Appendices

Half-yearly results as at 30 September 2019

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Contents

Sustainability

We continue to lead our industry in sustainability through ambitious targets and bold activity across the three core areas of our sustainability strategy. This is demonstrated by our strong performance in the key sustainability benchmarks.

Our half year 2019/20 highlights include:

— Jobs and opportunities: created over £3m of social value against our target to create £25m of social value by 2025

— Efficient use of natural resources: increased the ambition level of our science-based carbon reduction target in line with a 1.5°C scenario

— Sustainable design and innovation: committed to becoming a net zero carbon business by 2030

Benchmark	Performance in 2019
CDP	A (Leadership)
Dow Jones Sustainability Indices	Score 82 / percentile ranking 98th European Real Estate leader
ecoact	We've again been named a climate leader, ranking 5th for all FTSE 100 companies and 1st for our sector
EPRA	Received our 6th Gold Award from EPRA for best practice sustainability reporting
FTSE4Good	Percentile ranking 89th. We continue to retain our established position in the FTSE4Good Index
GRESB	Score 90% / ranked 1st in Europe and UK diversified office / retail (mixed) listed categories
MSCI	ESG rating AA
Sustainalytics	Score 82 / percentile ranking 97th
WDi	Score 73%, above sector average of 62%

Our sustainability strategy

Creating jobs and opportunities

Supported over 1,400 people furthest from the jobs market into employment, reaching our 2020 commitment.

Launched our pilot 'homework club' at our Head Office to support local students.

Continued to pay everyone working on our behalf at least the Living Wage. To ensure fair treatment of workers in our supply chain, we surveyed 250 people working on our sites on issues such as modern slavery, wage rates and discrimination.

Efficient use of natural resources

Achieved our 2030 carbon reduction target 11 years early, reducing our carbon intensity by 45.5% since 2013/14.

Reduced energy intensity by 19.4% since 2013/14 against our 2030 target.

Continue to divert 100% of waste from landfill with 74.6% recycled.

Design and innovation

Drove down carbon emissions in supply chain through innovative design and construction methods.

Created a 'red list' for banned materials to guide our supply partners and mitigate human rights risks.

Reduced our exposure to climate risk and increased transparency through portfolio management and reporting.

Five steps we are taking to achieve net zero carbon buildings

What	How	Current status
Reducing operational energy use	1. Using science-based operational targets 2. Designing for Performance	1. Approved science-based target, committing us to a 70% reduction in carbon by 2030. Currently at a 45.5% reduction compared with a 2014 baseline 2. Piloting advanced energy modelling at 21 Moorfields following the BBP (Better Buildings Partnership) initiative
Purchasing renewable energy	1. Purchasing 100% renewable electricity through our corporate procurement contracts	1. Purchasing 100% renewable electricity via REGO certifications 2. Investigating feasibility of moving to Power-Purchase Agreements (PPAs)
Using an internal shadow price of carbon	1. Factoring carbon risk and cost into decision-making to drive investment towards cleaner options	1. Modelling a price of £80/tonne CO_2 with our investment teams
Reducing construction impacts	1. Measuring the carbon profile of developments to enable design and specification of low carbon choices 2. Repositioning assets towards lower carbon options	1. Embodied carbon reduced by 20% at Lucent, W1 through using a leaner and lighter structure; at Lavington Street, working on a low-carbon steel and timber hybrid structure, saving over 6,000 tonnes CO_2 2. Prioritising the refurbishment of assets, such as Portland House
Offsetting remaining carbon	1. Purchasing carbon offsets for the construction impacts of new developments and disclosing quantities	1. Investigating carbon offsets aligned with United Nations Gold Standard

Top 10 assets by value as at 30 September 2019

Name	Ownership interest	Floor area	Annualised net rent[1]	Let by income	Weighted average unexpired lease term
	%	Sq ft (000)	£m	%	Years
New Street Square, EC4	100	Office: 932 Retail: 22	55	100	9.1
Cardinal Place, SW1	100	Office: 459 Retail: 57	33	100	4.6
One New Change, EC4	100	Office: 349 Retail: 210	29	100	5.5
Gunwharf Quays, Portsmouth	100	Retail: 552	29	98	4.4
1 & 2 New Ludgate, EC4	100	Office: 369 Retail: 27	22	100	13.1
Bluewater, Kent	30	Retail: 1,876	28	94	5.1
Queen Anne's Gate, SW1	100	Office: 354	34	100	7.2
Nova, SW1	50	Office: 480 Retail: 74	11	100	10.8
Trinity Leeds	100	Retail: 778	26	94	5.9
62 Buckingham Gate, SW1	100	Office: 261 Retail: 16	19	100	5.5

Aggregate value of top 10 assets: £5.9bn (44% of Combined Portfolio)

(1) Landsec share. Annualised net rent is annual cash rent, after the deduction of rent payable, as at the balance sheet date

New reporting structure
Segment reporting

Previous

London Portfolio	London offices Central London shops
Retail Portfolio	Shopping centres and shops Outlets Retail parks Leisure and hotels

New

Office	London offices
Retail	London retail Regional retail Retail parks Outlets
Specialist	Leisure parks Hotels Piccadilly Lights Other

Valuation movements

Six months ended September 2019

	Market value 30 September 2019	Valuation change	Rental value change[1]	Net initial yield	Equivalent yield	Movement in equivalent yield
	£m	%	%	%	%	bps
Office	5,924	0.3	1.9	4.3	4.6	5
London retail	1,484	-4.3	-2.7	4.2	4.3	4
Regional retail	1,865	-9.4	-3.7	5.3	5.5	36
Outlets	982	0.6	1.0	5.0	5.4	2
Retail parks	523	-11.1	-2.0	6.6	6.7	58
Leisure and hotels	1,254	-3.0	-1.1	5.4	5.6	9
Other	386	0.3	-	3.3	4.2	-
Total like-for-like portfolio	**12,418**	**-2.7**	**-0.4**	**4.7**	**4.9**	**11**
Proposed developments	247	-8.1	n/a	4.6	n/a	n/a
Development programme	450	3.8	n/a	-	4.3	n/a
Completed developments	212	-9.7	-3.6	4.7	5.2	34
Acquisitions	115	-1.7	n/a	0.7	4.6	n/a
Non-current assets held for sale	-	-12.5	n/a	n/a	n/a	n/a
Total Combined Portfolio	**13,442**	**-2.8**	**-0.4**	**4.5**	**4.9**	**11**

Office	6,674	-		4.0		
London retail	1,542	-3.5		4.1		
Regional retail	2,078	-9.4		5.2		
Outlets	982	0.6		5.0		
Retail parks	523	-11.1		6.6		
Leisure and hotels	1,254	-3.0		5.4		
Other	389	0.4		3.2		
Non-current assets held for sale	-	-12.5		n/a		
Total Combined Portfolio	**13,442**	**-2.8**		**4.5**		

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

Yield movements
Like-for-like portfolio

	30 September 2019			31 March 2019	
	Net initial yield	Equivalent yield	Topped-up net initial yield	Net initial yield	Equivalent yield
	%	%	%	%	%
Office	4.3	4.6	4.5	3.9	4.5
London retail	4.2	4.3	4.4	4.1	4.3
Regional retail	5.3	5.5	5.5	4.9	5.2
Outlets	5.0	5.4	5.1	5.0	5.4
Retail parks	6.6	6.7	7.1	6.1	6.2
Leisure and hotels	5.4	5.6	5.4	5.2	5.5
Other	3.3	4.2	3.3	3.0	4.2
Total like-for-like portfolio	**4.7**	**4.9**	**4.8**	**4.4**	**4.8**

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

Rental and capital value trends
Like-for-like portfolio

Like-for-like portfolio value at 30 September 2019: £12,418m

Rental value change(1) | Valuation change

	Six months ended 30.09.18		Six months ended 31.03.19		Six months ended 30.09.19	
	%		%		%	
	Rental value change(1)	Valuation change	Rental value change(1)	Valuation change	Rental value change(1)	Valuation change
OFFICE	1.4	0.1	0.6	-0.2	1.9	0.3
RETAIL	-1.4	-2.7	-2.3	-5.7	-2.3	-6.1
SPECIALIST	-0.3	-1.9	-0.3	-1.3	-1.1	-2.2
TOTAL LFL PORTFOLIO	**-0.1**	**-1.4**	**-0.8**	**-2.8**	**-0.4**	**-2.7**

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

Rental and capital value trends

Office like-for-like portfolio

Office like-for-like portfolio value at 30 September 2019: £5,924m

■ Rental value change[1] ■ Valuation change

		Six months ended 30.09.18	Six months ended 31.03.19	Six months ended 30.09.19
		%	%	%
West End	Rental value change	0.7	1.4	2.4
	Valuation change	-1.3	-0.6	0.5
City	Rental value change	-0.2	-0.2	0.8
	Valuation change	0.3	0.1	-0.1
Mid-town	Rental value change	4.4	-	2.3
	Valuation change	3.2	0.2	0.3
Southwark and other	Rental value change	1.1	-	0.1
	Valuation change	0.2	0.1	0.5
OFFICE	Rental value change	1.4	0.6	1.9
	Valuation change	0.1	-0.2	0.3

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

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

Retail like-for-like portfolio value at 30 September 2019: £4,854m

■ Rental value change[1] ■ Valuation change

	Six months ended 30.09.18		Six months ended 31.03.19		Six months ended 30.09.19	
	%		%		%	
	Rental value change	Valuation change	Rental value change	Valuation change	Rental value change	Valuation change
London retail	-1.1	-1.0	-1.2	-2.8	-2.7	-4.3
Regional retail	-2.1	-4.7	-4.0	-8.5	-3.7	-9.4
Outlets	-0.7	-	1.0	-0.4	1.0	0.6
Retail parks	-1.0	-3.7	-3.2	-10.5	-2.0	-11.1
RETAIL	-1.4	-2.7	-2.3	-5.7	-2.3	-6.1

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

Portfolio performance relative to MSCI
Six months ended 30 September 2019

	Rental value performance		Ungeared total property return	
	Landsec[1]	MSCI	Landsec	MSCI
	%	%	%	%
OFFICE	1.9	0.8[2]	2.1	2.0[2]
RETAIL	-2.3	-2.1[3]	-4.4	-2.8[3]
SPECIALIST	-1.1	n/a[4]	0.3	n/a[4]
TOTAL PORTFOLIO	**-0.4**	**-0.2[5]**	**-0.5**	**0.8[5]**

(1) Like-for-like properties: rental value performance figures exclude units materially altered during the period and other non like-for-like movements
(2) MSCI Central and Inner London Office benchmark
(3) MSCI All Retail benchmark
(4) No benchmark available
(5) MSCI All Property Quarterly Universe

Analysis of performance relative to MSCI

Attribution analysis, ungeared total property return, six months ended 30 September 2019, relative to MSCI All Property Quarterly Universe

Source: MSCI

Rent reviews and lease expiries and breaks(1)

Office excluding developments

	Outstanding	2019/20	2020/21	2021/22	2022/23	2023/24	Total to 2024
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review	13	11	56	40	32	17	**169**
Adjusted ERV(2)	13	11	55	40	33	19	**171**
Over-renting(3)	-	-	(1)	-	-	-	**(1)**
Gross reversion under lease provisions	**-**	**-**	**-**	**-**	**1**	**2**	**3**

	2019/20	2020/21	2021/22	2022/23	2023/24	Total to 2024
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks	3	13	8	28	23	**75**
ERV	4	14	9	31	24	**82**
Potential rent change	**1**	**1**	**1**	**3**	**1**	**7**
Total reversion from rent reviews and expiries or breaks						**10**
Voids and tenants in administration(4)						3
Total						**13**

(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

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

	Outstanding	2019/20	2020/21	2021/22	2022/23	2023/24	Total to 2024
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review	69	30	28	15	16	10	**168**
Adjusted ERV[2]	64	29	26	14	15	10	**158**
Over-renting[3]	(6)	(1)	(3)	(2)	(1)	(1)	**(14)**
Gross reversion under lease provisions	**1**	**-**	**1**	**1**	**-**	**1**	**4**

	2019/20	2020/21	2021/22	2022/23	2023/24	Total to 2024
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks	22	32	29	35	37	**155**
ERV	25	32	27	32	33	**149**
Potential rent change	**3**	**-**	**(2)**	**(3)**	**(4)**	**(6)**
Total reversion from rent reviews and expiries or breaks						**(2)**
Voids and tenants in administration[4]						11
Total						**9**

(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

Rent reviews and lease expiries and breaks[1]
Specialist excluding developments

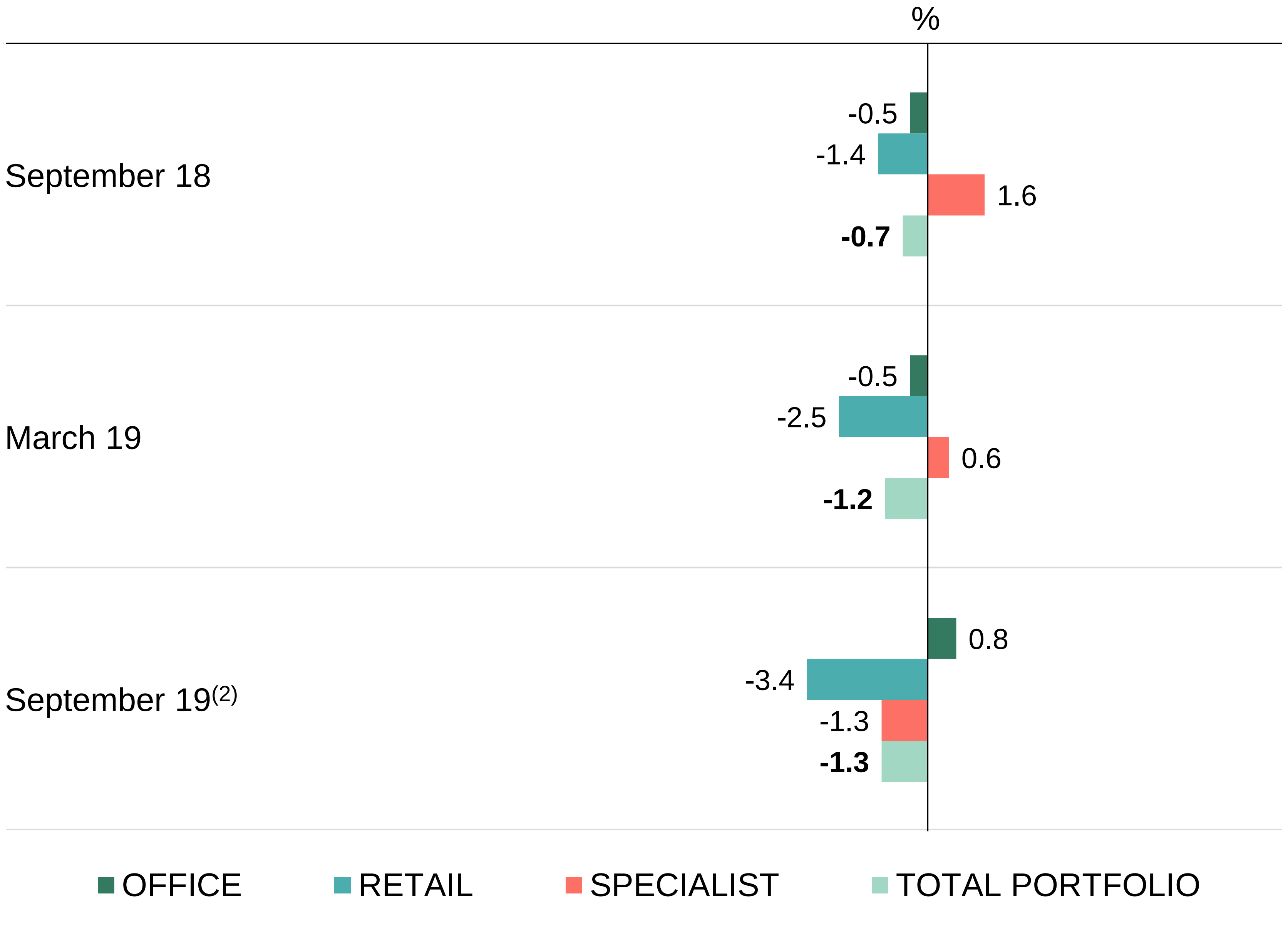
	Outstanding	2019/20	2020/21	2021/22	2022/23	2023/24	Total to 2024
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review	12	4	7	3	3	4	**33**
Adjusted ERV[2]	11	3	6	3	3	4	**30**
Over-renting[3]	(1)	(1)	(1)	-	-	-	**(3)**
Gross reversion under lease provisions	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	2019/20	2020/21	2021/22	2022/23	2023/24	Total to 2024
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks	-	2	2	4	1	**9**
ERV	-	2	2	4	1	**9**
Potential rent change	**-**	**-**	**-**	**-**	**-**	**-**
Total reversion from rent reviews and expiries or breaks						**-**
Voids and tenants in administration[4]						2
Total						**2**

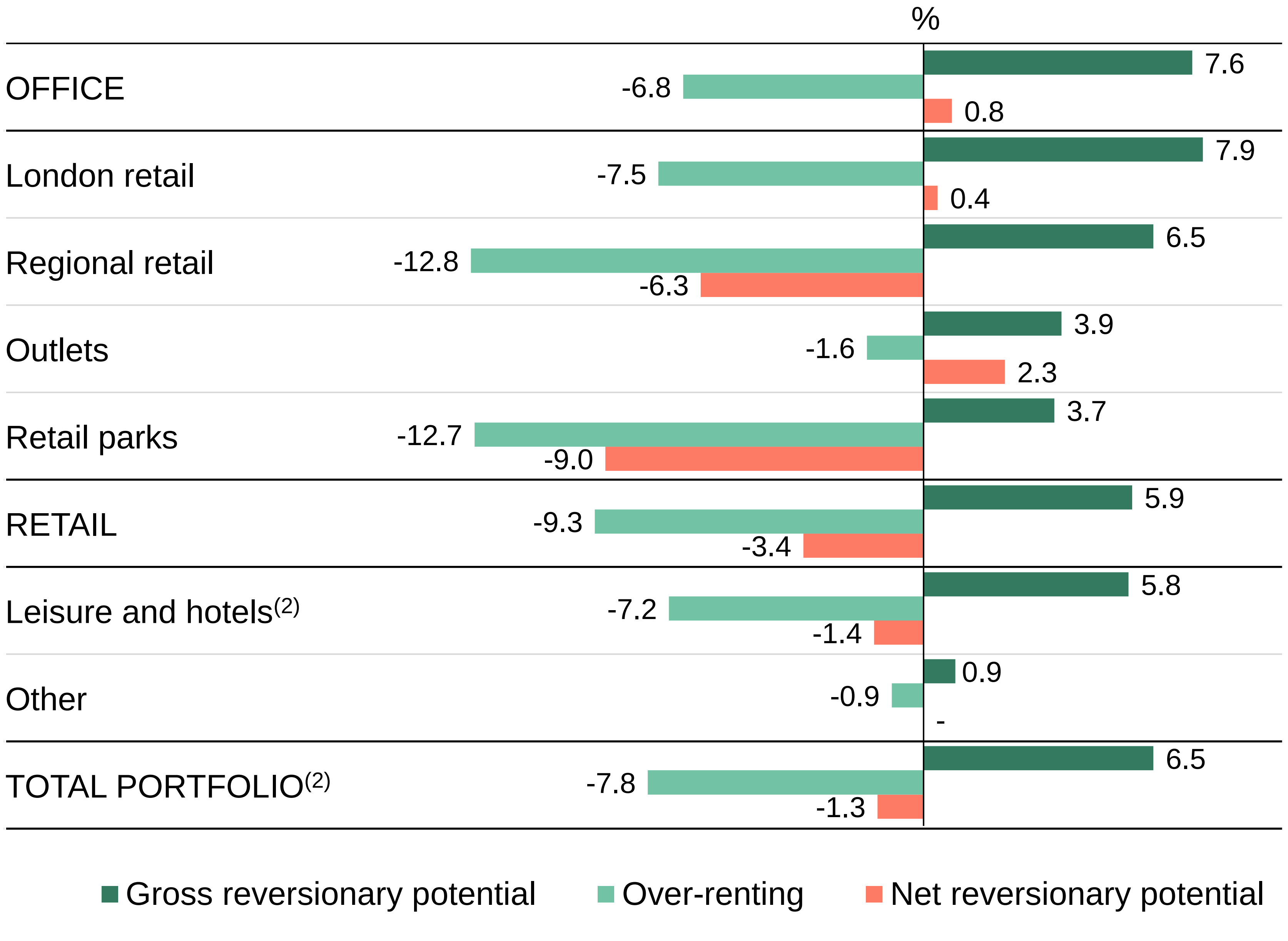
(1) This is not a forecast and takes no account of increases or decreases in ERV before the relevant review dates
(2) Adjusted ERV reflects ERV when reversion is expected at next rent review, or passing rent where the reversion to ERV is expected after 2024
(3) Not crystallised at rent review because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

Reversionary potential
Like-for-like portfolio

Net reversionary potential(1)



Reversionary potential(1) at 30 September 2019



(1) Excludes voids and rent free periods
(2) As at 30 September 2019, Queen Anne's Gate (QAG), SW1 accounted for 91% of the Office like-for-like over-renting. Excluding QAG, the Office and Combined Portfolios would be 7.0% and 1.4% net reversionary, respectively

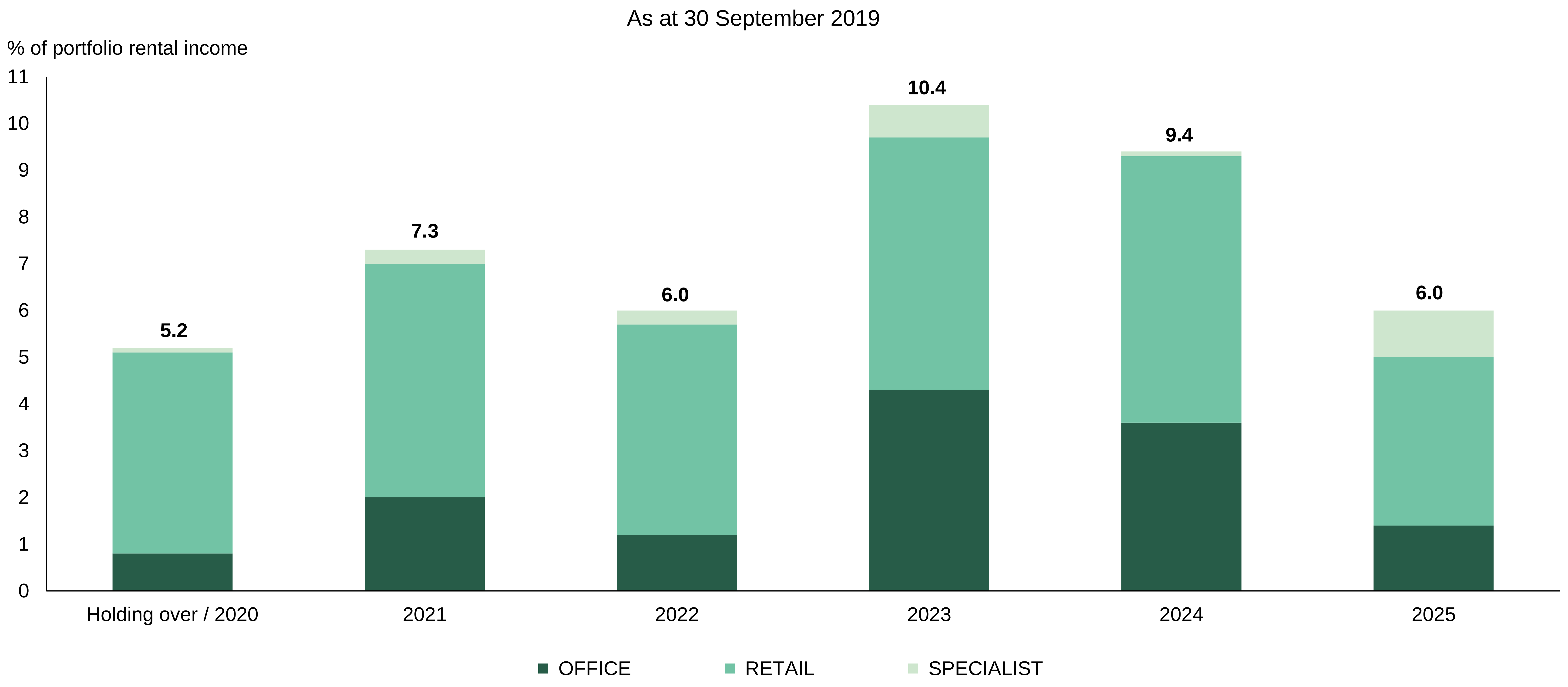
Reconciliation of cash rents and P&L rents to ERV

	OFFICE	RETAIL	SPECIALIST	TOTAL
	£m	£m	£m	£m
Annualised rental income (accounting basis)	269	296	89	654
Ground rent and SIC 15 adjustments	18	(3)	(3)	12
Annualised net rent (cash basis)	**287**	**293**	**86**	**666**
Additional cash rent from unexpired rent free periods	9	7	2	18
Gross reversion from rent reviews in next five years	3	4	-	7
Net reversion on breaks and expiries in the next five years	7	(6)	-	1
Net reversion from rent reviews, breaks and expiries outside of the next five years	(10)	(8)	(1)	(19)
Development programme	54	4	-	58
Proposed developments(1)	8	-	-	8
Voids and tenants in administration	3	11	2	16
Short term income	1	1	7	9
Other	5	(2)	(1)	2
Net ERV	**367**	**304**	**95**	**766**
Ground rents payable	5	10	1	16
Gross ERV	**372**	**314**	**96**	**782**

(1) Proposed development ERVs represent the existing value in use rather than the proposed scheme ERV

Combined Portfolio – lease maturities (expiries and break clauses)

Excluding development programme

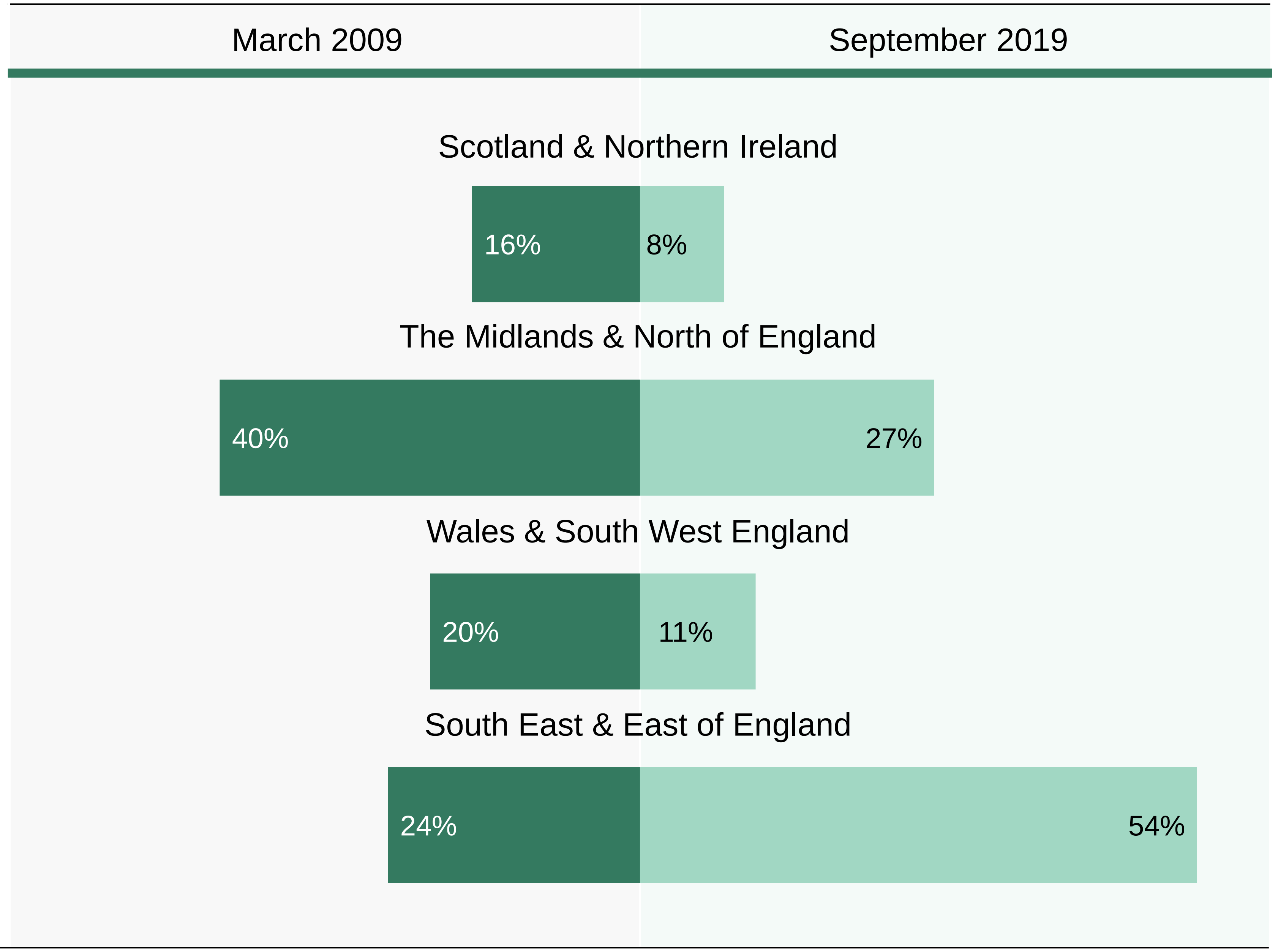


Regional retail and leisure

A decade of repositioning

Number of Landsec regional retail and leisure assets

Location of Landsec regional retail and leisure assets by value



A focus on fewer, experience-led destinations

Above excludes non-current assets held for sale as at 30 September 2019

Retailer affordability

Same centre sales 450bps ahead of BRC benchmark

Footfall and sales growth / (decline) (26 weeks to 29 September 2019 vs 26 weeks to 30th September 2018)

Landsec	%	Benchmarks	%	Relative performance
Footfall	-1.8	UK Footfall[1]	-4.2	+240bps
Same centre sales[2]	0.7	BRC non-food in-store – total[3]	-3.8	+450bps
Same centre sales excluding automotive	-0.7			
Same store sales[4]	-0.5	BRC non-food in-store – LFL[3]	-3.7	+320bps
Same store sales excluding automotive	-1.9			
		BRC non-food all retail[5]	-1.9	

Occupancy cost trends	Rent to physical store sales ratio[6]	Occupancy cost to physical store sales[7]	Rent / sq ft
	%	%	£
Overall	9.7	17.6	41
Excluding anchor stores	11.9	21.1	55
Excluding anchor stores and MSUs	11.7	20.6	68
Catering only	10.4	19.4	53

Source: Landsec, unless specified below; data is exclusive of VAT and for the 26-week figures above, based on over 1,500 tenancies where the occupiers provide Landsec with turnover data
(1) ShopperTrak UK National Benchmark(1b) ShopperTrak Malls (1b) index based on more than 300 UK Malls
(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 two quarters non-food retail sales growth for physical i.e. bricks and mortar stores only (does not include online sales)
(4) Landsec same store / same tenant like-for-like sales
(5) BRC – KPMG Retail Sales Monitor (RSM). Based on an average of two quarters non-food retail sales growth including online 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

Top retail and leisure occupiers by percentage of Group rent

Brand	Status	Number of units trading	Group rent	Brand	Status	Number of units trading	Group rent
Cineworld		14	1.6%	Superdrug / The Perfume Shop		22	0.5%
Boots		21	1.5%	John Lewis Partnership(2)		7	0.5%
Sainsbury's		13	1.3%	Sports Direct(3)		18	0.5%
H&M		15	1.0%	River Island		8	0.4%
Next		15	1.0%	Clarks		12	0.4%
M&S(1)		12	1.0%	VF Corporation		18	0.4%
The Restaurant Group		46	0.9%	Debenhams	CVA	5	0.4%
Tesco		9	0.8%	JC Decaux		19	0.4%
Vue		6	0.8%	Victoria's Secret		6	0.4%
Primark		5	0.7%	Signet Group		17	0.4%
Dixons Carphone		21	0.7%	Superdry		8	0.3%
Gap		12	0.6%	Aurum Holdings		14	0.3%
Arcadia	CVA	11	0.6%	Barclays Bank		4	0.3%
Nando's		29	0.5%	TK Maxx / HomeSense		7	0.3%
New Look	CVA	9	0.5%	JD Sports		8	0.3%

(1) Includes M&S Simply Food
(2) Includes Waitrose & Partners
(3) Includes House of Fraser, Evans Cycles and Jack Wills (acquired out of administration)

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

CVA / Administration exposure by occupier as at 30 September 2019

Brand	Status	Number of units trading	Group rent
Arcadia	CVA	11	0.6%
New Look	CVA	9	0.5%
Debenhams	CVA	5	0.4%
Monsoon Accessorize	CVA	11	0.1%
Carpetright	CVA	4	0.1%
Homebase	CVA	1	0.1%
Jack Wills	Administration	4	<0.1%
House of Fraser	Administration	1	<0.1%
Paperchase	CVA	7	<0.1%
Mothercare	CVA	2	<0.1%
Genus	CVA	4	<0.1%
Carluccio’s	CVA	4	<0.1%

Brand	Status	Number of units trading	Group rent
Prezzo	CVA	7	<0.1%
Regis	CVA	7	<0.1%
Gourmet Burger Kitchen	CVA	5	<0.1%
Byron Hamburgers	CVA	3	<0.1%
Giraffe	CVA	5	<0.1%
LK Bennett	CVA	2	<0.1%
Evans Cycles	Administration	4	<0.1%
Patisserie Valerie	Administration	4	<0.1%
Others	Administration/CVA	22	0.2%
Units trading in CVA/Administration		**122**	**2.8%**

Summary of retail and leisure units in CVA/Administration

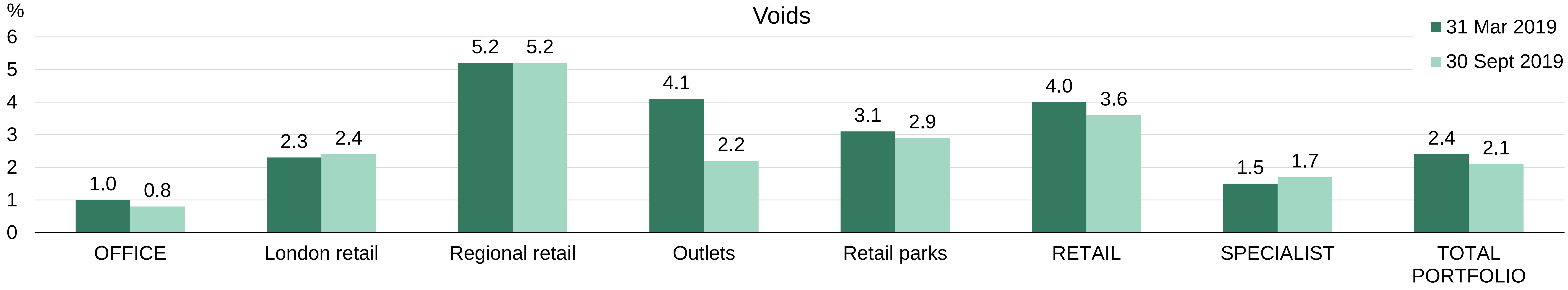
Analysis by annualised rental income

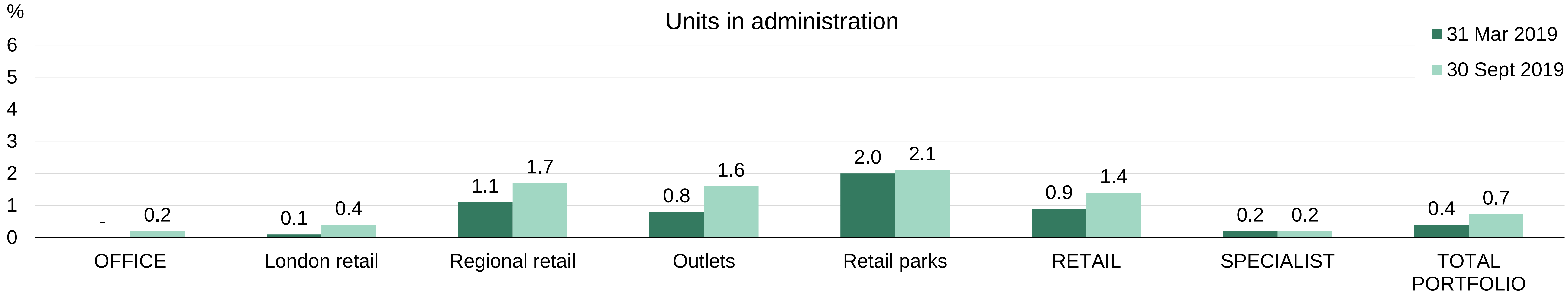
		CVAs and Administrations from 01.04.17 to 30.09.19			As at 30.09.19					
		Annualised rental income entering CVA or Administration	Units	Reduction in annualised rental income recognised to date(1)	Annualised rental income in CVA or Administration	Units	% of Group rent	Future reduction in annualised rental income	Lettings agreed as at 30.09.19(2)	Net change in annualised rental income after re-lettings and future reductions
		£m		£m	£m			£m	£m	£m
2017/18	Administrations	2.1	13	(2.1)	-	-	0.0%	-	1.4	**(0.7)**
2017/18	CVAs	6.2	37	(0.9)	5.3	30	0.8%	-	0.1	**(0.8)**
2018/19	Administrations	5.3	55	(3.7)	1.6	18	0.2%	(0.3)	1.7	**(2.3)**
2018/19	CVAs	5.1	40	(2.0)	3.1	33	0.5%	-	0.3	**(1.7)**
2019/20 H1	Administrations	3.6	27	(1.9)	1.7	6	0.3%	(1.0)	1.2	**(1.7)**
2019/20 H1	CVAs	11.5	37	(4.2)	7.3	35	1.1%	(0.1)	0.3	**(4.0)**
	TOTAL	**33.8**	**209**	**(14.8)**	**19.0**	**122**	**2.9%**	**(1.4)**	**5.0(3)**	**(11.2)**
					Still trading:	**122**				

(1) Relates to impact of CVA/Administration. Ignores re-letting of vacated units
(2) Lettings agreed as at 30.09.19 are lettings that have exchanged and in solicitors' hands. Prior periods have been restated to reflect subsequent asset disposals and where tenants in CVA have entered administration
(3) £3.0m already recognised within Group annualised rental income as at 30 September 2019

Voids and units in administration

Like-for-like portfolio

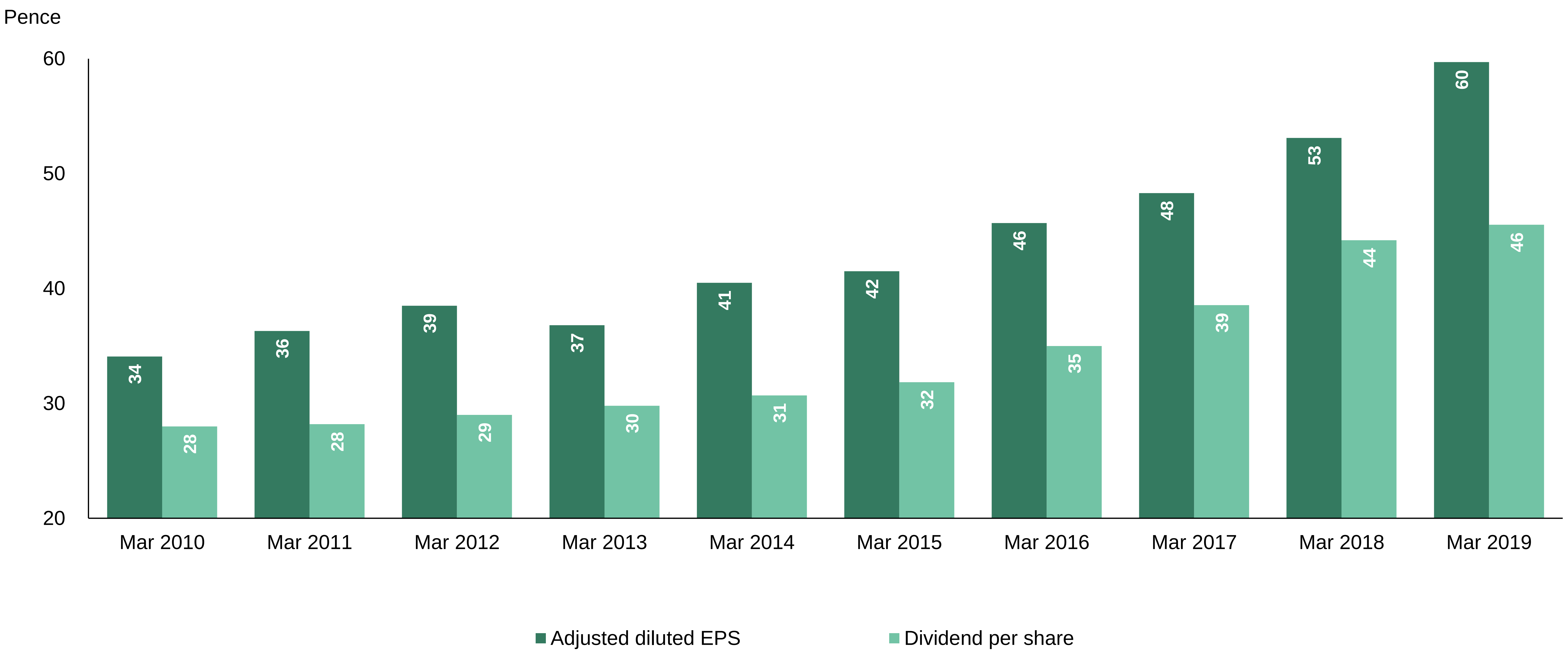




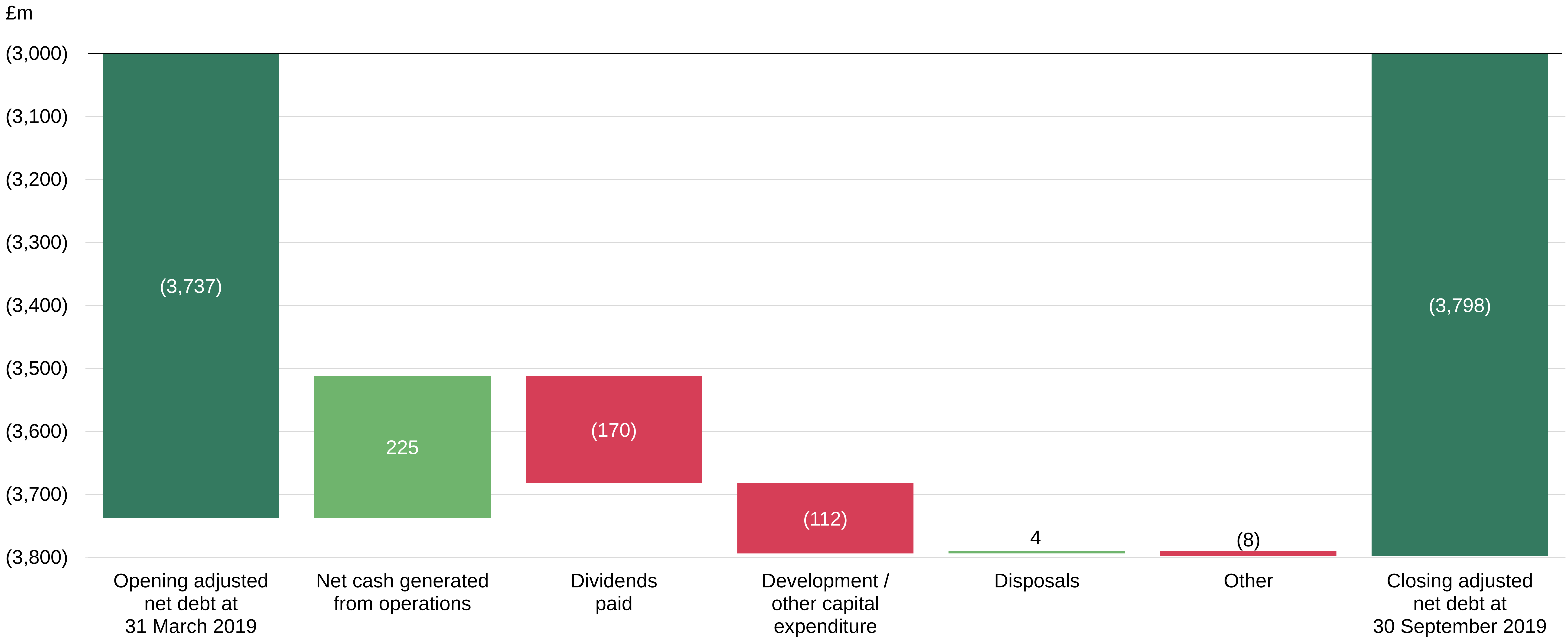
Like-for-like occupancy in the portfolio was 98.3% at 30 September 2019, 98.1% at 31 March 2019

Financial history

Adjusted diluted earnings per share and dividend per share



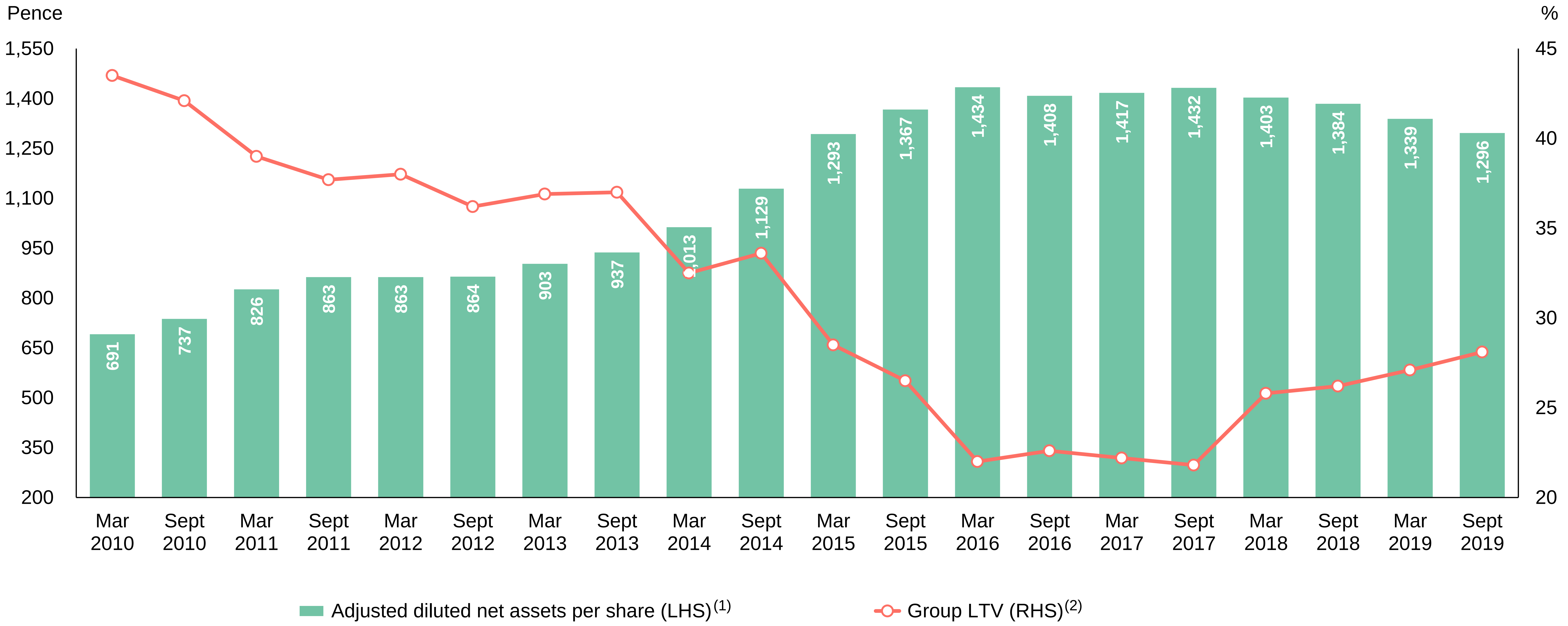
Cash flow and adjusted net debt[1]



(1) On a proportionate basis

Financial history

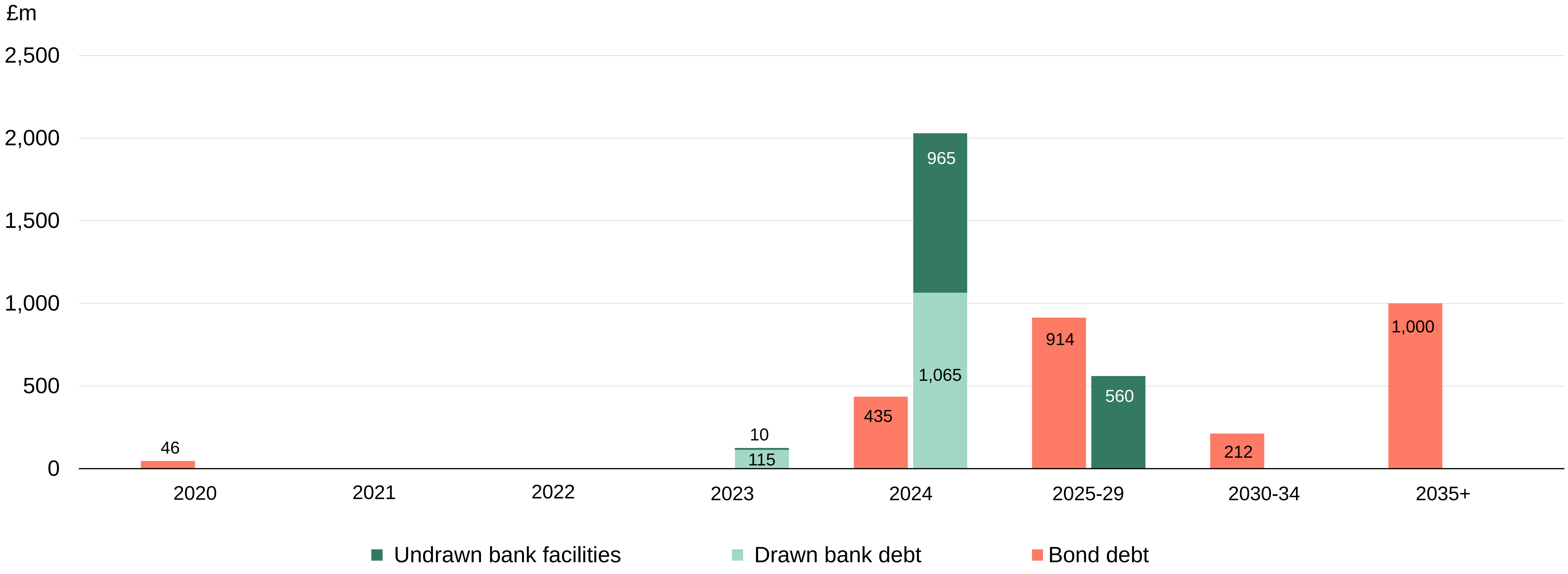
Adjusted diluted net assets per share and Group LTV



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

Expected debt maturities[1] (nominal)

Year(s) ending 31 March



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

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%	+3.3
Initial Tier 3	>65%-80%	Payment restrictions Debt amortisation	-55%	+4.6
Final Tier 3	>80%	Disposals to pay down debt Potential appointment of property manager	-63%	+6.5

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

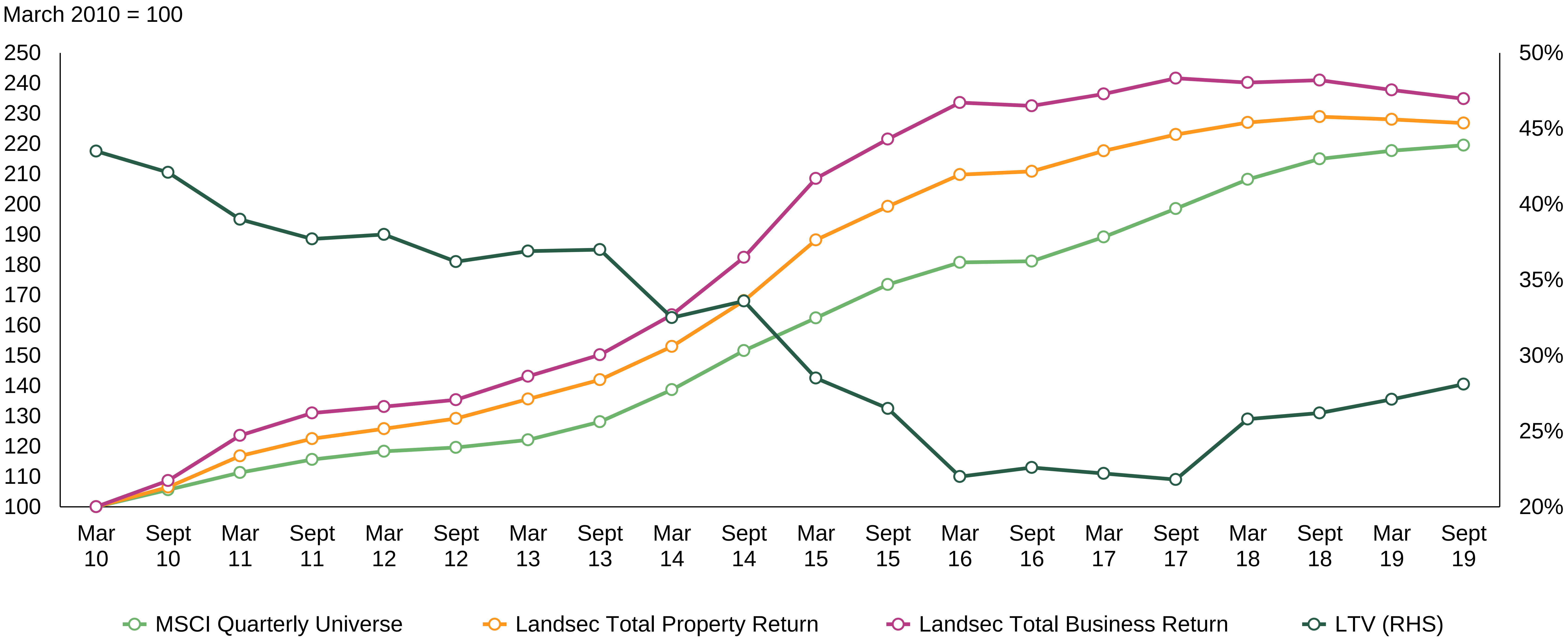
30 September 2019

Sector concentration (% of collateral value)	£bn	%	Maximum permitted %	Acquisition headroom £bn
Office	6.3	49	85	31
Shopping centres and shops	4.8	38	100	n/a
Retail warehouses	0.6	4	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	66	100	n/a
Rest of South East and Eastern	2.2	17	70	23
Midlands	0.1	1	40	8
North	1.1	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.

Performance
Property return history



Source: MSCI Quarterly Universe and Landsec

Development programme returns

		21 Moorfields, EC2	Nova East, SW1	Lucent, W1
Status		Under construction	Under construction	Under construction
Estimated completion date		November 2021	April 2022	June 2022
Description of use		Office	Office Retail	Office Retail Residential
Landsec ownership	**%**	100	50	100
Size	**Sq ft (000)**	564	165	144
Letting status	**%**	100	-	-
Market value	**£m**	348	9	93
Net income / ERV	**£m**	38	6	14
TDC to date	**£m**	230	11	92
Forecast TDC	**£m**	576	96	221
Gross yield on cost(1)	**%**	6.6	6.5	6.2
Valuation surplus to date	**£m**	115	(1)	1
Market value + outstanding TDC	**£m**	694	94	222
Gross yield on market value + outstanding TDC	**%**	5.5	6.6	6.2

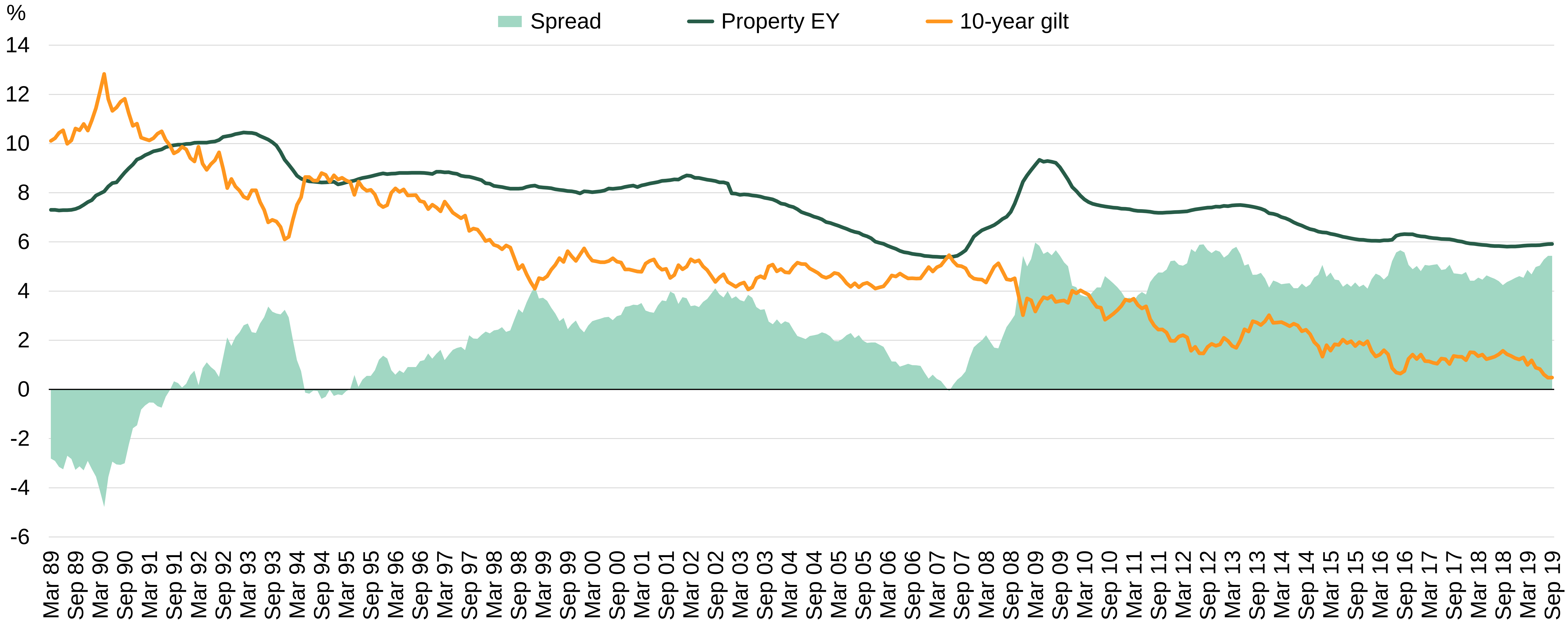
(1) Based on ERV to the nearest £0.1m
Office: 6.5% (headline rent) 5.2% (P&L rent)

Pipeline of development opportunities

Property	Status	Earliest start date	Estimated completion date	Description of use	Landsec ownership	Current size	Annualised net rent at 30 Sept 2019	Proposed size
					%	Sq ft (000)	£m	Sq ft (000)
105 Sumner Street, SE1[1]	On site	On site	January 2022	Office	100	19	-	136
Portland House, SW1[1]	Resolution to grant planning	April 2020	October 2022	Mixed use office / retail	100	310	13	394
Nova Place, SW1	Resolution to grant planning	October 2020	October 2022	Mixed use public space / office	50	-	-	41
Lavington Street, SE1	Feasibility	July 2020	January 2023	Office	100	133	-	370
Red Lion Court, SE1	Feasibility	July 2022	September 2025	Office	100	128	4	240
Finchley Road, NW3	Feasibility / preparing planning application	October 2021	2026/2027	Mixed use retail / residential	100	n/a	1	681
Shepherd's Bush, W12	Feasibility / preparing planning application	October 2021	2025/2026	Mixed use retail / residential	100	n/a	4	696
							TOTAL	**2,558**

1) Schemes in proposed developments category
Excludes 49k sq ft of other smaller schemes

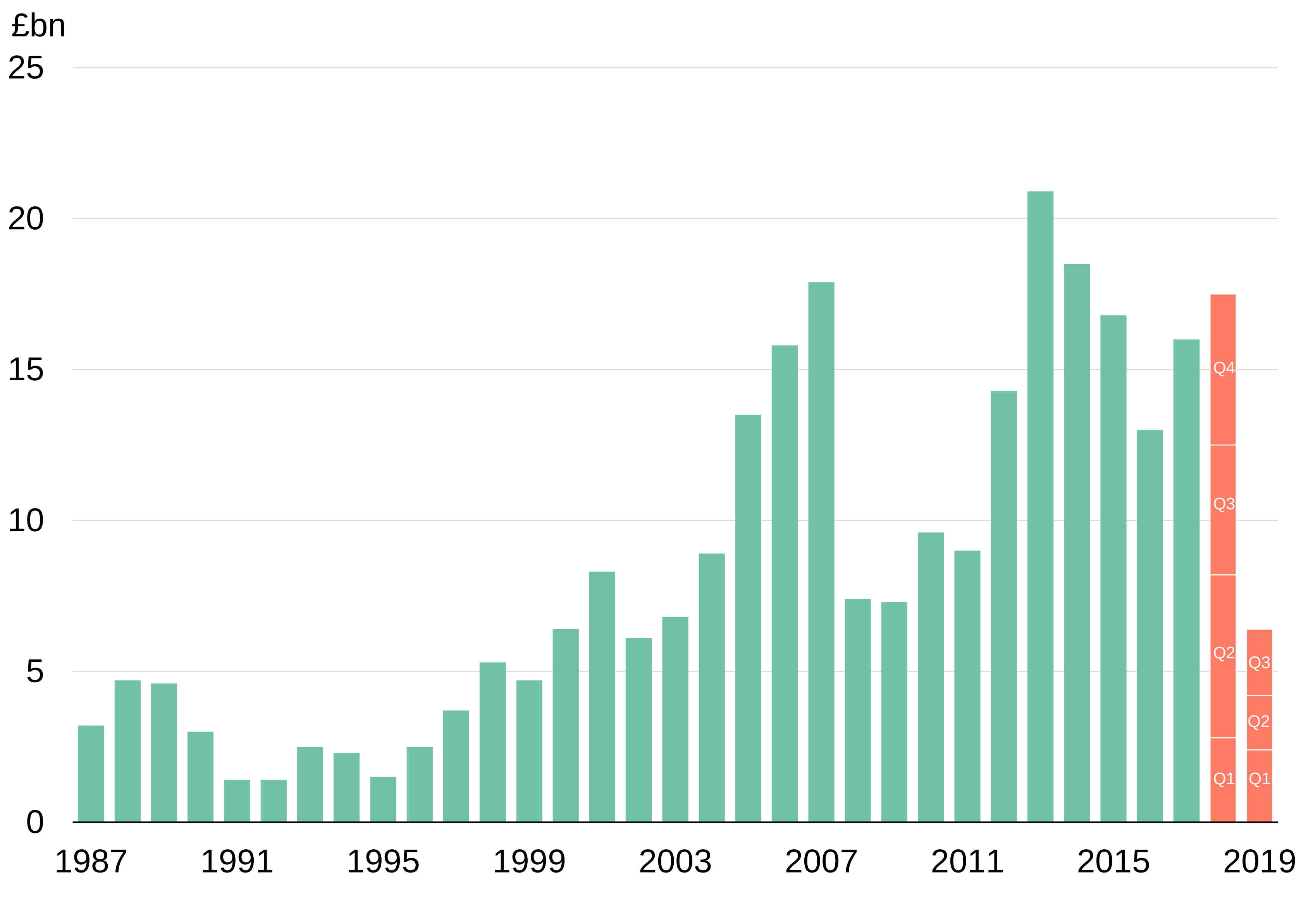
Property / gilt yield spread



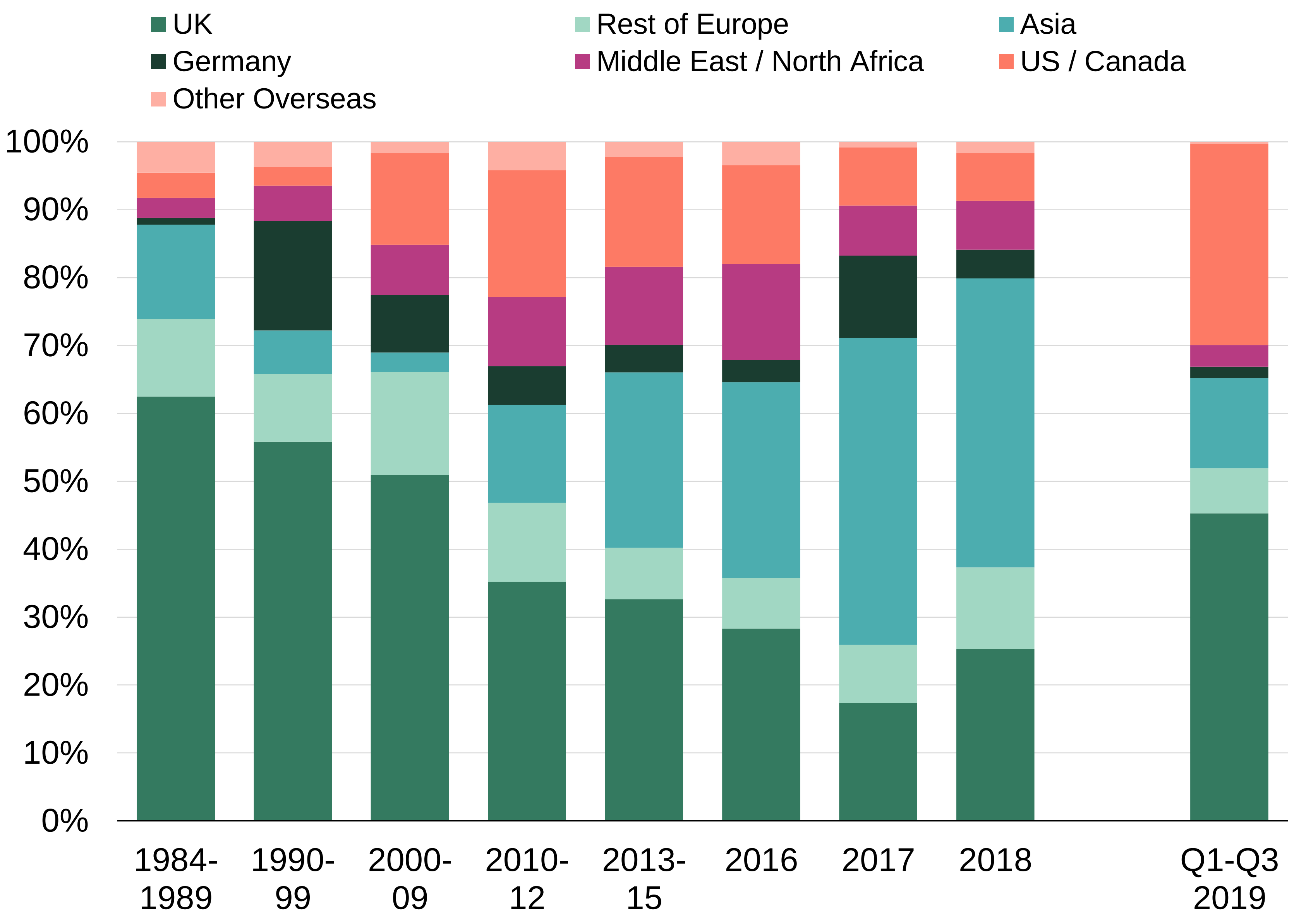
Source: Bloomberg, MSCI Monthly Index All Property

Central London investment market

Investment volumes

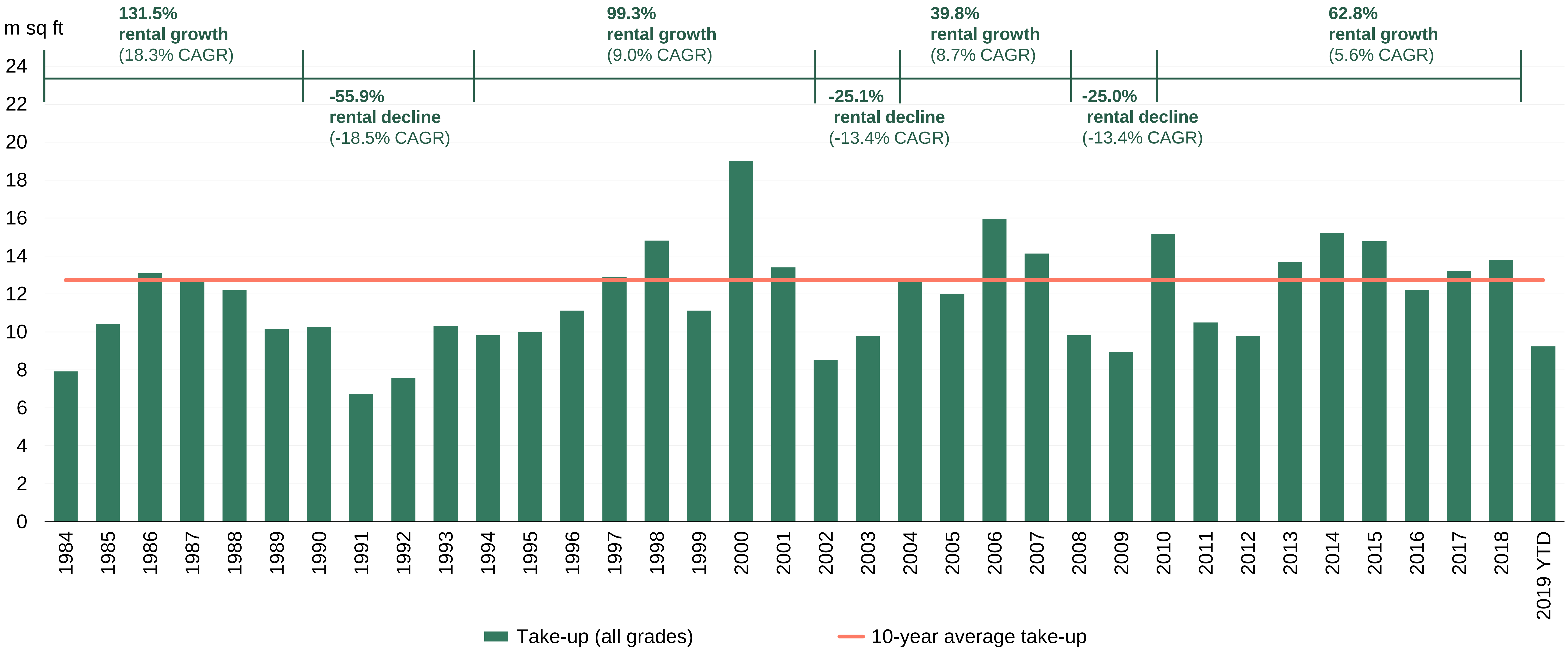


Office capital inflow by region



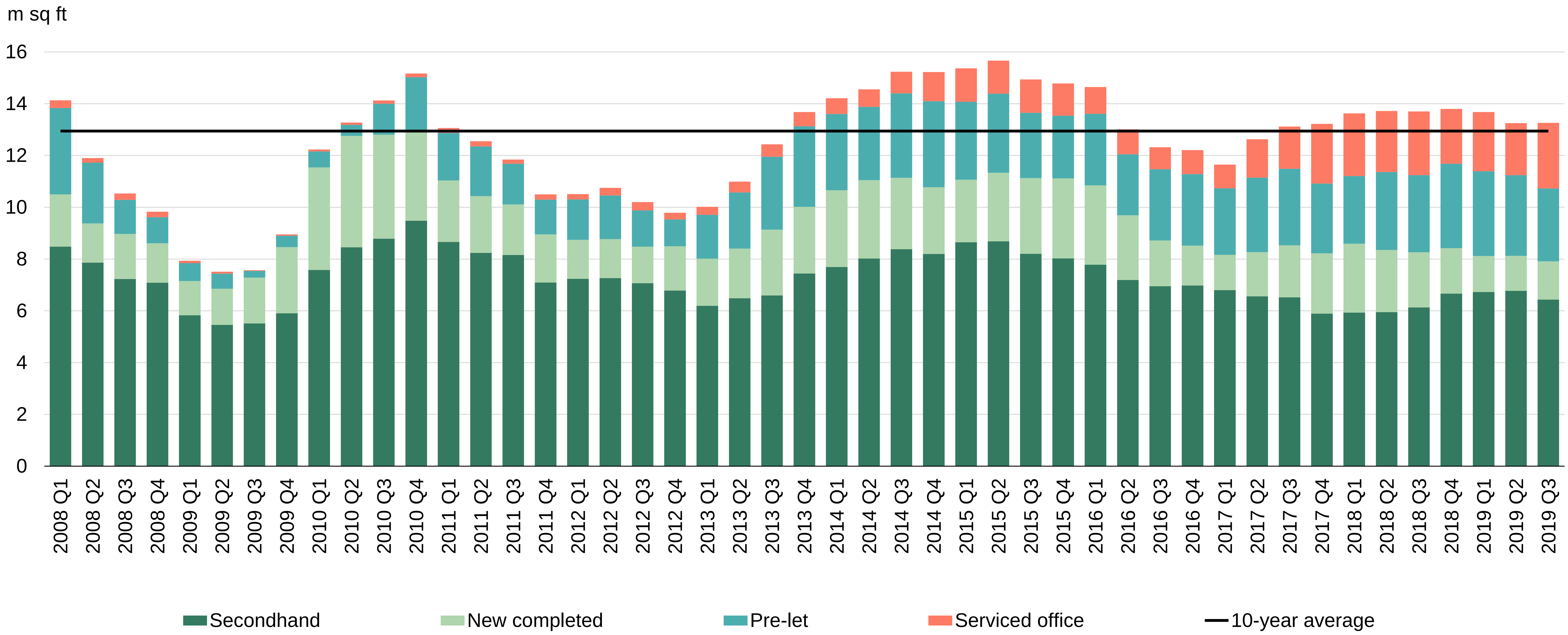
Source: CBRE

Central London office market – take-up



Source: CBRE, MSCI Annual Index

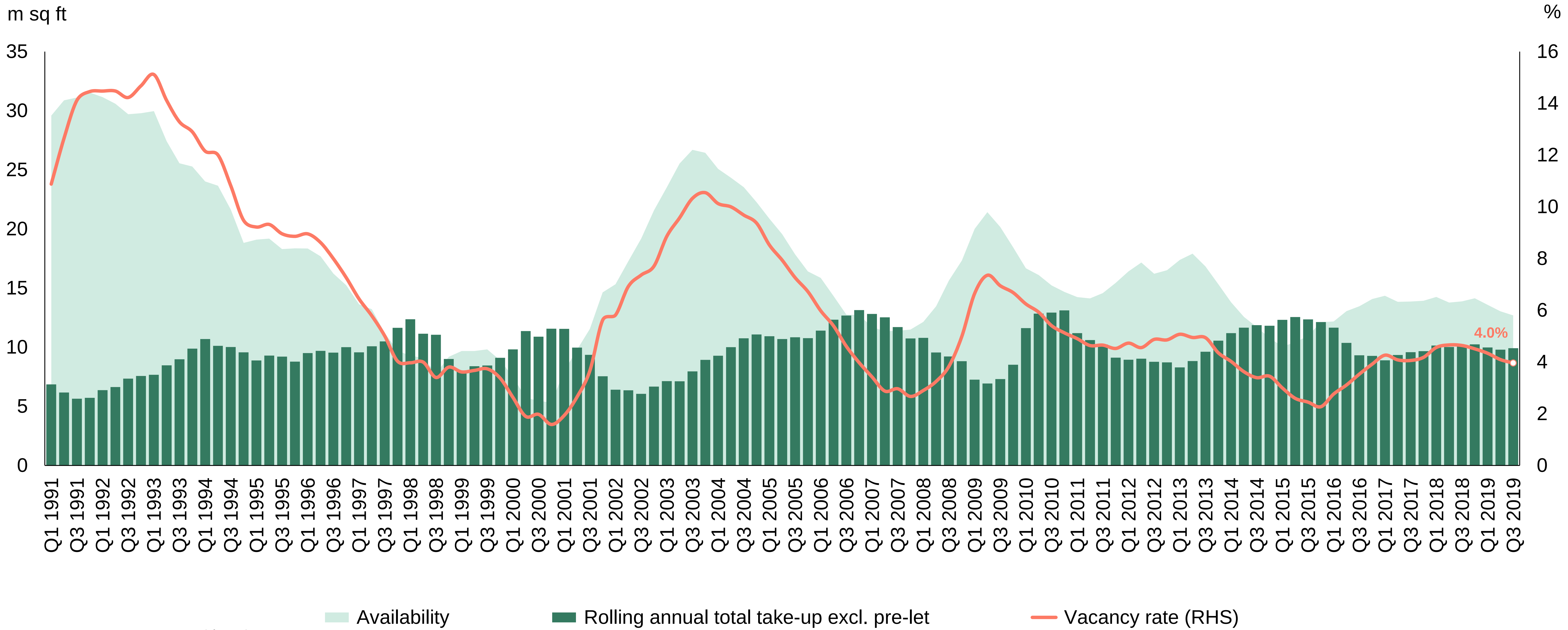
Central London rolling 12 month take-up



Source: CBRE

Central London availability and vacancy rate

Excluding pre-lets

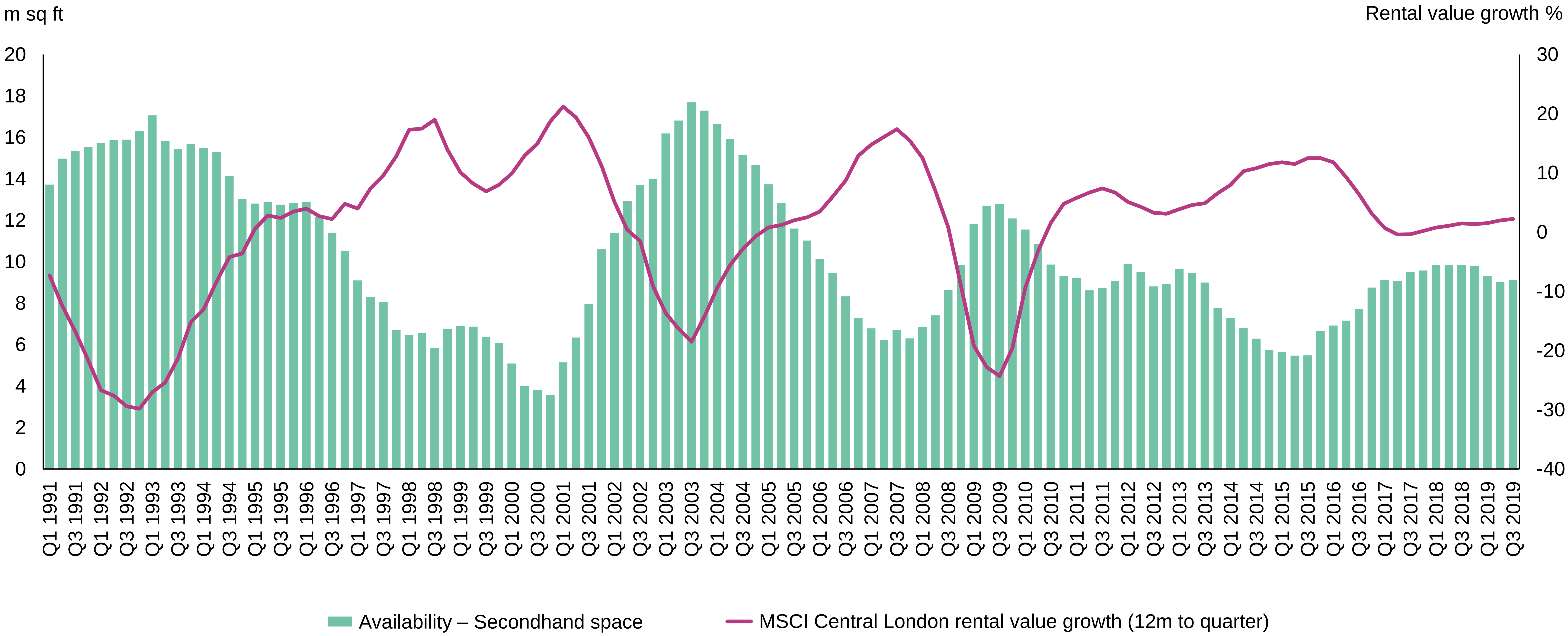


Source: CBRE, MSCI Monthly Index

(1) Secondhand 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.

Central London secondhand supply vs rental value growth



Source: CBRE, MSCI Monthly Index

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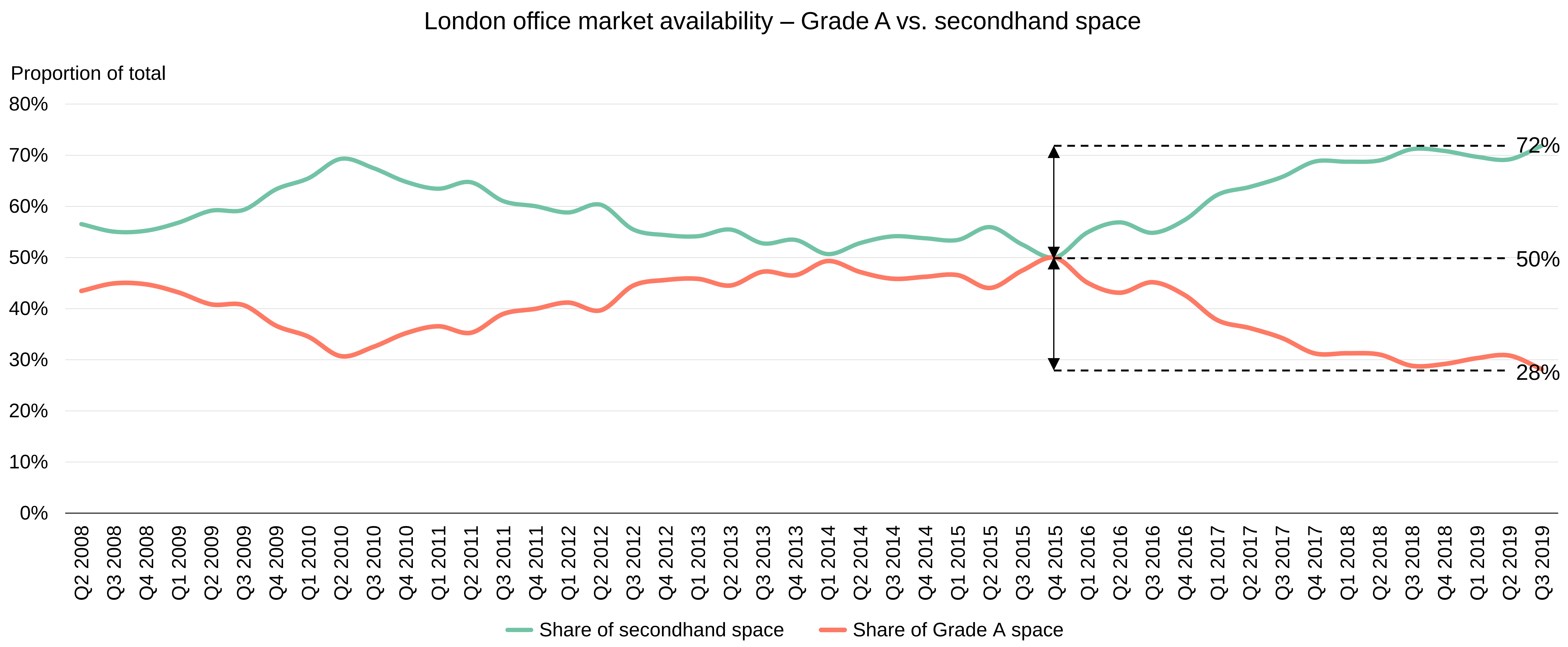
The majority of availability in London is secondhand space with the proportions between prime and secondary continuing to diverge

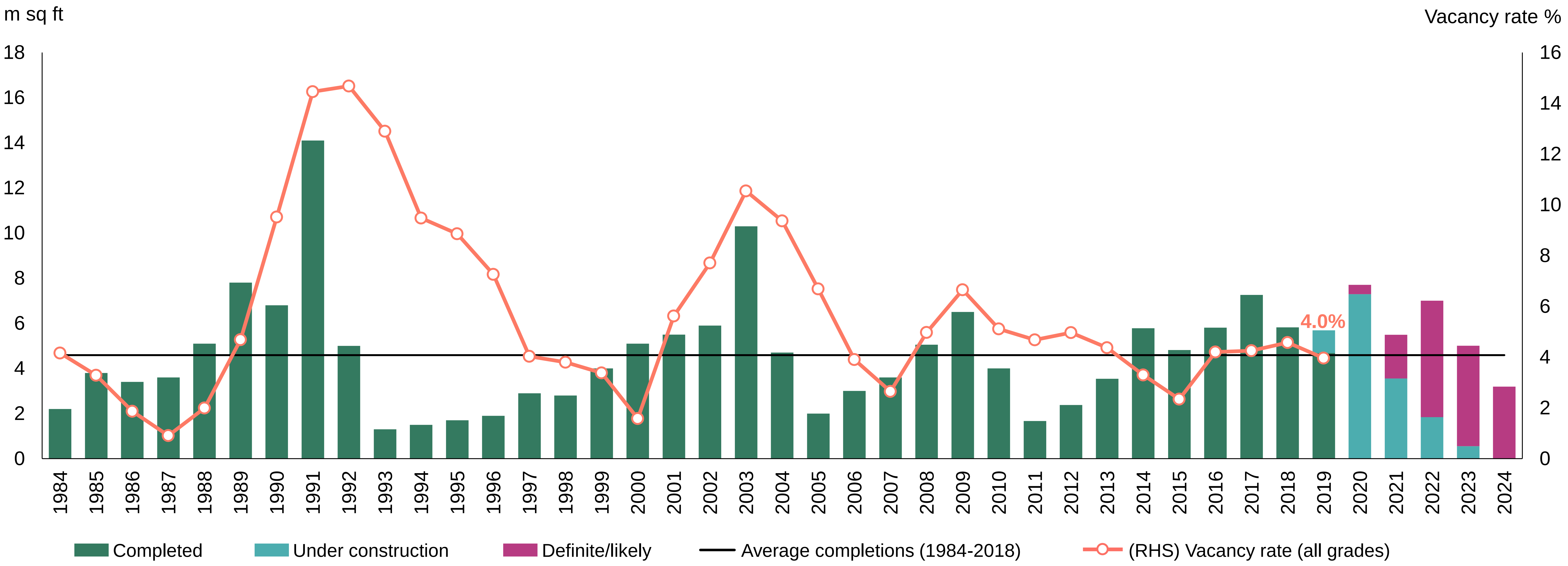


Source: CBRE

(1) Grade A space here is defined as newly-completed space and space that is under construction and will become ready to occupy within 12 months.

Central London supply as at 30 September 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 September 2019. From 2017, supply pipeline monitors schemes above 20,000 sq ft

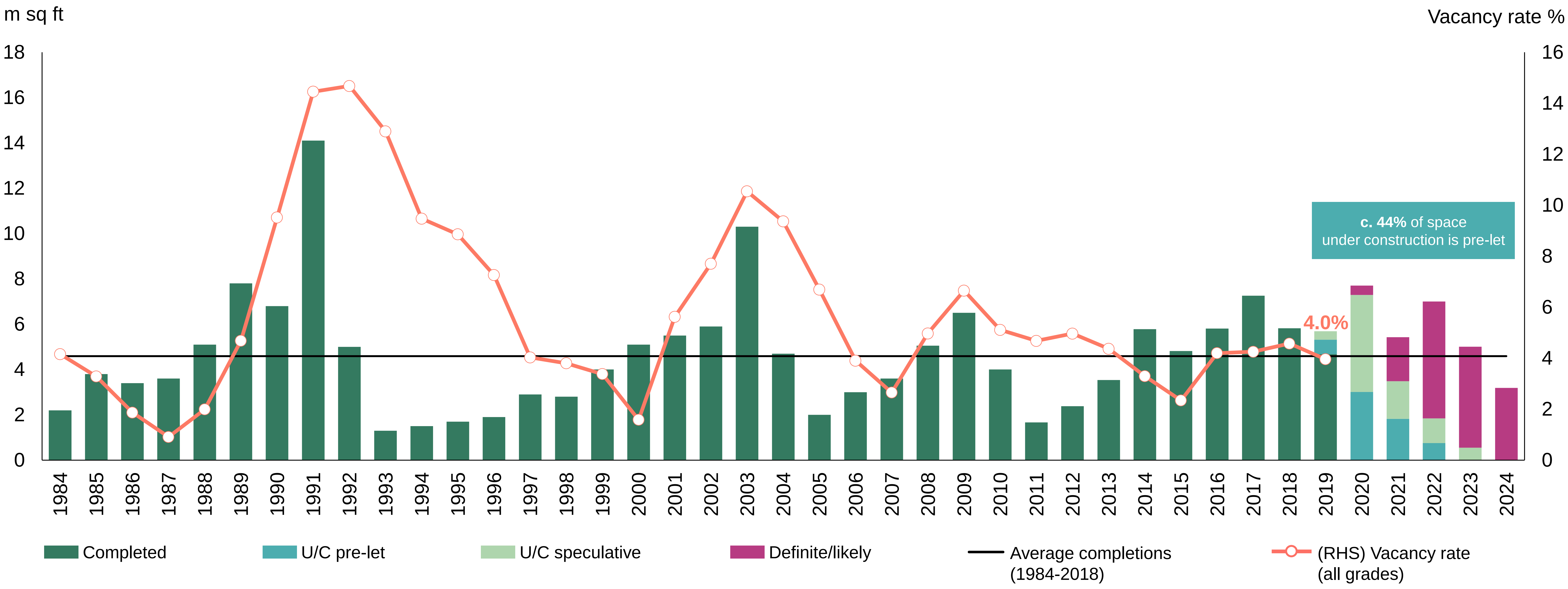
(2) Landsec estimated future supply based on data from CBRE and Knight Frank

(3) “Definite/likely” are proposed schemes where it is reasonable to expect delivery in that year based on, inter alia: planning, pre-let, funding, vacant possession, demolition, construction contract

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

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

Central London supply as at 30 September 2019
Grade A pre-let and speculative



Source: CBRE, Knight Frank, Landsec

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

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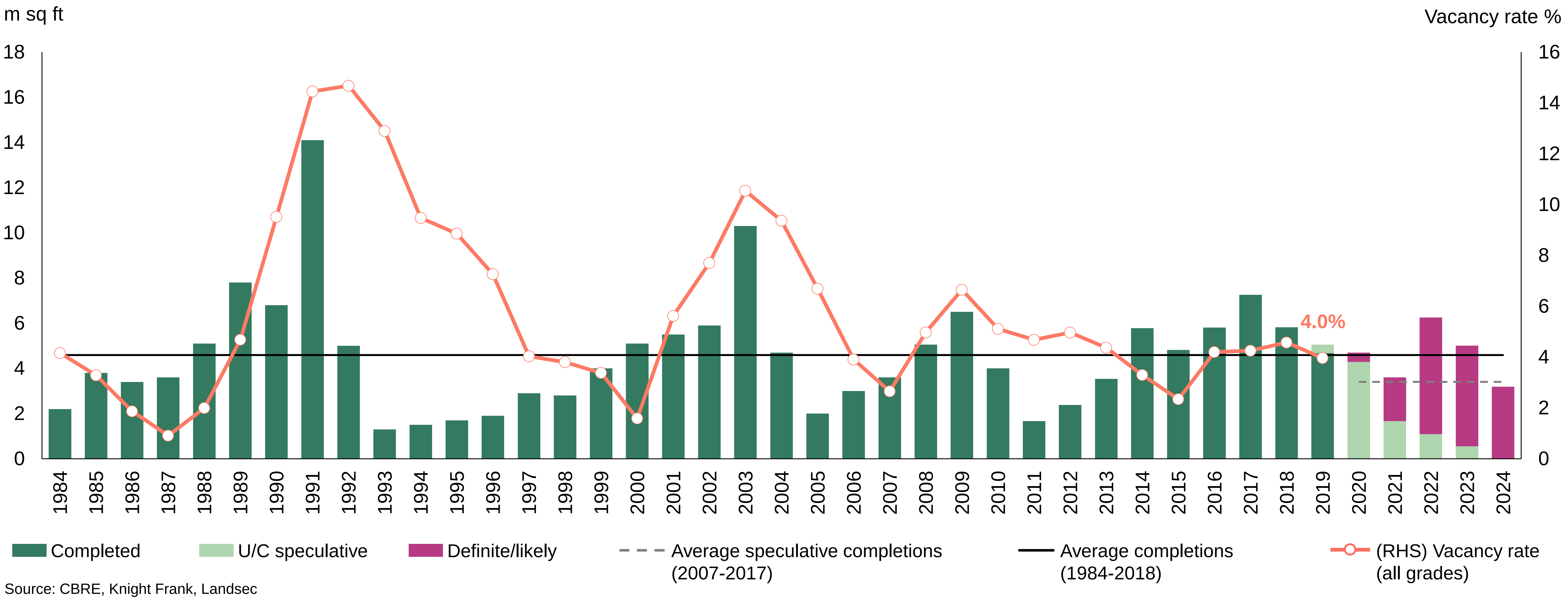
Central London supply as at 30 September 2019

Grade A speculative supply



Source: CBRE, Knight Frank, Landsec

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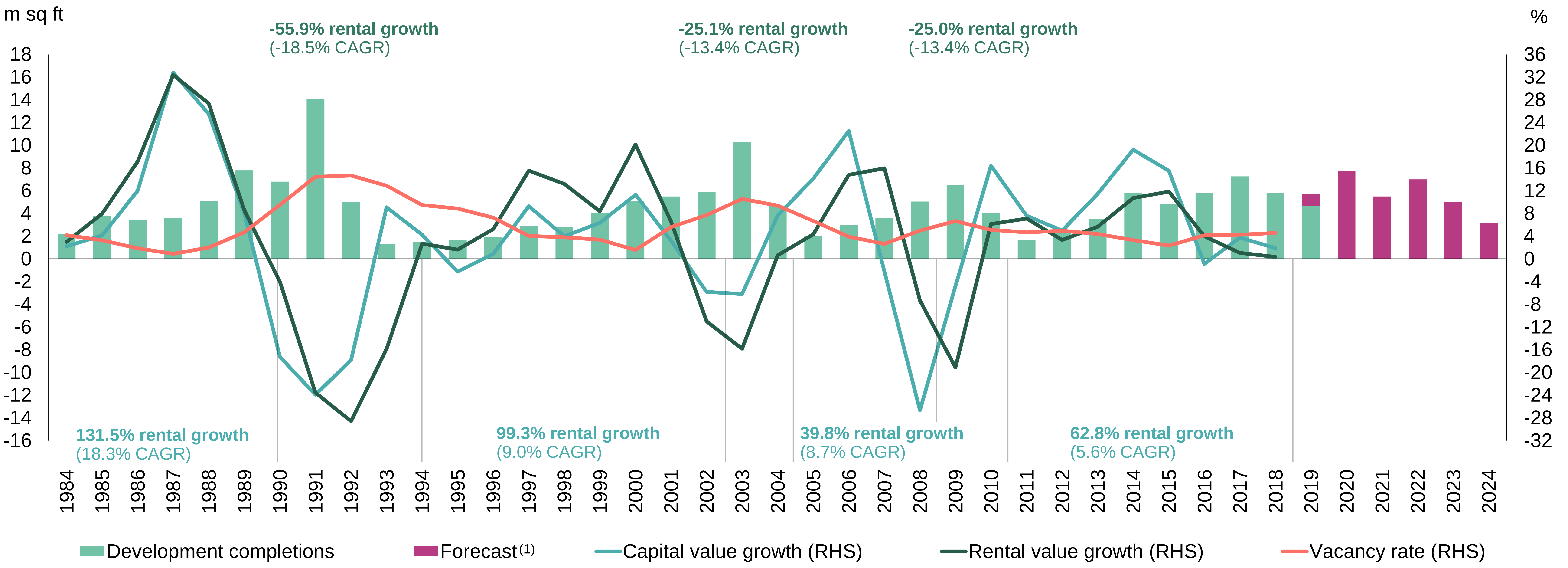
(4) Grade A space is brand new or comprehensively refurbished space, with high specification and prominent market image

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

(6) Average speculative completions is the 10-year annual mean of speculatively completed space (2007-2017)

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 September 2019

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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