



Landsec

Press release

Title	Landsec sells £617m of assets since September, including £400m hotel portfolio
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Landsec sells £617m of assets since September, including £400m hotel portfolio

Landsec announces it has completed the sale of its entire hotel portfolio to Real Estate funds managed by Ares Management (“Ares”) alongside operating partner EQ Group (“EQ”) for a cash consideration of £400m. This compares to a September 2023 book value of the assets of £404m.

The disposal is in line with Landsec’s strategy to release capital from sectors in which the company does not have scale and to focus its resources on areas where it has genuine competitive advantage.

The hotel portfolio, which comprises 21 assets, is fully let to AccorInvest and generated net income of £28.4m over the company’s last reported financial year. The income is 100% turnover-linked with a lease contract expiring in 2091 and 12-yearly tenant-only break options, limiting Landsec’s ability to influence performance or add further value to the assets.

Of the total consideration, £350m has been received on completion with the remaining £50m payable within 24 months. Landsec will receive 6% interest p.a. on this outstanding balance, which is ahead of the company’s marginal cost of borrowing. The net proceeds of the sale will initially be used to repay debt.

Across a number of separate transactions, Landsec has also completed the disposal of £217m of other non-core assets since the end of September. These disposals included amongst others the company’s two smallest retail outlets, one retail park, and two leisure assets and a local shopping centre in London. The combined consideration was in line with the September 2023 book value of these assets.

Combined, these transactions bring Landsec’s total disposals since September 2023 to £617m. This compares to £46m of acquisitions since then, comprising a handful of smaller site assembly opportunities adjacent to existing assets. All else equal, the resulting £572m of net disposals would reduce Landsec’s 34.4% LTV as of September 2023 by over 3ppt on a pro-forma basis. In the short term, the substantial amount of disposals will reduce the company’s annualised earnings by c. 4%, ahead of the planned reinvestment of these disposal proceeds.



As Landsec's pro-forma net debt will be £1bn lower than it was in March 2022, before the material rise in interest rates, the company has substantial headroom to invest at an attractive point in the cycle.

Mark Allan, Chief Executive, Landsec, said: "We said in late 2020 that our focus would be on areas where we have a genuine competitive advantage. In line with that strategy, we have continued to recycle capital out of assets where our ability to add further value is limited. The sale of our hotel portfolio and other non-core assets will further strengthen our balance sheet and leave us well placed to take advantage of opportunities in the market as they arise."

Ends

About Landsec

At Landsec, we build and invest in buildings, spaces and partnerships to create sustainable places, connect communities and realise potential. We are one of the largest real estate companies in Europe, with a portfolio of retail, leisure, workspace and residential hubs. Landsec is shaping a better future by leading our industry on environmental and social sustainability while delivering value for our shareholders, great experiences for our guests and positive change for our communities.

Find out more at landsec.com

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