Appendices

For the year ended 31 March 2019

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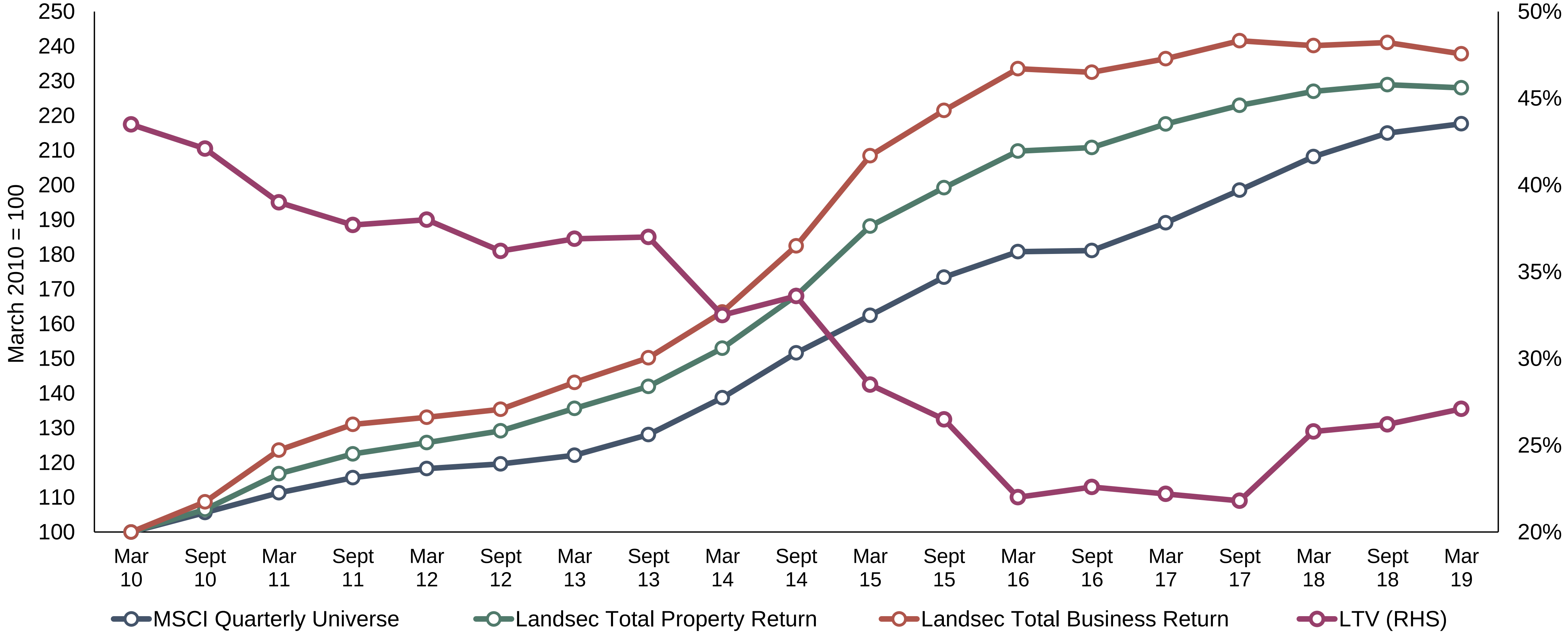
Contents

Performance

Creating shareholder value while strengthening the balance sheet



Source: MSCI Quarterly Universe and Landsec

Top 10 assets by value as at 31 March 2019

Name	Ownership interest	Floor area	Annualised net rent[1]	Let by ERV	Weighted average unexpired lease term
	%	Sq ft (000)	£m	%	Years
New Street Square, EC4[2]	100	Office: 932 Retail: 22	37.7	100	9.8
Cardinal Place, SW1	100	Office: 456 Retail: 57	29.1	100	5.1
One New Change, EC4	100	Office: 345 Retail: 197	29.9	99	5.8
Bluewater, Kent	30	Retail: 1,877	28.6	95	5.3
Gunwharf Quays, Portsmouth	100	Retail: 553	29.0	98	4.7
1 & 2 New Ludgate, EC4	100	Office: 355 Retail: 27	22.3	100	13.6
Queen Anne's Gate, SW1	100	Office: 354	33.2	100	7.7
Trinity Leeds	100	Retail: 789	26.5	92	6.3
Nova, SW1	50	Office: 480 Retail: 74	8.6	100	11.3
62 Buckingham Gate, SW1	100	Office: 256 Retail: 16	18.9	100	6.0

Aggregate value of top 10 assets: £5.95bn (43% of Combined Portfolio)

(1) Landsec share

(2) New Street Square now updated to include 1 New Street Square

Valuation movements
Year ended 31 March 2019

	Market value 31 March 2019	Valuation change	Rental value change[1]	Net initial yield	Equivalent yield	Movement in equivalent yield
	£m	%	%	%	%	bps
Shopping centres	2,593	(11.7)	(5.7)	4.8	5.1	24
Outlets	634	(1.4)	(1.1)	4.6	5.0	3
Retail parks	636	(15.5)	(4.9)	6.2	6.2	71
Leisure and hotels	1,283	(1.8)	(0.5)	5.2	5.5	7
London offices	5,266	(0.1)	1.9	4.1	4.6	3
Central London shops	1,284	(3.6)	(0.5)	3.8	4.1	5
Other	44	(13.6)	0.1	1.6	3.8	35
Total like-for-like portfolio	**11,740**	**(4.6)**	**(1.3)**	**4.5**	**4.8**	**11**
Proposed developments	104	2.6	n/a	0.4	n/a	n/a
Development programme	270	21.5	n/a	-	4.4	n/a
Completed developments	1,177	(5.0)	(1.9)	3.3	4.4	13
Acquisitions	459	(0.4)	n/a	4.4	5.5	n/a
Total Combined Portfolio	**13,750**	**(4.1)**	**(1.3)**	**4.2**	**4.8**	**10**
Shopping centres	2,828	(11.9)	(5.8)	4.7	n/a	24
Outlets	971	(0.4)	0.3	5.0	n/a	3
Retail parks	636	(15.5)	(4.9)	6.2	n/a	66
Leisure and hotels	1,288	(1.8)	(0.8)	5.2	n/a	7
London offices	6,560	0.4	2.3	3.7	n/a	3
Central London shops	1,417	(3.9)	0.9	3.7	n/a	7
Other	50	(11.6)	-	1.7	n/a	25
Total Combined Portfolio	**13,750**	**(4.1)**	**(0.8)**	**4.2**	**4.8**	**10**

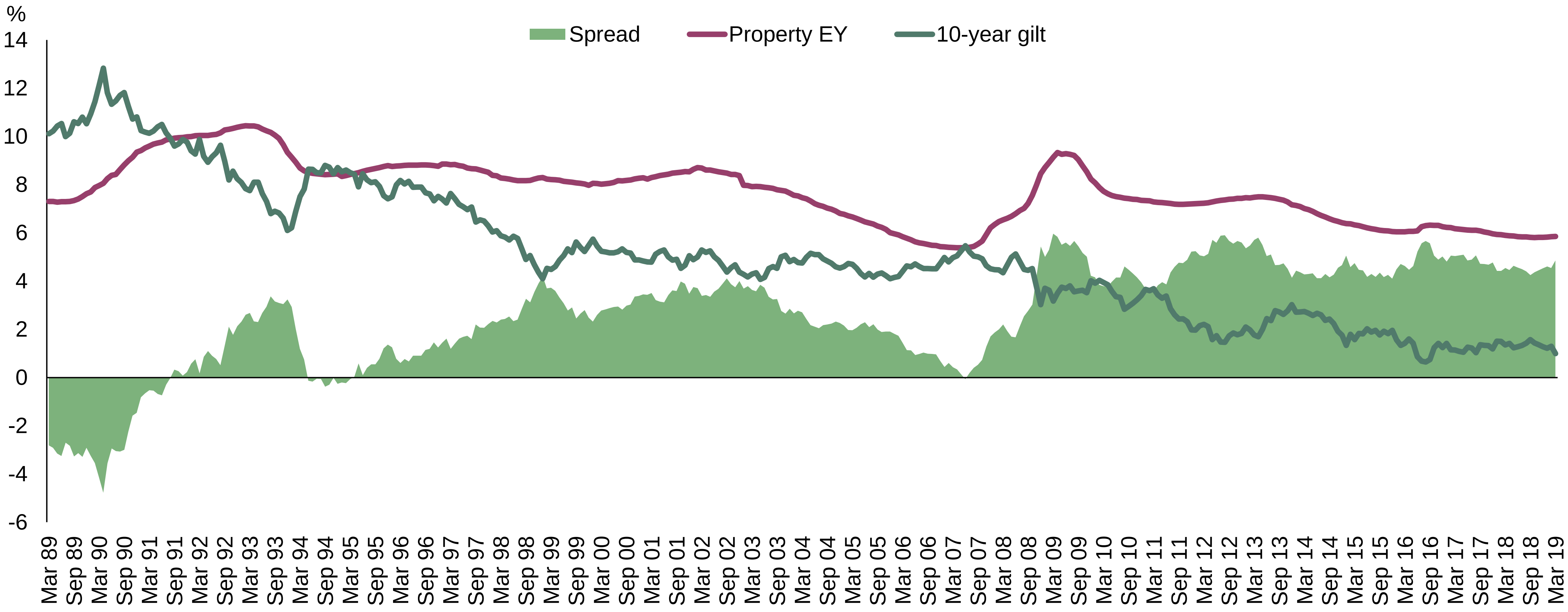
(1) Rental value change figures exclude units materially altered during the year and other non like-for-like movements

Yield movements
Like-for-like portfolio

	31 March 2019			31 March 2018		
	Net initial yield	Equivalent yield	Topped-up net initial yield(1)	Net initial yield	Equivalent yield	Topped-up net initial yield(1)
	%	%	%	%	%	
Shopping centres	4.8	5.1	5.0	4.4	4.8	4.6
Outlets	4.6	5.0	4.7	4.6	5.0	4.6
Retail parks	6.2	6.2	6.5	5.3	5.5	5.6
Leisure and hotels	5.2	5.5	5.4	5.1	5.4	5.3
London offices	4.1	4.6	4.5	4.0	4.5	4.5
Central London shops	3.8	4.1	3.8	3.2	4.1	3.2
Other	1.6	3.8	2.3	1.2	3.5	1.2
Total like-for-like portfolio	**4.5**	**4.8**	**4.8**	**4.2**	**4.7**	**4.6**

(1) Topped-up net initial yield adjusted to reflect the annualised cash rent that will apply at the expiry of current lease incentives

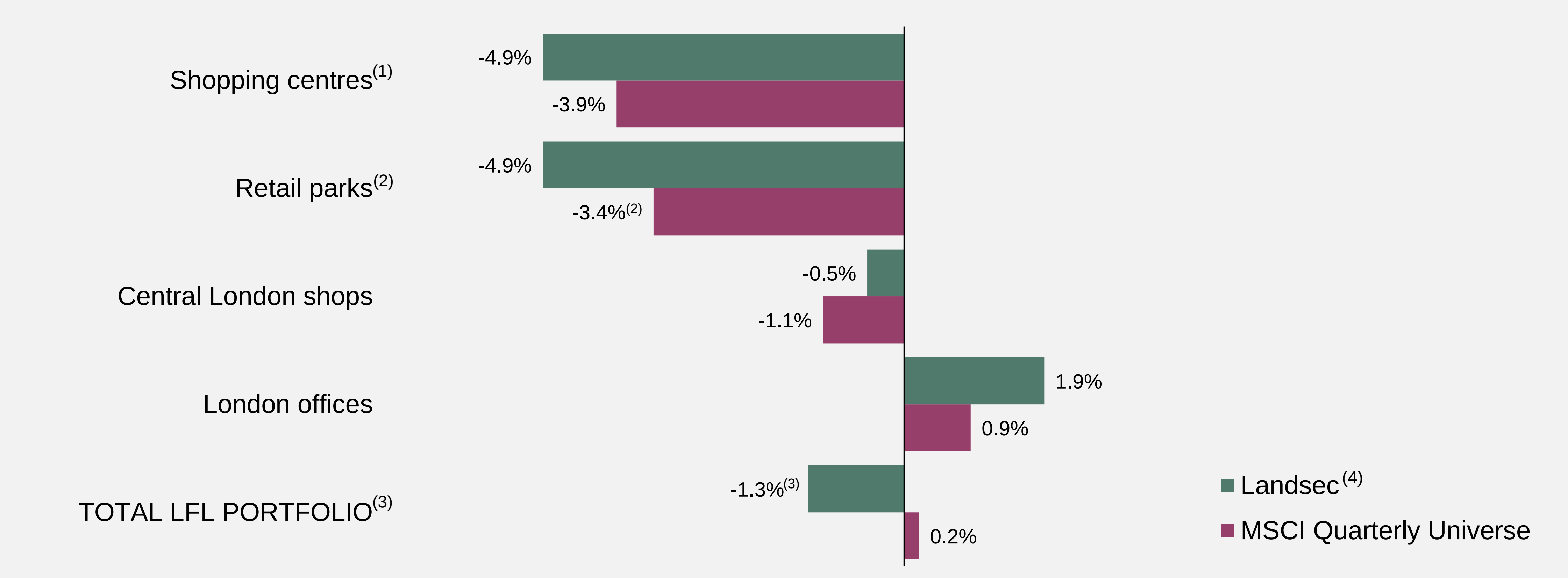
Property – gilt yield spread



Source: Bloomberg, MSCI Monthly Index All Property

Rental value performance

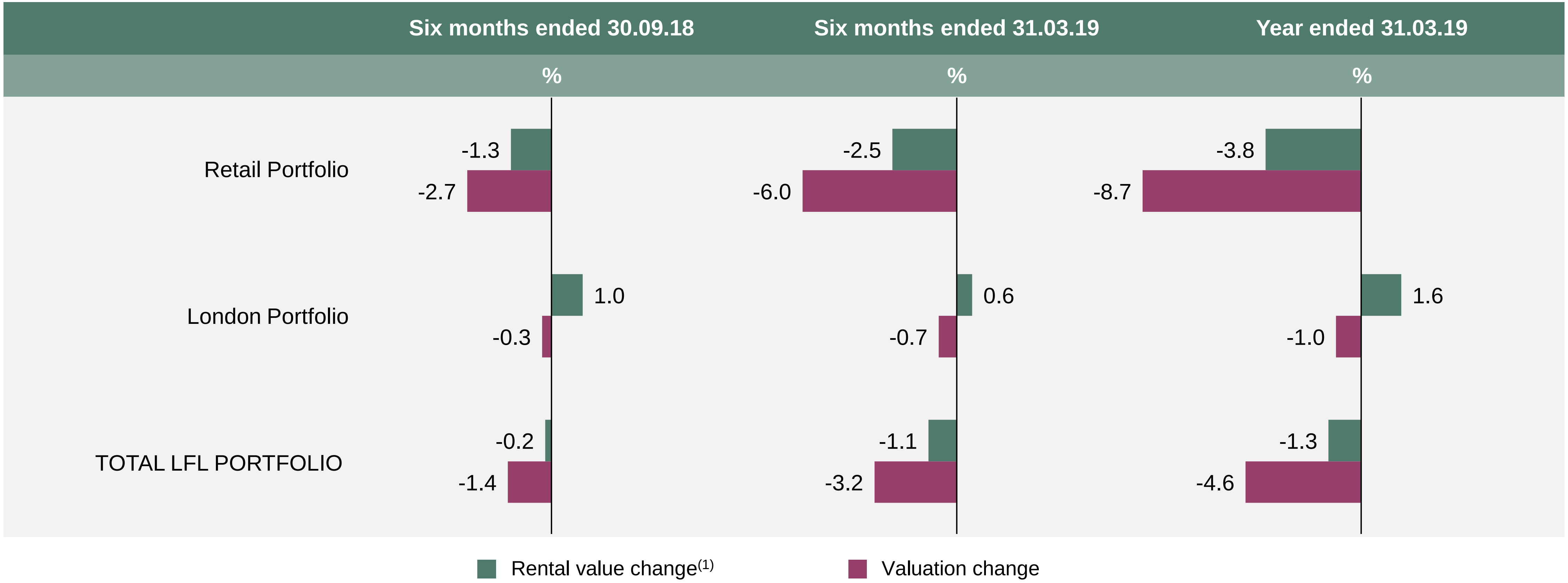
Like-for-like properties vs MSCI Quarterly Universe
(year ended 31 March 2019)



(1) Includes outlets
(2) MSCI Retail Warehouses Quarterly Universe
(3) Includes leisure, hotel portfolio and other
(4) Rental value performance figures exclude units materially altered during the year and other non like-for-like movements

Rental and capital value movements
Like-for-like portfolio

Like-for-like portfolio value at 31 March 2019: £11,740m



(1) Rental value change figures exclude units materially altered during the year and other non like-for-like movements

Rental and capital value movements
Retail like-for-like portfolio

Retail like-for-like portfolio value at 31 March 2019: £5,162m

	Six months ended 30.09.18		Six months ended 31.03.19		Year ended 31.03.19	
	%		%		%	
	Rental value change(1)	Valuation change	Rental value change(1)	Valuation change	Rental value change(1)	Valuation change
Shopping centres	-2.0	-4.0	-3.8	-7.7	-5.7	-11.7
Outlets	-0.3	0.3	-0.8	-1.7	-1.1	-1.4
Retail parks	-1.3	-4.5	-3.6	-11.0	-4.9	-15.5
Leisure and hotels	-0.4	-0.2	-0.1	-1.6	-0.5	-1.8
RETAIL PORTFOLIO	-1.3	-2.7	-2.5	-6.0	-3.8	-8.7

Rental value change(1) Valuation change

(1) Rental value change figures exclude units materially altered during the year and other non like-for-like movements

Rental and capital value movements
London like-for-like portfolio

London like-for-like portfolio value at 31 March 2019: £6,578m

	Six months ended 30.09.18		Six months ended 31.03.19		Year ended 31.03.19	
	%		%		%	
	Rental value change(1)	Valuation change	Rental value change(1)	Valuation change	Rental value change(1)	Valuation change
West End	0.0	-1.0	1.8	-1.3	1.8	-2.3
City	-0.3	0.3	0.0	0.2	-0.3	0.5
Mid-town	4.4	3.2	0.0	0.2	4.4	3.4
Inner London	1.2	0.2	0.0	0.2	1.2	0.4
LONDON OFFICES	1.2	0.4	0.7	-0.5	1.9	-0.1
Central London shops	-0.2	-2.7	-0.2	-0.9	-0.5	-3.6
LONDON PORTFOLIO	1.0	-0.3	0.6	-0.7	1.6	-1.0

Rental value change(1) Valuation change

(1) Rental value change figures exclude units materially altered during the period and other non like-for-like movements

Portfolio performance relative to MSCI

Ungeared total return (year ended 31 March 2019)

	Landsec	MSCI[1]
	%	%
Shopping centres[2]	-4.5	-7.2
Retail parks	-9.2	-4.0[3]
RETAIL PORTFOLIO	**-3.4[4]**	**-6.8**
London offices	4.5	5.0
Central London shops	-2.0	3.4
LONDON PORTFOLIO	**3.5**	**4.8**
TOTAL PORTFOLIO	**0.4**	**4.6**

(1) MSCI Quarterly Universe
(2) Includes outlets
(3) MSCI Retail Warehouses Quarterly Universe
(4) Includes leisure, hotel portfolio and other

Analysis of performance relative to MSCI

Attribution analysis, ungeared total return, year ended 31 March 2019, relative to MSCI Quarterly Universe

Source: MSCI

Development programme returns
21 Moorfields, EC2

Status	Estimated completion date	Description of use	Landsec ownership	Size	Letting status	Market value
			%	Sq ft (000)	%	£m
Under construction	November 2021	Office	100	564	100	270

Net income/ERV	TDC to date	Forecast TDC	Gross yield on cost	Valuation surplus to date	Market value + outstanding TDC	Gross yield on market value + outstanding TDC
£m	£m	£m	%	£m	£m	%
38	170	576	6.6	99	676	5.6

Development programme – yield on TDC

London Portfolio: 6.6% (headline rents) 7.5% (P&L rents)

Pipeline of development opportunities

Property	Status	Earliest start date	Estimated completion date	Description of use	Landsec ownership	Current size	Annualised net rent at 31 March 2019	Proposed size
					%	Sq ft (000)	£m	Sq ft (000)
One Sherwood Street, W1[(1)(2)]	Consented, on site	Apr 2019	Jun 2022	Mixed use Office/retail/residential	100	59	1	144
Nova East, SW1[(2)]	Consented, on site - revisions required	Apr 2019	Feb 2022	Office	50	-	-	167
Nova Place, SW1	Consented - revisions required	Aug 2019	Jun 2022	Mixed use Public space/office	50	-	-	41
105 Sumner Street, SE1[(2)]	Consented	Oct 2019	Jan 2022	Office	100	19	-	131
Portland House, SW1[(3)]	Feasibility/preparing planning application	Apr 2020	Oct 2022	Mixed use Office/retail	100	310	13	401
Red Lion Court, SE1	Feasibility	Jul 2020	Dec 2023	Office	100	128	4	324
Lavington Street, SE1	Feasibility	Jul 2020	Jan 2023	Mixed use Office/retail	100	133	-	370
Finchley Road, NW3	Feasibility/preparing planning application	Oct 2021	Jul 2026	Mixed use Residential/retail	100	46	1	750
Shepherd’s Bush, W12	Feasibility/preparing planning application	Oct 2021	Dec 2027	Mixed use Residential/retail	100	263	4	610

(1) Excludes Wardour Street, W1
(2) Proposed development in our year end disclosures
(3) Excludes Castle Lane, SW1

Retailer affordability

Same centre sales 120 bps ahead of BRC benchmark

Footfall and sales growth / (decline) (52 weeks to 31 March 2019 vs 52 weeks to 1 April 2018)				
Landsec		**Benchmarks**		**Relative performance**
Footfall	-2.4%	UK Footfall[1]	-2.8%	+40 bps
Same centre sales[2]	-0.9%	BRC non-food in-store - total[3]	-2.1%	+120 bps
Same store sales[5]	-3.0%	BRC non-food in-store - LFL[3]	-3.1%	+10 bps
		BRC non-food all retail[4]	0.0%	

Occupancy cost trends	Rent to physical store sales ratio[6]	Occupancy cost to physical store sales[7]	Rent / sq ft
	%	%	£
Overall	11.0	18.9	39
Excluding anchor stores	12.8	21.6	50
Excluding anchor stores and MSUs	12.9	21.3	60
Catering only	11.4	19.5	46

Source: Landsec, unless specified below; data is exclusive of VAT and for the 52 week figures above, based on over 1,400 tenancies where the occupiers provide Landsec with turnover data

(1) ShopperTrak UK National Benchmark
(2) Landsec same centre total sales. Based on all store sales and takes into account new stores and new space
(3) BRC – KPMG Retail Sales Monitor (RSM). Based on an average of four quarters non-food retail sales growth for physical i.e. bricks and mortar stores only (does not include online sales)
(4) BRC – KPMG Retail Sales Monitor (RSM). Based on an average of four quarters non-food retail sales growth including online sales
(5) Landsec same store / same tenant like-for-like sales
(6) Rent as a percentage of total annual physical store sales
(7) Total occupancy cost (rent, rates, insurance and service charge) as a percentage of total annual physical store sales

Company voluntary arrangement (CVA)

A company voluntary arrangement (CVA) is a procedure under the Insolvency Act 1986 whereby a company concludes a binding agreement with its creditors to compromise its debts or rearrange its affairs. CVAs are often used to restructure leases of underperforming units, most notably in the retail and leisure sectors, and come into force when a company's creditors approve a proposal in respect of that company.

A company will appoint an insolvency practitioner as 'nominee' in respect of the CVA proposal. The nominee's role is to assess whether the CVA contains full and accurate disclosure of the company's affairs, has a reasonable prospect of being implemented if approved and strikes a fair balance between the interests of the company and all its creditors.

The nominee files a copy of the CVA proposal in court together with a report setting out the reasons why he or she recommends that creditors should consider and vote on the proposal. The proposal is then circulated to creditors.

To be approved, 75% by value of creditors voting must agree the terms of the CVA proposal. An additional vote is also undertaken whereby at least 50% in value of unconnected creditors (those not connected to the company) must vote in favour for the CVA to be approved. Creditors can cast their vote in advance of the creditors meeting using a proxy form, or vote on the day in person or through a nominated proxy.

If the CVA is approved, it takes effect immediately and all creditors are bound by it irrespective of how they voted. The directors retain control of running the business and the nominee is appointed supervisor to ensure that the company meets its obligations under the CVA.

An approved CVA can be challenged within 28 days of the date the result of the vote is filed in court, normally the day of the decision or shortly thereafter. Grounds for a challenge can either be an alleged irregularity in the CVA procedure or unfair prejudice. For unfair prejudice, a creditor would need to demonstrate that their treatment is either worse than that of other creditors under the CVA, or is likely to be better under an alternative formal insolvency procedure such as administration or liquidation.

A CVA will typically last between three and five years and this is called the compromise period.

When a company enters insolvency, a defined hierarchy exists with secured creditors at the top. A secured creditor is generally a lender who holds a charge over a business or its assets. When a business becomes insolvent, sale of the specific asset over which security is held provides repayment for this category of creditor. Meanwhile, unsecured creditors are ranked after secured creditors and their money is recouped by selling other assets during the insolvency process. Landlords will usually be unsecured creditors of a company, and this means that a CVA allows for a company in financial distress to enter into a legally binding arrangement to compromise those unsecured liabilities.

Company voluntary arrangement (CVA)

Voting rights

Creditors are entitled to vote for the full amount of their outstanding debt as at the date of the creditors meeting

A landlord’s claim will comprise of amounts due for:

- Arrears of rent, service charges and insurance – admitted at 100% of the outstanding value
- Future rent, service charge and insurance up to the earlier of the first lease break or contractual end of the lease; and
- An amount in respect of dilapidations

As the future occupational costs and dilapidations are an unliquidated claim and cannot be substantiated by the chairman of the creditors meeting, to enable them to be admitted for a “meaningful” vote these are generally subject to a 75% discount.

Landlord lease categories

The company proposing the CVA will employ a property agent to assist it in grouping the leases into different categories which form the basis of the varying degrees of rental compromises across its leasehold portfolio. A typical CVA will have four categories, these being the following:

- Category 1 – The most profitable stores (and their core portfolio) which require no rental reduction
- Category 2 – Marginal stores that only require a small rental reduction (normally 25% of current passing rent) for them to return to profit
- Category 3 – Stores that with a larger reduction in rent (normally 50% of current passing rent) will return to profitability
- Category 4 – Stores that even with a large rent reduction will not return to profitability and therefore will close

Following the end of the compromise period those leases that have been subject to a rental reduction under the terms of the CVA will have their annual rent reset to the higher of the compromise rent or the market rent at that time.

Top retail and leisure occupiers by percentage of Group rent

Brand	Status	Number of units trading	Group rent
Cineworld		16	1.7%
Boots		21	1.5%
Sainsbury’s		12	1.2%
Next		16	1.0%
H&M		16	1.0%
M&S(1)		12	0.9%
The Restaurant Group		47	0.9%
Arcadia		12	0.8%
Tesco		9	0.8%
Vue		6	0.8%
Dixons Carphone		22	0.7%
Primark		5	0.7%
Gap		13	0.6%
John Lewis Partnership(2)		8	0.6%
Nando’s		29	0.5%

Brand	Status	Number of units trading	Group rent
New Look	CVA	10	0.5%
Clarks		16	<0.5%
Superdrug/The Perfume Shop		23	<0.5%
Debenhams(3)	CVA	5	<0.5%
River Island		8	<0.5%
Sports Direct Group(4)		13	<0.5%
Signet Group		19	<0.5%
VF Corporation		18	<0.5%
Victoria’s Secret		6	<0.5%
JC Decaux		17	<0.5%
TK Maxx/Homesense		8	<0.5%
Superdry		8	<0.5%
Casual Dining Group		20	<0.5%
Aurora Fashions Group		14	<0.5%
B&M		6	<0.5%

(1) Includes M&S Simply Food
(2) Includes Waitrose & Partners

(3) CVA approved 9th May 2019
(4) Includes House of Fraser (Administration) and Evans Cycles (Administration)

CVA/Administration exposure by occupier as at 31 March 2019

Brand	Status	Number of units trading	Group rent
New Look	CVA	10	0.50%
Homebase	CVA	2	<0.25%
Carpetright	CVA	5	<0.15%
Jamie’s Italian	CVA	4	<0.15%
Mothercare	CVA	4	<0.15%
Paperchase	CVA	7	<0.15%
House of Fraser	Administration	1	<0.10%
Select	CVA	5	<0.10%
Giraffe	CVA	7	<0.10%
Prezzo	CVA	9	<0.10%
Carluccio’s	CVA	5	<0.10%

Brand	Status	Number of units trading	Group rent
Patisserie Valerie	Administration	5	<0.10%
Regis	CVA	7	<0.10%
Gourmet Burger Kitchen	CVA	6	<0.10%
Evans Cycles	Administration	4	<0.10%
Byron Hamburgers	CVA	4	<0.10%
LK Bennett	Administration	2	<0.10%
Office outlet/Staples	CVA	1	<0.10%
HMV	Administration	4	<0.10%
Others	Administration	21	0.24%
Units trading in CVA/Administration		**113**	**2.3%**

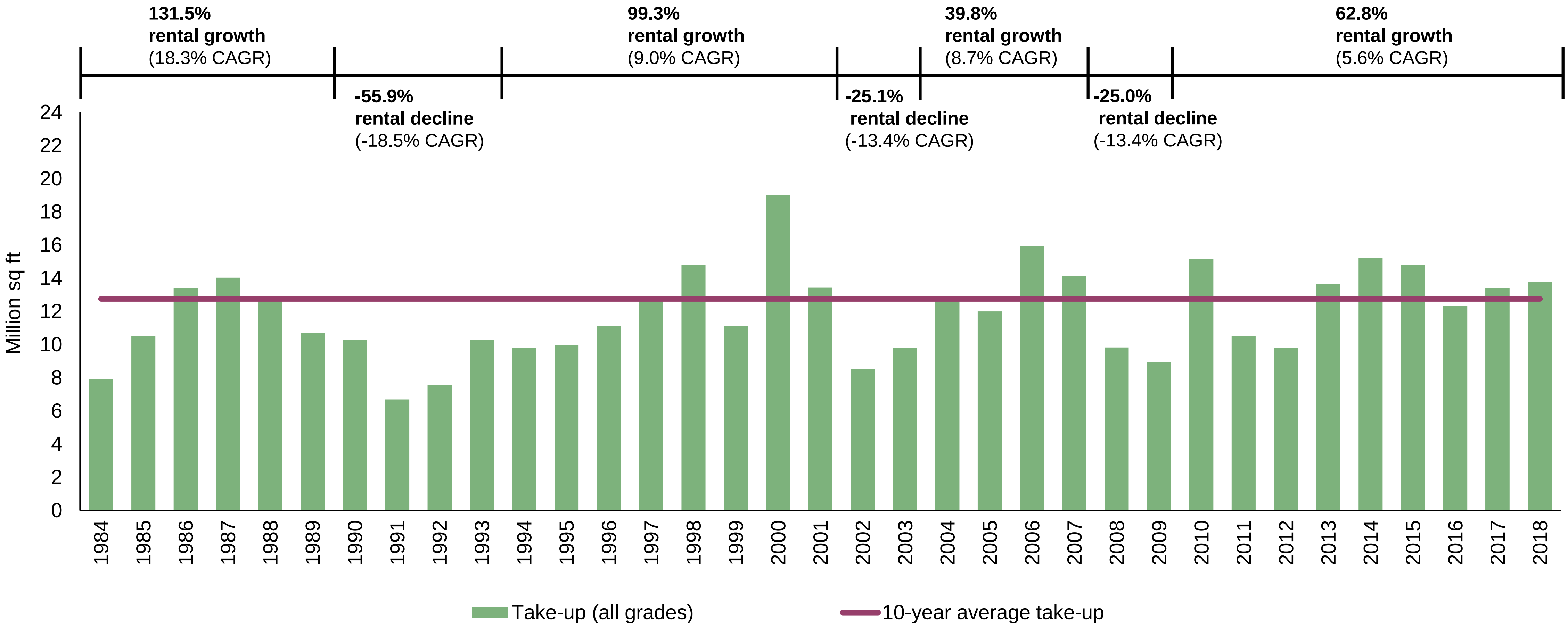
Summary of units in CVA/Administration

Analysis by annualised rental income

		CVAs and administrations from 1.04.17 to 31.03.19			As at 31.03.19			Future reduction in annualised rental income	Lettings agreed as at 31.03.19	Net future change in annualised rental income
		Annualised rental income entering CVA or Administration	Units	Reduction in annualised rental income recognised to date[1]	Annualised rental income in CVA or Administration	Units	% of Group rent			
		£m		£m	£m			£m	£m	£m
2017/18	Administrations	2.4	13	(2.2)	0.2	4	0.0%	(0.2)	0.9	**0.7**
2017/18	CVAs	7.9	47	(0.7)	7.2	46	1.1%	(0.1)	-	**(0.1)**
2018/19	Administrations	4.8	52	(2.2)	2.6	24	0.4%	(0.3)	0.8	**0.5**
2018/19	CVAs	6.7	45	(1.3)	5.4	39	0.8%	(1.0)	-	**(1.0)**
	Total	**21.8**	**157**	**(6.4)**	**15.4**	**113**	**2.3%**	**(1.6)**	**1.7**	**0.1**
					Still trading:	**113**				

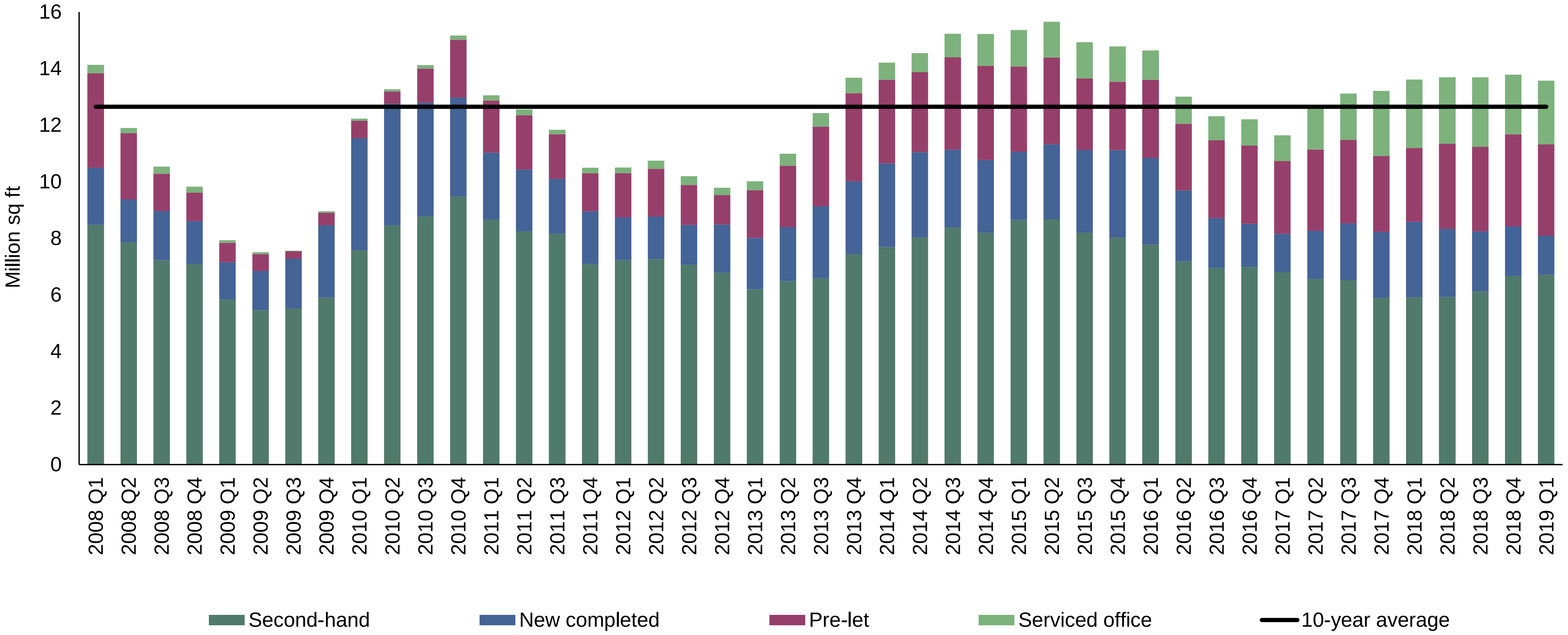
(1) Relates to impact of CVA/administration. Ignores re-letting of vacated units

Central London office market – take-up



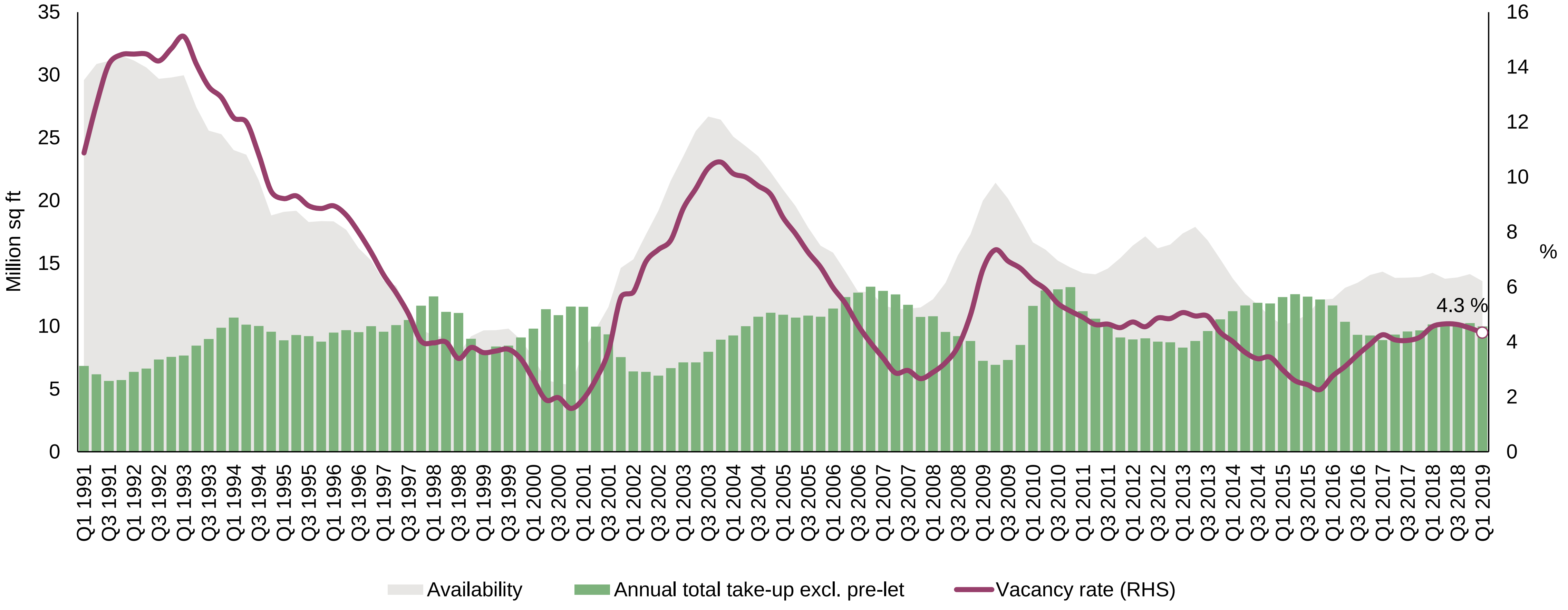
Source: CBRE, MSCI Annual Index

Central London rolling annual take-up



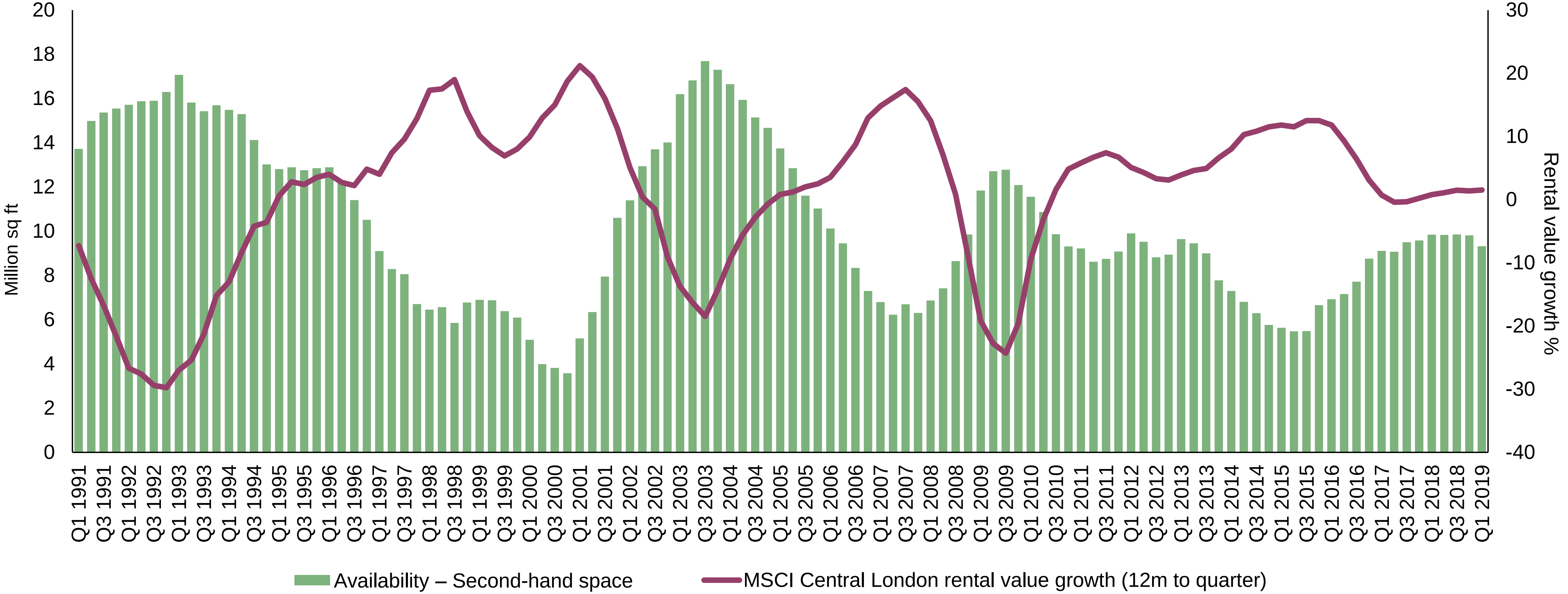
Source: CBRE

Central London availability and vacancy rate
Excluding pre-lets



Source: CBRE

Central London second-hand supply vs rental value growth



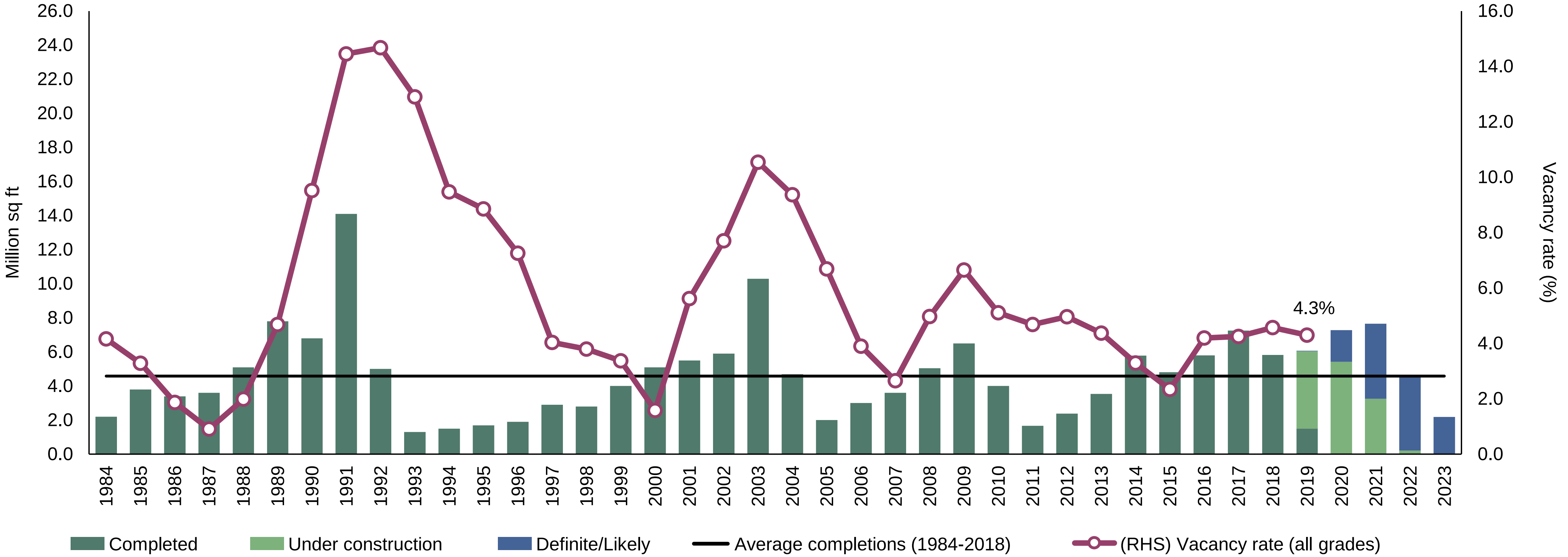
Source: CBRE, Knight Frank, MSCI Annual Index, Landsec

(1) Second-hand space is space which is being marketed having been previously occupied in its current state. Current state can include a minor re-decoration, but not a comprehensive refurbishment.

(2) Availability represents the total net rentable floor space in existing properties, which is being actively marketed, either for lease, sublease, and assignment or for sale for owner occupation as at the end of the survey period. Availability includes space that is being marketed and is physically vacant or occupied. Space that is physically vacant, but not being marketed or is not available for occupation is excluded from Availability. Space that is Under Construction and will become ready to occupy within 12 months is included within availability (pre-let / early marketed)

Central London supply as at 31 March 2019

Grade A completions and vacancy rate



Source: CBRE, Knight Frank, Landsec

(1) Completions / under construction includes fringe (White City, Non-Core Docklands, Stratford, Nine Elms, Hammersmith). Vacancy rate as at March 2019. From 2017, supply pipeline monitors schemes above 20,000 sq ft

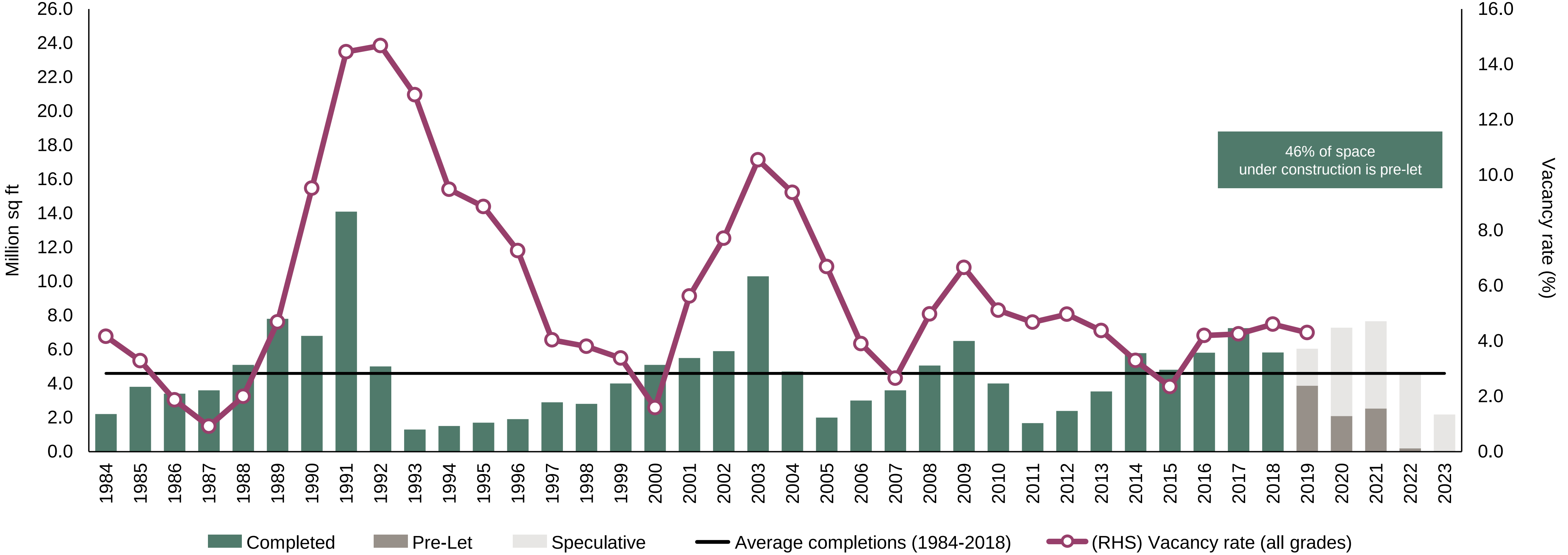
(2) Landsec estimated future supply based on data from CBRE and Knight Frank

(3) “Definite/Likely” are schemes where the status indicates that it is reasonable to expect delivery in that year, with reference to conditions such as; construction contract, vacant possession, funding, demo, pre-let, planning

(4) Grade A space is brand new or comprehensively refurbished space, with top specification and prominent market image

(5) Vacancy rate is expressed as vacant space as a percentage of Total Stock

Central London supply as at 31 March 2019
Grade A pre-let and speculative



Source: CBRE, Knight Frank, Landsec

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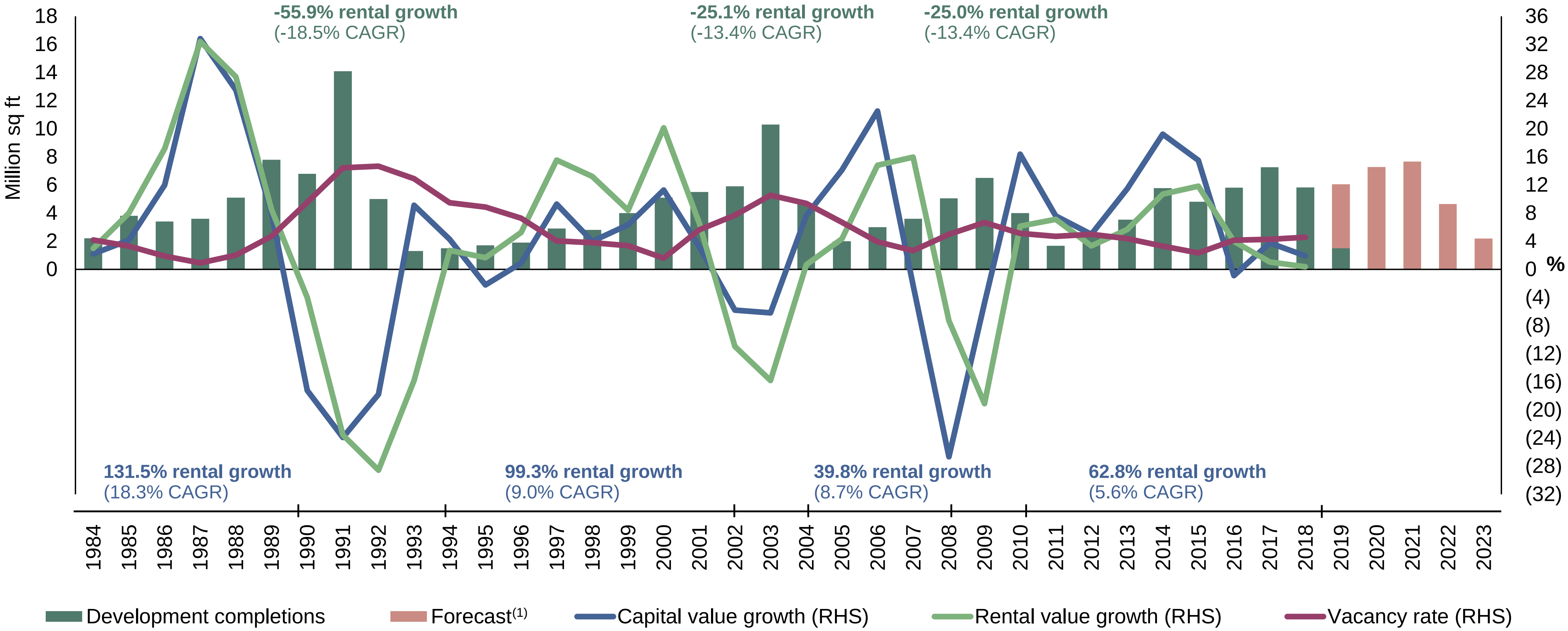
Central London office market

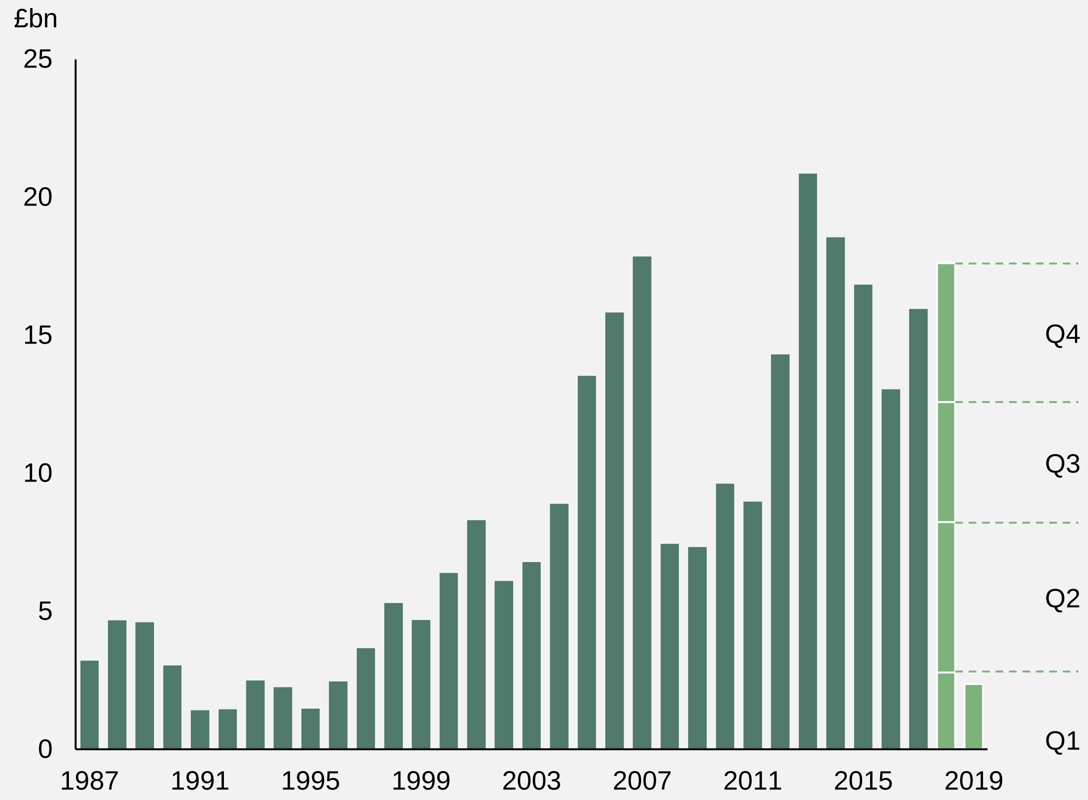
Development completions, vacancy and rental and capital growth



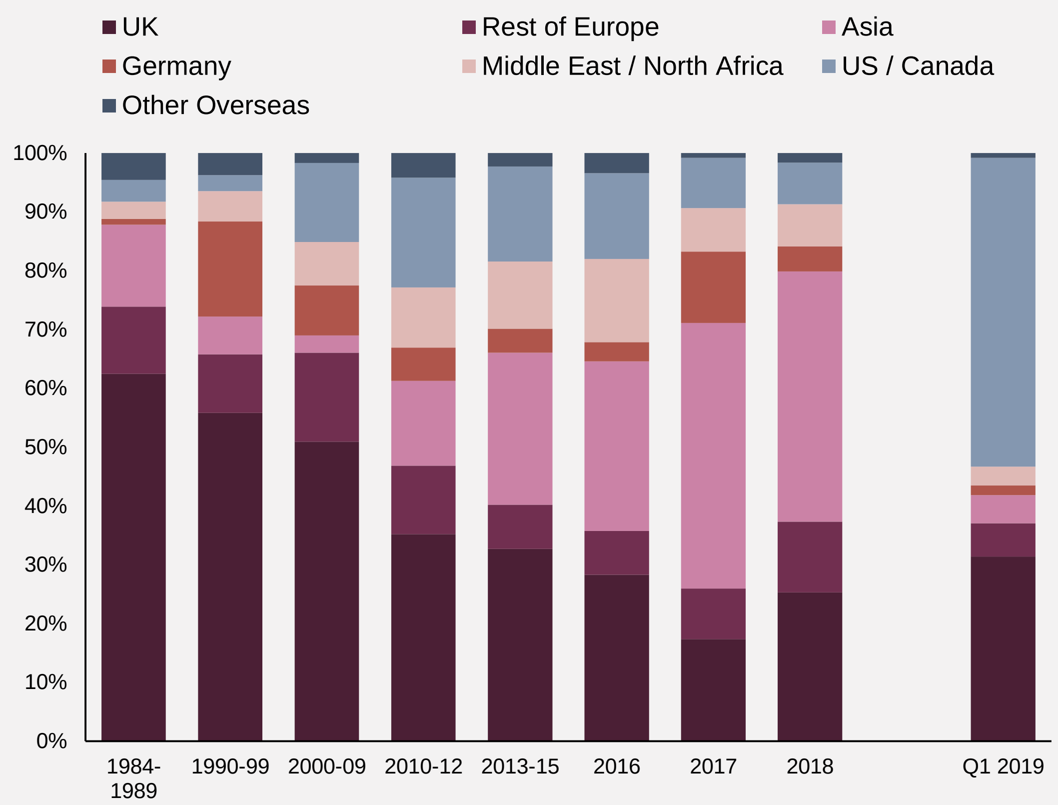
Source: CBRE, Knight Frank, MSCI Annual Index, Landsec
(1) Landsec forecast based on data from CBRE and Knight Frank
Vacancy rate as at March 2019

Central London investment market

Investment volumes



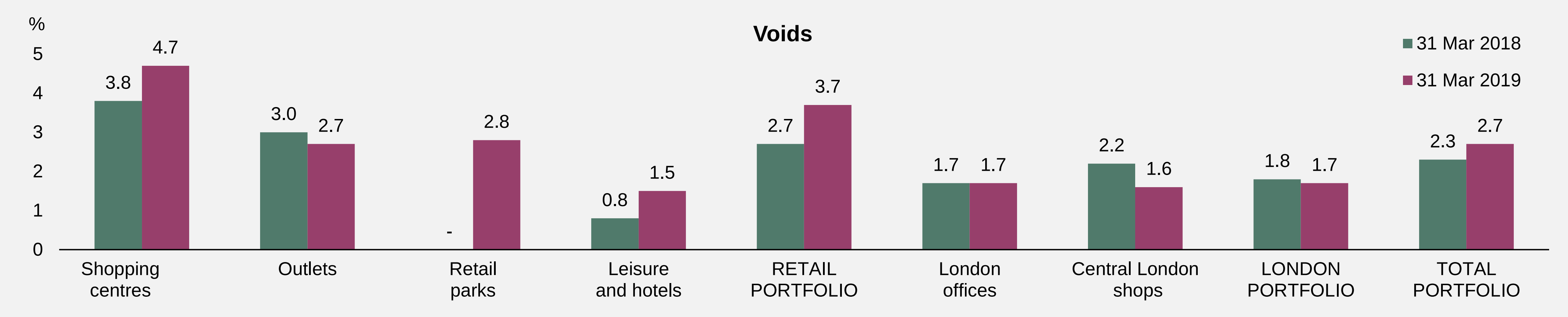
Office capital inflow by region

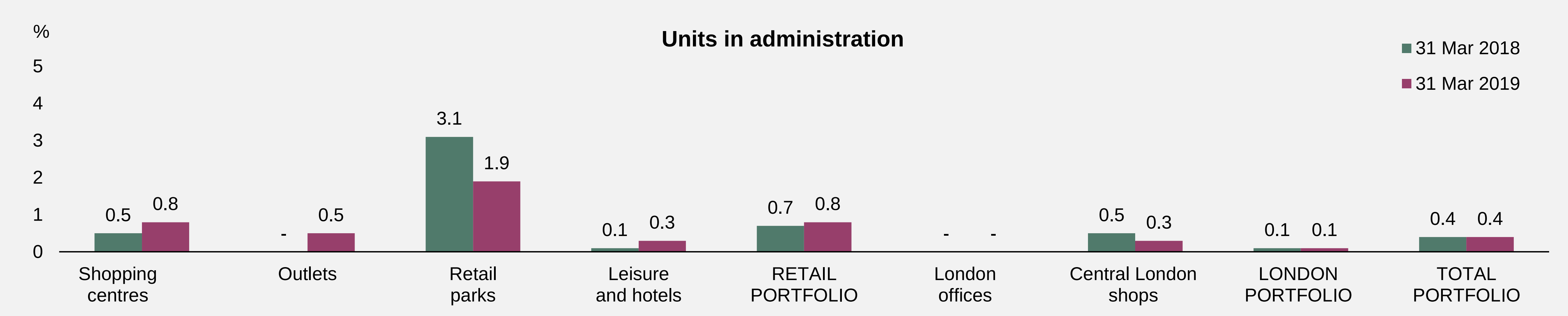


Source: CBRE

Voids and units in administration

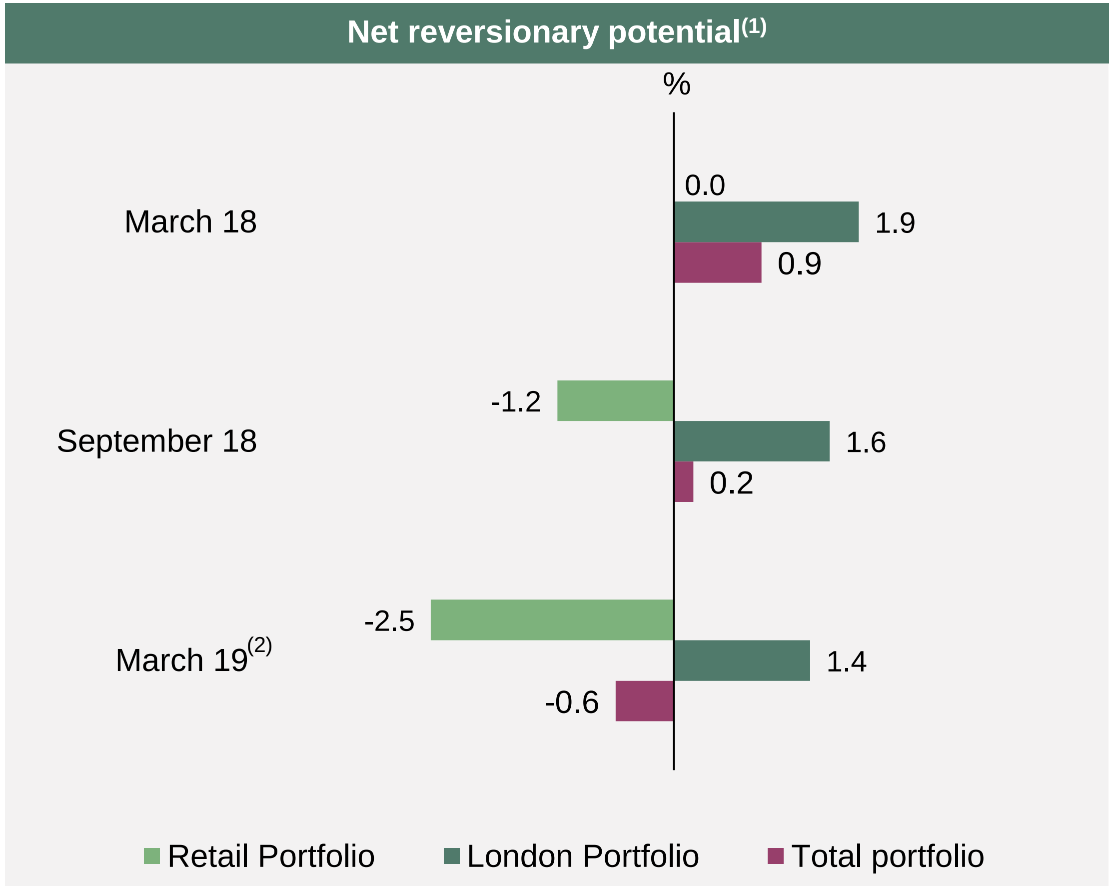
Like-for-like portfolio

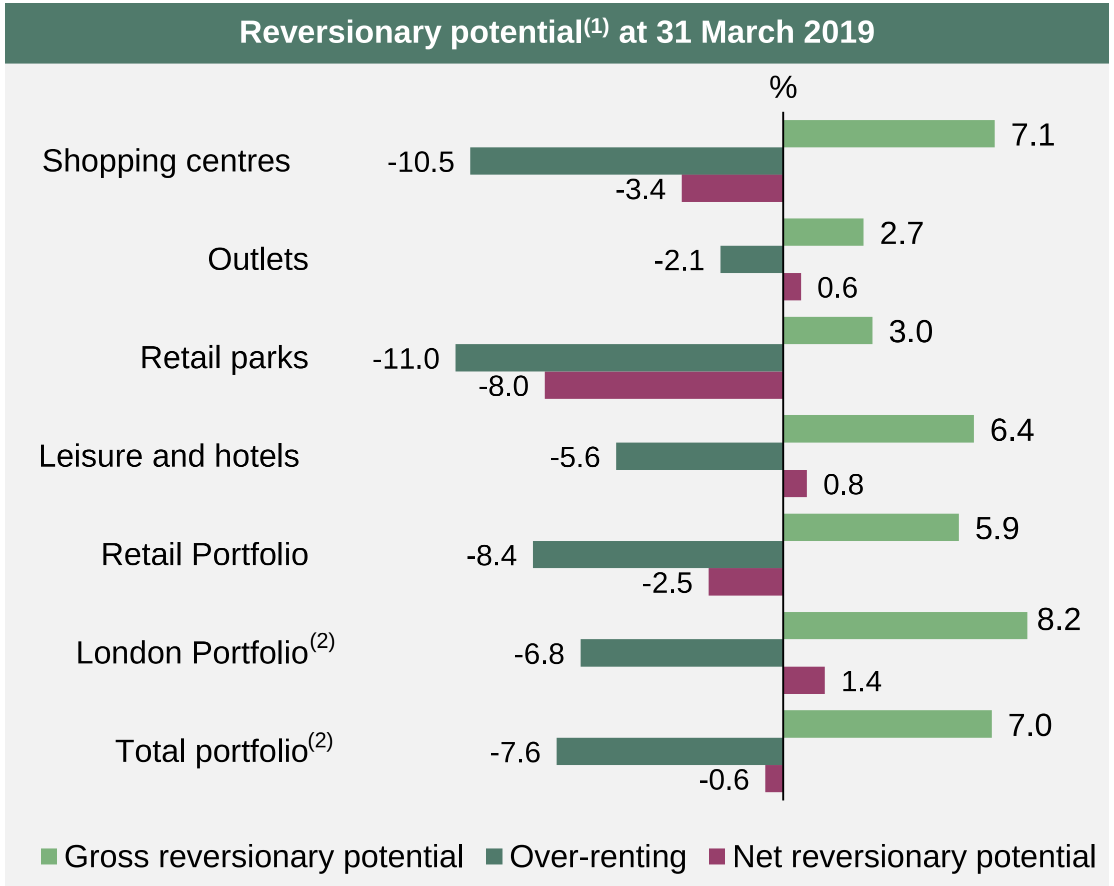




Like-for-like occupancy in the portfolio was 97.7% at 31 March 2019 (31 March 2018: 98.5%)

Reversionary potential
Like-for-like portfolio

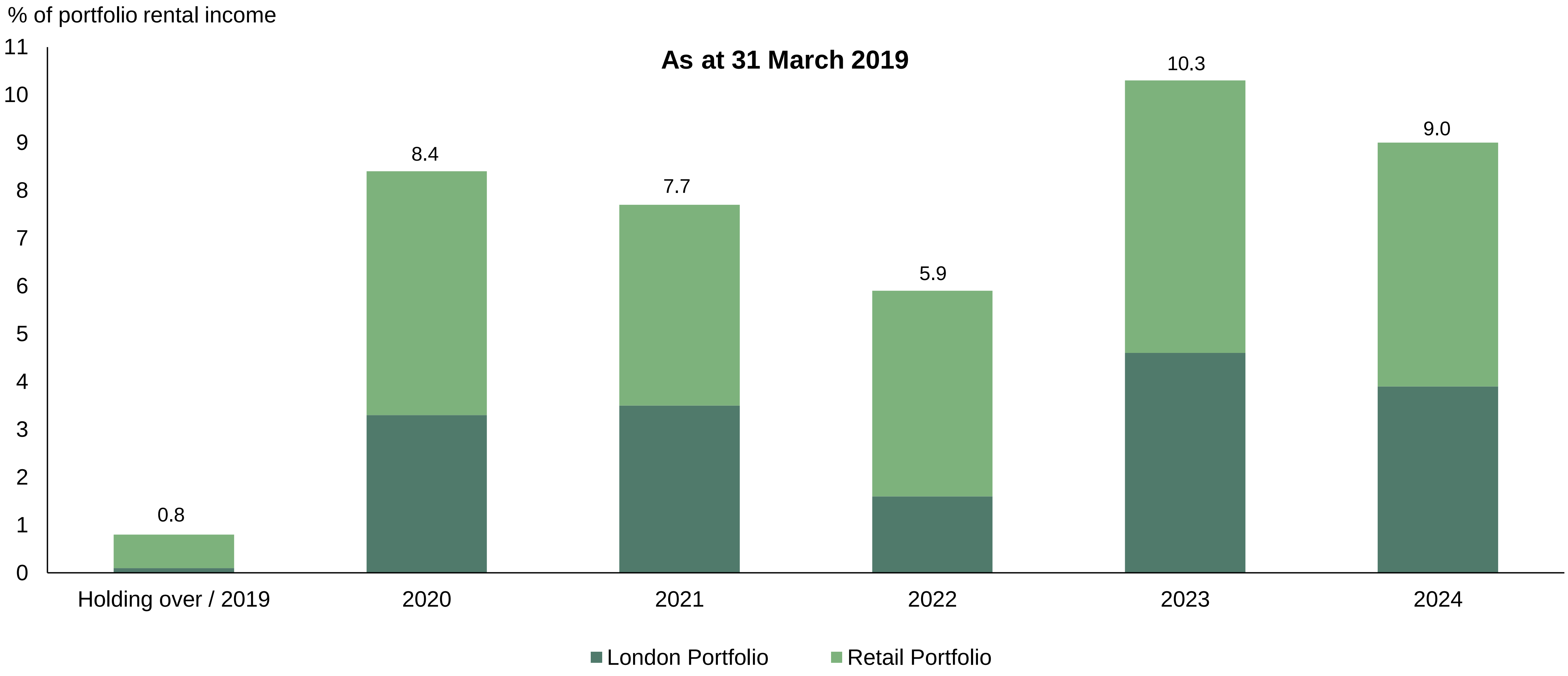




(1) Excludes voids and rent free periods
(2) As at 31 March 2019, Queen Anne's Gate (QAG), SW1 accounted for 84% of the London like-for-like over-renting. Excluding QAG, the London and Total portfolios would be 7.0% and 2.2% net reversionary, respectively

Combined Portfolio – excluding development programme

Lease maturities (expiries and break clauses)



Rent reviews and lease expiries and breaks[1]
Retail Portfolio excluding developments

	Outstanding £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total to 2024 £m
Rents passing from leases subject to review	105.5	30.8	17.9	14.7	17.9	10.1	**196.9**
ERV	99.9	29.4	17.1	13.6	17.2	9.5	**186.7**
Over-renting[2]	(7.7)	(2.3)	(1.1)	(1.1)	(1.7)	(0.6)	**(14.5)**
Gross reversion under lease provisions	**2.1**	**0.9**	**0.3**	**-**	**1.0**	**-**	**4.3**
		2019/20 £m	**2020/21 £m**	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**	**Total to 2024 £m**
Rents passing from leases subject to expiries or breaks		33.3	27.7	28.6	37.3	33.7	**160.6**
ERV		34.8	27.0	26.5	34.6	30.3	**153.2**
Potential rent change		**1.5**	**(0.7)**	**(2.1)**	**(2.7)**	**(3.4)**	**(7.4)**
Total reversion from rent reviews and expiries or breaks							**(3.1)**
Voids and tenants in administration[3]							13.9
Total							**10.8**

(1) This is not a forecast and takes no account of increases or decreases in ERV before the relevant review dates
(2) Not crystallised at rent review because of upward only rent review provisions
(3) Excludes tenants in administration where the administrator continues to pay rent and properties in pre-development

Rent reviews and lease expiries and breaks[1]

London Portfolio excluding developments

	Outstanding £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total to 2024 £m
Rents passing from leases subject to review	29.0	19.2	66.3	42.9	33.9	5.5	**196.8**
Adjusted ERV[2]	32.0	19.5	64.5	43.7	34.4	5.5	**199.6**
Over-renting[3]	-	(0.2)	(2.2)	(0.7)	(0.2)	-	**(3.3)**
Gross reversion under lease provisions	**3.0**	**0.5**	**0.4**	**1.5**	**0.7**	**-**	**6.1**
		2019/20 £m	**2020/21 £m**	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**	**Total to 2024 £m**
Rents passing from leases subject to expiries or breaks		21.8	22.9	10.2	30.0	25.8	**110.7**
ERV		23.4	24.6	10.9	31.9	26.9	**117.7**
Potential rent change		**1.6**	**1.7**	**0.7**	**1.9**	**1.1**	**7.0**
Total reversion from rent reviews and expiries or breaks							**13.1**
Voids and tenants in administration[4]							3.2
Total							**16.3**

(1) This is not a forecast and takes no account of increases or decreases in ERV before the relevant review dates
(2) Adjusted ERV reflects ERV when reversion is expected at next rent review, or passing rent where the reversion to ERV is expected after 2024
(3) Not crystallised at rent review because of upward only rent review provisions
(4) Excludes tenants in administration where the administrator continues to pay rent and properties in pre-development

Reconciliation of cash rents and P&L rents to ERV

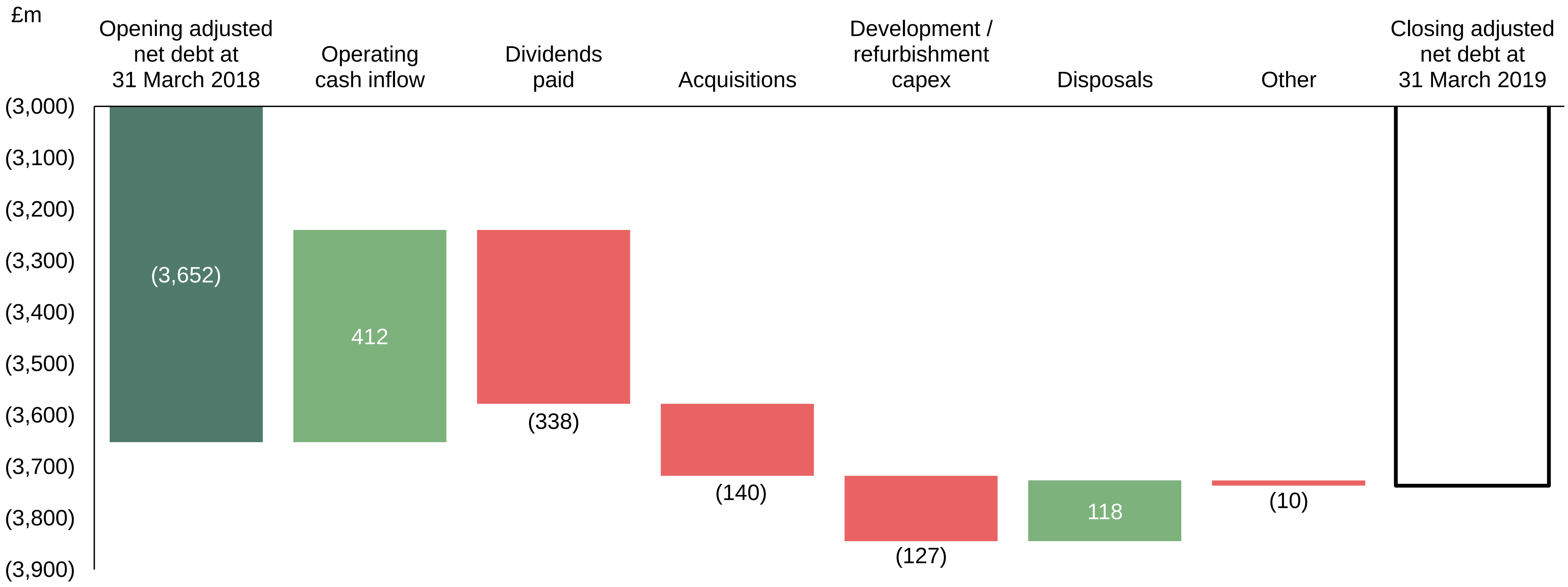
	Retail Portfolio	London Portfolio	Total
	£m	£m	£m
Annualised rental income (accounting basis)	340.0	318.3	658.3
Ground rent & SIC 15 adjustments	(10.5)	(4.3)	(14.8)
Annualised net rent (cash basis)	**329.5**	**314.0**	**643.5**
Additional cash rent from unexpired rent free periods	11.3	33.2	44.5
Gross reversion from rent reviews in the next five years	4.3	6.1	10.4
Net reversion on breaks and expiries in the next five years	(7.4)	7.0	(0.4)
Net reversion from rent reviews, breaks and expiries outside of the next five years	(4.0)	(13.3)	(17.3)
Completed developments – letting of voids	0.3	0.1	0.4
Development programme	-	38.1	38.1
Voids and tenants in administration	13.9	6.5	20.4
Other	(1.4)	16.7	15.3
Net ERV	**346.5**	**408.4**	**754.9**
Ground rents payable	9.6	5.4	15.0
Gross ERV	**356.1**	**413.8**	**769.9**

Cash earnings per share

	31 March 2019			31 March 2018
	Group	Joint ventures	Total	Total
	£m	£m	£m	£m
EPRA earnings	420	22	**442**	406
Income spreading of rent free periods	(1)	(11)	**(12)**	(43)
Capitalised interest	(5)	-	**(5)**	(6)
Other non-cash charges[1]	8	-	**8**	13
EPRA cash earnings	**422**	**11**	**433**	**370**
Cash earnings per share	57.0p	1.5p	58.5p	48.4p
Number of shares	740m	740m	740m	765m
EPRA earnings per share	56.7p	3.0p	59.7p	53.1p

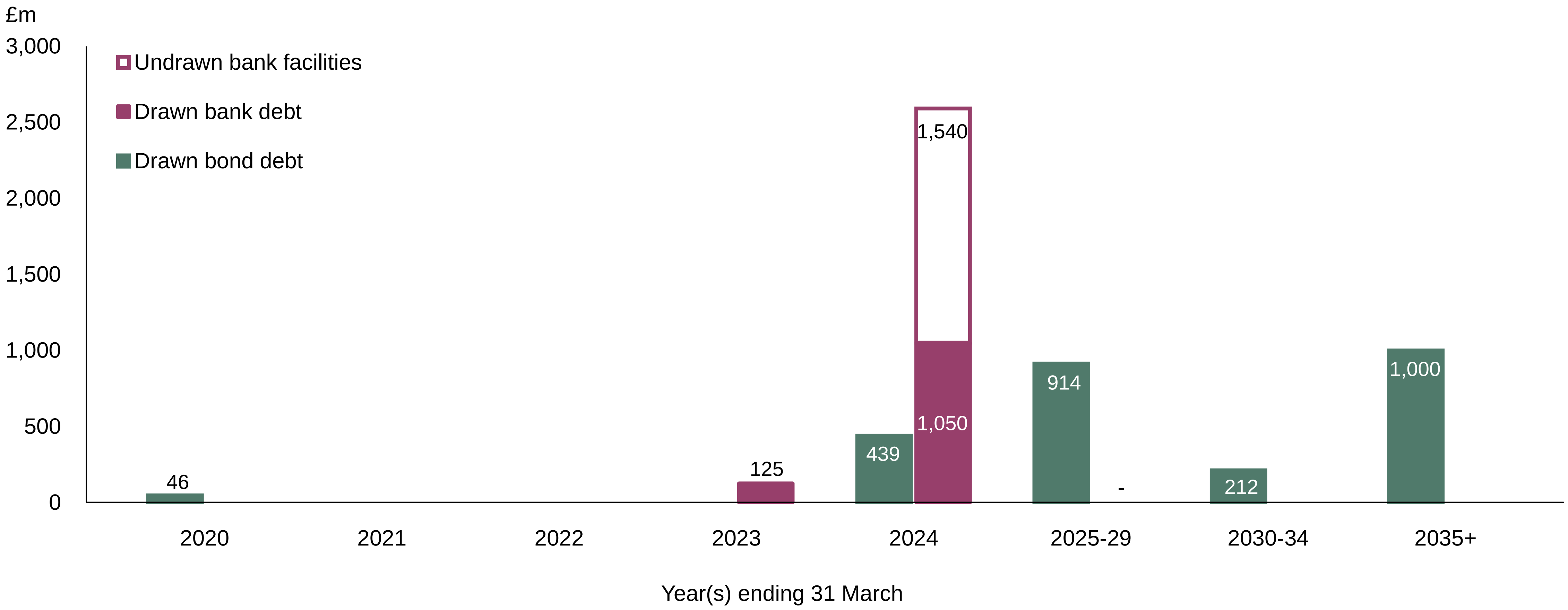
(1) Includes share-based payments and depreciation charges

Cash flow and adjusted net debt[(1)]



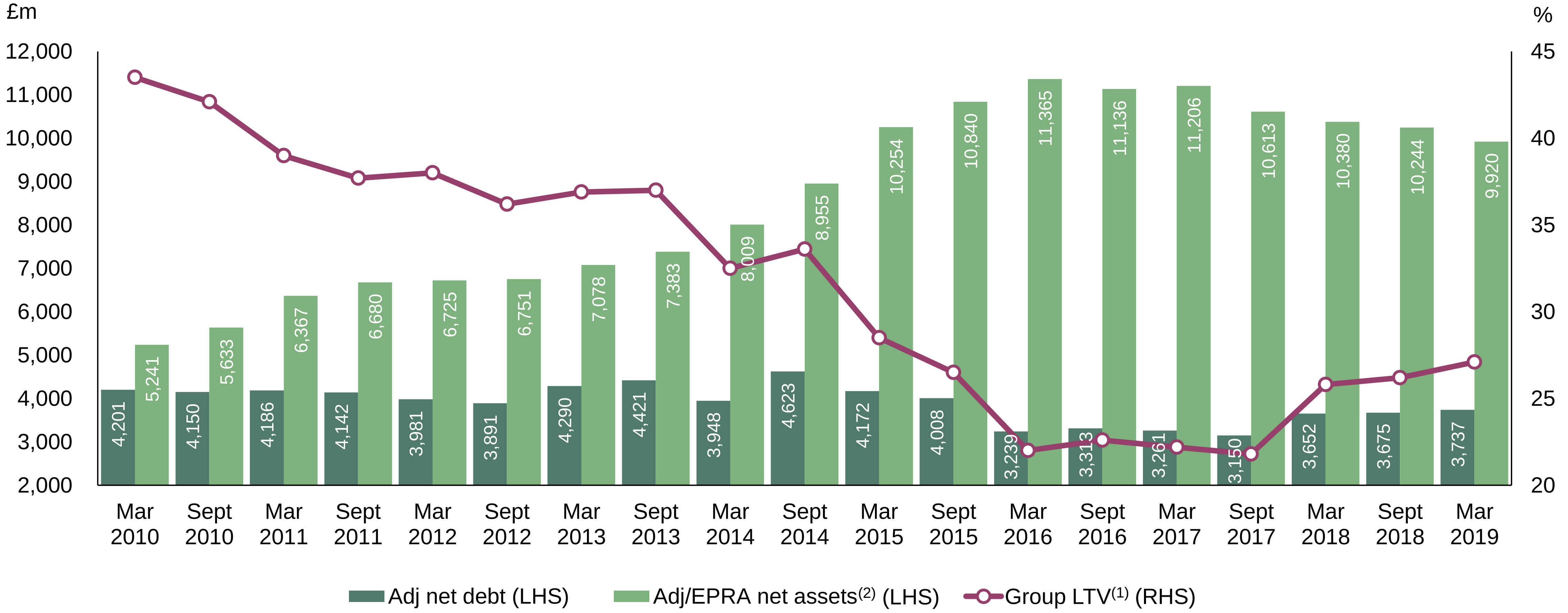
(1) On a proportionate basis

Expected debt maturities (nominal)



(1) Includes settlement of commercial paper and debt reserving but excludes cash

Financial history



(1) On a proportionate basis
(2) March 2018 onwards represents EPRA net assets

The Security Group

Our Security Group funding arrangements provide flexibility to buy and sell assets, develop a significant pipeline and raise debt via a wide range of sources. This is subject to covenant tiering which progressively increases operational restrictions in response to higher gearing levels or lower interest cover.

Covenant Tiering

Operating Tier	LTV(1)	Key restrictions	Valuation tolerance from current position	Incremental debt from current position £bn
Tier 1	≤55%	Minimal restrictions	**Current**	**Current**
Tier 2	>55%-65%	Additional liquidity facilities	-46%	+3.5
Initial Tier 3	>65%-80%	Payment restrictions Debt amortisation	-54%	+4.8
Final Tier 3	>80%	Disposals to pay down debt Potential appointment of property manager	-62%	+6.8

Control Framework

— There are covenants to protect security effectiveness, limit portfolio concentration risk and control churn of the portfolio

— The structure, which is overseen by a Trustee, is designed to flex with the business and broadly the covenants can be altered in three ways(2):

  — Trustee discretion – if the change is not materially prejudicial to the interests of the most senior class of debt holders

  — Rating affirmation – that the change will not lead to a credit rating downgrade

  — Lender consent

— An example of how sector and regional concentration limits have changed to reflect the shape of the business is shown on the next slide

(1) Tiering can also be determined with reference to Interest Cover, although this is deemed a less likely limitation
(2) Please refer to our most recent Base Prospectus (which is on our website) for full details of the Security Group’s terms and conditions

The Security Group

Portfolio concentration limits

30 September 2012

Sector concentration (% of collateral value)	£bn	%	Maximum permitted %
Office	3.9	44	60
Shopping centres and shops	3.0	33	60
Retail warehouses	1.1	13	55
Industrial	-	1	35
Residential	0.1	1	35
Leisure and hotels	-	-	-
Other	0.8	8	15
Regional concentration (% of collateral value)	**£bn**	**%**	**Maximum permitted %**
London	5.5	62	75
Rest of South East and Eastern	1.0	11	40
Midlands	0.2	3	40
North	1.2	13	40
Wales and South West	0.5	5	40
Scotland and Northern Ireland	0.5	6	40
Non-UK	-	-	5

31 March 2019

Sector concentration (% of collateral value)	£bn	%	Maximum permitted %	Acquisition headroom £bn
Office	6.3	47	85	33
Shopping centres and shops	5.1	39	100	n/a
Retail warehouses	0.6	5	55	15
Industrial	-	-	20	3
Residential	-	-	20	3
Leisure and hotels	1.2	9	25	3
Other	-	-	15	2
Regional concentration (% of collateral value)	**£bn**	**%**	**Maximum permitted %**	**Acquisition headroom £bn**
London	8.6	65	100	n/a
Rest of South East and Eastern	2.3	18	70	23
Midlands	0.1	1	40	9
North	1.3	9	40	7
Wales and South West	0.5	4	40	8
Scotland and Northern Ireland	0.4	3	40	8
Non-UK	-	-	5	1

Portfolio concentration limits have been amended over time to reflect the changing shape of the business.

Sustainability:
Our leadership and advocacy

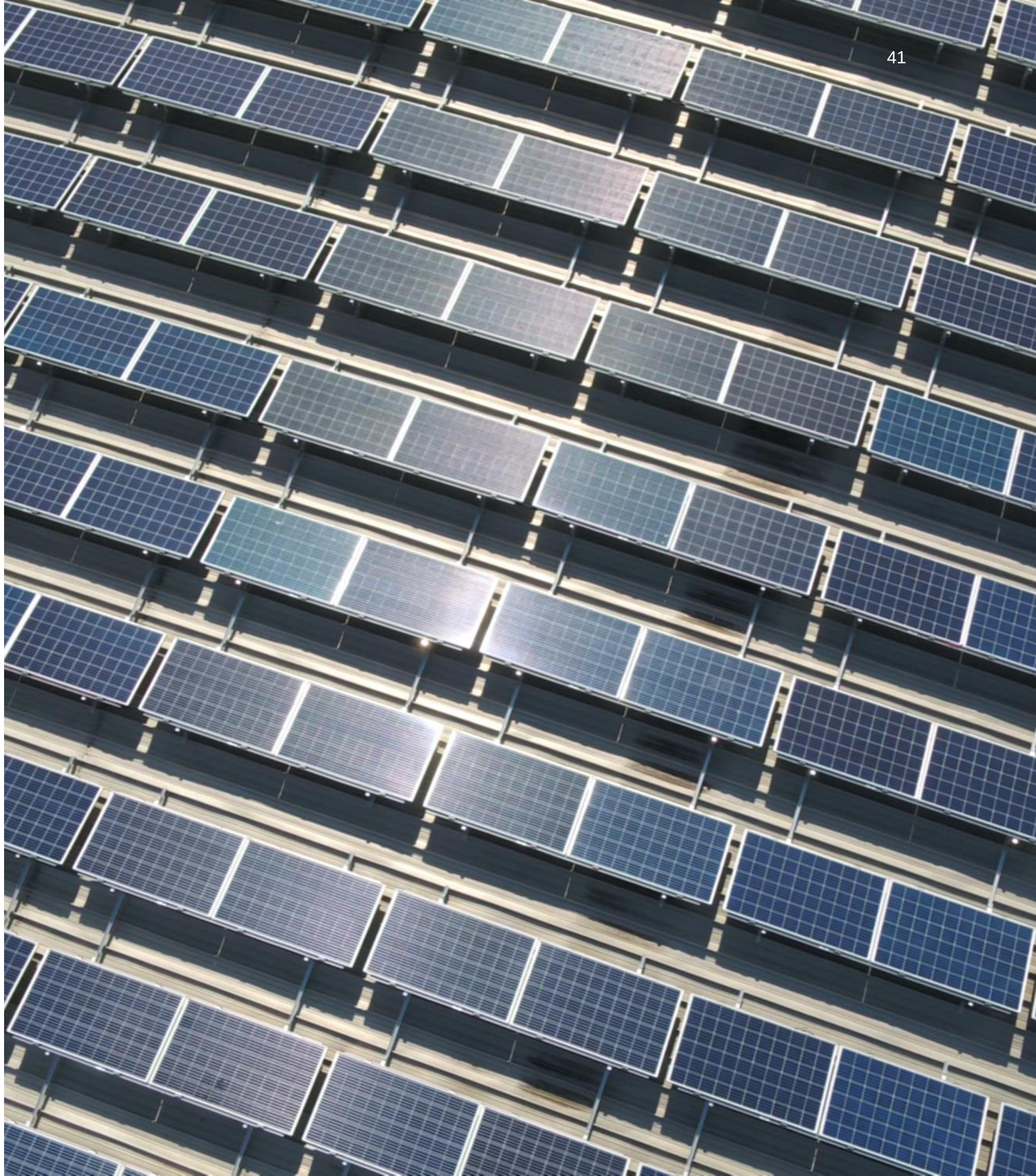
We aim to lead our industry on sustainability. This year, we:

— Delivered on our commitment to get 1,200 people furthest from the jobs market into work

— Became a pioneer in Design for Performance, an industry wide initiative to drive down energy use

— Launched coffee cup, single-use plastic and fashion waste reduction and recycling schemes

— Started construction of 21 Moorfields, delivering 19,000 sq ft of new biodiverse space in London



Environmental

— Reduced carbon emission intensity by 39.8% since 2014, progressing toward our target of 40% by 2030

— Achieved 100% waste diversion from landfill with 74.7% recycled and multiple new consumer-facing campaigns

— Launched ‘Refill Me’ single-use plastics campaign in partnership with over 100 brands at twelve destinations

— Reduced climate risk and increased transparency for investors through portfolio management and reporting

Social

— Created £3.2m of social value through our community programmes and partnerships

— Set a new target of creating £25m social value by 2025

— Delivered the UK’s first aerial window cleaning training academy in a UK prison at HMP & YOI Isis

— Supported 187 people furthest from the jobs market into employment, reaching our 2020 commitment

— Delivered enterprise challenges for 295 young people in education, preparing them for the jobs market

Governance

- Launched our new employee Code of Conduct driving ethical behaviour in every part of our business
- Joined the United Nations Global Compact, committing to universal sustainability principles
- Promoted our Whistleblowing Hotline at our destinations encouraging our supply chain to report their concerns
- Engaged 250 workers in our supply chain to make sure our policies on fair payment are hitting the ground

Performance and recognition

Benchmark	Performance in 2018/19
Carbon Disclosure Project (CDP)	A (Leadership)
Dow Jones Sustainability Index (DJSI)	Score 73 / percentile ranking 93. UK Real Estate leader
EcoAct (previously Carbon Clear)	We've again been named a climate leader, ranking 10th for all FTSE 100 companies and 1st for our sector
EPRA	Received our fifth Gold Award from EPRA for best practice sustainability reporting
FTSE4Good	Percentile ranking 91. We continue to retain our established position in the FTSE4Good Index
Global Real Estate Sustainability Benchmark (GRESB)	Score 90% / ranked 1st in UK diversified office/retail peer group
MSCI	ESG rating AA
Sustainalytics	Score 82 / relative position 11th out of 300
Workforce Disclosure Initiative (WDI)	Score 73%, above sector average of 62%
edie Sustainability Leaders Awards 2019	Winner Mission Possible: The Built Environment Award

Important notice

This presentation may contain certain 'forward-looking' statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

Any forward-looking statements made by or on behalf of Landsec speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared.

Landsec does not undertake to update forward-looking statements to reflect any changes in Landsec's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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