Appendices

Landsec

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Contents

Our sustainability framework

Build well

MATERIAL ISSUES

- Decarbonising our portfolio
- Enhancing nature and green spaces
- Using resources efficiently

KEY TARGETS

- Reduce operational carbon emissions by 70% by 2030 compared with a 2013/14 baseline
- Reduce average embodied carbon by 50% compared with a typical building by 2030

2022/23 HY PROGRESS

- Committed £4.4m spending in the first year of £135m net zero transition investment plan, with 6 key initiatives kicking off
- 55% reduction in carbon emissions (tCO2e) compared with 2013/14 baseline
- 32% reduction in energy intensity (kWh/m2) compared with 2013/14 baseline
- All new developments to be net zero, starting with The Forge, SE1 and Timber Square, SE1
- 43% of office portfolio rated EPC B or above
- Zero waste sent to landfill with 71% of waste recycled

Act well

MATERIAL ISSUES

- Embedding ESG
- Doing the basics brilliantly

KEY TARGETS

- All Landsec colleagues to have individual objectives to support the delivery of our vision

2022/23 HY PROGRESS

- Landsec colleagues committed to setting sustainability objectives as part of the launch of our sustainability framework
- Launched Our Supply Chain Commitment and became members of the Supply Chain Sustainability School

Live well

MATERIAL ISSUES

- Creating opportunities and tackling local issues
- Inclusive places
- Improving wellbeing

KEY TARGETS

- Empower 30,000 people facing barriers into employment with the skills and opportunities to enter the world of work by 2030
- Create £200m of social value in our local communities by 2030

2022/23 HY PROGRESS

- Announced Realising Potential Fund to invest £20m over the next 10 years to enhance social mobility in our industry
- 4,962 people supported since 2020
- £20m social value created since 2020
- Developing a refreshed Diversity & Inclusion Strategy to be launched by December 2022

Sustainability leadership

Demonstrated by our performance across all key ESG benchmarks

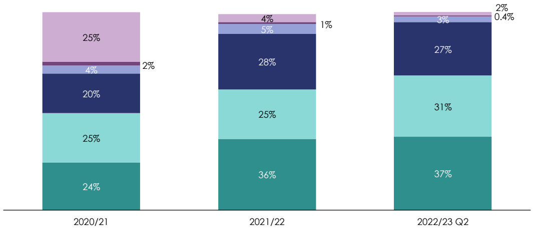
BENCHMARK	LATEST PERFORMANCE
GRESB	**GRESB 2022** Real Estate Sector leader – received 5-star rating for the seventh consecutive year Standing Investments: Regional Listed Sector Leader for Europe within Diversified – Office/Retail (score 88%) Developments: Score 93%
CDP A LIST 2021 CLIMATE	**CDP 2021** A-list (top 1.5%) for the fifth consecutive year Inclusion on the 2021 Supplier Engagement Leaderboard (top 8%)
Member of Dow Jones Sustainability Indices, Powered by the S&P Global CSA; Sustainability Award Bronze Class 2022 S&P Global	**DJSI 2021** Score 85/top 99th percentile European Real Estate leader, ranking 3rd globally (2020: 4th) Bronze Class distinction in the S&P Global Sustainability Awards

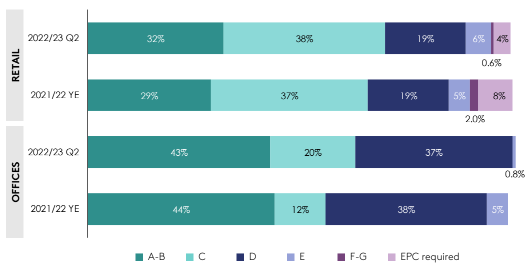
BENCHMARK	LATEST PERFORMANCE
ecoact	**Ecoact 2022** Ranked 3rd amongst FTSE 100 companies for our sustainability reporting and climate-related strategy
EPRA sBPR Gold	**EPRA 2022** Received our 9th Gold Award for best practice sustainability reporting
FTSE4Good	**FTSE4Good 2022** 99th percentile We continue to retain our established position in the FTSE4Good Index
ISS ESG Corporate ESG Performance Prime	**ISS ESG 2022** Prime status. Rating B-. Decile rank 1/transparency level: very high
MSCI ESG Ratings AA	**MSCI ESG Rating 2021** AA rating
Sustainalytics	**Sustainalytics ESG Risk Rating 2022** 9.4 (negligible risk)/ranking 31 out of 1,028 companies in the real estate industry
Stonewall Bronze Employer	**Stonewall Workplace Equality Index 2022** Bronze award for our 1st submission, acknowledging our efforts to advance LGBT+ equality

Minimum Energy Efficiency Standards
(MEES)

- According to current MEES, all non-domestic rented properties need to achieve an EPC 'E' or above by 2023, where cost effective
- We continue to make further progress in this area, undertaking EPC assessments to ensure all relevant spaces have a valid EPC by 2023
- Over 97% of our relevant portfolio by rental value is already compliant with 2023 MEES and 100% of our office portfolio is rated EPC 'E' or above

Portfolio EPC rating (ERV)





- UK Government has proposed that the non-domestic MEES will be EPC 'B' or above by 2030
- 43% of our office portfolio is already EPC 'B' or above, compared with 15% of the offices market(1)
- Our investment plan to achieve our science-based target will also ensure that our portfolio meets the proposed MEES of EPC 'B' or above by 2030 and that all our development pipeline will be EPC 'B' or above

(1) Source: Savills Research
(2) The EPC charts show only the relevant portfolio under MEES regulations, excluding spaces that are not required to have EPC or spaces not covered by MEES regulations, such as assets located in Scotland

Top 10 assets by value
As at 30 September 2022

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: 23	54	97	9.2
Cardinal Place, SW1	100	Office: 450 Retail: 53	26	96	5.7
One New Change, EC4	100	Office: 346 Retail: 200	20	95	5.1
MediaCity, Greater Manchester	75	Office: 836 Retail: 52 Other: 761	24	96	9.7
Gunwharf Quays, Portsmouth	100	Retail: 544	29	98	4.2
Nova, Victoria, SW1	50	Office: 480 Retail: 75	16	100	8.3
Bluewater, Kent	48.75	Retail: 1,800	33	94	4.3
Piccadilly Lights, W1	100	n/a	12	n/a	n/a
62 Buckingham Gate, SW1	100	Office: 259 Retail: 16	16	100	3.7
Queen Anne's Mansions, SW1	100	Office: 354	32	100	4.2

Aggregate value of top 10 assets: £5.1bn (46% of Combined Portfolio)
(1) Landsec share. Annualised rental income is annual rental income, stated gross, prior to the deduction of ground rents, after the deduction of operational outgoings on car park and commercialisation activities

Valuation movements

As at 30 September 2022

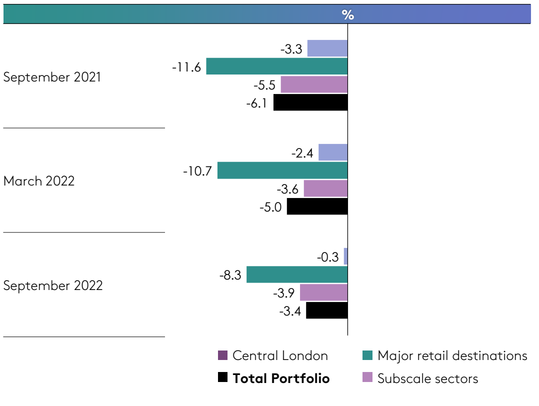
	Market value 30 September 2022	Valuation change	LFL rental value change(1)	Net initial yield	Topped-up net initial yield(2)	Equivalent yield	LFL movement in equivalent yield
	£m	%	%	%	%	%	bps
West end offices	2,761	-4.2%	2.2%	4.6%	5.0%	4.8%	21
City offices	1,746	-9.7%	3.3%	3.3%	4.0%	4.9%	27
Retail and other	1,089	0.2%	2.7%	4.2%	4.4%	4.6%	14
Developments	1,102	-0.6%	n/a	0.3%	0.3%	4.5%	n/a
Total Central London	**6,698**	**-4.4%**	**2.8%**	**4.1%(3)**	**4.6%(3)**	**4.7%**	**21**
Shopping centres	1,150	1.1%	2.4%	7.7%	8.1%	7.4%	5
Outlets	740	-0.6%	-0.9%	5.9%	6.0%	6.7%	-4
Total Major retail destinations	**1,890**	**0.4%**	**1.1%**	**7.0%**	**7.3%**	**7.1%**	**1**
Completed investment	393	-4.8%	n/a	5.3%	5.3%	5.9%	18
Developments	497	2.0%	n/a	5.2%	5.3%	5.3%	n/a
Total Mixed-use urban	**890**	**-1.0%**	**n/a**	**5.3%(3)**	**5.3%(3)**	**5.6%**	**18**
Leisure	563	-2.6%	-0.4%	6.9%	7.0%	7.2%	27
Hotels	444	5.3%	-1.1%	5.2%	5.2%	5.5%	-1
Retail parks	444	-5.4%	1.8%	6.1%	6.4%	6.0%	29
Total Subscale sectors	**1,451**	**-1.2%**	**0.1%**	**6.1%**	**6.2%**	**6.3%**	**17**
Total Combined Portfolio	**10,929**	**-2.9%**	**1.8%**	**5.1%(3)**	**5.4%(3)**	**5.4%**	**19**

(1) Rental value change excludes units materially altered during the year
(2) Topped-up net initial yield adjusted to reflect the annualised cash rent that will apply at the expiry of current lease incentives
(3) Excluding developments

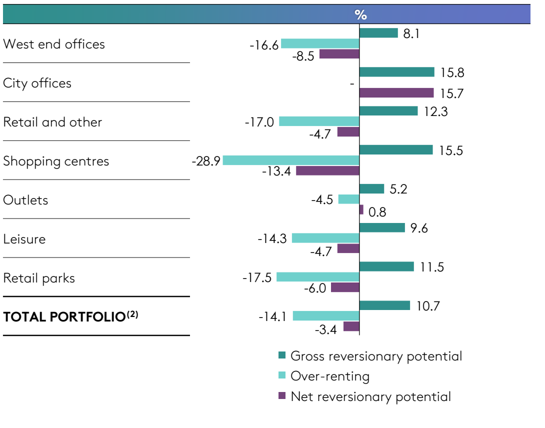
Reversionary potential

Like-for-like portfolio

Net reversionary potential(1)



Reversionary potential(1) at 30 September 2022



(1) Excludes voids and rent-free periods
(2) As at 30 September 2022, Queen Anne's Mansions (QAM), SW1 accounted for 97% of the West End offices like-for-like over-renting. Excluding QAM, the West End offices segment and Combined Portfolio would be 7.6% and 0.7% net reversionary, respectively

Rent reviews and lease expiries and breaks[1]

Central London excluding developments

	Outstanding	2022/23	2023/24	2024/25	2025/26	2026/27	Total to 2027
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review	34	14	19	6	18	14	**105**
Adjusted ERV[2]	33	15	20	6	18	13	**105**
Over-renting[3]	(2)	(1)	-	(1)	-	(1)	**(5)**
Gross reversion under lease provisions	**1**	**2**	**1**	**1**	**-**	**-**	**5**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total to 2027
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks[4]	7	26	14	29	58	**134**
ERV	8	29	15	34	41	**127**
Potential rent change	**1**	**3**	**1**	**5**	**(17)**[5]	**(7)**
Total reversion from rent reviews and expiries or breaks						**(2)**
Vacancies and tenants in administration[6]						**17**
Total						**15**

(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 2027
(3) Not crystallised at rent review because of upward only rent review provisions
(4) Rents passing from leases subject to expiries or breaks does not include any lease where a reversion is expected from a rent review before the expiry or break date
(5) Due to over-renting at Queen Anne's Mansions. Excluding this, the 2026/27 potential rent change is £4m
(6) Excludes tenants in administration where the administrator continues to pay rent

Rent reviews and lease expiries and breaks[1]

Major retail destinations excluding developments

	Outstanding	2022/23	2023/24	2024/25	2025/26	2026/27	Total to 2027
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review[2]	41	29	12	2	4	1	**89**
Adjusted ERV[3]	34	28	10	2	3	2	**79**
Over-renting[4]	(11)	(3)	(2)	-	(1)	-	**(17)**
Gross reversion under lease provisions	**4**	**2**	**-**	**-**	**-**	**1**	**7**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total to 2027
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks[5]	32	24	20	20	13	**109**
ERV	31	22	18	18	11	**100**
Potential rent change	**(1)**	**(2)**	**(2)**	**(2)**	**(2)**	**(9)**
Total reversion from rent reviews and expiries or breaks						**(2)**
Vacancies and tenants in administration[5]						**9**
Total						**7**

(1) This is not a forecast and takes no account of increases or decreases in ERV before the relevant review dates
(2) Annualised rents have been reduced to reflect the impact of Covid-19 on turnover related rent, which has driven an increase in reversionary potential across Major retail destinations
(3) Adjusted ERV reflects ERV when reversion is expected at next rent review, or passing rent where the reversion to ERV is expected after 2027
(4) Not crystallised at rent review because of upward only rent review provisions
(5) Rents passing from leases subject to expiries or breaks does not include any lease where a reversion is expected from a rent review before the expiry or break date

Rent reviews and lease expiries and breaks[1]

Mixed-use urban excluding developments

	Outstanding	2022/23	2023/24	2024/25	2025/26	2026/27	Total to 2027
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review[2]	6	3	4	7	7	1	**28**
Adjusted ERV[3]	6	3	4	7	7	1	**28**
Over-renting[4]	(1)	-	-	-	-	-	**(1)**
Gross reversion under lease provisions	**1**	-	-	-	-	-	**1**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total to 2027
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks[5]	3	9	2	1	3	**18**
ERV	4	8	2	1	3	**18**
Potential rent change	**1**	**(1)**	**-**	**-**	**-**	**-**
Total reversion from rent reviews and expiries or breaks						**1**
Vacancies and tenants in administration[5]						**2**
Total						**3**

(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 2027
(3) Not crystallised at rent review because of upward only rent review provisions
(4) Rents passing from leases subject to expiries or breaks does not include any lease where a reversion is expected from a rent review before the expiry or break date
(5) Excludes tenants in administration where the administrator continues to pay rent

Rent reviews and lease expiries and breaks[1]

Subscale sectors excluding developments

	Outstanding	2022/23	2023/24	2024/25	2025/26	2026/27	Total to 2027
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review[2]	26	2	6	7	3	2	**46**
Adjusted ERV[3]	25	2	6	7	3	3	**46**
Over-renting[4]	(4)	(1)	(1)	(1)	-	-	**(7)**
Gross reversion under lease provisions	**3**	**1**	**1**	**1**	**-**	**1**	**7**

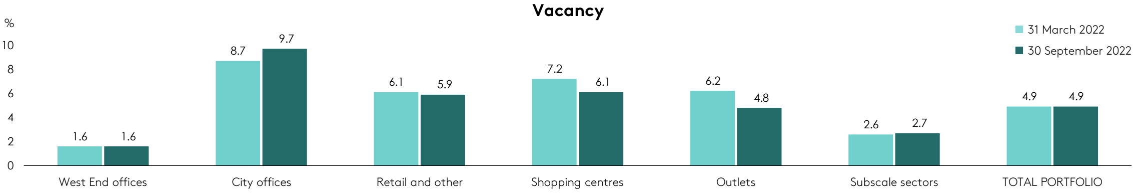
	2022/23	2023/24	2024/25	2025/26	2026/27	Total to 2027
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks[5]	4	6	10	7	5	**32**
ERV	4	4	9	6	5	**28**
Potential rent change	-	**(2)**	**(1)**	**(1)**	**-**	**(4)**
Total reversion from rent reviews and expiries or breaks						**3**
Vacancies and tenants in administration[5]						**5**
Total						**8**

(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 2027
(3) Not crystallised at rent review because of upward only rent review provisions
(4) Rents passing from leases subject to expiries or breaks does not include any lease where a reversion is expected from a rent review before the expiry or break date
(5) Excludes tenants in administration where the administrator continues to pay rent

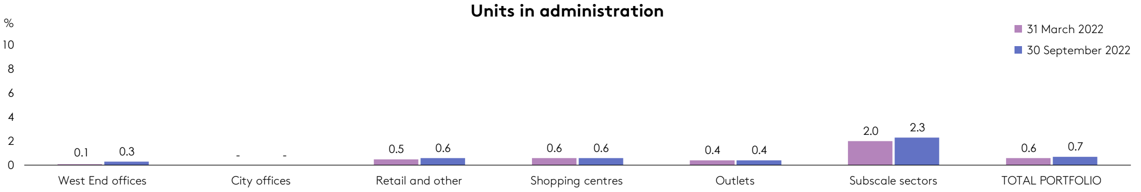
Vacancy and units in administration

Like-for-like portfolio

Vacancy



Units in administration



Vacancy rates
Vacancy rates are expressed as a percentage of ERV and represent all unlet space, including vacant properties where refurbishment work is being carried out and vacancy in respect of pre-development properties, unless the scale of refurbishment is such that the property is not deemed lettable. The screen at Piccadilly Lights, W1 is excluded from the vacancy rate calculation as it will always carry advertising although the number and duration of our agreements with advertisers will vary.

Retail sales and footfall

Outlet and regional only

Footfall and sales growth/decline (26 weeks to 2nd October 2022 vs 2019 and 2021)

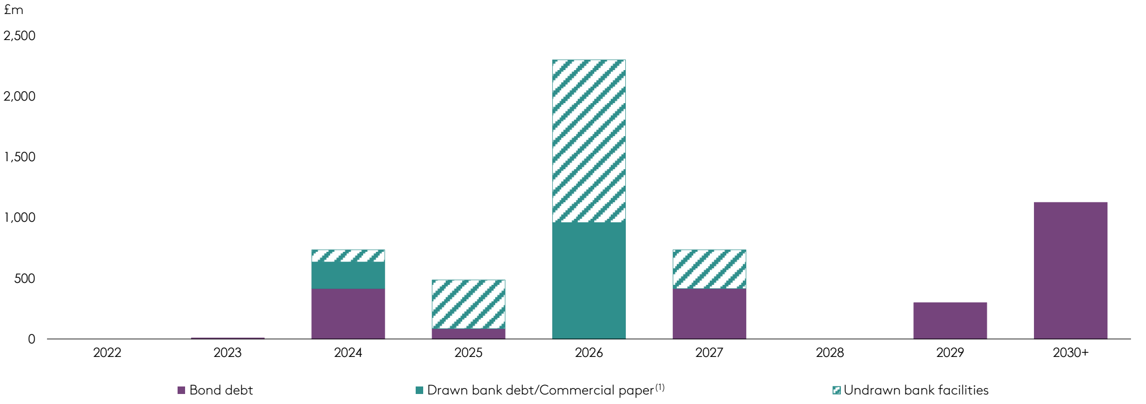
Landsec	YTD April – September vs 2019	YTD April – September vs 2021	Benchmarks	YTD April – September vs 2019	YTD April – September vs 2021
Footfall	-14.8%	18.7%	UK footfall[1]	-13.5%	+16.7%
Same centre sales[2]	-4.3%	6.3%	BRC non-food in-store total[3]	n/a	+2.2%
Same store sales[5]	3.6%	3.5%			
Same store shopping centre sales	4.3%	7.8%	BRC non-food in-store LFL[3]	n/a	+0.9%
Same store outlets sales	2.2%	-3.6%			
			BRC non-food all retail LFL[4]	+6.5%	n/a

Source: Landsec, unless specified below, data is exclusive of VAT and for the 26-week figures above, based on over 2,000 tenancies where the occupiers provide Landsec with turnover data

(1) Springboard UK national benchmark, Springboard index based on more than 600 UK Retail Destinations
(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 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

Expected debt maturities (nominal)

Calendar year



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

Office-led development programme returns

		The Forge, SE1	Lucent, W1	n2, SW1
Status		**Fully committed; speculative**	**Fully committed; speculative**	**Fully committed; speculative**
Estimated completion date		**December 2022**	**March 2023**	**June 2023**
Description of use		Office – 99% Retail – 1%	Office – 83% Retail – 14% Residential – 2%	Office – 100%
Landsec ownership	**%**	100	100	100
Size	**Sq ft (000)**	140	144	165
Letting status	**%**	-	19	27
Market value	**£m**	155	222	172
Net income/ERV	**£m**	10	14	14
Total development cost (TDC) to date	**£m**	133	209	153
Forecast TDC	**£m**	152	252	208
Gross yield on cost[1]	**%**	6.3	5.6	6.7
Market value + outstanding TDC	**£m**	174	265	227
Gross yield on market value + outstanding TDC	**%**	5.5	5.3	6.2

(1) Based on ERV to the nearest £0.1m

Pipeline of near term office-led development opportunities

		Timber Square, SE1	Portland House, SW1	Liberty of Southwark, SE1	Red Lion Court, SE1
Status		**Planning consent granted**	**Planning consent granted**	**Planning consent granted**	**Planning application submitted**
Earliest start date		**H1 2023**	**H1 2023**	**H1 2023**	**H1 2024**
Description of use		Office – 96% Retail – 4%	Office – 95% Retail – 5%	Office – 85% Residential – 15%	Office – 98% Retail – 2%
Landsec ownership	**%**	100	100	100	100
Current annualised rental income	**£m**	-	-	-	-
Current size	**Sq ft (000)**	141	310	-	128
Proposed size	**Sq ft (000)**	380	300	200	230

9m sq ft mixed-use urban development programme

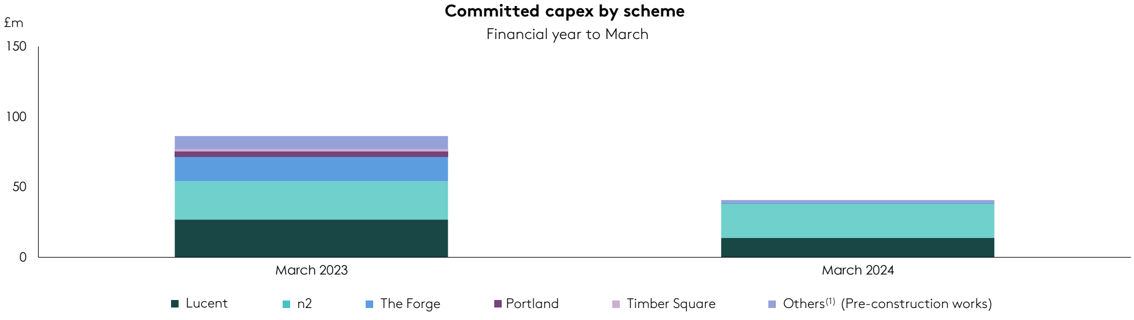
NEAR-TERM PROGRAMME	Ownership	Sq ft (NIA)	Use	Earliest start on site	Number of blocks	Estimated completion of phase 1	TOTAL SCHEME Estimated scheme completion	TOTAL SCHEME Indicative TDC	TOTAL SCHEME Target yield on cost[(1)]
	%	(000)						£m	%
Mayfield, Manchester	50-100	2,500	Office Retail Residential	2023	18	2025	2032	800 – 950	7 - 8
MediaCity, Greater Manchester	75	1,900	Office Residential Retail	2023	8	2025	2030	550 – 650	7 - 8
Finchley Road, NW3	100	1,400	Residential Retail	2023	10	2026	2034	950 - 1,200	6 - 7
Buchanan Galleries, Glasgow	100	1,400	Office Retail Residential	2024	11	2027	2035	600 – 750	7 - 8
Lewisham, SE13	100	1,800	Residential Retail	2025	14	2028	2037	1,100 - 1,300	6 - 7
Total		**9,000**						**4,000 – 4,850**	

Note: All financial data is Landsec share
(1) Yield on cost excludes affordable housing

Committed capital expenditure

- £110m committed capex across the three schemes in development programme
- £17m pre-construction works for Portland House, Timber Square and others[1]
- Disposals to fund capex

Committed capex by scheme
Financial year to March

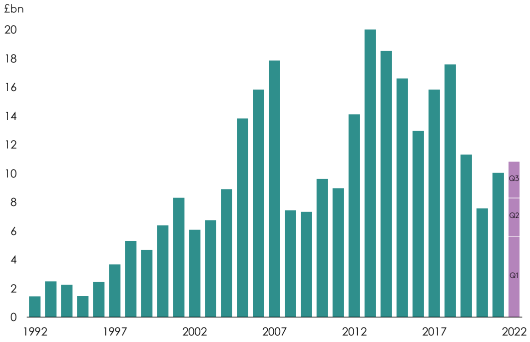


(1) Liberty of Southwark, Red Lion Court, O2 Finchley Road, Lewisham shopping centre, Buchanan Galleries, Nova Place, MediaCity, 55 Old Broad Street, Hill House, Mayfield

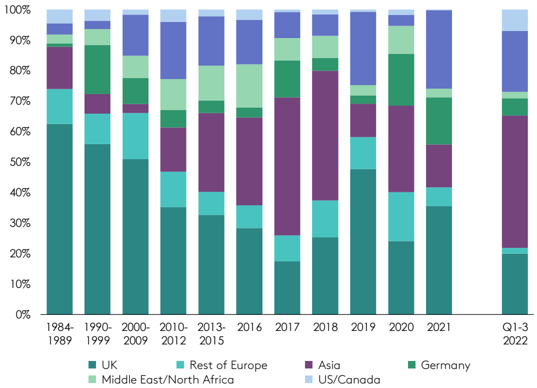
Central London investment market

70% increase in transaction levels for the year to September 2022 compared to 2021; overseas investors represented 80% of all investments

Investment volumes



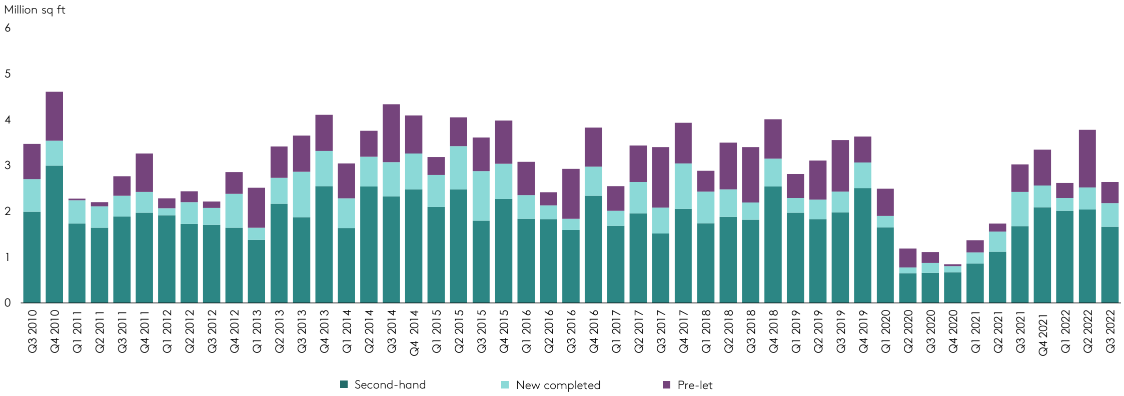
Office capital inflow – by region



Source: CBRE; shows calendar years

Central London quarterly take-up

37% increase in first three quarters of 2022 compared with corresponding period last year

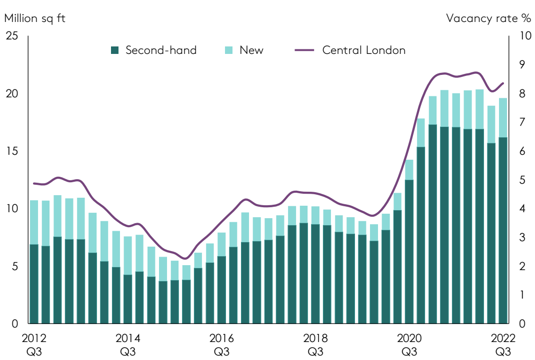


Source: CBRE

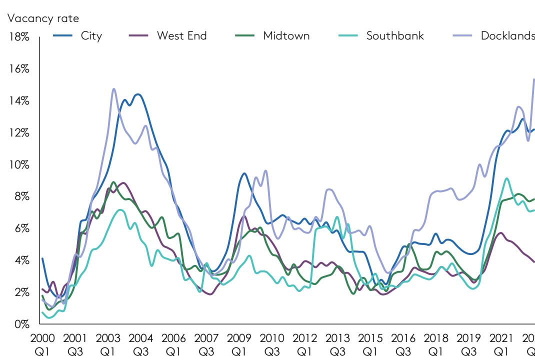
Central London office – vacant space

Availability decreased marginally since March 2022 with vacancy rate falling 33bps to 8.35%, driven by decreasing vacancy in the West End

Central London availability, new and second-hand (LHS) **vs vacancy**



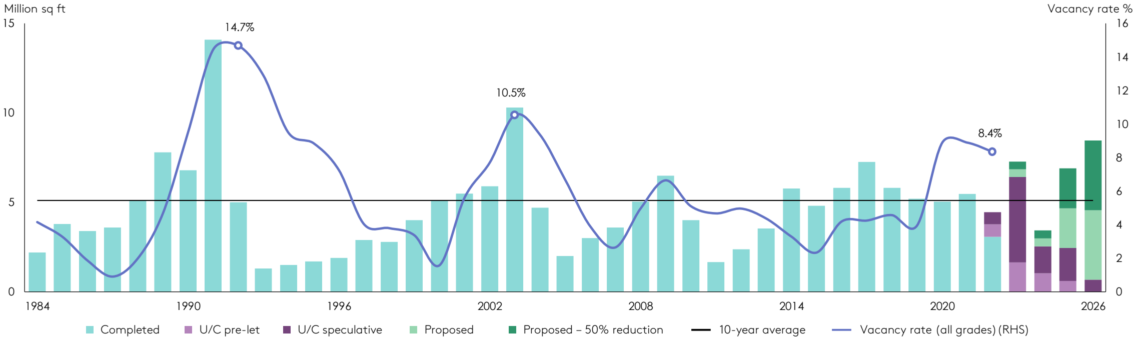
Vacancy rate – by submarket



Source: CBRE

Central London supply as at 30 September 2022

13.5m sq ft currently under construction and a further 14m sq ft could complete by 2026



Source: CBRE, Knight Frank, Landsec; shows calendar years
(1) Completions/under construction. Vacancy rate as at September 2022. 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

Important notice

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