

Press Release

18 May 2017

Land Securities Group PLC (“Land Securities”)

Land Securities announces preliminary results for the year ended 31 March 2017

“Land Securities has delivered a healthy performance driven by a clear strategy and decisive action. Revenue profit is up due to new rents from our successful development programme and reduced interest costs outweighing the impact of last year’s disposals. Our levels of financial and operational gearing are at historic lows, placing us in an excellent position during a period of geopolitical and economic uncertainty”, said Land Securities’ Chief Executive, Robert Noel.

“Revenue profit increased by 5.5% to £382m, and adjusted diluted earnings per share by 5.7% to 48.3p, while adjusted diluted NAV per share is down marginally over the year at 1,417p. We’ve continued to proactively manage both sides of our balance sheet; this year, we’ve refinanced over £690m of our bonds and extended the term of our debt with the issue of £700m of new bonds. Our LTV remains virtually unchanged at 22.2%. Since the year end, we have refinanced a further £273m of bond debt.

“In London, we’ve completed the 3.1 million sq ft speculative development programme commenced in 2010 and have our longest ever average unexpired lease term, as planned. We now have just 283,000 sq ft available to let. The majority of this space is in Nova, a spectacular new addition to Victoria, which completed last month and is now 54% let. We have a 1.4 million sq ft pipeline of future development opportunities to exploit when the time is right.

“In Retail, the transformational changes we’ve made over the last few years have led to a particularly strong performance relative to the sector. Westgate Oxford is 80% pre-let or in solicitors’ hands and on track to open in October, delivering an eagerly anticipated retail heart for the city. In Leeds, our leisure extension at White Rose reached practical completion in March and is fully let. Since the year end, we’ve acquired a portfolio of three outlet centres for £333m, establishing our position as the leading owner-manager of outlets in the UK.

“The success of our development programme, combined with the interest savings we have achieved, sees us recommend a final dividend of 11.7p which increases the dividend for the year by 10.1%.

“Our strategy has put us in robust health, with significant capacity and agility to make acquisitions when the time is right. We’re confidently positioned for the future.”

Results summary

	31 March 2017	31 March 2016	Change
Revenue profit ⁽¹⁾⁽²⁾	£382m	£362m	Up 5.5%
Valuation (deficit)/surplus ⁽¹⁾⁽²⁾	£(147)m	£907m	Down 1.0% ⁽³⁾
Profit before tax	£112m	£1,336m	
Basic earnings per share	14.3p	169.4p	
Adjusted diluted earnings per share ⁽¹⁾⁽²⁾	48.3p	45.7p	Up 5.7%
Dividend per share	38.55p	35.0p	Up 10.1%
Basic net assets per share	1,458p	1,482p	Down 1.6%
Adjusted diluted net assets per share ⁽¹⁾	1,417p	1,434p	Down 1.2%
Group LTV ratio ⁽¹⁾⁽²⁾	22.2%	22.0%	

1. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRS. For further details, see table 15 in the Business Analysis section in the full RNS announcement.
2. Including our proportionate share of subsidiaries and joint ventures, as explained in the Financial Review in the full RNS announcement.
3. The % change for the valuation deficit represents the decrease in value of the Combined Portfolio over the year, adjusted for net investment.

Activity

- £28m of investment lettings
- £13m of development lettings
- Acquisitions, development and refurbishment expenditure⁽¹⁾ of £301m
- Disposals⁽¹⁾ of £413m
- Supported a further 183 people from disadvantaged backgrounds into jobs through our Community Employment Programme
- Reduced carbon intensity (kgCO₂/m²) by 18.5% compared to 2013/14 baseline

Performance

- Ungearred total property return⁽¹⁾ of 3.7% (IPD Quarterly Universe 4.6%)
- Total business return⁽²⁾ of 1.4%
- Combined Portfolio⁽²⁾ valued at £14.4bn, with a valuation deficit⁽²⁾ of 1.0%
- Voids⁽¹⁾ in the like-for-like portfolio: 4.6% (31 March 2016: 2.4%)

Financials

- Group LTV ratio⁽²⁾ at 22.2% (31 March 2016: 22.0%), based on adjusted net debt⁽²⁾ of £3.3bn (31 March 2016: £3.2bn)
- Weighted average maturity of debt at 9.4 years (31 March 2016: 9.6 years)
- Weighted average cost of debt at 4.2% (31 March 2016: 4.9%)
- Cash and available facilities of £1.6bn
- Full year dividend of 38.55p, up 10.1%

Development

- 1 & 2 New Ludgate, EC4 now fully let
- 20 Eastbourne Terrace, W2 now completed and fully let
- 1 New Street Square, EC4 now completed and fully let
- Nova, Victoria, SW1, now completed and 54% let
- Westgate Oxford on track to open in October, now 80% pre-let or in solicitors' hands
- 21 Moorfields, EC2 demolition complete and ground works starting in the summer

Recognition

- Winner: Most Inspiring Energy Reduction Project at the Energy Management Awards 2016 (London Portfolio)
- Winner: RICS Best Commercial Building Award 2016 (1 & 2 New Ludgate, EC4)
- Winner: Property Marketing Commercial Development of the Year Award 2016 (The Zig Zag Building, SW1)
- Winner: BREEAM Offices Refurbishment and Fit-Out Awards 2017 (100 Victoria Street, SW1)
- Winner: Revo Opal Best Mall Retail Award 2017 (White Rose, Leeds)
- Winner: Aurora Grand Prix Award 2017 (Buchanan Galleries, Glasgow)

1. For further details, see the Business Analysis section in the full RNS announcement.

2. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRS. For further details, see table 15 in the Business Analysis section in the full RNS announcement.

All measures above are presented on a proportionate basis, as explained in the Financial Review in the full RNS announcement.

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Notes to editors

A live video webcast of the presentation will be available on <http://pres.landsecurities.com/landsecurities070/welcome.php> at 09.00 GMT. Please also note that there will be an interactive Q&A facility during the webcast. A downloadable copy of the webcast will then be available at the same address from 3pm.

We will also offer an audio conference call. We recommend that you dial in to the call 10-15 minutes before the start of the presentation due to the large volume of callers expected. Dial-in details are as follows:

Dial-in number: +44 (0)1452 562098

Call title: Land Securities Preliminary Results 2017

Conference ID number: 3742633

There will be a replay facility available for 7 days following the results:

Replay dial-in number: +44 (0)1452 562098

Call ID number: 3742633

A short video summarising our result is available at www.landsecurities.com/investors/results

About Land Securities

Land Securities is the UK's largest listed commercial real estate company. Our £14.4 billion portfolio totals 23.2 million sq ft and includes some of London's most desirable office buildings and the UK's most successful shopping and leisure destinations.

In London, we own and manage a portfolio totalling more than £8.3 billion. Our relentless customer focus delivers vibrant working environments, both in our developments and through thoughtful asset management, which resonate strongly with businesses looking to attract and retain top talent. In the City, our 1.7 million sq ft of real estate includes the award-winning New Ludgate scheme, and the landmark 20 Fenchurch Street. In the West End, our expertise in placemaking and public realm has seen the transformation of Victoria, SW1 into a vibrant destination that is attracting global businesses and visitors alike.

In Retail, our commitment to creating an outstanding consumer experience, combined with the strength and resilience of our 16.7 million sq ft of assets, means we provide the space where consumers want to shop and retailers want to be, both now and in the future. Our focus on collaborating with our retailers and anticipating consumer needs not only delivers an unrivalled experience for our customers, but our footfall and sales figures consistently outperform the industry benchmarks.

Whether in offices or retail, sustainability is key to everything we do. For us, being a sustainable business means ensuring Land Securities remains healthy and successful for years to come. To achieve this we need the support of our customers, communities, partners and employees. That's why we lead the way on sustainability in the UK listed real estate sector by focusing on three key areas: creating jobs and opportunities through our

award-winning Community Employment Strategy, which has put over 800 disadvantaged people into employment since 2011; efficient use of natural resources; and sustainable design and innovation.

Land Securities delivers value for our shareholders, great space for our customers and positive change for our communities.