

Our economic contribution



We're Landsec

£13.2bn

our contribution to the economy each year

153,000 jobs

supported, adding £8.4bn of value each year to the economy

£1.6bn

total tax contribution each year through our business, our partners and our customers



This report

Our vision is to be the best property company in the UK for our customers, communities, partners and our employees.

This year for the first time we set out to measure the full impact of our assets and activities; through shaping new environments; creating jobs and spending; supporting public resources and building sustainable communities. Assessing our impact helps us identify where we're already adding value, but it also highlights opportunities to maximise the benefits we generate.

We make a £13.2bn annual contribution to the economy through buying, selling and managing commercial property in the UK. Our development activities contributed a further £5.7bn to communities over the last decade.

Through direct employment of our staff and our partners, and indirect employment through our customers, our business is responsible for just over 153,000 jobs bringing £8.4bn of economic value to the economy. Our customers create £274m of value through business rates as a direct consequence of occupying our properties. The total annual tax contribution from our business, our partners and our customers is £1.6bn.

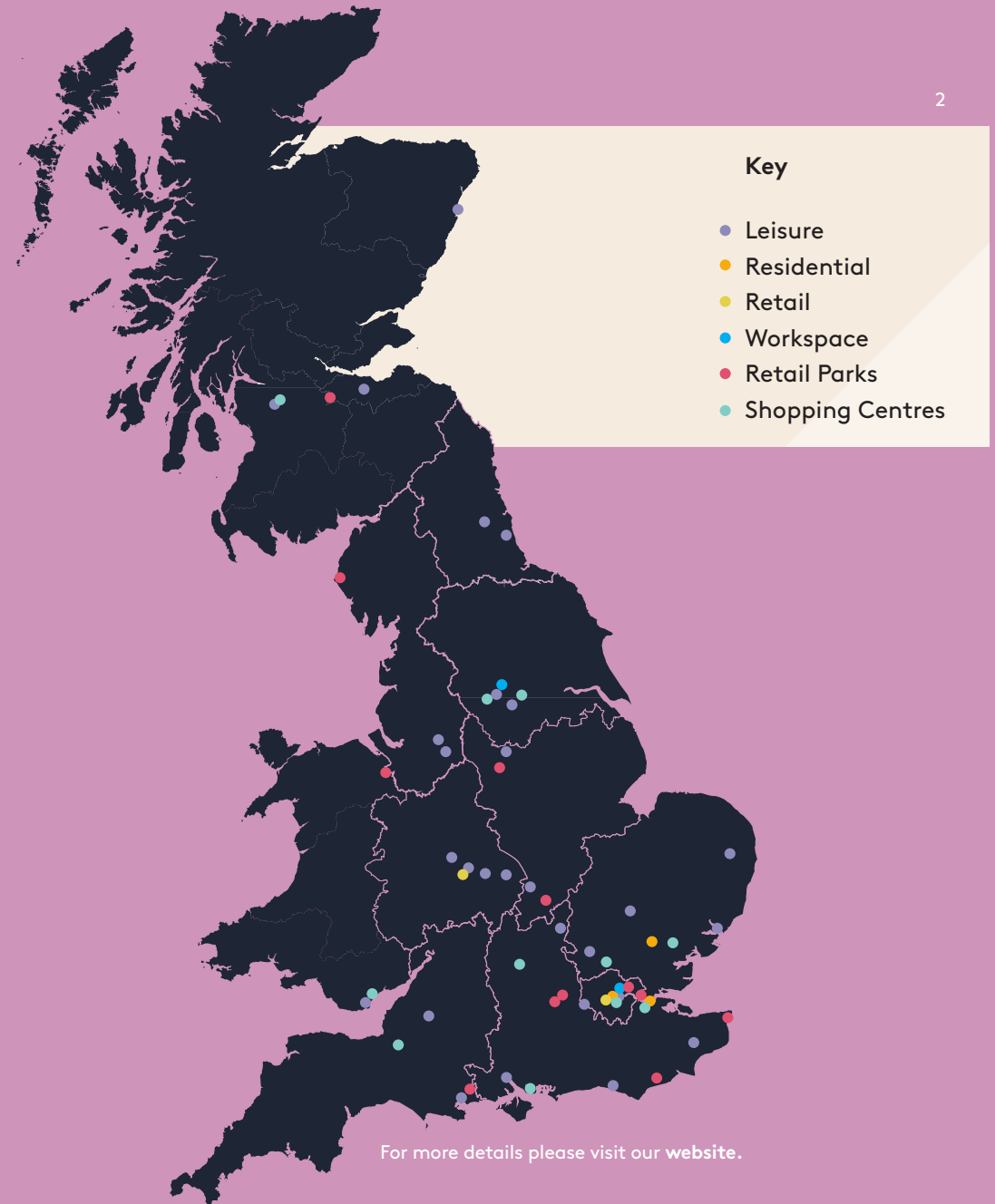
The full findings are set out in this report. To find out more about our methodology and assumptions, go to page 13 of this report.

Our portfolio

We're one of the largest commercial property companies in Europe and our diverse portfolio delivers great places for people to experience.

We focus on workspaces, retail and leisure in London, and retail and leisure outside London.

In London our buildings include the iconic Piccadilly Lights and developments such as Nova and The Zig Zag Building, SW1 which have transformed Victoria into a vibrant new destination. And in retail our work at much-loved shopping centres such as Bluewater in Kent, Trinity Leeds and St David's in Cardiff has established us as the partner of choice for retailers and local authorities.



At a glance

Overall portfolio

Portfolio (sq ft)

23.2m

Total employment

115,700 jobs

Economic output (p.a.)

£5.8bn

Total wage expenditure (p.a.)

£3.3bn

Fiscal impacts (p.a.)

£1.4bn

Value

£14.2bn

Assets

120

Retail

Portfolio (sq ft)

16.7m

Total employment

64,900 jobs

Economic output (p.a.)

£1.9bn

Total wage expenditure (p.a.)

£1.2bn

Fiscal impacts (p.a.)

£0.5bn

London

Portfolio (sq ft)

6.5m

Total employment

50,800 jobs

Economic output (p.a.)

£3.9bn

Total wage expenditure (p.a.)

£2.1bn

Fiscal impacts (p.a.)

£0.9bn



Creating experiences

Everything we do starts with understanding the changing needs and expectations of the people who matter most to us – our customers, communities, partners and employees. We draw on our experience to create the best possible experiences for them.

By continually investing in developments and acquisitions, we provide new experiences for our customers and fantastic new places to work, and this creates long-term value for our shareholders.

Overleaf you'll find a selection of some of our key developments and acquisitions over the last 10 years. During this time, our capital investment and development activity totalled £5.7bn. This is just over £745m of gross value added to the economy every year.

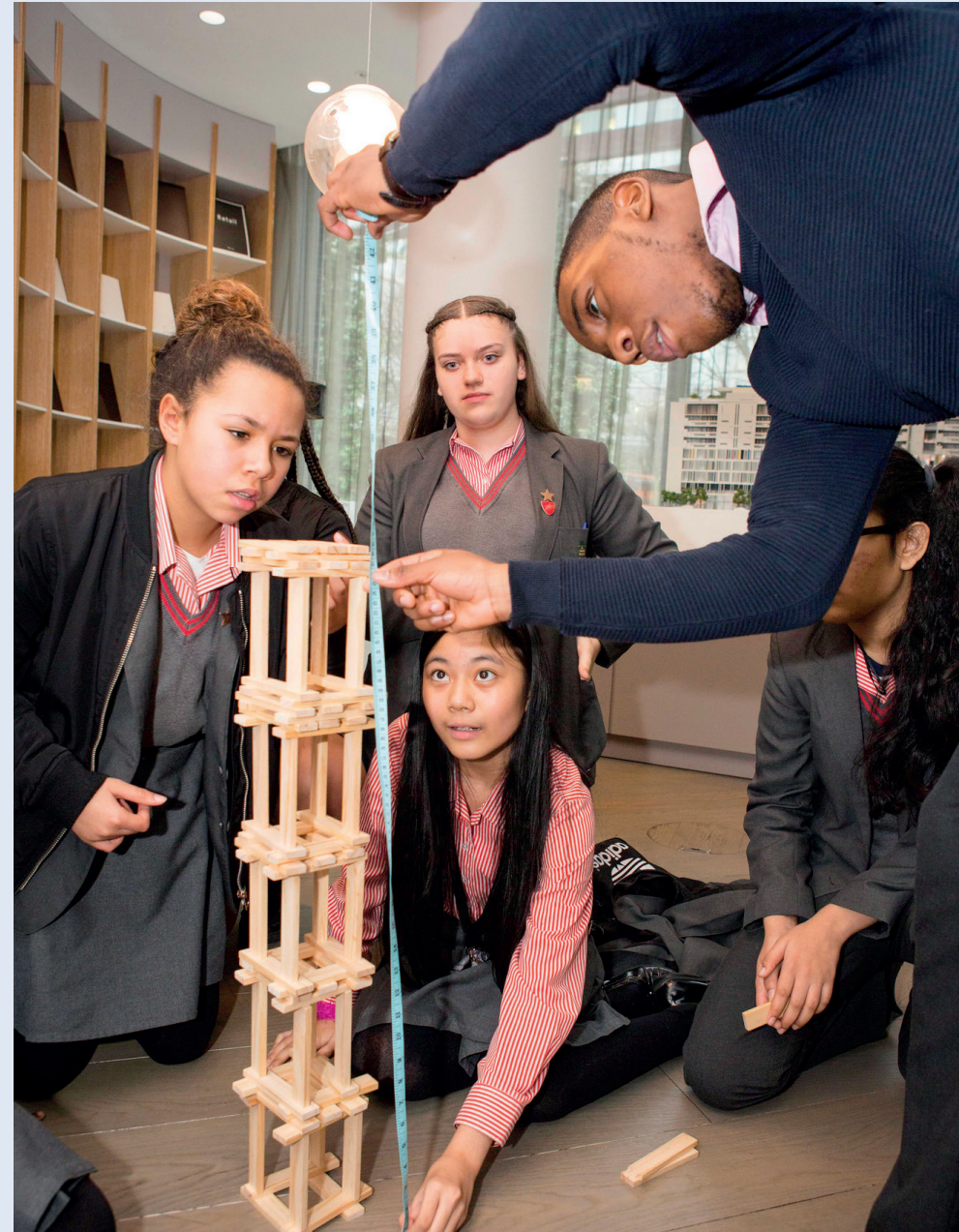
The experiences, lifestyles and communities we created supported significant employment opportunities in construction and related industries across the UK. This is equivalent to nearly 61,000 temporary jobs through our direct construction activity, and a further 9,200 jobs per year supported across the wider economy.

Our investment activity also funded £34.3m development contributions (through Section 106 agreements and the Community Infrastructure Levy), helping to kick-start local infrastructure improvements and providing new community facilities.

£5.7bn
capital investment
over the last
10 years

£745m
of gross value
added to the
economy
each year

61,000 jobs
directly created
over the last 10
years through
our construction
activity



Retail

2017



2017 – Westgate, Oxford

A forward-thinking shopping experience has long been a missing piece in the rich mosaic of Oxford. In October 2017, we changed that with the opening of Westgate Oxford, one of the most sustainable retail centres ever built. It has provided a major employment boost to the local area, with 800,000 sq ft of world-class retail space supporting 3,700 jobs and £122m of economic value each year.

2013 – Trinity Leeds

A beautiful glass roof, an all-day-and-all-night feel, and an innovative street-food market have seen Trinity reinvigorate Leeds city centre. This £372m development project represented a significant investment in the Leeds region during a difficult economic period for the construction sector and the UK more widely, generating 9,900 jobs during the build, many taken up by local people.

2013



2014



2014 – Bishop Centre, Taplow

We recycled capital into convenience centres. Taplow is a convenient, edge-of-town location in the South East. This popular scheme was 88% let on opening and was fully let within nine months. The centre now functions as a key employment hub between the towns of Maidenhead and Slough, supporting around 210 jobs across its 10 units and associated wage spending of £3.8m per year.

2009



2009 – St David's, Cardiff

Occupying one-third of Cardiff city centre, St David's isn't just a place for shopping – it's the focus of a community. It has transformed the Welsh capital into one of the UK's top retail destinations, and continues to drive the city's prosperity. Its overall economic contribution can be demonstrated through the 5,200 jobs it supports, and the £70m in earnings, £17m in employment related tax contributions and £115m in economic output associated with this employment.

London

2017



2017 – Nova, Victoria, SW1

The last scheme in this phase of our Victoria development programme, Nova's extraordinary workspace, residential and restaurant spaces reflect the changing expectations of our customers. This scale and mix of world-class space is reflected in the 3,900 employment opportunities Nova has created and the £302m of economic activity this ploughs into the capital's economy each year.

2015



2015 – The Zig Zag Building, SW1

Part of our £2bn transformation of London's Victoria, it adds another dimension to the area. A building that's created with people in mind. A building that's thoughtful. A building that's flexible. Our £178m investment project provided over 4,000 employment opportunities in construction and related sectors during the build, alongside development contributions of £7.7m to boost local community facilities.

2014



2014 – 20 Fenchurch Street, EC3

Commonly known as the Walkie Talkie building, 20 Fenchurch Street was one of our most ambitious developments. This is a building where we pioneered new technologies, new methods of efficient design and new attitudes to public space. Following our £237m investment, this London landmark is now home to just under 5,500 workers, generating around £650m of economic value each year across the Capital.

2010 – One New Change, EC4

The City of London's first dedicated shopping centre, right next to St Paul's Cathedral, needed to take people's breath away – but not overshadow its famous neighbour. Over 3,600 people work within its 561,000 sq ft of world-class retail and leisure space, supporting a further 1,200 jobs across the capital's wider supply chains.

2010



2008



2008 – New Street Square, EC4

A landmark building, New Street Square is the culmination of a project that's brought new life to this part of Midtown, providing a superbly functional space characterised by intelligent external architecture. Its contemporary workspaces with retail and restaurants accommodate 43 exciting businesses and between them 6,800 jobs, helping to sustain the vibrancy and dynamism of this important commercial area.

Our business

Each year we generate business related tax contributions to UK plc of **£129m**

Our employees create **£56m of economic value each year**

Everything we do is grounded in experience and begins with our people. Our diverse mix of people, skills and thought means we continually challenge established ways of working and strive to ensure everyone's career experience with us is enjoyable, inspiring and exciting.

We have approximately 600 employees based around the UK and aim to provide them with a great career experience. This year we enhanced the overall experience by moving to a new headquarters at 80-100 Victoria Street, designed for collaborative working and developing new ways to strengthen our culture. Our 414 staff in Victoria generate an overall economic contribution of £42m each year and provide a significant boost to the local area through wage spending and the jobs this supports. Elsewhere, we directly employ a further 189 people across our 124 properties, in turn creating £14m of economic value each year.

One of the most direct ways we contribute to the UK economy is through the earnings generated by our employees – equivalent to £45m each year – much of which is subsequently spent on

goods and services, reinforcing the vitality and viability of local communities around the country. The spending power of our employees forms an important part of the overall economic output generated by our business.

Through the experiences, lifestyles and communities that we create we also make a significant contribution to UK plc by directly generating taxes and related payments. In the latest financial year, total taxes borne and collected by the Group amounted to £129m, of which we directly incurred £41m. This includes environmental taxes, business rates, employment related taxes and stamp duty land tax.

This year, 67% of our people have undergone some form of training. We are proud that our investment in people has been recognised externally, having been named in Property Week's "Best Places to Work" survey. 93% of our staff said that they were proud to work for Landsec and we'll keep developing our people, enhancing the know-how we need to compete, thrive and lead our industry.



Our partners

£1.1bn

the value of our ongoing partnerships each year to the economy

3,300 jobs

supported by our partners, adding over £76m of economic value each year

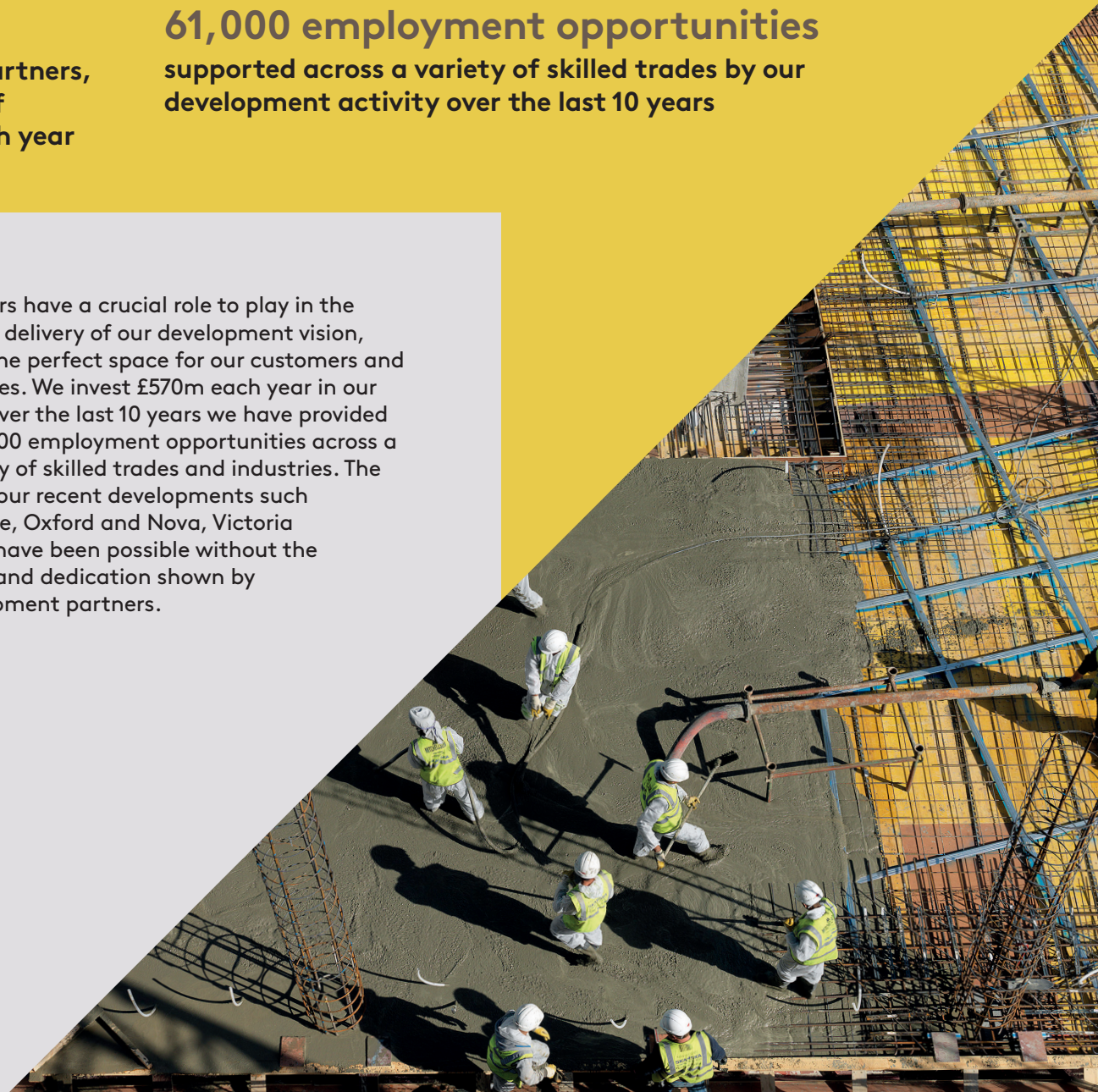
61,000 employment opportunities

supported across a variety of skilled trades by our development activity over the last 10 years

Across the UK, we make an annual contribution of over £1.1bn to the economy through the ongoing partnerships we have with our suppliers and contractors who operate and maintain our portfolio of properties. This includes everything from cleaning to Christmas decorations and our partnerships span over 180 individual businesses where we spend over £1bn each year.

We value strong relationships with our partners and we continue to collaborate in smart ways. By working with our suppliers and industry peers we can have the greatest positive impact. This starts with people, including the 2,500 employees supported by our partners and the £76m of economic value they generate each year. The diversity of their work creates a huge trickle down effect throughout other parts of the economy, in turn supporting a further 800 jobs across a wider UK supply chain network.

Our partners have a crucial role to play in the design and delivery of our development vision, providing the perfect space for our customers and communities. We invest £570m each year in our portfolio; over the last 10 years we have provided nearly 61,000 employment opportunities across a wide variety of skilled trades and industries. The success of our recent developments such as Westgate, Oxford and Nova, Victoria would not have been possible without the hard work and dedication shown by our development partners.



Our customers

More than 113,200 jobs
accommodated within our properties

Our greatest overall economic contribution comes from the combined property portfolio that we develop and manage, and the world-class businesses and brands who occupy our fantastic workspace, leisure and retail space. As well as attracting visitors from miles around, our spaces make a positive impact by creating jobs, inspiring individuals and boosting local economies.

More than 113,200 jobs are directly supported across our properties, providing exciting employment opportunities within some of the country's most successful and innovative companies. The economic value created by these employees is impressive, totalling £3.3bn in earnings and £5.7bn in output each year.

The spending associated with this employment in turn supports a further 35,500 jobs in local shops and services up and down the country.

In many cases, our properties represent a major employment generator or hub for the surrounding area and help to maintain healthy, prosperous local economies across the UK. For instance,

£5.7bn in output & £3.3bn
in earnings
generated by our customers each year

the 8,320 jobs supported at Bluewater shopping centre in Kent make up 13% of all employment in the local Borough of Dartford and the success of the shopping centre has a huge bearing on the economic prosperity and wellbeing of the surrounding area.

Through payment of business rates, the occupiers across our wider portfolio generate £274m in additional revenue each year for their local authorities. This source of income is set to become increasingly important for local authorities in England as they gradually start to retain all of their business rate revenues raised locally.

Our diverse portfolio also includes 1,200 residential properties, located across a number of key developments in London and beyond. These residents have a combined annual spending power of £36m, helping to sustain just under 200 jobs each year in shops, services and other businesses throughout the UK economy.

£274m
business rates revenue each
year to local authorities



Our social impact

Over 1,000 people into work since 2011 through our community employment programme

Our Community Employment Programme – a package of employment initiatives involving training providers, charities and partners from our supply chain – targets those furthest from the job market, including homeless people, the long-term unemployed, ex-offenders and serving prisoners. Since 2011, we've helped 1,000 people into work.

We collaborate with charities, government workspaces, training providers and our own supply chain to offer the people who are furthest from the job market work experience opportunities and employment to help them get jobs in construction or customer service.

Our community employment programme plays an important role in the planning process of new developments and beyond: it shows local authorities how our work can benefit an area, and it enables us to take an active role in enhancing local prosperity and influencing policy. In the past year, 183 people found work through the programme contributing to our target of getting 1,200 people into work by 2020.

Our education programmes help young people, especially those from specific ethnic groups, to face barriers that stop them from accessing jobs in our industry. Others don't have the right skills for those jobs, or the confidence to apply.

More than 800 students from disadvantaged backgrounds benefitted from our education programme in 2017

Our work encourages students from a wider range of backgrounds into our industry, making businesses like ours more diverse and more successful. It also ensures our assets are more representative of the local area, which in turn makes them more appealing to local people.

These programmes also help to engage the wider community, including students' families – which helps us raise awareness of our developments, start conversations, and develop local relationships. In the past year we have worked with more than 800 students between the ages of 12 and 18, inspiring them about opportunities in our industry and giving them the skills they need to succeed.

And we're pleased to be recognised for our programmes, receiving an EPRA Gold Award for our sustainability reporting and being awarded second place for Outstanding Contribution to Society, winning the Work Inclusion Award from BITC and receiving the Better Society Award for Commitment to the Community.



Spotlight on Leeds

We've been investing in and around Leeds for well over a decade and are excited by the opportunities brought about by the city's recent reinvention. Our £372m investment over this time has helped to create nearly 10,000 construction related jobs and £400m of associated economic output, providing a major boost to construction industries and their supply chains.

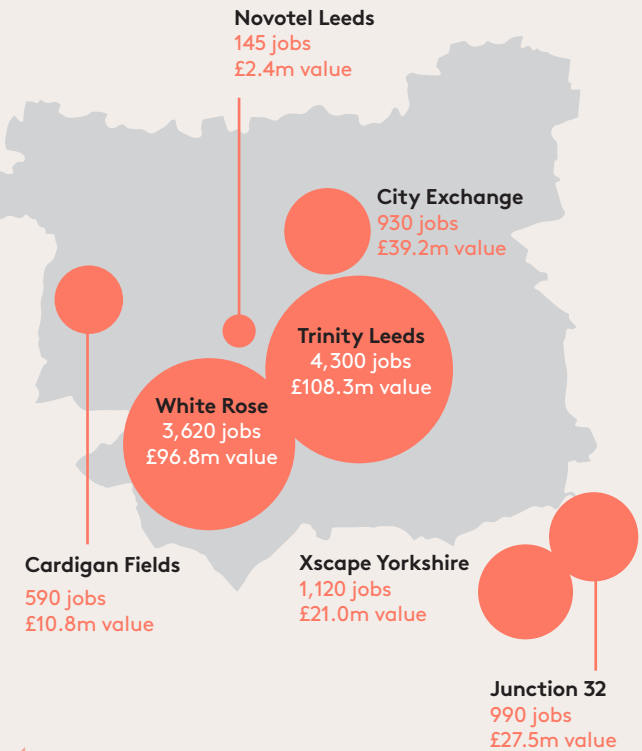
We're really proud of our flagship shopping centre development at **Trinity Leeds**; opened in 2013, its become the beating heart of the city and has changed the way the city centre operates by bringing new life, and later opening times, into the 'Capital of the North'. The centre now supports over 5,400 jobs and generates nearly £150m of economic output each year. By regenerating and reinvigorating Leeds city centre as a thriving retail beacon, it offers huge potential to attract further investment and redevelopment.

Our **White Rose** shopping centre in the South of Leeds recently celebrated 20 years of popularity and this year we've given it a new lease of life by building a significant leisure extension to enhance the centre's vibrancy into the evenings. 3,500 people now work at the shopping centre, generating £53m in annual earnings between them.

Our city centre portfolio also includes recently refurbished Grade A workspace at **City Exchange** and stylish, contemporary hotel accommodation at **Novotel Leeds Centre**. **Cardigan Fields** and **Junction 32** complete the out of town retail and leisure experience while **Xscape Yorkshire**, built

on a former open cast mine in 2003, has helped regenerate an area that previously had one of the highest unemployment rates in the UK. Our acquisition of **Junction 32** in 2017 will add £59m to the economy each year through employment, earnings and tax contributions.

Its not surprising that our employment contribution to the Leeds area is significant – with 11,700 jobs supported directly by us, our partners and our occupiers. The ongoing value that these jobs and our assets bring to the area exceeds £590m in earnings, economic output and taxes each year.



Spotlight on London

In the capital we create fantastic spaces for world-class businesses and brands and our £8.3bn portfolio spans more than 6.5m sq ft of workspace, retail, leisure and residential space. The great work environment doesn't just improve life for the 58,700 employees based here; it also leads to better results for the 990 businesses occupying our space across London.

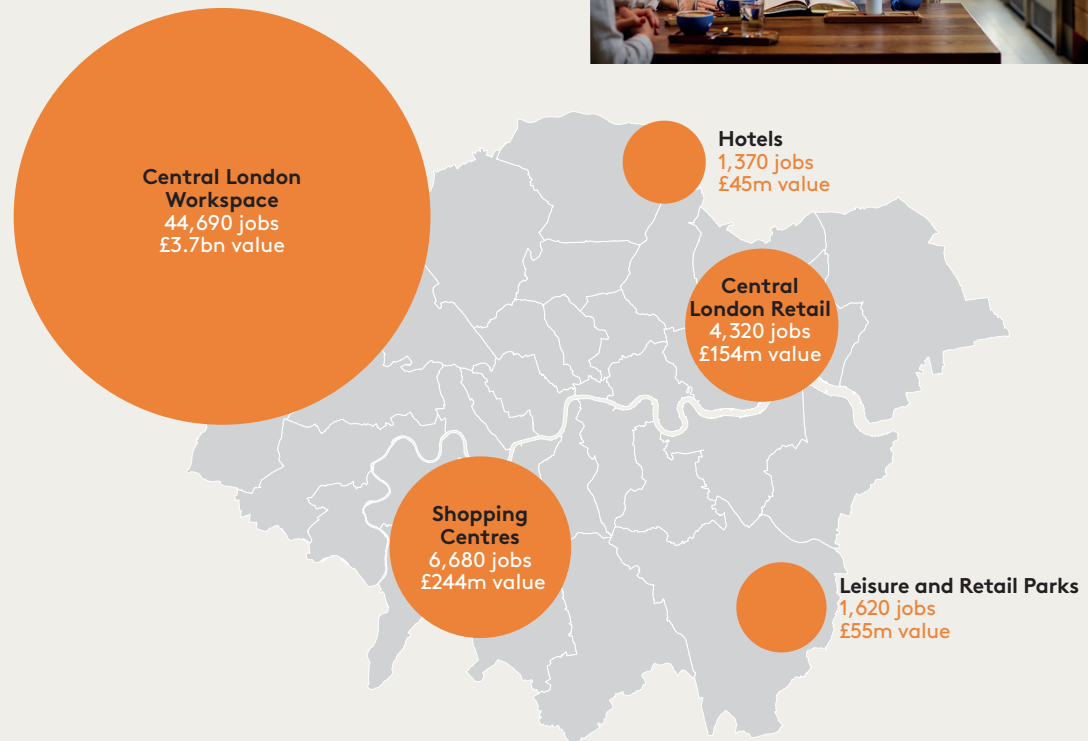
You'll be familiar with lots of our buildings including those that make up the new skyline of Victoria, SW1, or the iconic **Piccadilly Lights**. Our outstanding workspace is clustered across the thriving heart of the capital and is designed to engage, surprise, delight and entertain.

We're immensely proud of the stunning new destination we've created in the heart of SW1 – **Nova's** landmark workspace and array of eateries has transformed London's Victoria, making this a stylish and delicious place to work, visit and play. The 27 businesses now based here add £662m to the economy each year through employment, earnings, expenditure and tax contributions.

The breathtaking **One New Change** – the City of London's first dedicated shopping centre - blends in with the most famous of the City's landmarks including neighbouring St Paul's Cathedral. Thanks to an impressive list of brands and a roof terrace with stunning views, it has become a popular seven-day destination. Between them, the centre's employees generate nearly £250m of economic value per annum.

The diversity of our London portfolio is impressive and it attracts a large and diverse mix of retail, leisure and hotel occupiers right across the capital, as far out as our **Novotel** and **Ibis** hotels at Heathrow Airport.

Over the last decade, we've invested £3bn in this portfolio of first-class assets, in turn supporting 76,200 jobs and £4.4bn of economic output through our various development projects, extensions and refurbishments. And we have exciting plans for the future with a 3.1m sq ft development programme focused on London's most dynamic and well-connected centres.



Looking ahead

As the largest listed commercial property company in the UK, we know we can have a big impact when we do things the right way. This is the first time we've set out to measure the total economic impact of our assets and activities. Working in partnership with planning and development consultancy Lichfields, we are delighted to see just how far the economic value we create extends across the country.

We believe great places are for people to experience and made with the experience of great people; this philosophy runs right through our business and shapes our ongoing approach to investment. We recognise that the commercial property we buy, sell, develop and manage is just the starting point, and that our ultimate contribution should be judged by the ongoing impact we have upon local economies, local communities and individuals.

Going forward, we are keen to evolve and expand the type of impacts and indicators we use to measure the value of the experiences, lifestyles and communities that we create and we're excited about what the future could hold.

Visit landsec.com for more information about our business, our properties and for further details about the economic contribution we make through some of our individual developments.

Email us at sustainability@landsec.com or get in touch on Twitter [@LandsecGroup](https://twitter.com/LandsecGroup).



Appendix: Methodology

Our economic contribution is generated across a range of different activities and types of outputs. These are measured through a number of different ways, as summarised below.

This report presents our total economic impact across three key groups;

1. **Our business** – the contribution that we make directly as a commercial real estate company;
2. **Our partners** – our suppliers and contractors who operate and maintain our portfolio of properties; and
3. **Our customers** – the businesses who occupy our workspace, leisure and retail space.

Figures are presented for 2017 unless otherwise stated. Supplier spend figures relate to the 2015/16 financial year.

Capital Investment: Construction Impacts

Direct construction employment is calculated by applying average ratios of turnover to employees in the construction sector (based on data from the 2017 ONS Annual Business Survey) to the value of capital investment made by Landsec over the 10 year period between 2007/08 and 2016/17. An indirect employment multiplier of 2.51 (from the National Housing Federation 2013) is then applied to estimate indirect employment.

Direct Gross Value Added (GVA) is calculated using latest Experian data (2017) on average GVA generated by construction sector worker in the UK. An indirect GVA multiplier of 2.41 (National Housing Federation 2013) is applied to estimate the scale of indirect GVA.

Primary Asset Survey

A survey of tenants across our Retail and London portfolios was undertaken between June and August 2017 to allow for Landsec specific assumptions to be generated about the scale and type of employment supported across different assets. In total, 18 Retail assets and 11 London assets were included in the survey sample, representing 15% and 47% of each portfolio respectively. Data obtained from the survey was used to generate a series of Landsec bespoke job density ratios for different use/occupier types. These were then applied to the remainder of the UK portfolio to estimate total impact, using information from Landsec's tenancy schedule (dated May 2017).

Assets and Tenants: Employment and Output Impacts

Direct employment supported across Landsec's assets is calculated from the tenant survey sample and applying Landsec specific job densities to the remaining commercial floorspace contained within the UK wide tenancy schedule. Employment supported across the Accor hotel portfolio is calculated by applying standard ratios of jobs per hotel room taken from the Homes and Communities Agency (HCA) Employment Density Guide published in 2015, according to the star rating of each hotel. Composite multipliers from the HCA's Additionality Guide (published in 2014) are applied to estimate indirect employment supported.

Direct GVA is calculated using latest Experian data (2017) on average GVA generated by business sector and worker by UK region. Indirect GVA is estimated using composite multipliers from the HCA's 2014 Additionality Guide.

Assets and Tenants: Revenue and Expenditure Impacts

Employment related wages are estimated using average earnings data from the ONS Annual Survey of Hours and Earnings (2017 edition). Income tax payments supported by this employment are calculated by applying the UK tax free allowance and Income Tax bands as at October 2017. National Insurance payments are estimated by applying National Insurance bands as at October 2017 to both employee and employer contributions. Rateable values for individual properties are used to calculate business rates payments, using the standard UK business rate multiplier (0.497) for the 2016/17 financial year. Figures presented are total business rates payable. Resident expenditure impacts are estimated by applying average weekly household expenditure (from the ONS Family Spending Survey 2017) to the number of residential dwellings included within the portfolio.

Landsec Portfolio and Impacts

A number of data points were provided directly by Landsec including direct Landsec employees (as at October 2017), supplier and contractor firms on Landsec's ledger and company tax contributions. All figures relating to the number of assets, tenants, lettable units and floorspace areas are taken directly from Landsec's tenancy schedule (dated May 2017) or Combined Business Analysis database (dated March 2017). Total taxes borne directly, or collected by Landsec, are £129m for the 2016-17 financial year, stated on page 34 of our Annual Report.



For more information
please contact:
Caroline Hill
Head of Sustainability
+44 (0)20 7024 5462
caroline.hill@landsec.com

–
Landsec
100 Victoria Street
London SW1E 5JL

landsec.com



Cover and text printed on Munken Design Kristall Smooth which is produced from FSC and PEFC certified wood pulps and manufactured at a paper mill which has ISO 14001, EU Ecolabel and EMAS certification for environmental standards. Independently certified on behalf of the Forest Stewardship Council (FSC®).

