

Press release

Title Landsec announces annual results for the year ended 31 March 2019
From Land Securities Group PLC
Date 14 May 2019

This announcement contains inside information.

Increasing our focus on London with a growing development pipeline

Chief Executive Robert Noel said:

“We’ve had a strong year operationally, maintaining high occupancy, expanding our development pipeline and delivering new products and services, including our Myo flexible offer. This is against the backdrop of political gridlock and the well-publicised difficulties in the retail market.

The actions we took both this year and last have delivered an increase in revenue profit of 8.9% to £442m. Adjusted diluted earnings per share were up 12.4% to 59.7p. Weaker retail markets account for an overall 4.1% fall in the value of our assets and a 4.6% reduction in EPRA net assets per share to 1,339p.

Our business continues to evolve. 65% of our assets by value and our entire £3.0bn pipeline of development opportunities are now in London and over the coming years the business will be more concentrated in the capital. Outside London, we’ll continue to reduce our exposure, maintaining our focus on experience-led destinations.

Landsec is in a healthy financial position. We have a clear sense of where current and future opportunities lie and are well placed to address our customers’ changing needs, and deliver sustained value creation for our shareholders. This is an exciting time for real estate companies with the insight and capabilities needed to create the spaces for tomorrow’s businesses and communities.”



Results summary

	31 March 2019	31 March 2018 ⁽¹⁾	Change
Revenue profit ⁽²⁾⁽³⁾	£442m	£406m	Up 8.9%
Valuation deficit ⁽²⁾⁽³⁾	£(557)m	£(91)m	Down 4.1% ⁽⁴⁾
Loss before tax	£(123)m	£(43)m	
Basic loss per share	(16.1)p	(5.8)p	
Adjusted diluted earnings per share ⁽²⁾⁽³⁾	59.7p	53.1p	Up 12.4%
Dividend per share	45.55p	44.2p	Up 3.1%
Net assets per share	1,341p	1,404p	Down 4.5%
EPRA net assets per share ⁽²⁾	1,339p	1,403p	Down 4.6%
Group LTV ratio ⁽²⁾⁽³⁾	27.1%	25.8%	

Robust operational performance

- Revenue profit⁽²⁾⁽³⁾ up 8.9% to £442m with net rental income up and costs down
- Loss⁽¹⁾ for the year of £119m (2018: £(44)m)
- Adjusted diluted earnings per share⁽²⁾⁽³⁾ up 12.4% to 59.7p
- Full year dividend up 3.1% to 45.55p
- Combined Portfolio⁽²⁾⁽³⁾ valued at £13.8bn, with a valuation deficit⁽²⁾⁽³⁾ of £557m or 4.1%⁽⁴⁾ impacted by weak retail markets
- EPRA net assets per share⁽²⁾ down 4.6% to 1,339p
- Like-for-like net rental income up £10m or 1.9%
 - London Portfolio up £20m or 7.9%
 - Retail Portfolio down £10m or 3.6%
- Maintaining low like-for-like voids⁽⁵⁾ at 2.7% (31 March 2018: 2.3%)
- Ungeared total property return⁽⁵⁾ 0.4%
 - London Portfolio 3.5% (MSCI Quarterly Universe 4.8%)
 - Retail Portfolio (3.4)% (MSCI Quarterly Universe (6.8)%)
- Total business return⁽²⁾ (1.2)%

Healthy financial position

- Group LTV ratio⁽²⁾⁽³⁾ at 27.1% (31 March 2018: 25.8%)
- Adjusted net debt⁽²⁾⁽³⁾ of £3.7bn (31 March 2018: £3.7bn)
- Weighted average cost of debt at 2.7% (31 March 2018: 2.6%)
- Weighted average maturity of debt at 12.3 years (31 March 2018: 13.1 years)
- Cash and available facilities⁽³⁾ of £1.6bn



Increasing development pipeline

- London development opportunities increased to 3.6 million sq ft with an estimated total development cost of £3.0bn
- Good progress on site at 21 Moorfields, EC2, with Deutsche Bank confirmed for the whole building
- One Sherwood St, W1 under way, enabling works commenced at Nova East, SW1 with 105 Sumner St, SE1 starting later in the year
- 1.6 acre site at 25 Lavington Street, SE1 acquired during the year
- Planning applications being prepared for Portland House, SW1; Red Lion Court, SE1; Finchley Road, NW3; and Shepherd's Bush, W12
- Master planning of Lewisham town centre, SE13 under way

Sustainability leadership

- Achieved a 39.8% reduction in carbon intensity and an 18.2% reduction in energy intensity compared with 2014 baseline
- CDP A-list ranking for carbon performance and climate disclosure, UK sector leader for both the Global Real Estate Sustainability Benchmark (GRESB) and the Dow Jones Sustainability Index.
- Winner of the 2019 edie Sustainability Leaders Award for the Built Environment
- Signatory to the UN Global Compact, publicly committing to deliver on universal sustainability principles of human rights, ethical labour, environment and anti-corruption

1. Restated as a result of changes in accounting policies. See note 18 to the financial statements for details.
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 the Financial review and table 14 in the Business analysis section.
3. Including our proportionate share of subsidiaries and joint ventures, as explained in the Financial review.
4. The % change for the valuation deficit represents the fall in value of the Combined Portfolio over the year, adjusted for net investment.
5. For further details, see the Business analysis section.

Ends

A live video webcast of the presentation will be available at <https://webcast.landsec.com/2019-full-yearly-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: 020 3059 5868 (UK) or +44 20 3059 5868 (Other)

Call title: Landsec 2018/19 annual results announcement

A short video of our highlights is available at <https://landsec.com/experiences/beyond-bricks/2019-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 one of the largest real estate companies in Europe, our £13.8 billion portfolio spans 24 million sq ft of well-connected, experience-led retail, leisure, workspace and residential hubs, with a growing focus on London. 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. At Landsec, everything is experience.

Find out more at landsec.com

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