

Press release

Title Landsec announces preliminary results for the year ended 31 March 2018
From Land Securities Group PLC
Date 15 May 2018

This announcement contains inside information.

“Landsec has had an active and successful year. We continue to deliver outstanding destinations and experiences for our customers and communities across the UK, while addressing the big drivers of change in our market sectors. We’ve had one of our best years for leasing space. We bought and sold well, returned capital to shareholders and continued to reduce our cost of debt”, said Landsec’s Chief Executive, Robert Noel.

“We’ve worked on both sides of our balance sheet during the year, returning £475m to shareholders and refinancing over £1.5bn of our bonds which reduced our weighted average cost of debt to 2.6% and lengthened its duration to 13.1 years. The cost of this refinancing was behind both our loss for the year of £251m and the slight reduction in adjusted diluted net asset value per share to 1,403p. Revenue profit increased by 6.3% to £406m and adjusted diluted earnings per share rose by 9.9% to 53.1p.

“The successful leasing of our speculative development programme, combined with the increase in adjusted diluted earnings per share, sees us recommend a final dividend of 14.65p which increases the dividend for the year by 14.7%.

“In London, we completed 560,000 sq ft of mixed use space at Nova, which is now 97% let. We sold 20 Fenchurch Street, crystallising exceptional returns for shareholders. We pre-let and started construction of 564,000 sq ft at 21 Moorfields, and made good progress with a number of future development opportunities.

“In Retail, we opened Westgate Oxford which is now 96% let or in solicitors’ hands and acquired three new outlet destinations for £333m. Looking ahead, we are working up feasibility plans for significant mixed use development at our suburban London retail assets and will be enhancing our outlets.

“The business is in a strong position. Our portfolio is well let and adaptable to changing customer expectations. In a market facing short-term uncertainty, we have conservative gearing, market-leading debt facilities and a growing pipeline of opportunities for the future.”



Results summary

	31 March 2018	31 March 2017	Change
Revenue profit ⁽¹⁾⁽²⁾	£406m	£382m	Up 6.3%
Valuation deficit ⁽¹⁾⁽²⁾	£(91)m	£(147)m	Down 0.7% ⁽³⁾
(Loss)/profit before tax	£(251)m	£112m	
Basic (loss)/earnings per share	(32.9)p	14.3p	
Adjusted diluted earnings per share ⁽¹⁾⁽²⁾	53.1p	48.3p	Up 9.9%
Dividend per share	44.2p	38.55p	Up 14.7%
Basic net assets per share	1,418p	1,458p	Down 2.7%
Adjusted diluted net assets per share ⁽¹⁾	1,403p	1,417p	Down 1.0%
Group LTV ratio ⁽¹⁾⁽²⁾	25.8%	22.2%	

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 16 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 year, adjusted for net investment.

Activity

- £23m of investment lettings
- £48m of development lettings including pre-let at 21 Moorfields, EC2
- Acquisitions, development and refurbishment expenditure⁽¹⁾ of £534m
- Disposals⁽¹⁾ of £1.1bn
- £1.5bn (nominal) of bonds repurchased and £1.4bn of new issuances
- Capital distribution to shareholders of £475m accompanied by a 15 for 16 share consolidation
- Supported the 1,000th person from a disadvantaged background into employment through our award winning Community Employment Programme, which we launched in 2011
- Over 5 million visitors a week to our properties

Performance

- Ungearred total property return⁽¹⁾ of 4.3% (IPD Quarterly Universe 10.1%)
- Total business return⁽²⁾ of 1.8%
- Combined Portfolio⁽²⁾ valued at £14.1bn, with a valuation deficit⁽²⁾ of £91m or 0.7%
- Profit on disposals of £99m
- Voids in the like-for-like portfolio⁽¹⁾⁽³⁾: 2.4% (31 March 2017: 2.9%)

Financials

- Group LTV ratio⁽²⁾ at 25.8% (31 March 2017: 22.2%), based on adjusted net debt⁽²⁾ of £3.7bn (31 March 2017: £3.3bn)
- Weighted average maturity of debt at 13.1 years (31 March 2017: 9.4 years)
- Weighted average cost of debt at 2.6% (31 March 2017: 4.2%)
- Cash and available facilities of £1.1bn



- Full year dividend of 44.2p, up 14.7%

Development

- Nova, SW1, now 97% let
- Successful launch of Westgate Oxford, now 96% let or in solicitors' hands
- Selly Oak, Birmingham, construction started with 95% pre-let or in solicitors' hands
- Pre-let a minimum of 469,000 sq ft to Deutsche Bank at 21 Moorfields, EC2 and construction started

Recognition

- Winner: Refurbished 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
- BREEAM 2014 Outstanding awarded for 80-100 Victoria Street, SW1, the highest rated office fit out globally
- Winner: Global Investor's "Sterling Corporate Bond of the Year"

1. For further details, see the Business analysis section.
2. 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 16 in the Business analysis section.
3. Like-for-like voids now exclude the screen at Piccadilly Lights, W1. Comparative figures have been restated.

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-annual-results> at 0900 BST. Please also note that there will be an interactive Q&A facility during the webcast. A downloadable copy of the webcast will 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 5868

Call title: Landsec preliminary results 2018

A short video of our highlights is available at landsec.com/our-results-highlights



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 24 million sq ft of real estate and a portfolio valued at £14.1 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 6.4 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 17.6 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](https://www.landsec.com)

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