Appendices

As at 30 September 2020

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Contents

Sustainability leadership

Demonstrated by our performance across all key ESG benchmarks

Benchmark	Latest performance
GRESB 2019	**GRESB 2019** 5 star rated entity, score 90%. Sector leader, ranking 1st in Europe and UK diversified office/retail (mixed)
CDP	**CDP 2019** A-list (top 2%) for the third year running. The only A-list UK REIT
Member of Dow Jones Sustainability Indices	**DJSI 2019** Score 82/top 98th percentile. European Real Estate leader, ranking 4th globally

Benchmark	Latest performance
ecoact	**Ecoact 2020** Ranked 3rd amongst FTSE 100 companies for our sustainability reporting and climate-related strategy (ranked 5th in 2019)
EPRA sBPR Gold	**EPRA 2020** Received our 7th Gold Award for best practice sustainability reporting
FTSE4Good	**FTSE4Good 2020** 94th percentile. We continue to retain our established position in the FTSE4Good Index
ISS ESG Corporate ESG Performance Prime	**ISS ESG 2020** Prime status. Rating C+ Decile rank 1/transparency level: very high
MSCI	**MSCI ESG Rating 2020** A rating
Sustainalytics	**Sustainalytics ESG Risk Rating 2020** 10.9 (low risk) / ranking 32 out of 951 companies in the real estate industry

The 2020 results for some ESG benchmarks haven't been released in time for the half-yearly results announcement. In these instances, we have included the 2019 results.

Our sustainability programme

Ambitious commitments split into three core areas

Creating jobs and opportunities

Community employment
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 Real 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
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 £3.6m of social value through our community programmes in the first six months of the year

Fairness
Continue to be an accredited Real Living Wage employer. To ensure fair treatment of workers in our supply chain, we surveyed 91 people working on our sites on issues such as modern slavery and discrimination

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% in 2019-20

Health and safety
Migrated to ISO 45001 and launched a new mandatory health and safety training for all employees. We have ensured that all our assets are Covid-19 risk-assessed and secure

Efficient use of natural resources

Carbon
Reduced carbon emissions by 46% since 2013/14 against our updated science-based carbon reduction target

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 32% since 2013/14 against our 2030 target

Waste
Continued to divert 100% from landfill and we're recycling 71% of operational waste

Sustainable design and innovation

Resilience
Updated our assessment of physical and transition risks, ensuring our alignment with the TCFD recommendations

Materials
Created a prohibited materials list 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
Pursuing WELL Portfolio rating programme across our office portfolio.
All live developments successfully pre-assessed against WELL Core rating

Our portfolio

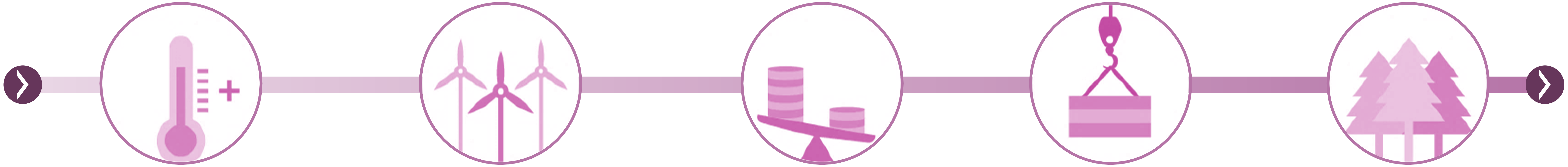
Sustainability performance of our assets

- 46% reduction in carbon emissions (tCO_2e) compared to 2013/14 baseline
- 32% reduction in energy intensity (kWh/m^2) compared to 2013/14 baseline
- Zero waste sent to landfill with 71% of waste recycled
- 40% BREEAM certified by portfolio floor area

Outstanding	Excellent	Very good	Good/pass
1%	48%	44%	7%

CGI of n2, SW1

Our net zero strategy



Reduce operational energy use

1

Reduce operational energy use in support of our updated science-based carbon reduction target, aligned with a 1.5°C scenario

Invest in renewable energy

2

Invest in renewable energy through REGO-backed contracts and Power Purchase Agreements and implement on-site renewable across our assets

Use an internal price of carbon

3

Use an internal shadow price of carbon to clearly communicate climate-related risks and opportunities in investment decisions

Reduce construction impacts

4

Reduce construction impacts through asset retention, efficient design and responsible sourcing

Offset remaining carbon

5

Offset remaining emissions through carefully selected projects which actively take carbon out of the atmosphere

Progress on key areas in HY 2020-21

Reduction of operational carbon emissions: Delivered a 46% reduction in carbon emissions compared with 2013/14 baseline, keeping us on track to achieve our science-based target aligned with a 1.5°C scenario to reduce emissions by 70% by 2030

Reduction of construction carbon emissions: Low-carbon design and construction method led to a further 10% reduction of embodied carbon intensity at Lavington Street, on a design already c.50% lower than a typical new build. Our procured developments are making progress reducing embodied carbon against developed design baseline: 21% reduction at The Forge and 18% reduction at Lucent. Prioritising the refurbishment of assets, such as Portland House, led to an embodied carbon intensity c.65% lower than a new build

Internal carbon pricing: 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

Top 10 assets by value

As at 30 September 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	54	100	8.3
Cardinal Place, SW1	100	Office: 459 Retail: 57	32	99	3.9
One New Change, EC4	100	Office: 348 Retail: 210	28	99	4.7
1 & 2 New Ludgate, EC4	100	Office: 369 Retail: 27	23	100	12.2
21 Moorfields, EC2	100	Office: 564(2)	Development in progress	100(3)	25.0
Gunwharf Quays, Portsmouth	100	Retail: 552	23	98	3.9
Queen Anne's Gate, SW1	100	Office: 354	35	100	6.2
Nova, SW1	50	Office: 480 Retail: 76	15	100	9.8
62 Buckingham Gate, SW1	100	Office: 261 Retail: 17	19	100	4.5
Piccadilly Lights, SW1	100	-	11	100	5.7

Aggregate value of top 10 assets: £5.5bn (46% 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

(2) Development area

(3) Pre-let to Deutsche Bank

Valuation movements

As at 30 September 2020

	Market value 30 September 2020	Valuation change	Rental value change[1]	Net initial yield	Equivalent yield	Movement in equivalent yield
	£m	%	%	%	%	bps
Offices	5,817	-1.9	-1.0	4.4	4.6	2
London retail	728	-16.8	-16.5	4.4	4.4	12
Other central London	426	-	-	2.7	4.3	-
Regional shopping centres and shops	1,339	-20.4	-14.4	7.0	6.6	42
Outlets	805	-8.8	-1.3	4.8	6.3	38
Urban opportunities	423	-9.8	-5.8	5.0	5.3	15
Leisure	528	-15.3	-3.9	6.3	7.1	70
Hotels	408	-13.1	-13.2	3.5	5.4	27
Retail parks	411	-7.3	-6.1	7.4	7.6	16
Total like-for-like portfolio	**10,885**	**-8.0**	**-5.7**	**4.9**	**5.2**	**11**
Proposed developments	276	-9.4	n/a	-	n/a	n/a
Development programme	630	-1.2	n/a	-	4.3	n/a
Acquisitions	52	-17.0	n/a	4.1	4.6	n/a
Total Combined Portfolio	**11,843**	**-7.7**	**-5.7**	**4.5**	**5.2**	**11**
Offices	6,721	-2.3		3.8		
London retail	744	-16.7		4.4		
Other central London	426	0.2		2.7		
Regional shopping centres and shops	1,339	-20.4		7.0		
Outlets	805	-8.8		4.8		
Urban opportunities	436	-9.8		4.9		
Leisure	553	-15.3		6.3		
Hotels	408	-13.1		3.5		
Retail parks	411	-7.3		7.4		
Total Combined Portfolio	**11,843**	**-7.7**		**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 2020			31 March 2020	
	Net initial yield	Equivalent yield	Topped-up net initial yield(1)	Net initial yield	Equivalent yield
	%	%	%	%	%
Offices	4.4	4.6	4.6	4.3	4.6
London retail	4.4	4.4	4.5	4.4	4.2
Other central London	2.7	4.3	2.7	3.4	4.3
Regional shopping centres and shops	7.0	6.6	7.3	6.4	6.2
Outlets	4.8	6.3	5.2	5.6	5.9
Urban opportunities	5.0	5.3	5.1	4.9	5.2
Leisure	6.3	7.1	6.6	5.8	6.4
Hotels	3.5	5.4	3.5	2.3	5.2
Retail parks	7.4	7.6	7.8	7.6	7.4
TOTAL LIKE-FOR-LIKE PORTFOLIO	**4.9**	**5.2**	**5.1**	**4.8**	**5.1**

(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 2020: £10,885m

Rental value change / Valuation change

	Six months ended 30.09.19		Six months ended 31.03.20		Six months ended 30.09.20	
	%		%		%	
	Rental value change	Valuation change	Rental value change	Valuation change	Rental value change	Valuation change
Central London	1.3	-0.2	2.0	-0.2	-2.7	-3.7
Regional retail	-2.1	-6.4	-3.9	-15.9	-10.1	-16.4
Urban opportunities	-3.6	-5.8	-1.7	-13.1	-5.8	-9.8
Subscale sectors	-1.5	-5.6	-2.5	-10.2	-7.2	-12.3
TOTAL LFL PORTFOLIO	**-0.4**	**-2.9**	**-0.7**	**-6.4**	**-5.7**	**-8.0**
Central London - offices	1.9	0.3	2.7	1.6	-1.0	-1.9
Retail(1)	-2.3	-6.3	-3.9	-14.5	-10.2	-14.9

(1) Retail is London retail, shopping centres and shops, outlets, Urban opportunities (excluding North Leisure Retail Park) and retail parks

Rental and capital value trends

Central London like-for-like portfolio

Central London like-for-like portfolio value at 30 September 2020: £6,971m

Rental value change / Valuation change

		Six months ended 30.09.19	Six months ended 31.03.20	Six months ended 30.09.20
		%	%	%
Offices	Rental value change	1.9	2.7	-1.0
	Valuation change	0.3	1.6	-1.9
London retail	Rental value change	-2.0	-3.7	-16.5
	Valuation change	-3.5	-10.4	-16.8
Other central London	Rental value change	-	4.5	-
	Valuation change	0.4	1.3	-
CENTRAL LONDON	Rental value change	1.3	2.0	-2.7
	Valuation change	-0.2	-0.2	-3.7

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

Rental and capital value trends

Regional retail and Urban opportunities like-for-like portfolios

Regional retail and Urban opportunities like-for-like portfolio value at 30 September 2020: £2,567m

■ Rental value change ■ Valuation change

	Six months ended 30.09.19		Six months ended 31.03.20		Six months ended 30.09.20	
	% Rental value change	% Valuation change	% Rental value change	% Valuation change	% Rental value change	% Valuation change
Regional shopping centres and shops	-3.6	-9.3	-6.4	-18.1	-14.4	-20.4
Outlets	1.3	0.6	1.8	-10.8	-1.3	-8.8
REGIONAL RETAIL	-2.1	-6.4	-3.9	-15.9	-10.1	-16.4
URBAN OPPORTUNITIES	-3.6	-5.8	-1.7	-13.1	-5.8	-9.8

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

Rent reviews and lease expiries and breaks[1]

Central London excluding developments

	Outstanding	2020/21	2021/22	2022/23	2023/24	2024/25	Total to 2025
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review	52	31	43	34	23	2	**185**
Adjusted ERV[2]	51	30	42	34	24	3	**184**
Over-renting[3]	(2)	(1)	(1)	-	-	-	**(4)**
Gross reversion under lease provisions	**1**	**-**	**-**	**-**	**1**	**1**	**3**

	2020/21	2021/22	2022/23	2023/24	2024/25	Total to 2025
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks	10	11	32	25	14	**92**
ERV	12	11	35	26	14	**98**
Potential rent change	**2**	**0**	**3**	**1**	**-**	**6**
Total reversion from rent reviews and expiries or breaks						**9**
Voids and tenants in administration[4]						7
Total						**16**

(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 2025
(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]

Regional retail excluding developments

	Outstanding	2020/21	2021/22	2022/23	2023/24	2024/25	Total to 2025
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review[4]	33	22	18	11	5	1	**90**
Adjusted ERV[2]	30	24	15	10	4	1	**84**
Over-renting[3]	(7)	(1)	(4)	(2)	(1)	-	**(15)**
Gross reversion under lease provisions	**4**	**3**	**1**	**1**	**-**	**-**	**9**

	2020/21	2021/22	2022/23	2023/24	2024/25	Total to 2025
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks[4]	17	17	26	21	14	**95**
ERV	20	15	21	16	13	**85**
Potential rent change	**3**	**(2)**	**(5)**	**(5)**	**(1)**	**(10)**
Total reversion from rent reviews and expiries or breaks						**(1)**
Voids and tenants in administration[4]						15
Total						**14**

(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 2025
(3) Not crystallised at rent review because of upward only rent review provisions
(4) Annualised rents have been reduced to reflect the impact of Covid-19 on turnover, this has driven an increase in revisionary potential across Retail

Rent reviews and lease expiries and breaks[1]

Urban opportunities excluding developments

	Outstanding	2020/21	2021/22	2022/23	2023/24	2024/25	Total to 2025
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review	6	1	1	2	3	-	**13**
Adjusted ERV[2]	5	1	1	1	3	-	**11**
Over-renting[3]	(2)	-	-	(1)	-	-	**(3)**
Gross reversion under lease provisions	**1**	**-**	**-**	**-**	**-**	**-**	**1**

	2020/21	2021/22	2022/23	2023/24	2024/25	Total to 2025
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks	1	4	2	4	1	**12**
ERV	2	3	1	4	1	**11**
Potential rent change	**1**	**(1)**	**(1)**	**-**	**-**	**(1)**
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 2025
(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]

Subscale sectors excluding developments

	Outstanding	2020/21	2021/22	2022/23	2023/24	2024/25	Total to 2025
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review	26	7	5	5	8	5	**56**
Adjusted ERV[2]	24	7	4	4	7	5	**51**
Over-renting[3]	(4)	-	(1)	(1)	(1)	(1)	**(8)**
Gross reversion under lease provisions	**2**	**-**	**-**	**-**	**-**	**1**	**3**

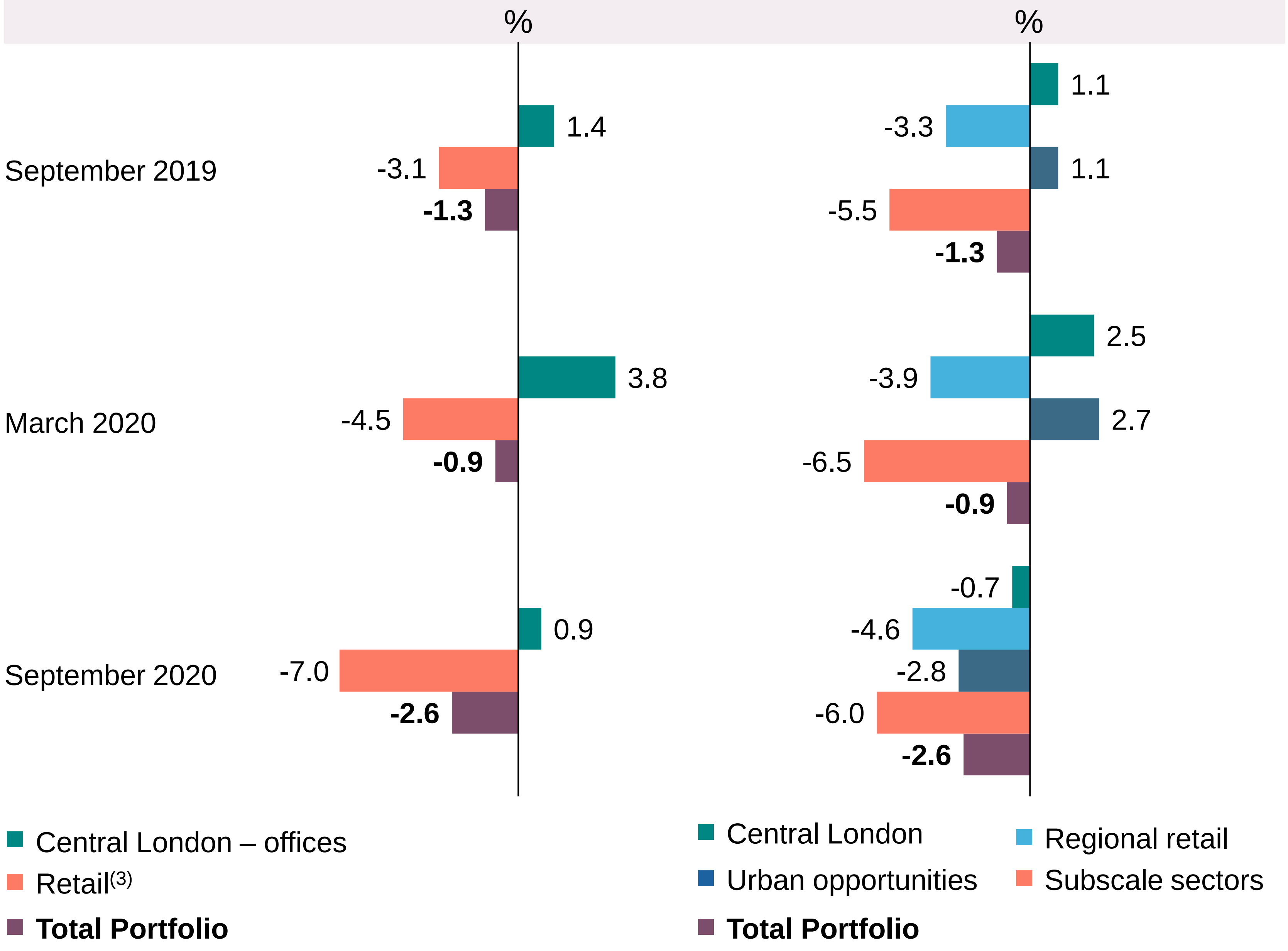
	2020/21	2021/22	2022/23	2023/24	2024/25	Total to 2025
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks	1	4	5	7	13	**30**
ERV	1	3	5	5	11	**25**
Potential rent change	**-**	**(1)**	**-**	**(2)**	**(2)**	**(5)**
Total reversion from rent reviews and expiries or breaks						**(2)**
Voids and tenants in administration[4]						4
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 2025
(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

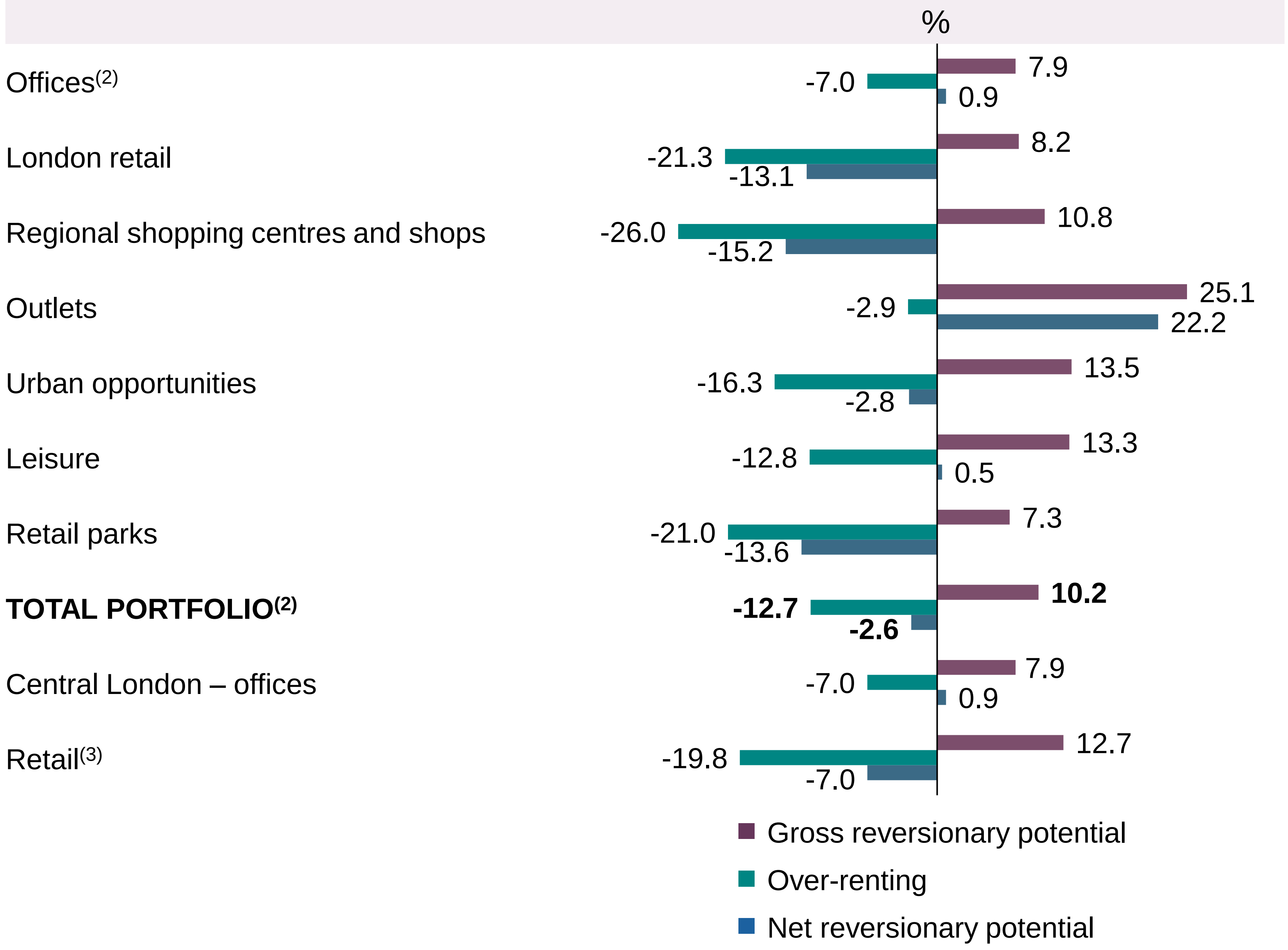
Reversionary potential

Like-for-like portfolio

Net reversionary potential(1)



Reversionary potential(1) at 30 September 2020



(1) Excludes voids and rent free periods

(2) As at 30 September 2020, Queen Anne's Gate (QAG), SW1 accounted for 93% of the Offices like-for-like over-renting. Excluding QAG, the Offices segment and Combined Portfolio would be 7.4% and 0.5% net reversionary, respectively

(3) Retail is London retail, shopping centres and shops, outlets, Urban opportunities (excluding North Leisure Retail Park) and retail parks

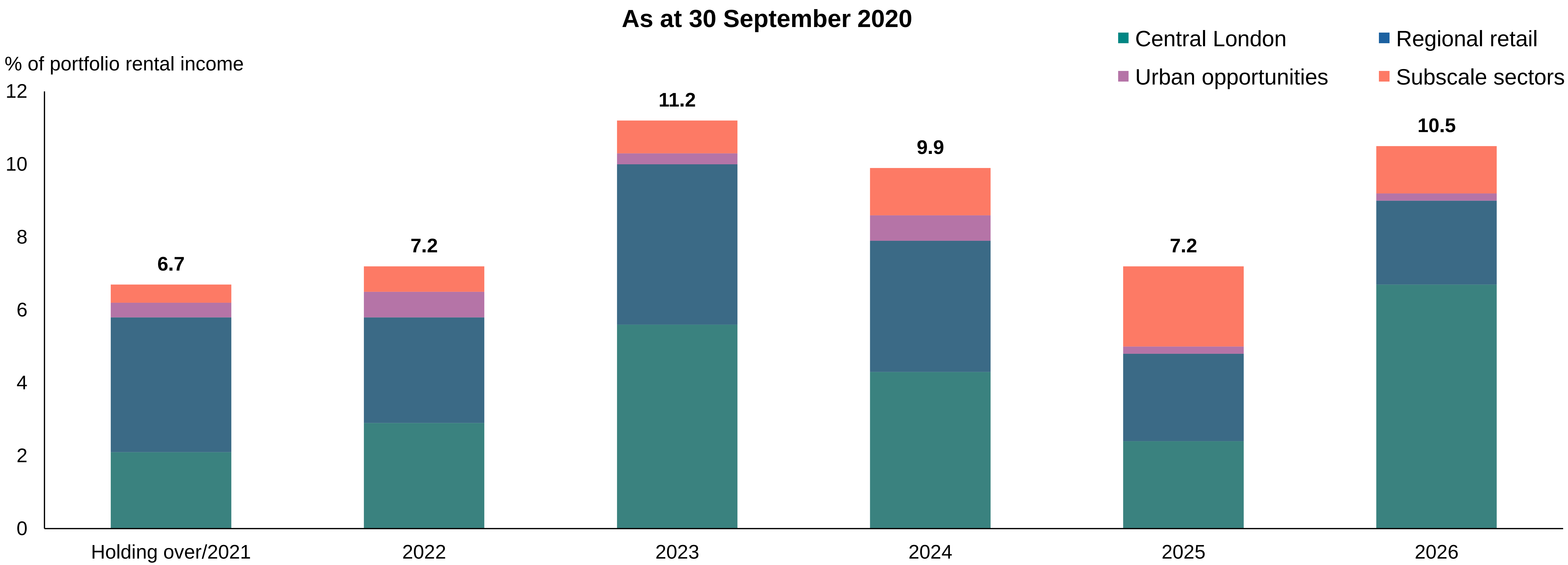
Reconciliation of cash rents and P&L rents to ERV

	Central London	Regional retail	Urban opportunities	Subscale sectors	Total
	£m	£m	£m	£m	£m
Annualised rental income (accounting basis)	**309**	**158**	**25**	**81**	**573**
Ground rent and SIC 15 adjustments	20	(3)	-	-	17
Annualised net rent (cash basis)	**329**	**155**	**25**	**81**	**590**
Additional cash rent from unexpired rent free periods	5	2	1	3	11
Gross reversion from rent reviews in next five years	3	9	1	3	16
Net reversion on breaks and expiries in the next five years	6	(10)	(1)	(5)	(10)
Net reversion from rent reviews, breaks and expiries outside of the next five years	(15)	(10)	(1)	(4)	(30)
Development programme	74	-	-	-	74
Proposed developments (1)	-	-	-	-	-
Voids and tenants in administration (2)	7	15	2	4	28
Short-term income	9	6	1	21	37
Other	4	(1)	-	-	3
Net ERV	**422**	**166**	**28**	**103**	**719**
Ground rents payable	6	8	-	1	15
Gross ERV	**428**	**174**	**28**	**104**	**734**

(1) Proposed development ERVs represent the existing value in use rather than the proposed scheme ERV
(2) Excludes tenants in administration where the administrator continues to pay rent

Combined Portfolio – lease maturities (expiries and break clauses)

Excluding development programme



	Holding over/2021	2022	2023	2024	2025	2026
Central London – offices	1.5	2.4	5.0	3.6	1.7	5.4
Retail[1]	5.1	4.5	5.6	6.1	4.6	4.2

(1) Retail is London retail, shopping centres and shops, outlets, Urban opportunities (excluding North Leisure Retail Park) and retail parks

Retail sales and footfall

Footfall and sales growth/decline (26 weeks to 4th October 20 vs 26 weeks to 6th October 2019)

Landsec	YTD April – September	July – September (post re-opening)	Benchmarks	YTD April – September	July – September (post re-opening)	6-month relative performance
Footfall	-62.6%	-39.2%	UK footfall(1)	-59.2%	-39.9%	
Same centre sales(2)	-56.7%	-28.3%	BRC non-food in-store total(3)	-29.6%	-12.3%	-271bps
Same centre sales excluding Tesla	-56.0%	-26.3%				
Same store sales(5)	-24.8%	-22.9%	BRC non-food in-store LFL(3)	-10.4%	-9.5%	-144bps
Same centre stores excluding Tesla	-23.0%	-20.8%				
			BRC non-food all retail(4)	-5.9%	3.2%	

Source: Landsec, unless specified below, data is exclusive of VAT and for the 26/13 week figures above, based on over 1,800 tenancies where the occupiers provide Landsec with turnover data

(1a) ShopperTrak UK national benchmark, (1b) ShopperTrak Malls and Outlets 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, new space and lost sales through lockdown.
(3) BRC – KPMG Retail Sales Monitor (RSM). Based on an average of quarterly non-food retail sales growth for physical i.e. bricks and mortar stores only (does not include online sales)
(4) BRC – KPMG Retail Sales Monitor (RSM). Based on an average of quarterly non-food retail sales growth including online sales
(5) Landsec same store/same tenant like-for-like sales only includes sales for tenants that were open and trading throughout the period

Top retail and leisure occupiers by percentage of Group rent

Brand	Status	Number of units	Group rent
Cineworld		13	1.9%
Boots		21	1.7%
Sainsbury’s		14	1.5%
Next		15	1.1%
M&S[1]		14	1.1%
H&M		17	1.0%
Vue		6	1.0%
Tesco		9	0.8%
Primark		7	0.8%
Nando’s		29	0.6%
Superdrug/Perfume Shop		22	0.5%
The Restaurant Group[2]	CVA & Admin.	50	0.5%
Curry’s/PC World		8	0.5%
John Lewis Partnership[3]		7	0.5%
River Island		7	0.5%

Brand	Status	Number of units	Group rent
J C Decaux		20	0.4%
Clarks		12	0.4%
Odeon		6	0.4%
Arcadia	CVA	10	0.4%
Victoria’s Secret	Administration	6	0.4%
VF Corporation		19	0.4%
Gap		13	0.4%
Superdry		7	0.4%
Signet Group		18	0.4%
Snozone		3	0.3%
Morrison’s		3	0.3%
Costa Coffee		25	0.3%
JD Sports		9	0.3%
B & M Retail		6	0.3%
EE Limited		12	0.3%

(1) Includes M&S Simply Food store
(2) Includes Wagamama who are not party to the current CVA. Chiquitos, part of The Restaurant Group, is in administration
(3) Includes Waitrose & Partners Stores

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 30 September 2020

Brand	Status	Number of units trading	Group rent
Arcadia Group	CVA	10	0.4%
Victoria's Secret UK	Administration	6	0.4%
Debenhams	Administration	4	0.2%
New Look	CVA	9	0.2%
Azzurri	Administration	10	0.2%
Casual Dining Group	Administration	23	0.2%
The Restaurant Group	CVA/Administration(1)	26	0.2%
Carpetright	CVA	4	0.1%
Pizza Express	CVA	16	0.1%
Homebase Ltd	CVA	1	0.1%
Travelodge	CVA	3	0.1%
Monsoon Accessorize	Administration	7	0.1%

Brand	Status	Number of units trading	Group rent
All Saints	CVA	5	0.1%
Carluccio's	Administration	3	0.1%
Paperchase	CVA	8	0.1%
Quiz	Administration	5	0.1%
Côte	Administration	3	<0.1%
Gala Bingo	CVA	2	<0.1%
Yo! Sushi	CVA	4	<0.1%
Regis	Administration	5	<0.1%
BMB Clothing	CVA	6	<0.1%
Clintons	Administration	3	<0.1%
Others	CVA/Administration	69	0.3%
Units trading in CVA/Administration		**232**	**3.3%**

(1) Excludes Wagamama who are not party to the current CVA. Chiquitos, part of The Restaurant Group, is in administration

Summary of retail and leisure units in CVA/administration

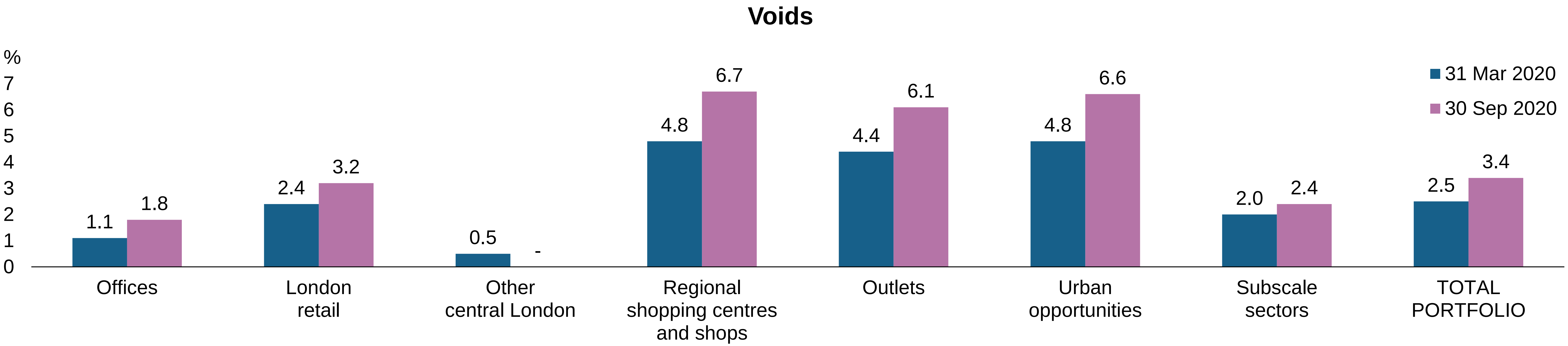
Analysis by annualised rental income

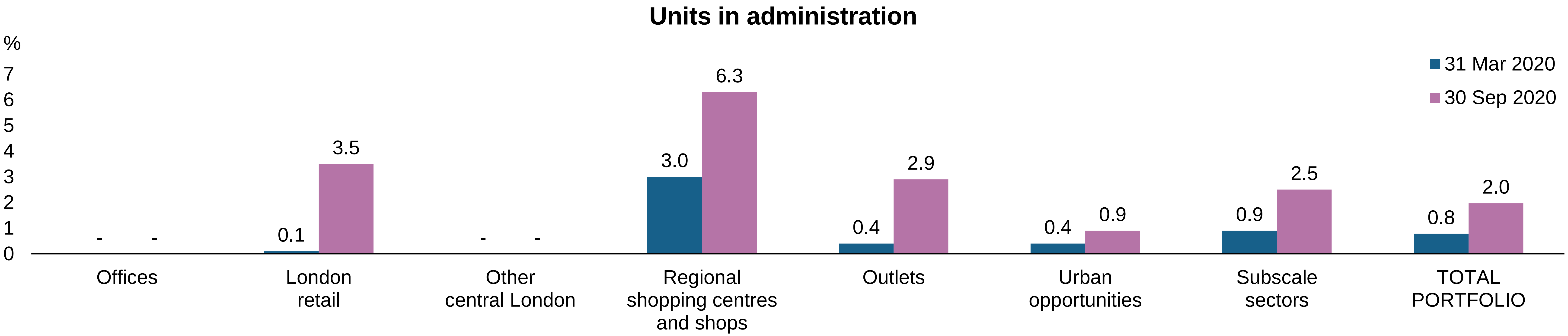
New events in period	ARI entering CVA/administration in the period	% of Group ARI as at 31.03.20	Reduction in ARI from CVA/administrations in the period	ARI after impact of CVA/administrations in the period	Number of units impacted	Number of units trading as at 30.09.20
	Six months ended 30 September 2020					
Administration	15.6	2.4%	(8.0)	7.6	138	73
CVA	15.5	2.4%	(10.3)	5.2	143	106
	31.1	**4.8%**	**(18.3)**	**12.8**	**281**	**179**

Total CVAs/administrations	Total ARI in CVA/administration	Units	% of Group rent	Number of lettings agreed on units previously in CVA/administration
	As at 30.09.20			
Administration	8.8	94	1.5%	12
CVA	9.8	138	1.7%	2
	18.7	**232**	**3.3%**	**14**

Voids and units in administration

Like-for-like portfolio

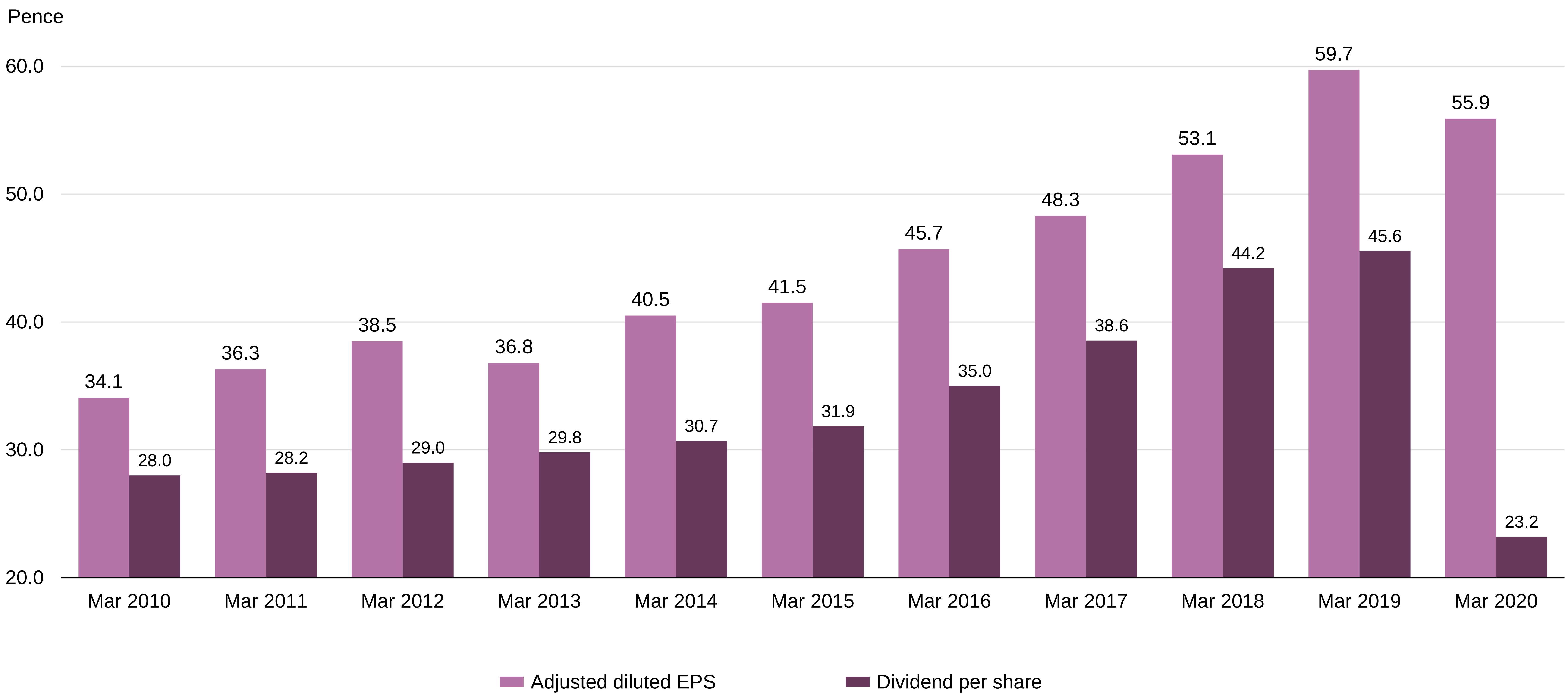




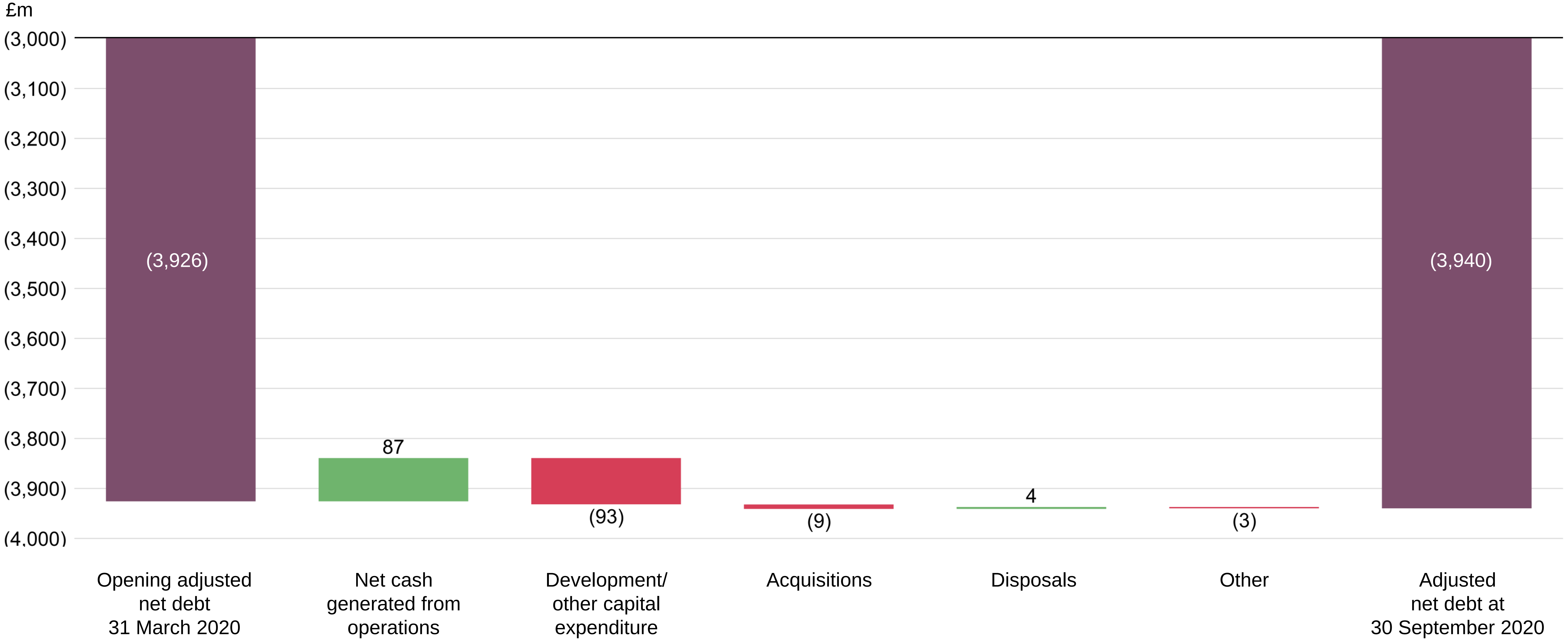
Like-for-like occupancy in the portfolio was 96.1% at 30 September 2020, 97.5% at 31 March 2020

Financial history

Adjusted diluted earnings per share and dividend per share



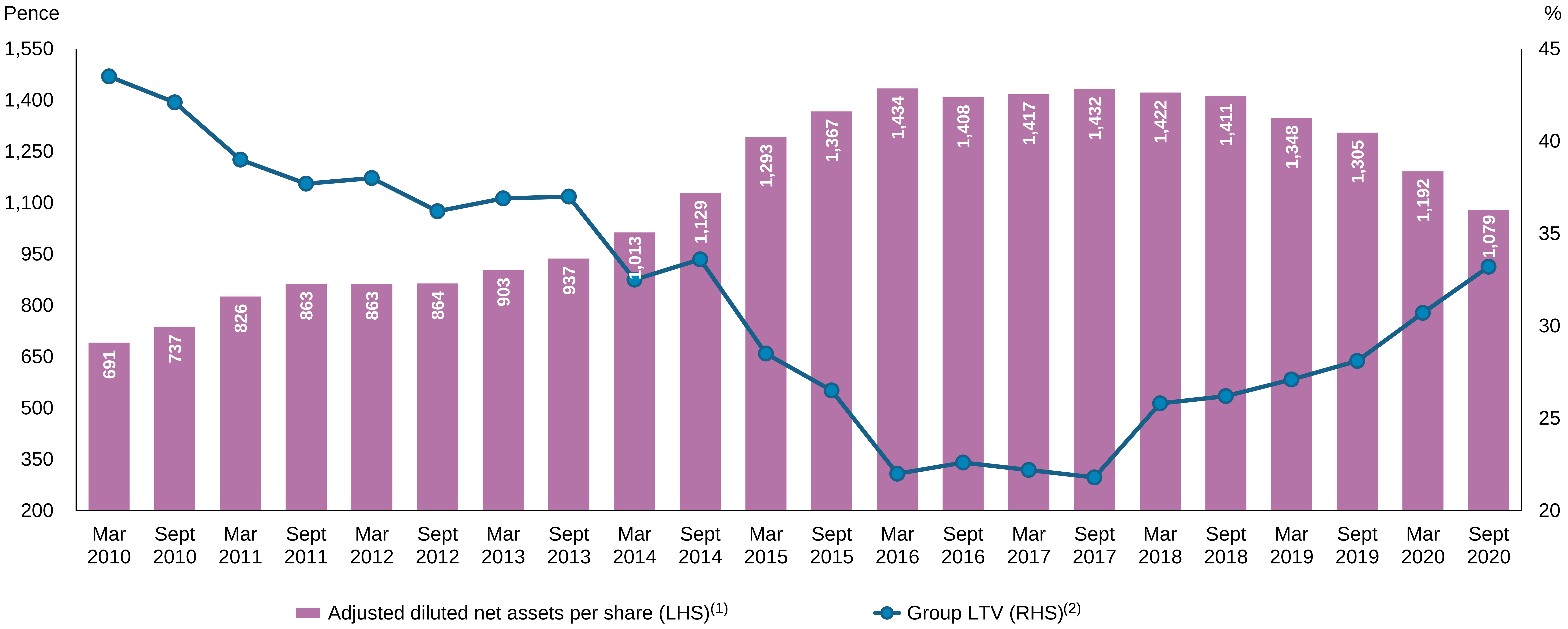
Cash flow and adjusted net debt[1]



(1) On a proportionate basis

Financial history

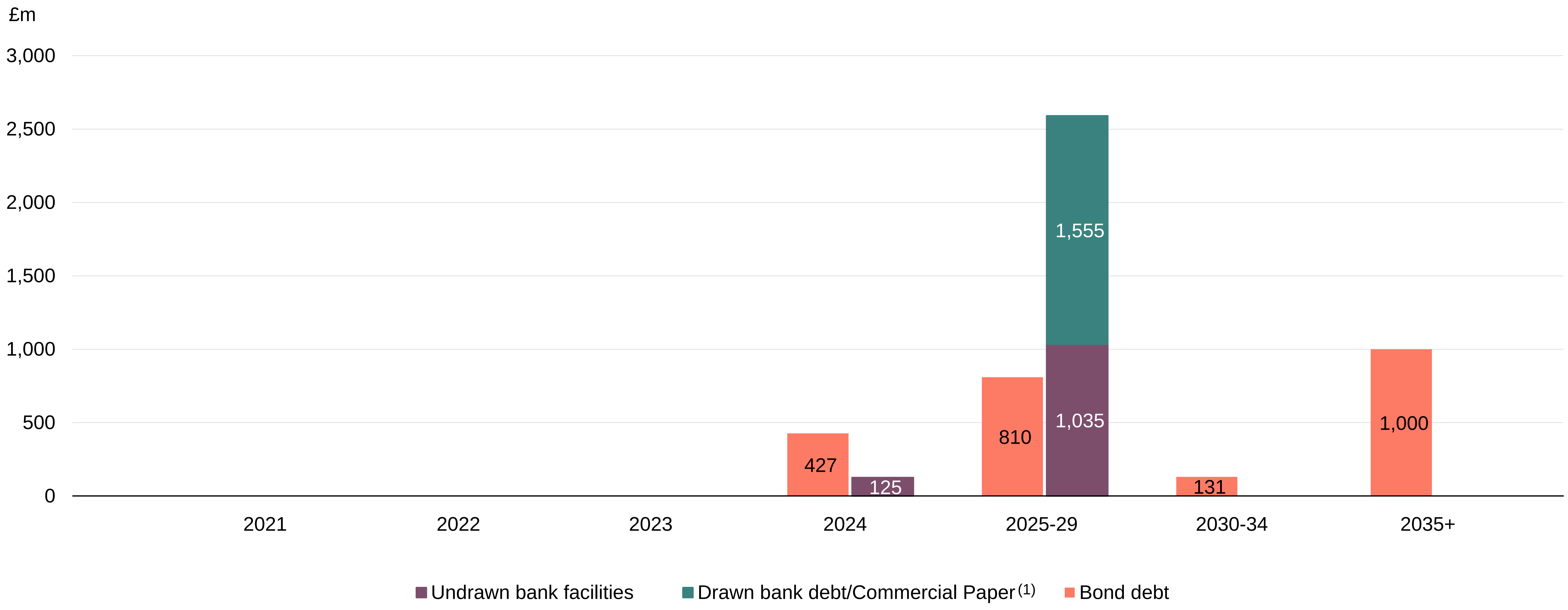
Adjusted diluted net assets per share and Group LTV



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

Expected debt maturities (nominal)

Year(s) ending 31 March



(1) Commercial Paper maturity date refers to the maturity date of bank facility which is reserved against it

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 September 2020 valuation numbers, we can withstand a valuation fall of 56% or a Security Group EDITDA reduction of £307m before our LTV or ICR covenants enter Final Tier 3 and 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	-36%	+2.2
Initial Tier 3	Payment restrictions Debt amortisation	-46%	+3.4
Final Tier 3	Disposals to pay down debt Potential appointment of property manager	-56%	+5.1

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

30 September 2020

Sector concentration (% of collateral value)	£bn	%	Maximum permitted %	Acquisition headroom £bn
Office	6.2	56	85	22
Shopping centres and shops	3.6	32	100	n/a
Retail warehouses	0.4	4	55	13
Industrial	-	-	20	3
Residential	-	-	20	3
Leisure and hotels	1.0	8	25	2
Other	-	-	15	2
Regional concentration (% of collateral value)	£bn	%	Maximum permitted %	Acquisition headroom £bn
London	8.1	72	100	n/a
Rest of South East and Eastern	1.6	15	70	21
Midlands	0.1	1	40	7
North	0.8	7	40	6
Wales and South West	0.3	3	40	7
Scotland and Northern Ireland	0.3	2	40	7
Non-UK	-	-	5	1

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

Office-led development programme returns

		21 Moorfields, EC2	The Forge, SE1	Lucent, W1	n2, SW1
Status		Fully committed; pre-let	Fully committed; speculative	Fully committed; speculative	Completing the core; speculative; main contract works paused
Estimated completion date		June 2022	June 2022	December 2022	January 2024
Description of use		Office – 100%	Office – 100%	Office – 77% Retail – 21% Residential – 2%	Office – 100%
Landsec ownership	**%**	100	100	100	100
Size	**Sq ft (000)**	564	140	144	166
Letting status	**%**	100	-	-	-
Market value	**£m**	471	51	89	26
Net income/ERV	**£m**	38	10	14	13
Total development cost (TDC) to date	**£m**	326	48	115	40
Forecast TDC	**£m**	576	140	241	206
Gross yield on cost(1)	**%**	6.5	6.8	5.6	6.3
Valuation surplus/(deficit) to date	**£m**	141	4	(26)	(13)
Market value + outstanding TDC	**£m**	721	143	215	192
Gross yield on market value + outstanding TDC	**%**	5.2	6.6	6.3	6.7

(1) Based on ERV to the nearest £0.1m

Pipeline of office-led development opportunities

		Portland House, SW1	Timber Square, SE1	Red Lion Court, SE1
Status		Planning consent granted	Planning application submitted	Progressing design
Earliest start date		April 2021	March 2021	October 2021
Earliest completion date		November 2024	November 2023	September 2024
Description of use		Office – 90% Retail – 10%	Office – 96% Retail – 4%	Office – 97% Retail – 3%
Landsec ownership	**%**	100	100	100
Current annualised rental income	**£m**	-	-	5
Current size	**Sq ft (000)**	310	141	128
Proposed size	**Sq ft (000)**	400	380	237
		£m	£m	
Market value at 30 September 2020		192	85	
Outstanding total development costs		238	295	
Indicative total development cost		**430**	**380**	

Pipeline of Urban opportunities

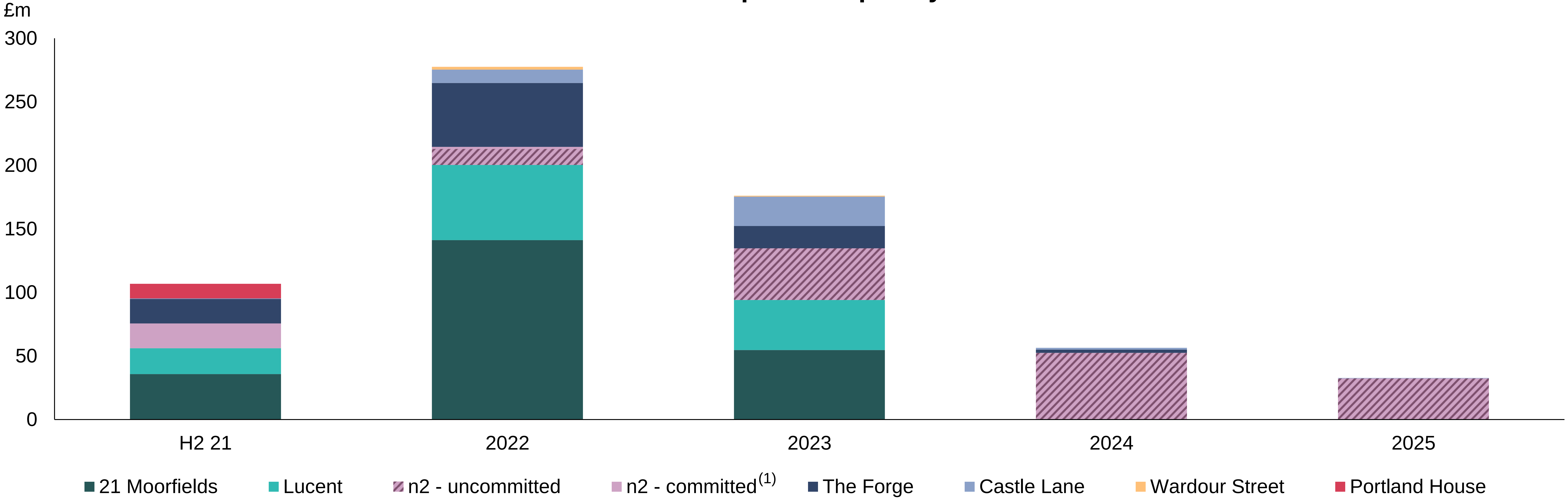
			Current use	Indicative use				Earliest completion	
	Status	Landsec ownership %	Retail and leisure Sq ft (000)	Number of homes	Office Sq ft (000)	Retail, leisure, hotels and other Sq ft (000)	Earliest start on site	Phase 1	Masterplan
Shepherd's Bush, W12	Stage 2 design	100	302	650	100	355	2023	2025	2027
Finchley Road, NW3	Masterplanning	100	310	1,800	50	100	2023	2026	2036
The Lewisham Centre, SE13	Site assembly and masterplanning	100	330	1,799	225	112	2024	2026	2037
Southside, SW18	Masterplanning	50	600	2,035	-	354	2024	2026	2036
Great North Leisure Park, N12	Feasibility study	100	90	830	-	53	2024	2026	2029

Committed capital expenditure

— £512m committed capex across six schemes plus Portland House

— Disposals to fund capex

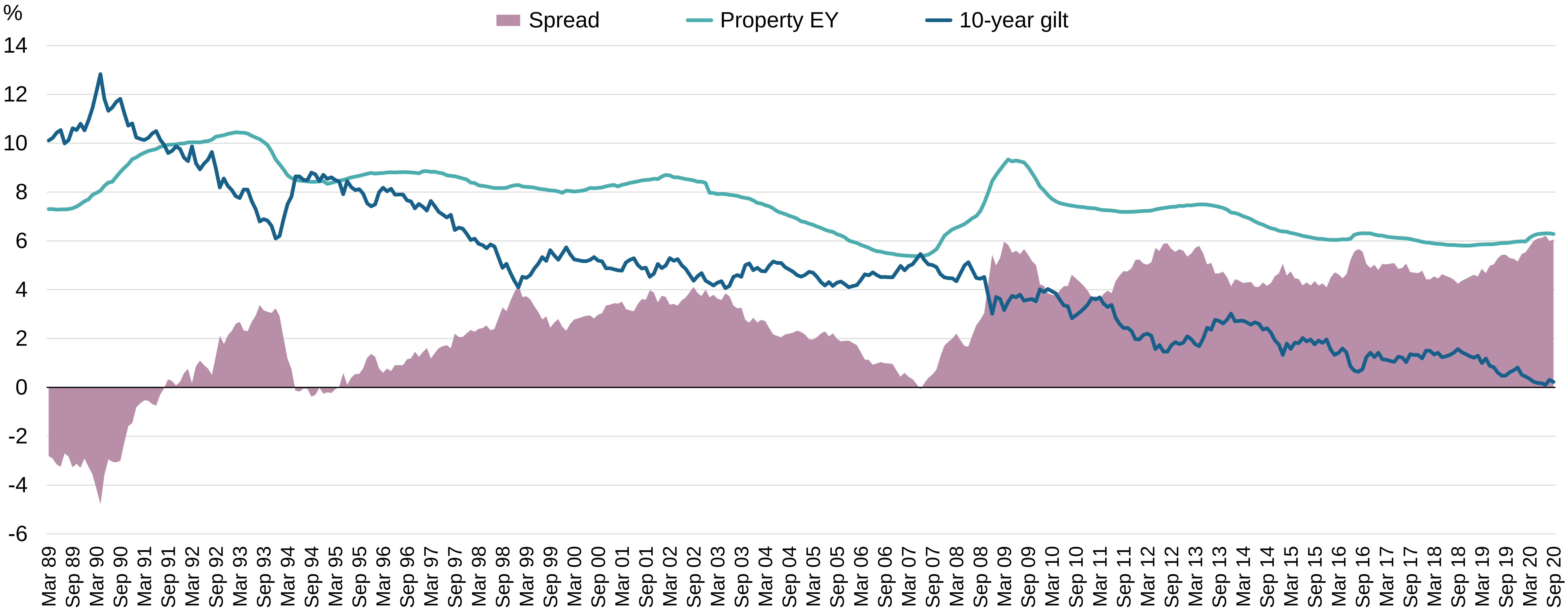
Committed development capex by scheme



(1) £21m of committed capex at n2 to complete the core

Property/gilt yield spread

The yield spread is at record high in the current low-gilt environment

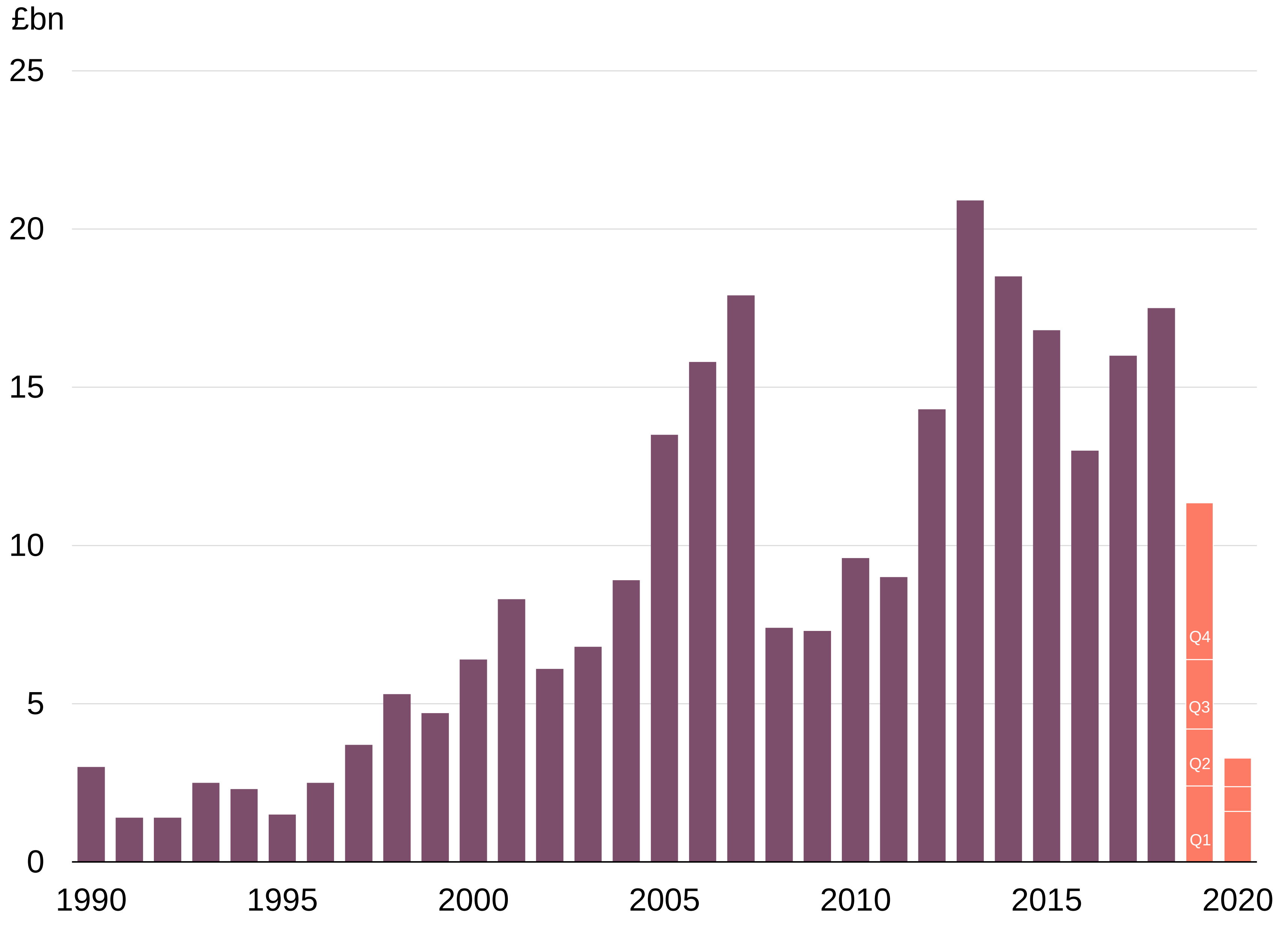


Source: Bloomberg, MSCI Monthly Index All Property

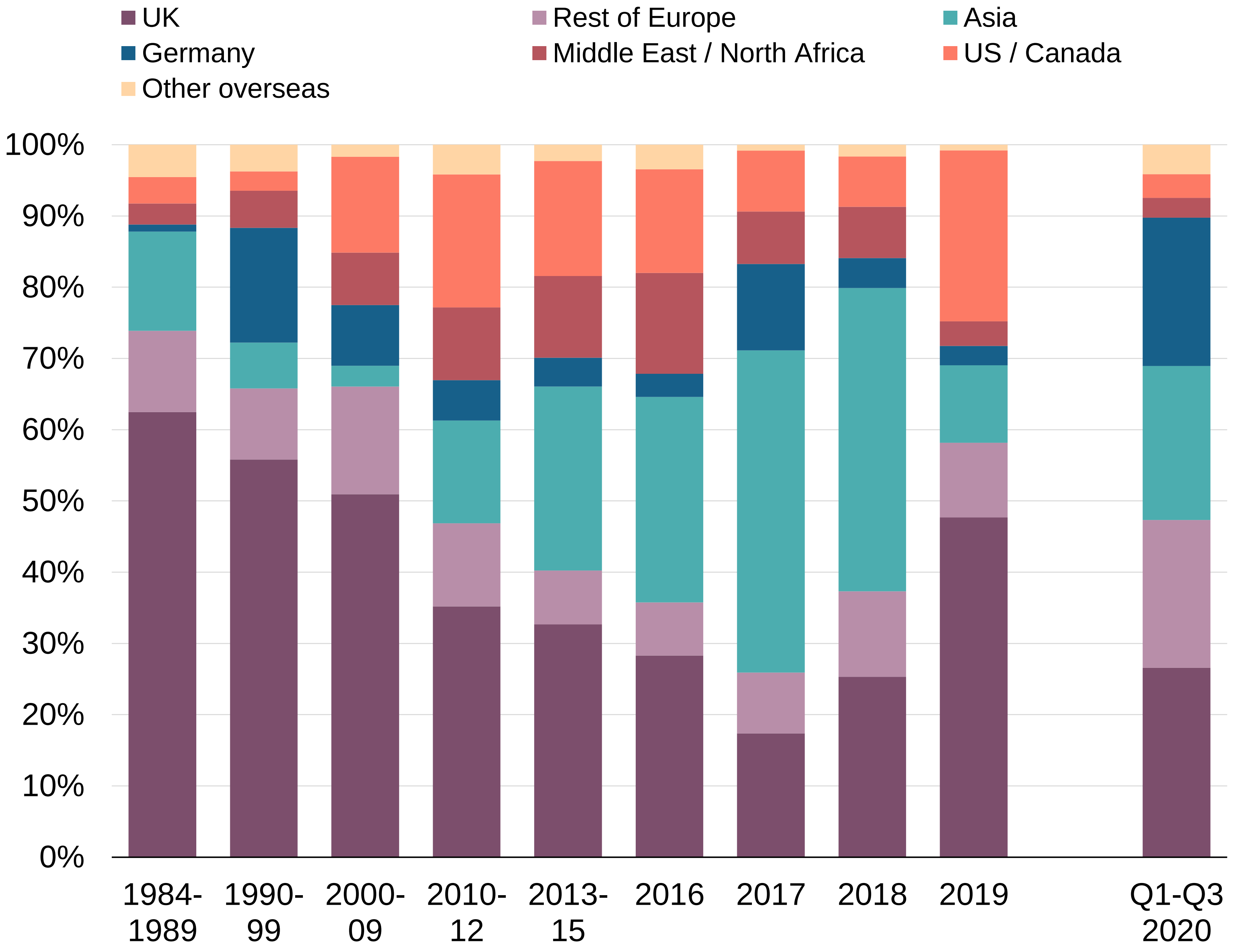
Central London investment market

2020 transaction levels, so far, were down 45% on the corresponding period in 2019; overseas investors represented 73% of all investments

Investment volumes



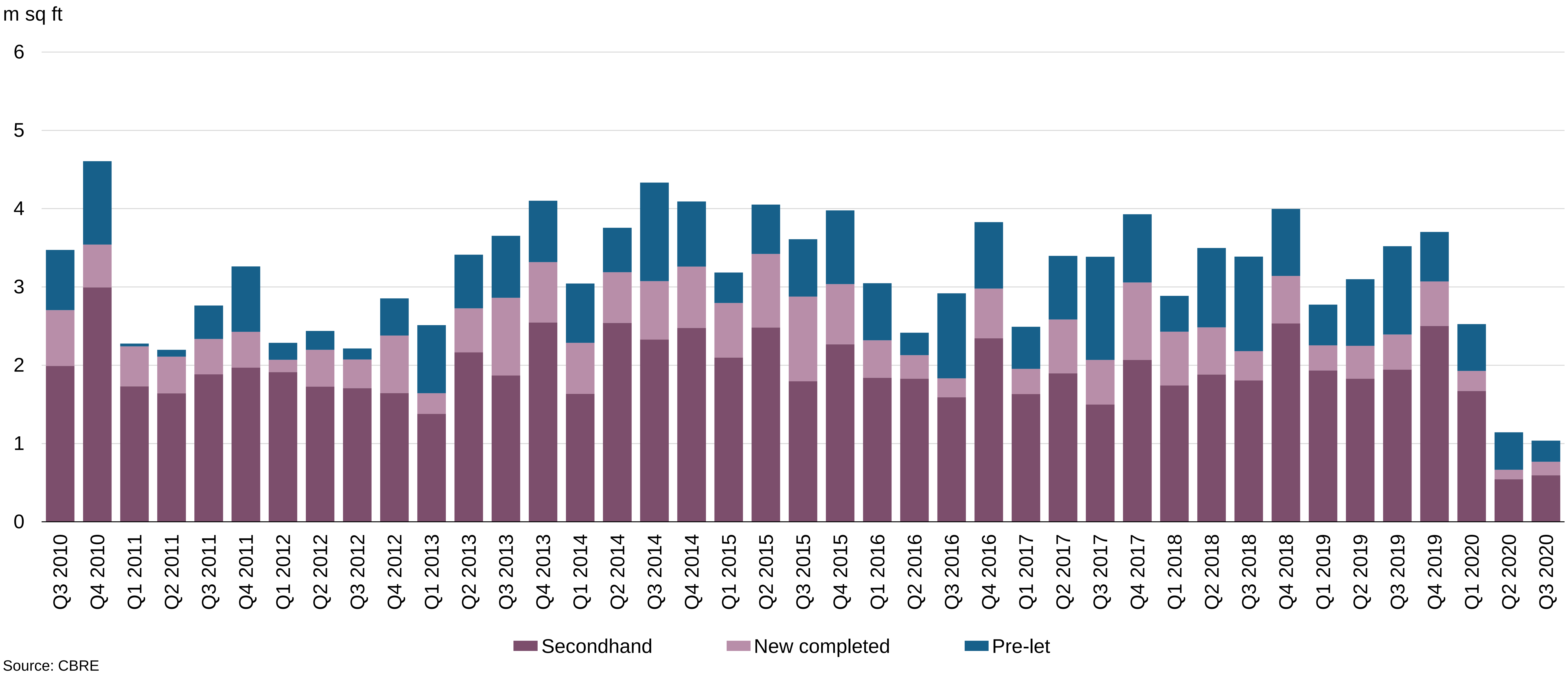
Office capital inflow by region



Source: CBRE; shows calendar years

Central London quarterly take-up

Take-up of new space since March ’20 represented 48% of total take-up; ahead of the long-term average

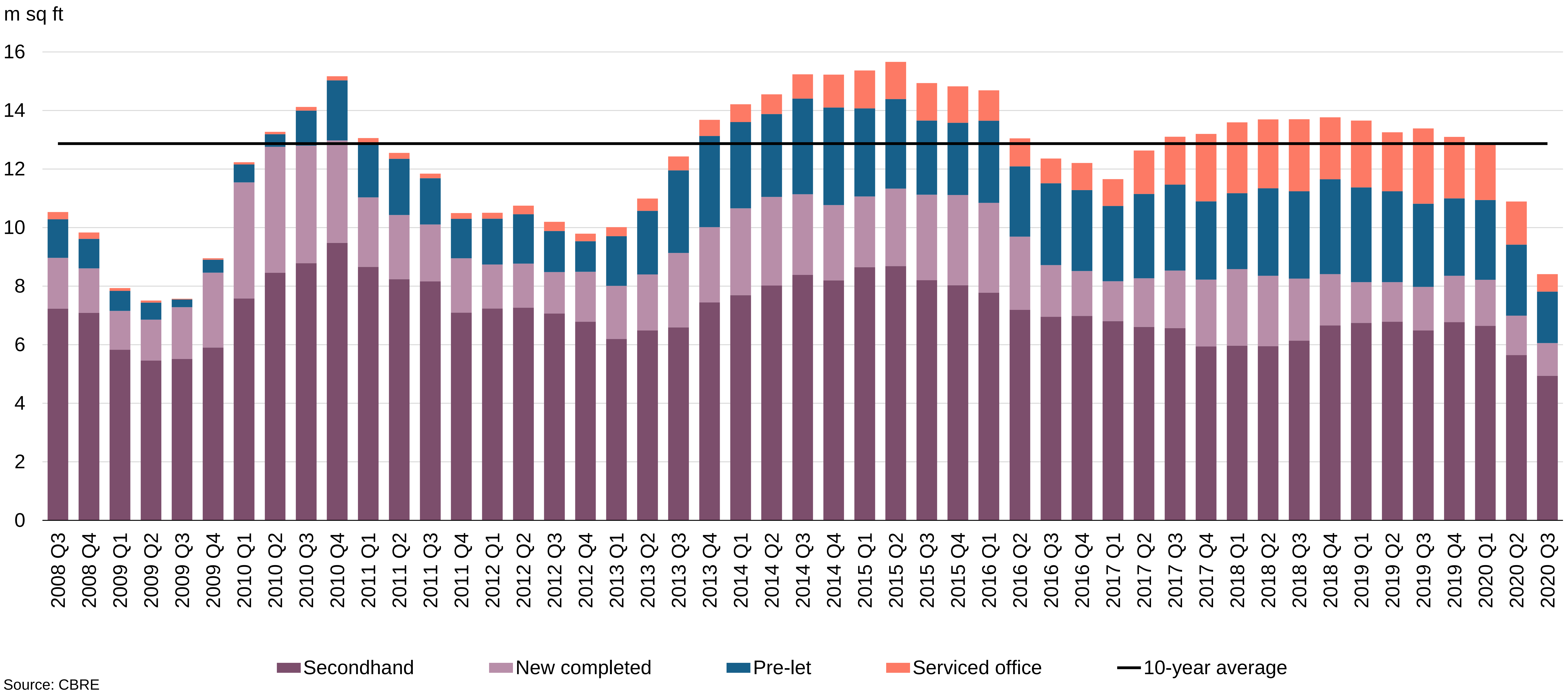


Source: CBRE

(1) New space here is defined as newly-completed and pre-let

Central London rolling 12-month take-up

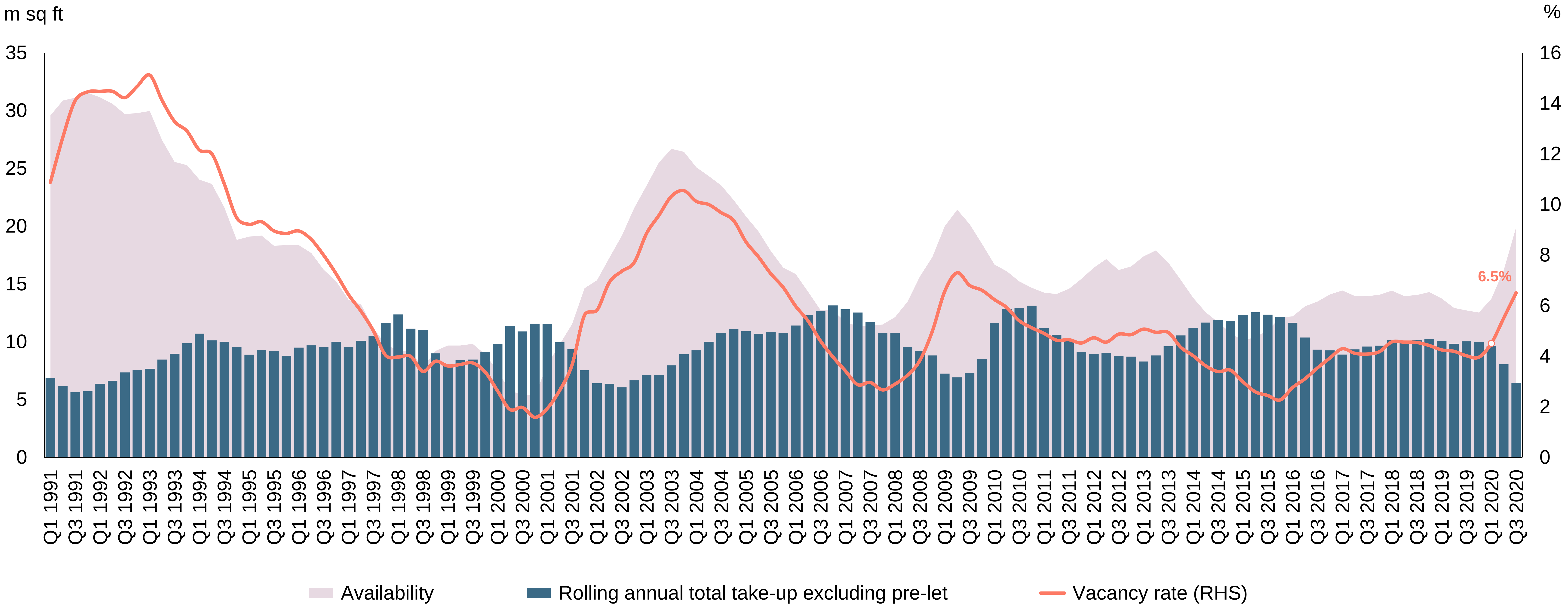
Rolling annual take-up was 8.4m sq ft as of Q3 2020; 35% below the long-term average



Source: CBRE

Central London availability and vacancy rate

Availability increased by c.45% since March ‘20 pushing the vacancy rate to 6.5% compared to the long-term average of 4.2%

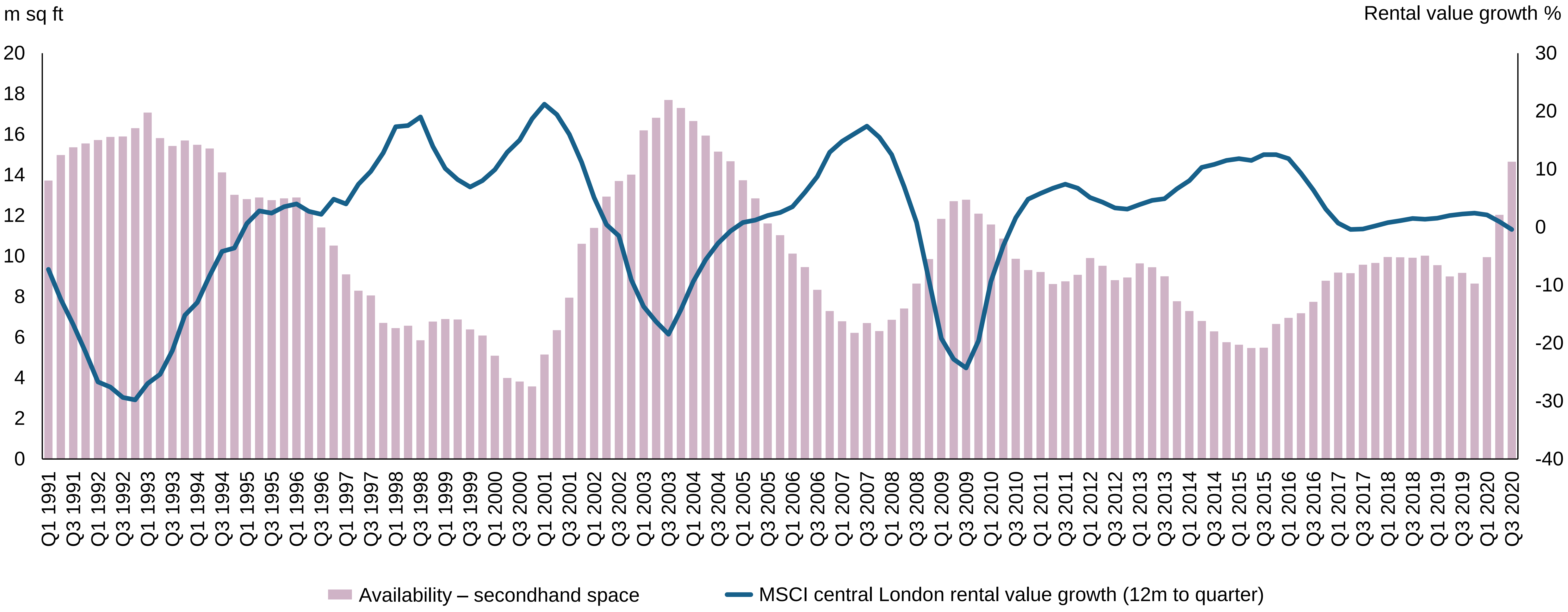


Source: CBRE, MSCI Monthly Index

(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 overall availability was driven by an increase in secondhand space; 47% rise since March ’20



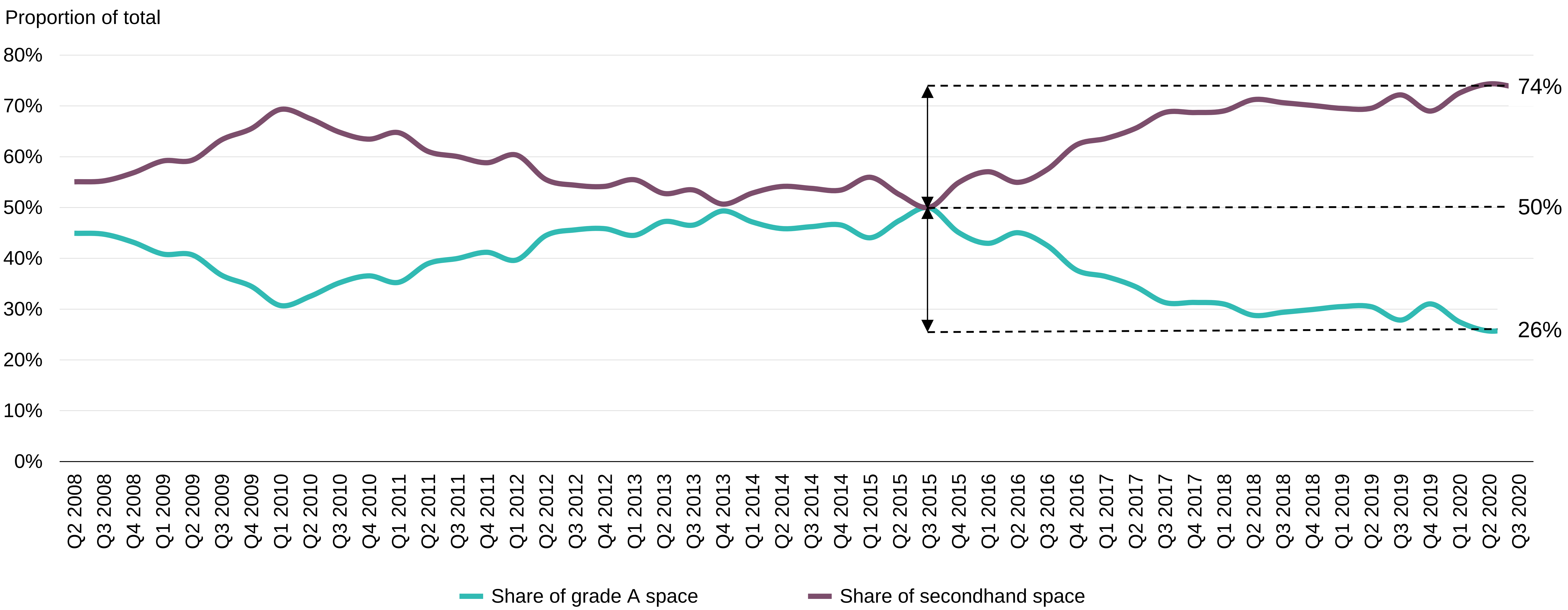
Source: CBRE, MSCI Monthly Index

(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 second hand space

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

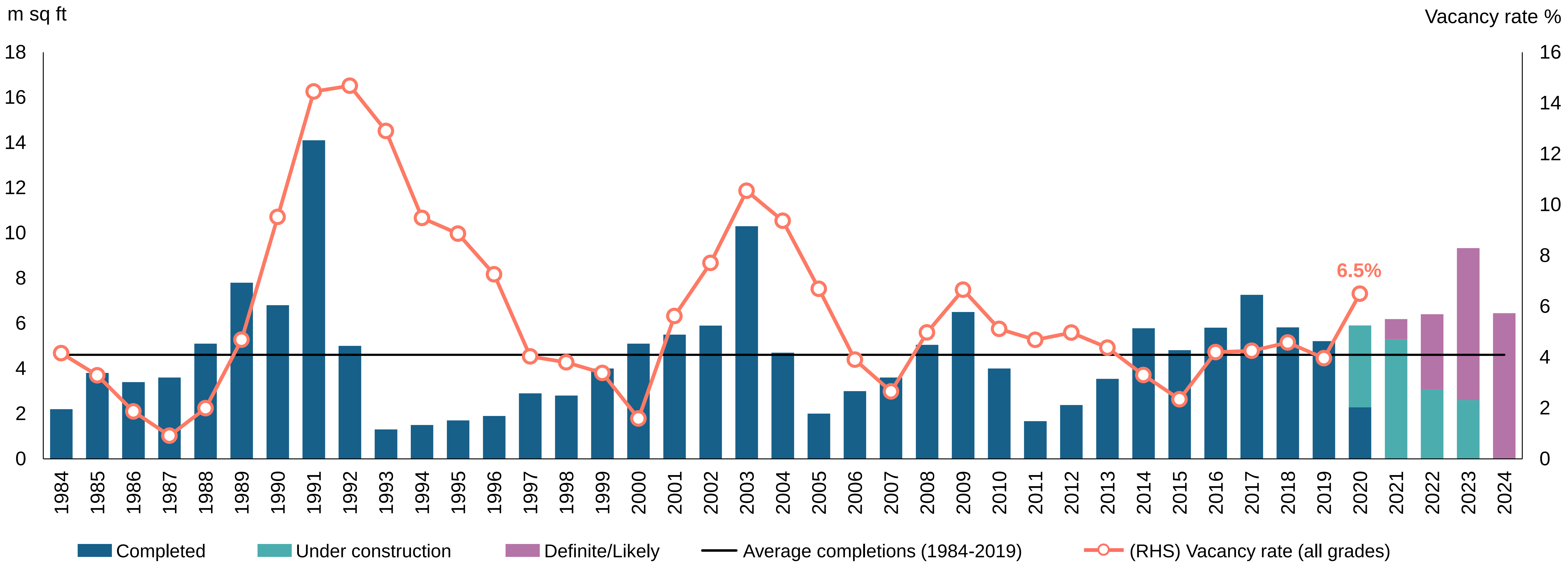


Source: CBRE

(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 30 September 2020

14.6m sq ft currently under construction and a further 17m sq ft could complete by 2024



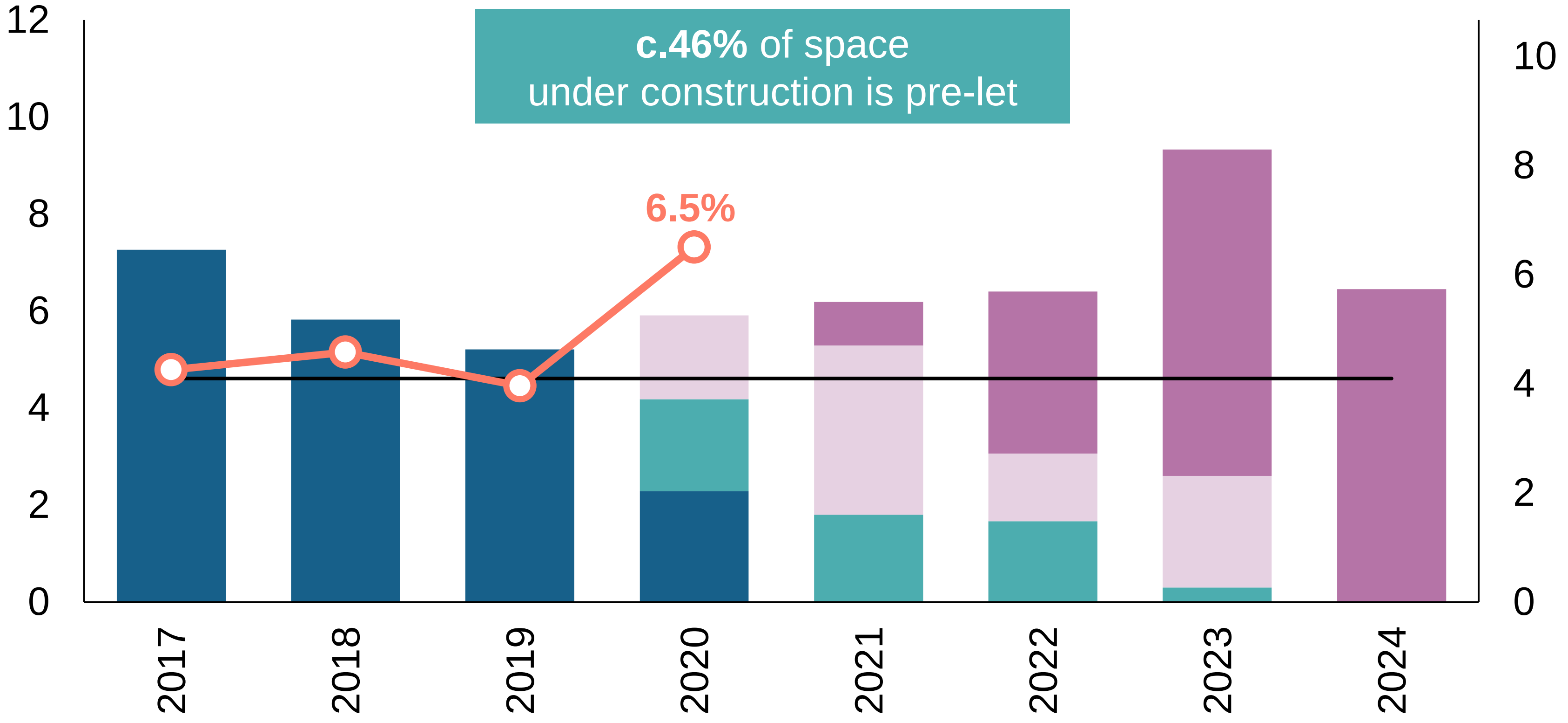
Source: CBRE, Knight Frank, Landsec; shows calendar years

(1) Completions/under construction includes fringe (White City, Non-Core Docklands, Stratford, Nine Elms, Hammersmith). Vacancy rate as at September 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
(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 30 September 2020

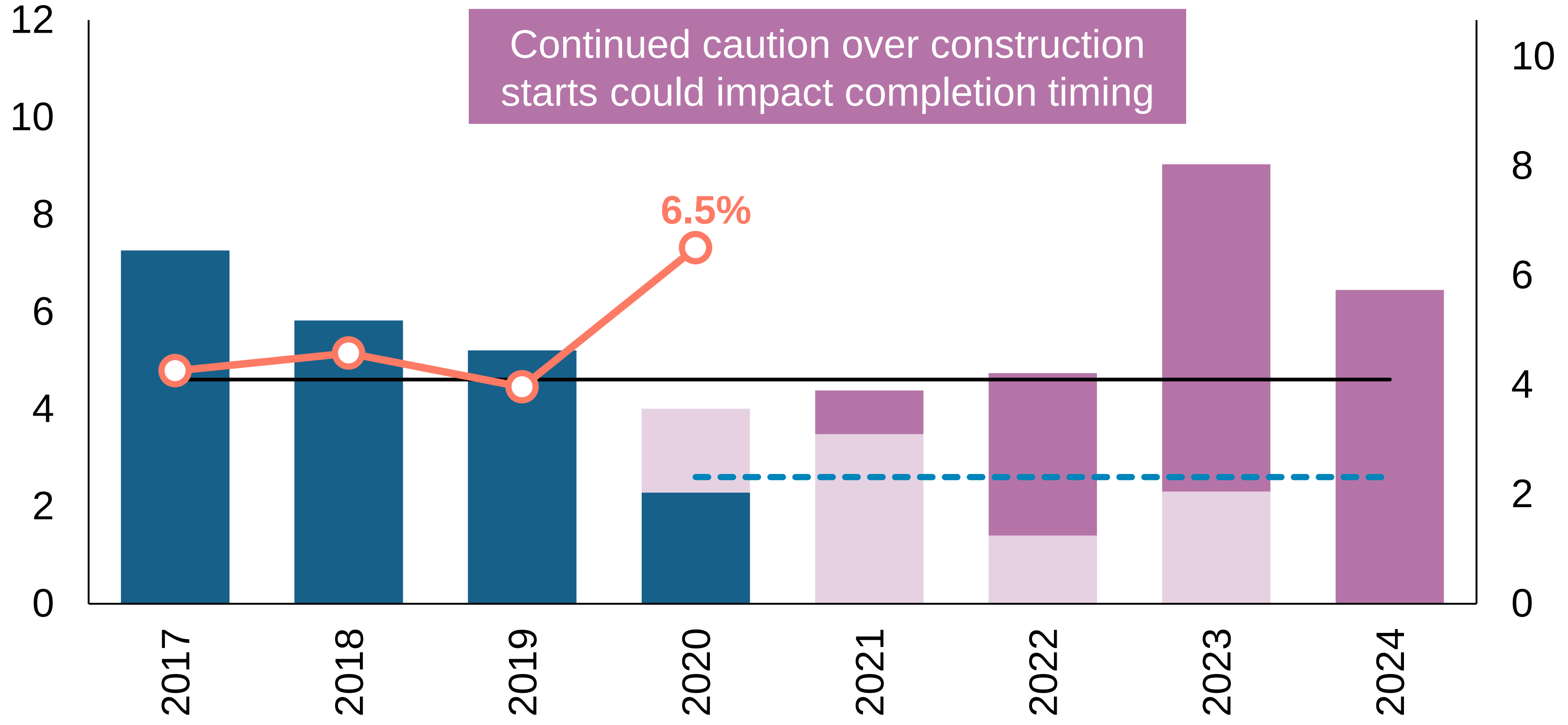
46% of space under construction is already pre-let as flight to quality continues

Under construction pipeline split into pre-let and speculative



Between March and September 2020, the total pipeline for the forecast period remained stable but new construction starts reduced by c.46% compared to the same period in 2019 – demonstrating the potential for current market uncertainty to delay completions

Speculative pipeline only



Completed | U/C pre-let | U/C speculative | Definite/Likely | Average speculative completions (2010-2019) | Average completions (1984-2019) | Vacancy rate (RHS) (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 September 2020. From 2017, supply pipeline monitors schemes above 20,000 sq ft
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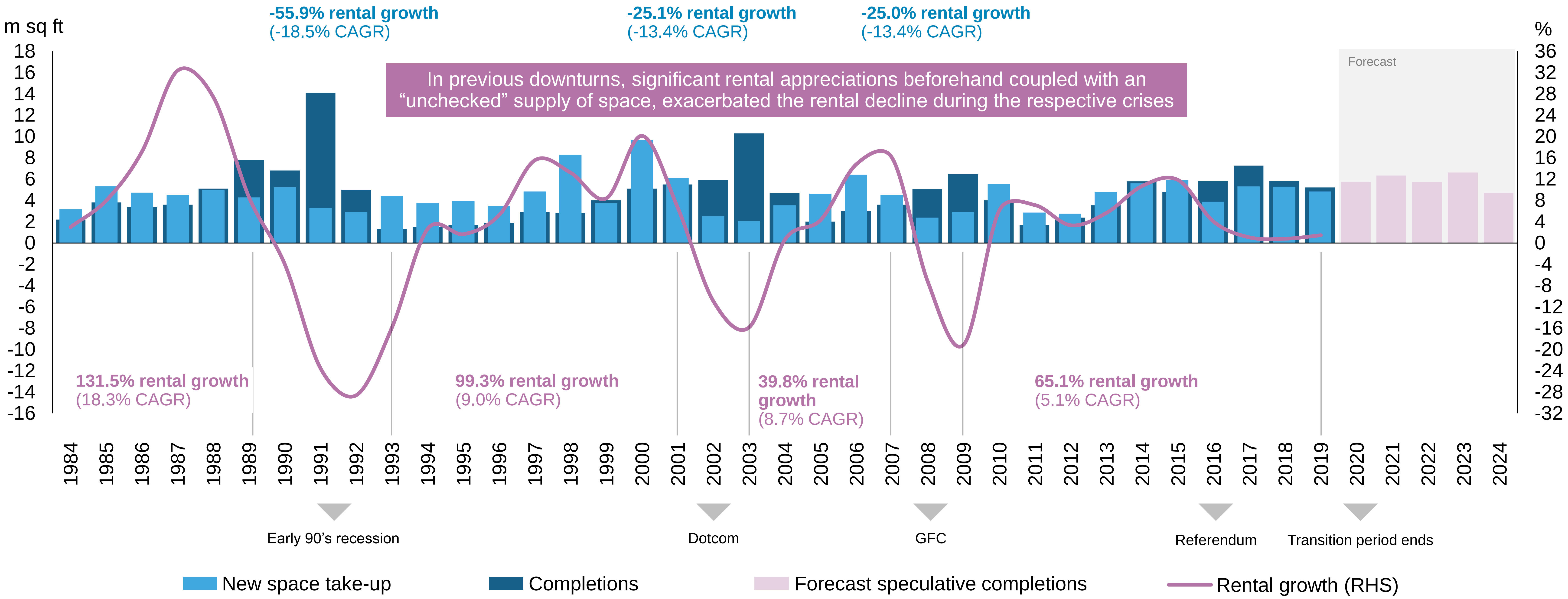
(6) Total stock represents the total completed space (occupied and vacant) in the private and public sector recorded as the net lettable area

Central London office market

Demand has broadly kept pace with supply over the last three years which has prevented a cumulative build-up of new space. This coupled with the 'flight to quality' may limit any rental decline

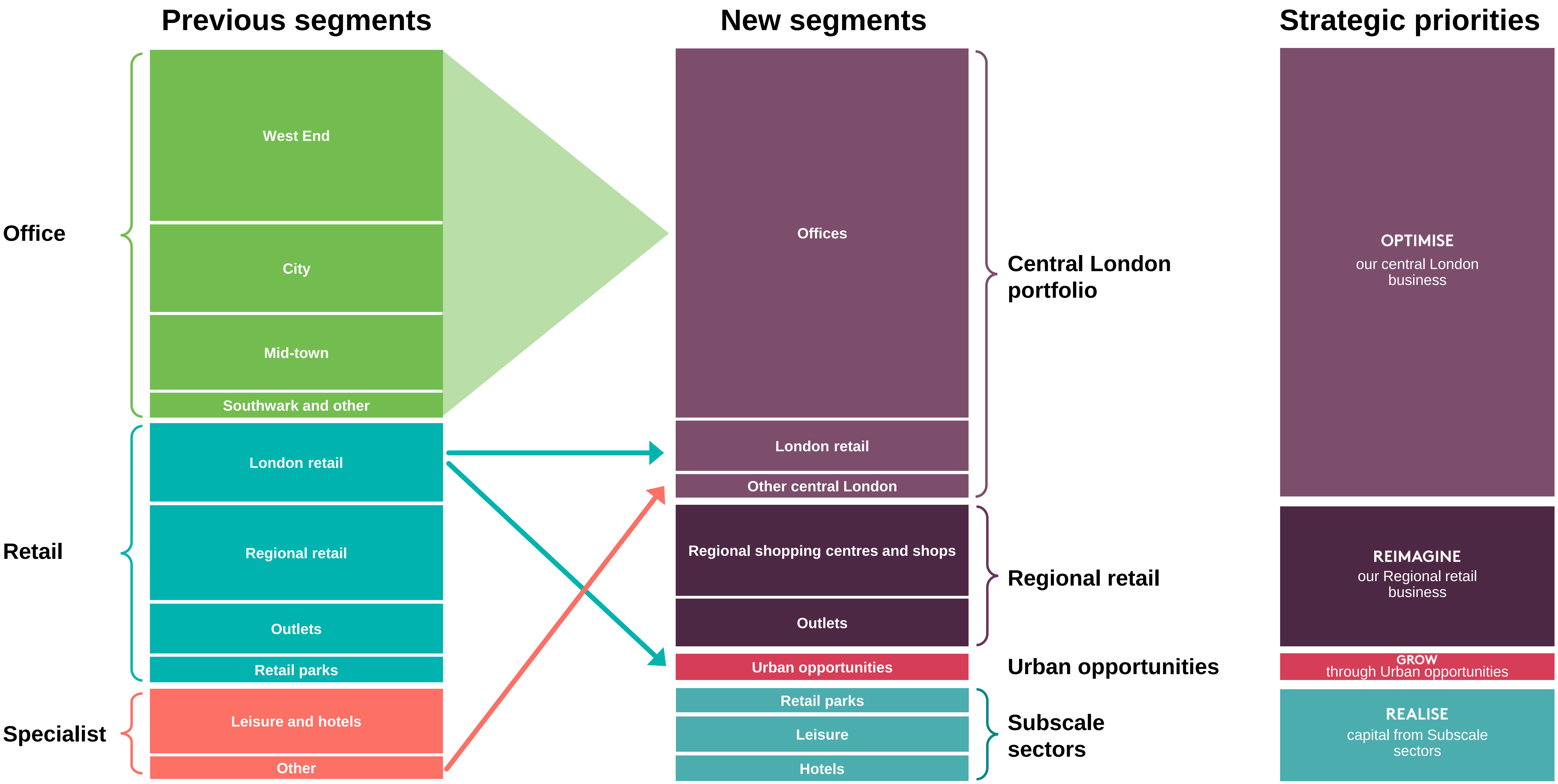


Source: CBRE, Knight Frank, MSCI Annual Index, Landsec; shows calendar years

(1) Landsec forecast based on data from CBRE and Knight Frank

(2) New space is defined as newly-completed and pre-let

Portfolio segmental split aligned to strategic priorities



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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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