

Title Landsec announces sale of QAM office for £245m
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Landsec has exchanged contracts for the unconditional sale of its Queen Anne's Mansions, SW1 ("QAM") office block to Arora Group for a total cash consideration of £245m, crystallising substantial value via a deal which is immediately accretive to Landsec's return on equity.

The disposal marks significant early progress on Landsec's objective to release £2bn of capital from offices by 2030, as part of its strategy to focus its portfolio on assets which can deliver sustainable income and EPS growth over the long term.

QAM was developed by Landsec in the 1970's and is currently fully let on a lease expiring in December 2028. The majority of the valuation of the asset is linked to its future redevelopment potential, with the balance of value stepping down in line with the receipt of rental income over the remainder of the current lease.

As the sale has been achieved much earlier than planned, the residual finance lease income on QAM which runs until December 2026 will now be received as a capital receipt in 2025 rather than as income across 2025 and 2026. The overall amount of cash generated for Landsec is essentially the same, but this will impact EPRA earnings for FY26 by £7m and for FY27 by £15m, as a broadly equivalent sum will now be received upfront in cash as part of the sale proceeds. EPRA earnings from FY28 onwards are essentially unaffected by the sale, with upside potential as and when proceeds are reinvested in accretive acquisitions.

The unconditional sale, for which Landsec has received a 10% non-refundable deposit, is expected to complete in early December 2025. The £245m sales price compares to an expected book value at that time of £256m, taking into account the receipt of income and commensurate reduction in value since the last valuation date. All else equal, the disposal reduces Landsec's 38.4% pro-forma March 2025 LTV by 1.3ppt.

Mark Allan, Chief Executive Officer at Landsec said:

"This sale provides strong evidence of the continuing recovery in the central London investment market and allows us to crystallise a full value for this off-strategy asset much sooner than we had envisaged.

Including QAM, overall disposals since 31 March now total c. £500m, which is ahead of our initial expectations and, combined with continued robust operational performance across the business, means we are making encouraging early progress in delivering against our strategy."

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ABOUT QUEEN ANNE'S MANSIONS

QAM is a 353,000 sq ft standalone office in Victoria, Central London which was developed by Landsec in the 1970s. The building is fully let to the Ministry of Justice on a lease generating £15m of net rental income p.a. which will expire in December 2028. There is an incremental lease for the investment Landsec made in an upgrade and fit-out of the building in the mid 2000's, which generates £17m of net rental income p.a. This finance lease will expire in December 2026 with no residual value. As a 1970's building, QAM will require substantial redevelopment after 2028 to become fit for future office use, or any alternative use.

ABOUT LANDSEC

We identify and shape places that create opportunity, enhance quality of life, and bring joy to the people connected to them.

This is how we've created the UK's leading portfolio of urban places and one of the largest real estate companies in Europe.

Our £10 billion portfolio is built around premium workplaces, the country's pre-eminent retail platform, and a residential pipeline that will redefine urban life.

We've honed this ability over 80 years. Spotting the opportunities, building the partnerships, and continually adapting to shape the places that meet the needs of a changing world.

Places where life happens. Where businesses grow. And where cities are defined.

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