

Press release

Title Half-yearly results for the six months ended 30 September 2018
From Land Securities Group PLC
Date 13 November 2018

This announcement contains inside information.

Developing future opportunities from a position of strength

Robust performance

- Revenue profit⁽¹⁾⁽²⁾ up 10.3% to £224m with net rental income up and costs down
- Profit for the period of £42m (2017: £34m)
- Adjusted diluted earnings per share⁽¹⁾⁽²⁾ up 17.9% to 30.3p
- First half dividend up 14.7% to 22.6p
- EPRA net assets per share⁽¹⁾ down 1.4% to 1,384p
- Combined Portfolio⁽¹⁾⁽²⁾ valued at £14.0bn, with a valuation deficit⁽¹⁾⁽²⁾ of £188m or 1.4%
 - London offices up 0.2%; central London shops down 2.9%
 - Shopping centres and shops down 2.9% with outlets flat; retail parks down 4.5%; leisure and hotels down 0.2%
- High occupancy with like-for-like voids⁽³⁾ down to 1.9% (31 March 2018: 2.2%)
- Ungeared total property return⁽³⁾ 0.8%
 - London Portfolio 1.6% (IPD Quarterly Universe 2.8%)
 - Retail Portfolio (0.2)% (IPD Quarterly Universe (1.3)%)
- Total business return⁽¹⁾ 0.4%

Healthy financial position

- Group LTV ratio⁽¹⁾⁽²⁾ at 26.2% (31 March 2018: 25.8%)
- Adjusted net debt⁽¹⁾⁽²⁾ of £3.7bn (31 March 2018: £3.7bn)
- Weighted average cost of debt at 2.6% (31 March 2018: 2.6%)
- Weighted average maturity of debt at 12.6 years (31 March 2018: 13.1 years)
- Cash and available facilities⁽²⁾ of £1.1bn



Increased development pipeline and new concepts

- London office development pipeline increased to 2 million sq ft with an estimated cost of £2bn
 - Good progress on site at 21 Moorfields, EC2, with test piling completed successfully
 - Portland House, SW1 added to existing opportunities at Nova East, SW1, 1 Sherwood St, W1, Sumner St, SE1 and Red Lion Court, SE1
- Mixed use development pipeline being worked up at suburban London retail locations
 - In design at Finchley Road, NW3 and Shepherd's Bush, W12, at an estimated cost of £1bn and including over 1,700 new homes
 - Longer term opportunity at Lewisham town centre, SE13
- Flexible office product to be launched in the new year at 123 Victoria Street, SW1

Environmental and social leadership

- Ranked first in the UK among our peer group in the Global Real Estate Sustainability Benchmark (GRESB), achieving a Five Star rating and 90% score
- Ranked first in the UK in the property sector in the Dow Jones Sustainability Index (DJSI), scoring 73 compared with an industry average of 37
- Aerial window cleaning training academy opened at HM Prison Isis in south east London augmenting our Community Employment Programme

Chief Executive Robert Noel said:

“Landsec has delivered a robust performance in an uncertain market. With healthy growth in earnings per share and a strong financial position, we are looking forward with confidence, introducing new concepts and growing our pipeline of development opportunities.

“In Retail, our focus on vibrant destinations that offer the most engaging experiences for retailers and consumers has served us well in tough market conditions. We have made good progress on plans for mixed use development at several of our suburban London assets and will be submitting planning applications which will include over 1,700 homes in two of these locations.

“In London, we've expanded our pipeline of office development opportunities to £2bn and will be launching a new flexible office product in the new year, catering for increasing customer demand for flexible, serviced solutions.

“We remain alert to market risks but are confident in our current positioning and excited about the future.”



Results summary

	Six months ended 30 September 2018	Six months ended 30 September 2017 ⁽⁴⁾	Change
Revenue profit ⁽¹⁾⁽²⁾	£224m	£203m	Up 10.3%
Valuation deficit ⁽¹⁾⁽²⁾	£(188)m	£(19)m	Down 1.4% ⁽⁵⁾
Profit before tax	£42m	£34m	
Basic earnings per share	5.9p	4.2p	
Adjusted diluted earnings per share ⁽¹⁾⁽²⁾	30.3p	25.7p	Up 17.9%
Dividend per share	22.6p	19.7p	Up 14.7%
	30 September 2018	31 March 2018⁽⁴⁾	
Net assets per share	1,385p	1,404p	Down 1.4%
EPRA net assets per share ⁽¹⁾	1,384p	1,403p	Down 1.4%
Group LTV ratio ⁽¹⁾⁽²⁾	26.2%	25.8%	

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. For further details, see the Business analysis section.
4. Restated as a result of changes in accounting policies. See note 17 to the financial statements for details.
5. The % change for the valuation deficit represents the fall in value of the Combined Portfolio over the six month period, adjusted for net investment.

Ends

A live video webcast of the presentation will be available at <https://webcast.landsec.com/2018-half-yearly-results> at 0900 GMT. 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 half-yearly results 2018

A short video of our highlights is available at landsec.com/eye-to-the-future



About Landsec

At Landsec, we believe great places are for people to experience and are made with the experience of great people. We own and manage some of the most successful and recognisable assets in the country. Our £14.0 billion portfolio spans 23.9 million sq ft of real estate and is a diverse mix of offices, retail and leisure.

In London, our portfolio totals more than £7.9 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 17.5 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

Molly Neal

+44 (0)20 7024 5460

Molly.neal@landsec.com

Investors

Ed Thacker

+44 (0)20 7024 5185

Edward.thacker@landsec.com