Appendices

For the year ended 31 March 2020

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Contents

Sustainability leadership

Demonstrated by our performance across all key ESG benchmarks

Benchmark	Performance in 2019/20
GRESB	GRESB 5 star rated entity, score 90% sector leader, ranking 1st in Europe and UK diversified office/retail (mixed)
CDP DRIVING SUSTAINABLE ECONOMIES	A-list (top 2%) for the third year running The only A-list UK REIT
MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM	Score 82/percentile ranking 98th European Real Estate leader, ranking 4th globally

Benchmark	Performance in 2019/20
ecoact	We've again been named a climate leader, ranking 5th for all FTSE 100 companies and 1st for our sector
EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	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
MSCI	ESG rating AA
SUSTAINALYTICS	Score 82/percentile ranking 97th

Our sustainability programme

Ambitious commitments split into three core areas

Updated target

Creating jobs and opportunities

Community employment (updated target)
Create £25m of social value through our community programmes by 2025

Fairness
By 2020, ensure everyone working on our behalf, in an environment we control, is given equal opportunities, protected from discrimination and paid at least the Foundation Living Wage

Diversity
Make measurable improvements to the profile – in terms of gender, ethnicity and disability – of our employee mix

Health, safety and security
Maintain an exceptional standard of health, safety and security in all the working environments we control

Efficient use of natural resources

Carbon (updated target)
Reduce carbon emissions by 70% by 2030 compared with a 2013/14 baseline, for property under our management for at least two years

Renewables
Ensure 100% of our electricity supplies through our corporate contract are from REGO-backed renewable sources and achieve 3 MW of renewable electricity capacity by 2030

Energy
Reduce energy intensity by 40% by 2030 compared with a 2013/14 baseline, for property under our management for at least two years

Waste
Send zero waste to landfill and at least 75% waste recycled across all our operational activities by 2020

Sustainable design and innovation

Resilience
Assess and mitigate physical and financial climate change adaptation risks that are material across our portfolio

Materials
Source core construction products and materials from ethical and sustainable sources

Biodiversity
Maximise the biodiversity potential of all our development sites and achieve a 25% biodiversity net gain across our five sites with the greatest potential by 2030

Wellbeing
Ensure our buildings are designed and managed to maximise wellbeing and productivity

Our sustainability programme

Delivering significant results across all areas

Creating jobs and opportunities

Social Value
Created more than £4.8m of social value through our community programmes, exceeding our in-year target to create £4m

Fairness
Continue to pay everyone in our business at least the Real Living Wage. On track to meet our commitment to pay everyone working on our behalf, in an environment we control, the Real Living Wage by the end of 2020

Diversity
Across the whole organisation 52% of our employees are female, exceeding our 2025 target of 50%. In the representation of women at leader level, we increased to 24% this year

Health and safety
Migrated to ISO 45001 and launched a new mandatory health and safety training for all employees. We have invested over £7m rectifying almost 125,000 firestopping defects in our buildings

Efficient use of natural resources

Carbon
Increased the level of ambition of our science-based target, as we achieved previous 2030 target 11 years early. In line with our target, we've reduced carbon emissions by 42% since 2013/14

Renewables
Continued to procure 100% renewable electricity across our portfolio through our corporate contract. Our current on site renewable electricity capacity has reached 1.5 MW

Energy
Reduced energy intensity by 22% since 2013/14 against our 2030 target

Waste
Continued to divert 100% from landfill and we're recycling 73% of operational waste

Sustainable design and innovation

Resilience
Continued to align our climate-related disclosures with the TCFD recommendations. Quantitative assessment of transition risks to be undertaken in 2020

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

99.9% of key construction materials responsibly sourced

Biodiversity
Continue to partner with The Wildlife Trusts to enhance biodiversity net gain at our five operational sites. On track to deliver significant net gain on our developments

Wellbeing
Our commercial office developments are designed to enable customers to achieve the WELL certification for their operations

Our portfolio

Sustainability performance of our assets

42% reduction in carbon emissions (tCO_2e) compared to 2013/14 baseline

22% reduction in energy intensity (kWh/m^2) compared to 2013/14 baseline

£5m avoided energy consumption costs benefitting customers in year

Zero waste sent to landfill with 73% of waste recycled

40% BREEAM certified by portfolio floor area

— 0.2% – Outstanding

— 19.3% – Excellent

— 17.5% – Very Good

— 2.8% – Good/Pass

59% BREEAM certified by portfolio value

CGI of Nova East, SW1

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	1. Approved updated science-based target, committing us to a 70% reduction in carbon by 2030; currently at a 42% reduction compared with a 2013/14 baseline Targeting to reduce energy intensity by 40% by 2030; currently at a 22% reduction
	2. Designing our developments to ensure performance	2. Undertaking advanced energy modelling for all our live commercial developments following the BBP (Better Buildings Partnership) initiative
Investing in renewable energy	1. Purchasing 100% renewable electricity through our corporate procurement contracts	1. Purchasing 100% REGO-backed renewable electricity since 2016 and investigating feasibility of moving to Power-Purchase Agreements (PPAs) to support additional renewable generation and increase price certainty
	2. Increasing our on site renewable generation	2. Our current on site renewable electricity capacity has reached 1.5 MW
Using an internal shadow price of carbon	1. Factoring carbon risk and cost into decision-making to drive investment towards cleaner options	1. Modelling of the internal shadow price of carbon with our investment teams included in Investment Committee papers to prepare the business for a potential future real carbon price
Reducing construction impacts	1. Measuring the embodied carbon profile of developments to enable design and specification of low carbon choices	1. Embodied carbon reduced by over 40% compared to traditional construction by working on a low-carbon steel and engineered timber hybrid structure at Lavington Street; Embodied carbon at Sumner Street is 21% lower than developed design baseline
	2. Repositioning assets towards lower carbon options	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 offsetting projects with carbon offsetting project developer

Top 10 assets by value as at 31 March 2020

Name	Ownership interest	Floor area	Rental income(1)	Let by income	Weighted average unexpired lease term
	%	Sq ft (000)	£m	%	Years
New Street Square, EC4	100	Office: 932 Retail: 22	52	100	8.6
Cardinal Place, SW1	100	Office: 459 Retail: 57	29	100	4.4
One New Change, EC4	100	Office: 349 Retail: 210	27	100	5.4
1 & 2 New Ludgate, EC4	100	Office: 369 Retail: 27	20	100	12.6
Gunwharf Quays, Portsmouth	100	Retail: 552	30	97	4.3
Queen Anne's Gate, SW1	100	Office: 354	32	100	6.7
Nova, SW1	50	Office: 480 Retail: 75	18	100	10.4
21 Moorfields, EC2	100	Office: 564(2)	Development in progress	100(3)	25.0
Bluewater, Kent	30	Retail: 1,881	29	93	5.1
62 Buckingham Gate, SW1	100	Office: 261 Retail: 16	16	100	5.0

Aggregate value of top 10 assets: £5.7bn (44% of Combined Portfolio)

(1) Landsec share. Rental Income is as reported in the income statement

(2) Development area

(3) Pre-let to Deutsche Bank

Valuation movements

Year ended 31 March 2020

	Market value 31 March 2020	Valuation change	Rental value change[1]	Net initial yield	Equivalent yield	Movement in equivalent yield
	£m	%	%	%	%	bps
Office	6,009	1.9	4.6	4.3	4.6	6
London retail	1,307	-15.8	-5.6	4.6	4.6	37
Regional retail	1,494	-27.5	-9.8	6.4	6.2	103
Outlets	871	-10.3	2.3	5.6	5.9	56
Retail parks	444	-25.5	-7.7	7.5	7.4	111
Leisure and hotels	1,153	-10.9	-1.9	4.3	5.8	31
Other	398	1.7	-	3.3	4.4	18
Total like-for-like portfolio	**11,676**	**-8.8**	**-1.0**	**4.8**	**5.1**	**27**
Proposed developments	218	-14.7	n/a	-	n/a	n/a
Development programme	558	3.5	n/a	-	4.3	n/a
Completed developments	169	-28.1	-11.4	6.1	6.0	113
Acquisitions	160	-9.3	n/a	2.2	4.8	n/a
Total Combined Portfolio	**12,781**	**-8.8**	-1.2	**4.5**	**5.1**	**25**

	Market value 31 March 2020	Valuation change	Net initial yield
	£m	%	%
Office	6,826	1.1	3.8
London retail	1,370	-15.0	4.6
Regional retail	1,663	-27.6	6.4
Outlets	871	-10.3	5.6
Retail parks	444	-25.5	7.5
Leisure and hotels	1,188	-10.9	4.3
Other	419	1.3	3.3
Total Combined Portfolio	**12,781**	**-8.8**	**4.5**

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

Yield movements

Like-for-like portfolio

	31 March 2020			31 March 2019	
	Net initial yield	Equivalent yield	Topped-up net initial yield(1)	Net initial yield	Equivalent yield
	%	%	%	%	%
Office	4.3	4.6	4.5	3.9	4.5
London retail	4.6	4.6	4.7	4.1	4.3
Regional retail	6.4	6.2	6.7	4.9	5.2
Outlets	5.6	5.9	5.6	5.0	5.4
Retail parks	7.5	7.4	8.0	6.2	6.2
Leisure and hotels	4.3	5.8	4.5	5.2	5.5
Other	3.3	4.4	3.3	3.0	4.2
Total like-for-like portfolio	**4.8**	**5.1**	**5.0**	**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 31 March 2020: £11,676m

Rental value change[1] | Valuation change

	Six months ended 30.09.19		Six months ended 31.03.20		Year ended 31.03.20	
	%		%		%	
	Rental value change	Valuation change	Rental value change	Valuation change	Rental value change	Valuation change
OFFICE	1.9	0.3	2.7	1.6	4.6	1.9
RETAIL	-2.3	-6.1	-3.8	-14.4	-6.1	-20.5
SPECIALIST	-1.1	-2.2	-0.8	-5.8	-1.9	-8.0
TOTAL LFL PORTFOLIO	**-0.4**	**-2.7**	**-0.6**	**-6.1**	**-1.0**	**-8.8**

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

Rental and capital value trends

Office like-for-like portfolio

Office like-for-like portfolio value at 31 March 2020: £6,009m

■ Rental value change(1) ■ Valuation change

		Six months ended 30.09.19 %	Six months ended 31.03.20 %	Year ended 31.03.20 %
West End	Rental value change	2.4	3.3	5.7
	Valuation change	0.5	1.4	1.9
City	Rental value change	0.8	2.4	3.2
	Valuation change	-0.1	2.5	2.4
Mid-town	Rental value change	2.3	2.5	4.8
	Valuation change	0.3	1.3	1.6
Southwark and other	Rental value change	0.1	-	0.1
	Valuation change	0.5	-	0.5
OFFICE	Rental value change	1.9	2.7	4.6
	Valuation change	0.3	1.6	1.9

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

Rental and capital value trends

Retail like-for-like portfolio

Retail like-for-like portfolio value at 31 March 2020: £4,116m

Rental value change(1) | Valuation change

	Six months ended 30.09.19		Six months ended 31.03.20		Year ended 31.03.20	
	Rental value change(1) %	Valuation change %	Rental value change(1) %	Valuation change %	Rental value change(1) %	Valuation change %
London retail	-2.7	-4.3	-2.9	-11.5	-5.6	-15.8
Regional retail	-3.7	-9.4	-6.1	-18.1	-9.8	-27.5
Outlets	1.0	0.6	1.3	-10.9	2.3	-10.3
Retail parks	-2.0	-11.1	-5.7	-14.4	-7.7	-25.5
RETAIL	-2.3	-6.1	-3.8	-14.4	-6.1	-20.5

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

Portfolio performance relative to MSCI

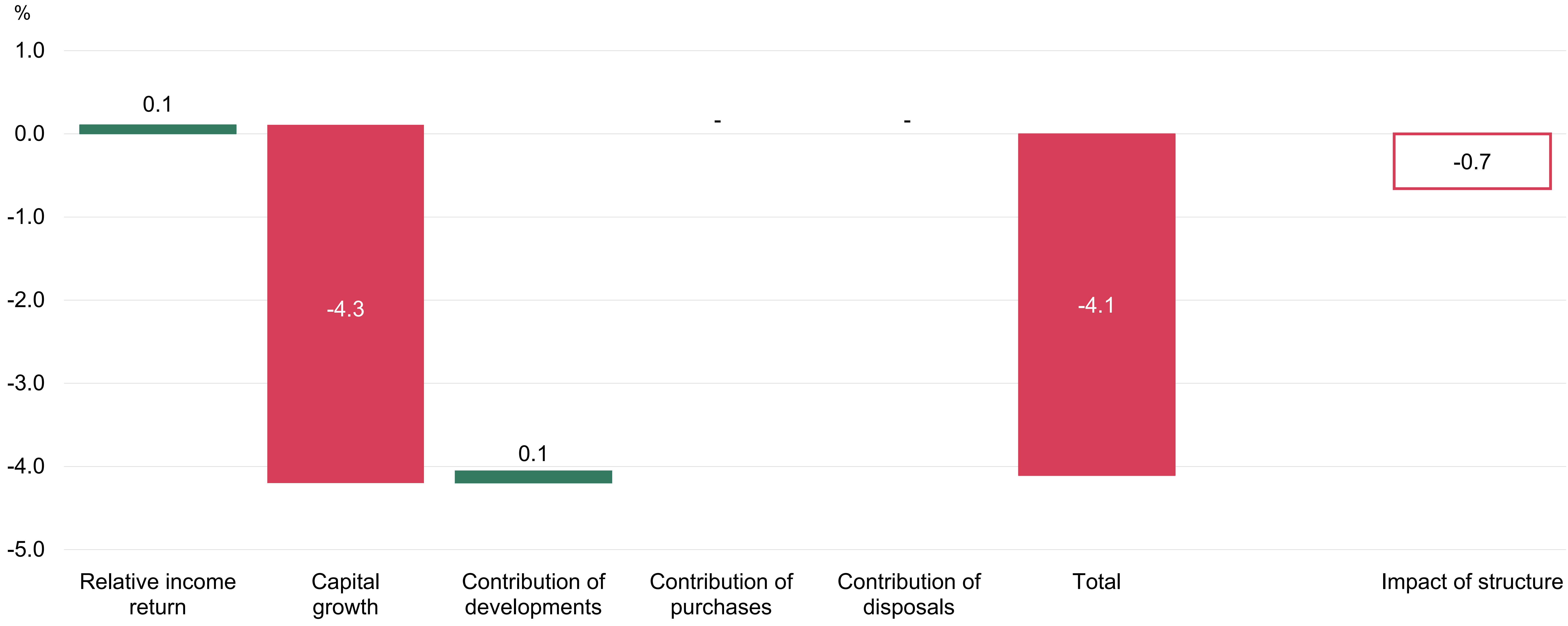
Year ended 31 March 2020

	Rental value performance		Ungeared total property return	
	Landsec[1]	MSCI	Landsec	MSCI
	%	%	%	%
OFFICE	4.6	1.2[2]	4.5	3.5[2]
RETAIL	-6.1	-5.9[3]	-17.3	-9.8[3]
SPECIALIST	-1.9	n/a[4]	-3.9	n/a[4]
TOTAL PORTFOLIO	**-1.0**	**-1.0[5]**	**-4.5**	**-0.4[5]**

(1) Like-for-like properties: rental value performance figures exclude units materially altered during the year 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, year ended 31 March 2020, relative to MSCI All Property Quarterly Universe

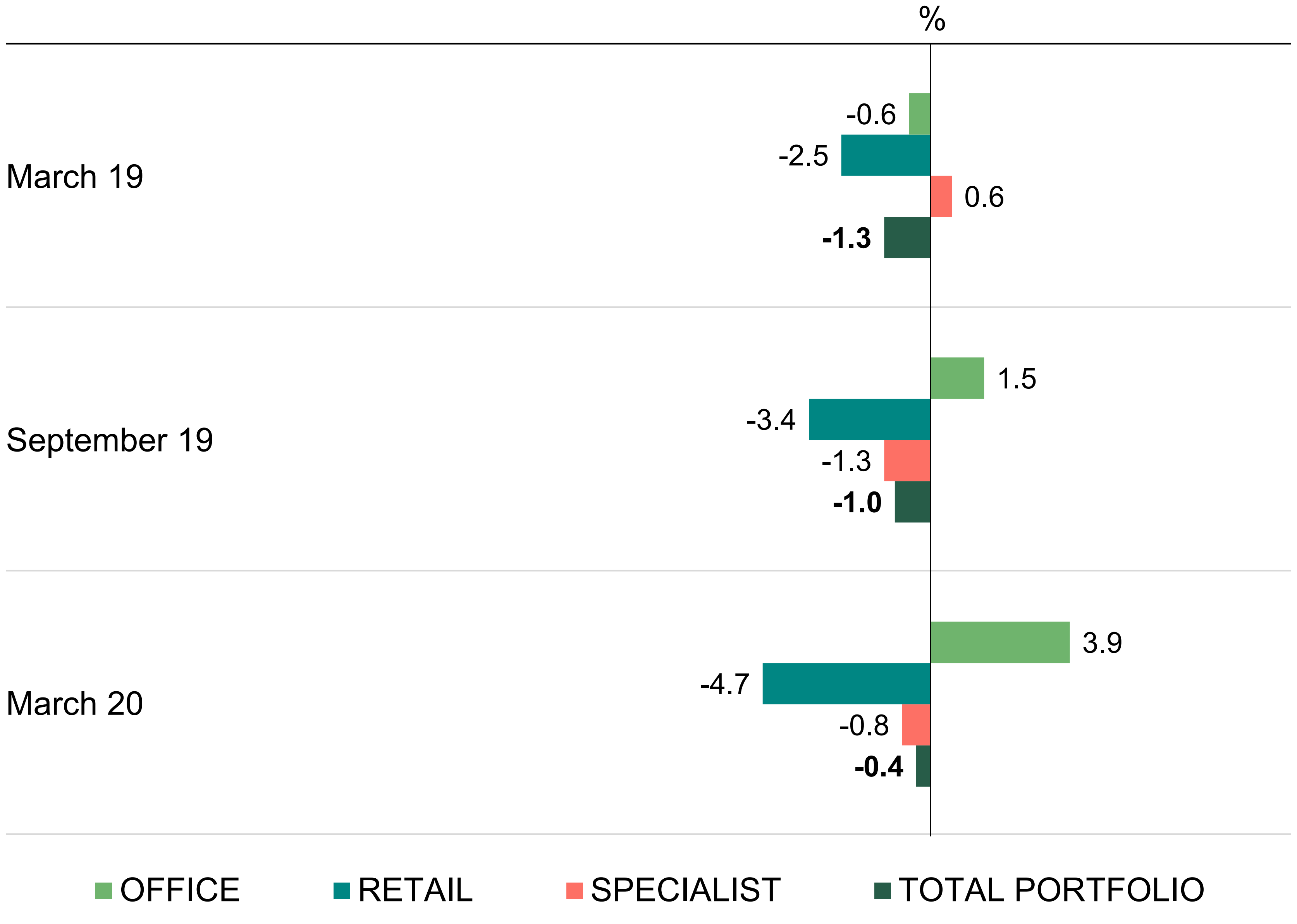


Source: MSCI

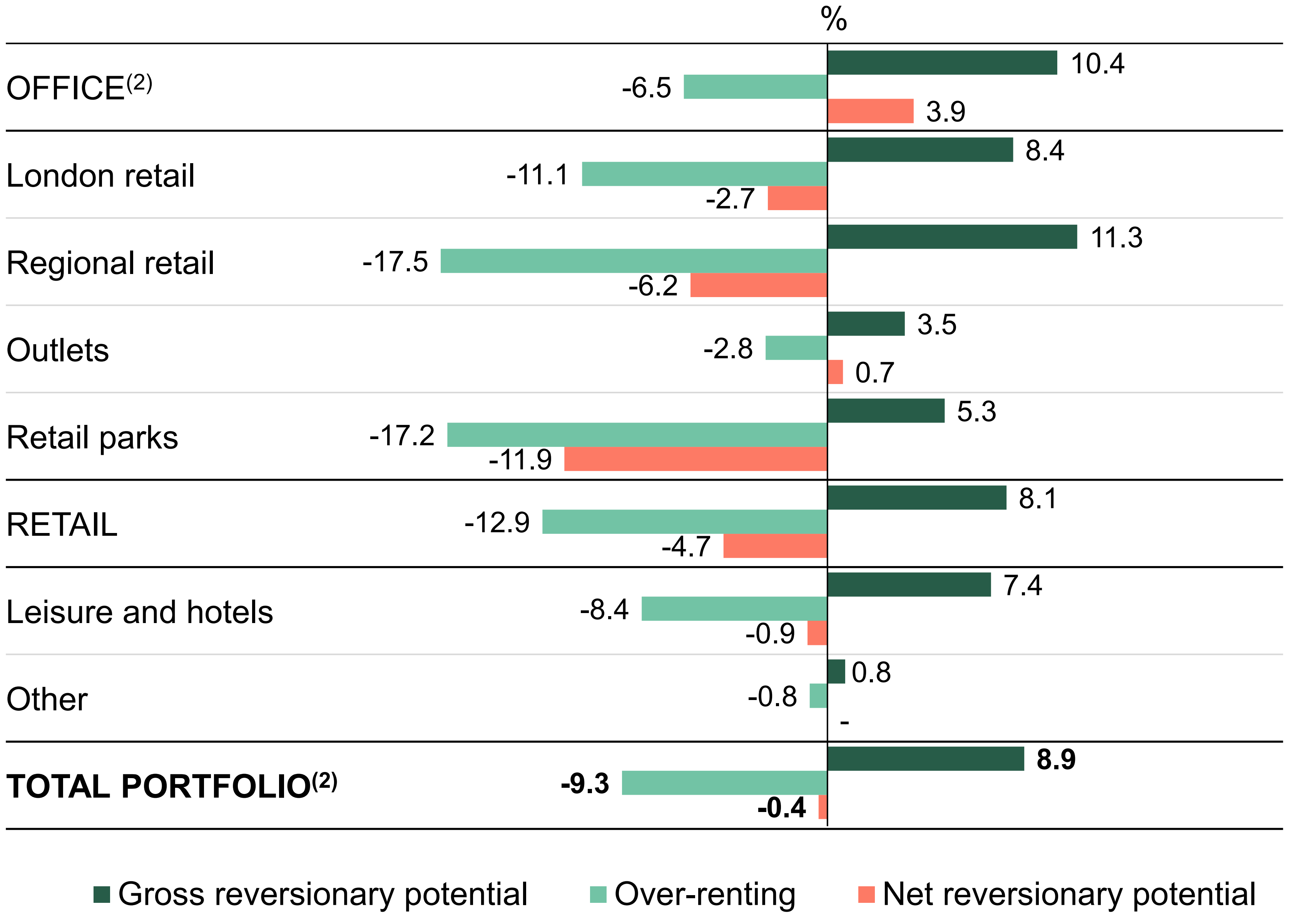
Reversionary potential

Like-for-like portfolio

Net reversionary potential[1]



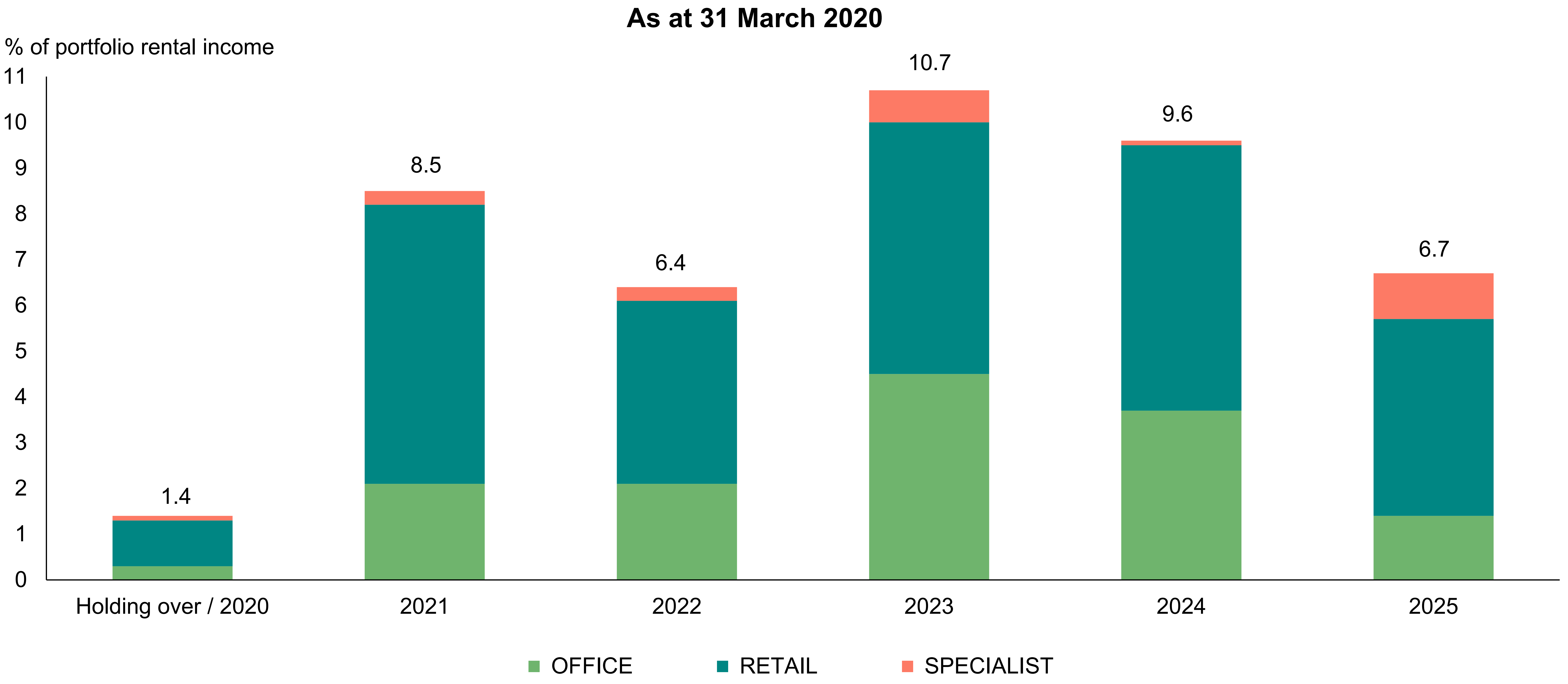
Reversionary potential[1] at 31 March 2020



(1) Excludes voids and rent free periods
(2) As at 31 March 2020, Queen Anne's Gate (QAG), SW1 accounted for 92% of the Office like-for-like over-renting. Excluding QAG, the Office segment and Combined Portfolio would be 10.1% and 2.3% net reversionary, respectively

Combined Portfolio – lease maturities (expiries and break clauses)

Excluding development programme



Retail sales, footfall and affordability

Same centre sales 408bps ahead of BRC benchmark

Footfall and sales growth/(decline)[1]

Landsec	% 12-month[1]	% 11-month[1]	% 11-month[1]	% 12-month	% 11-month	12-month relative performance	11-month relative performance
Footfall	-4.3	-1.2	UK Footfall[2]	-6.5	-3.7	+222bps	+254bps
March YOY	-44.4						
Same centre sales[3]	-3.8	0.9	BRC non-food in-store – total[4]	-6.0	-3.2	+220bps	+408bps
Same centre sales excluding automotive sales	-4.5	0.1					
Same store sales[6]	-2.0	-0.9	BRC non-food in-store – LFL[4]	-6.0	-3.3	+403bps	+238bps
Same store sales excluding automotive sales	-2.9	-1.8					
			BRC non-food all retail[5]	-3.0	-1.1		

Occupancy cost trends	Rent to physical store sales ratio[7]	Occupancy cost to physical store sales[8]	Rent/sq ft
11 months to February 2020	%	%	£
Overall	10.6	20.7	41
Excluding anchor stores	12.8	24.1	53
Excluding anchor stores and MSUs	12.9	23.7	66
Catering only	11.5	21.5	50

Source: Landsec, unless specified below, data is exclusive of VAT and for the 48/53 week figures above, based on over 1,500 tenancies where the occupiers provide Landsec with turnover data

(1) 12 month measures refer to 53 weeks to 5th April 2020 vs 53 weeks to 7th April 2019 and 11 month measures refer to 48 weeks to 1st March 2020 vs 48 weeks to 3rd March 2019
(2) ShopperTrakUK national benchmark, ShopperTrakMalls index based on more than 300 UK Malls
(3) Landsec same centre total sales. Based on all store sales and takes into account new stores and new space
(4) BRC-KPMG Retail Sales Monitor (RSM). Based on an average of four quarters non-food retail sales growth for physical i.e. bricks and mortar stores only (does not include online sales)
(5) BRC-KPMG Retail Sales Monitor (RSM). Based on an average of four quarters non-food retail sales growth including online sales
(6) Landsec same store/same tenant like-for-like sales
(7) Rent as a percentage of total 11 month physical store sales
(8) Total occupancy cost (rent, rates, insurance and service charge) as a percentage of total 11 month physical store sales

Top retail and leisure occupiers by percentage of Group rent

Brand	Status	Number of units	Group rent	Brand	Status	Number of units	Group rent
Cineworld		14	1.6%	Superdrug / Perfume Shop		22	0.4%
Boots		21	1.4%	John Lewis Partnership[3]		7	0.4%
Sainsbury's		13	1.2%	River Island		8	0.4%
H&M		15	1.0%	Debenhams	Administration	5	0.4%
Next		14	1.0%	VF Corporation		18	0.4%
M&S[1]		12	0.9%	JC Decaux		19	0.3%
The Restaurant Group[2]		45	0.9%	Odeon		6	0.3%
Tesco		9	0.8%	Victoria's Secret		6	0.3%
Vue		6	0.8%	Signet Group		17	0.3%
Primark		5	0.7%	Aurum Holdings		14	0.3%
Dixons Carphone		20	0.7%	Barclays Bank		4	0.3%
Gap		12	0.6%	Frasers Group[4]		14	0.3%
Arcadia	CVA	11	0.6%	Clarks		12	0.3%
Nando's		29	0.5%	Superdry		7	0.3%
New Look	CVA	9	0.5%	TX Maxx / Homesense		6	0.3%

(1) Includes M&S Simply Food Store
(2) Includes Chiquitos who are in administration
(3) Includes Waitrose & Partners Stores
(4) Includes Sports Direct and brands acquired out of administration, House of Fraser, Evans Cycles and Jack Wills

Company voluntary arrangements (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 31 March 2020

Brand	Status	Number of units trading[2]	Group rent
Arcadia	CVA	11	0.6%
New Look	CVA	9	0.5%
Debenhams	CVA[1]	4	0.4%
Clintons	Administration	5	0.2%
Monsoon Accessorize	CVA	11	0.1%
Carpetright	CVA	4	0.1%
Jack Wills	Administration	5	0.1%
Homebase	CVA	1	0.1%
House of Fraser	Administration	1	<0.1%
Paperchase	CVA	7	<0.1%
Select	CVA	4	<0.1%
Carluccio's	Administration	4	<0.1%

Brand	Status	Number of units trading[2]	Group rent
Prezzo	CVA	7	<0.1%
Giraffe	CVA	5	<0.1%
Regis	Administration	7	<0.1%
Gourmet Burger Kitchen	CVA	5	<0.1%
Byron Hamburgers	CVA	3	<0.1%
Khaadi	Administration	1	<0.1%
Patisserie Valerie	Administration	3	<0.1%
LK Bennett	Administration	2	<0.1%
Others	CVA/Administration	38	0.4%
Units trading[2] in CVA/Administration		**137**	**3.3%**

(1) Debenhams entered administration in April 2020
(2) Units still trading before temporary closure of non-essential retail due to Covid-19

Summary of retail and leisure units in CVA/Administration

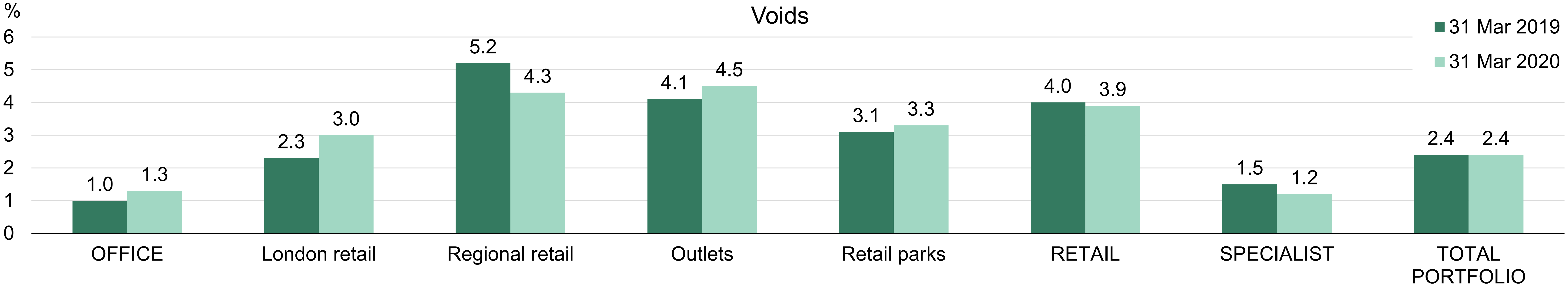
Analysis by annualised rental income

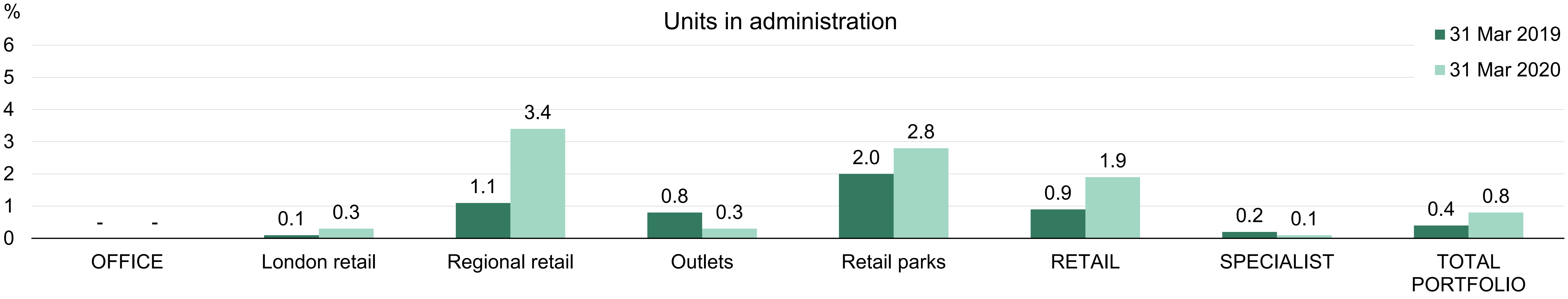
		CVAs and Administrations from 01.04.17 to 31.03.20			As at 31.03.20					
		Annualised rental income entering CVA or Administration	Units	Reduction in annualised rental income recognised to date(1)	Annualised rental income in CVA or Administration	Units	% of Group rent	Future reduction in annualised rental income	Lettings agreed as at 31.03.20(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)	-	-	-	-	1.3	**(0.7)**
	CVAs	5.7	32	(0.9)	4.8	26	0.7%	(0.1)	0.1	**(0.9)**
2018/19	Administrations	5.3	55	(3.5)	1.8	20	0.3%	(0.4)	1.8	**(2.1)**
	CVAs	4.1	30	(1.8)	2.3	24	0.4%	-	0.2	**(1.5)**
2019/20	Administrations	7.8	57	(3.0)	4.8	31	0.7%	(1.5)	1.4	**(3.2)**
	CVAs	11.5	37	(3.8)	7.7	36	1.2%	-	0.5	**(3.3)**
	TOTAL	**36.5**	**224**	**(15.1)**	**21.4**	**137**	**3.3%**	**(2.0)**	**5.3(3)**	**(11.7)**
					Still trading(4):	**137**				

(1) Relates to impact of CVA/Administration. Ignores re-letting of vacated units
(2) Lettings agreed as at 31.03.20 are lettings that have exchanged. Prior periods have been restated to reflect subsequent asset disposals and where tenants in CVA have entered administration
(3) £3.9m already recognised within Group annualised rental income as at 31.03.20 (before impact of Covid-19)
(4) Units still trading before temporary closure of non-essential retail due to Covid-19

Voids and units in administration

Like-for-like portfolio

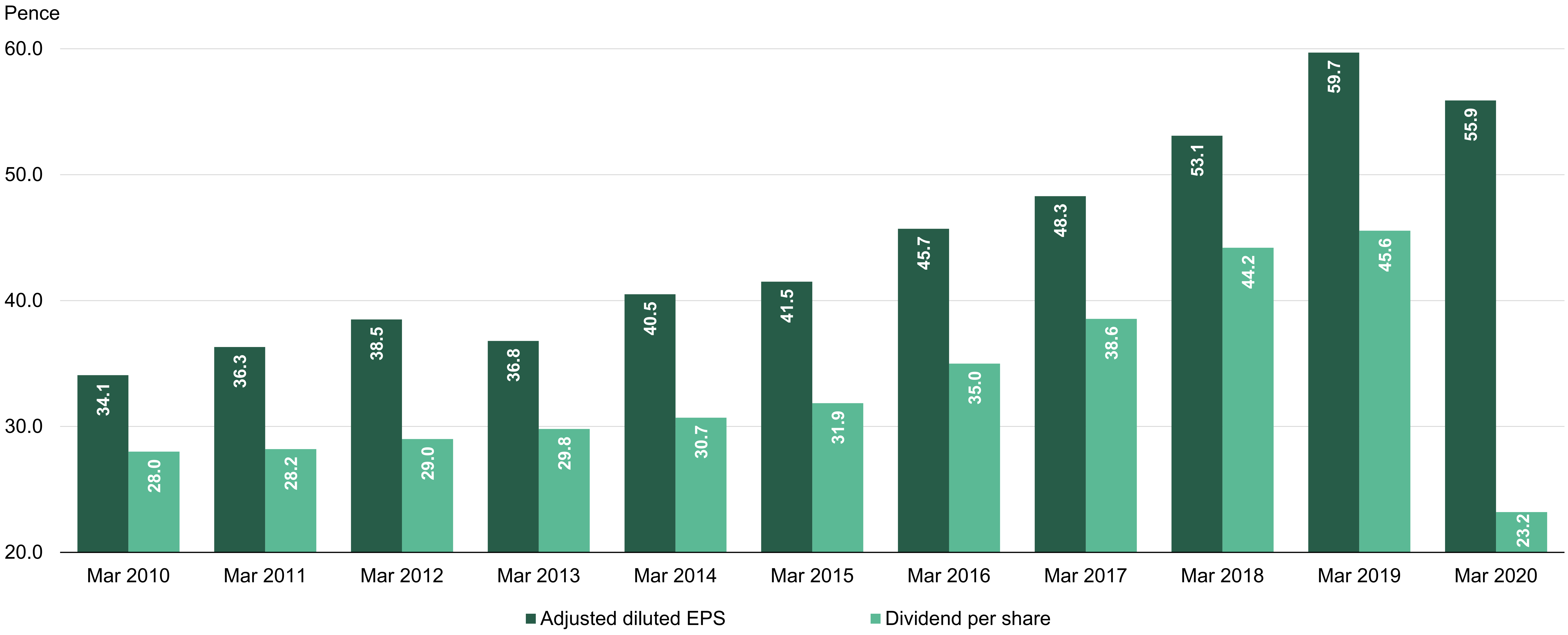




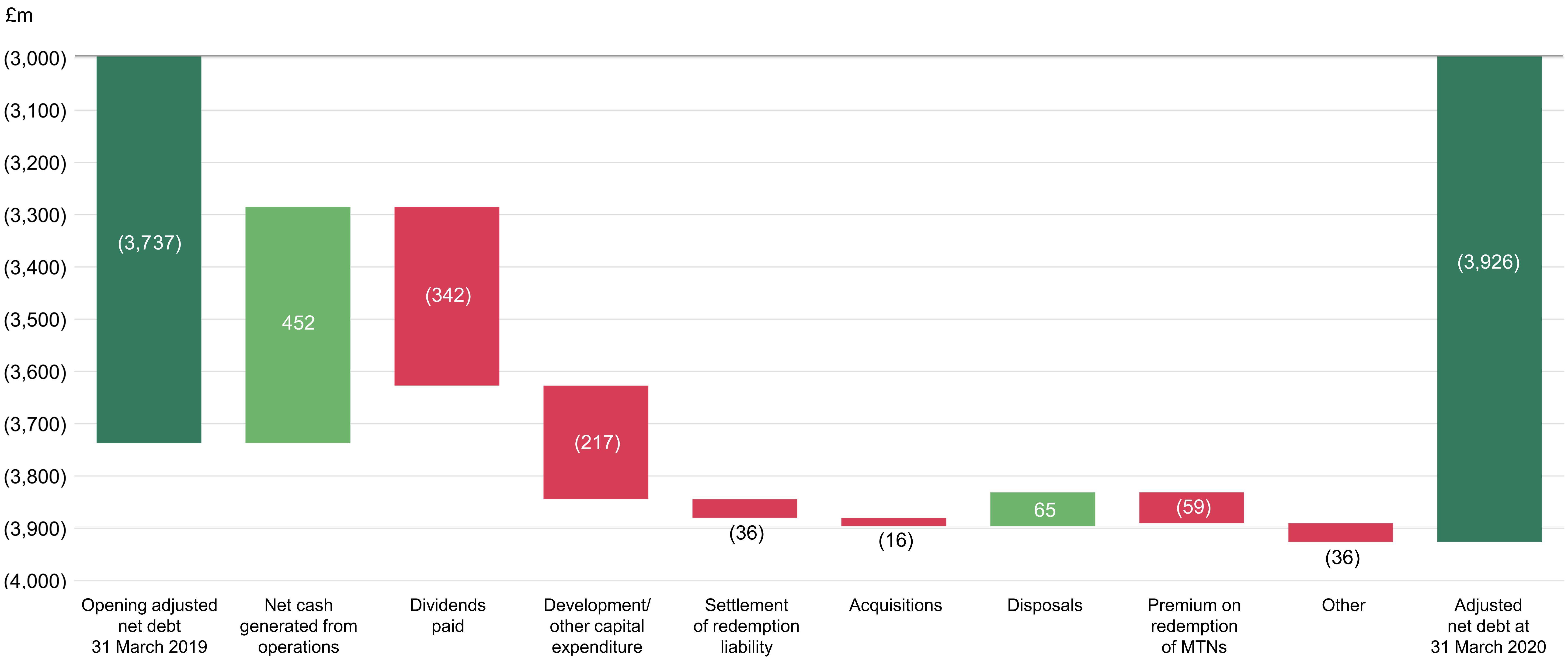
Like-for-like occupancy in the portfolio was 97.7% at 31 March 2020, 98.1% at 31 March 2019

Financial history

Adjusted diluted earnings per share and dividend per share



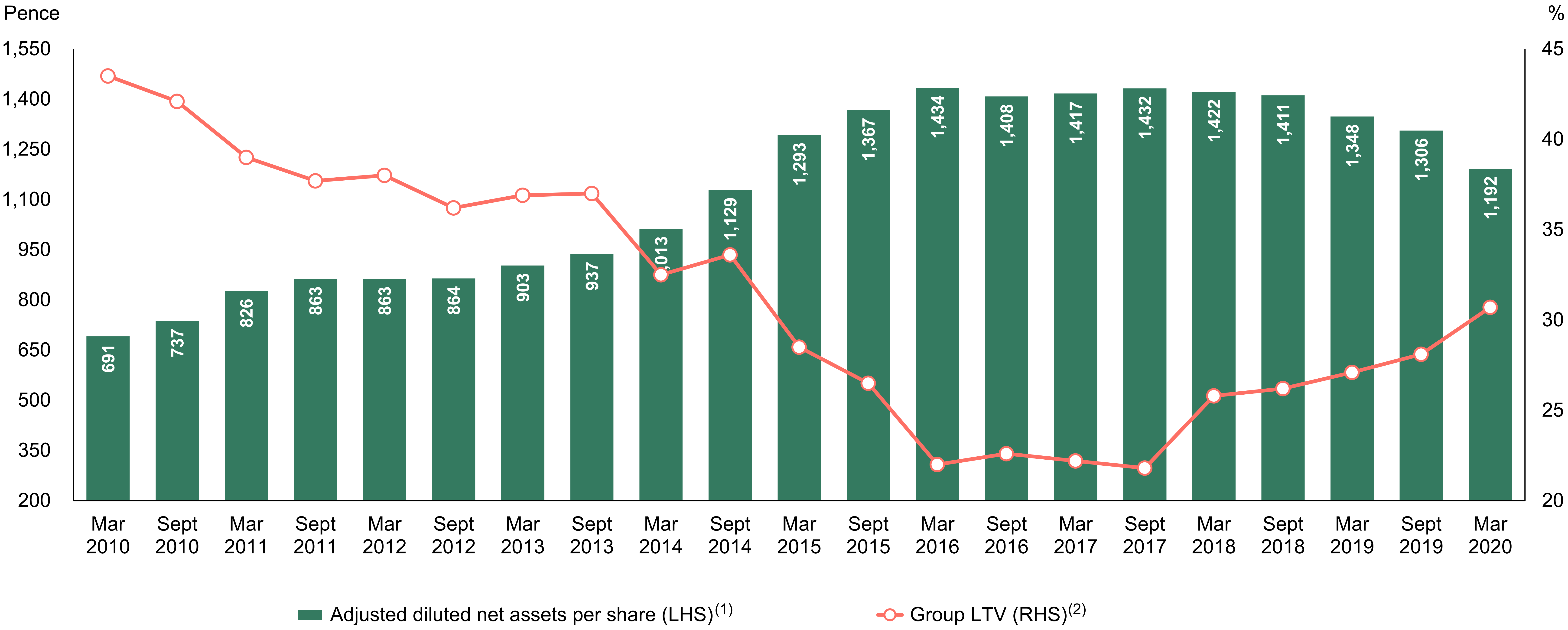
Cash flow and adjusted net debt[1]



(1) On a proportionate basis

Financial history

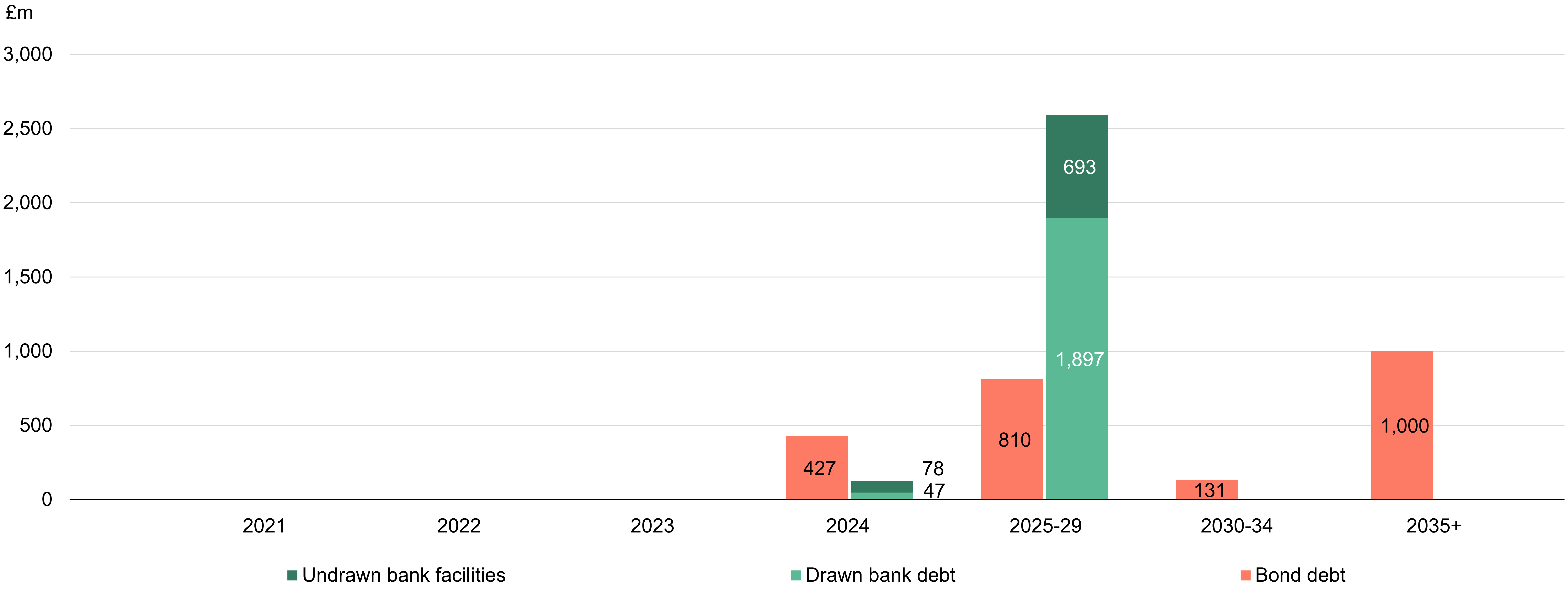
Adjusted diluted net assets per share and Group LTV



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

Expected debt maturities (nominal)

Year(s) ending 31 March



Financing

Significant headroom and a favourable debt structure

- Security Group has a tiered covenant structure. We can borrow with limited operating restrictions up to 65% LTV and whilst ICR is greater than 1.45x
- To allow for a shock to either metric, we can continue to borrow up to 80% LTV (if ICR remains above 1.45x) and we can continue to borrow whilst ICR is greater than 1.2x (if LTV remains below 65%)
- Using March 2020 valuation numbers, we can withstand a valuation fall of 59% or a Security Group EDITDA reduction of £430m before our LTV or ICR covenants prevent further bank drawings

Tiered covenant

	LTV %	ICR X	Operating environment – key points
Tier 1	≤55	≥1.85	Few operational restrictions
Tier 2	56-65	≥1.45	Liquidity facility required for senior interest payments
Initial Tier 3	66-80	≥1.2	Debt to be amortised Property manager appointed to make property recommendations below ICR 1.25x
Final Tier 3	>80	≥1.0	Property manager recommendations to be followed in all material respects Administrative receiver could be appointed purely to sell assets (>85% LTV)
Default	>100	<1.0	Default which allows the secured creditors to instruct the Trustee to enforce security and if appropriate accelerate

The Security Group
Summary

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	Key restrictions	Valuation tolerance from current position	Incremental debt from current position £bn
Tier 1	Minimal restrictions	**Current**	**Current**
Tier 2	Additional liquidity facilities	-41%	+2.7
Initial Tier 3	Payment restrictions Debt amortisation	-50%	+4.0
Final Tier 3	Disposals to pay down debt Potential appointment of property manager	-59%	+5.8

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[(1)]:
  - 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) 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

31 March 2020

Sector concentration (% of collateral value)	£bn	%	Maximum permitted %	Acquisition headroom £bn
Office	6.4	52	85	26
Shopping centres and shops	4.2	35	100	n/a
Retail warehouses	0.4	4	55	14
Industrial	-	-	20	3
Residential	-	-	20	3
Leisure and hotels	1.1	9	25	3
Other	-	-	15	2

Regional concentration (% of collateral value)	£bn	%	Maximum permitted %	Acquisition headroom £bn
London	8.5	70	100	n/a
Rest of South East and Eastern	1.8	15	70	22
Midlands	0.1	1	40	8
North	1.0	8	40	6
Wales and South West	0.4	3	40	7
Scotland and Northern Ireland	0.3	3	40	8
Non-UK	-	-	5	1

Portfolio concentration limits have been amended over time to reflect the changing shape of the business.

Development programme returns

		21 Moorfields, EC2	105 Sumner Street, SE1	Nova East, SW1(1)	Lucent, W1
Status		Fully committed; pre-let	Building to grade; speculative; option to pause	Building to grade; speculative; option to pause	Building to grade; speculative; option to pause
Pre-Covid-19 estimated completion date(2)		March 2022	March 2022	July 2022	October 2022
Indicative impact of Covid-19 on completion date		+1-2 months(3)	+1-2 months(4)	+1-2 months(4)	+1-2 months(4)
Description of use		Office – 100%	Office – 100%	Office – 100%	Office – 77% Retail – 21% Residential – 2%
Landsec ownership	%	100	100	50	100
Size	Sq ft (000)	564	140	166	144
Letting status	%	100	-	-	-
Market value	£m	421	40	13	83
Net income/ERV	£m	38	10	6	14
Total development cost (TDC) to date	£m	285	36	16	100
Forecast TDC(1)	£m	576	140	101	239
Gross yield on cost(5)	%	6.5	6.8	6.4	5.8
Valuation surplus/(deficit) to date	£m	132	4	(3)	(16)
Market value + outstanding TDC	£m	712	144	98	223
Gross yield on market value + outstanding TDC(2)	%	5.3	6.6	6.6	6.2

(1) All £m figures are at Landsec's 50% share for Nova East, SW1
(2) Before the impact of Covid-19 on programme and assuming full commitment
(3) The full impact of Covid-19 on 21 Moorfields, EC2's practical completion will be dictated by productivity which is currently around 50% but improving
(4) Assuming we do not exercise option to pause
(5) Based on ERV to the nearest £0.1m

Impact of Covid-19 on development programme

All speculative schemes already had optionality as we built to grade
Work is continuing but we are maintaining that optionality for at least six months

	21 Moorfields, EC2	105 Sumner Street, SE1	Nova East, SW1(1)	Lucent, W1
Current status	Progressing; construction contract in-place	On site building to grade	On site building to grade	On site building to grade
Next steps	Continue construction of superstructure	Continue subterranean works	Complete subterranean works and negotiate main construction contract	Enter main construction contract
Covid-19 response	Construction continues with reduced workforce on site	Construction management approach has added flexibility: tendering long lead time packages	Negotiating break points to the contract to give flexibility to pause	Break points included in contract to give flexibility to pause
Indicative impact on completion date	+1-2 months(2)	+1-2 months(3)	+1-2 months(3)	+1-2 months(3)

	£m	£m	£m	£m
Total development cost to date	285	36	16	100
Unspent contractual commitment	273	7	5	21
New commitments made since March 2020	n/a	15	10	8
TDC not yet contractually committed	**n/a**	**79**	**68**	**104**
Future capitalised interest cost	18	3	2	6
Forecast total development cost	576	140	101	239
Next 12 months' cash flow (approx.)	139	47(2)	18(2)	26(2)

(1) All £m figures are at Landsec's 50% share for Nova East, SW1
(2) The full impact of Covid-19 on 21 Moorfields, EC2's practical completion will be dictated by productivity which is currently around 50% but improving
(3) Assuming we do not exercise option to pause

Optionality in the development programme

We continue to progress while deferring full commitments for at least six months

- 21 Moorfields the only fully committed scheme
- The remaining three schemes already had optionality as we built to grade; we are now building further break points into our construction plans while continuing to progress design/ground works
- Expected capex for 2020/21 £230m(1) out of total unspent on programme of £590m

	Unspent contractual commitment at 31 March(2)	New commitments made since 31 March(2)	Total commitment to date	Commitment deferred until future break points(2)	Remaining unspent development expenditure(2)	12-month cash flow(1) (approximate)
Fully committed:	£m	£m	£m	£m	£m	
21 Moorfields, EC2	273	-	**273**	n/a	273	139
Building to grade:						
105 Sumner Street, SE1	7	15	**22**	79	101	47
Nova East, SW1 (50%)	5	10	**15**	68	83	18
Lucent, W1	21	8	**29**	104	133	26
Total on site	**306**	**33**	**339**	**251**	**590**	**230**

(1) Assuming we do not exercise our option to stop and that there are no further delays on site
(2) Excludes future capitalised finance cost

Pipeline of office-led development opportunities

Potential to bring another 1.0m sq ft of office-led schemes to market within 4½ years, with a total development cost of c.£1.1bn

		Portland House, SW1	Lavington Street, SE1	Red Lion Court, SE1
Status		Planning consent granted	Planning application submitted	Progressing design
Earliest start date		August 2020	October 2020	October 2021
Pre-Covid-19 estimated completion date		February 2023	October 2023	September 2024
Indicative impact of Covid-19 on completion date		5-7 months delay as commitment deferred	No significant delay expected	No significant delay expected
Description of use		Office – 90% Retail – 10%	Office – 96% Retail – 4%	Office – 96% Retail – 3%
Landsec ownership	**%**	100	100	100
Current annualised rental income	**£m**	-	-	4
Current size	**Sq ft (000)**	310	141	128
Proposed size	**Sq ft (000)**	400	378	237
		£m	£m	
Market value at 31 March 2020		209	85	
Indicative future development expenditure		233	281	
Indicative future capitalised interest cost		9	14	
Indicative total development cost		**450**	**380**	

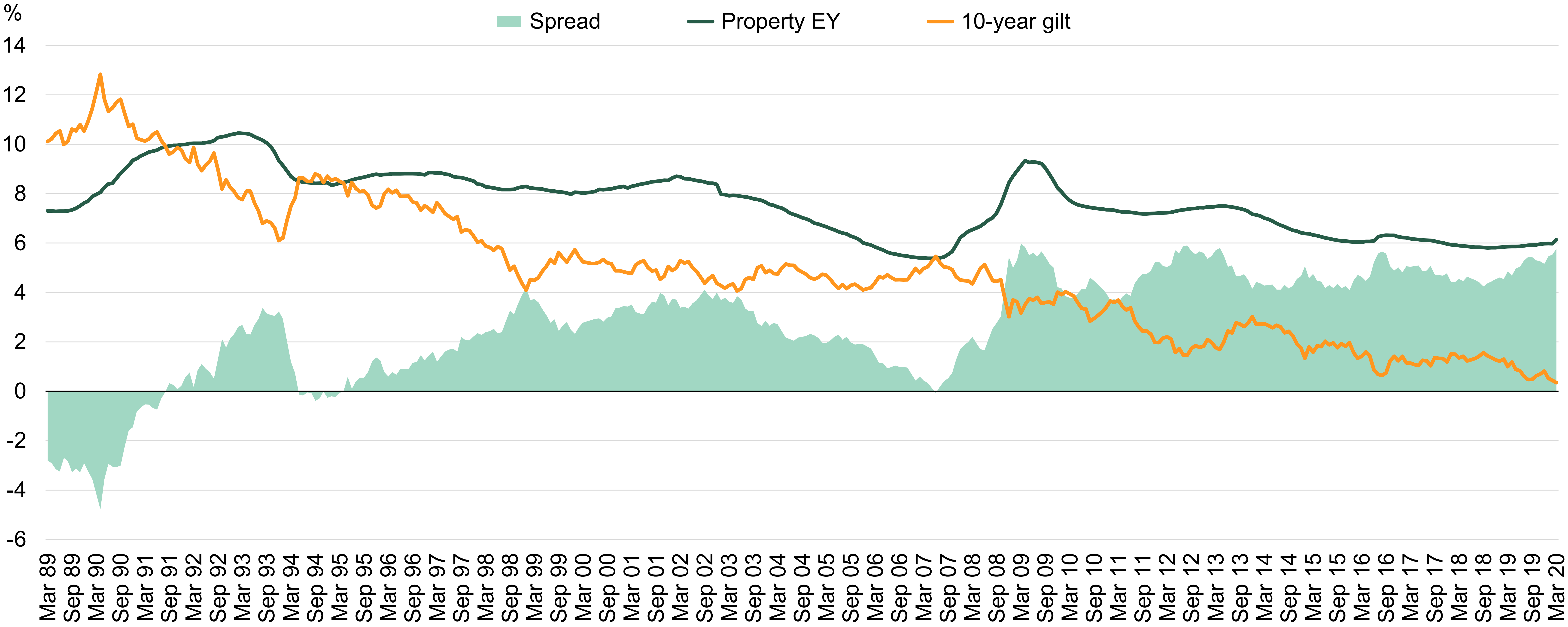
Pipeline of retail re-purposing development opportunities

Masterplanning continues at four London sites for c.£3.5bn of mixed use developments including c.7,000 homes

Exploring re-purposing in regional cities

			Current use	Indicative use				Earliest completion	
	Status	Landsec ownership %	Retail & Leisure Sq ft (000)	Homes	Office Sq ft (000)	Retail & Leisure Sq ft (000)	Earliest start on site	Phase 1	Masterplan
Shepherd's Bush, W12	Stage 2 design underway	100	302	650	150	80	2023	2025	2031
Finchley Road, NW3	Masterplanning under way under a newly expanded scope	100	310	2,000	50	100	2023	2027	2034
The Lewisham Centre	Site assembly and masterplanning under way	100	330	2,250	190	100	2023	2027	2038
Southside, Wandsworth	Masterplanning under way	50	600	2,000	-	400	2024	2027	2036
One Dundas Square, Glasgow	Planning submitted for 120,000 sq ft office opportunity adjacent to Buchanan Galleries	100	n/a	-	110	10	2021	n/a	2023
Buchanan Galleries, Glasgow	Masterplanning wider residential and office opportunity	100	592	350	100	330	2023	n/a	2028

Property/gilt yield spread

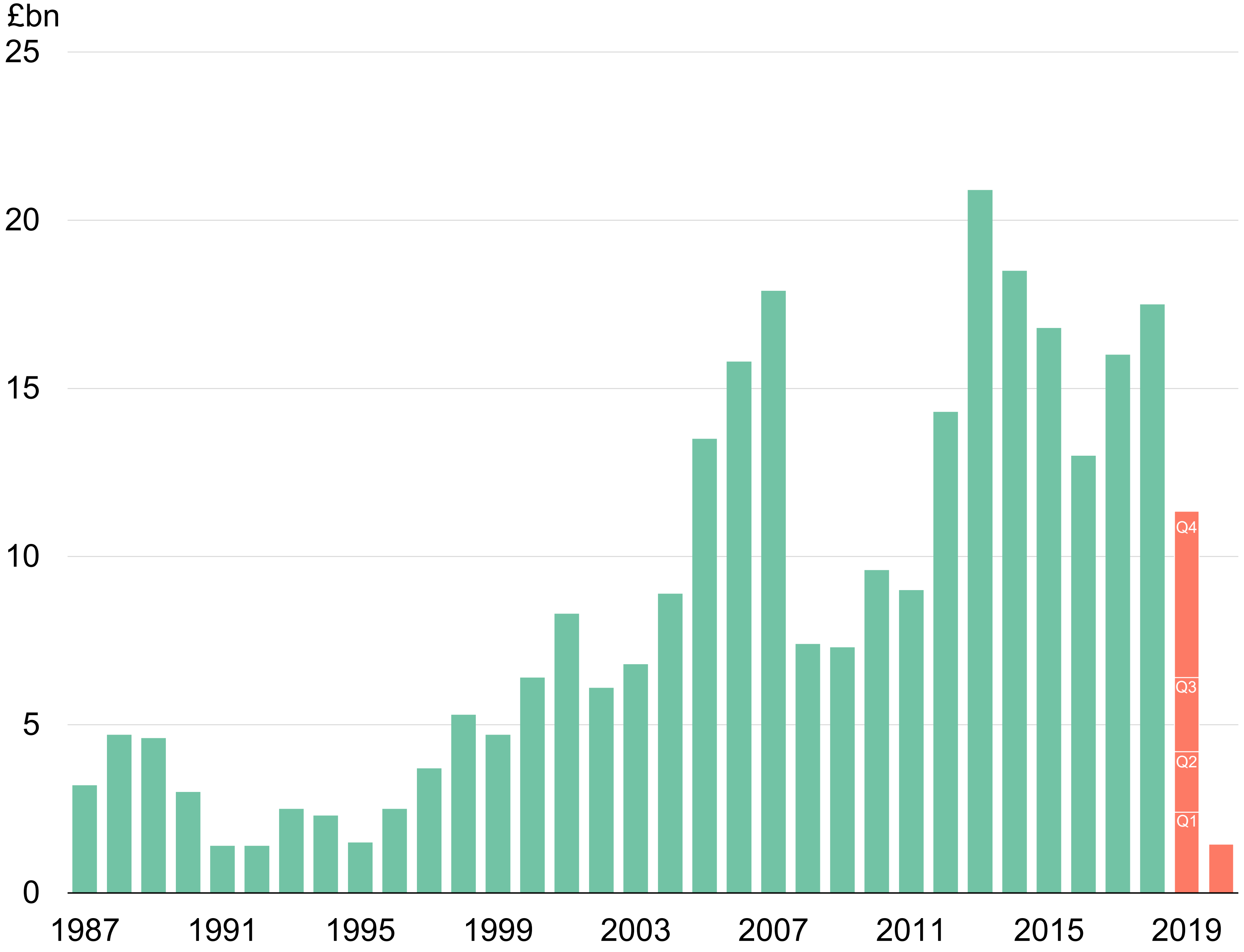


Source: Bloomberg, MSCI Monthly Index All Property

Central London investment market

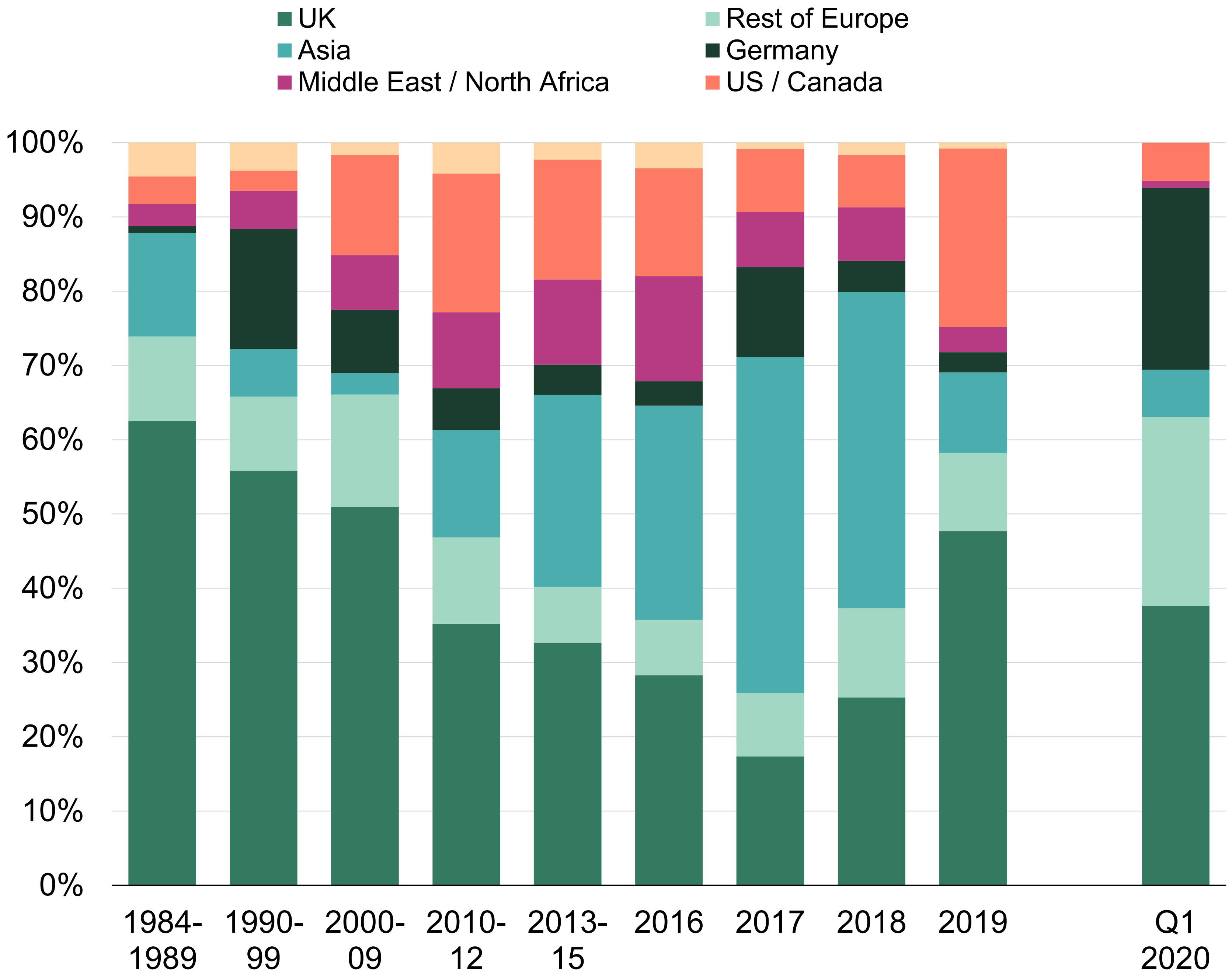
2019 transaction levels were down 36% on 2018 with Q1 2020 levels the lowest seen since Q1 2010

Investment volumes



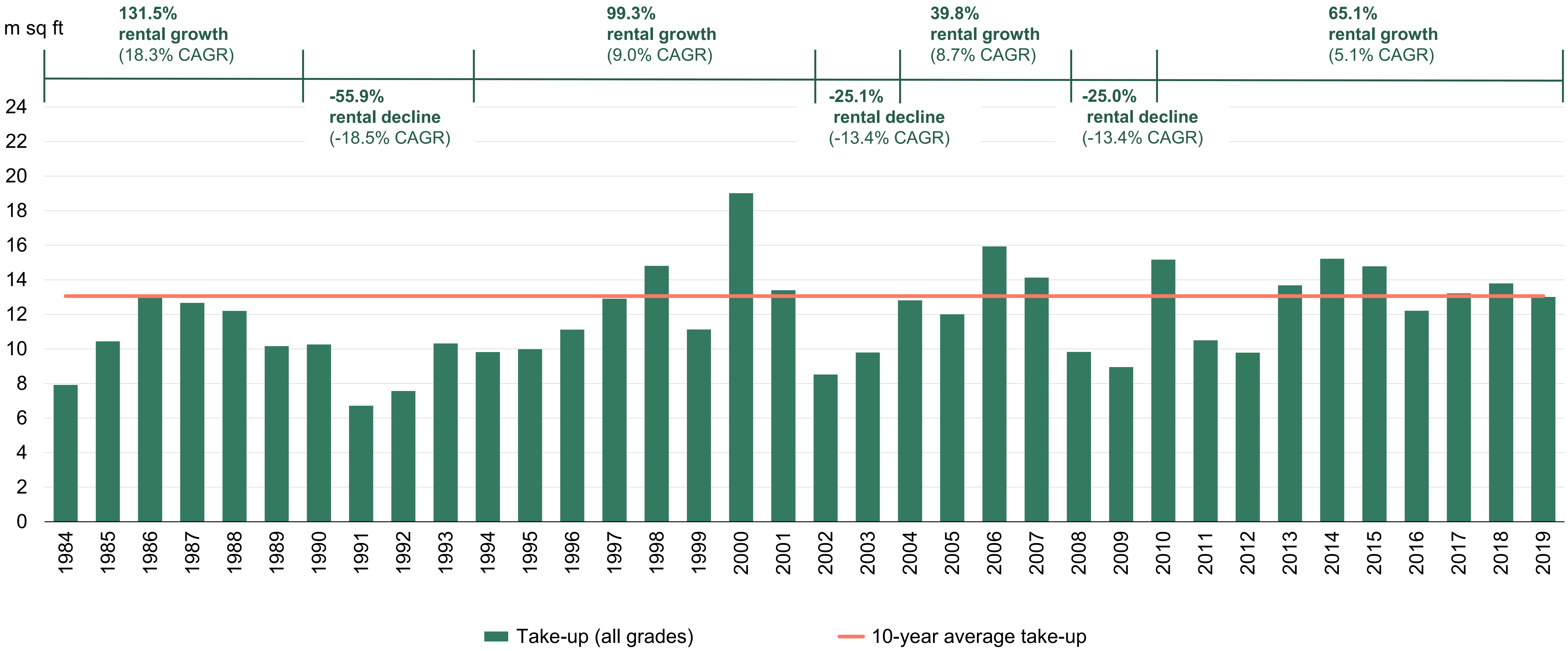
Source: CBRE; shows calendar years

Office capital inflow by region



Central London office market – take-up

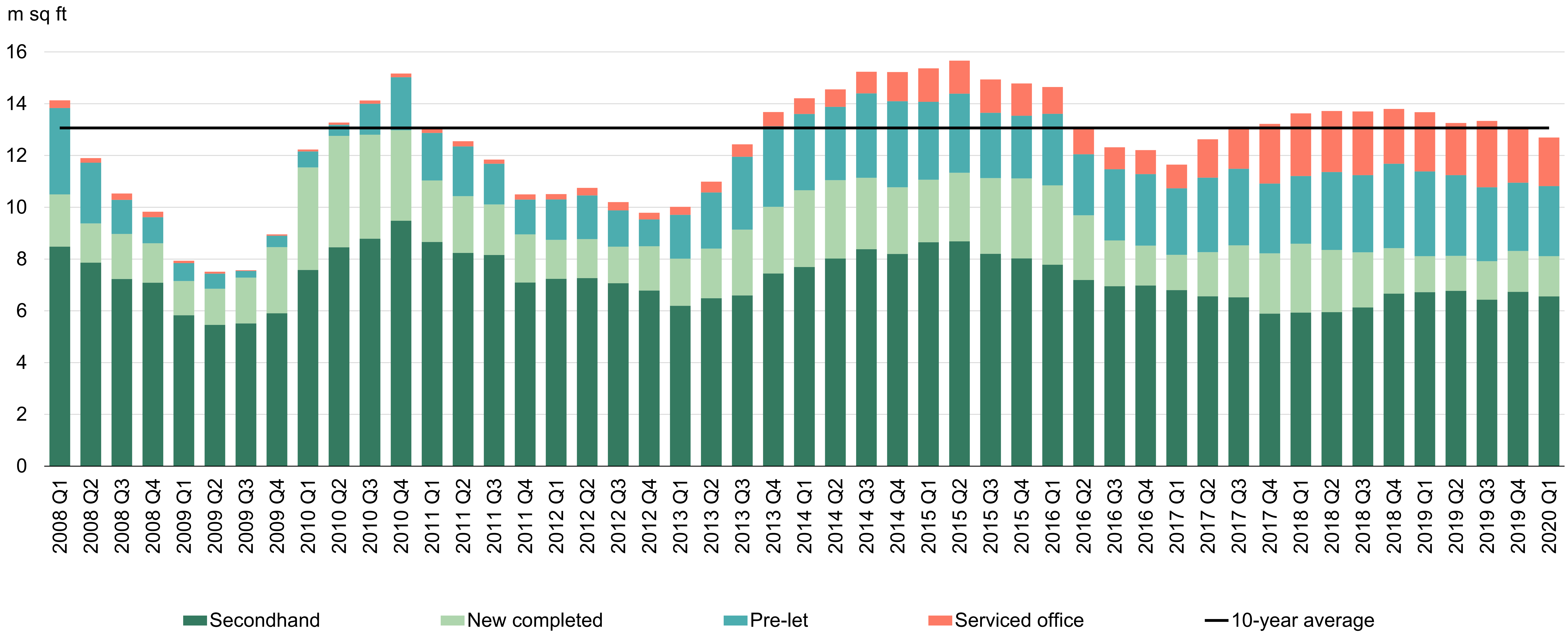
A decade of rental growth and seven years of stable take-up



Source: CBRE, MSCI Annual Index ; shows calendar years

Central London rolling 12-month take-up

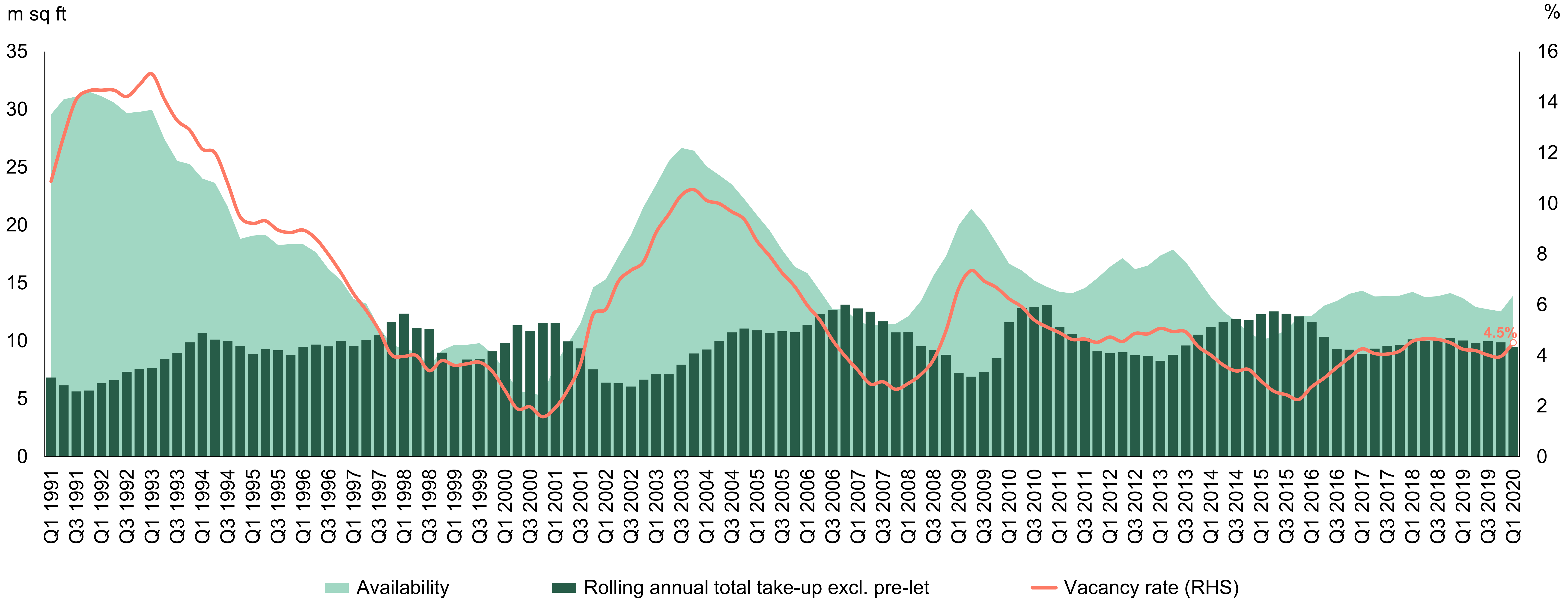
Rolling annual take-up reached 12.7m sq ft as of Q1 2020; marginally below the long-term average for the first time since mid 2017



Source: CBRE

Central London availability and vacancy rate

Availability increased by c.11% in Q1, the first rise since 2018, and the vacancy rate was up to 4.5% (compared to the long-term average of 4.1%)

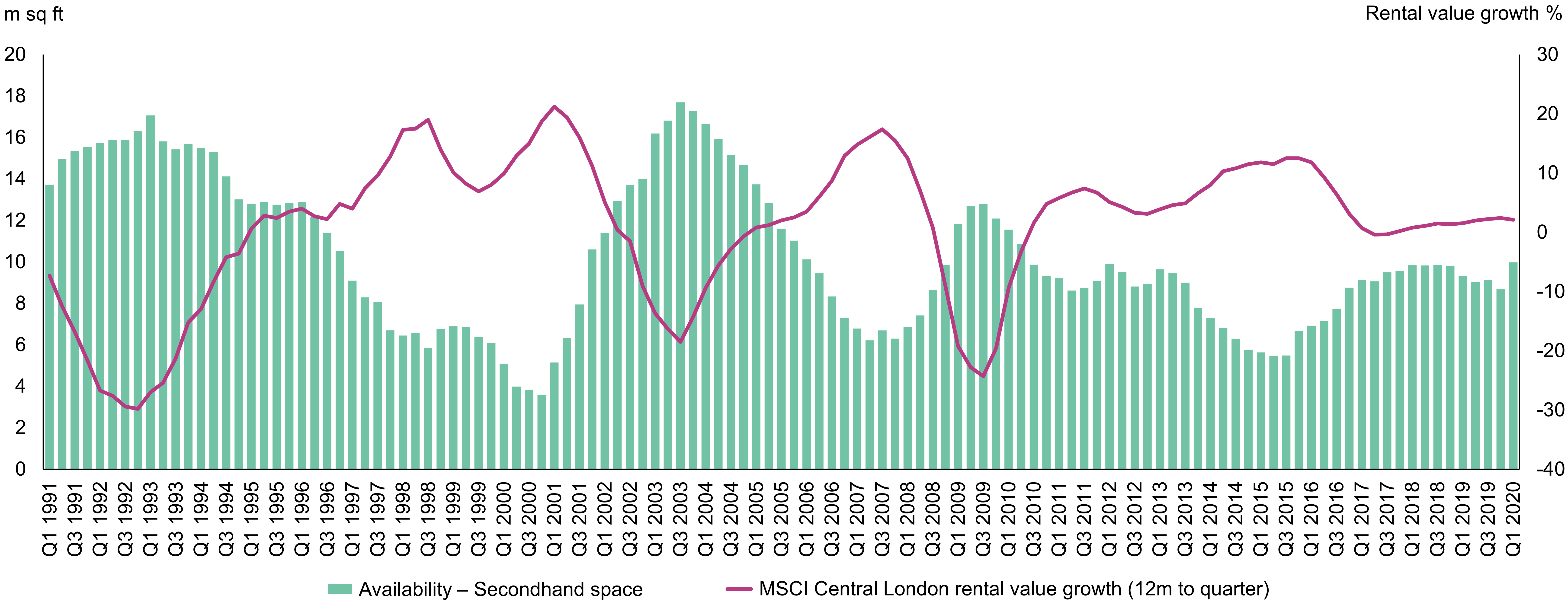


Source: CBRE, MSCI Monthly Index

(1) Availability represents the total net lettable 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

The increase in availability was largely driven by a rise in smaller secondhand units but rental growth remained broadly stable



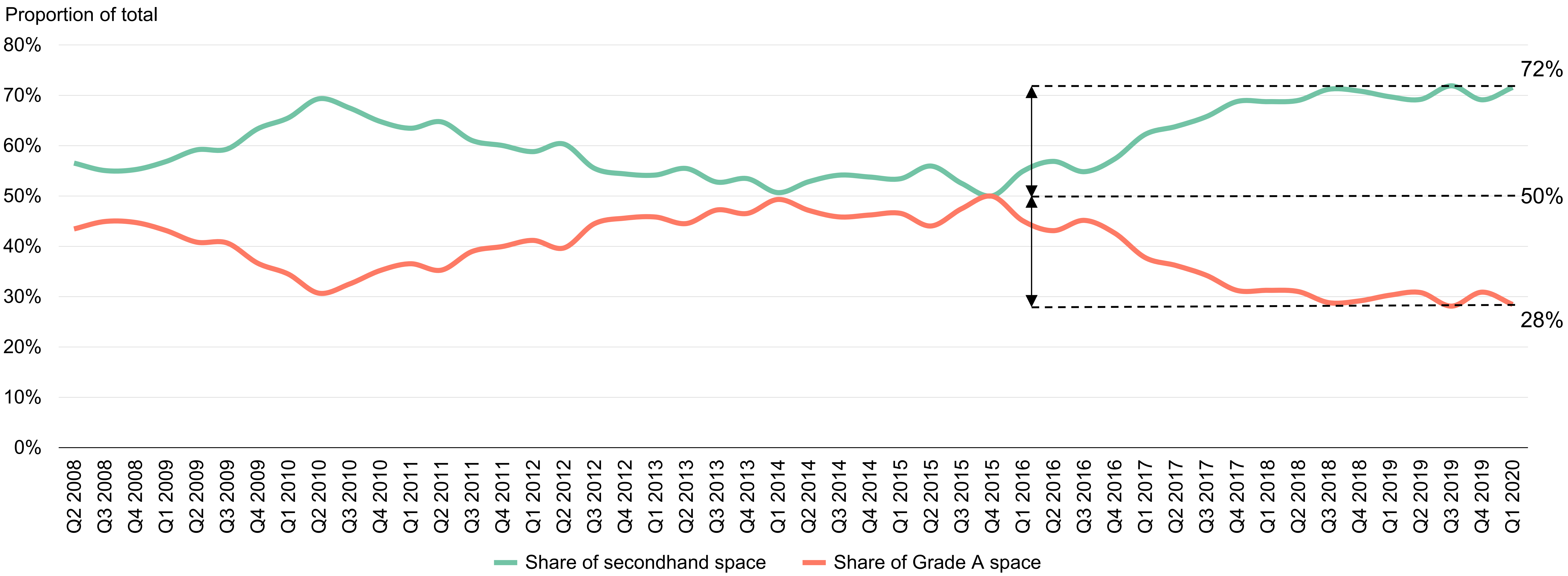
Source: CBRE, MSCI Monthly Index

(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 lettable 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

London Office market availability – Grade A vs. secondhand space

The majority of availability in London is secondhand space with the proportions between prime and secondary continuing to diverge, indicating a bifurcation of the market

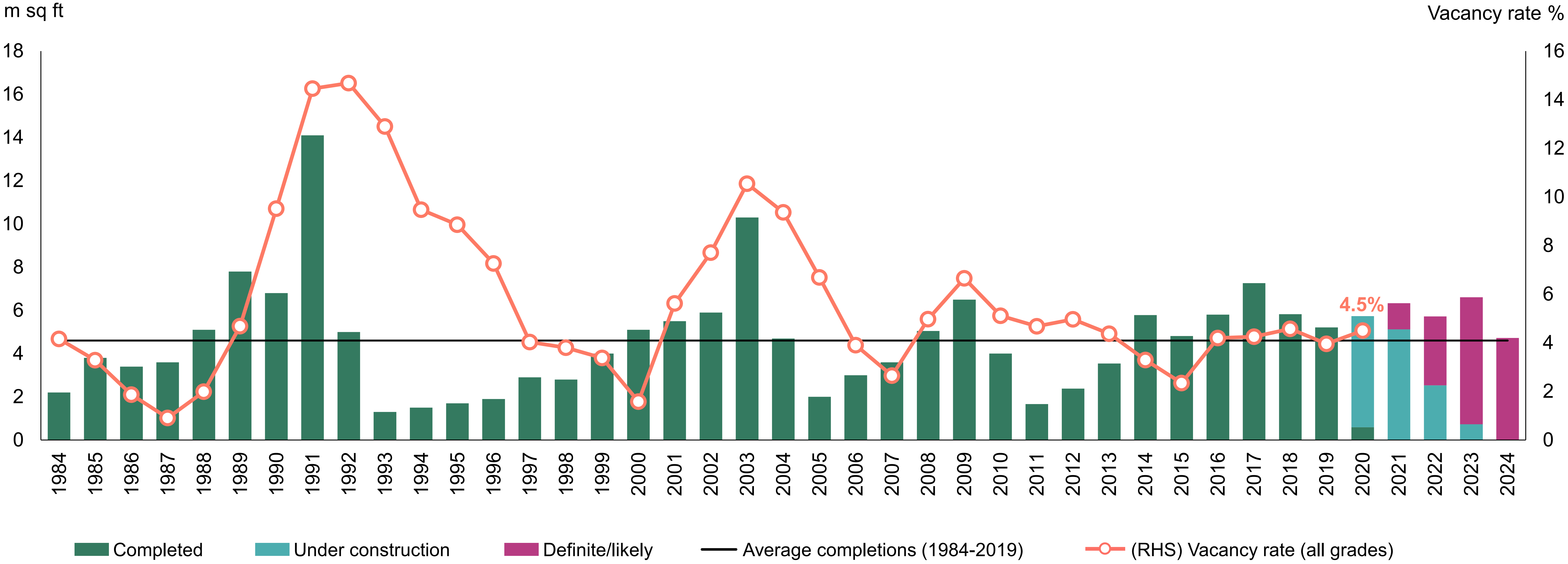


Source: CBRE

(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 31 March 2020

13.5m sq ft currently under construction and a further 15m sq ft could complete by 2024



Source: CBRE, Knight Frank, Landsec; shows calendar years

(1) Completions/under construction includes fringe (White City, Non-Core Docklands, Stratford, Nine Elms, Hammersmith). Vacancy rate as at March 2020. From 2017, supply pipeline monitors schemes above 20,000 sq ft

(2) Landsec estimated future supply based on data from CBRE and Knight Frank. However, to reflect the COVD-19 impact, Landsec have applied a 3-month delay to all schemes (under construction or definite/likely)

(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

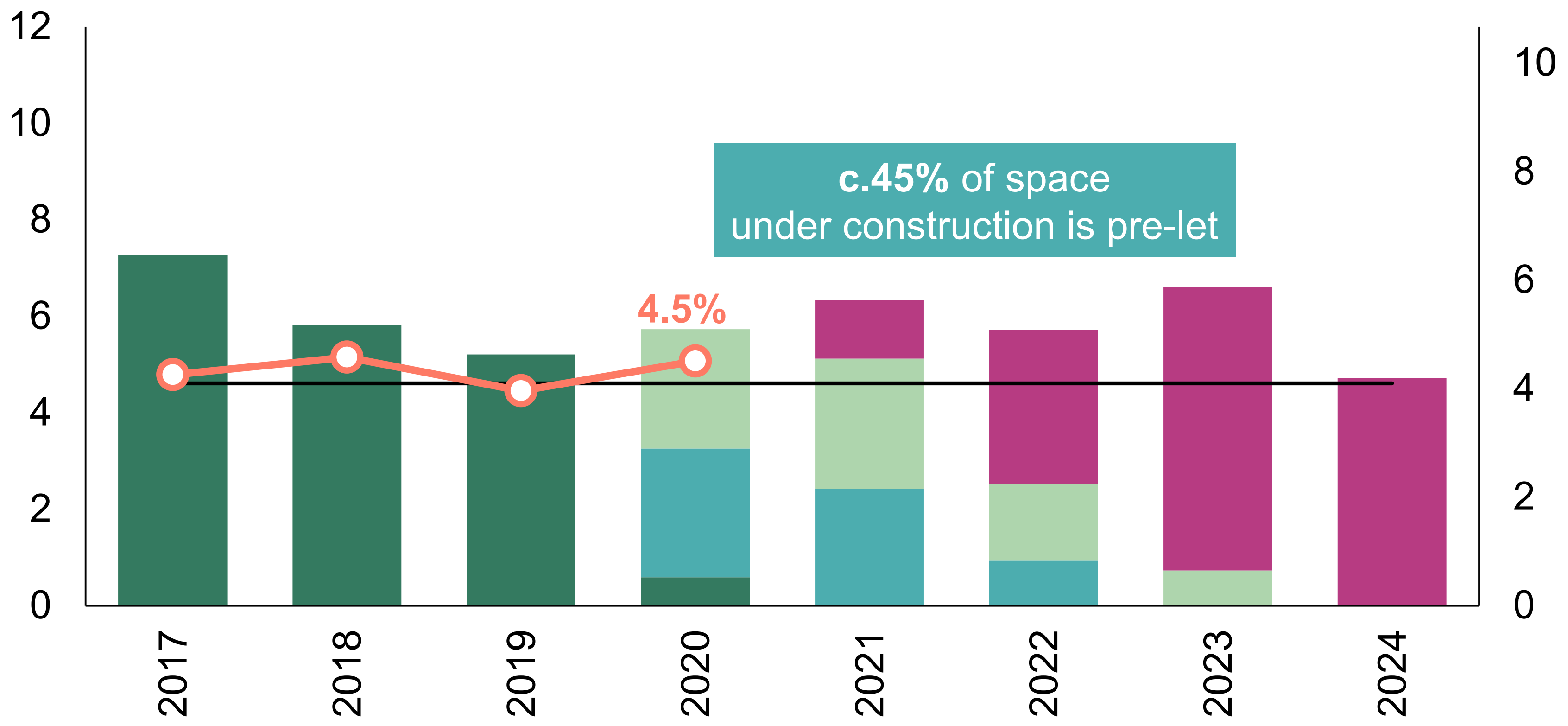
(5) Vacancy rate is expressed as vacant space as a percentage of total stock

(6) Total Stock represents the total completed space (occupied and vacant) in the private and public sector recorded as the net lettable area

Central London supply as at 31 March 2020

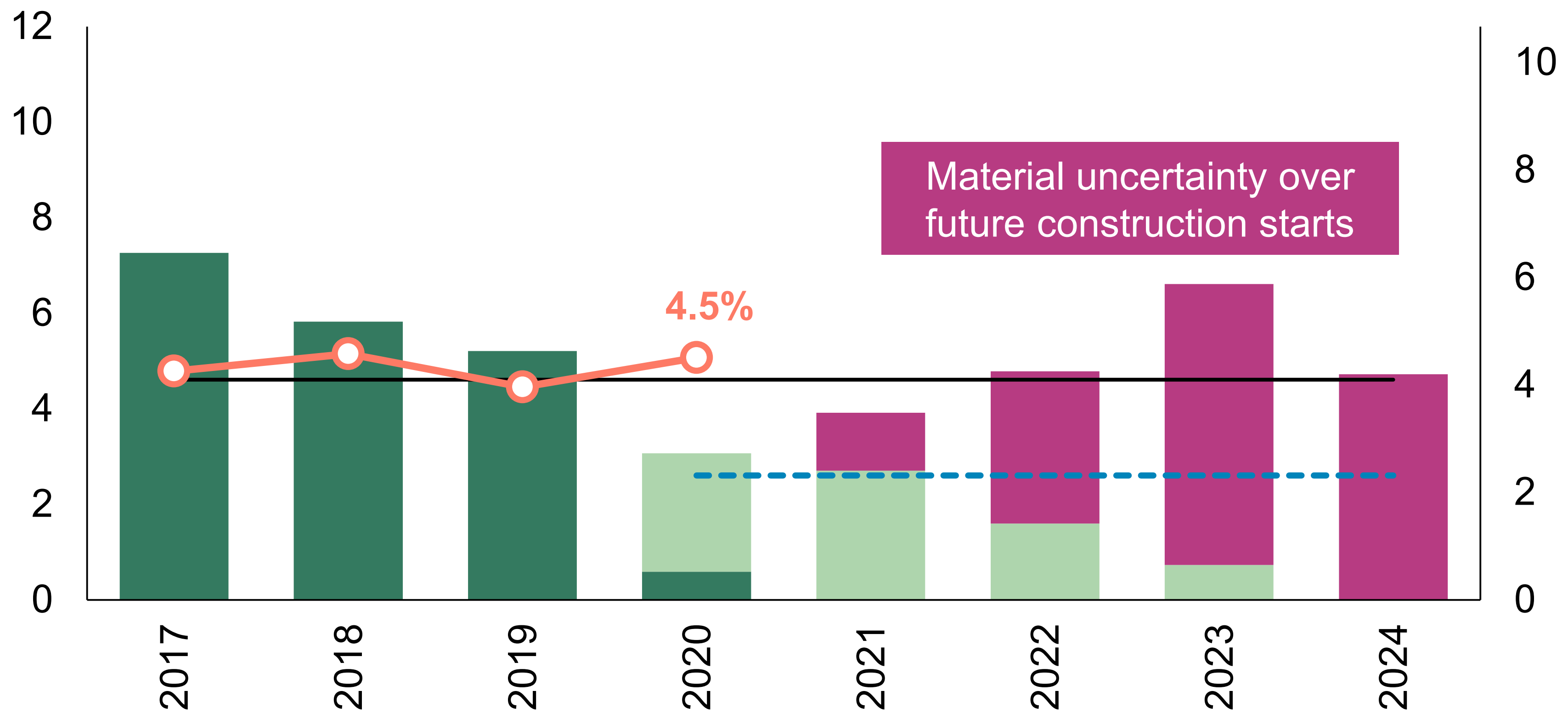
45% of space under construction is already pre-let as flight to quality continues

Under Construction pipeline split into pre-let and speculative



Covid-19 has caused material uncertainty around the shape of the pipeline with further delays possible along with a potential reduction in construction starts

Speculative pipeline only



Completed | U/C pre-let | U/C speculative | Definite/likely | Average speculative completions (2010-2019) | Average completions (1984-2019) | (RHS) Vacancy rate (all grades)

Source: CBRE, Knight Frank, Landsec; shows calendar years

(1) Completions/under construction includes fringe (White City, Non-Core Docklands, Stratford, Nine Elms, Hammersmith). Vacancy rate as at March 2020. From 2017, supply pipeline monitors schemes above 20,000 sq ft

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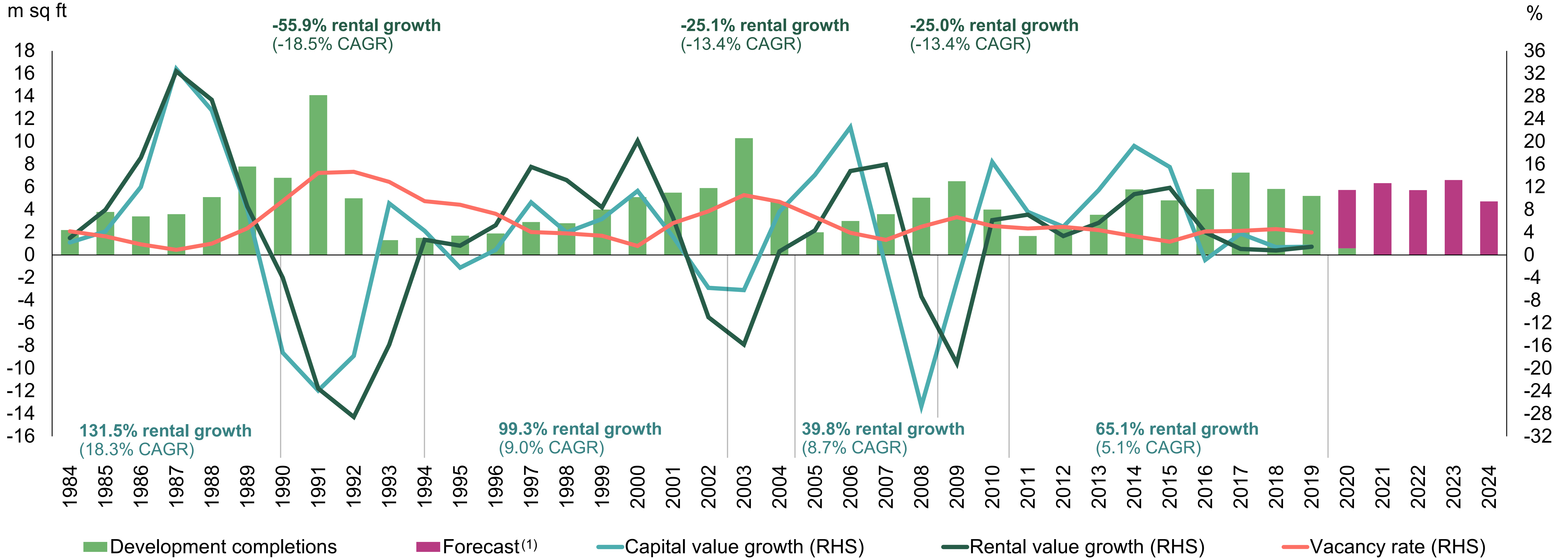
Central London office market

Development completions, vacancy and rental and capital growth



Source: CBRE, Knight Frank, MSCI Annual Index, Landsec; shows calendar years
(1) Landsec forecast based on data from CBRE and Knight Frank

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.

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