reduction in rental income</p> <p>Landsec providing support to help sustain customers and the industry</p>

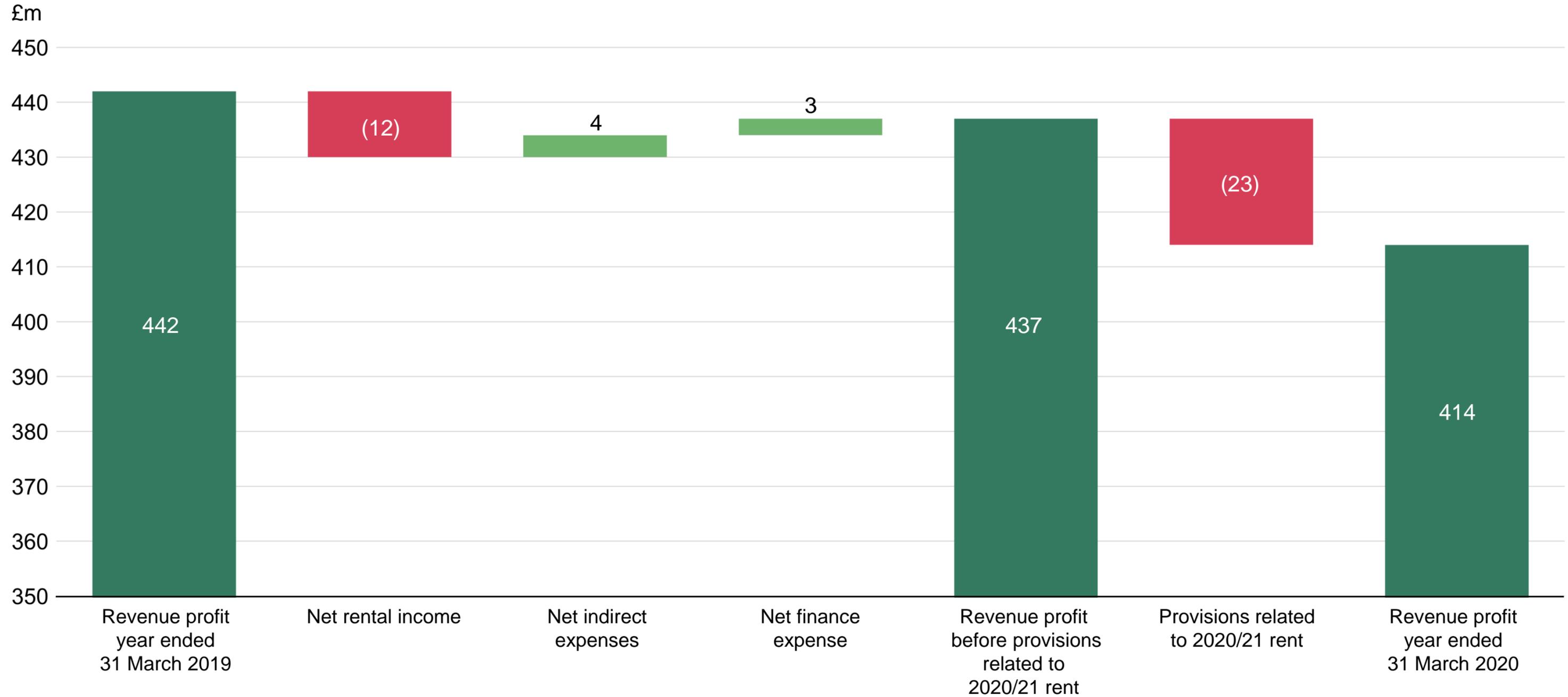
Financial summary

31 March 2019		31 March 2020	% change
£442m	Revenue profit ⁽¹⁾	£414m	-6.3
£(557)m	Valuation deficit ⁽¹⁾	£(1,179)m	-8.8 ⁽²⁾
£(123)m	Loss before tax	£(837)m	
59.7p	Adjusted diluted earnings per share ⁽¹⁾	55.9p	-6.4
1,348p	EPRA net tangible assets per share	1,192p	-11.6
45.55p	Dividend per share	23.2p	-49.1

(1) Including our proportionate share of subsidiaries and joint ventures

(2) The percentage change for the valuation deficit represents the fall in value of the Combined Portfolio over the year, adjusted for net investment

Revenue profit



Net rental income analysis



How has Covid-19 impacted valuations?

Reduced portfolio valuation by c.£380m

ERVs unchanged

Loss of income is reflected in the capital deduction

Capital deductions on Retail and Specialist

3 months' rent deducted across both segments

+ 3 months more on London retail

+ 4 months more on hotels

Equivalent yields pushed out

+15-35 bps on outlets

+25-50 bps on regional retail, retail parks and leisure

+25 bps on hotels⁽¹⁾

Very little Covid-19 impact on London yields (Office and Retail)

Extended voids

+3 months on all Office voids – but limited impact in our well let portfolio

Extended voids in Retail varying by location

Delayed development completion

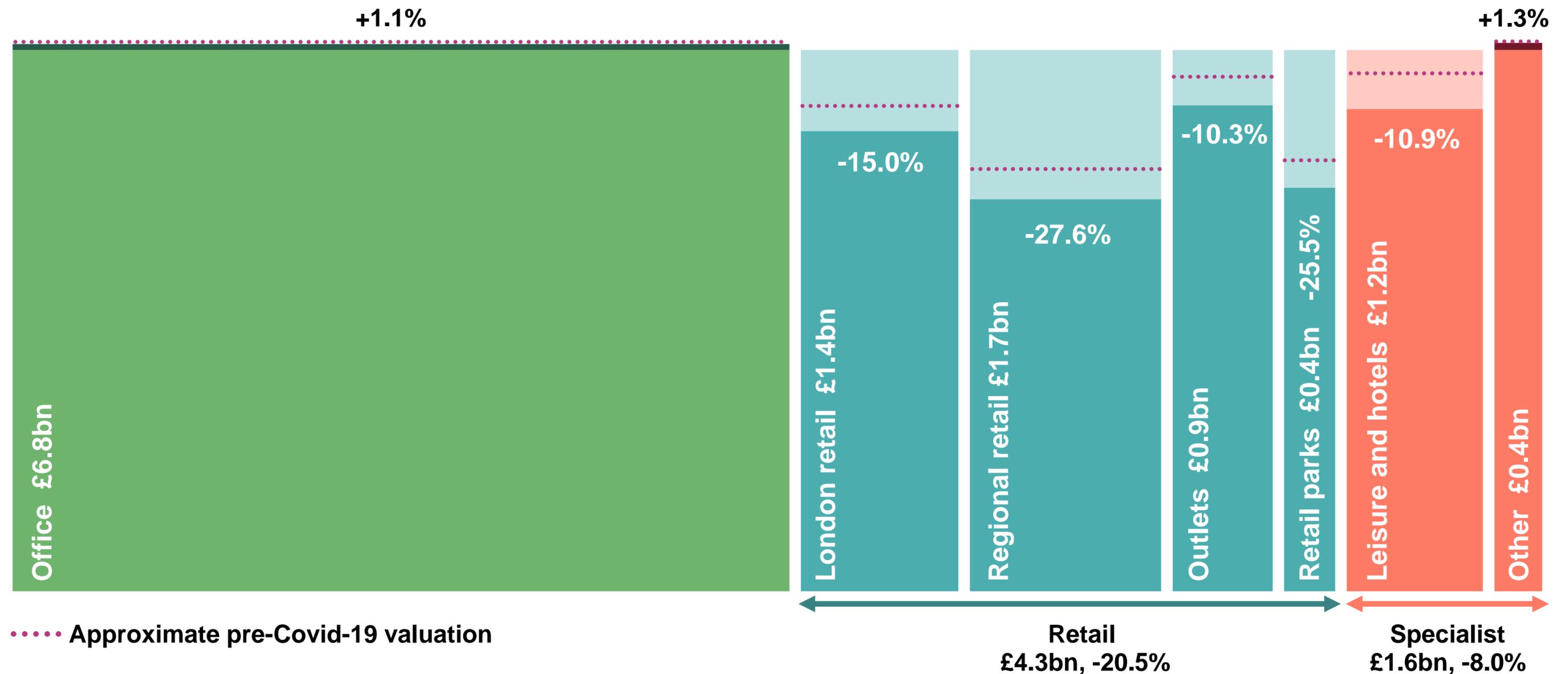
6-month assumed delay in practical completion⁽²⁾

(1) Discount rate applied was +25bps. Our hotels are generally turnover-only and are valued on a 10-year discounted cash flow

(2) The valuer's blanket estimate of a likely purchaser's expectation of practical completion at the time of the valuation and not reflective of our latest view scheme-by-scheme. See appendices for expected impact of Covid-19 on PC

Combined Portfolio valuation

£12.8bn portfolio, valuation declined 8.8%
 One third of the decline attributable to Covid-19



Year end financing position

A strong position with available resources

Year end cash balance to cover commercial paper and provide liquidity buffer

Average cost of debt 1.8% (2.4% cost of net debt)

Group LTV 30.7%

Next bond expected debt maturity: £10m in September 2023

Cash and available facilities £1.2bn

	31 March 2020
	£m
Bond debt	2,350
Bank debt	1,944
Commercial paper	977
Other	23
Net cash	(1,368)
Adjusted net debt	3,926

Looking ahead

Huge impact in business from Covid-19 over last 2 months

- Increased valuation deficit by around £380m
- Reduced income by £5m
- Provided £23m in respect of next year's rent

Very difficult to predict level of rent payment in June

Turnover rent accounted for c.£38m of income in 2019/20

No income from Portland House (2019/20: £11m)

Committed development expenditure c.£340m
1/3 spent in next 6 months if sites remain open

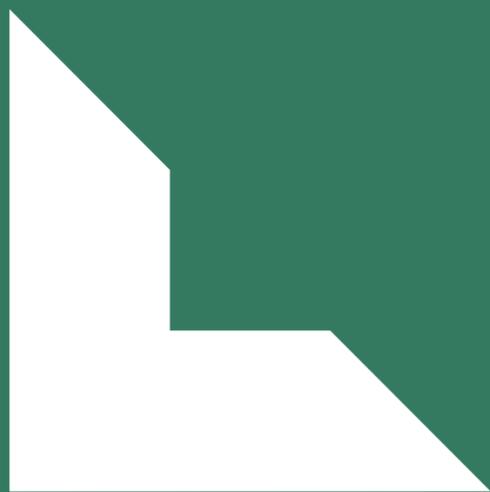
Robust balance sheet and considerable liquidity



Portfolio review

Colette O'Shea

Managing Director



Landsec

Supporting our people, partners and communities

Our staff are on full pay

Invested in technology to enable flexible working

Supporting our critical service providers

Work continues on site with additional safety measures

Daily contact with our customers

Increasing our contributions to charities

Free car parking for NHS staff at our retail destinations



Piccadilly Lights, W1

A summary of our year to 31 March 2020

98% let

£39m of investment lettings

— £23m office rent reviews, 7% above passing rent

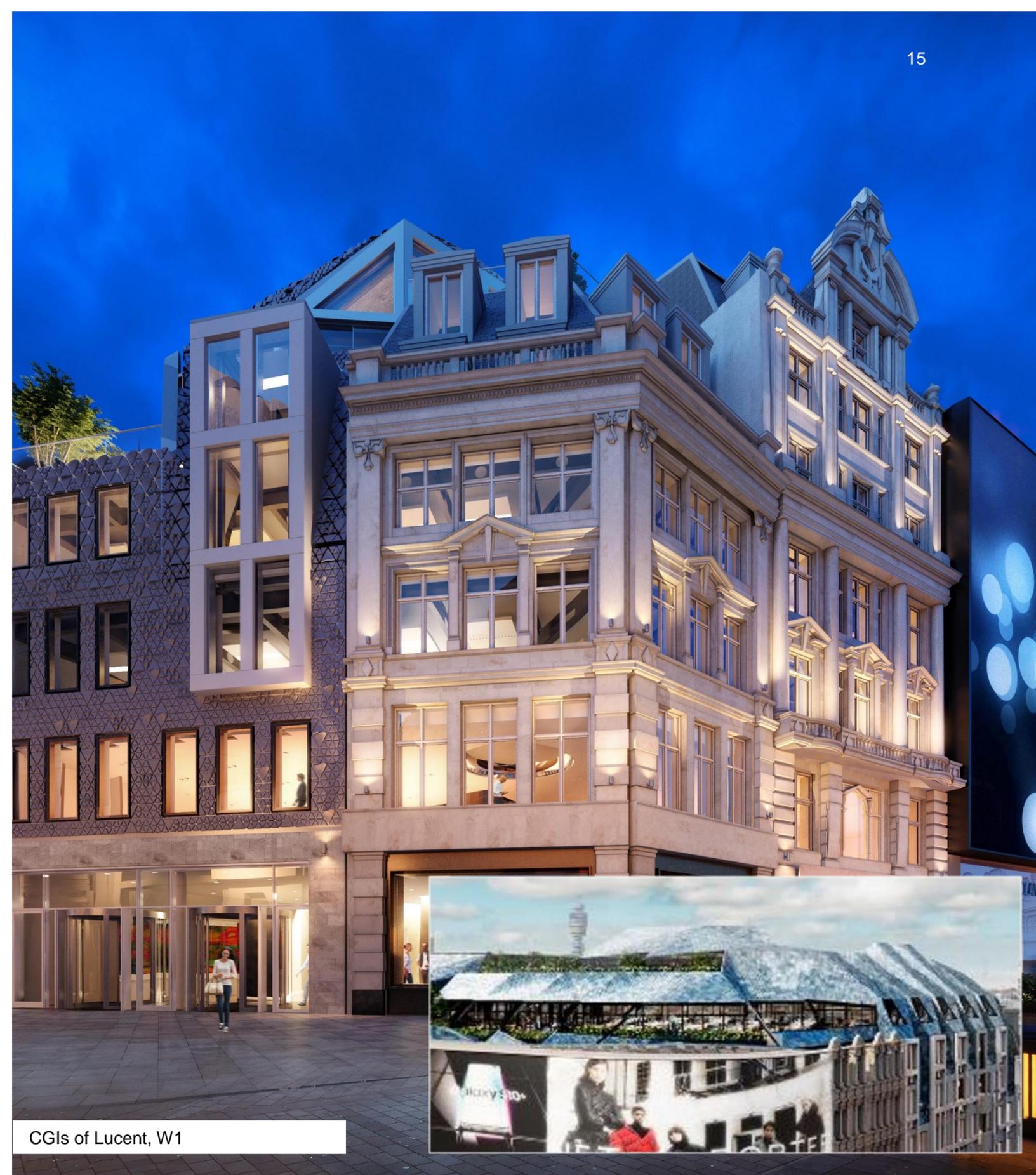
Group like-for-like net rental income down 1% (excluding £23m provision for next year's rent)

Our office WAULT is 8.1 years

Outperforming sales and footfall benchmarks

Progressing and widening retail re-purposing plans

1.0m sq ft of London development pipeline on site with flexibility to phase programmes



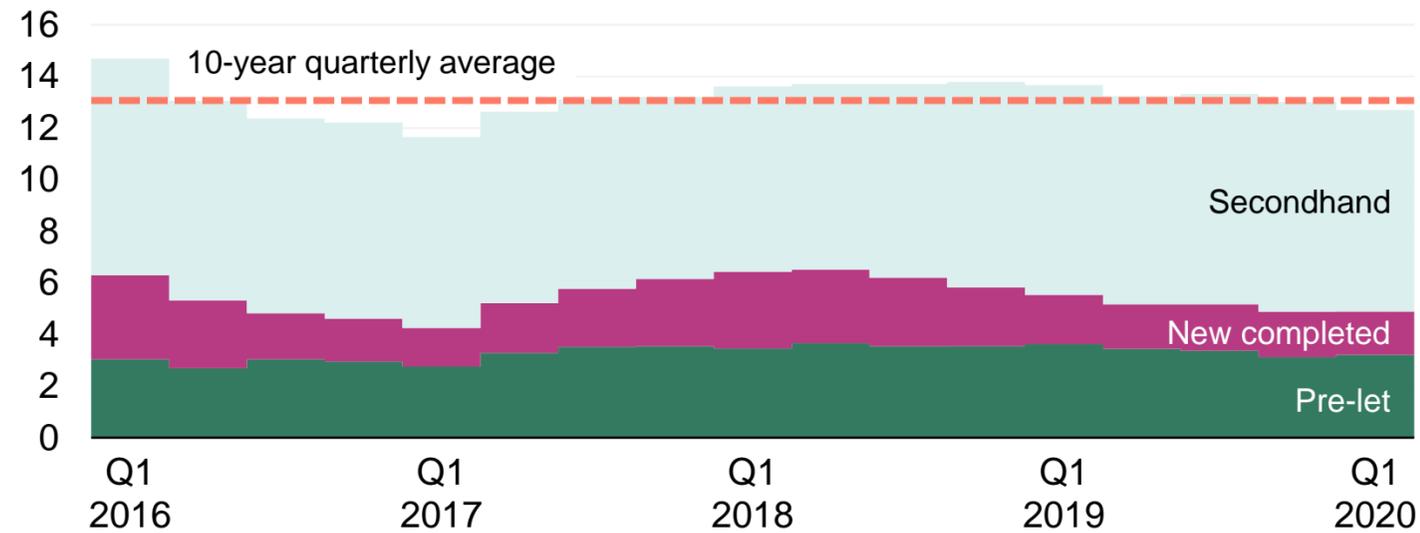
CGIs of Lucent, W1

Office markets mixed in H2

Vacancy up, but speculative developments are pre-letting well

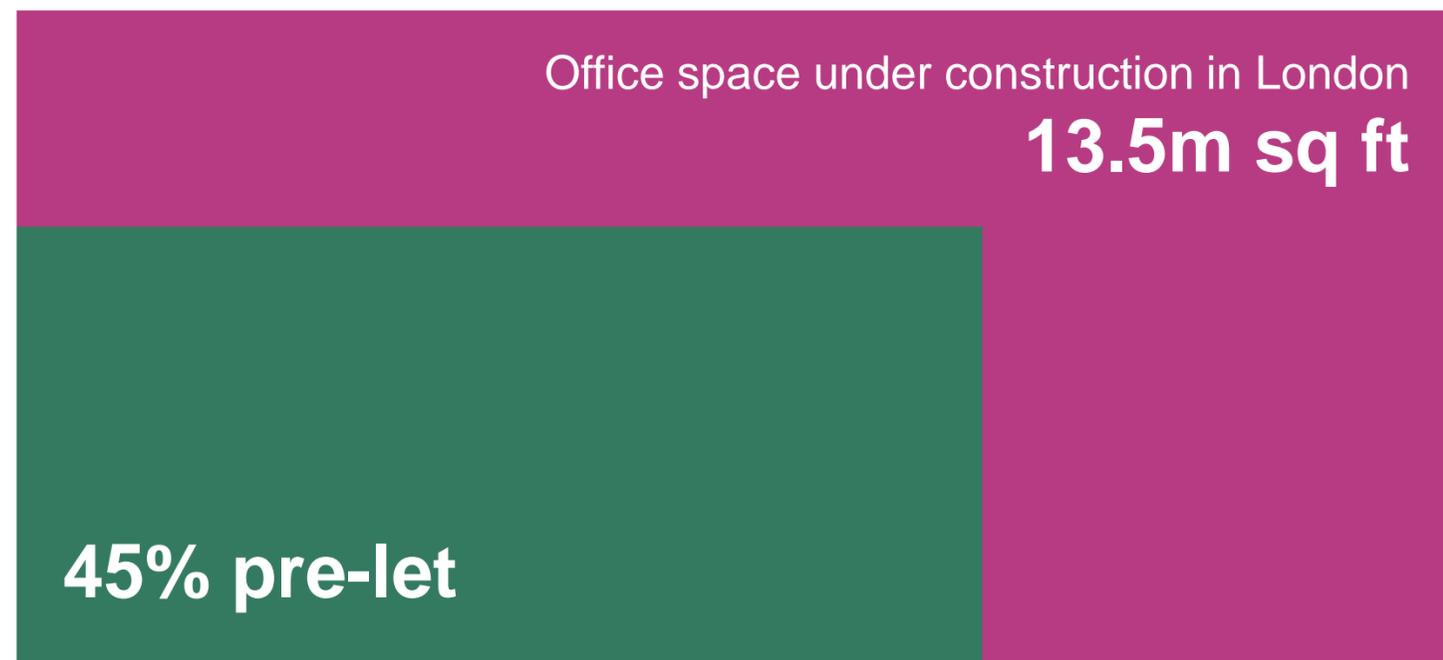
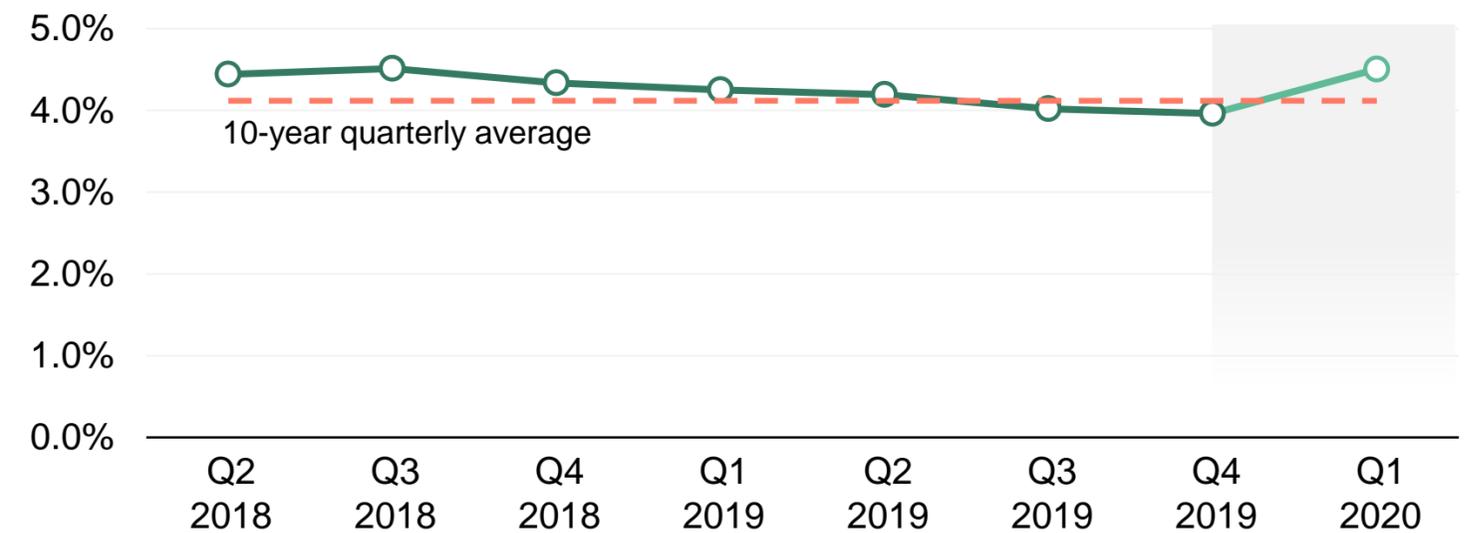
Take-up 7% down on long-term trends in the second half

London 12-month rolling quarterly take-up (£ per sq ft)



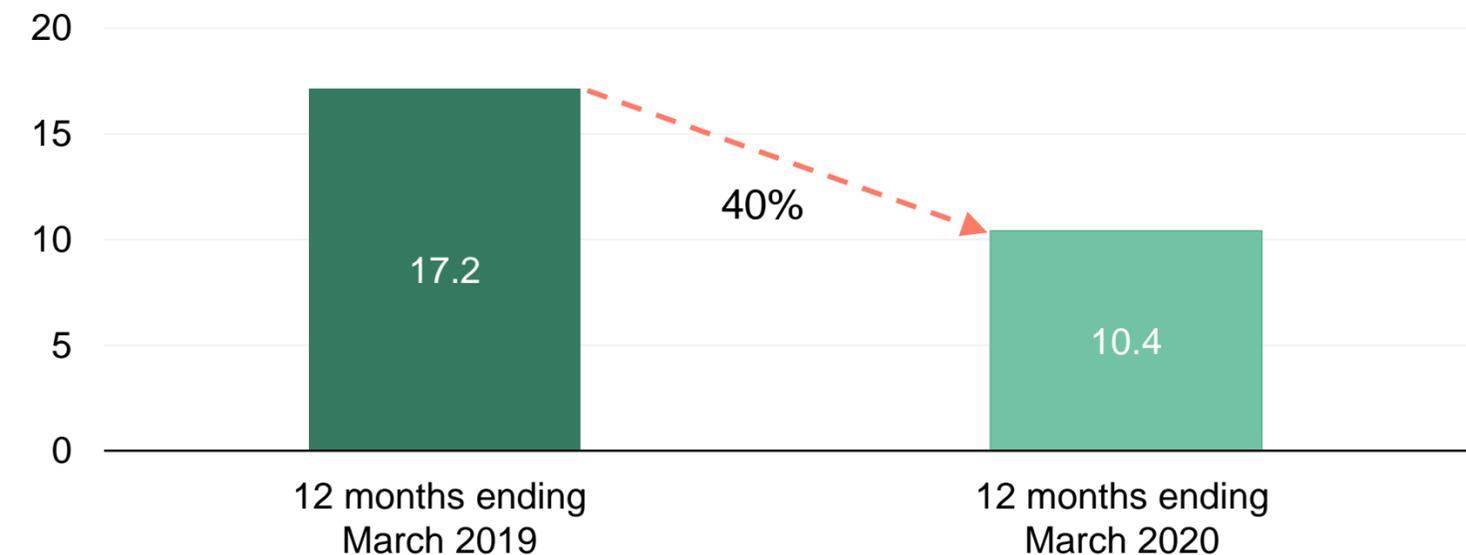
Central London vacancy rate up to 4.5%

Vacancy rate



12-month investment volumes down 40% on 2019

London office investment vols (£bn)



Office

Our current position and immediate plans

Offices 99% let

All of our buildings open

Usage only 10%

Facilities management reduced to a minimum

Like-for-like net rental income up £7m

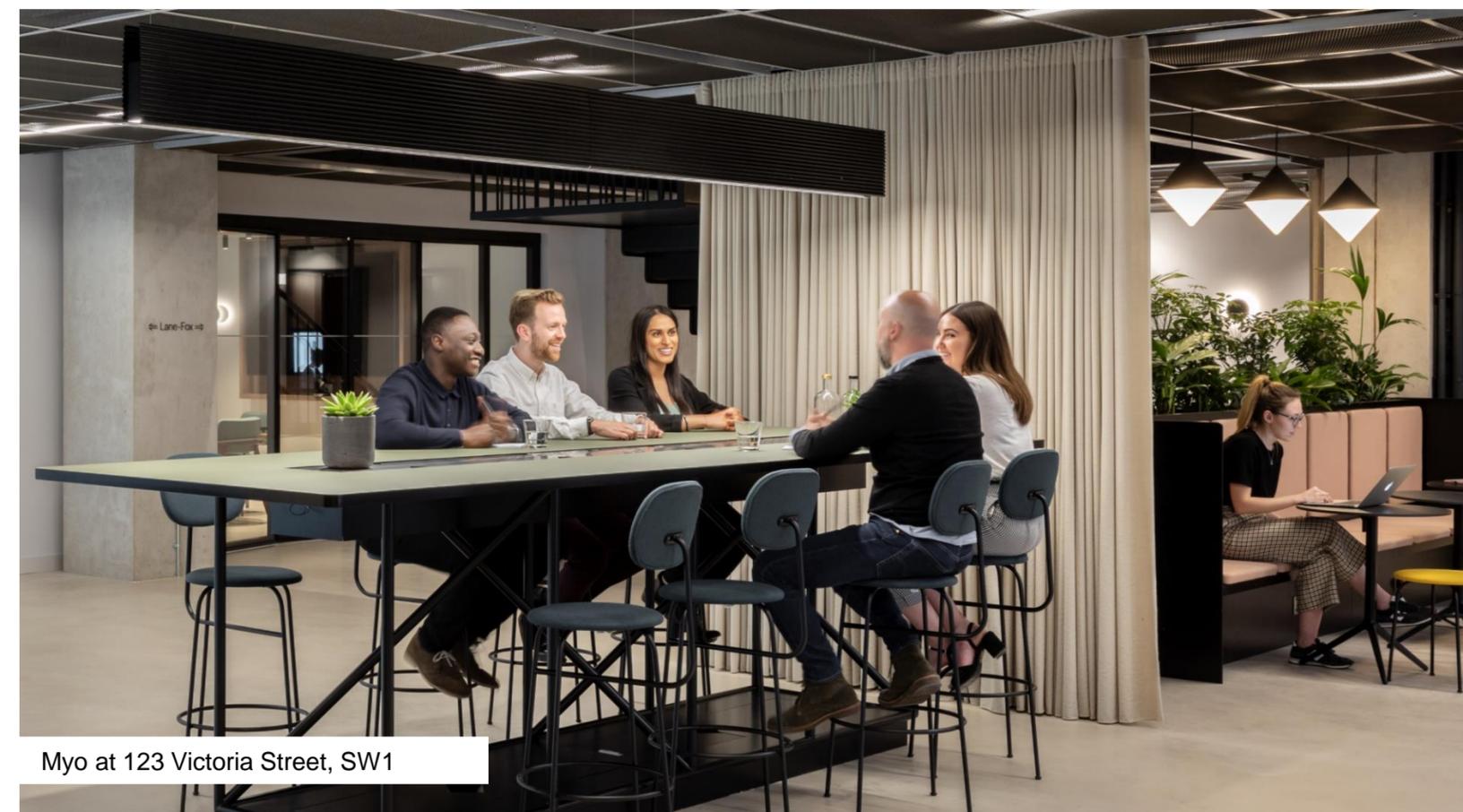
89% of the rent due at the year end received

Fitted and Myo flexible products

- Fully let ahead of plan
- Draw for HQ operators



Fitted at 123 Victoria Street, SW1



Office

Resilient portfolio

Portfolio constructed with change in mind

- Need for healthy buildings with plenty of fresh air and good lifting capacity
- Lower occupation densities
- Flexibility that allows for layout changes
- Supporting more flexible working practices

HQ occupiers' demand for quality, safety and security of infrastructure cannot be replicated at home



Dashwood House, EC2

Retail

Our performance pre-Covid-19

Sales 4.1% above benchmark

Footfall 2.5% above benchmark

94 units/31 customers in CVA/Administration

— 29% of those units closed

— One third of lost income replaced over last three years

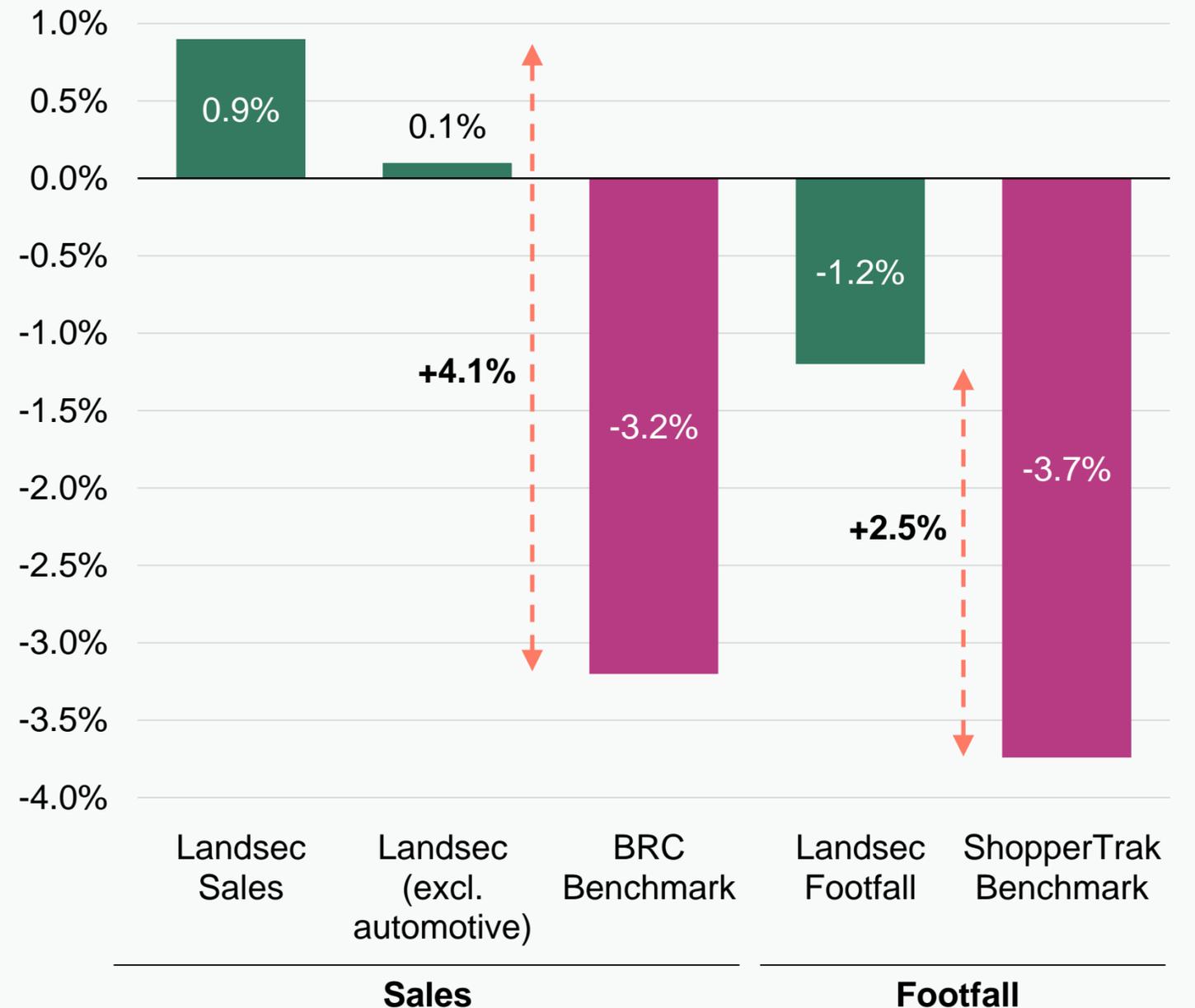
£10m impact on LFL net rental income, 1.7% of group net rental income

— Excludes £19m provision for next year's rent

Pre-Covid-19 services charges were cut by 4%. Additional saving of over 20% for lockdown period

Sales and footfall outperforming benchmarks

11 months to February 2020 vs same period last year



Landsec sales are same centre. The BRC Benchmark used is non-food in-store total.

Figures for the 12 months to March 2020 include the impact of the Covid-19 lockdown and are as follows:

— Landsec same centre sales: -3.8%; excluding automotive: -4.5%; benchmark: -6.0%.

— Landsec footfall: -4.3%; benchmark: -6.5%.

Retail

Impact of Covid-19

Only sites with essential operators are trading

— Chemists and supermarkets remain open

— 38% of rent due at year-end received

Talking with over 500 retailers

Covid-19 has accelerated structural issues

Working in partnership with our customers



Retail

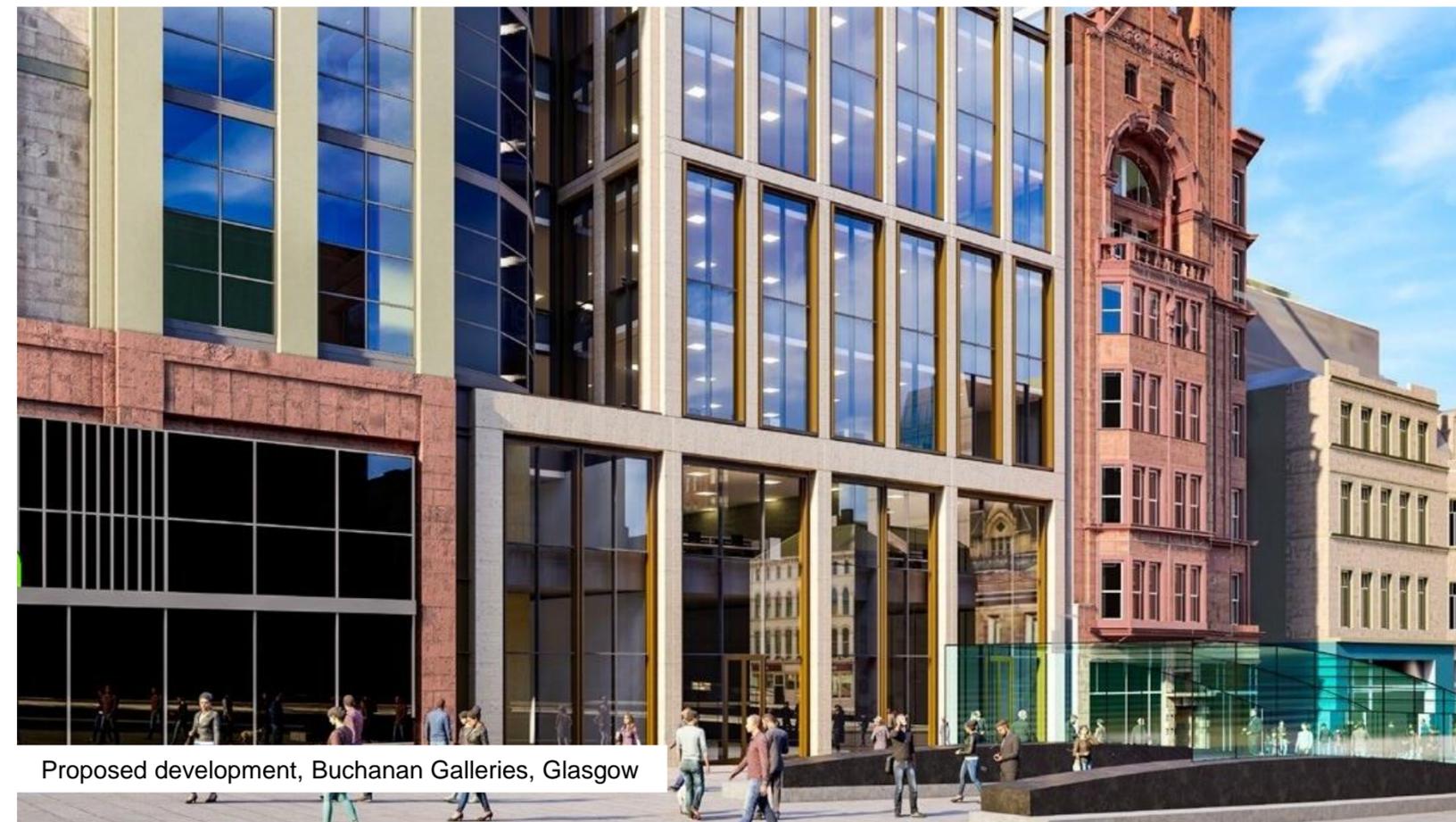
Continuing to progress re-purposing

Potential for new homes expanded over 75% to c.7,000 homes across four London sites

- O2, Finchley Road
- W12, Shepherd's Bush
- Lewisham Shopping Centre
- Southside, Wandsworth

Masterplanning for introduction of residential and office at Buchanan Galleries

- Planning application submitted for 120,000 sq ft office on adjacent site



Specialist

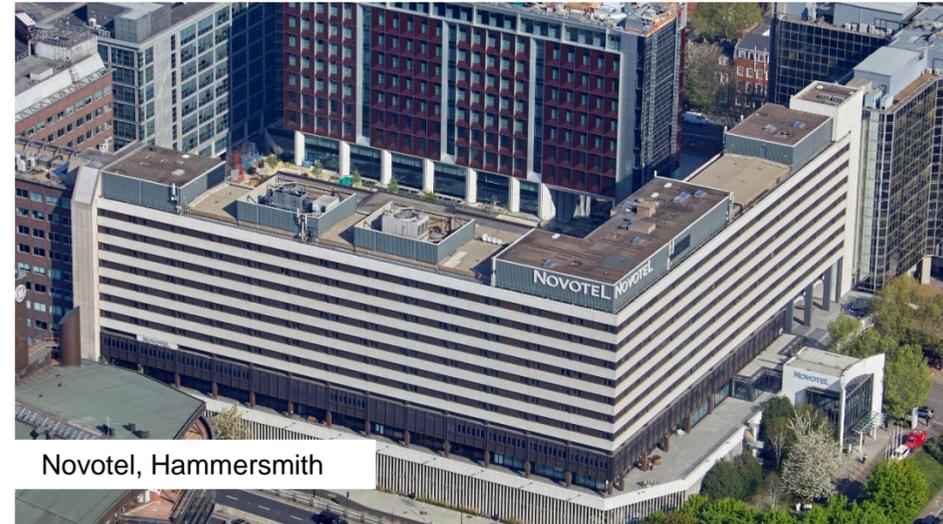
Leisure, Hotels and Piccadilly Lights



Leisure

Like-for-like net rental income down £1m

All leisure parks and cinemas closed



Hotels

18 out of 23 hotels closed

£26m of turnover-only income in 2019/20

Potential underlying site values ahead of book value



Piccadilly Lights

Shorter-term leasing activity has diminished. Bookings in place for later this year

Rent on the three longer-term leases has been paid

Offering Public Health England free space

Supporting our occupiers through the crisis

£80m rent support fund helping our customers

Reviewed on a case-by-case basis

Focusing first on independent businesses and F&B providers



Development

Progressing with optionality

1.0m sq ft on site

Flexible programme with optionality to stop

Had expected to commit another £700m of TDC by March – now deferred

Unspent committed development capex now only £340m

Main commitment of £273m at 21 Moorfields which is pre-let

- Completion date currently up to 2 months later due to Covid-19
- Already +3 months due to tenant changes but does not impact rent start date



CGI of 21 Moorfields, EC2

Development

Progressing with optionality

Lucent, Nova East and Sumner Street

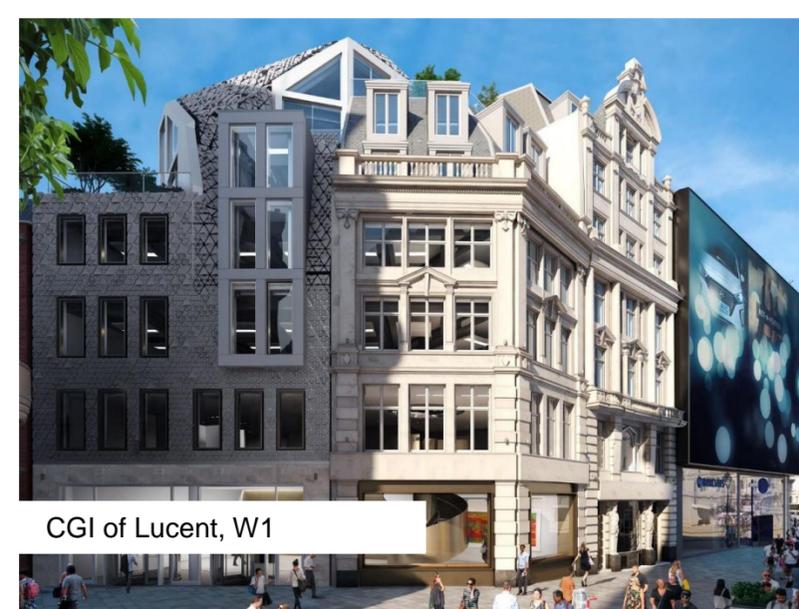
- All building to grade
- Optionality over further commitment
- Continuing under current safety requirements

Portland House offices vacant as planned

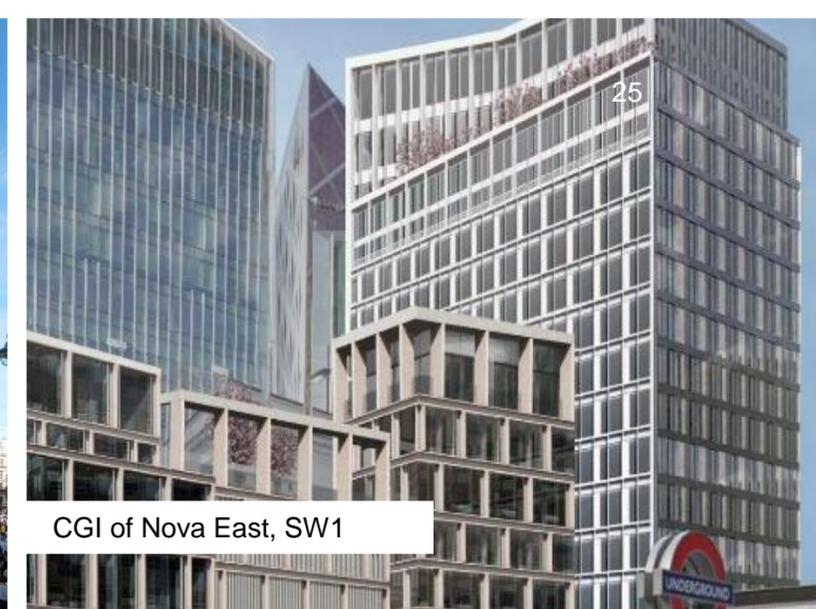
- Stripping out and developing design

Lavington Street and Red Lion Court

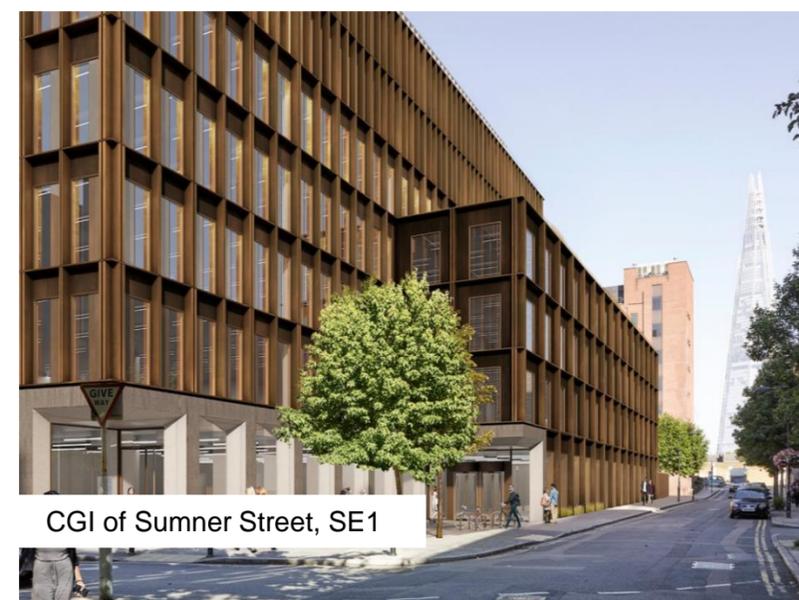
- Pursuing planning applications



CGI of Lucent, W1



CGI of Nova East, SW1



CGI of Sumner Street, SE1



CGI of Portland House, SW1



CGI of Lavington Street, SE1



Red Lion Court, SE1

A business with strength and resilience

Before the world changed...

Office portfolio is full with strong occupier profile

Fitted and Myo ahead of business plans

Shopping centres were outperforming the market

Good progress re-purposing our retail assets in city locations

1.0m sq ft of development on site



Cardinal Place, SW1

A business with strength and resilience

Looking ahead

Office portfolio has resilient buildings and customer base

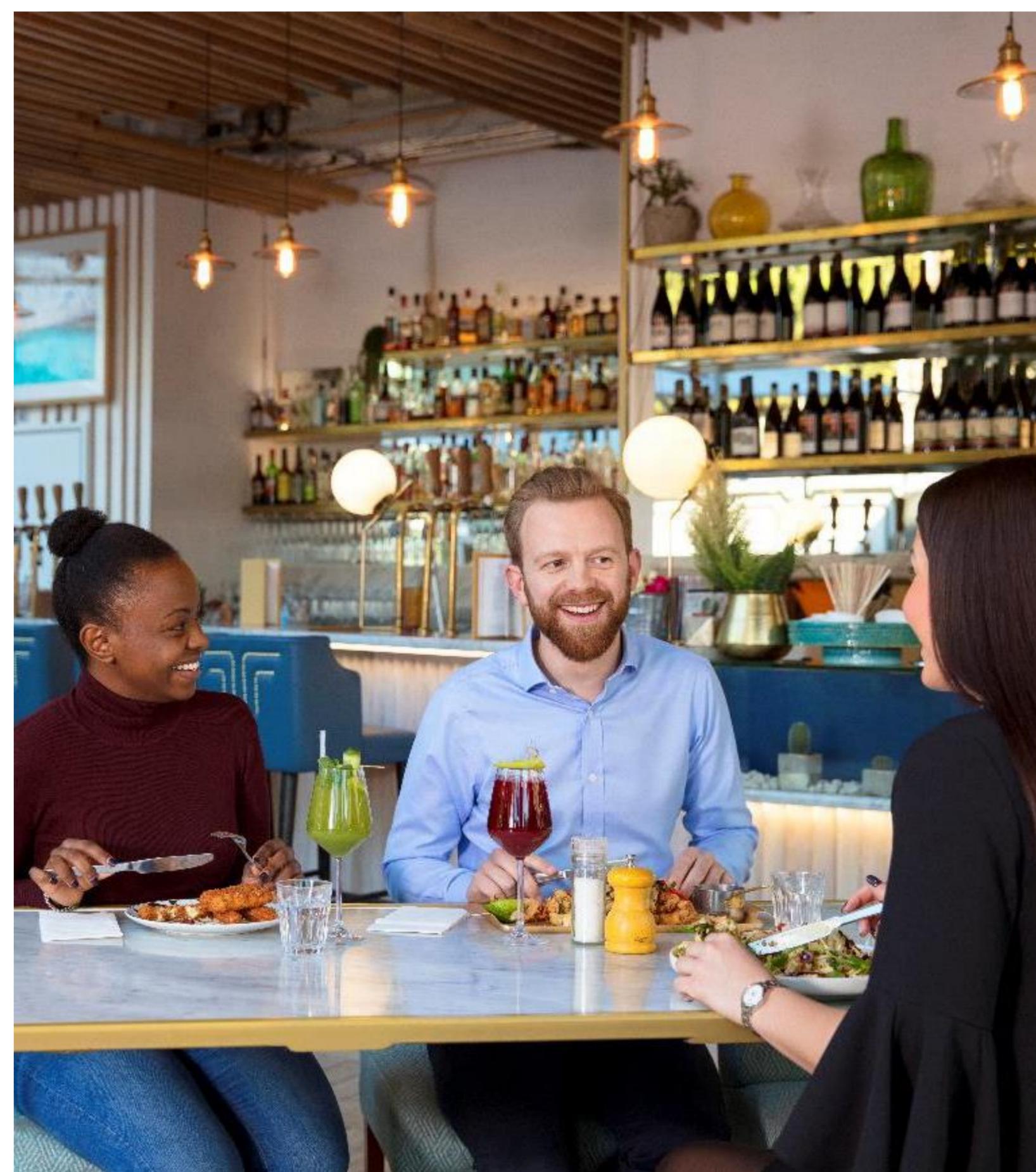
Ability to adapt to changing occupier needs

Partnering with customers to find solutions

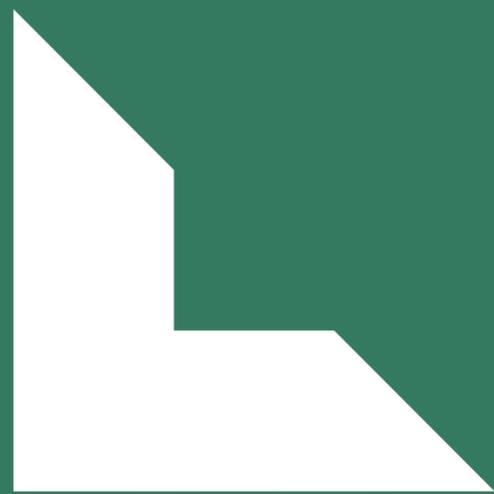
Accelerating work to re-purpose retail

Progressing the development programme whilst maintaining optionality

Getting 24m sq ft of real estate open and in use



Mark Allan
Chief Executive



Landsec

Covid-19

Facing a mixed but significant impact across the portfolio from a position of strength



Office

Resilient with a powerful combination of secure income

Strong customer base and adaptable estate



Retail

Quality portfolio outperforming sales and footfall benchmarks coming into the crisis

Committed to working collaboratively with our customers and partners

Established an £80m rent support fund

Balance between protecting income and supporting our customers



Specialist

Higher exposure to leisure, F&B and hotels

Partnership approach

Our short-term focus

Working collaboratively towards the new normal

Our portfolio will be affected by ongoing social distancing restrictions

Working collaboratively with customers to find solutions, provide support and protect our income

June collection rates expected to be lower than March

Retail and Specialist valuations to weaken further with Office performance more nuanced

Use the flexibility within our development programme to adapt our approach appropriately

Developing three potential recovery scenarios to guide decision making



CGI of Nova East, SW1

Longer-term

Responding proactively to long-term impacts

Retail

Pre-existing structural trends may now be accelerated to less than a year

Planning for more business failures, higher vacancy rates and downward pressure on rents

Office

Accelerated trend towards flexible working and healthier, more adaptable workplaces

Higher occupational densities may slow or reverse

Critical to anticipate the long-term outcomes and act on their opportunities



CGI of Portland House, SW1

Summary

Considering our long-term strategic direction

Positioning the business to benefit from long-term trends whilst building on heritage and existing Landsec capabilities

Expect to share outcomes of this work later in the year

Our collaborative approach to working with our customers and significant support to our charities and communities

Leading the way in our commitment to be net zero by 2030

Approaching the future from a position of strength and resilience in our high-quality portfolio, the depth of capability in our people and our significant financial capacity



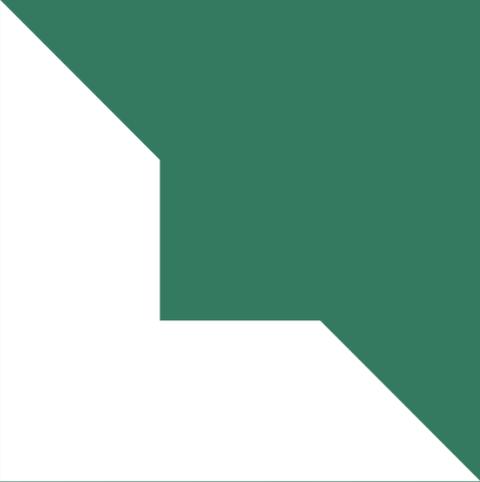
Cardinal Place, SW1

Q&A

Our annual results

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