



Press release

Title **Half-yearly results for the six months ended 30 September 2020**

From Landsec

Date 10 November 2020

Strong balance sheet and new growth strategy ensure Landsec is well placed despite Covid-19 impact

Chief Executive Mark Allan said:

“While today’s results clearly show the impact of the pandemic on our business, Landsec remains in a fundamentally strong position. Together, the high quality of our portfolio and low leverage of our balance sheet provide a solid foundation for executing our growth strategy and creating value for all stakeholders. This strength also means we have been able to take a proactive and responsible approach to the challenges of Covid-19, supporting our communities and customers.

“As we begin to look beyond Covid-19, I am confident the business is well placed to capitalise on opportunities as they emerge. The investment market for high-quality London office assets, such as those owned by Landsec, has remained robust throughout the pandemic and there is little sign of that interest waning. Access to this liquidity, coupled with the acquisition and development opportunities that are likely to arise as a result of increased obsolescence of older office stock, as well as the long-term need for urban mixed use regeneration, mean there will be ample opportunity for Landsec to create significant value. We look ahead with a clear strategic direction and are optimistic about the future.”

Financial results

- Revenue profit⁽¹⁾⁽²⁾ down 48.9% to £115m
- Loss before tax for the period of £835m (2019: loss of £147m)
- Adjusted diluted earnings per share⁽¹⁾⁽²⁾ down 49.0% to 15.5p
- Reinstated dividend of 12.0p per share (2019: 23.2p)
- Combined Portfolio⁽¹⁾⁽²⁾ valued at £11.8bn, with a valuation deficit⁽¹⁾⁽²⁾ of £945m or 7.7%⁽³⁾
- EPRA net tangible assets per share⁽¹⁾ down 9.5% to 1,079p
- Ungeared total property return⁽⁴⁾ of -5.9%
- Total business return⁽¹⁾ of -9.5%
- Like-for-like net rental income, excluding provisions for bad and doubtful debts, down £31m or 10.3%

Strong financial position

- Resilient central London portfolio consisting of high-quality assets with good liquidity
- Low leverage with a Group LTV ratio⁽¹⁾⁽²⁾ at 33.2% (31 March 2020: 30.7%)



- Adjusted net debt⁽¹⁾⁽²⁾ of £3.9bn (31 March 2020: £3.9bn)
- Weighted average cost of debt at 2.1% (31 March 2020: 1.8%)
- Weighted average maturity of debt at 10.9 years (31 March 2020: 9.6 years)
- Cash and available facilities⁽²⁾ of £1.2bn

Responsible and proactive approach to Covid-19

- £80m support fund launched for retail, leisure and hospitality customers impacted by the pandemic
- Measured approach to existing development pipeline, progressing schemes with the best risk adjusted returns
- Operational changes delivered quickly and efficiently to keep staff, customers and consumers safe across the portfolio, strengthening relationships with customers through collaboration
- £500,000 financial assistance made available for existing charity partners

Opportunities beyond Covid-19

- Investor interest in the London office market remains high, offering opportunities to recycle capital, as evidenced by the sale of 7 Soho Square in September ahead of March book value
- Increased occupier demand for high-quality office space with a focus on health and wellbeing is likely to further polarise the market, underpinning demand and values for Landsec's core office product and meaning secondary, outdated stock in the market will be ripe for redevelopment

New strategy, positioning Landsec for growth

- Core pillars of strategy focus on:
 - Optimising central London portfolio; aligning portfolio to growth sectors and locations through targeted recycling and development
 - Reimagining retail; based on sustainable rents, appropriate leasing models and a customer-centric approach
 - Growing urban opportunities; applying our proven skillset to deliver urban mixed use schemes
 - Realising capital; exiting subscale sectors over the medium term
- Emphasis on total return and value creation, recycling £4bn of capital over the coming years

Continued ESG leadership

- Delivered a 46% reduction in carbon emissions compared with 2013/14 baseline, keeping us on track to achieve our science-based target aligned with a 1.5°C scenario to reduce emissions by 70% by 2030
- Ranked 3rd among FTSE 100 companies by EcoAct for our ambitious net zero strategy and transparency of our sustainability reporting, improving from 5th last year
- Delivered over £3.6m of social value through our community programme in the first half of the financial year



Results summary

	Six months ended 30 September 2020	Six months ended 30 September 2019	Change
Revenue profit ⁽¹⁾⁽²⁾	£115m	£225m	Down 48.9%
Valuation deficit ⁽¹⁾⁽²⁾	£(945)m	£(368)m	Down 7.7% ⁽³⁾
Loss before tax	£(835)m	£(147)m	
Basic loss per share	(112.8)p	(19.6)p	
Adjusted diluted earnings per share ⁽¹⁾⁽²⁾	15.5p	30.4p	Down 49.0%
Dividend per share	12.0p	23.2p	Down 48.3%
	30 September 2020	31 March 2020	
Net assets per share	1,068p	1,182p	Down 9.6%
EPRA net tangible assets per share ⁽¹⁾	1,079p	1,192p	Down 9.5%
Group LTV ratio ⁽¹⁾⁽²⁾	33.2%	30.7%	

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 the Financial review and 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 fall in value of the Combined Portfolio over the period, adjusted for net investment.
4. For further details, see the Business analysis section.

Ends

About Landsec

At Landsec, we strive to connect communities, realise potential and deliver sustainable places.

As one of the largest real estate companies in Europe, our £11.8 billion portfolio spans 24 million sq ft (as at 30 September 2020) of well-connected retail, leisure, workspace and residential hubs. 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.

Find out more at [landsec.com](https://www.landsec.com)



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