

Our strategy for growth

GROWTH

Our strategy comprises four priority areas as we look to reshape our portfolio to position Landsec for growth.



OPTIMISE

...OUR CENTRAL LONDON BUSINESS

This priority includes all of our assets in central London. By optimise, we mean taking steps towards greater alignment with growth sectors and districts in the capital, evolving a broader range of propositions for our customers, continued deployment of our development expertise and judicious sales of assets to fund long-term growth.

 More detail on pages 22-23



REIMAGINE

...OUR RETAIL BUSINESS

This priority focuses on our regional retail business. Our outlets have solid growth potential. However, there is an opportunity to significantly reshape the models of our six regional shopping centres – understanding sustainable rent levels for these customers is fundamental to our approach.

 More detail on pages 24-25



GROW

...THROUGH URBAN OPPORTUNITIES

We will target enhanced returns through significant investment in mixed-use urban opportunities, both from within our portfolio and through new investments in London and potentially other major UK cities.

 More detail on pages 26-27



REALISE

...CAPITAL FROM SUBSCALE SECTORS

Our leisure, hotels and retail parks are sectors where we don't have scale or competitive advantage on our side. Although these sectors have potential, our capital is better deployed elsewhere. We will therefore dispose of these assets in a managed way over time.

 More detail on pages 28-29

FIVE KEY LANDSEC ATTRIBUTES SUPPORT OUR STRATEGY

1 Development expertise – building sector-leading knowledge and capabilities.

2 Capital discipline – positioning our portfolio for growth.

3 Customer centricity – creating positive experiences based on understanding our customers.

4 Data-driven decision-making – making data a strategic asset for our business.

5 ESG leadership – leading the industry with our science-based environmental targets.

WITH PURPOSE

To be able to pursue a successful strategy, businesses need a clear purpose that articulates the value they create for all their stakeholders. Our purpose describes why we exist and what we are trying to achieve together.

1

SUSTAINABLE PLACES

To create places that make a lasting positive contribution to our communities and our planet.

Sustainability is integral to our work at Landsec, and we think about the long-term implications of what we do from both an environmental and social perspective. We have committed to becoming a net zero carbon company by 2030 and have a clear strategy to get there. Social value is the positive impact our business has on the local community – our ambition is to create opportunities for people from our communities through our social sustainability programmes. Sustainability will become the single biggest factor contributing to whether a business is successful in the long term.

2

CONNECTING COMMUNITIES

To bring people together, forming connections with each other and the spaces we create.

We want to be a force for good in our communities. Each of our assets and spaces is part of a different community, with different needs. Our spaces can help to meet those needs – providing relevant services for the community and bringing people together to form connections and share experiences.

3

REALISING POTENTIAL

To provide our customers, partners and people with a platform to realise their full potential.

From providing the best spaces to do business, entertain, shop or live, to developing careers at Landsec to help us make the most of our talents, realising potential is central to our purpose. We also aim to fully realise Landsec's potential as a business, maximising our performance and ensuring we have a sustainable long-term future.

“ Businesses that embrace their responsibilities to all stakeholders, and embed that in their strategy and business model, will attract more customers, attract the right customers, appeal to the best and brightest talent and strengthen their workforce.”

MARK ALLAN
CHIEF EXECUTIVE

Broadening our resilient central London proposition

Our first strategic priority is to Optimise our central London assets, which include offices, retail and Piccadilly Lights.

We have £7.3bn of assets across central London which are very high-quality, resilient and liquid, and provide a strong foundation for new growth opportunities. Our strategy is to Optimise this portfolio through greater alignment with growth sectors and districts in the capital, evolving a broader range of propositions for our customers, continued deployment of our development expertise and judicious sales of assets to fund long-term growth. In practice, this means we need to rebalance the portfolio – selling those assets with limited asset management opportunities, and investing in developments and assets where we can apply our skills to creating superior space for our customers and enhanced returns for the business.

London will remain a gateway city, and our high-quality, best-in-class portfolio should provide resilience in a down-cycle. But more than resilience, the London market and strength of our portfolio provide a platform for growth.

We will increase our buying and selling of assets and development options, underpinned by our customer-led proposition of promoting healthy and sustainable spaces which offer choice and flexibility.

We aim to create value through developing assets and by establishing a greater range of propositions to meet the changing needs of our customers. We will also be disciplined in the way we deploy our capital, at times crystallising value to fund long-term growth.

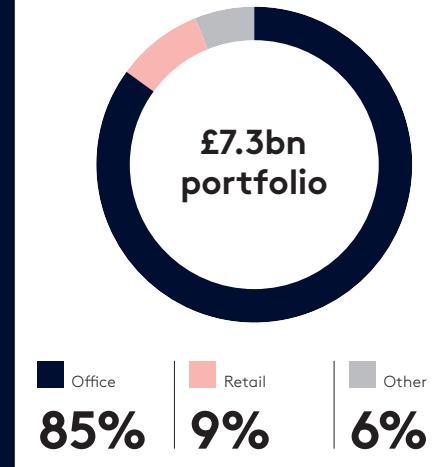
Our £7.3bn central London portfolio has strong defensive characteristics: established customers; stable and secure income; and low capex requirements. We'll maintain this resilience while recycling for growth. We have a £1.2bn development programme with 1 million sq ft on site and a further 780,000 sq ft ready to commence when conditions are right. We have retained flexibility over the progress of the majority of our speculative schemes. We have optionality, flexibility and meaningful scale, all supported by a balance sheet strong enough to complete the schemes.

OUR STRATEGY IS BASED ON FOUR ACTIVITIES

- › Creating value through **development**
- › Creating value through **resilience**
- › Creating value through **customer centricity**
- › Realising value through **disciplined capital recycling**

OUR CENTRAL LONDON PORTFOLIO

Chart 1



“

We offer healthy office spaces that meet our customers' needs, designed with the wellbeing of our occupiers, communities and planet in mind.”

FERNANDA AMEMIYA
SUSTAINABILITY DIRECTOR –
ENVIRONMENT AND REPORTING



OPTIMISE WITH

PURPOSE

Our Optimise strategic priority is built on our purpose so it succeeds for all our stakeholders. Our office customer proposition aims to meet our existing and prospective customers' needs.

First, through great working partnerships, we understand each customer's business and perspective. Through our range of products, we can offer choices – from Blank Canvas to Myo, our flexible space offer, we can provide the right product for the lifetime of a lease, which means our customers are more likely to remain with us. This is more important than ever, as businesses adjust their needs for space in a post-Covid-19 environment.

Second, by offering great experiences, we help our customers retain and attract talented people. We support and enhance their employee experience with services such as Landsec Lounge, first-class cycle facilities and a relevant ground-floor offer in our offices.

Finally, we create healthy and sustainable spaces. As many as 86% of our customers say that supporting employee wellbeing is an important feature of their office space. And this will only increase as the Covid-19 experience highlights the importance of healthy offices. But more than just the space, the fabric of the building is important as well. We are minimising the embedded carbon in our developments through careful use of materials, efficient design and modern methods of construction. We are creating sustainable places where our customers can truly realise their potential.

PARTNERING WITH CUSTOMERS

- › Creative Covid-secure workspaces.
- › Qualitative and quantitative research from existing and prospective customers.
- › Ensuring the ground floor remains relevant to customer needs.

82%
maintaining or
increasing space

81%
believe office-based
work boosts productivity

Re-evaluating retail models

Our second strategic priority, Reimagine our retail business, focuses on our regional retail business – outlets and shopping centres.

REIMAGINE MEANS:

- › Taking a fundamentally different approach to the business model.
- › Basing our investment and operating decisions on a realistic view of sustainable rents.
- › Rethinking the experiences our centres provide for visitors, building on the successes of the past, not simply trying to repeat them.
- › Forging stronger, more collaborative and strategic relationships with our brand partners. This is essential given the structural challenges facing some segments of retail and the ongoing impact of Covid-19.
- › Reshaping the size and mix of our retail footprint.

Structural shifts are putting retail rents under pressure, but not all parts of the sector are affected in the same way. Our outlets offer good growth potential, but there is an opportunity to significantly reshape the model of our six regional shopping centres.

Understanding where we can maintain sustainable rent levels is fundamental to our approach. We believe rents are now approaching sustainable levels and this will support sensible store-level profitability for our brand partners. We are developing new affordable leasing models based on an approach that works for both Landsec and our customers.

More detail on pages 41-43

Finally, we are re-evaluating the type and volume of space at our centres, curating the mix of uses as part of enhancing the consumer experience. We are also considering how much retail space we have in our centres and whether we can augment that space with alternative uses such as residential and offices. All will tie in with our purpose of putting our stakeholders at the heart of everything we do.

OUR REGIONAL RETAIL PORTFOLIO (£1.8bn)



REIM



OUR STRATEGY IS BASED ON THREE ACTIVITIES

- › Creating value through **tailored guest experiences**
- › Creating value through **deep brand partner relationships**
- › Creating value through **asset management expertise**



REIMAGINE WITH

PURPOSE

Our regional retail assets are more than just great places to shop. They are integrated within their local communities and provide places where people can meet, connect and socialise. Our Reimagine strategic priority is clearly aligned with our purpose.

For everyone involved with our assets to realise their potential, we need to change our business model, moving away from a traditional landlord-tenant relationship. The businesses in our centres are our brand partners and consumers visiting our centres are our guests. With this mindset, we can better tailor the range of services we offer our brand partners, and create relevant and enticing experiences for our

guests. Having interviewed senior managers at over 30 of our major retail brand partners, we've made great progress in better understanding how leases now need to evolve. This approach is critical, particularly with Covid-19 accelerating the trends affecting the retail sector.

Our centres also connect communities and we are looking at ways to further enhance the roles they play locally, and to bring more local operators into our centres.

Environmental sustainability in our centres is also important. As we refine our masterplans, we need to consider all aspects of sustainability. We have already installed photovoltaic panels at White Rose and Trinity Leeds, energy and water monitoring systems at Bluewater, and a waste and recycling programme at Westgate Oxford. Our Reimagine strategy will provide opportunities to do much more.

Retail is changing, and we're changing with it. Our guests' experiences are key and we're working closely with our brand partners so we can all successfully bounce back."

GEMMA CASEY
SENIOR PORTFOLIO
DIRECTOR

Opportunities for growth in evolving urban environments

Our third strategic priority is to Grow through urban opportunities.

We will seek enhanced returns through significant investment in mixed-use urban opportunities, from within our portfolio and through new investments in London and potentially other major UK cities.

This strategic priority is supported by the work we undertook within our strategy review to identify the six global forces of change. Urban environments are changing and the way we live our lives is evolving, whether due to technology, changing demographics or adapting to a post-Covid-19 world.

To grow through urban opportunities does not necessarily involve specific assets or sectors, but is about bringing people together – communities, businesses, government, providers of capital – to envisage, and ultimately deliver, the urban environments of the future. And we need to do this in harmony with the UK's sustainability agenda, not least its 2050 net zero carbon commitment.

We have a proven skillset. We have completed large mixed-use schemes in London. And our recent retail developments have included non-retail elements such as residential. We also have a number of assets within our portfolio that can offer a blank sheet for designing new mixed-use communities, and we will look to augment these further. There is a very clear need in London. But the need also exists in the UK's other major regional centres. We are not specifically planning a move into the regions, but we are certainly open to exploring the opportunities.



URBAN OPPORTUNITIES IN OUR EXISTING PORTFOLIO

- ① Includes up to c.7,000 new homes
- ② Over 50 acres of land with 1.6m sq ft of existing use space
- ③ Vibrant local communities
- ④ Potential to densify up to 8m sq ft, a five-times multiple
- ⑤ Well connected to existing transport and infrastructure

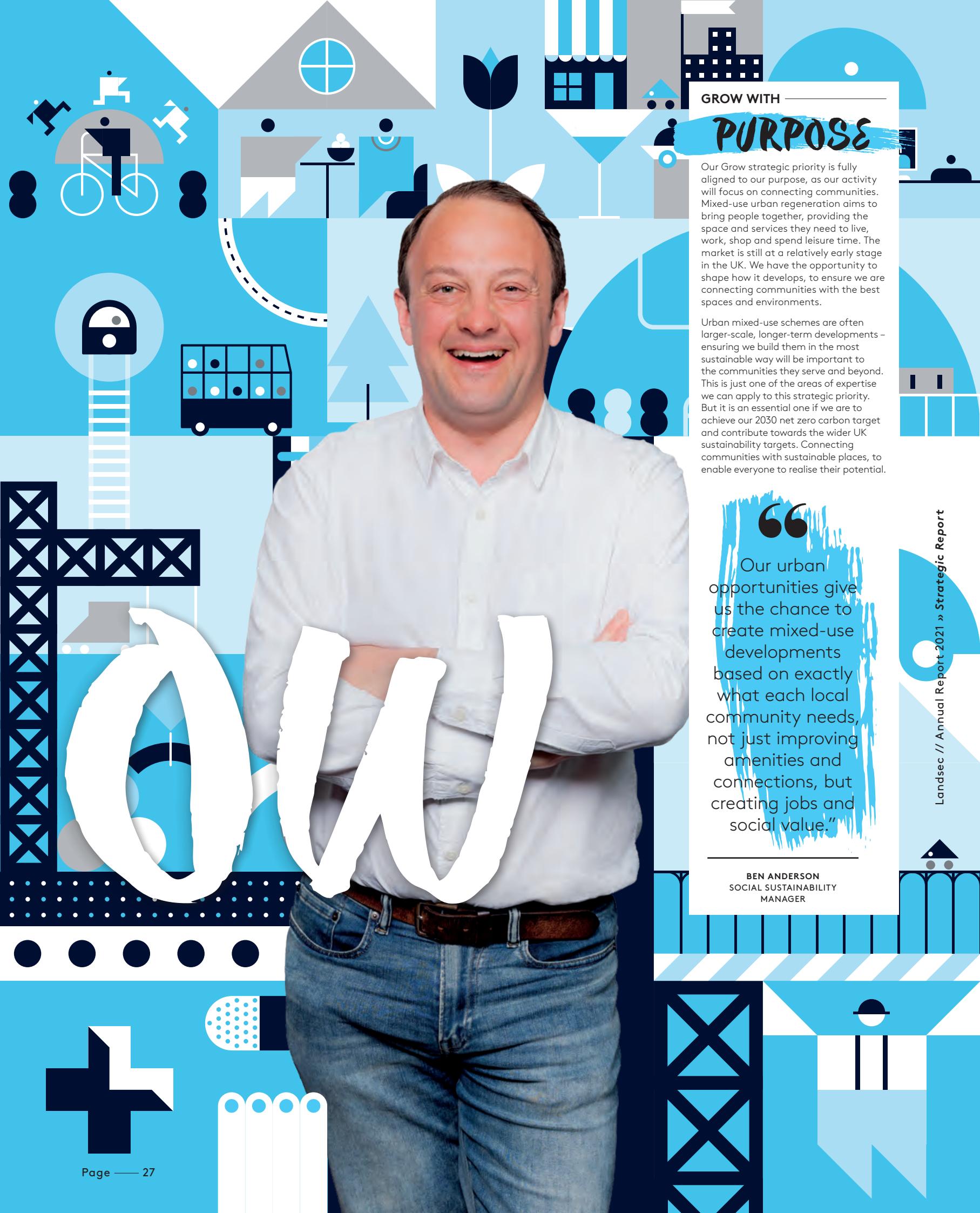


OUR STRATEGY WILL FOCUS ON:

- › Progressing planning and delivery strategies for our existing portfolio of projects
- › Evaluating and securing new complementary opportunities

NEW INVESTMENT

- | | |
|--|---|
| <p>› Short-term capital investment recycled from elsewhere in the portfolio</p> | <p>› Up to 25% of the Landsec portfolio in the next 5 years</p> |
| <p>› Targeting Near-term returns; mixed-use potential; London and regional cities.</p> | <p>› Variety of potential investment approaches Acquisition; JVs; large scale; partnerships; forward funding.</p> |



GROW WITH

PURPOSE

Our Grow strategic priority is fully aligned to our purpose, as our activity will focus on connecting communities. Mixed-use urban regeneration aims to bring people together, providing the space and services they need to live, work, shop and spend leisure time. The market is still at a relatively early stage in the UK. We have the opportunity to shape how it develops, to ensure we are connecting communities with the best spaces and environments.

Urban mixed-use schemes are often larger-scale, longer-term developments – ensuring we build them in the most sustainable way will be important to the communities they serve and beyond. This is just one of the areas of expertise we can apply to this strategic priority. But it is an essential one if we are to achieve our 2030 net zero carbon target and contribute towards the wider UK sustainability targets. Connecting communities with sustainable places, to enable everyone to realise their potential.

“

Our urban opportunities give us the chance to create mixed-use developments based on exactly what each local community needs, not just improving amenities and connections, but creating jobs and social value.”

BEN ANDERSON
SOCIAL SUSTAINABILITY
MANAGER

Redeploying capital to invest in growth

Our fourth strategic priority is to Realise capital from Subscale sectors.

These are sectors where we don't have scale and where we have little or no competitive advantage. Our leisure, hotels and retail parks are in this category. Of course, all have potential, but for Landsec, our capital is better deployed elsewhere. We will therefore dispose of these assets in a managed way over time.

These three sectors have been significantly affected by Covid-19, but we are confident in their long-term prospects, and believe our assets will recover strongly once we emerge from the pandemic. We are under no time pressure to realise capital from these assets, expecting to do so over the medium term.

We may sell some retail parks sooner, as an investment market is beginning to re-emerge, but we will want to be sure of obtaining appropriate value first. In the meantime, where there are asset-management programmes needed or in progress across these assets, we will ensure we continue to implement them.

More detail at www.landsec.com

“

Regardless of our aim to sell assets in the medium term, we continue to manage them so they're the best they can possibly be, while recognising their intrinsic value to the communities and customers they serve.”

IAN BRAMLEY
INVESTMENT DIRECTOR



REAL



OUR SUBSCALE SECTORS

HOTELS

21 ASSETS

LEISURE

18 ASSETS

RETAIL PARKS

10 ASSETS



REALISE WITH

PURPOSE

We believe the hotels, leisure and retail parks sectors all have good long-term prospects. Although we do not have scale or competitive advantage as owner or operator, that does not mean their link to our purpose is any less clear.

We do not simply own and manage assets. We are custodians on behalf of the local communities they serve, and the businesses and people who operate within them or visit them. Where appropriate, we will continue to invest in these assets while they remain within our ownership, helping to connect communities and maintain or increase the value of the assets. We always strive to ensure assets leave our business in better condition than when they entered our portfolio.

We believe we can apply the capital tied up in these assets to better effect elsewhere in our business, helping us realise our potential and generate value for our stakeholders.

Our strategy: summary

Our strategy is designed to position Landsec for growth. It builds on existing areas of competitive advantage. It positions the business to take advantage of long-term macro trends. And it is built on a clear, authentic purpose, so it creates value not just for shareholders, but for all stakeholders. It also recognises that culture is as important as strategy. That's why we developed our strategy in conjunction with our purpose while establishing the culture to support our activity.

 More details on pages 34-35

Successful strategies are based on sources of sustainable competitive advantage. We have identified six sources of competitive advantage that underpin our strategy (see right). The quality of our portfolio represents a strong foundation from which to build a growth-focused strategy. Our track record, reputation and the strong relationships we have established, are important as we pursue our strategy and increase our activity in urban mixed-use development. Our scale enables us to access and deploy capital quickly and cost effectively. Our development expertise in creating mixed-use office-led schemes in London and large shopping centre developments across the UK, are relevant and transferable skills we can apply to other sectors. ESG leadership remains an essential strength, as occupiers and consumers increasingly expect our spaces to satisfy both sustainability and wellbeing credentials.

Finally, it is our people who bring all of this together – unlocking potential in our portfolio, spotting new opportunities, building strategic relationships and achieving our strategy.

We developed our strategy at the same time as Covid-19 was affecting our business in a very significant way. There have been many short-term challenges and there will continue to be for some time yet. And the longer-term implications are still unclear.

Importantly, we entered the pandemic from a position of strength. We are managing the near-term challenges proactively.

Through our customer focus, we have supported our customers through these extraordinary circumstances, and have worked with them as we emerge from the pandemic.

But out of every crisis emerges opportunity, and this one will be no different. We intend to make sure we position Landsec to make the most of these opportunities, by building on our competitive advantages.

The previous pages described our four strategic priorities and the link to our purpose. The diagram right, shows how our purpose, our competitive advantage and the global forces of change (shown in our market on page 13) feed into our strategic priorities. We have also identified five key performance drivers that will be essential to achieving our strategy. Finally, we show what our strategy means for our stakeholders, and for our culture and organisation.

LANDSEC'S SIX KEY AREAS OF COMPETITIVE ADVANTAGE



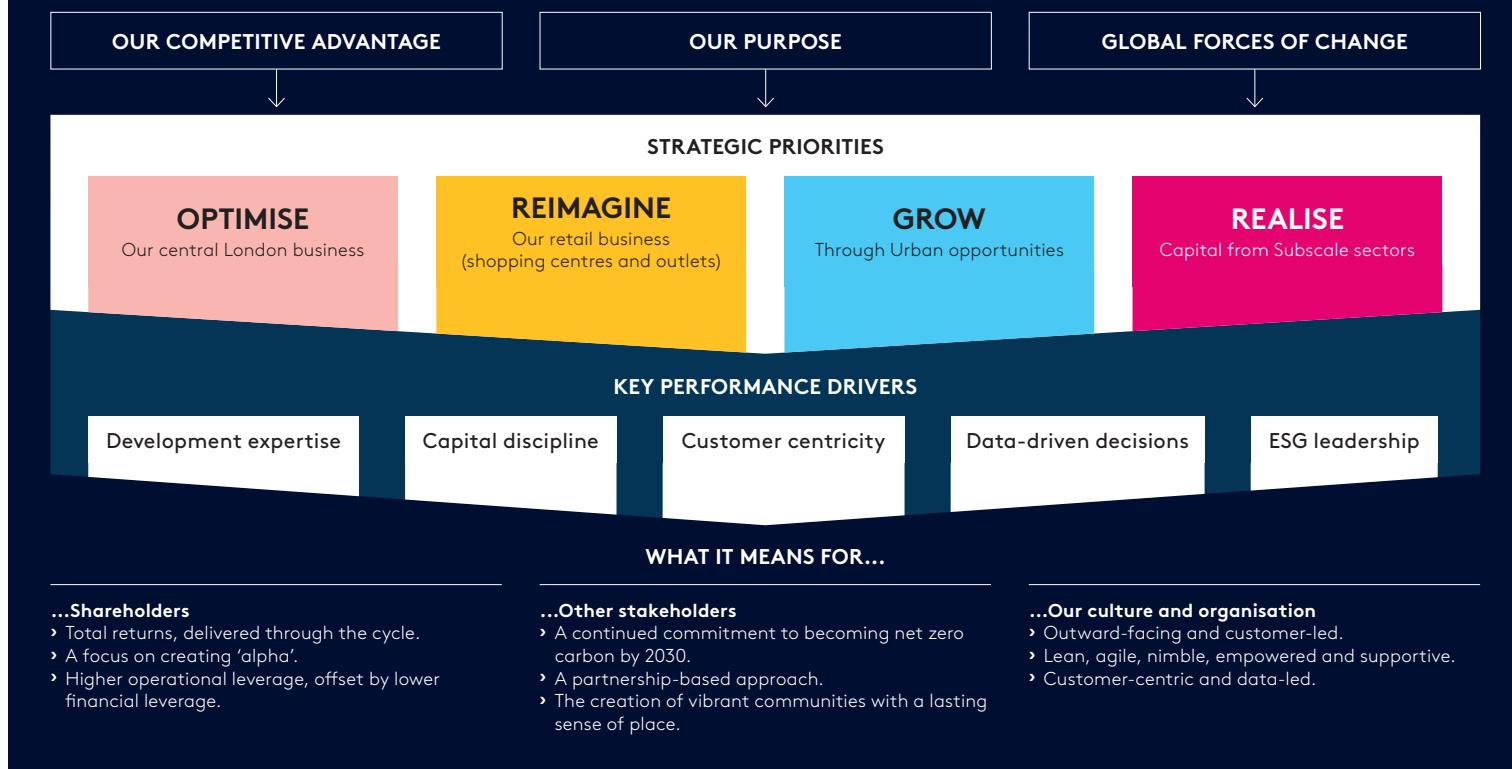
HOW DO WE THINK ABOUT RISK AND RETURN?

Positioning the business for growth with an appropriate level of risk

TOTAL RETURN	GENERATING 'ALPHA'	LEVERAGE	THE CYCLE
<ul style="list-style-type: none"> We focus on total return through the cycle and position the business to deliver above-market returns. Income is a key part of the property return, but is not the key driver. 	<ul style="list-style-type: none"> A greater focus on value creation. Taking on more risk but doing so in a managed, proactive way. 	<ul style="list-style-type: none"> Our tolerance for financial leverage is guided by the level of operating risk in the business and our view of the cycle. 	<ul style="list-style-type: none"> We operate in a cyclical market. Understanding and responding to the cycle is a key part of generating and protecting alpha.

OUR STRATEGY

REPOSITIONING LANDSEC FOR GROWTH



THE FIVE KEY ATTRIBUTES THAT SUPPORT OUR STRATEGY

DEVELOPMENT EXPERTISE

Building sector-leading knowledge and capabilities

We have a record of successful developments in London and across the UK. Our expertise lends itself to large, complex, long-term projects that can meet the needs of multiple customer segments. We also take an innovative approach to design, manufacture and assembly.

CAPITAL DISCIPLINE

Positioning our portfolio for growth

We are investing in sectors and assets that can thrive throughout the cycle to achieve a premium net asset valuation. We also consider managing property for fee income, or using attractively priced partner capital.

CUSTOMER CENTRICITY

Creating positive experiences based on understanding our customers

Customer centricity has always been important, but as our customers manage and respond to the challenges of Covid-19 and other changes in their needs, customer focus will be essential to ensure we find mutually beneficial solutions.

DATA-DRIVEN DECISION-MAKING

Making data a strategic asset for our business

It's not about how much data we have, but how we use it to enhance all aspects of our business. We will build data as a strategic asset for the long term, blending proprietary and public data to enable focused, strategic decision-making.

ESG LEADERSHIP

Leading the industry in pursuit of our science-based environmental targets

We take a proactive approach to our social and environmental impact, making investments which lead to positive employee and stakeholder experiences. This helps ensure our business remains attractive and relevant, and creates value in the long term.

More details at www.landsec.com

Our new strategy brings a new approach to risk and return. Our business has the potential to add significant value through its portfolio and activities. We therefore intend to prioritise achieving above-market total returns through the cycle or, in market parlance, 'alpha'.

Income is, of course, a key component of our property return and will still be meaningful. But we do not believe it should be the key driver. As a result, we place a greater emphasis on true value creation.

This means taking more operational risk, but risk we understand, and doing so in a managed, proactive way. This higher level of operating risk will generally require a lower level of financial leverage.

Notwithstanding our focus on total return through the cycle, we do operate in a cyclical market and recognise that understanding and responding to the cycle is a key part of generating and protecting value.

With the quality of our existing portfolio as an effective source of liquidity to fund growth, a team with an unrivalled record in creating value in its core markets, and a clear strategy to make the most of that strength through our culture and our approach to operational risk, we aim to achieve market-beating returns through the cycle.