

# APPENDICES



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# Our sustainability framework

<p><b>MATERIAL ISSUES</b></p> <p>Decarbonising our portfolio.</p> <p>Enhancing nature and green spaces.</p> <p>Using resources efficiently.</p>	<p><b>KEY TARGETS</b></p> <p>Reduce operational carbon emissions by 70% by 2050 compared with a 2013/14 baseline.</p> <p>Reduce average embodied carbon by 50% compared with a typical building by 2030.</p>	<p><b>2022/23 FY PROGRESS</b></p> <p>Progressing our Net Zero Transition Investment Plan, including feasibility studies for installation of air source heat pumps and onsite solar power.</p> <p>55% reduction in carbon emissions (tCO<sub>2</sub>e) compared with 2013/14 baseline.</p> <p>33.2% reduction in energy intensity (kWh/m<sup>2</sup>) compared with 2013/14 baseline.</p> <p>Tracking an average 36% reduction in upfront embodied carbon across future pipeline and completed The Forge, SE1 – our first net zero carbon office development.</p> <p>38% of office portfolio rated EPC B or above.</p> <p>Zero waste sent to landfill with 68% of waste recycled.</p>		<p><b>MATERIAL ISSUES</b></p> <p>Creating opportunities and tackling local issues.</p> <p>Inclusive places.</p> <p>Improving wellbeing.</p>	<p><b>KEY TARGETS</b></p> <p>Empower 30,000 people facing barriers into employment with the skills and opportunities to enter the world of work by 2030.</p> <p>Create £200m of social value in our local communities by 2030.</p>	<p><b>2022/23 FY PROGRESS</b></p> <p>Launched Landsec Futures fund to invest £20m over the next 10 years to enhance social mobility in our industry.</p> <p>7,067 people supported since 2019/20.</p> <p>£25.1m social value created since 2019/20.</p> <p>Launched our refreshed Diversity &amp; Inclusion Strategy.</p>
<p><b>MATERIAL ISSUES</b></p> <p>Embedding ESG.</p> <p>Doing the basics brilliantly.</p>	<p><b>KEY TARGETS</b></p> <p>All Landsec colleagues to have individual objectives to support the delivery of our vision.</p>	<p><b>2022/23 FY PROGRESS</b></p> <p>Landsec colleagues committed to setting sustainability objectives as part of our updated introduction to sustainability training, which is mandatory.</p> <p>Launched Our Supply Chain Commitment and became members of the Supply Chain Sustainability School.</p>		<p><b>MATERIAL ISSUES</b></p> <p>Embedding ESG.</p> <p>Doing the basics brilliantly.</p>	<p><b>KEY TARGETS</b></p> <p>All Landsec colleagues to have individual objectives to support the delivery of our vision.</p>	<p><b>2022/23 FY PROGRESS</b></p> <p>Landsec colleagues committed to setting sustainability objectives as part of our updated introduction to sustainability training, which is mandatory.</p> <p>Launched Our Supply Chain Commitment and became members of the Supply Chain Sustainability School.</p>

# Sustainability leadership

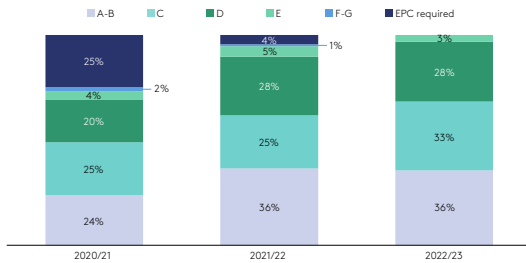
Demonstrated by our performance across all key ESG benchmarks

<p><b>BENCHMARK</b></p> <p><b>GRESB REAL ESTATE</b> sector leader 2022</p> <p><b>GRESB</b> ★★★★★ 2022</p>	<p><b>LATEST PERFORMANCE</b></p> <p><b>GRESB 2022</b> Real Estate Sector leader – received 5-star rating for the seventh consecutive year</p> <p>Standing Investments: Regional Listed Sector Leader for Europe within Diversified – Office/Retail (score 88%)</p> <p>Developments: Score 93%</p>
<p><b>BENCHMARK</b></p> <p><b>CDP</b> A LIST 2022 CLIMATE</p>	<p><b>LATEST PERFORMANCE</b></p> <p><b>CDP 2022</b> A-list (top 1.5%) for the sixth consecutive year</p>
<p><b>BENCHMARK</b></p> <p><b>Dow Jones Sustainability Indices</b> 83/100</p>	<p><b>LATEST PERFORMANCE</b></p> <p><b>DJSI 2022</b> Score 83/top 100<sup>th</sup> percentile (as of 17 March 2023)</p> <p>European Real Estate leader, ranking 4<sup>th</sup> globally</p> <p>Sustainability Yearbook Member (top 15% of the real estate industry)</p>
<p><b>BENCHMARK</b></p> <p><b>ecoact</b></p>	<p><b>LATEST PERFORMANCE</b></p> <p><b>Ecoact 2022</b> Ranked 3<sup>rd</sup> amongst FTSE 100 companies for our sustainability reporting and climate-related strategy</p>
<p><b>BENCHMARK</b></p> <p><b>EPA 2022</b></p>	<p><b>LATEST PERFORMANCE</b></p> <p><b>EPA 2022</b> Received our 9<sup>th</sup> Gold Award for best practice sustainability reporting</p>
<p><b>BENCHMARK</b></p> <p><b>FTSE4Good</b></p>	<p><b>LATEST PERFORMANCE</b></p> <p><b>FTSE4Good 2022</b> 99<sup>th</sup> percentile</p> <p>We continue to retain our established position in the FTSE4Good Index</p>
<p><b>BENCHMARK</b></p> <p><b>ISS ESG Prime</b></p>	<p><b>LATEST PERFORMANCE</b></p> <p><b>ISS ESG 2022</b> Prime status. Rating B-.</p> <p>Decile rank 1/transparency level: very high</p>
<p><b>BENCHMARK</b></p> <p><b>MSCI ESG RATINGS</b> AA</p>	<p><b>LATEST PERFORMANCE</b></p> <p><b>MSCI ESG Rating 2022</b> AA rating</p>
<p><b>BENCHMARK</b></p> <p><b>SUSTAINALYTICS</b> 9.4 (negligible risk)</p>	<p><b>LATEST PERFORMANCE</b></p> <p><b>Sustainalytics ESG Risk Rating 2022</b> 9.4 (negligible risk)</p> <p>Included in 2023 Top-Rated ESG Companies List</p>
<p><b>BENCHMARK</b></p> <p><b>STONEWALL</b> BRONZE EMPLOYER</p>	<p><b>LATEST PERFORMANCE</b></p> <p><b>Stonewall Workplace Equality Index 2022</b> Bronze award for our 1<sup>st</sup> submission, acknowledging our efforts to advance LGBT+ equality</p>

## Minimum Energy Efficiency Standards (MEES)

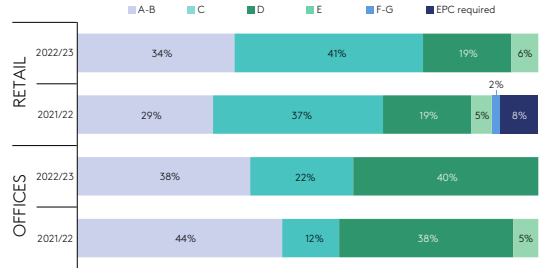
- 100% compliant with 2023 MEES regulations requiring all non-domestic rented properties to achieve an EPC 'E' or above
- 38% of our office portfolio is already EPC 'B' or above, compared with 23% of the office market<sup>(1)</sup>, which would have been c. 50% if we had not sold 21 Moorfields and One New Street Square

PORTFOLIO EPC RATING (ERV)



(1) Source: BNP

(2) EPC data excludes spaces that are not required to have EPC, spaces designated for development, spaces with a registered EPC exemptions or spaces not covered by MEES regulations such as asset located in Scotland



- With Lucent and n2 completing in the coming months we envisage our office EPC A-B rating to increase to 44% in the near term
- In addition to new developments, our Net Zero Transition Investment Plan will see 50% of our office portfolio reach EPC B by 2025 through the installation of air source heat pumps

## Top 10 assets by value As at 31 March 2023

NAME	OWNERSHIP INTEREST	FLOOR AREA	RENTAL INCOME <sup>(1)</sup>	LET BY INCOME	WEIGHTED AVERAGE UNEXPIRED LEASE TERM
	%	Sq ft (000)	£m	%	Years
New Street Square, EC4	100	Office: 669 Retail: 21	35	96	11.3
Cardinal Place, SW1	100	Office: 450 Retail: 53	26	96	6.0
One New Change, EC4	100	Office: 347 Retail: 211	20	95	5.4
Piccadilly Lights, W1	100	n/a	10	n/a	n/a
MediaCity, Greater Manchester	75	Office: 747 Retail: 52 Other: 361	24	98	9.7
Nova, Victoria, SW1	50	Office: 480 Retail: 75	16	100	7.9
Gunwharf Quays, Portsmouth	100	Retail: 520	28	97	3.8
Bluewater, Kent	48.75	Retail: 1,800	32	94	4.5
62 Buckingham Gate, SW1	100	Office: 259 Retail: 16	16	100	4.5
Queen Anne's Mansions, SW1	100	Office: 354	31	100	3.7

Aggregate value of top 10 assets: £4.5bn (44% 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 31 March 2023

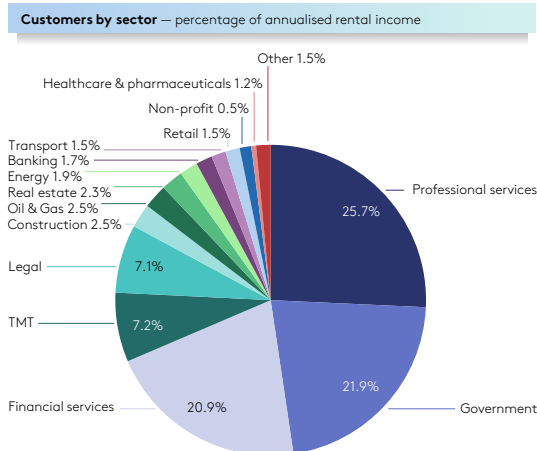
	MARKET VALUE 31 MARCH 2023	VALUATION CHANGE	LFL ERV CHANGE	EPRA NET INITIAL YIELD	EPRA TOPPED-UP NET INITIAL YIELD <sup>(1)</sup>	EQUIVALENT YIELD	LFL MOVEMENT IN EQUIVALENT YIELD
	£m	%	%	%	%	%	bps
West end offices	2,653	-8.0	3.7	4.8	5.3	5.1	46
City offices	1,304	-15.4	4.7	3.3	4.0	5.2	53
Retail and other	1,095	1.3	7.6	4.1	4.3	4.6	13
Developments	1,190	-3.0	n/a	0.3	0.3	4.6	n/a
<b>Total Central London</b>	<b>6,242</b>	<b>-7.3</b>	<b>4.7</b>	<b>4.3<sup>(2)</sup></b>	<b>4.7<sup>(2)</sup></b>	<b>4.9</b>	<b>42</b>
Shopping centres	1,196	-4.8	3.0	8.1	8.6	7.9	39
Outlets	684	-8.9	-2.5	6.5	6.8	7.2	45
<b>Total Major retail destinations</b>	<b>1,880</b>	<b>-6.4</b>	<b>0.9</b>	<b>7.5</b>	<b>7.9</b>	<b>7.6</b>	<b>40</b>
Completed investment	389	-5.9	8.6	5.4	5.4	6.4	61
Developments	426	-9.4	n/a	5.3	5.4	5.8	n/a
<b>Total Mixed-use urban</b>	<b>815</b>	<b>-7.8</b>	<b>8.6</b>	<b>5.4<sup>(2)</sup></b>	<b>5.4<sup>(2)</sup></b>	<b>6.1</b>	<b>61</b>
Leisure	476	-17.7	-1.4	8.0	8.1	8.3	116
Hotels	408	-3.2	9.9	6.6	6.6	6.7	117
Retail parks	418	-12.1	4.9	6.5	7.0	6.4	69
<b>Total Subscale sectors</b>	<b>1,302</b>	<b>-11.6</b>	<b>3.5</b>	<b>7.1</b>	<b>7.3</b>	<b>7.2</b>	<b>96</b>
<b>Total Combined Portfolio</b>	<b>10,239</b>	<b>-7.7</b>	<b>3.6</b>	<b>5.4<sup>(2)</sup></b>	<b>5.9<sup>(2)</sup></b>	<b>5.8</b>	<b>50</b>

(1) Topped-up net initial yield adjusted to reflect the annualised cash rent that will apply at the expiry of current lease incentives  
 (2) Excluding developments

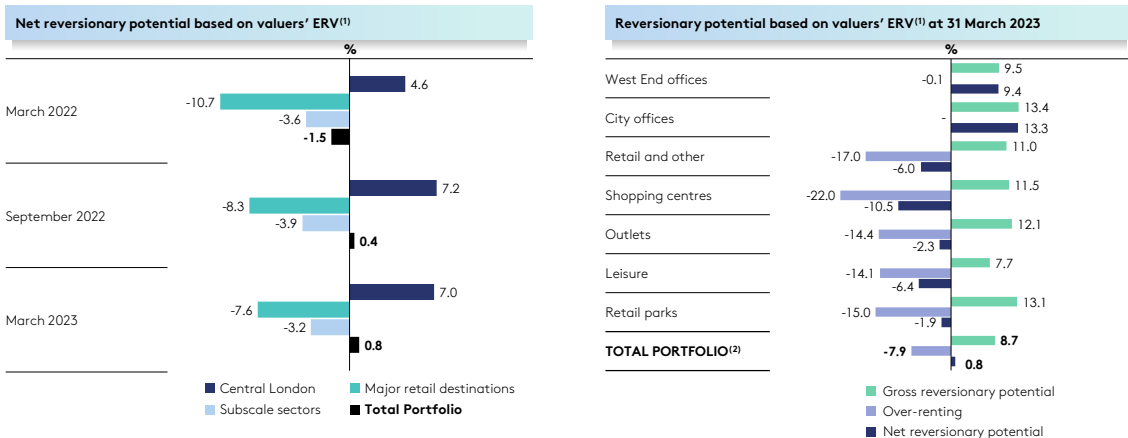
## Central London office customers by sector

### Diversified customer mix with limited exposure to tech and banks

Top 10 customers – percentage of annualised rental income	
Secretary of State for Levelling Up, Housing and Communities	13.7%
Deloitte	5.7%
Taylor Wessing	3.3%
Wellington Management Company	2.2%
DWS	1.9%
K&L Gates	1.7%
Schlumberger Oilfield UK	1.7%
AlixPartners	1.6%
Jupiter Asset Management	1.6%
The Lord Mayor and Citizens of The City of Westminster	1.6%



## Reversionary potential Like-for-like portfolio



(1) Excludes voids and rent-free periods. Excludes £19m incremental lease income at Queen Anne's Mansions (QAM), SW1 which will expire in Dec 2026, including which West End offices, Central London and Total Portfolio would be -3.9%, 1.2% and -3.0% net reversionary at 31 March 2023, respectively

## Rent reviews and lease expiries and breaks<sup>(1)</sup> Excluding developments

	OUTSTANDING	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL TO 2028
	£m	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to review	107	51	23	37	31	16	265
<b>Gross reversion under lease provisions</b>	<b>11</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>22</b>

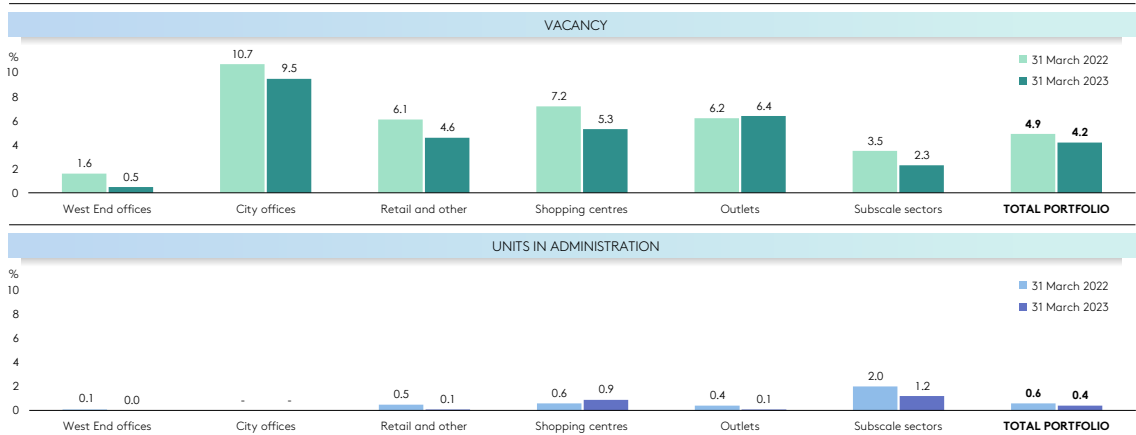
  

	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL TO 2028
	£m	£m	£m	£m	£m	£m
Rents passing from leases subject to expiries or breaks <sup>(4)</sup>	71	53	52	83	46	305
ERV	75	50	51	64	47	287
<b>Potential rent change</b>	<b>4</b>	<b>(3)</b>	<b>(1)</b>	<b>(19)<sup>(2)</sup></b>	<b>1</b>	<b>(18)</b>
<b>Total reversion from rent reviews and expiries or breaks</b>						<b>4</b>
Vacancies and tenants in administration <sup>(3)</sup>						27
<b>Total</b>						<b>31</b>

(1) This is not a forecast and takes no account of increases or decreases in ERV before the relevant review dates  
 (2) Includes £19m incremental lease income at Queen Anne's Mansions which will expire by Dec 2026. Excluding this, the 2026/27 potential rent change is £nil  
 (3) Excludes tenants in administration where the administrator continues to pay rent

## Vacancy and units in administration

### Like-for-like portfolio



## Retail sales and footfall

### Major retail destinations

#### Footfall and sales growth/decline (52 weeks to 2 April 2023 vs 2019 and 2022)

LANDSEC	APRIL 22 – MARCH 23		BENCHMARKS	APRIL 22 – MARCH 23	
	vs 2019	vs 2022		vs 2019	vs 2022
Footfall	-10.4%	+11.6%	UK footfall <sup>(1)</sup>	-17.0%	+12.7%
Same centre sales <sup>(2)</sup>	+0.6%	+6.9%	BRC non-food in-store total <sup>(3)</sup>	n/a	+3.7%
Same store sales <sup>(5)</sup>	+4.4%	+4.9%			
Same store shopping centre sales	+4.3%	+6.2%	BRC non-food in-store LFL <sup>(5)</sup>	n/a	+2.7%
Same store outlets sales	+5.1%	+0.3%	BRC non-food all retail LFL <sup>(4)</sup>	n/a	+2.1%

Source: Landsec, unless specified below, data is exclusive of VAT and for the 52-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

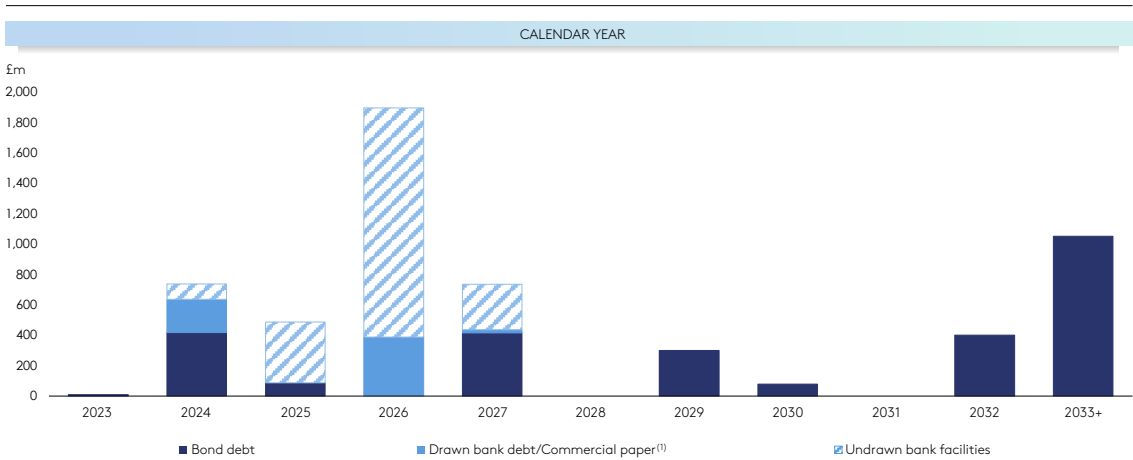
(3) BRC – KPMG Retail Sales Monitor (RSM). Based on an average of quarterly non-food retail sales growth for physical i.e. bricks and mortar stores only (does not include online sales)

(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

(6) All Landsec data relates to the Major retail destinations segment of our portfolio. It excludes London retail, mixed-use assets and assets held for redevelopment

## Expected debt maturities (nominal)



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

## Office-led development programme returns

STATUS		n2, SW1	Lucent, W1
		ON SITE	ON SITE
<b>ESTIMATED COMPLETION DATE</b>		<b>JUNE 2023</b>	<b>AUGUST 2023</b>
Description of use		Office – 100%	Office – 83% Retail – 14% Residential – 2%
Landsec ownership	%	100	100
Size	Sq ft (000)	165	143
Letting status	%	66	19
Market value	£m	229	270
Net income/ERV	£m	14	15
Total development cost (TDC) to date	£m	187	232
Forecast TDC	£m	207	254
Gross yield on cost	%	6.9	5.9
Valuation surplus/(deficit) to date	£m	43	31
Market value + outstanding TDC	£m	250	293
Gross yield on market value + outstanding TDC	%	5.7	5.1

## Pipeline of office-led development opportunities

	Timber Square, SE1	Portland House, SW1	Liberty of Southwark, SE1	Red Lion Court, SE1	Nova Place, SW1	Old Broad Street, EC2	Hill House, EC4
STATUS	PLANNING CONSENT GRANTED	PLANNING CONSENT GRANTED	PLANNING CONSENT GRANTED	PLANNING CONSENT GRANTED	DESIGN	DESIGN	DESIGN
EARLIEST START DATE	H1 2023	H2 2023	H2 2024	H2 2024	2025	2025	2026
Description of use	Office – 93% Retail – 7%	Office – 96% Retail – 4%	Office – 84% Retail – 5% Residential – 11%	Office – 97% Retail – 3%	Office – 98% Retail – 2%	Office – 96% Retail – 4%	Office – 95% Retail – 5%
Landsec ownership	% 100	100	100	100	100	100	100
Current annualised rental income	£m -	-	-	-	-	4.3	-
Current size	Sq ft (000) 141	310	-	128	-	100	166
Proposed size	Sq ft (000) 380	300	220	245	40	290	350

## 9.5m sq ft mixed-use urban development programme

NEAR-TERM PROGRAMME	OWNERSHIP	SQ FT (NIA) (000)	USE	EARLIEST START ON SITE	NUMBER OF BLOCKS	ESTIMATED COMPLETION OF PHASE 1	Total scheme		
							ESTIMATED SCHEME COMPLETION	INDICATIVE TDC	TARGET YIELD ON COST <sup>(1)</sup>
	%						£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	2024	8	2026	2031	600 – 700	7 – 8
Finchley Road, NW3	100	1,400	Residential Retail	2024	10	2027	2035	950 – 1,050	6 – 7
Buchanan Galleries, Glasgow	100	1,900	Office Retail Residential	2025	9	2028	2036	1,000 – 1,100	7 – 8
Lewisham, SE13	100	1,800	Residential Retail	2026	14	2028	2037	1,100 – 1,300	6 – 7
<b>Total</b>		<b>9,500</b>						<b>4,450 – 5,100</b>	

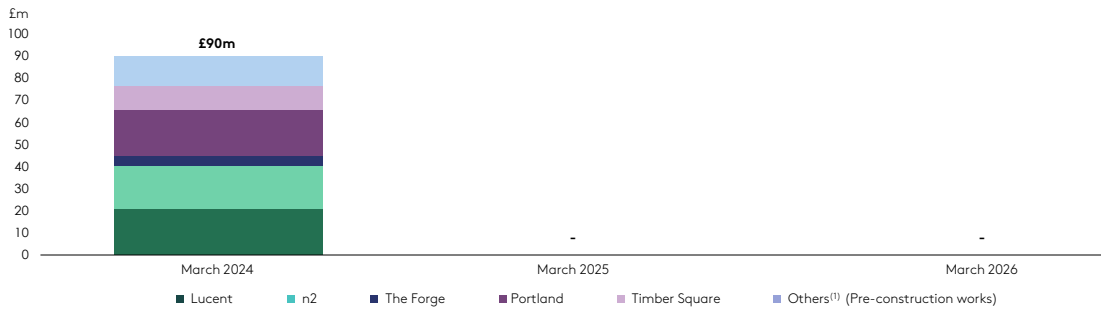
Note: All financial data is Landsec share  
(1) Yield on cost excludes affordable housing



## Committed capital expenditure

- › £45m committed capex to complete the three schemes in our development programme, delivering £39m ERV
- › £45m pre-construction works for Portland House, Timber Square and others<sup>(1)</sup>

COMMITTED CAPEX BY SCHEME – financial year to March

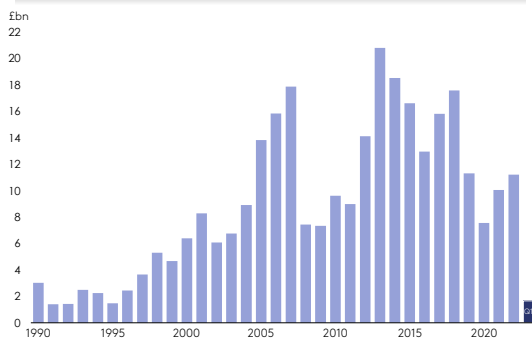


<sup>(1)</sup> Liberty of Southwark, Red Lion Court, O2 Finchley Road, Lewisham shopping centre, Buchanan Galleries, Nova Place, MediaCity, 55 Old Broad Street, Hill House, Mayfield

## Central London investment market

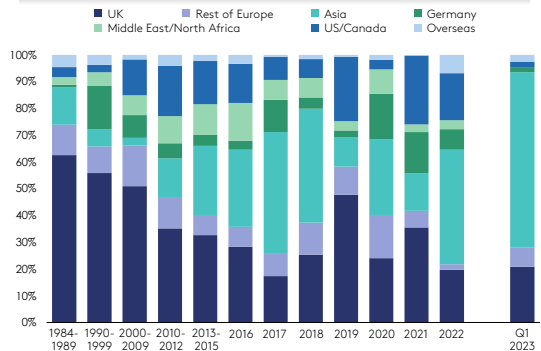
11% increase in transaction levels in 2022 compared to 2021, focused on first half; overseas investors represented 80% of all investments

Investment volumes



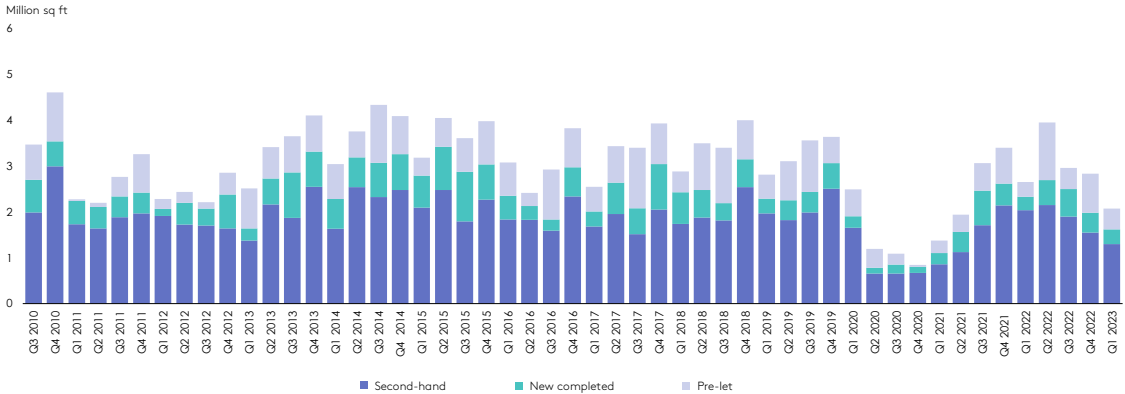
Source: CBRE; shows calendar years

Office capital inflow – by region



## Central London quarterly take-up

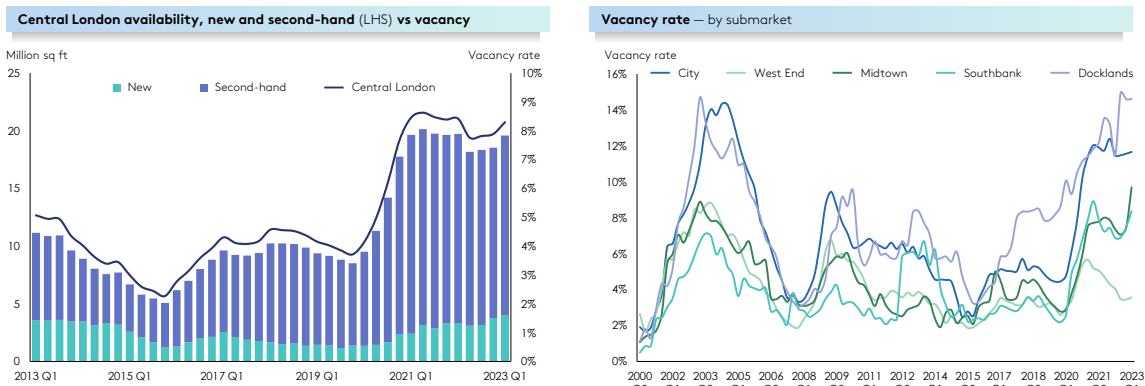
7% increase in take-up for the 12 months to Q1 2023 compared to corresponding period last year



Source: CBRE

## Central London office – vacant space

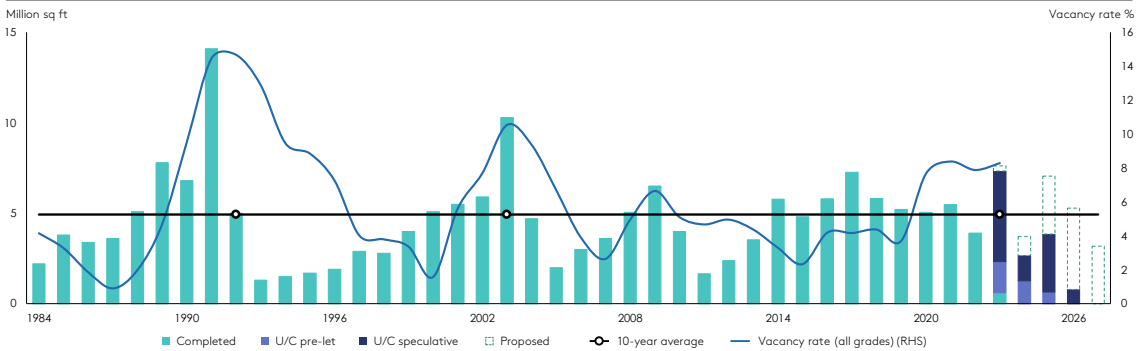
Significant divergence between West End and City/Docklands



Source: CBRE

## Central London supply

14m sq ft under construction of which 8m sq ft is located in City, with 26% of overall pipeline already pre-let



Source: CBRE, Knight Frank, Landsec; shows calendar years  
 (1) Completions/under construction and vacancy rate as at March 2023. From 2017, supply pipeline monitors schemes above 20,000 sq ft  
 (2) Vacancy rate is expressed as vacant space as a percentage of total stock

## Important notice

This presentation may contain certain ‘forward-looking’ statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

Any forward-looking statements made by or on behalf of Landsec speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared.

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