Landsec

100 Victoria Street
London SW1E 5JL
+44 (0)20 7413 9000
landsec.com

Press release

Title **Half-yearly results for the six months ended 30 September 2017**

From **Land Securities Group PLC ("Landsec")**

Date 14 November 2017

This announcement contains inside information.

"Landsec reports a strong operational performance in the first half, with our highest levels of leasing activity since the global financial crisis, opportunistic buying and profitable disposals. We've continued the active management of our balance sheet, returning £475m of capital to shareholders and also lowering our cost of debt and lengthening its duration", said Landsec's Chief Executive, Robert Noel.

"Revenue profit is up 5.2% and adjusted diluted earnings per share are up 5.8%. While the valuation of the Combined Portfolio is little changed, adjusted diluted net asset value per share is up 1.1% as the cost of debt management has been more than offset by the effect of the 15 for 16 share consolidation accompanying the return of capital.

"In London, the sale of 20 Fenchurch Street, EC3 at an exceptional price demonstrated our disciplined approach to managing capital. The sale crystallised a 170% profit on cost and significant value for shareholders. At 21 Moorfields, EC2, the quality of our product, our reputation for delivery and the strength of our partnership approach saw us secure a significant pre-let in the City of London, with Deutsche Bank committing to a minimum of 469,000 sq ft.

"In Retail, we launched Westgate Oxford, the largest retail and leisure destination to open in the UK this year – another example of our continual focus on delivering the best experience for our customers. During the period, we completed the acquisition of three outlet destinations, demonstrating our commitment to this growing and resilient sector, and establishing our position as the largest owner-manager of outlets in the UK.

"The headwinds of Brexit are beginning to show in the economy. However, our balance sheet is healthy and we have the talent, firepower and experience to thrive."

Results summary

	Six months ended 30 September 2017	**Six months ended 30 September 2016**	**Change**
Revenue profit(1)(2)	£203m	£193m	Up 5.2%
Valuation deficit(1)(2)	£(19)m	£(260)m	Down 0.1%(3)
Loss before tax	£(33)m	£(95)m	
Basic loss per share	(4.3)p	(12.1)p	

Adjusted diluted earnings per share(1)(2)	25.7p	24.3p	Up 5.8%
Dividend per share	19.7p	17.9p	Up 10.1%
	30 September 2017	**31 March 2017**	
Basic net assets per share	1,468p	1,458p	Up 0.7%
Adjusted diluted net assets per share(1)	1,432p	1,417p	Up 1.1%
Group LTV ratio(1)(2)	21.8%	22.2%	
Pro forma Group LTV ratio(1)(2)(4)	25.1%	n/a	

1. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRS. For further details, see table 15 in the Business analysis section.
2. Including our proportionate share of subsidiaries and joint ventures, as explained in the Financial review.
3. The % change for the valuation deficit represents the decrease in value of the Combined Portfolio over the six month period, adjusted for net investment.
4. Pro forma Group LTV is adjusted for the £475m capital distribution to shareholders, which was paid in October 2017.

Activity

— £9m of investment lettings
— £6m of development lettings
— Pre-letting of 21 Moorfields, EC2 to Deutsche Bank
— Acquisitions, development and refurbishment expenditure(1) of £463m
— Disposals(1) of £830m
— £775m (nominal) of bonds repurchased and £1bn of new issuance
— Capital distribution to shareholders of £475m accompanied by a 15 for 16 share consolidation(2)
— Supported the 1,000th person from a disadvantaged background into employment through our award winning Community Employment Programme, which we launched in 2011

Performance

— Ungeared total property return(1) of 2.5% (IPD Quarterly Universe 5.0%)
— Total business return(3) of 2.5%
— Combined Portfolio(3) valued at £14.2bn, with a valuation deficit(3) of 0.1%
— Voids in the like-for-like portfolio(1)(4): 2.9% (31 March 2017: 2.9%)

Financials

— Group LTV ratio(3) at 21.8% (31 March 2017: 22.2%), based on adjusted net debt(3) of £3.2bn (31 March 2017: £3.3bn)
— Pro forma Group LTV ratio(2)(3) at 25.1%, based on pro forma adjusted net debt of £3.6bn(2)(3)
— Weighted average maturity of debt at 15.1 years (31 March 2017: 9.4 years)
— Weighted average cost of debt at 3.8% (31 March 2017: 4.2%) and pro forma(2) 3.4%
— Cash and available facilities of £1.8bn
— First half dividend of 19.7p, up 10.1%

Development

- Nova, Victoria, SW1, now 75% let or in solicitors' hands
- Successful launch of Westgate Oxford, now 93% let or in solicitors' hands
- Selly Oak, Birmingham, now also 93% pre-let or in solicitors' hands and student accommodation pre-sold
- Exchanged an agreement to lease with Deutsche Bank at 21 Moorfields, EC2, for a minimum of 469,000 sq ft

Recognition

- Winner: Refurbished / Recycled Workplace 2017 at the National BCO Awards for 20 Eastbourne Terrace, W2
- Winner: Impact on the Environment 2017 at the BIFM Awards for the London Portfolio
- Awarded a position in this year's Climate A List by CDP, in which only 5% of companies participating in its climate change programme are featured
- Achieved highest ranking in the Dow Jones Sustainability Index (UK Real Estate sector), with a score in the 92nd centile
- WELL™ Silver Certification awarded by The International WELL Building Institute for 100 Victoria Street, SW1
- BREEAM 2014 Outstanding awarded for 100 Victoria Street, SW1, the highest rated office fit out globally

1. For further details, see the Business analysis section.
2. All accounting entries for the capital distribution to shareholders and share consolidation have been included in these half-yearly results, following approval by shareholders on 27 September 2017. Pro forma figures for Group LTV, adjusted net debt and weighted average cost of debt are adjusted for the capital distribution, which was paid in October 2017.
3. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRS. For further details, see table 15 in the Business analysis section.
4. Like-for-like voids now exclude the screen at Piccadilly Lights, W1. Comparative figures have been restated. For further details, see the London Portfolio section.

All measures above are presented on a proportionate basis, as explained in the Financial review.

Ends

A live video webcast of the presentation will be available at https://webcast.landsec.com/2017-18-half-yearly-results at 09.00 GMT. Please also note that there will be an interactive Q&A facility during the webcast. A downloadable copy of the webcast will then be available at the same address from 3pm.

We will also offer an audio conference call. We recommend that you dial in to the call 10-15 minutes before the start of the presentation due to the large volume of callers expected. Dial-in details are as follows:
Dial-in number: +44 (0)20 3059 8125
Call title: Landsec 2017 half-yearly results

A short video summarising our results is available at landsec.com/investors

About Landsec

At Landsec, we believe great places are for people to experience and are made with the experience of great people. As the UK's largest listed commercial property company, with 23.7 million sq ft of real estate and a portfolio valued at £14.2 billion, we own and manage some of the most successful and recognisable assets in the country.

In London, our portfolio totals more than £7.8 billion, and consists of 6.5 million sq ft of real estate. From the world-famous Piccadilly Lights to the transformation of Victoria, SW1, we deliver exceptional experiences for the businesses and people that live and work in, and visit, the capital.

In Retail, across our 17.2 million sq ft of assets, we create outstanding experiences for customers and guests alike. Combined with the strength and resilience of our portfolio, this means we regularly outperform industry benchmarks for footfall and sales. We offer more than convenience and choice, recognising that memorable destinations are key to attracting the shoppers and retailers of today, and tomorrow.

We also aim to lead our industry in critical long-term issues – from diversity and community employment, to carbon and climate resilience. Everything we do is grounded in experience and begins with people. 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

Please contact:

Press	Investors
Molly Neal	Ed Thacker
+44 (0)20 7024 5460	+44 (0)20 7024 5185
Molly.neal@landsec.com	Edward.thacker@landsec.com