Landsec Annual Report 2024

Landsec

Creating valuable places

This year, the work we have done to build our organisational capability, and our efforts to shape best-in-class assets in the markets with the highest growth potential, mean we are well-placed to capitalise on future opportunities. We enter the coming year with a renewed sense of clarity and purpose.

In 2024, we celebrate 40 years of the FTSE 100, with Landsec the only real estate business to retain its position within it for all that time. We also celebrate 80 years of Landsec, with a common theme that has run throughout our heritage, which is the ability to **create value for people through places.** From 80 years ago, helping rebuild cities damaged by war, to today's need to create sustainable places where people live, eat, shop, work or enjoy their leisure time.

Through our ability to continually adapt – to shape the places that meet the needs of people and business in a changing world – we are well placed to thrive, now and in the future. There is real excitement within our business and among our partners about the opportunities ahead, and the impact we can have.

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OUR PORTFOLIO

VALUATION

£6.2bn

VALUATION

£1.8bn

VALUATION

£0.7bn

READ HOW WE CREATE VALUE FOR PEOPLE THROUGH PLACES ON PAGES 07-09

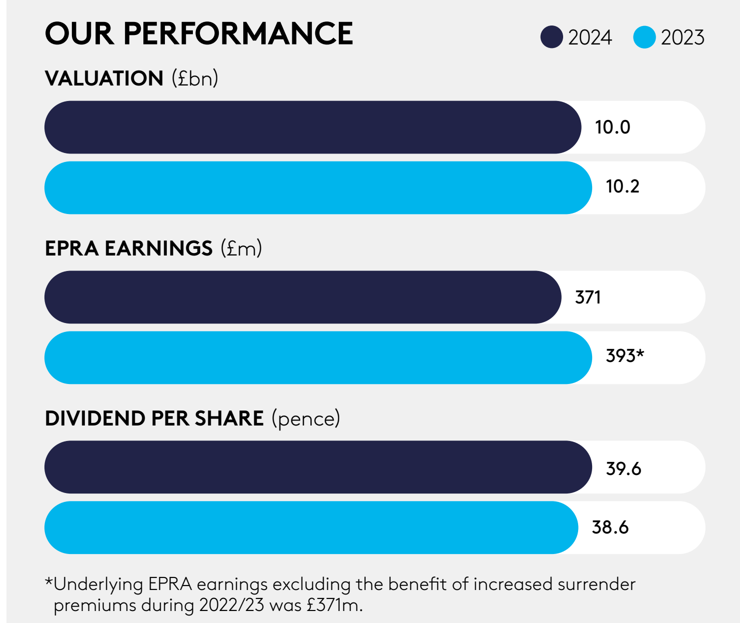
WHO WE ARE

We are one of the leading real estate companies in the UK. We create places that make a lasting positive contribution to our communities and our planet. We bring people together, forming connections with each other and the spaces we create.

OUR PURPOSE

Sustainable places. Connecting communities. Realising potential. Three principles to live by, they articulate what we want to achieve, and the benefits and experiences we will create for our stakeholders, now and in the future.

OUR PERFORMANCE



	2024	2023
VALUATION (£bn)	10.0	10.2
EPRA EARNINGS (£m)	371	393*
DIVIDEND PER SHARE (pence)	39.6	38.6

*Underlying EPRA earnings excluding the benefit of increased surrender premiums during 2022/23 was £371m.

CHIEF EXECUTIVE'S STATEMENT

"After a period of proactive asset recycling, we have meaningful capacity to reinvest proceeds in acquiring high-quality assets at an attractive point in the cycle."

MARK ALLAN, CHIEF EXECUTIVE

SUCCESSFUL EXECUTION ON STRATEGY. FOCUS ON DRIVING GROWTH

Over the last three years, our focus has been two-fold: firstly, on increasing our investments in best-in-class assets where our competitive advantages can drive long-term growth, and secondly on preserving balance sheet strength. The success of this is reflected in our continued like-for-like income growth and rising occupancy, significantly outperforming market averages. And despite the adjustment in property values over the past two years following the sharp rise in global interest rates, our proactive capital recycling means that pro-forma for our recent hotels disposal, our 32.3% LTV is now lower than it was two years ago, and our net debt is down £1.1bn, creating balance sheet capacity to grow.

Owning the right real estate has never been more important, as the normalisation in cost of capital means value drivers in real estate have fundamentally changed compared to much of the 2010s decade, when ultra-cheap money and sector themes were key drivers of performance. Irrespective of sector, there is now a growing distinction between those assets that really fulfil customers' future expectations and hence deliver like-for-like income growth and those that do not. This means future performance across the entire sector will be much more driven by asset quality than generic themes.

The successful execution of our strategy over the last few years means Landsec is well positioned in this context. Customer demand for our high-quality product has remained robust despite the unsettled political/economic backdrop, concerns about hybrid working and cost of living pressures for consumers.

In London, our £6.2bn West End-focused portfolio is almost full, with occupancy up to 97.3%, so rents are rising. In retail, our £1.8bn portfolio of nine major destinations has seen occupancy rise to 95.4% and we have started to drive positive reversionary uplifts on lettings and renewals. As a result, our like-for-like net rental income increased by 2.8% last year and, following a period of interest rate-driven asset repricing, the valuation of c.60% of our portfolio was effectively stable in the second half of last year.

Looking forward, we expect high demand for best-in-class space to persist and, as supply of this space remains limited, this will continue to drive like-for-like income growth. Meanwhile, as the interest rate outlook today appears more balanced than at any point in the last couple of years, yields and values for the best assets are starting to stabilise. Having sold early when values were higher,

we now have balance sheet capacity to invest at an attractive point in time. As a result, Landsec is well-placed for growth.

CONTINUED STRENGTH IN OPERATIONAL PERFORMANCE

Our financial results reflect the quality of our portfolio, the strong operational performance of our platform and our resilient capital base. Our FY23 earnings included the benefit of a £22m increase in surrender premiums, which we adjusted for in our 50.1 pence underlying EPRA EPS. Our EPRA EPS last year was stable vs this underlying level, in line with our guidance, as the 2.8% growth in like-for-like income we delivered, and the completion of our successful developments fully offset the impact of our significant disposals during the past two years and a rise in finance costs.

Our dividend for the year is up 2.6% to 39.6 pence per share, again in line with our guidance, reflecting a healthy dividend cover of 1.27 times.

During the first half of the year, the marked rise in interest rates across the globe resulted in upwards pressure on valuation yields, but this eased in the second half and throughout the year the impact of this has been partly offset by our 3.2% ERV growth. This meant that our portfolio value was down 6.0%, or £625m, for the year, driving a £341m loss and an 8.2% reduction in EPRA NTA per share for the year. However, the impact of this was weighted towards the first half, as yields remained stable in the final quarter and our total return on equity for the year improved to -4.0% from -8.3% in the prior year.

HIGHLIGHTS TABLE 1

	Mar 2024	Mar 2023	Change %
EPRA earnings (£m)[1,2]	**371**	393	(5.6)
Loss before tax (£m)	**(341)**	(622)	(45.2)
Total return on equity (%)	**(4.0)**	(8.3)	(51.8)
Basic loss per share (pence)	**(43.0)**	(83.6)	(48.6)
EPRA earnings per share (pence)[1,2]	**50.1**	53.1	(5.6)
Underlying EPRA earnings per share (pence)[1,2]	**50.1**	50.1	–
Dividend per share (pence)	**39.6**	38.6	2.6
Combined portfolio (£m)[1]	**9,963**	10,239	(2.7)
IFRS net assets (£m)	**6,447**	7,072	(8.8)
EPRA Net Tangible Assets per share (pence)[1]	**859**	936	(8.2)
Adjusted net debt (£m)[1]	**3,517**	3,287	7.0
Group LTV ratio (%)[1]	**35.0**	31.7	10.4
Proportion of portfolio rated EPC A-B (%)	**49**	36	
Average upfront embodied carbon reduction development pipeline (%)	**40**	36	
Energy intensity reduction vs 2020 (%)	**18**	17	

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information in the Financial Review.
2. FY23 EPRA earnings and EPRA EPS include the benefit of £22m increase in surrender premiums; underlying EPRA EPS excludes this.

OUR STRATEGY

Since we launched our strategy in late 2020, our focus has consistently been on our two key principles of sustainable value creation: focusing our resources on where we have a genuine competitive advantage and maintaining a strong balance sheet. We have increased our investment in best-in-class assets where our skillset allows us to enhance returns and drive long-term growth. This has supported our like-for-like income growth and operational outperformance thus far and should continue to do so in the future. At the same time, our proactive capital recycling means that, despite the rise in interest rates and adjustment in property values, pro-forma for our recent disposals, our 32.3% LTV and 7.0x net debt/EBITDA are low.

For much of the decade leading up to 2022, creating value in real estate was often about leveraging up a spread between rental yields and ultra-low borrowing costs or picking high-level sector themes. The significant rise in cost of capital across the globe has not only changed the former but also the latter, as shown by the challenges faced by low-margin online retail models and the shift back to physical retail. As such, irrespective of sector, quality has become a much more important driver of future performance, which means it can be misleading to look at market averages. Indeed, even though market-wide vacancy is elevated, with London offices at 8.8%, retail at 15% and even logistics at 7.8% now, the best assets in each of these sectors have little vacancy and so continue to show good rental growth.

The successful execution of our strategy means we are well placed to benefit from this. Since late 2020, we have sold around 40 standalone assets, including the 21 hotels we sold since the year-end. We reinvested principally in our key places, be it through development in Victoria, at Piccadilly Lights and in Southwark, or by buying out JV partners in our retail destinations at Bluewater and in Cardiff, such that c. 80% of our portfolio is now invested in twelve key locations with significant scarcity value. We expect each of these unique, multi-let places to drive superior income returns and growth over time.

This provides a critical underpin for capital values. The outlook for interest rates is more balanced now than it has been for a couple of years, but we remain of the view that it is unlikely that rates will come down sharply from current levels. In what will therefore likely remain a higher nominal rate environment, we think yields for assets which have inherent income growth and therefore provide a real income stream look attractive, yet for most assets which lack this growth, we think the risk to values remains down.

In today's more normalised rate environment, we continue to target to deliver a total return on equity of 8-10% p.a. over time, comprising a mix of income and capital returns, driven by rental growth and selective development upside. Short-term movements in valuation yields are outside of our control and mean our return on equity will not be exactly in this range each individual year, as we have seen over the past twelve months. However, with an income return on our March 2024 NTA of c. 5.7%, an expectation of further rental growth and yields starting to stabilise, the outlook for this is encouraging.

As part of this, it is important that we operate efficiently. We reduced our overhead costs by 9% during the year and expect further savings over the next 2-3 years, driven partly by our investments in data and technology. Although our EPRA cost ratio has remained stable at 25%, this solely reflects the impact of capital allocation decisions: since late 2020, we have sold £2.2bn of

CHIEF EXECUTIVE'S STATEMENT
CONTINUED

mature, low-yielding offices which incurred minimal operating costs, but equally had little room to add further value and a mid-single digit forward IRR, whereas we acquired more operational assets that come with higher operating cost, but also a materially higher net income return and much higher forward IRR.

As borrowing costs and our cost of capital have increased, it is also critical we continue to think carefully about our capital allocation decisions. Including our £400m of disposals since the year-end, we have now sold £3.1bn of assets since late 2020, which means most of the c. £4bn disposal target we set out at that time is done. Looking ahead, we have three principal opportunities to invest in: acquiring major retail; our Central London pipeline; and our mixed-use pipeline. We also have three main sources of funding: our balance sheet headroom towards a slightly higher LTV now that rates and values are starting to stabilise; further capital recycling; or attracting other, complementary sources of capital which can enhance our overall growth, capitalise on our platform value, and grow our overall return on equity.

In terms of opportunities, the right major retail destinations offer attractive high single digit income returns with income now starting to grow, as seen across our own portfolio. Alongside our two committed office developments in London, where the yield on the overall capex we are investing is high at c. 12%, this is our key focus for investment at the moment and where we plan to apply most of our existing balance sheet capacity too. Following a period of limited transaction activity in this sector, we are now seeing signs of activity levels around the work-out of broken ownership structures starting to pick up. Further capital recycling out of our residual retail parks will add to our investment capacity in this space and, overall, this is expected to enhance our income growth and return on equity.

Given the significant size of our medium-term London and mixed-use pipelines and our desire to maintain a sustainable level of development exposure, it is unlikely that we will fund all of this on our own balance sheet. Rents for highly sustainable, best-in-class space continue to grow and construction cost inflation has normalised, yet returns on future commitments will of course have to compensate for higher cost and higher exit yields. We continue to optimise costs, planning consents and delivery programmes in London and mixed-use to ensure any future commitments deliver an appropriate return and risk premium vs the return on any assets we choose to sell to fund our investment in these. We will progress the schemes that deliver this, adjust plans for others, or sell those where the holding cost of maintaining optionality does not outweigh the future upside. Overall, this will enhance our overall return on equity through development upside and longer-term rental growth, reflecting the quality of our pipeline.

CREATING VALUE THROUGH OUR COMPETITIVE ADVANTAGES

In executing our strategy, we continue to focus on our three key competitive advantages: our high quality portfolio; the strength of our customer relationships; and our ability to unlock complex opportunities. Customer demand continues to polarise, as demand for modern, sustainable space in areas with exciting amenities in London remains strong, even though overall leasing across the market was down during the year. In retail, brands continue to focus on fewer, but bigger and better stores in key locations. Supply of both is constrained, which is driving income and rental value growth across our assets.

In London, 77% of our portfolio is now located in the vibrant West End and Southwark markets, up from 58% in 2020. Our recently completed schemes are 89% let or in solicitors' hands, up from 60% a year ago, with rents 12% above initial expectations. Office utilisation is up 18% for the year and 81% of our lettings over the year have seen customers grow or keep the same space. Across our existing portfolio we signed or are in solicitors' hands on £35m of leases, on average 6% above ERV, whilst occupancy is up 140bps to 97.3%. With 15% uplifts on relettings/renewals, our offices saw 1.4% LFL rental income growth and overall ERVs were up 5.0%, at the top end of our guidance of low to mid single digit growth.

Across our major retail destinations, we completed or are in solicitors' hands on £37m of lettings, on average 6% above ERV. Reflecting the marked turnaround of the best assets in this space, we have started to capture positive reversionary potential during the year, with relettings and renewals on average 2% above previous passing rent, whilst occupancy increased by a further 130bps to 95.4%. Combined with strong turnover growth, this meant we delivered 6.9% growth in LFL net rental income. Valuers' assumed ERVs continue to trail operational performance, up 1.4%, albeit in line with our guided range.

Our strong operational performance is supplemented by our ability to unlock complex opportunities, such as in London, where we completed three projects over live Underground stations featuring highly bespoke engineering solutions, combined creating c. £238m of value, or in mixed-use,

where we secured planning consent for our 1,800 homes-scheme at Finchley Road, including detailed consent for the first phase. This ability is expected to serve us well when it comes to new opportunities in the year ahead.

DELIVERING SUSTAINABLY

We continue to make progress against our carbon reduction targets, which are aligned with the Science Based Targets initiative's (SBTi) Net-Zero Standard. Our near-term target is to reduce our direct and indirect greenhouse gas emissions by 47% by 2030 from a 2019/20 baseline and to reach net zero by 2040 from the same baseline year. So far, emissions have already reduced by 24% vs this baseline. During the year we updated our target to reduce our energy intensity by 52% by 2030 from a 2019/20 baseline, to align this with our carbon reduction target. We are already tracking an 18% reduction, having achieved an energy intensity reduction across our portfolio of 3.7% during the year vs the prior year.

To make sure we meet our carbon reduction target and stay ahead of the proposed Minimum Energy Efficiency Standard Regulations requiring a minimum EPC 'B' rating by 2030, we have continued to progress our Net Zero Transition Investment Plan. 49% of our overall portfolio is already rated B or higher, up from 36% a year ago. We have started air source heat pump retrofits at two sites and expect to start a further three this year, which will result in improved EPC ratings from 2025 onwards when these become operational. We also continue to focus on reducing upfront embodied carbon from our development schemes and improving energy efficiency across our operational assets, and have been expanding the work with our largest customers to help them identify ways to save energy.

In its first year, our Landsec Futures fund, which is aimed at improving social mobility in the real estate industry and will see us invest £20m over 2023-2033, has already made a significant contribution to our target to create £200m in social value and empower 30,000 people towards the world of work by 2030. Since 2019/20, we have now created £54m of social value and empowered 10,249 people to work.

OUTLOOK

The UK macro outlook has improved over the past year, with a sharp reduction in inflation and a return to real wage growth for consumers, even though economic growth is expected to remain modest in the short term. Combined with the more normalised interest rate environment, this means it has never been more important to own the very best assets in the right locations that cater for customers' future needs and can therefore deliver positive like-for-like income growth.

In late 2022, we said that we expected property values would continue to adjust for some time after a decade of ultra-low interest rates. This has proven to be the case but there are increasingly signs that this is now coming to an end. The relative stabilisation of long-term rates is a clear positive and reflecting the historically attractive pricing of good quality income in London and major retail, we are starting to see interest emerge from investors who have not been active in these markets for some time. As such, we expect activity levels to pick up from here. The refinancing of cheap debt issued before 2022 remains a challenge for parts of the sector, yet absent any further macro shocks, we think the value of high-quality assets has largely bottomed out and will start to grow in the foreseeable future as rents rise.

Against this backdrop, our actions over the past three years leave us well placed:

- we increased our focus on high-quality places where customer demand is demonstrably strong;
- we preserved our balance sheet strength, providing room to grow at an attractive time in the cycle;
- we have a built pipeline of attractive opportunities with flexibility on future commitments.

As customer demand for the best space remains robust, we expect our Central London and major retail assets to again see ERVs grow by a low to mid single digit percentage this year. We are now capturing positive leasing reversion across all main parts of our portfolio, which delivered 2.8% growth in like-for-like net rental income last year, and we expect like-for-like growth to be similar for the year ahead.

Determining how this continued operational growth will then translate into EPS growth will depend on the quantum and timing of net investment from here, where we remain disciplined on quality and price. We have created meaningful balance sheet capacity through our significant asset disposals but our recent sales activity does reduce annualised earnings by c. 4%, all else equal. This means that, before reflecting the impact of any reinvestment of these sales proceeds, EPS for the year to March 2025 would likely be slightly below the 50.1 pence for 2024. For March 2026, we currently expect EPS to be slightly above this level, reflecting the combined effect of continued like-for-like income growth and accretive capital recycling. As a result, we continue to expect our dividend to grow by a low single digit percentage this year, as our dividend cover remains towards the high end of our 1.2-1.3x target range.

As macro-economic signals look more encouraging than they have for a while, with long-term interest rates stabilising and customer demand for the best assets remaining robust, the outlook for capital values of the best assets and, as a result, our overall return on equity is positive. With capacity to grow at an attractive point in time, we are positive about the future.

MARK ALLAN, CHIEF EXECUTIVE

MARKET CONTEXT

The Landsec property portfolio is invested in a number of sectors within the UK. We own high-quality offices in London, six regional shopping centres, three retail outlet centres and a portfolio of mixed-use urban development opportunities in London, Manchester and Glasgow. In all of these markets, asset quality is key, and the way we shape, curate and sustain these places has never been more important that it is today.

MARKET AT A GLANCE

236m sq ft
OF OFFICE SPACE IN CENTRAL LONDON

8.8% 2023: 7.8%
VACANCY RATE IN CENTRAL LONDON OFFICES

£4.6bn 2023: £7.3bn
OF INVESTMENT TRANSACTIONS IN CENTRAL LONDON IN YEAR TO MARCH 2024

25.4% 2023: 26.1%
ONLINE SALES AS A PERCENTAGE OF ALL RETAIL SALES (AS AT MARCH 2024)

CENTRAL LONDON OFFICES

The central London office market is adapting as businesses and employees establish the most appropriate ways of working in a post-pandemic world. Inevitably, flexible working practices will reduce the overall demand for office space, but the impact will be mostly in large HQ buildings and locations lacking the right amenities. Demand for the best space has proven to be resilient as businesses look to provide a high-quality environment to attract and retain their talent.

The best office space has the following three characteristics:

- **A GREAT LOCATION – CLOSE PROXIMITY TO TRANSPORT HUBS, PARTICULARLY OVERGROUND TRAIN STATIONS**
- **A VIBRANT MIX OF LOCAL AMENITIES – INCLUDING FOOD, BEVERAGE, RETAIL AND LEISURE FACILITIES TOGETHER WITH GREEN SPACE**
- **COMPELLING SUSTAINABILITY CHARACTERISTICS – FROM NET ZERO CONSTRUCTION TO MINIMISING OPERATIONAL CARBON EMISSIONS**

The quality and location of office buildings is now critical in driving occupier demand. Research undertaken by JLL for Landsec in 2024 showed that almost 40% of all vacant space in central London offices resided in just 1% of buildings and 90% of vacant space was in 10% of buildings. 86% of central London offices had no material vacancies at all. The investment market remained subdued due to the rapid rise in interest rates.

Transaction volumes in the year to March 24 were just £4.6bn, 64% below the ten-year average. As a result, prime yields softened by 125bps in the City and 25bps in the West End and have now increased by 200bps and 75bps respectively since June 2022. The stark difference in the strength of the occupational and investment markets has resulted in an unprecedented market position – asset values have seen a material re-pricing (down 25% since August 2022) but rental values have continued to grow and have hit record levels in most of the sub-markets of Central London.

MAJOR RETAIL DESTINATIONS

As consumers continue to shift back from online to physical sales, the best retail space in the UK is thriving. There is clear consumer demand for shopping centres with an attractive mix of retail, leisure, and hospitality, but all these elements must be present for shopping centres to thrive. And brand partners with omnichannel strategies are looking for the right space to support their online businesses.

Despite significant pressures on consumers' disposable income over the last year, retailer sales in the best locations have remained resilient. Retail sales in our portfolio were up 4.1% and footfall rose by 3.9%. Brand partners are increasingly focused on 'fewer, bigger, better' stores in the best locations in order to provide the best customer service and offer to their customers. As a result, demand for space in our shopping centres has been strong and our occupancy levels are now at pre-Covid levels. This demand has also benefited rental income: the rental levels we have achieved in our letting activity this year have been above both market levels and the previous passing rent.

Transactions in the shopping centre investment market remain subdued due to the higher interest rate environment affecting most property sectors. However, shopping centre property values have been broadly stable. The combination of a high income return and strong operational performance make this sector an attractive investment opportunity.

OUR BUSINESS MODEL

Our business is increasingly focused on a portfolio of high-quality places with real scarcity value. Our role is to identify and then shape, curate and sustain these places to create value for all our stakeholders.

TWO PRINCIPLES OF SUSTAINABLE VALUE CREATION

OUR STRATEGY

Landsec focuses on three areas of the UK real estate market where we can apply our unique competitive advantages and can maximise the value from our portfolio and our talent in shaping and sustaining places: Central London offices; Major retail destinations; and Mixed-use urban neighbourhoods.

What binds these three areas together is the importance of a sense of place to their enduring success, and to that of their surrounding areas. We strive to create, curate, and activate places that inspire people, generating value for all our stakeholders.

The environment we operate in has changed markedly since we launched our strategy over three years ago, yet our strategy remains the right one. That strategy is underpinned by two key principles of sustainable value creation: focusing our resources on where we have genuine competitive advantage and preserving a strong balance sheet. To achieve this strategy, we need a clear sense of purpose and a culture that supports, respects, and motivates our people. The three – strategy, purpose, culture – are inextricably linked.

In executing our strategy, we continue to be led by three things: working sustainably, meeting the needs of our customers, and being disciplined with our capital. It is vital we make healthy, sustainable returns to enable our business to grow over time.

We are a total-return business, and we continue to target a return on equity of 8-10% p.a. over time, comprising a mix of income and capital returns, driven by rental growth and selective development upside. Inevitably, short-term valuation movements, that are outside of our control, may adversely affect our returns in the short term, but our current income return on NTA of c. 5.7% and the prospect of stabilising yields means the outlook is encouraging.

LANDSEC STRATEGY

Two key principles of sustainable value creation.

1 FOCUS ON COMPETITIVE ADVANTAGE

- HIGH-QUALITY PORTFOLIO
- STRONG CUSTOMER RELATIONSHIPS
- UNLOCKING COMPLEX OPPORTUNITIES

2 PRESERVING BALANCE SHEET STRENGTH

- DISCIPLINED CAPITAL RECYCLING
- MANAGING LTV
- PRESERVING OPTIONALITY

CENTRAL LONDON

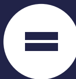
We create workplaces designed for life – not just the 9 to 5 – from a net zero office space in Southwark to a 2.5m sq ft cluster of high-quality buildings in Victoria.

RETAIL

We own and operate some of the UK's most renowned retail and hospitality destinations that connect brands with people and partners to create brilliant experiences for customers.

MIXED-USE URBAN

Working closely with communities and local authorities around the UK, we regenerate urban spaces into thriving places to live, work and play.



Creating value for people through places

The surge in inflation and interest rates since early 2022 has had a material impact on asset values globally, be it for real estate, equities or bonds. Positively, inflation has come down markedly from its highs in 2023, but interest rates are likely to fall more slowly.

Importantly, the strategy we set out in late 2020 was not based on a continuing low-rate environment, and we have delivered on this strategy. We have now sold £3.1bn of the c. £4bn assets we identified for sale. This enables us to focus this year on investing in higher-return acquisition opportunities in major retail and selective development opportunities within our business.

In London, we will likely balance any potential opportunities to invest more in our key clusters with recycling capital out of mature or standalone assets. We will always apply our judgement and expertise in assessing the timing and nature of developments to ensure we maximise the value from our capital investments.

Our strategic focus is on sustainable value creation in three key areas, central London offices, major retail destinations and mixed-use urban neighbourhoods. Customer demand in each area remains resilient, underpinned by the strength of our customer relationships and high-quality portfolio.

The built environment accounts for 40% of carbon emissions globally, so everything we do needs to have sustainability at its heart. This year, in line with our updated carbon reduction targets, we have continued to execute on our Net Zero Transition Investment Plan reducing operational emissions alongside driving down upfront embodied carbon from our development pipeline ensuring our actions align with the latest climate science. To recognise real estate's role in, and respond to, the growing biodiversity crisis and to maintain our position as a leading sustainable business, we also launched our first nature strategy. We also launched our principal community investment programme, Landsec Futures, committing to invest £20m over the next decade to enhance social mobility in our workplace and wider industry.

At the heart of our philosophy is a belief that we can only be successful if our customers are successful. We look to build positive and lasting relationships with them, to understand their businesses better, and determine what we can do better or differently to help them succeed.

We think constantly and very carefully about where to invest, focusing in particular on projected returns and the associated risks. With visibility and expertise across three distinct focus areas, we have a unique perspective on relative risk and returns, which enables us to be clear and decisive in our capital allocation decisions.

It has never been more important to own the very best assets in the right locations that cater for customers' future needs. Our portfolio is built on high-quality places with real scarcity value. Through the careful curation and stewardship of these places, they can deliver positive like-for-like income growth. In addition, the best quality assets with rental growth look attractive in a higher cost of capital world, and we are already seeing increasing investor interest for assets with these characteristics. In contrast, secondary asset values will almost certainly have further to fall.

OUR KPIs

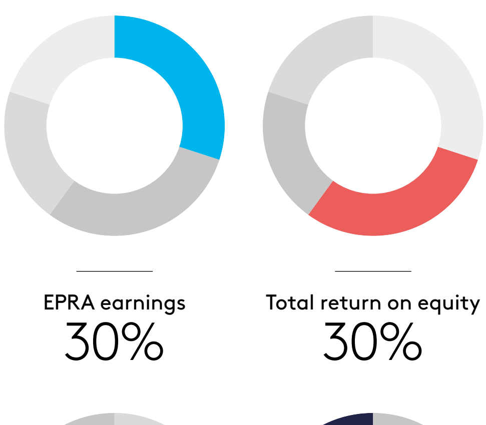
We set KPIs in line with our strategy. They provide direction for our people, and offer clear links to remuneration.

As well as the performance measures below, everyone has personal objectives to achieve for the year. For our Executive Directors, these focus on strategic development and execution, performance, and culture and values.

In addition to the annual bonus KPIs below, we set KPIs for LTIP awards in line with our remuneration policy.

FURTHER INFORMATION ON REMUNERATION ON PAGES 72-82 AND DETAILS OF OUR PROPOSED NEW REMUNERATION POLICY ON PAGES 83-91

THE MEASURES AND THEIR WEIGHTINGS ARE



EPRA earnings
30%

Total return on equity
30%

ESG targets
20%

Personal targets
20%

EPRA EARNINGS

ACHIEVED

HOW WE MEASURE IT
We set targets for EPRA earnings and LFL EPRA earnings in line with our five-year strategic plan.

LINK TO REMUNERATION
30% of annual bonus performance is linked to this KPI.

OUR PERFORMANCE IN 2023/24
EPRA earnings of £371m were ahead of the £369m target. LFL EPRA earnings of £335m were ahead of the £331m target.

TOTAL RETURN ON EQUITY

NOT ACHIEVED

HOW WE MEASURE IT
The cash dividends per share paid in the year plus the change in EPRA net tangible assets (NTA) per share.

LINK TO REMUNERATION
30% of annual bonus performance is linked to this KPI.

OUR PERFORMANCE IN 2023/24
Total return on equity was -4.0%, compared with the target of +4.7%, as our return from income, ERV growth and developments was more than offset by outward movement in valuation yields.

ESG TARGETS

ACHIEVED

HOW WE MEASURE IT
We have two action-oriented targets: (1) driving energy intensity reduction across all our assets (four actions); and (2) driving embodied carbon reduction across our developments (four actions).

LINK TO REMUNERATION
20% of annual bonus performance is linked to this KPI.

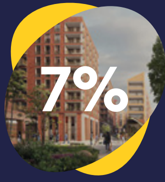
OUR PERFORMANCE IN 2023/24
3/4 actions relating to energy were delivered; 4/4 actions relating to developments were delivered.

OPERATING AND PORTFOLIO REVIEW

Our combined portfolio was valued at £10.0bn as of March, comprising the following segments:

CENTRAL LONDON
Our well-connected, high-quality office (84%) and retail and other commercial space (16%), located in the West End (69%), City (23%) and Southwark (8%).

MAJOR RETAIL DESTINATIONS
Our focused investments in six shopping centres and three retail outlets, which are amongst the highest selling locations for retailers in the UK.



MIXED-USE URBAN NEIGHBOURHOODS
Our investments in mixed-use urban places in London and a small number of other major growth cities, with medium-term repositioning or development potential.

SUBSCALE
Assets in sectors where we have limited scale or competitive advantage and which we therefore plan to divest over time, split broadly equally between retail parks, leisure and hotels, the last of which we have sold since the year-end.

INVESTMENT ACTIVITY
During the financial year we sold £225m of assets, including our two smallest retail outlets, a retail park in Romford, and two small leisure assets and two mixed-use development assets in London, on average at a 1% discount to March 2023 book value. Since the year-end we have sold our hotel portfolio for £400m, slightly ahead of the March 2023 book value. This crystallised the strong recovery in performance post Covid yet as the income on this portfolio was 100% turnover linked on long-term leases to Accor, there was no opportunity for us to influence or enhance its future operational performance.

During the year we made £136m of acquisitions and spent £220m on development capex. We acquired an 89,000 sq ft office in Kings Cross for £90m which we plan to reposition to Myo for an opening in 2025, with an expected IRR in the mid-teens. In addition, we bought a £30m site adjacent to our Timber Square development for an implied price of c. £100 per sq ft. This could almost double the size of the combined site and create a significant c. 670,000 sq ft estate across four buildings. We also spent £16m on a small number of site amalgamation opportunities adjacent to existing assets. Whilst these acquisitions do not produce income in the short term and therefore create a c. £6m earnings drag in the current year because of finance costs, they unlock substantial near-term upside potential at a low in-price.

With the sale of our hotel portfolio, we have now sold £3.1bn of the c. £4bn assets we said we intended to sell over a period of c. 6 years when we launched our updated strategy in late 2020. We will continue to recycle capital where assets do not meet our return requirements or fit our strategic focus, but this means we are now through the vast majority of our disposal programme. As such, our focus for the rest of the year is now on acquisitions, as we aim to recycle the proceeds of our hotels disposal into additional opportunities in major retail. In London and mixed-use, our own investment in new development commitments is likely to be funded principally through future disposals of mature or standalone assets, alongside other, complementary sources of capital.

PORTFOLIO VALUATION
The marked increase in interest rates during the first half of the year meant that transaction activity across global property markets has been subdued. As a result, valuation yields softened so despite the fact that our successful leasing delivered 3.2% ERV growth, our portfolio value reduced by 6.0%. The impact of rising rates principally affected the first half of the year, as yields remained flat in the final quarter and c. 60% of our portfolio was effectively stable in value in the second half.

Our Central London portfolio was down 6.9% for the year, as upside from 5.0% ERV growth was offset by a 46bps increase in yields to 5.4%. The value of our West End office (-3.6%) and retail and other assets (-4.7%), which make up 77% of our London investment portfolio following our significant City disposals over the last three years, again proved more resilient than City values (-13.9%). This reflects strong ERV growth, driven by our successful leasing in Victoria, which means West End office values were stable in the second half. Development values were down 9.9% given the early stage these projects are in, but we are confident these will deliver attractive returns once these are completed and let.

Major retail valuations were virtually stable for the year, down just 1.1%, following a minor increase in the second half (+0.2%), reflecting their high income return and improving operational performance, with LFL net income up 6.9%. Valuers' assumed ERVs continue to trail operational performance and leasing, up just 1.4%, but despite this, major retail again was the best performing part of our core portfolio with a 7.1% total return over the year, ahead of Central London (-2.9%) and mixed-use (-8.9%).

OPERATING AND PORTFOLIO REVIEW CONTINUED

In mixed-use, values were down 14.0%, mostly driven by outward yield shift at MediaCity and a softening of yields and a reduction in income at our three existing retail assets in Glasgow and London, as these have so far been managed for short-term income to maximise flexibility for future development.

Across our subscale portfolio, the value of our hotels was up slightly (0.6%), whilst retail park values were relatively resilient (-1.8%). The value of our leisure assets was down 8.2% as investor sentiment towards cinemas remains subdued, even though our largest leisure customer, Cineworld, successfully recapitalised during the year and operational performance and ERV growth remains positive.

VALUATION ANALYSIS TABLE 2

	Market value 31 March 2024 £m	(Deficit)/ Surplus £m	FY valuation change %	H2 valuation change %	LFL rental value change[1] %	Net initial yield %	Topped up net initial yield %	Equivalent yield %	LFL equivalent yield change bps
West End offices	3,109	(111)	(3.6)	(0.5)	6.9	4.2	5.5	5.3	37
City offices	1,192	(188)	(13.9)	(4.6)	1.3	3.9	5.4	6.0	78
Retail and other	991	(48)	(4.7)	(3.3)	5.0	4.6	4.8	4.9	30
Developments	926	(102)	(9.9)	(4.1)	n/a	0.0	0.1	5.4	n/a
Total Central London	**6,218**	**(449)**	**(6.9)**	**(2.4)**	**5.0**	**4.2[2]**	**5.3[2]**	**5.4**	**46**
Shopping centres	1,226	1	0.1	–	1.5	8.1	8.7	8.1	23
Outlets	605	(21)	(3.3)	0.5	1.3	6.3	6.5	7.0	17
Total Major retail	**1,831**	**(20)**	**(1.1)**	**0.2**	**1.4**	**7.5**	**8.0**	**7.8**	**22**
London	191	(23)	(10.3)	(8.7)	2.0	4.2	4.2	6.6	22
Major regional cities	510	(93)	(15.3)	(6.6)	(1.2)	6.7	6.7	7.7	106
Total Mixed-use urban[3]	**701**	**(116)**	**(14.0)**	**(7.8)**	**(0.3)**	**6.1[2]**	**6.1[2]**	**7.3**	**85**
Leisure	423	(35)	(8.2)	(5.5)	1.5	8.7	8.9	8.8	26
Hotels	400	2	0.6	(1.1)	5.7	7.3	7.3	7.2	54
Retail parks	390	(7)	(1.8)	(1.2)	1.4	6.0	6.8	6.8	38
Total Subscale sectors	**1,213**	**(40)**	**(3.2)**	**(2.6)**	**2.7**	**7.4**	**7.7**	**7.6**	**38**
Total Combined Portfolio	**9,963**	**(625)**	**(6.0)**	**(2.4)**	**3.2**	**5.4[2]**	**6.2[2]**	**6.2**	**45**

1. Rental value change excludes units materially altered during the period.
2. Excluding developments/land.
3. Previous Mixed-use urban sub-segments have been changed to a classification based on geographical location, which is better aligned to how these assets are managed internally and our revised approach to a number of assets.

Looking ahead, we expect that the relative stability in long-term rates and improvement in availability and pricing of credit will support a pick-up in investment activity. We are seeing investor interest emerge in London and shopping centres from parties who have not been active in these markets for years, but who are now attracted by historically attractive yields and clear evidence of rental growth for best-in-class assets. The refinancing of cheap debt issued pre-2022 remains a challenge for parts of the sector, yet the risk of disorderly sales substantially driving down the value of high-quality assets seems low. Markets remain sensitive to rates, yet values for the best assets have begun to stabilise, even though secondary likely has further to fall. Whilst we are principally focused on driving like-for-like income, we expect ERVs for our London and major retail assets to grow by a low to mid single digit percentage this year.

LEASING AND OPERATIONAL PERFORMANCE

CENTRAL LONDON

Customer demand remains firmly focused on buildings with the best sustainability credentials, transport connectivity and local amenities. The amount of space which meets these criteria remains limited, so pricing of this continues to go up, whereas space which does not meet these criteria is at risk of becoming obsolete, almost regardless of price. We continue to see the evidence of this strong demand across our portfolio, for example in the new record rents we achieved in Victoria.

Reflecting the appeal of our buildings and locations to people, we have seen an increase in daily turnstile tap-ins of 18%, significantly ahead of the growth in TFL public transport data. Across our leasing deals, we have also seen customers plan for, on average, c. 30% more square foot per person than they did before the pandemic in 2019, to create more space for collaboration, focus work or wellbeing. As such, of our £40m of office lettings over the past year, 47% saw customers increasing floor space, whilst only 19% reflected customers downsizing. This is in line with market data which shows that only one-fifth of active tenant requirements is for less space.

We have consistently said that we felt that large HQ space and areas which lack the amenities to make people want to spend time there are most at risk as a result of more flexible ways of working. Virtually all of the £2.2bn offices we sold since late 2020 were large, single-let HQ buildings where our ability to add further value was limited, whilst we increased our focus on multi-let clusters in the lively, well-connected West End and Southbank markets. These now make up 77% of our London portfolio vs 58% in 2020.

In a world where demand is concentrated in the best part of the market, market averages become rather meaningless. This is illustrated by the fact that, whereas overall office vacancy in London is elevated, at 8.8%, 90% of all vacant space sits in 10% of all buildings and close to 40% of vacant space sits in just 1% of all offices in London. This shows vacancy is mostly a building issue, not a market-wide issue. It also shows offices are different than retail 5+ years ago, as in retail even the best locations saw vacancy rise and, as a result, rents fall, whereas in offices Grade A availability remains low, so rents continue to rise.

Even though take-up across the overall London market slowed, demand for space across our standing portfolio remained resilient. We signed lettings during the year totalling £30m of rent, on average 5% above valuers' assumptions, with a further £5m in solicitors' hands, 9% above valuers' estimates. Overall, relettings and renewals reflected a 15% uplift vs previous passing rent and occupancy increased 140bps to 97.3% – substantially outperforming the Central London market, where occupancy fell by 100bps. Our two existing Myo locations saw average occupancy for the year rise to 93%, up from 86%.

MAJOR RETAIL DESTINATIONS

We have continued to see a further shift back from online to physical sales, with negative online non-food sales growth for the last two years. The exact split between online and offline is becoming less of a factor for the best locations as for most major brands online and physical channels are firmly interconnected. The increase in cost of capital and cost of doing business online is keeping pressure on low-margin online sales. This principally affects pure-play online models, which in response have shifted their focus to improving profitability rather than growing market share, increasing the cost for consumers to buy online.

Reflecting this, we continue to see growing demand from brands for physical space in the best locations. There is a clear focus on 'fewer, bigger, better' stores, as leading brands such as Inditex and H&M have announced significant investments in their best stores, even though they often continue to close the tail ends of their portfolio. Supported by the fact that for many key brands, including JD, Zara, Boots and Next sales growth in our centres is outperforming their overall sales growth, this explains the strong demand for our space. Across our portfolio, total sales grew 4.1% and like-for-like sales were up 1.5%. Footfall increased 3.9% and is now at c. 93% of pre-pandemic levels.

On the back of this, we delivered 6.9% like-for-like income growth and a 130bps increase in occupancy to 95.4% – effectively back to pre-pandemic levels. As a result, we are seeing improved pricing tension and selective competition for space. A year ago we said we expected the last large over-rented leases to reset during the year, which has happened. Despite this, for the first time in years we have started capturing positive uplifts on renewals and relettings. This was still modest at 1% for the year, but is up to 6% for deals in solicitors' hands. In total, we completed 219 lettings totalling £27m of rent, on average 5% ahead of ERV, with a further £10m in solicitors' hands, 7% above ERV.

MIXED-USE URBAN NEIGHBOURHOODS & SUBSCALE SECTORS

In mixed-use, the increase in vacancy partly reflects the fact that we have so far managed part of the existing income for maximum development flexibility. We expect this to reverse with our revised approach to these assets, which involves retaining more of the existing built stock to reduce embodied carbon and build on the existing income, rather than working towards a wholesale redevelopment in one go. The operational performance of our retail parks and leisure remains strong, with £7m of lettings on average 5% ahead of valuers' assumptions plus a further £3m in solicitors' hands at a 3% premium, whilst occupancy was up 30bps to 98.0%. We agreed a restructure of a number of leases with Cineworld following its recapitalisation during the first half resulting in an annual rent reduction of less than £1m, but all our units continue to trade. Our hotels, which are fully let to Accor, saw occupancy rise from 94% to 98% of pre-Covid levels, driving an increase in RevPAR, which supported our disposal post the year-end.

DEVELOPMENT PIPELINE

CENTRAL LONDON

We continue to see good demand for the high-quality space we develop. During the year, we completed our n2 development in Victoria and Lucent behind Piccadilly Lights, both of which were effectively fully let within four months post completion, with rents on average 14% ahead of initial assumptions. At The Forge in Southwark, Myo opened in the Phosphor building just before Christmas, whilst the Bronze building is 42% let or in solicitors' hands. We also completed the development of 21 Moorfields, which we sold in September 2022 for £809m, crystallising a 25% profit on cost.

Aside from The Forge, we also opened two Myo locations at One New Change and New Street Square just before Christmas and in February, combined making up 138,000 sq ft, so all three of these are currently in lease-up.

OPERATIONAL PERFORMANCE ANALYSIS TABLE 3

	Annualised rental income £m	Net estimated rental value £m	EPRA occupancy[1] %	LFL occupancy change[1] ppt	WAULT[1] Years
West End offices	160	186	99.6	0.1	6.5
City offices	70	93	93.7	3.2	7.8
Retail and other	43	55	97.2	1.9	5.7
Developments	8	93	n/a	n/a	n/a
Total Central London	**281**	**427**	**97.3**	**1.4**	**6.8**
Shopping centres	121	122	95.1	1.0	4.3
Outlets	48	49	96.0	2.0	3.0
Total Major retail	**169**	**171**	**95.4**	**1.3**	**3.9**
London	11	16	90.2	(3.5)	9.0
Major regional cities	37	38	93.5	(4.1)	6.8
Total Mixed-use urban[2]	**48**	**54**	**92.6**	**(4.0)**	**7.2**
Leisure	46	42	96.9	1.6	10.2
Hotels	35	29	n/a	n/a	7.1
Retail parks	27	29	97.5	(1.1)	5.9
Total Subscale sectors	**108**	**100**	**98.0**	**0.3**	**8.0**
Total Combined Portfolio	**606**	**752**	**96.5**	**0.8**	**6.2**

1. Excluding developments.
2. Previous Mixed-use urban sub-segments have been changed to a classification based on geographical location, which is better aligned to how these assets are managed internally and our revised approach to a number of assets.

OPERATING AND PORTFOLIO REVIEW CONTINUED

We are opening a new Myo at Lucent shortly and plan to open a seventh location in Kings Cross in 2025, which will bring our total Myo space to c. 300,000 sq ft. Rents are broadly in line with our underwriting assumptions, representing net margins of c. 20% over standard office space.

Whilst the sharp increase in interest rates over the past two years has naturally impacted property values, the flipside is that it is limiting new supply. Compared to a year ago, total space under construction has increased from 12m to 13m sq ft yet 42% of this is already pre-let. This means that speculative office space under construction which is expected to complete over 2024-26 is roughly half of the long-term average new-build office take-up in London. As demand remains focused on the best, most sustainable space, we expect this will drive further rental growth for the best quality assets.

As such, during the year we started the major refurbishment of Thirty High (formerly Portland House) in Victoria and the development of Timber Square in Southwark. Reflecting our positive outlook for rental values, we expect these to deliver a gross yield on cost of 7.2% and be highly earnings accretive, with an expected ERV of £59m once fully let vs £434m residual cost to complete.

COMMITTED PIPELINE TABLE 4

Property	Sector	Size sq ft '000	Estimated completion date	Net income/ ERV £m	Market value £m	Costs to complete £m	TDC £m	Gross yield on TDC %
Thirty High, SW1	Office	299	Aug-25	30	238	183	412	7.3%
Timber Square, SE1	Office	381	Dec-25	29	137	251	411	7.1%
Total		**680**		**59**	**375**	**434**	**823**	**7.2%**

FUTURE CENTRAL LONDON DEVELOPMENT PIPELINE TABLE 5

Property	Sector	Proposed sq ft '000	Indicative TDC £m	Indicative ERV £m	Gross yield on TDC %	Potential start date	Planning status
Near-term							
Red Lion Court, SE1	Office	250	335	24	7.2	H2 2024	Consented
Liberty of Southwark, SE1	Office/residential	225	260	17	7.4[1]	H1 2025	Consented
Total near-term		**475**	**595**	**41**	**7.3**		
Medium-term							
Old Broad Street, EC2	Office	285				2025	Consented
Hill House, EC4	Office	380				2026	Consented
Nova Place, SW1	Office	60				2025	Design
Southwark Bridge Road, SE1	Office	150				2025	Design
Timber Square Phase 2, SE1	Office	290				2026	Design
Total medium-term		**1,165**					
Total future pipeline		**1,640**					

1. Gross yield on cost adjusted for residential TDC.

In terms of future pipeline, we have started the deconstruction of the existing building at Red Lion Court to prepare this for a potential start late this year. We also secured planning consents for the development of 55 Old Broad Street and Hill House, at our New Street Square estate, and a significant increase in scale of our planning consent at Liberty of Southwark. Combined, this brings our consented pipeline to 1.1m sq ft. We also acquired a site adjacent to Timber Square for a low implied land value of c. £100 per sq ft, which unlocks the opportunity to create a significant c. 670,000 sq ft estate across two phases, with significant public realm incorporating the site's historic Victorian railway arches.

MIXED-USE URBAN NEIGHBOURHOODS

Landsec has a long history of creating thriving urban places, such as in Victoria, Oxford, Leeds or Cardiff. These places are scarce and their enduring attraction underpins their longer-term growth, even though the exact mix of uses of space differs by location. As consumer expectations on how we live, work and spend our leisure time continue to change, we have a number of opportunities in some of the fastest growing areas in the UK to create and curate the next generation of such places.

At Finchley Road, in zone two London, we received unconditional planning consent for our 1,800 homes masterplan including detailed consent for the first 600 homes during the year. We have started offsite utility upgrades with site preparatory and enabling works to follow in autumn this year. We anticipate spending c. £10m on these works over the next 18 months. This will put us in a position where we can commit to the development of the first 600 homes by late 2025. The investment for this would be roughly £300m, with a target IRR in the low double-digits. At the same time, we will look to rebuild the income in the existing retail asset ahead of its potential longer-term redevelopment.

MIXED-USE URBAN NEIGHBOURHOODS PIPELINE TABLE 6

Property	Landsec share %	Proposed sq ft '000	Earliest start on site	Number of blocks	Estimated first/ total scheme completion	Indicative TDC £m	Target yield on cost %	Planning status
Near-term								
Mayfield, Manchester	50-100	2,500	2024	18	2027/2034	800-950	7-8	Consented
Finchley Road, NW3	100	1,400	2025	10	2028/2035	950-1,050	6-7	Consented
Medium-term								
MediaCity, Greater Manchester	75		2026					Consented
Buchanan Galleries, Glasgow	100		2026					Design
Lewisham, SE13	100		2026					Design

At Mayfield, adjacent to Manchester's main train station, we have been working with our JV partners on optimising the development strategy for this site. Building on the successful place we have created with the new 6-acre park, we have the option to start the first c.£140m office block late this year, which would then also unlock the future residential phases of this new mixed-use neighbourhood.

At Lewisham, south-east London, and Glasgow we are evolving our plans to focus more on masterplans that can be delivered in discrete incremental phases. Alongside this we will seek to embrace opportunities to retain and reinvent existing buildings in our ambition to reduce embodied carbon. This new approach will improve overall returns by retaining more of the existing income and growing this, alongside discrete development interventions. We are still finalising our plans, but this will likely result in less embodied carbon, lower risk and less capital intensive routes to realising the potential of these mixed-use estates.

Rents for the highly sustainable, best-in-class space we can deliver in London and across our mixed-use pipeline continue to grow and construction cost inflation has normalised, although returns on any future commitments will need to compensate for higher costs and higher exit yields. We will therefore continue to optimise designs, planning and delivery programmes to ensure our future developments deliver an attractive return and sufficient risk premium vs the return on assets we sell to fund our investment in these. The significant size of our medium-term London and mixed-use pipelines means it is unlikely that we will fund all of this on our own balance sheet, so we will explore opportunities to access other, complementary sources of capital to help accelerate the delivery of these opportunities.

DELIVERING IN A SUSTAINABLE WAY

Aligned to the Science Based Targets initiative's (SBTi) new Net-Zero Standard, we have committed to a target to reduce direct and indirect greenhouse gas emissions by 47% by 2030 vs a 2019/20 base year and to reach net zero by 2040 from the same base year. This includes emissions from all sources, including all of our reported Scope 3 emissions such as the emissions from our development pipeline, supply chain and customers. So far, our emissions have already reduced by 24% compared to this baseline. To align with our revised carbon reduction target, we have updated our energy intensity target to reduce energy intensity by 52% by 2030 from a 2019/20 baseline. We are currently tracking an 18% reduction, having achieved an energy intensity reduction across our portfolio of 3.7% vs the prior year.

We continue to progress our Net Zero Transition Investment Plan, which will ensure we deliver our near-term science-based target and meet the proposed Minimum Energy Efficiency Standard of EPC 'B' by 2030. The expected cost to deliver this plan is already reflected in our current portfolio valuation. 49% of our portfolio is already rated 'B' or higher, including 44% of our office portfolio, up from 36% a year ago. We expect this to increase from 2025 onwards, as the benefits from our net zero investments come through.

We have now started the retrofit of air source heat pumps at two office locations. We expect to start a further three retrofit projects in the current year and are progressing detailed designs for another one. During the year, we have expanded the work with our customers on energy audits from 25 to 38 of our largest customers. These cover 56% of the energy used by our customers in our office portfolio and so far this work has identified potential annual carbon and energy savings of 10-40% for the majority of customers.

With respect to our target to reduce upfront embodied carbon by 50% vs a typical development by 2030, to below 500kgCO_2e/sqm for offices and 400kgCO_2e/sqm for residential, our future pipeline is currently tracking at an average 40% reduction. The two schemes we started this year are already close to, or ahead of our 2030 reduction target. At Timber Square, we achieved a reduction to 522kgCO_2e/sqm due to retention of part of the existing structure, a highly optimised design and the use of low carbon cross laminated timber, whilst at Thirty High, retaining the original structure and upgrading the existing façade resulted in an upfront embodied carbon intensity of just 347kgCO_2e/sqm.

In March, we launched our new nature strategy, Let Nature In, which recognises the interdependency between the climate and biodiversity crises and aims to consistently enhance nature across our portfolio to improve biodiversity in the built environment; promote health, wellbeing, and community engagement; and create nature-based solutions to mitigate and adapt to climate change.

Our Landsec Futures fund, which will see us invest £20m over 2023-2033, aimed at improving social mobility in real estate and tackling issues local to our assets, continues to support the delivery of our 2030 target to create £200m of social value and empower 30,000 people towards the world of work. From our 2019/20 baseline, we have so far created £54m of social value and empowered 10,249 people.

FINANCIAL REVIEW

HIGHLIGHTS

£371m
EPRA earnings[1]
(2023: £393m[2])

£(341)m
(Loss)/profit before tax
(2023: £(622)m)

50.1p
EPRA earnings per share[1]
(2023: 53.1p[3])

(43.0)p
Basic (loss)/earnings per share
(2023: (83.6)p)

£9,963m
Combined portfolio[1]
(2023: £10,239m)

£6,447m
IFRS net assets
(2023: £7,072m)

(4.0)%
Total return on equity[1]
(2023: (8.3)%)

39.6p
Dividend per share
(2023: 38.6p)

35.0%
Group LTV ratio[1]
(2023: 31.7%)

£3,517m
Adjusted net debt[1]
(2023: £3,287m)

859p
EPRA Net Tangible Assets per share[1]
(2023: 936p)

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information in the Financial Review.
2. Underlying EPRA earnings of £371m, excluding £22m year-on-year increase in surrender premiums.
3. Underlying EPRA EPS of 50.1p, excluding £22m year-on-year increase in surrender premiums.

PRESENTATION OF FINANCIAL INFORMATION

The condensed consolidated preliminary financial information is prepared under UK adopted international accounting standards (IFRSs and IFRICs) where the Group's interests in joint ventures are shown collectively in the income statement and balance sheet, and all subsidiaries are consolidated at 100%. Internally, management reviews the Group's results on a basis that adjusts for these forms of ownership to present a proportionate share. The Combined Portfolio, with assets totalling £10.0bn, is an example of this approach, reflecting our economic interest in our properties regardless of our ownership structure.

Our key measure of underlying earnings performance is EPRA earnings, which represents the underlying financial performance of the Group's property rental business, which is our core operating activity. A full definition of EPRA earnings is given in the Glossary. This measure is based on the Best Practices Recommendations of the European Public Real Estate Association (EPRA) which are metrics widely used across the industry to aid comparability and includes our proportionate share of joint ventures' earnings. Similarly, EPRA Net Tangible Assets per share is our primary measure of net asset value.

Measures presented on a proportionate basis are alternative performance measures as they are not defined under IFRS. This presentation provides additional information to stakeholders on the activities and performance of the Group, as it aggregates the results of all the Group's property interests which under IFRS are required to be presented across a number of line items in the statutory financial statements. For further details see table 57 in the Business analysis section.

OVERVIEW

External market conditions improved as the year progressed. The relative stability in interest rates of late, after the significant rise in the first half of the year, material reduction in inflation and return to real wage growth for consumers are all supportive for the outlook. Even though we do not anticipate a sharp reduction in rates, our high-quality portfolio, strong operational performance and robust capital base provide an attractive base for future growth.

Reflecting the continued strength in customer demand, like-for-like gross rental income was up 3.0%, or 2.8% on a net rental income basis, driven by a further increase in occupancy, positive uplifts on relettings and renewals, and growth in turnover income. Combined with a reduction in overhead costs, this offset the impact of higher finance costs and disposals. As a result, our EPRA earnings were in line with the prior year's underlying level of £371m and, in line with our guidance, EPRA EPS was stable at 50.1 pence. Our total dividend for the year of 39.6 pence is up 2.6%, in line with our guidance of low single digit percentage growth. Our dividend cover of 1.27x remains comfortably within our target range of 1.2-1.3x on an annual basis.

Our successful leasing activity increased overall occupancy and drove 3.2% growth in ERVs but as investment volumes across the wider market remained subdued, the valuation of our portfolio was down £625m, or 6.0%. This was driven by an increase in valuation yields in the first half of the year in particular, as c. 60% of our portfolio was stable in value in the second half. This yield movement primarily drove an overall IFRS loss before tax of £341m and basic EPS of -43.0 pence, compared with a loss of £622m for the prior year, and a reduction in EPRA NTA per share of 8.2% to 859 pence. Including dividends paid, our total return on equity was -4.0%, reflecting a 5.3% income return and 4.2% upside from ERV growth and developments, offset by -13.5% on account of yield shift.

Our balance sheet remains strong and comfortably within our operating guidelines. Net debt increased slightly by £0.2bn to £3.5bn during the year, which combined with the valuation movement of our portfolio resulted in an LTV of 35.0% at the end of

March. More importantly, at a time when investment activity is low and the approach to valuations varies widely in different markets, as a cash measure, our net debt/EBITDA at the year-end remained low at 7.4x vs 7.0x a year ago, in line with our target to keep this below 8x. Moreover, pro-forma for our £0.4bn of disposals since the year-end, our net debt/EBITDA is down to 7.0x whilst our 32.3% LTV is lower than it was in March 2022, before the correction in values, and net debt is £1.1bn down since then. Combined with our average debt maturity of 9.5 years and £1.9bn of cash and undrawn facilities, this provides substantial capacity to invest in growth.

INCOME STATEMENT

Our strong leasing performance continues to underpin the growth of our high-quality income. Our proactive disposals over the past two years have created room for future growth, even though this came at a modest cost to income during the year. Finance costs increased due to a rise in interest rates and lower capitalised interest following our recent development completions, but this has been offset by our positive like-for-like income growth, income from our successful developments and a reduction in administrative expenses.

Headline EPRA earnings in the prior year benefited from a £22m year-on-year increase in surrender premiums received, which we adjusted for in the underlying earnings we reported a year ago. As such, EPRA earnings of £371m are in line with the prior year's underlying level.

INCOME STATEMENT[1] TABLE 7

	Year ended 31 March 2024					Year ended 31 March 2023					
	Central London £m	Major retail £m	Mixed-use urban £m	Subscale sectors £m	Total £m	Central London £m	Major retail £m	Mixed-use urban £m	Subscale sectors £m	Total £m	Change £m
Gross rental income[2]	291	181	57	112	641	310	171	57	109	647	(6)
Net service charge expense	(4)	(7)	(3)	(2)	(16)	(1)	(8)	(2)	(1)	(12)	(4)
Net direct property expenditure	(24)	(23)	(12)	(16)	(75)	(20)	(31)	(10)	(13)	(74)	(1)
Segment net rental income	263	151	42	94	550	289	132	45	95	561	(11)
Net administrative expenses					(77)					(84)	7
EPRA earnings before interest					473					477	(4)
Net finance expense					(102)					(84)	(18)
EPRA earnings					371					393[3]	(22)
Capital/other items											
Valuation deficit					(625)					(848)	223
Loss on changes in finance leases					–					(6)	6
Loss on disposals					(16)					(144)	128
Impairment charges					(12)					(24)	12
Fair value movement on interest rate swaps					(17)					22	(39)
Other					(20)					(12)	(8)
Loss before tax attributable to shareholders of the parent					(319)					(619)	300
Non-controlling interests					(22)					(3)	(19)
Loss before tax					(341)					(622)	281

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.
2. Includes finance lease interest, after rents payable.
3. Underlying EPRA earnings of £371m excluding £22m year-on-year increase in surrender premiums.

NET RENTAL INCOME

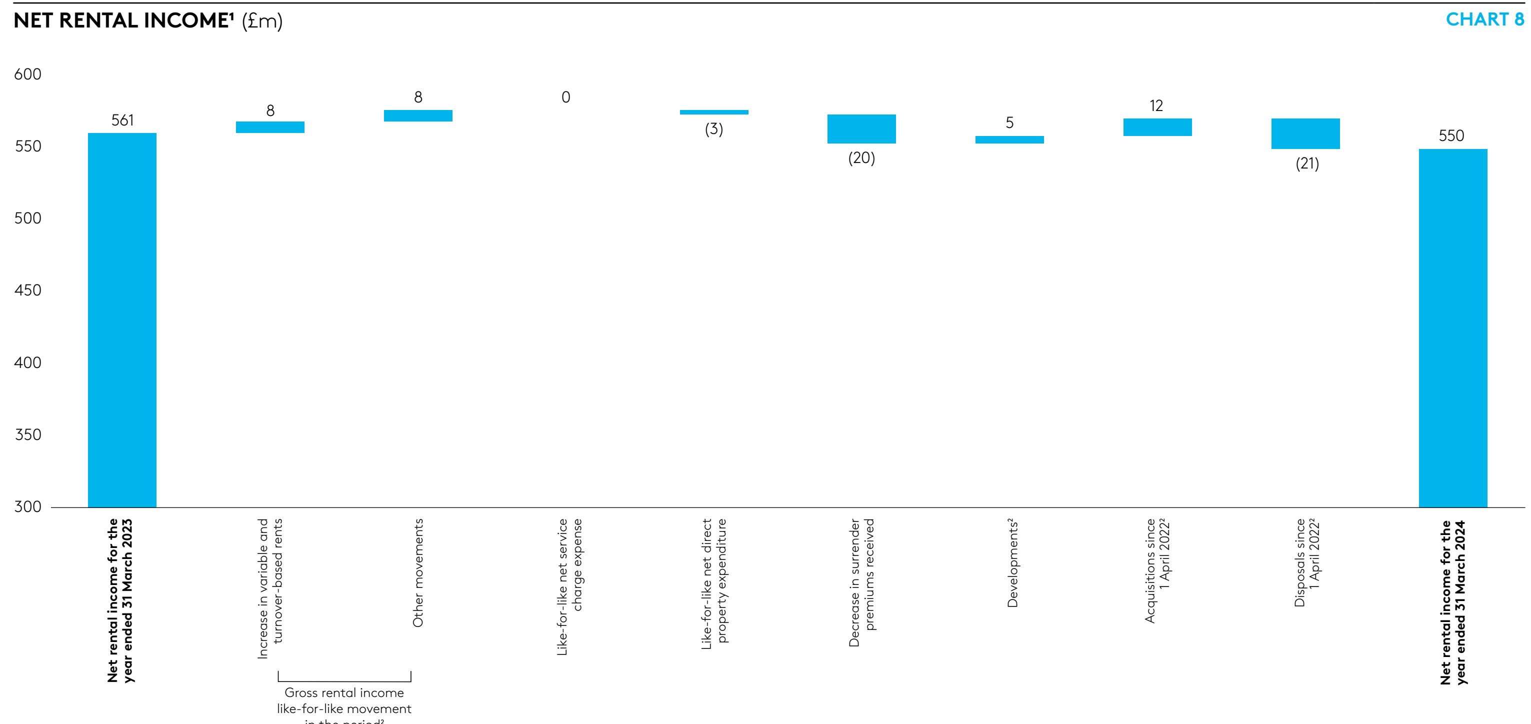
Reported gross rental income was down £6m to £641m, but up £16m adjusted for the aforementioned £22m year-on-year increase in surrender premiums in the prior year and up 3.0% on a like-for-like basis excluding the impact of these movements. Surrender premiums over the last twelve months were £2m higher than the underlying level over the previous two years, at £18m, part of which relates to income foregone during the year. We expect surrender receipts going forward to be lower than the levels in recent years, as a result of lower levels of customer rightsizing or repurposing activity across our portfolio.

Net rental income was up £11m on an underlying basis. Direct property costs increased by £1m and net service charge expenses were up £4m, primarily driven by the costs associated with the initial lease-up phase of our recent London office developments. The impact from the repurposing of conventional office space to introduce two Myos reduced net rental income by £2m, but given the c. 20% premium on Myo rent we achieve, we expect this to more than reverse as we lease up this space. Investment activity reduced income by £9m, reflecting our significant deleveraging. On a like-for-like basis, our net rental income was up £13m, or 2.8%. Reflecting continued demand for our space, we expect like-for-like growth for the current year to be broadly similar.

In line with our guidance, our gross to net margin for the year reduced slightly to 85.8% from 86.7% in the prior year due to the start-up costs of opening three new Myo locations and our completed developments. The sale of our hotel portfolio will reduce our overall margin but on a like-for-like basis we expect our gross to net margin to improve so we expect our overall margin to be broadly stable this year. Overall, insolvencies remain low, with rent from customers in administration at 0.4%, in line with the prior year.

FINANCIAL REVIEW
CONTINUED

NET RENTAL INCOME[1] (£m) CHART 8



1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.
2. Gross rental income on a like-for-like basis and the impact of developments, acquisitions and disposals exclude surrender premiums received.

NET ADMINISTRATIVE EXPENSES

Net administrative expenses were down £7m to £77m, as the cost savings from the organisational review we undertook in late 2022 and our continued focus on ensuring our cost base is efficient more than offset inflation. For the current year, we expect continued efficiency improvements to offset inflation and we anticipate further savings from our investments in data and technology over time.

Our EPRA cost ratio was virtually stable at 25.0% vs 25.2% in the prior year, which reflects our capital allocation decisions. Naturally, assets with long leases to a single tenant often have lower operating costs than more operational sectors such as flexible office, shopping centres, or for example residential, yet this does not mean they generate a better overall return. Illustrating this, over the last three years we have sold £2.2bn of virtually triple-net offices with a 17-year lease term where our ability to add further value was limited and which had an expected mid-single digit forward IRR. We invested in more operational assets with a higher net income yield and much higher IRR, which clearly improved our overall returns, even though the combined impact of this increased our EPRA cost ratio by almost 3ppt.

NET FINANCE EXPENSES

Net interest costs increased by £18m to £102m, which reflected an increase in our weighted average cost of debt and a reduction in capitalised interest following the completion of our recent London developments, partly offset by our deleveraging through disposals. All else equal, we expect net interest costs for this year to be up slightly, as the reduction in debt following our recent disposals is offset by an increase in average borrowing costs reflecting our recent £300m bond issue and the higher average floating rate compared to last year, with 94% of our debt fixed or hedged at the end of March.

Non-cash finance income, which includes the fair value movements on derivatives, caps and hedging and which is not included in EPRA earnings, decreased from a net income of £23m during the prior year to a net expense of £24m. This is predominantly due to the fair value movements of our interest-rate swaps as a result of the increase in interest rates over the period.

VALUATION OF INVESTMENT PROPERTIES

The independent external valuation of our Combined Portfolio showed a reduction in value of £625m. Our strong leasing activity resulted in 3.2% ERV growth, yet the upside of this was more than offset by a 45bps increase in valuation yields driven by the sharp increase in bond yields during the first half of the year. This upwards pressure on yields reduced during the second half, as our valuers indicated yields were broadly stable in the final quarter of the year.

IFRS LOSS AFTER TAX

Substantially all our activity during the year was covered by UK REIT legislation, which means our tax charge for the period remained minimal. The IFRS loss after tax primarily as a result of the above fair value adjustment of our investment portfolio moderated to £341m, compared to £622m for the prior year.

NET ASSETS AND RETURN ON EQUITY

Our total return on equity for the year was -4.0%, compared with -8.3% for the prior year. Our income return on NTA is an attractive 5.3%, whilst ERV growth and development upside drove a capital return of 4.2%. The combination of these two factors therefore yielded a return of 9.5%, with the remaining negative impact driven by an increase in valuations yields. As yields for the best assets begin to stabilise, this shows we are inherently well placed to deliver the 8-10% return on equity we target over time.

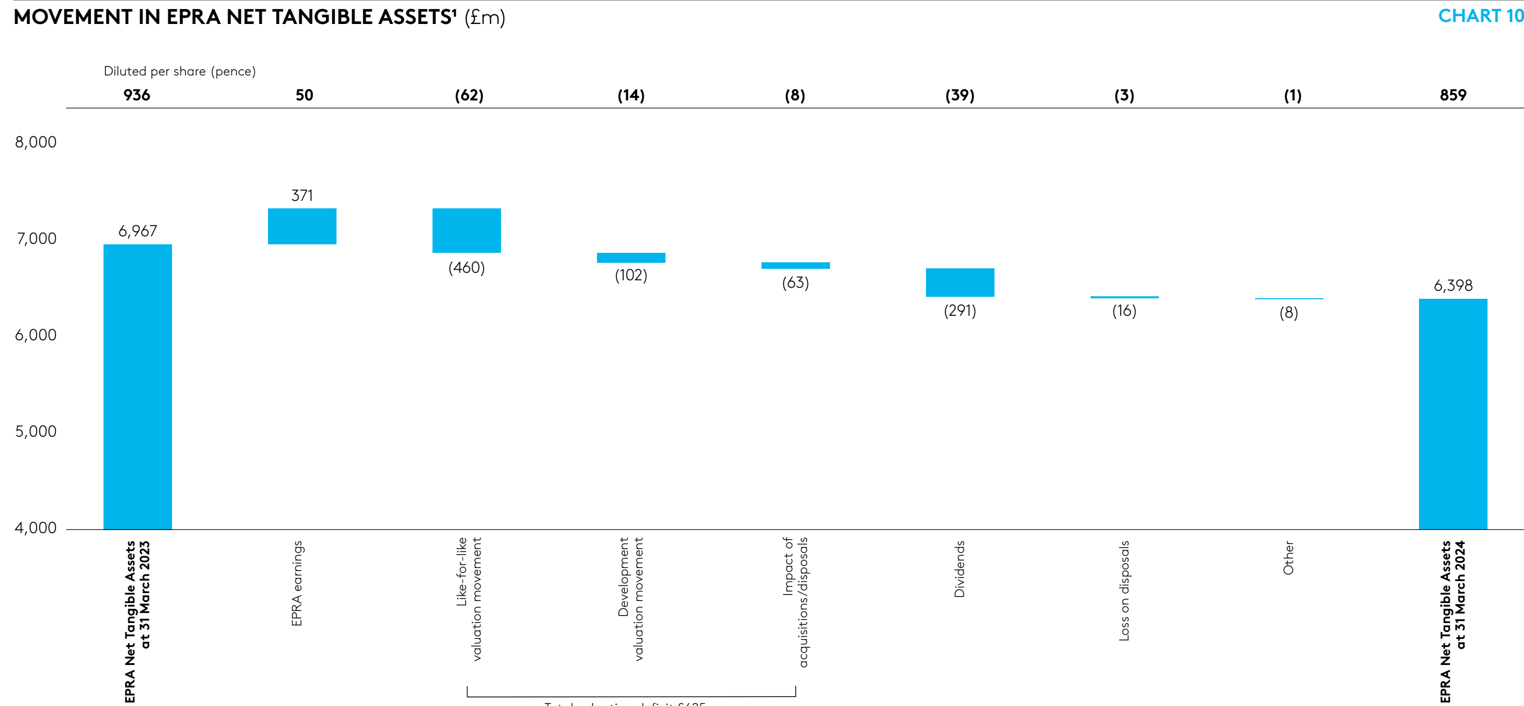
After the £291m of dividends paid, EPRA Net Tangible Assets, which reflects the value of our Combined Portfolio less adjusted net debt, reduced to £6,398m, or 859 pence per share. This represents an 8.2% reduction versus the prior year, half of which was made up for by dividends.

BALANCE SHEET[1] TABLE 9

	31 March 2024 £m	31 March 2023 £m
Combined Portfolio	**9,963**	10,239
Adjusted net debt	**(3,517)**	(3,287)
Other net assets	**(48)**	15
EPRA Net Tangible Assets	**6,398**	6,967
Shortfall of fair value over net investment in finance leases book value	**5**	6
Other intangible asset	**2**	2
Excess of fair value over trading properties book value	**(25)**	(12)
Fair value of interest-rate swaps	**22**	42
Net assets, excluding amounts due to non-controlling interests	**6,402**	7,005
Net assets per share	**863p**	945p
EPRA Net Tangible Assets per share (diluted)	**859p**	936p

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.

MOVEMENT IN EPRA NET TANGIBLE ASSETS[1] (£m) CHART 10



1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.

FINANCIAL REVIEW CONTINUED

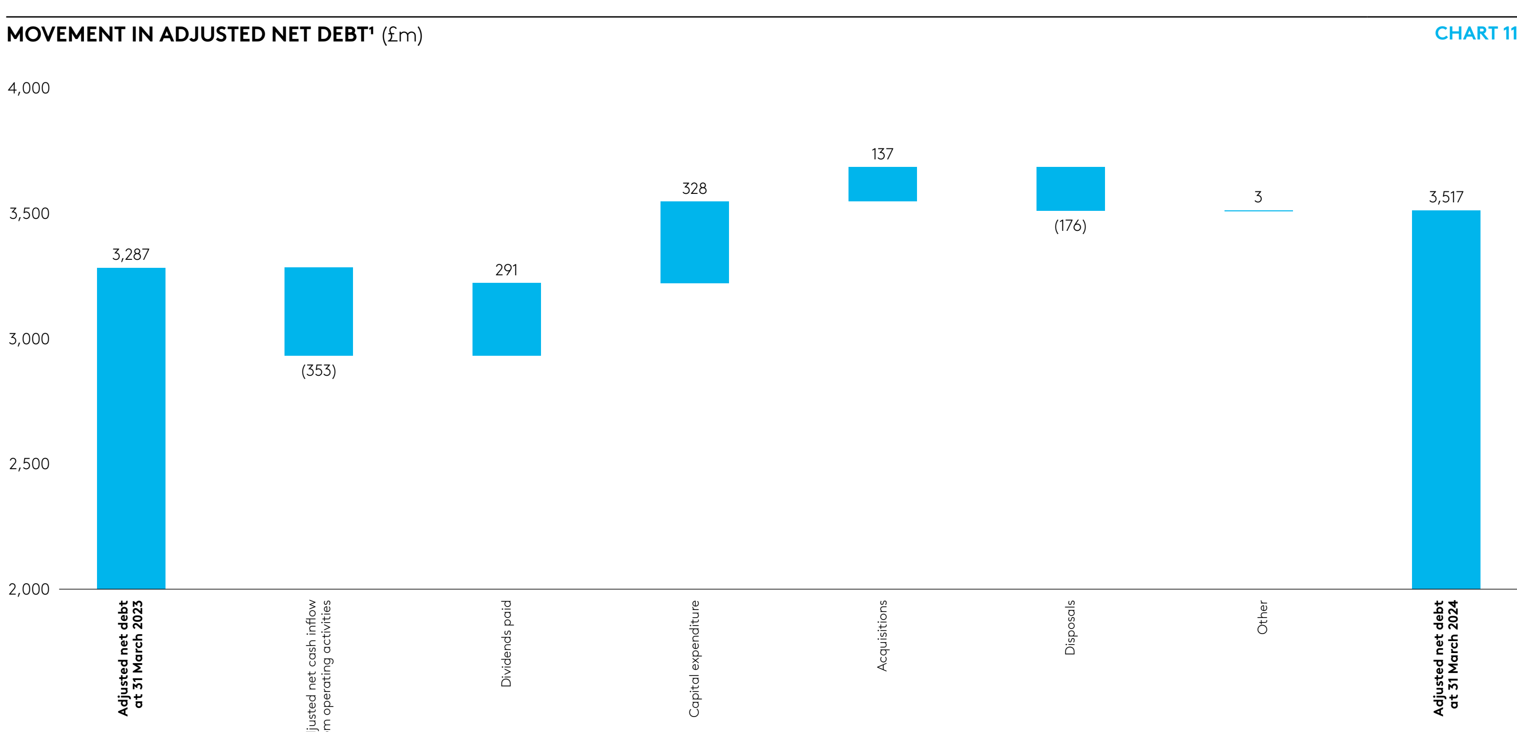
NET DEBT AND LEVERAGE

Adjusted net debt, which includes our share of JV borrowings, increased by £230m to £3,517m during the year. We spent £137m on acquisitions and invested £328m in capex, largely on London office developments, the preparation of future developments and the investment in our existing assets. This was partly offset by the sale of investment properties generating receipts of £176m during the period.

Since the year-end we have sold £400m of assets, which would reduce adjusted net debt to £3,117m on a pro-forma basis. Following the completion of our recent London pipeline, we have £399m committed capex to spend over the next two years on our two new projects in Victoria and Southbank.

The other key elements behind the decrease in net debt are set out in our statement of cash flows and note 13 to the financial statements, with the main movements in adjusted net debt shown below. A reconciliation between net debt and adjusted net debt is shown in note 21 of the financial statements.

MOVEMENT IN ADJUSTED NET DEBT[1] (£m) CHART 11



1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.

Due to the modest increase in borrowings, net debt/EBITDA increased slightly to 7.4x based on our net debt at the end of March 2024, or 7.3x based on our weighted-average net debt for the period. We target net debt/EBITDA to remain below 8x over time. Group LTV which includes our share of JVs, increased from 31.7% to 35.0%. This reduces to 32.3% pro-forma for the hotels disposal post the year-end, which is 2.1ppt lower than it was in March 2022, before the sharp rise in interest rates and resulting correction in property values. We expect our LTV to increase slightly from this level as we will look to invest at an attractive point in the cycle, but to remain within our target range of 25% to 40%.

NET DEBT AND LEVERAGE TABLE 12

	31 March 2024	31 March 2023
Net debt	**£3,594m**	£3,348m
Adjusted net debt[1]	**£3,517m**	£3,287m
Interest cover ratio	**3.9x**	4.5x
Net debt/EBITDA (period-end)	**7.4x**	7.0x
Net debt/EBITDA (weighted average)	**7.3x**	8.0x
Group LTV[1]	**35.0%**	31.7%
Security Group LTV	**37.0%**	33.0%

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.

FINANCING

Our gross borrowings of £3,703m are diversified across various sources, including £2,607m of Medium Term Notes (MTNs), £415m of syndicated and bilateral bank loans and £681m of commercial paper. Our MTNs and the majority of bank loans form part of our Security Group, which provides security on a floating pool of assets valued at £9.2bn. This structure provides flexibility to include or exclude assets, and an attractive cost of funding, with our MTNs currently rated AA and AA- with a stable outlook respectively by S&P and Fitch.

Our Security Group has a number of tiered covenants, yet below 65% LTV and above 1.45x ICR, these involve very limited operational restrictions. A default only occurs when LTV is more than 100% or the ICR falls below 1.0x. Our portfolio could withstand a c. 43% fall in value before we reach the 65% LTV threshold and c. 63% before reaching 100% LTV, whilst our EBITDA could fall by c. 63% before we reach the 1.45x ICR threshold and c. 74% before reaching 1.0x ICR.

We had £1.9bn of cash and undrawn facilities at the end of March 2024, providing substantial flexibility. As expected, the percentage of borrowings which is fixed or hedged reduced slightly to 94%, reflecting our net investment in the year. Across the year we redeemed £427m of MTNs on their expected maturity dates. In March, we issued a £300m bond with a maturity of 7.5 years at 4.75%, representing a spread of 103bps over the reference gilt rate. This spread shows the strength of our credit profile, and ensured our overall debt maturity remains long, at 9.5 years, providing clear visibility and underpinning the resilience of our attractive earnings profile. Our average cost of debt rose to 3.3% compared with 2.7% in the prior year. Reflecting our strong financial position, we expect this to increase only slightly during the year ahead. At the end of March 2024, we had a limited £306m of debt maturing in the next two years.

AVAILABLE FACILITIES[1] TABLE 13

	31 March 2024 £m	31 March 2023 £m
Medium Term Notes	**2,607**	2,736
Drawn bank debt	**415**	383
Outstanding commercial paper	**681**	312
Cash and available undrawn facilities	**1,889**	2,353
Total committed credit facilities	**2,907**	3,007
Weighted average maturity of debt	**9.5 years**	10.3 years
Percentage of borrowings fixed or hedged[1]	**94%**	98%
Weighted average cost of debt[2]	**3.3%**	2.7%

1. Calculated as fixed rate debt and hedges over gross debt based on the nominal values of debt and hedges.
2. Including amortisation and commitment fees; excluding this the weighted average cost of debt is 3.2% at 31 March 2024.

OUTLOOK

Looking ahead, our high-quality portfolio, strong operational performance actions and strong capital base mean that, with an LTV and net debt position which is lower than it was two years ago, we are well placed to invest at an attractive point in the cycle.

We maintain our target to deliver an 8-10% annual return on equity over time, comprising a mix of income and capital returns, driven by rental growth and selective development upside. Short-term movements in valuation yields are outside of our control, and mean our return on equity will not be exactly in this range each individual year, as we have seen over the past twelve months. However, with an income return on NTA of c. 5.7%, an expectation of further low-to-mid single digit ERV growth in London and Major Retail this year and yields starting to stabilise, the outlook for this is encouraging.

We are now capturing positive leasing reversion, which supported 2.8% growth in like-for-like net rental income over the past year and we expect growth for the current year to be similar. How this will translate into EPS growth depends on the quantum and timing of net investment from here. We have meaningful balance sheet capacity following our significant disposals yet our recent sales will reduce annualised earnings by c. 4%, all else equal. This means that, before reflecting the impact of any reinvestment of these sales proceeds, EPS for the year to March 2025 would likely be slightly below the 50.1 pence for 2024. For March 2026, we currently expect EPS to be slightly above this level, reflecting the combined effect of continued like-for-like income growth and accretive capital recycling. As a result, we continue to expect our dividend to grow by a low single digit percentage this year, as our dividend cover remains towards the high end of our 1.2-1.3x target range.

VANESSA SIMMS, CHIEF FINANCIAL OFFICER

OUR STAKEHOLDERS

Our purpose – sustainable places, connecting communities, realising potential – puts all our stakeholders at the forefront of the Board's decision making.

This is our Section 172 Statement.

The Board is pleased to provide a statement that supports Section 172(1) of the Companies Act 2006. This requires that Directors promote the success of the Company for the benefit of the members, having regard to the interest of stakeholders in their decision making. In this section, we provide examples of how the Board engages with stakeholders and takes into account their interests when making decisions.

STAKEHOLDERS AND BOARD DECISION MAKING

Our stakeholders' interests and priorities continue to change, and affect the way we work, shop and engage with each other. Effective communication with our stakeholders is critical to keeping pace with their evolving needs, which is so important for our long-term success. The Board's engagement with stakeholders is both direct and by management reporting to the Board on stakeholder engagement, the importance of which is embedded throughout our business.

OUR CUSTOMERS

During the year, the Board received a detailed briefing on our retail, office and mixed-use strategies including customer insights, as well as regular updates on customers as part of the business update at every meeting. The following Board activities took place in 2023/24: (a) in June 2023, a Retail business review alongside a tour of our Gunwharf Quay site with a focus on future plans for that site and across the retail business; (b) in July 2023, the Board received a detailed Workplace update; (c) in February 2024 the Board visited our new Myo facility at New Street Square; and (d) in January 2024, the Board held a strategy day and covered mixed-use developments in detail.

In 2022, we restructured our governance framework to better reflect our customer base, creating the Workplace and Lifestyle Boards and Executive Committees (see pages 56-57). In 2023, we created Shadow Boards to add more diverse perspectives to decision making in those areas (see page 57). Throughout this year we have operated under this new structure which has provided enhanced focus on our customers and associated strategies for those business areas.

OUR COMMUNITIES

In April 2023, we launched Landsec Futures, a fund designed to maximise the potential of people, places and communities by enhancing social mobility and creating pathways into our industry for people from under-represented backgrounds.

We've committed to investing £20m into Landsec Futures over ten years, which will enable us to meet our corporate commitment to help 30,000 people facing barriers towards the world of work, creating £200m in social value for our communities.

To understand in more detail some of the communities our assets are located within, the Board has reviewed in detail the Mayfield, O2 Finchley Road, Lewisham, Buchanan Galleries, Glasgow, St David's Cardiff, Cambridge Leisure and Hartree projects. The importance of engaging with local communities as part of our work on these and other projects was emphasised.

YOU CAN READ MORE ABOUT OUR COMMUNITY WORK ON PAGE 31

OUR PARTNERS

We have strong relationships with our suppliers and are signatories of the Prompt Payment Code. In 2022 we launched our Supply Chain Commitment. More information on our relationships with our suppliers and associated processes is available on our website.

In 2023, we undertook a significant re-tender of our facilities management providers across our Workplace and Lifestyle businesses. Our Future of Facilities Programme explored the latest innovations in facilities management, helping us to identify the best service partners in the market, and enabling us to design the best operating model for us to achieve sustainable operational excellence, best-in-class customer experience, and a safe and secure environment in a post-Covid world. The programme was a significant effort, with collaboration across the business, and has now completed with new service partners onboarded. The Board approved the Future of Facilities Programme in November 2023.

The Board was also updated regularly during the year by our Managing Director, Corporate Affairs & Sustainability, on changes in the political landscape in the UK.

OUR EMPLOYEES

During the year, the Board appointed Manjiry Tamhane as the Non-executive Director responsible for Employee Engagement and Whistleblowing. This role builds on the work the Board has been doing in overseeing employee engagement and culture. A successful programme of engagement activities was undertaken during the year by Manjiry and other Non-executive Directors.

Manjiry Tamhane attended an affinity network introductory event and separately met our Landsec Futures interns. The intern group enjoyed working for Landsec and experiencing the culture of the business. There were a number of suggested improvements for the next cohort.

During the year there were also three engagement events run with two Non-executive Directors and a cross section of up to 15 employees. During these sessions it was highlighted that there was a lot of enthusiasm for Landsec generally, and for engaging with the Board in an informal manner. Topics discussed included specific business topics, delegation of authority, diversity and inclusion, the culture, hybrid working and the refresh of the headquarters office. There was a meet the Board event in July with a group of around 70 employees and the whole Board which was very well received.

In August 2023, we introduced Shadow Boards who shadow our Workplace and Lifestyle Boards (see page 57 for more details). The Shadow Board members met with James Bowling and Madeleine Cosgrave to discuss their experiences and feedback. Overall the feedback was very positive and it was clear that the shadow boards had a positive impact from a personal development perspective.

Our Employee Forum represents our employee voice. They meet monthly, with four quarterly meetings with our CEO and Chief People Officer to answer any questions and get insights into issues of importance to employees. Manjiry also met the Employee Forum twice this year, where the discussion covered the performance and reward culture (including salary and benefits) at Landsec.

The Board received a full briefing on the employee engagement survey which was undertaken in summer 2023 and a summary of our Pulse survey in the autumn, which provided them with good insights into employee sentiment (see page 25 for more on our engagement survey).

Finally, a number of our Non-executive Directors attended our annual spotlight awards event in March 2024, celebrating individual and team achievements that had taken place during the prior year.

OUR STAKEHOLDERS CONTINUED

Our investors

We want to create sustainable value for our three types of investors: institutional, private and debt. It is important to us that our investors understand our strategy and our equity story so they can support the execution of our strategy and our capital recycling.

NO. OF EQUITY INVESTORS
8,489

INSTITUTIONAL INVESTORS

During the year, our Chair wrote to our larger shareholders offering introductory meetings, and as a result he met with some of those shareholders to discuss governance and the overall strategy of the Group. Christophe Evain also led a consultation with our largest shareholders on proposed amendments to our Directors' Remuneration Policy and the way it operates (see page 83 for more details).

Our Executive Directors continue to hold meetings with investors representing more than half the share register by value.

We managed a comprehensive investor relations programme for institutional investors, consisting of post-results roadshows, industry conferences, private-client broker roadshows and property tours.

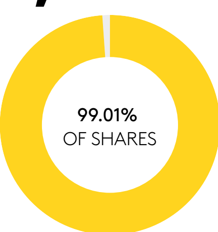
In June 2023, we held a Capital Markets Day at Gunwharf Quays in Portsmouth, for institutional investors and sell-side analysts. This event provided an overview of the shopping centre and retail outlet markets in the UK, and a detailed update on our portfolio and the potential for us to make accretive investment in it. The event also included a panel session, comprising a number of retailers who provided views on their respective markets and how Landsec is supporting their retail strategies.

In September 2023, we held a Capital Markets Event to show institutional investors and sell-side analysts our recently-completed n2 and Lucent office developments in central London. The event included tours of the two buildings, as well as presentations from our team explaining the challenges of completing developments during the Covid restrictions, and the subsequent success of our leasing strategy for the two schemes.

We actively engaged with investors throughout the year on all aspects of environmental, social and governance matters. In March 2024, we conducted a sustainability roadshow in the Netherlands, meeting fund managers and sustainability analysts from major institutional investors.

INDUSTRY CONFERENCES
Attending industry conferences provides our Executive Directors with a chance to meet a large number of institutional investors on a formal and informal basis. Conferences attended this year include the UBS Global Property conference in London, the Kempen conferences in Amsterdam and New York, the Bank of America conference in New York, the Citi conference in Florida, Barclays' real estate conference in London, and Morgan Stanley's real estate conference in London.

INSTITUTIONAL INVESTORS
1,290



PRIVATE INVESTORS

Our private investors are encouraged to give feedback and communicate with the Directors via the Company Secretary throughout the year.

2023 ANNUAL GENERAL MEETING
We held our AGM as a physical meeting in 2023. We invited shareholders to ask questions and vote on the resolutions.

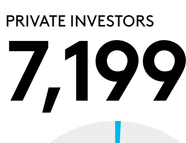
All resolutions put to the meeting received overwhelming support of investors.

THE RESULTS OF THE VOTING AT ALL GENERAL MEETINGS ARE PUBLISHED ON OUR WEBSITE: LANDSEC.COM/INVESTORS/REGULATORY-NEWS.

FIVE-YEAR PRIVATE INVESTOR PLAN
We have a rolling five-year private investor plan, the intention of which is to maintain an efficient share register, limited paper distributions, effective communications and the provision of best-in-class service to our investors.

PRIVATE INVESTORS QUERIES
We work closely with our registrar Equiniti to address all queries that we receive from our private shareholders throughout the year.

PRIVATE INVESTORS
7,199



0.99%
OF SHARES

DEBT STAKEHOLDERS

FIXED INCOME INVESTORS
In March 2023, we held a series of virtual and in-person meetings with our fixed income investors as part of the Green bond issuance. On our most recent bond issuance, in March 2024, we followed up this engagement with a pre-recorded update. Going forward, we plan to engage with our fixed income investors on at least an annual basis, updating them on our results and key developments.

BANKS
An active dialogue is maintained with all of our key relationship banks, including regular engagement with our treasury team at a relationship level and frequent interaction to discuss support and opportunities.

CREDIT RATING AGENCIES
We work closely with each of Standard & Poor's, Fitch Ratings and Moody's, in their capacity as credit rating agencies and debt stakeholders, to provide them with business and financial updates and understand any evolution in their credit rating assessments and methodologies.

FURTHER INFORMATION FOR OUR DEBT INVESTORS CAN BE FOUND ON OUR WEBSITE: LANDSEC.COM/INVESTORS.

NO. OF LISTED BONDS
10

OUR PEOPLE AND CULTURE

At Landsec, our purpose sits at the heart of everything we do; building sustainable places, connecting communities, and realising potential. Our circa 600 employees play a fundamental role in delivering this and driving our success.

Our focus in the People team is to create an inclusive environment for growth where everyone can thrive, whilst moving our culture forward. Evolving our culture is central to our ability to deliver against our purpose.

We are an organisation full of talented people and we are taking Landsec to the next level by adopting high performance in everything we do. To raise the bar, we are focusing on developing our people through curated training and development for all and targeted talent development programmes, strengthening our ability to attract and retain our people, and continuing to enhance diversity and inclusion.

EMPLOYEE ENGAGEMENT

We recognise the vital input of our employees in fostering a high performance culture. By actively seeking feedback, we gain valuable insights into our progress towards our objectives and areas for enhancement.

Our People Survey serves as a cornerstone in measuring our advancement and pinpointing areas necessitating action. This year, we implemented a bi-annual approach, introducing a Pulse Survey in October 2023, complementing the comprehensive survey conducted in June 2023. We actively benchmark against industry peers, those in similar sized organisations and the highest performing companies, shedding light on engagement levels, company-wide initiatives, and inclusivity. Achieving an 89% response rate, our engagement rating increased from 84% in June 2023 to exceed the high-performance benchmark (87%) achieving 89% in October 2023.

This compares to an engagement score of 77% in 2022. Our comprehensive survey in June 2023 highlighted three main areas of opportunity: career development, internal communication and rewards and recognition. We have focused on these areas of employee engagement through both targeted actions and our ongoing plans. Actions included:

- continuing the integration of our Annual Performance Planning (APP) and Annual Bonus Plan (ABP) approaches, which closely align and link individual contributions to company and business unit/enabling function performance
- introducing our all employee Share Incentive Plan, MySIP, achieving a significant participation of just under 40% within three months, further aligning our employees' interests with the company's success
- conducting a benefits review through engagement with employees, to refine our future benefits package ensuring we offer the most value for our people and holding two Benefits Expos to increase awareness of our benefits offerings
- enhanced internal communication channels, streamlining, and expanding digital platforms to foster dialogue throughout the organisation
- implementation of an office refresh to create a collaborative, productive and enjoyable workspace
- a purpose-built Urban Inspiration Day to connect all employees with our purpose
- a series of live events covering diverse topics led by internal and external experts to broaden knowledge across various disciplines and business areas
- launching Spotlight Rewards, our 'always on' recognition platform, empowering all employees to recognise, appreciate, and celebrate each other's achievements.

DIVERSITY AND INCLUSION

This year we refreshed our Diversity & Inclusion (D&I) strategy 'Diverse Talent, Inclusive Culture, Inclusive Places'.

OUR PEOPLE AND CULTURE
CONTINUED

DIVERSE TALENT

We set out to better reflect the diversity of the communities we work in at all levels of our organisation and support future diverse talent into the industry. Our key achievements include:

- welcoming seven interns and committing nine bursaries to real estate students through our social mobility programme Landsec Futures
- hosting another cohort of our female career development programme 'Thrive' – having seen an increase from 26% female representation at Leadership to 37% since we started it in 2020

INCLUSIVE CULTURE

An inclusive culture enables diverse talent to thrive through inclusive leadership, training and employee engagement. Our key achievements include:

- our Executive Leadership Team were paired with colleagues for D&I focused reverse mentoring to support inclusive leadership
- we introduced improved benefits to support working parents:
  - increased partners leave from 2 weeks full pay to 6 weeks full pay
  - introduced up to 4 weeks paid leave for those undergoing fertility treatment
  - introduced better support to help those returning from 26 weeks or more family-related leave including entitlement to back-to-work coaching and the option to phase return over 6 months, working 80% of the time for 100% of pay
- our Affinity Networks made a difference, from hosting 'World of Work Days' to encourage students from underrepresented backgrounds into real estate, to educating colleagues on LGBT+ Allyship and Neurodiversity inclusion. The networks, Landsec Women (Gender), Hand in Hand (Disability, Neurodiversity and Mental Health), Landsec Pride (LGBT+) and Diaspora (race, ethnicity and culture) were also supported to develop with new executive sponsors, training for network co-chairs and a new Affinity network Playbook – a 'how to guide' to running effective networks
- a new Inclusion Index was added to our employee engagement survey to measure progress in creating an inclusive culture – 87% of colleagues believe we are making progress on creating a more diverse and inclusive place to work

INCLUSIVE PLACES

We are shaping inclusive place through the way we design, develop and manage our places, and by working in partnership with our supply chain. Key achievements include:

- achieving the WELL Equity Rating across our London managed office portfolio (See Sustainability page 31 for more details)
- making D&I criteria part of our procurement process, from introducing requirements for disability training for customer-facing staff to building the latest guidance for neurodiversity-inclusive design into new signage
- rolling out stoma-facilities across our retail portfolio and celebrating the diversity of our communities through events for Pride, Eid, Purple Tuesday and Black History Month

Further details on our strategy are available on our D&I strategy page on landsec.com with progress against targets reported annually on our D&I targets and performance scorecard.

PAY GAP

During the year we reported on our 2023 ethnicity and gender pay gaps for the Landsec Group* with full details available on our website.

- our mean gender pay gap reduced from 30.8% in 2022 to 29.1% in 2023
- our median gender pay gap reduced from 28.7% to 27.6% over the same period

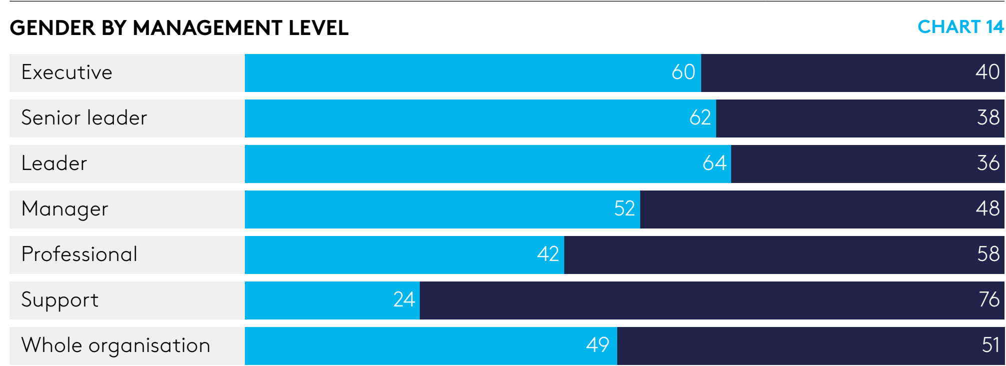
The improvement seen in our mean and median gender pay gaps was driven by small shifts in the distribution of women across our pay quartiles with increased female representation in the two upper pay quartiles and slight decreases in the two lower pay quartiles. This is due to an increase in female representation at executive level with two new female executives, and small increases in female representation within our Senior Leader and Leader populations.

- our mean ethnicity pay gap increased from 36.5% in 2022 to 43.0% in 2023
- our median ethnicity pay gap increased from 37.6% to 39.4% in the same period

Disappointingly, we saw an increase in our ethnicity pay gaps. This was driven by a high number of ethnic minority hires into our more junior professional and support roles over the preceding 12 months. Over the same time period, we also had a few of our most senior ethnic minority employees leave us. As a business that is relatively small by headcount, even a small number of changes in representation at our most senior levels can have a significant impact on our pay gap data.

*After welcoming mixed-use regeneration business U+I into the Landsec Group, we have chosen to voluntarily publish pay gap data for all of our employees who are on one PAYE reference. This includes both Landsec Securities Properties Ltd, and U and I Group Ltd and we refer to it as 'Landsec Group' in our pay gap reporting.

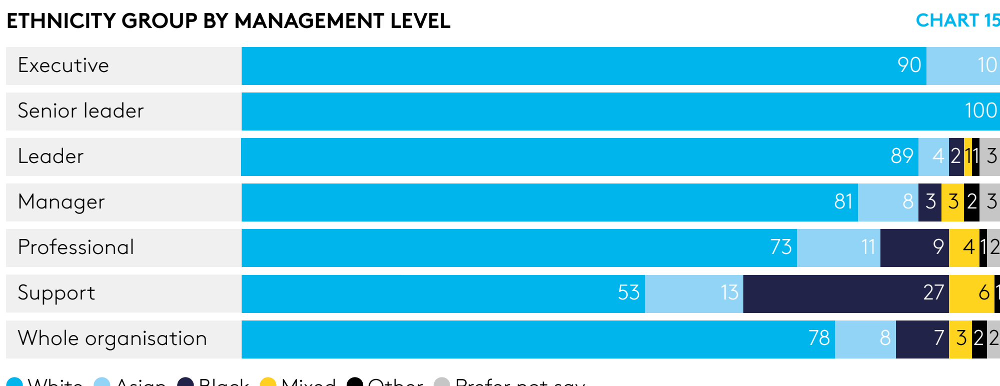
GENDER BY MANAGEMENT LEVEL CHART 14



● Male ● Female

Overall, as a business, we remain roughly gender balanced with 51% female representation and 49% male representation. Over the past 12 months, progress has been made towards achieving our 2030 gender diversity targets, with good levels of growth in female representation at Senior Leader level from 31% to 38% and Executive level from 33% to 40%.

ETHNICITY GROUP BY MANAGEMENT LEVEL CHART 15



● White ● Asian ● Black ● Mixed ● Other ● Prefer not say

20% of our staff are from ethnic minority backgrounds, up from 18% last year. We have continued to grow ethnic diversity in our junior populations and at Board and Executive level but have unfortunately not seen growth in ethnic minority representation in our leadership populations – a key focus of our D&I plans for the upcoming year.

TALENT MANAGEMENT AND SUCCESSION PLANNING

With our focus on high performance, our approach to talent and development has evolved to reflect this. As a result, we have been building on our previous general leadership development programme strategy, to introduce a more targeted talent development approach coupled with curated learning pathways for all.

We have introduced a bi-annual Group Talent Review cadence, to provide the data to inform the targeted development tools. The approach is aimed at enhancing our talent management strategy and driving organisational effectiveness. Outputs of this approach are:

- succession plans for all our Executive Leadership Team and Senior Leadership Team roles
- development of a targeted talent development programme for our emergent leaders called Landsec Builds: next level leadership
- a further targeted talent programme with a D&I lens, called Enrich

To equip our Senior Leadership population to shape and drive the high-performance methodology and ethos through the organisation we have launched a high-performance leadership masterclass for senior leaders.

To empower and develop our colleagues, we have introduced Shadow Boards, giving members the opportunity to join our Lifestyle and Workplace Boards. The objective is to drive diverse thinking across our business through encouraging a range of voices and backgrounds and experiences to be involved in our decision making.

Our 'Next Level' learning platform has been introduced to enhance the skills, knowledge and behaviour of all of our people, and sets out the approach and the mindset that we need to achieve our high-performance culture ambition. Next Level provides the backdrop, alongside curated learning pathways, against which all of our Talent & Development offerings are built and delivered, and includes:

- knowledge: where we have come from, what we have learnt and where we are going
- skills: increasing capability through skills acquisition and development, aligned to our five differentiators, to deliver competitive advantage
- behaviour: developing our high-performance culture through the promotion and support of complementary behaviours

We are proud that our people are committed to their personal and professional development with each person completing an average of 7 hours and 35 minutes of learning this year. Next Level allows us to enhance the development experience with a refined training offer, ensuring that the training content is most pertinent, irrespective of role or level. By investing in our employees' growth and skills development, we are not only boosting their individual capabilities but also strengthening Landsec overall.

RECRUITMENT AND RETENTION

Employee turnover has decreased compared with the last financial year. For voluntary turnover, this correlates with the improvement in engagement scores and suggests potential improvements in employee satisfaction. Involuntary turnover rates have also shown a slight decrease this year.

Regrettable turnover, which typically involves the loss of high-performing or critical employees, shows a variable pattern across quarters. Despite fluctuations, there's a slight downward trend in regrettable turnover rates, indicating the actions detailed above are having an impact. Average headcount in the rolling 12-month period remains relatively stable.

A key initiative to improve recruitment practices was the introduction of a new approach to leadership hiring – including removing bias from job descriptions, using employee interview panels and setting gender and ethnic diversity targets for recruiter shortlists.

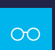
We have also continued to focus on developing our own internal pipeline of talent with great skills, behaviours and capabilities. This has resulted in 43 internal promotions, 25 of whom were female appointments.

OUR APPROACH TO SUSTAINABILITY

We design, develop and manage buildings in ways that will enhance the health of our environment and improve quality of life for our people, customers and communities, now and for future generations.

OUR 2023/24 HIGHLIGHTS

→ Reducing our operational emissions through our Net Zero Transition Investment Plan


SEE MORE ON PAGES 28-29

→ Reducing emissions from our construction activities

SEE MORE ON PAGE 29

→ Launching our nature strategy

SEE MORE ON PAGE 30

→ Supporting our local communities to thrive, launching award-winning Landsec Futures.

SEE MORE ON PAGE 31

The connection between climate change and nature is becoming increasingly evident. During the year we have seen biodiversity growing in importance to corporate sustainability, and an alignment between companies' nature and climate strategies. The launch of the Taskforce on Nature-related Financial Disclosures (TNFD), and nature being a key theme at COP28, further reflects the interdependence between the two themes.

Demand for climate-adapted real estate is growing[1] as office occupiers and retailers continue to consider the role of physical space in their business model, and set increasingly ambitious sustainability targets. The belief that businesses should take the lead in tackling key societal and environmental issues is also mounting, with 82%[2] of the public now expecting CEOs to take a public stand on climate change.

As such, we recognise that maintaining strong sustainability performance remains key to the value of our business. Our sustainability strategy – Build well, Live well, Act well – continues to focus our work on the ESG issues where we know we can have the biggest impact.

24%

REDUCTION IN ABSOLUTE CARBON EMISSIONS SINCE 2019/20

1. RICS Sustainability Report 2023.
2. Edelman's Trust Barometer 2023.

DECARBONISING OUR PORTFOLIO

ALIGNING OUR TARGETS TO CLIMATE SCIENCE

In March 2023, we updated our science-based carbon reduction targets to align with the Science Based Targets initiative's (SBTi) Net-Zero Standard, committing to reducing all our direct and indirect emissions by 47% by 2030, from a 2019/20 baseline. This target will build towards a long-term goal of reaching net zero by 2040, achieving a 90% reduction in absolute emissions from a 2019/20 baseline.

We have also updated our energy target, committing to reducing energy intensity by 52% by 2030, from a 2019/20 baseline. In 2023/24, we achieved an energy intensity reduction of 18%.

PROGRESSING OUR NET ZERO TRANSITION INVESTMENT PLAN

Since launching our £135m Net Zero Transition Investment Plan (NZTIP) in 2021, we have invested £8.2m to ensure we meet our near-term carbon reduction target. Since launch we have progressed the following activities:

→ **AIR SOURCE HEAT PUMP RETROFIT**
We started replacement works at 16 Palace Street and Dashwood House, and plan to start installation at a further three buildings over the coming year.

→ **BUILDING MANAGEMENT SYSTEM (BMS) OPTIMISATION**
We completed BMS reviews and implemented recommended optimisations at 11 operational London assets, with expected energy savings of between 5% and 15% per building.

→ **AI TRIAL**
We ran a 12-month trial with Brainbox AI at 80–100 Victoria Street, where the technology controls heating and cooling. An additional 5% energy savings is expected.

→ **SOLAR PV PANEL INSTALLATION**
We began construction to install solar PV at Gunwharf Quays in March 2024 and completed feasibility studies for additional on-site renewable capacity at Braintree Village and Trinity Leeds.

→ CUSTOMER ENGAGEMENT

Since 2021/22 we have completed 38 energy audits for our highest energy-consuming office occupiers, accounting for 56% of our total tenant consumption across our office portfolio. We identified potential annual carbon and energy savings of 10-40% for the majority of customers. Of the first 18 occupiers participating in the customer engagement programme, overall they have achieved a 20% electricity reduction compared to 2019/20. The impact of this programme was reflected in our 2023 customer-satisfaction survey, with 79% of office customers saying we are doing a good job of supporting them in achieving their sustainability goals.

This year, we have conducted net zero audits, heat pump feasibility studies and BMS optimisation reviews across our retail assets to understand what we need to do to decarbonise and improve the energy efficiency of landlord controlled areas. These initiatives will support our NZTIP to meet our near-term carbon reduction target, and accelerate progress towards our ambition to become net zero by 2040.

CLIMATE TRANSITION PLAN AND OFFSETTING STRATEGY

Following the publication of the Transition Plan Task Force (TPT) Disclosure Framework in October 2023, we have been developing a Climate Transition Plan. This plan will articulate our strategic ambition and targets, outlining key steps we are taking to decarbonise our business and reach net zero across our value chain by 2040.

In addition to reducing our emissions, we also aim to support 'beyond value chain mitigation' (BVCM). This includes activities that avoid, reduce, or remove and store carbon emissions, also known as carbon offsets. This year, we have enhanced our offsetting strategy, developing rigorous due-diligence criteria and a process in line with UKGBC recommendations.

EPC RATINGS

Our portfolio is 100% compliant with the 2023 MEES of EPC E or above. In addition, 49% of our portfolio – 44% of offices and 55% of retail – already meets the proposed MEES of EPC B. As we progress our NZTIP, we expect that half our office portfolio will reach EPC B by 2025 and all of our portfolio will meet the proposed MEES by 2030.

REDUCING EMISSIONS FROM OUR CONSTRUCTION ACTIVITIES

We have made considerable progress in reducing upfront embodied carbon across our development pipeline, achieving a 40% reduction compared to a typical building.

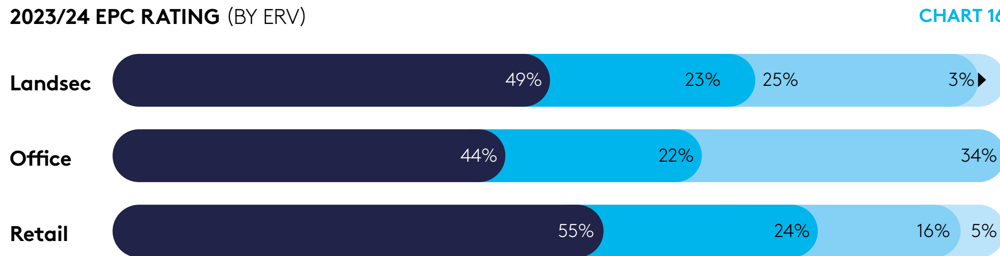
We monitor embodied carbon from the outset of each scheme, and collaborate with our supply partners to reduce emissions through:

- Structural retention and material reuse – at Hill House, we are retaining 58% of the existing structure, resulting in significant carbon savings.
- Designing-out material – we have challenged our teams to use less material and remove redundant capacity from our structural solutions, such as designing-out raised-access floor tiles and removing heating, ventilation, and air conditioning (HVAC) systems through natural ventilation. At the Republic in Manchester, we have reduced the size of our structural grid, leading to around a 10% reduction in concrete required.
- Changing our specifications to low-carbon materials alternatives – at Timber Square, we have sourced 115 tonnes of reused steel.

This year we refined our Sustainable Development Toolkit to align with our refurbishment projects, reflecting the fact that refurbishments need a case-by-case approach, with project-specific targets.

To encourage innovation, in September 2023, our development team hosted a full-day event for almost 90 Landsec colleagues. They showcased each of our live projects, focusing on sustainability targets and performance, and received valuable knowledge and lessons in return. This included the costed pathway for achieving our carbon reduction targets across our developments, and presenting a business case for low-carbon innovations to support achieving our targets.

2023/24 EPC RATING (BY ERV) CHART 16



EPC data excludes spaces that are not required to have EPCs, spaces designated for development, spaces with registered EPC exemptions or spaces not covered by MEES regulations such as assets located in Scotland.

● A-B ● C ● D ● E

REDUCING CARBON AT TIMBER SQUARE

At Timber Square, SE1, we have retained 80% of the existing structure, while using a lightweight, hybrid steel and cross-laminated timber (CLT) structure. This has resulted in Timber Square being around 20% lower in weight than if built with traditional building materials. By sourcing 115 tonnes of reused steel, we have saved approximately 276 tonnes of carbon while helping the circular economy, which has dramatically reduced the project's upfront embodied carbon intensity. Timber Square remains on track to achieve an upfront embodied carbon intensity of around 50% less than a typical office building.

Once completed, the development will be the UK's first Design for Performance project to complete its Independent Design Review with a targeted 5* NABERS UK energy rating. This means it will be net zero in accordance with UK Green Building Council guidelines and powered by renewable energy sources. The scheme has been recognised as a model case study by the World Green Building Council (WGBC) and New London Architecture (NLA).

OUR APPROACH TO SUSTAINABILITY CONTINUED

USING RESOURCES EFFICIENTLY

MATERIALS

On our development schemes, we continue to work closely with our supply chain, including carbon consultants in the design team, from the very start, to guide decisions on the most carbon-efficient solutions.

This year, we updated our Materials Brief to align with the current industry standards, while also establishing an approach to material selection and specification for our new developments. This will help us to further: reduce embodied and whole-life carbon; promote reuse and circular economy principles; align to green building certification requirements and strengthen our approach to tackling modern slavery.

WASTE

In 2023/24 we continued to divert 100% of waste from landfill, and recycled 66% of operational waste (2022/23: 68%). We are also embedding circular-economy principles across our developments, to minimise waste, and have achieved a 99.5% recycling rate for new developments.

WATER

We strive to use water efficiently. Across our developments, at design stage, we follow our Sustainable Development Toolkit to incorporate water efficiency, and explore the use of water-recycling strategies. For operational assets under our control, the water-management assessments undertaken last year continue to help shape our water strategy for both our office and retail portfolios. Initiatives include installing automatic meter reading across our portfolio, testing technology to obtain more detail of where water is consumed in our buildings and to identify potential leaks, and developing a water standard for the taps, toilets and showers in our facilities.

ENHANCING NATURE AND GREEN SPACES

We believe that more nature leads to better, more desirable places which, in turn, contributes to shaping sustainable cities. Therefore, we want to use our places as a catalyst to improve nature in the urban environment.

LAUNCHING 'LET NATURE IN'

In March 2024, we launched a new strategy for enhancing nature at our operational assets and developments. The strategy centres on three principles that will guide our approach to designing, developing and managing our places to benefit nature and the people that live, work and play in our spaces:

IMPROVE BIODIVERSITY IN THE BUILT ENVIRONMENT

PROMOTE HEALTH, WELL-BEING AND COMMUNITY ENGAGEMENT

CREATE NATURE-BASED SOLUTIONS TO TACKLE CLIMATE CHANGE

How we apply these principles, and what this means in practice for our developments and operational sites, is detailed in our new 'Let Nature In' strategy available at landsec.com.

Following the publication of the TNFD recommendations in September 2023, we have signed up as an Adopter, committing to start disclosing nature-related information in line with the recommendations.

READ OUR TNFD DISCLOSURE IN OUR 2024 SUSTAINABILITY PERFORMANCE AND DATA REPORT

ENHANCING BIODIVERSITY IN MANCHESTER

At Mayfield, Manchester, we have redeveloped 6.5 acres of brownfield land to create an urban park – the first in the centre of Manchester in 100 years. We have allowed the River Medlock to regain its natural path and enhanced it with diverse planting and landscaping. As a direct result of having their habitat restored, fish species including brown trout, bullhead, minnow and stickleback were officially recorded in May 2023 by the Environment Agency for the first time in this stretch of the Medlock.

6.5ac

OF BROWNFIELD LAND TO CREATE AN URBAN PARK

CREATING OPPORTUNITIES AND TACKLING LOCAL ISSUES

We continue to create opportunities and inclusive places to change lives and help our communities thrive. We are committed to the following:

- **DELIVERING £200M OF SOCIAL VALUE BY 2030**
- **EMPOWERING AT LEAST 30,000 PEOPLE FROM UNDERREPRESENTED SOCIO-ECONOMIC BACKGROUNDS TOWARDS LONG-TERM EMPLOYMENT BY 2030**
- **INVESTING £20M TO ENHANCE SOCIAL MOBILITY IN REAL ESTATE BY 2033**

We are making strong progress towards our social value targets, creating £54m of social value and empowering over 10,000 people towards employment since 2019/20.

ENHANCING SOCIAL MOBILITY IN REAL ESTATE

Our £20m social mobility fund, Landsec Futures, is already having a significant impact – highlighting a critical issue in UK society and helping people meet their potential, in collaboration with our industry and beyond. Since Landsec Futures launched in April 2023 we have:

- supported 3,182 people in moving towards the world of work, through employability programmes, bursaries and internships
- invested over £860k in 25 employability partners at 18 locations
- committed £200k of community grants, supporting over 120 community groups and charities in 19 locations
- helped raise awareness of real estate opportunities for young people, improved employability skills, and provided training opportunities and pathways into real estate jobs for adults facing significant barriers
- helped our charity partners expand their reach and impact through in-kind donations of space in our buildings.

Landsec Futures was recognised at the 2023 Social Mobility Awards where we won Organisation of the Year. This award celebrates businesses making an outstanding commitment to social mobility issues, making a tangible difference to the life chances of others.

INCLUSIVE PLACES

We recognise that employing a diverse mix of people makes us a stronger and more sustainable business, and one that reflects the diverse society around us. Landsec Futures and our new Diversity and Inclusion strategy, both launched last year, are playing an important role in helping us increase diversity both in our business and within the wider industry. See more on our approach to diversity and inclusion in the People and Culture section on pages 25-27.

ENHANCING WELLBEING

This year, to support the wellbeing of those that use our spaces, we have continued to roll out the International WELL Building Institute's (IWBI) WELL Portfolio programme across our operational assets. This year, we achieved WELL Core Platinum on eight assets (80-100 Victoria Street, Dashwood House, 4 & 6 New Street Square, One New Change, 16 Palace Street, 123 Victoria Street, 62 Buckingham Gate and Nova) and WELL Core Gold on The Zig Zag Building. Additionally, we were awarded WELL Equity Rating and WELL H&S Rating at 16 of our assets.

TO FIND OUT MORE ABOUT OUR APPROACH TO CREATING INCLUSIVE PLACES AND HOW WE ARE SUPPORTING OUR COLLEAGUES' WELLBEING, PLEASE SEE PAGE 26

2,553

HOURS VOLUNTEERED BY LANDSEC EMPLOYEES, HELPING CREATE £28M OF SOCIAL VALUE IN 2023/24

LANDSEC INTERNSHIPS

Our six-month paid internships support people, who meet social mobility criteria, in building their skills, confidence and work experience at the start of their careers. Since April 2023, we have welcomed nine interns, with several continuing their careers at Landsec.

Rosa completed a Landsec Futures Internship in 2023 in our retail team, where she worked on community events and marketing campaigns. She has since secured a role at Landsec in the People team.

"The opportunity to be part of spaces that I didn't know existed or were open to me has helped me greatly. The support I've been given has made me feel welcome and capable in these spaces. I think this leads into what can be changed in the industry, which is genuine inclusion and opportunities for growth."

OUR APPROACH TO SUSTAINABILITY CONTINUED

EMBEDDING SUSTAINABILITY

ENHANCING OUR SUSTAINABILITY TRAINING

Building on our existing sustainability training modules, this year we enhanced sustainability training across our business, further upskilling our colleagues on relevant ESG themes. In addition to our mandatory modern slavery e-learning, in September 2023, we introduced mandatory climate change training through the Supply Chain Sustainability School (SCSS). This has already been completed by 60% of colleagues.

DOING THE BASICS BRILLIANTLY

SUSTAINABLE PROCUREMENT

We continue to work with our suppliers to achieve our sustainability commitments and support positive change beyond our own business. Since publishing Our Supply Chain Commitment in 2022, over 300 suppliers have signed up. Our Sustainable Procurement Guide is helping our employees make the right decisions when buying consumables or business services, and to spend money wisely and effectively while supporting our corporate and sustainability commitments.

TACKLING MODERN SLAVERY

In addition to rolling out our mandatory modern slavery training to our employees, this year we ran a modern slavery workshop through the SCSS focused on training our development supply partners. For more information on our approach to modern slavery, see our Modern Slavery Statement at landsec.com.

CREATING HEALTHY, SAFE AND SECURE SPACES

This year we maintained our ISO 45001 certification, having undergone a full certification re-assessment by independent auditors. We continued to focus our safety improvements on areas where we can have the biggest impact, including reducing the risk of significant occupational-safety hazards, such as working at height, asbestos management, and the permit to work process. We undertook a project during the year to identify whether reinforced autoclaved aerated concrete (RAAC) was present in our portfolio. It was found in two assets and action was taken to mitigate the risk. We continue to work with other companies in our sector to establish consistency in measuring and reporting health and safety data, to enable performance benchmarking with our peer group.

Fire safety remains one of our priority focus areas, and we have continued our work to ensure we meet new government initiatives and legislation. We have also maintained our fire-safety management-system certification to the BS 9997 standard. All high-rise residential buildings above 11 metres in our portfolio have been examined by independent fire engineers to ensure they remain safe for occupation, and meet stringent new building regulations.

BUSINESS ETHICS

This year, we have refreshed our employee code of conduct, updating our policies and content on harassment and bullying, inside information, buying and selling Landsec shares, staying cyber-secure and speaking up.

300+

SUPPLIERS SIGNED UP TO OUR SUPPLY CHAIN COMMITMENT, WHICH INCLUDES ALMOST 80% OF OUR STRATEGIC SUPPLIERS

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) STATEMENT

Landsec has a strong record of leadership on climate action and reporting, where we recognise the risks and opportunities posed by climate change in our business model and strategy.

In 2017, we were one of the first companies to report our approach to the recommended disclosures of the TCFD, and we introduced climate change as a principal risk in 2020. Over the past year, we have continued to evolve our approach to identifying, assessing and managing climate-related risks, and we are developing our transition plan in line with the Transition Plan Task Force Disclosure Framework.

We continue to progress our Net Zero Transition Investment Plan (NZTIP), and are on track with what we need to do to meet our science-based carbon reduction target, and have incorporated this into our financial statement, as described within the Notes to the financial statements on page 111.

This statement is consistent with the requirements of the London Stock Exchange (LSE) Listing Rule 9.8.6 R and all 11 TCFD Recommendations and Recommended Disclosures, and we can confirm we have made climate-related financial disclosures for the year ended 31 March 2024 in relation to governance, strategy, risk management, and metrics and targets.

GOVERNANCE

KEY ACTIVITIES IN THE YEAR

Decision-making: Remuneration Committee approved recommendations for ESG metrics in remuneration as part of new Remuneration Policy, which is to be approved by shareholders at 2024 AGM. Board approved our revised approach to nature, Let Nature In, which we launched in March 2024.

Training: Board received training on recent and upcoming sustainability reporting requirements. Sustainability Forum has received training on various ESG topics throughout the year, including biodiversity crisis, occupier and investor interest in ESG risks, and ESG benchmark recommendations.

Reporting: ELT and Sustainability Forum receive quarterly ESG reports showing progress towards our sustainability targets.

Board oversight

BOARD OF DIRECTORS

Responsible for overseeing our approach to climate-related risks and opportunities affecting the business, with our CEO having overall responsibility.

Receives updates on sustainability and climate-related performance twice a year, and this year has focused on the progress of our sustainability strategy and targets, approach to reducing embodied carbon across our developments, progress of our NZTIP, reviewing our approach to procurement of renewable electricity and our approach to green spaces and nature. These sessions also help to increase their knowledge on relevant climate-related risk.

As climate change is a principal risk, the Board considers the impact of climate risks when discussing Landsec's strategy and long-term success, including significant investment decisions. This includes discussion of new acquisitions' exposure to climate risks and impact to portfolio.

AUDIT COMMITTEE

Supports the Board in managing risk, and is responsible for reviewing our principal risk register, and the effectiveness of our risk management and internal control processes. Reviews and approves our TCFD statement.

REMUNERATION COMMITTEE

Sets and monitors climate-related targets linked to Executive remuneration.

The Long-Term Incentive Plan (LTIP) for Executive Directors and senior management includes an operational carbon reduction target aligned with our science-based target.

Annual Bonus Plan for Executive Directors and all employees includes energy efficiency and embodied carbon targets.

Management roles, responsibilities and accountability

CEO

Overall responsibility and management for all elements of strategy, including climate-related risks.
Chairs the Executive Leadership Team (ELT).

ELT

Responsible for setting and monitoring the progress of the sustainability strategy to ensure it addresses our relevant environmental, social and governance (ESG) risks and opportunities, including those pertaining to climate change.
Discusses sustainability and climate risks quarterly, or more often if required.

SUSTAINABILITY FORUM

Supports the ELT in executing our sustainability strategy and mitigating climate risks.
Senior representatives responsible for programmes of work that contribute to meeting our sustainability targets, and for mitigating climate risks across our business.

SUSTAINABILITY TEAM

Recommends approach to sustainability, including addressing climate risks.
Co-ordinates the sustainability strategy and climate risks, collaborating with all areas of the business to ensure appropriate mitigation and adaptation plans are in place.
Reports on progress towards our targets.

LANDSEC GOVERNANCE STRUCTURE IS FURTHER DISCUSSED ON **PAGES 56-59**

AND ON OUR **WEBSITE** GOVERNANCE AND POLICIES | LANDSEC

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) STATEMENT CONTINUED

STRATEGY

IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS AND OPPORTUNITIES

In accordance with the TCFD recommendations, we have identified climate change risks and opportunities for **(1) transition risks** related to the transition to a low-carbon economy and **(2) physical risks** related to the physical impacts of climate change. We have considered these over the short (<1 year), medium (until 2030) and long term (beyond 2030) for two science-based scenarios – below 2°C (aligned with Shared Socioeconomic Pathways (SSPs) SSP1-2.6) and exceeding 4°C (aligned with SSP5-8.5).

We continue using MSCI's Climate Value at Risk (VaR) methodology to assess our portfolio exposure to climate risks. We assess physical risks based on the location of assets and their exposure to individual hazards as a consequence of climate change. The VaR represents the combined discounted physical risks costs (extreme cold, extreme heat, flooding, windstorms, tropical cyclones and wildfire) based on probable change in physical climate risks to the year 2100 expressed as a percentage of the portfolio's value.

We assess transition risks based on alignment of assets to relevant regulations (e.g. Minimum Energy Efficiency Standards (MEES)) and market demand.

Based on the risks identified in our scenario analysis, and following our Group risk management framework and methodology, we have assessed these for:

Likelihood
Low: <10%
High: >20%

Financial impact
Low: <£5m P&L / <£150m Capital
High: >£15m P&L / >£500m Capital

Reputational impact
Low: minor reputational impact
High: significant impact leading to loss of trust in the company

We have identified and assessed risks across all areas of our business, including investments, divestments, development and operations. Mitigation of these risks is discussed in the section below.

Our assessment concluded that our current portfolio is not highly exposed to physical risks given the location of our assets, and the impact of physical risks to our portfolio will only become more relevant in the long term, under a >4°C scenario. Conversely, transition risks are material in the short and medium term as we expect increasing mitigation to reduce emissions, such as policy and regulation changes. Alongside this, there is an opportunity for us to benefit from increasing customer and investor demand for green, low-carbon buildings.

IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON OUR STRATEGY

We are addressing these risks and opportunities through three priorities, all critical elements of our approach to sustainability – Build well, Live well, Act well:

- Decarbonising our portfolio
- Developing net zero carbon buildings
- Building resilience to a changing climate

Decarbonising our portfolio

We will achieve net zero carbon across our value chain by 2040. This commitment has been approved by the Science Based Targets initiative (SBTi) and includes a near-term target to reduce our absolute Scope 1, 2 and 3 emissions by 47% by 2030 from a 2019/20 baseline, and a long-term target to reduce our absolute emissions by 90% by 2040 from a 2019/20 baseline.

Through our £135m Net Zero Transition Investment Plan (NZTIP), launched in 2021, we are ensuring we meet our near-term science-based target and stay ahead of impending 2030 MEES requirements of minimum EPC B. To date we have committed £8.2m of expenditure. We will recover a portion of this investment through the service charge as part of the normal process of life-cycle replacement. We also expect to derive energy efficiency benefits and related cost savings as a result. We provide further details on the progress of our NZTIP and science-based target on pages 28-29.

We continue to operate our buildings in accordance with our company-wide environmental and energy management system, which is certified to ISO 14001 and ISO 50001, having energy reduction plans (ERPs) and action plans for all our assets, which outline how we will reduce the energy use and carbon emissions of each asset effectively. The ERPs form part of the operational financial planning for each asset.

As we continue to build relationships with our suppliers, the climate-related information they provide (such as carbon emissions, energy consumption and relevant climate-related targets) allows us to better understand their operations and prioritise future engagement activity.

POTENTIAL FINANCIAL IMPACT

Income statement
Research shows buildings that have high sustainability credentials attract higher average rents, improving leasing and occupancy rates. Improved energy efficiency should also improve service charges payable by tenants.

Conversely, older, less sustainable assets will ultimately see longer voids for retrofits and a loss of rental income where they do not meet the minimum EPC requirements.

Balance sheet
Through our £135m NZTIP, we are electrifying heating and improving energy efficiency across the portfolio, improving the capital value of the affected assets, which have shown more resilience to yield pressures than assets without a clear ESG strategy. This is demonstrated by the CBRE Sustainability Index, which shows a more resilient total property return for energy efficient assets, including a 90bps gap in ERV growth compared with inefficient ones.

The NZTIP is considered in our asset valuations, alongside expected uplift in ERVs. The cost of our NZTIP will fluctuate over the next 6 years as we account for changes in inflation and portfolio composition with the expenditure profile weighted to 2024/25 and 2025/26.

FOR FURTHER INFORMATION ON HOW WE ARE DECARBONISING OUR PORTFOLIO VISIT OUR WEBSITE

	<2°C SCENARIO Proactive and sustained action to halve emissions by 2030 and reach net zero by 2050 – strong policy and regulatory responses; rapid investment and adoption of low-carbon technology, and sustainable business and lifestyle practices. UK climate is marginally higher temperatures all year round, lower precipitation in summer; flooding and windstorms within current variability.	**>4°C SCENARIO** Limited action taken to mitigate climate change – there is a push for economic and social development coupled with continuing exploitation of fossil fuels. UK climate will experience an increase in severe weather events (flash-flooding); increased summer and winter temperatures; drier summers and wetter winters.
Short-term (<1 year) Our immediate business planning and budgeting occurs annually, so it is important we identify appropriate resources for mitigating and adapting to climate change each year and include these in annual budgets.	**Low physical risks** as only a small proportion of our portfolio (1.3% VaR) is exposed to aggregated physical risks (extreme cold, extreme heat, flooding, windstorms and wildfire). The most significant physical risk to our portfolio is from coastal flooding (0.9% VaR). These risks are constantly monitored and we ensure all assets have appropriate mitigation plans in place. **Medium transition risks** associated with: • Existing regulations, such as current MEES requiring all non-domestic properties to have a minimum EPC E. Risk is considered low, as all our assets already comply. We continue monitoring this risk to ensure all spaces have a valid EPC. • Local planning requirements favouring low embodied carbon development schemes. Risk is considered medium, as costs to meet embodied carbon targets are highly dependent on design and nature of developments. **Opportunity** associated with: • Increasing occupier and investor interest in assets with high sustainability credentials, including BREEAM and EPC, presents a medium opportunity for us as our portfolio transitions to net zero and we continue to complete net zero carbon buildings. 61% of portfolio is BREEAM-certified and 49% is EPC A-B.	**Low physical risks** as only a small proportion of our portfolio (4.5% VaR) is exposed to aggregated physical risk. The most significant physical risk to our portfolio is from coastal flooding (3.5% VaR). We monitor these risks constantly and ensure all assets have appropriate mitigation plans in place. **Medium transition risks**, as current risks are the same as under <2°C scenario.
Medium (until 2030) We are taking action now until 2030 to meet our near-term science-based carbon reduction target.	**Physical risks remain the same as the short term.** **High transition risks** associated with: • Emerging regulations, such as proposed MEES requiring all non-domestic properties to meet a minimum of EPC B by 2030. Risk is considered high, affecting 51% of our current portfolio that has an EPC below B. • More stringent planning requirements, including operational and embodied carbon obligations. For instance, Greater London Authority requires projected operational energy emission shortfalls to be offset, recommending a price of £95/tCO_2e. Risk is considered high, potentially affecting all our new developments. **Opportunity** associated with: • Continued increase in occupier and investor demand for assets with high sustainability credentials. As these stakeholders set net zero commitments and are required to report on the sustainability outcomes of their investments, there is growing demand for green building certifications (e.g. BREEAM) and high energy efficiency determined by EPC ratings. JLL suggests that BREEAM certified buildings benefit from 20.6% capital value premium and 11.6% rent premium, and single step EPC improvement contributes to 3.7% capital value premium and 4.2% rent premium. This presents a high opportunity for us as our portfolio transitions to net zero, and we continue to complete net zero carbon buildings.	**Physical and transition risks remain the same as the short term.**
Long (beyond 2030) Many of our assets have a design lifespan of over 60 years – therefore, identifying long-term risks beyond 2030 is important for our investment and development decisions, to ensure our portfolio remains resilient in the long term.	**Slight increase in physical risks,** but no significant change to overall portfolio exposure to climate risks. For instance, slightly warmer summers are expected but these don't pose significant risk of heat stress. **Transition risks remain high** as further mitigation actions and legislative changes are expected to continue reducing carbon emissions, including: • Carbon tax – potential for the built environment to be included in the UK Emissions Trading Scheme. Risk is considered high, due to high degree of uncertainty at this stage. We keep monitoring emerging discussions on this topic, while reducing carbon emissions across our portfolio to minimise potential impact to our business. • Achieving our science-based net zero commitment by 2040. Risk is considered high, as significant reduction beyond achievement of 2030 near-term target will be required, demanding capital expenditure and investment in new technologies, and innovative low-carbon materials and processes.	**Significant increase in physical risks** from hotter, drier summers; warmer, wetter winters and more frequent severe weather events. Sea-level rise puts additional strain on the Thames Barrier and increase in river peak flows has potential for flood-defence failures across the UK, leading to higher portfolio exposure. According to Swiss Re, climate risk could worsen weather-related insured catastrophe losses, such as floods and wildfires. Property insurance premiums will reflect this augmented risk from climate change, potentially increasing by 33-41% by 2040. **Significant increase in transition risks** as adaptation measures are adopted to cope with changes in climate and associated physical risks.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) STATEMENT CONTINUED

Developing net zero carbon buildings

We design and build net zero carbon buildings in accordance with the UKGBC Net Zero Carbon Buildings framework definition, ensuring low upfront embodied carbon emissions, low operational emissions and fossil fuel free assets powered by renewable electricity. This commitment forms a key part of our Sustainable Development Toolkit – a comprehensive guide for our development teams and external partners to ensure they consider sustainability throughout the life-cycle of our schemes, and that it is a key consideration in our gateway approval process.

For each development, we aim to reduce emissions associated with construction by exploring structural retention and material reuse, adopting efficient design and modern methods of construction, and specifying low-carbon materials, ensuring we balance upfront carbon with whole-life carbon, to ensure our design decisions do not negatively affect the longer-term operational and maintenance carbon emissions of our assets.

We set energy-use intensity (EUI) targets for each development, modelling the design to optimise operational energy efficiency. Developments are also designed to be 100% electric and target maximum use of on-site renewables as possible.

POTENTIAL FINANCIAL IMPACT

Income statement
Strong and increasing market demand for net zero properties, especially in the office market, is outstripping supply, which is likely to lead to rent and value premiums for these assets.

Balance sheet
Increased demand for low-carbon materials, many of which are still nascent markets, could increase the construction costs of our development pipeline.

The cost of reducing upfront embodied carbon on developments is highly dependent on the strategy adopted. We are modelling this across our live developments and are finding that retention on one project saves 2.8% on Total Development Cost (TDC) whereas relying on low-carbon materials increases TDC by 1.8% on a different project.

We issued a £400m Green Bond in March 2023 to fund the development of green buildings as detailed below.

Building resilience to a changing climate

Although we assessed that our current portfolio is not highly exposed to physical risks given the location of our assets, we still act to mitigate these risks through physical measures, insurance and business-continuity planning.

In our development pipeline, we are designing and constructing high-quality buildings and spaces capable of achieving operational resilience over their lifetime, considering how the UK's climate will change in the coming decades. We manage the impact of physical risks, such as higher cooling costs and lower heating demand, by adapting building services design, reducing heating capacity and maintaining summer cooling capacity to cope with heatwaves. The performance of our façade and fabric materials is designed to address the expected higher temperatures by minimising energy demand, as well as to withstand extreme temperatures and increased wind speeds, to avoid maintenance issues or damage to buildings in future. We target operational energy intensities in line with industry net zero carbon benchmarks, wherever available. Our drainage strategies are designed to mitigate foreseen rain levels and flood risks using physical and nature-based solutions. As detailed in our nature strategy, Let Nature In, we consider nature-based solutions for reducing energy use and adapting to future climate scenarios such as façade and rooftop greening, sustainable urban drainage and permeable surfaces.

Across our operational portfolio, assets in areas highly exposed to physical risks have developed plans to ensure they have adequate protection and mitigation, including business-continuity and emergency-response plans. These mitigation actions and our appropriate risk management practices also help us to reduce the risk of increase in insurance premiums related to climate risks.

Our Responsible Property Investment Policy details how we assess climate risks during the sale and acquisition of assets. We conduct thorough due diligence, understanding the asset's performance metrics, including energy consumption, EPCs and other sustainability credentials, and assessing flood risk and embodied carbon, and we work with MSCI to use their Climate Risk Due Diligence Analysis platform for acquisitions.

POTENTIAL FINANCIAL IMPACT

Income statement
The changing environment has direct cost implications, especially for assets located in high-risk flood zones (4.5% VaR at >4°C scenario) due to potential cost of repairs, cost of business interruption and increased insurance costs. Additionally, there may be cost implications for the built environment to be included in the UK Emissions Trading Scheme resulting in carbon taxes and increased energy costs to counteract more extreme seasonal trends.

Balance sheet
Increased capital investment to maintain compliance with legal requirements, such as improving EPC ratings across the portfolio, and also to protect our assets at risk from physical climate change. Failure to do so would negatively affect the long-term capital values of these assets.

To support our strategy, in March 2023 we published our updated Green Financing Framework and issued our inaugural £400m Green Bond, due 2034. All net proceeds from this bond have been fully allocated to four eligible green projects, within the category Green Buildings – Construction of new developments, including The Forge, n2, Lucent and Timber Square. Further information on the allocation of proceeds and climate-related impact of these projects are available within the Green Bond Report.

RESILIENCE OF OUR STRATEGY AND BUSINESS MODEL

We are confident our strategy to decarbonise our portfolio, develop net zero carbon buildings and build resilience to a changing climate will support the transition to a low-carbon economy, while managing the impact of climate-related risks to our portfolio. This is consistent with the Group's going concern and viability assessment.

We recognise our strategy and adaptation measures may need to evolve in the long term, particularly under a >4°C scenario. In this scenario, changes to our strategy and financial planning are likely to be required, including divestment of assets that are less resilient to extreme heat and rainfall, or investment in infrastructure to limit the impact of flooding and coastal surge. This scenario could also result in changes to our customers' and supply chain partners' businesses, including business failures, or supply chain disruption. We would need increased due diligence in supply chain selection, particularly considering the sourcing

of construction materials that may be processed or manufactured in countries where the effects of climate change are more extreme.

RISK MANAGEMENT

Climate change is identified as one of Landsec's ten principal risks, and is therefore governed and managed in line with our risk management and control framework. We identify, assess and manage climate-related risks through the framework – with the risks clearly defined and owned. We score risks on a gross and net basis, following evaluation of the mitigating controls in place, as described in the Managing Risk section on pages 38-40. Furthermore, Landsec has defined its appetite for each risk, including climate-related risks, and this is overlaid when considering any residual risks.

As part of its overall responsibility for risk, the Board undertakes an annual assessment, taking account of risks that would threaten our business model, future performance, solvency or liquidity, as well as the Group's strategic objectives. We use scenario-modelling, including the climate scenario analysis described above, to better understand the impact of these risks on our business model when placed under varying degrees of stress, enabling us to consider interdependencies and test plausible mitigation plans.

The primary responsibility for, and management of, each risk is assigned to a specific member of the ELT, who is accountable for ensuring the operating effectiveness of the internal control systems and for implementing key risk mitigation plans. Risks are also assigned a secondary owner – usually a Senior Leader – who is responsible for ensuring we mitigate the risk appropriately.

The primary responsibility for climate risk sits with our Managing Director, Corporate Affairs & Sustainability, with the Head of ESG and Sustainability having secondary responsibility. Our climate change principal risk includes both transition and physical climate risks as detailed above, and is monitored quarterly using a series of key risk indicators as detailed in the metrics and targets section.

OUR RISK MANAGEMENT PROCESS TO ADDRESS OUR PRINCIPAL RISKS AND UNCERTAINTIES, INCLUDING CLIMATE CHANGE, IS DETAILED FURTHER ON PAGES 38-45

METRICS AND TARGETS

TARGETS

To address climate change risks, we have set ambitious climate-related targets – the headlines of which are summarised below:

DECARBONISING OUR PORTFOLIO
Achieve net zero greenhouse gas (GHG) emissions across the value chain by 2040 from a 2019/20 baseline
Near-term target: Reduce absolute Scope 1, 2 and 3 GHG emissions by 47% by 2030 from a 2019/20 baseline
Long-term target: Reduce absolute Scope 1, 2 and 3 GHG emissions by 90% by 2040 from a 2019/20 baseline[1]
Reduce energy intensity by 52% by 2030 from a 2019/20 baseline
Source 85% of total energy (electricity, gas, heating and cooling) consumption from renewable sources by 2030
DEVELOPING NET ZERO CARBON BUILDINGS
Reduce upfront embodied carbon across our developments by 50% compared with a typical building[2], by 2030
BUILDING RESILIENCE TO A CHANGING CLIMATE
Ensure all assets in areas highly exposed to climate risks have adaption measures in place

1. Residual 10% emissions that cannot be reduced by 2040 will be offset through permanent emissions removals in line with SBTi guidance.
2. Typical buildings from GLA Whole Life Carbon Guidance – Typical offices: 1,000kgCO_2e/m^2 GIA and typical residential: 850kgCO_2e/m^2 GIA.

METRICS

In addition to targets, we also monitor a number of climate-related metrics that support our risk assessment, as provided below:

Metrics	2023/24	2022/23
Reduction in energy intensity from 2019/20 baseline	**18%**	18%
Total energy from renewable sources	**68%**	68%
Percentage of portfolio that is BREEAM-certified (by value)[3]	**61%**	55%
Percentage of portfolio that is already EPC B or above (by ERV)	**49%**	36%
Percentage of portfolio that is EPC E or above (by ERV)	**100%**	100%
Investment in energy-efficiency measures implemented in the year	**£5.9m**	£2.2m
Estimated annual savings from energy initiatives implemented in the year	**£0.5m**	£0.7m
Portfolio Climate Value at Risk (VaR) based on aggregated physical risks[4]	**4.5%**	5.4%

3. 2022/23 BREEAM figure has been restated. Further information in our Sustainability Performance and Data Report.
4. The VaR represents the combined discounted physical risks costs (extreme cold, extreme heat, flooding, windstorms, tropical cyclones and wildfire) based on probable change in physical climate risks to the year 2100 expressed as a percentage of the portfolio's value in a 5°C scenario.

Methodology and performance against Metrics and Targets are detailed in our Sustainability Performance and Data Report. Additionally, our Streamlined Energy and Carbon Reporting (SECR) on pages 170-172 provides details of our energy consumption and carbon emissions.

MANAGING RISK

The existence of an embedded risk management framework is at the heart of how we look to manage our business and our assets, to support sustainable growth and to deliver on our strategic aims.

OUR KEY SUCCESSES IN 2023/24

- Work programme initiated to further embed risk management within the business
- Key to this has been the integration of the risk management process within the Group's Strategic and Business Planning processes
- Development of a decentralised risk management approach, with the allocation of Risk Champions, to support risk management considerations within day-to-day activities
- Enhancements to Principal Risk Register, with recategorisation and alignment of strategic and operational risks, as well as risk appetite considerations

OUR KEY PRIORITIES IN 2024/25

- Continued embedding of the decentralised risk management framework, and in particular, strengthening the interactions between the 'top down' and 'bottom up' risk management processes
- Further integration of Key Risk Indicators (KRIs) into Management Reporting
- Further training and development of Risk Champions, including development of a Risk Champion community

RISK MANAGEMENT FRAMEWORK AND GOVERNANCE

Landsec operates a Group-wide risk management framework in order to support the identification, evaluation and management of our principal risks. Whilst our approach is well-established, we are continuously reviewing our risk management procedures to ensure that they are fit for purpose, as our business, and the environment we operate in, evolve. Working to further embed our risk management practices has therefore been a key priority during 2023/24, and it will continue to be a priority as we move into 2024/25 and beyond.

The key components and stakeholders of our risk management framework are:

- The Board: accountable and have overall responsibility for overseeing risk and ensuring that a robust risk management and internal control system is in place and operating
- The Audit Committee: responsible for reviewing the effectiveness of the risk management and internal control system during the year
- The Executive Leadership Team: responsible for day-to-day monitoring and management of the Group-wide principal risks, ensuring that a consolidated view of the key risks is formed to inform their prioritisation
- Workplace and Lifestyle Boards and Excos: monitoring and managing the specific risks relevant to their business areas, as well as ensuring there is appropriate reporting upwards on the status and implications of key risks
- Risk owners: accountable for the day-to-day management, tracking and reporting of the individual risks within their respective areas
- Risk Champions: Individuals with responsibility to advocate effective risk management practices within each of their respective business areas and to support risk owners
- The Head of Risk and Controls: A central role to manage the framework itself, providing support to risk owners, Risk Champions and others throughout the business, and to act as coordinator and interface between the top-down and bottom-up approaches

RISK APPETITE

Taking risk is an essential and inherent part of operating any business. As such, Landsec's risk management strategy is not to eliminate all risk but to ensure that appropriate strategies are in place to identify, evaluate and manage the key risks we face. It is therefore essential that our appetite for risk is appropriately considered across each of our risk categories, so that we understand the level or risk we are willing to take, in the drive to reap the associated rewards.

The Board is responsible for defining the risk appetite of the Group, and ensuring it remains in line with our strategy. Landsec's risk appetite differs for each risk, however 'rule of thumb' principles apply, with a minimalist appetite for legal and compliance related risks, a cautious appetite for operational risks and a flexible appetite for strategic risks. The risk appetite reflects Landsec's risk management philosophy and determines the extent to which risk is managed or monitored for changes. To embed risk appetite effectively in the business we have established key risk indicators associated with each risk and set limits that are aligned to our appetite. Scenario planning also assists in setting these thresholds.

RISK MANAGEMENT FRAMEWORK

TOP-DOWN
Oversight, identification, assessment and mitigation of risk at a Group level

BOTTOM-UP
Identification, assessment and mitigation of risk at business unit and functional level

RISK GOVERNANCE

BOARD

- Set strategy and objectives
- Set the risk culture
- Monitor risk exposure (including emerging risks)
- Define and approve risk appetite

AUDIT COMMITTEE

- Support the Board in monitoring risk exposure
- Review the effectiveness of our risk management and internal control system

	1ST LINE OF DEFENCE	2ND LINE OF DEFENCE	3RD LINE OF DEFENCE
RISK MANAGEMENT	**ELT AND BUSINESS AREA LEADERSHIP TEAMS** • Define the risk appetite • Identify the principal and emerging risks • Evaluate response strategies against risk appetite • Design, implement and evaluate the risk management and internal control system	**RISK MANAGEMENT** • Create a common risk framework and language and provide direction on applying • Assist with the identification and assessment of principal and emerging risks • Monitor risks and risk response plans against risk appetite • Aggregate risk information • Provide guidance and training • Facilitate risk escalations and acceptance	**INTERNAL AUDIT** • Provide independent assurance on the risk programme, testing of key controls and risk response plans for significant risks
RISK OWNERSHIP	**BUSINESS UNITS** • Identify and assess risks • Respond to risks • Monitor risks and risk response • Ensure operating effectiveness of key controls	**SUPPORT FUNCTIONS** • Provide guidance/ support to the Risk team and business units	

MANAGING RISK
CONTINUED

IDENTIFYING AND EVALUATING RISKS

Landsec operates annual Strategic Planning and Business Planning processes. During these processes, the Board undertakes an assessment of risks that would threaten our business model, future performance, solvency or liquidity, or the Group's strategic objectives. We use scenario-modelling to better understand the impact of these risks on our business model when it is placed under varying degrees of stress, enabling us to consider interdependencies and test plausible mitigation plans. Senior management, teams and stakeholders across the business input into these processes, supported by the Head of Risk and Controls, to identify the strategic, operational, and legal and compliance risks facing each area of our business, alongside the required mitigations.

Each of the key risks are scored using a risk scoring matrix, which rates risk according to the likelihood of the risk materialising, as well as its potential impact. When we evaluate risk, we first consider the inherent risk (before any mitigating action), followed by the residual risk (after mitigating actions and controls). The difference between the inherent risk and residual risk score gives us visibility as to the extent to which we are able to control the risk. From the ratings, we identify principal risks (current risks with relatively high impact and probability). We also track emerging risks (risks where the extent and implications are not yet fully understood or are increasing over time). We track these risks by monitoring the velocity of change in the risk score.

The risk waterfall on page 41 outlines the principal risks faced by Landsec, also showing the appetite for these risks, as well as the inherent and residual risk ratings. However, Landsec also maintains a number of risk registers, including the Group Risk Register, which includes Landsec's Principal Risks. The Audit Committee reviews our Principal Risks at least twice a year, before presenting them to the Board for review and inclusion within external reporting.

MANAGEMENT AND ASSURANCE OF RISKS

Landsec operates a Three Lines of Defence ("3LoD") risk model in respect of structuring risk management and assurance activities. The First Line of Defence are the risk and control owners, who are responsible for the day-to-day ownership and management of their respective risks. These individuals are also responsible for ensuring any control mechanisms they have in place to manage risks are operating effectively. For the Principal Risks, each of the risks are assigned to individual members of the Executive Leadership Team.

The Second Line of Defence includes the risk and compliance functions at Landsec, which set the policies and standards to be met by the business in relation to risk management, as well as the internal assurance systems designed to challenge the business to ensure that risks are effectively being managed. This includes forums such as Executive Leadership Team meetings, Workplace and Lifestyle Boards and Excos and other management teams. The principal operational risks, including health and security, and information security and cyber threat are managed by dedicated second-line functions that define and implement policy and mitigating controls, and undertake assurance activities.

In addition, the Head of Risk and Controls manages Landsec's Key Controls Toolkit. The Toolkit is a set of clearly defined controls that are self-certified by control owners within the business, to provide ongoing assurance and coverage of key risk areas. The Audit Committee monitors the results of this process. This supports the Committee's evaluation of the control environment and the adequacy of assurance activity. The Committee also receives a summary report at each meeting, describing key second and third-line assurance activities, including internal audits, actions agreed and the status of open risk mitigation actions.

Landsec's Third Line of Defence is predominantly delivered through the provision of Internal Audit, which provides independent assurance over key controls and processes to management and the Audit Committee. An annual planning exercise is carried out to identify the areas for inclusion on a risk basis, including the areas where the impact of controls is greatest i.e. where there is a relatively high inherent risk and relatively low residual risk. This helps to focus the work of Internal Audit and other assurance providers.

FOR MORE INFORMATION REFER TO THE AUDIT COMMITTEE REPORT ON PAGES 62-69

PRINCIPAL RISKS AND UNCERTAINTIES

Our Principal Risks and Uncertainties are monitored throughout the year, to assess our changing risk landscape and so that the Board can make informed decisions.

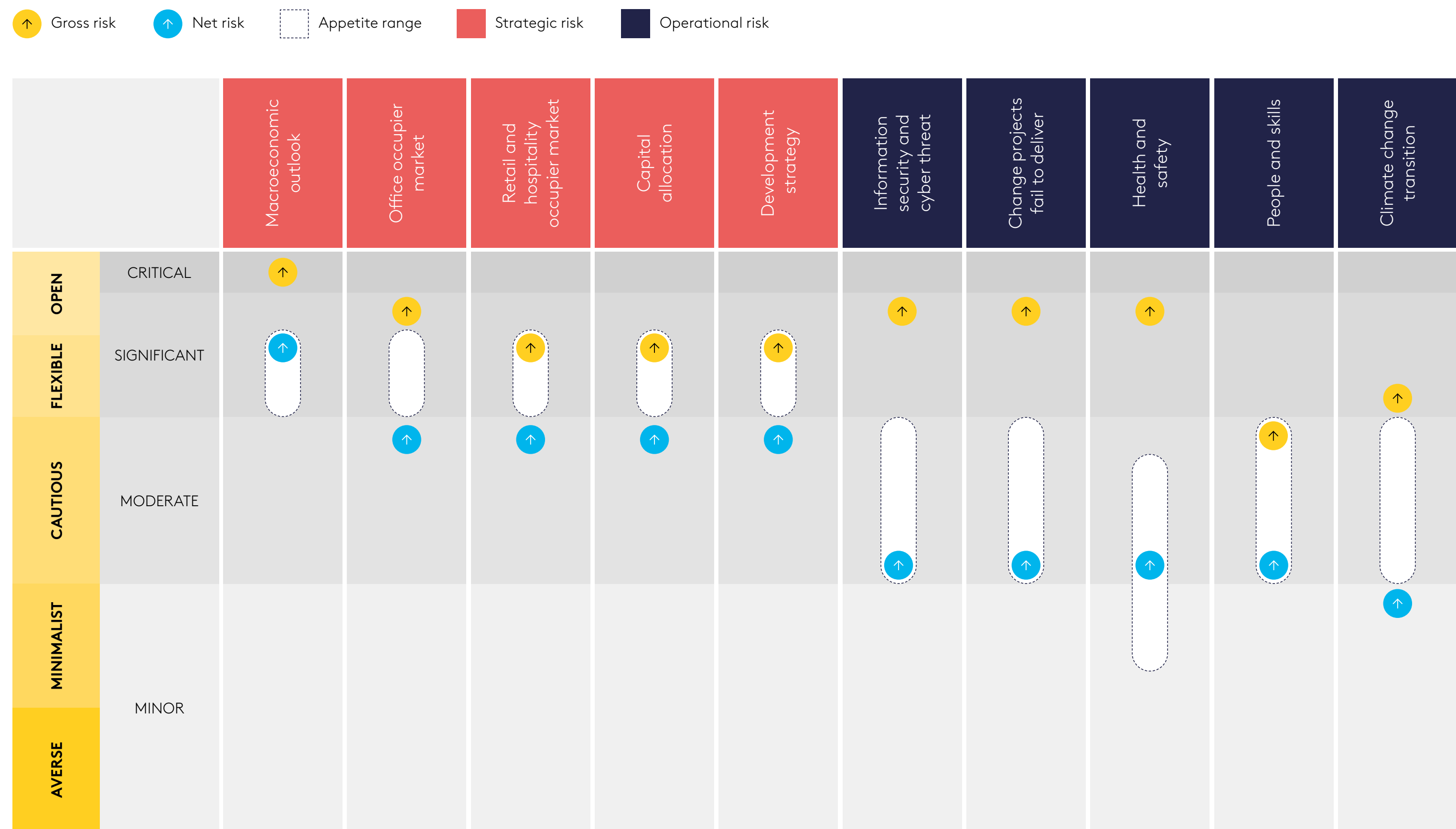
Our principal risks consist of the ten most significant group risks. During the year, we have reviewed the ten principal risks and re-categorised them according to their current strategic and operational focus. As a result, we have five strategic and five operational risks. The strategic risks relate to the macro-economic environment; our key markets – office and retail; capital allocation; and development. The operational risks are cyber threat; change projects; health and safety; people and skills; and climate change.

Our principal risks are reflected in the risk waterfall below. The risk waterfall allows us to show the gross risk score (without mitigations applied) alongside the net risk scores (the rating following consideration of the mitigations in place). These scores for both gross and net risk score are calculated as a function of impact and likelihood.

The box on each risk reflects the Group's risk appetite for these risks. The appetite range is a view which outlines the desired risk the Group wishes to take in respect of each risk. Appetite ranges are: 'Open' (where we are focused on maximising opportunities); 'Flexible' (willing to consider all options); 'Cautious' (where we are willing to tolerate a degree of risk); 'Minimalist' (preferring options with low inherent risk); and 'Averse' (where we avoid risk and uncertainty).

Where the net risk sits within the appetite box, the risk is considered to be managed within appetite. At year end, there are no net risks currently above appetite, though some are below. The tables on the following pages describe each principal risk in detail, including mitigating controls, KRIs and changes in the year.

PRINCIPAL RISKS



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

1 MACROECONOMIC OUTLOOK

EXECUTIVE RESPONSIBLE | MARK ALLAN **APPETITE:** FLEXIBLE

Changes in the macroeconomic environment result in reduction in demand for space or deferral of decisions by retail and office occupiers. Due to the length of build projects, the prevailing economic climate at initiation may be vastly different from that at completion.

EXAMPLE KRIs

- UK Gross Domestic Product
- UK household spending levels
- Inflation rate
- Interest rates
- Business confidence
- Employment intentions

MITIGATION

- Key risk indicators monitored
- Scenario-based modelling of plausible economic trajectories
- Our Research team prepares a report for ELT and Area Boards on macroeconomic and internal risk metrics
- Twice-yearly Market Monitor produced, analysing macroeconomic, political and market-risk factors – which is also used for budget and forecasting assumptions
- Business portfolios prepare quarterly reporting to review sector and market risks

CHANGE IN YEAR | DECREASING

The UK economy has continued to be challenging during 2023/24, with interest rates remaining high and high inflation also having an impact through much of the period.

Whilst the operating environment is still affected by the implications of the recent economic environment, the outlook is considered to be positive, with interest rates expected to start falling during 2024/25. As such, the risk score has been reduced during the period. The risk remains within appetite.

2 OFFICE OCCUPIER MARKET

EXECUTIVE RESPONSIBLE | MARCUS GEDDES **APPETITE:** FLEXIBLE

Structural changes in customer expectations leading to changes in demand for office space and the consequent impact on income and asset values. Further, the risk encompasses the inability to identify or adapt to changing markets in a timely manner.

EXAMPLE KRIs

- Office usage percentages
- Percentage of lease expiries over our five-year plan
- Void rates across our portfolio
- Like-for-like rental income metrics
- Customer and space churn

MITIGATION

- Customer relationship management monitor our customer base
- Office leadership team review KRIs monthly
- Management accounts monitoring key risk indicators
- ESG programme to decarbonise office portfolio and strengthen prime property portfolio by meeting changing occupier needs
- Customer satisfaction measured regularly
- Forward-looking market intelligence reviewed regularly
- Market-led demand and customer expectations for environmentally sustainable office space are closely monitored
- Strict credit policy and process and review of customers at risk
- Future of Work forum hosted by our Insight team, examining disruption themes and megatrends in ways of working

CHANGE IN YEAR | NO CHANGE

The outlook in respect of the office occupancy market is positive, with increased demand and social appetite for office working continuing to strengthen.

Whilst the current macroeconomic environment is also looking positive, it currently continues to apply pressure in respect of the buoyancy of the market meaning this risk is considered to have remained stable over the period.

The residual risk at year end was below our 'flexible' appetite however over the course of our Strategic Plan we expect this risk to be brought into appetite through opportunities for stronger leasing terms.

3 RETAIL AND HOSPITALITY OCCUPIER MARKET

EXECUTIVE RESPONSIBLE | BRUCE FINDLAY **APPETITE:** FLEXIBLE

Structural changes in customer expectations leading to changes in demand for retail or hospitality space and the consequent impact on income and asset values.

EXAMPLE KRIs

- Asset guest numbers
- UK net retail openings and asset-vacancy rates
- Portfolio void rates
- Percentage of lease expiries over five years
- Customer credit risk and tenant counterparty risk

MITIGATION

- Monitoring of key risk indicators by retail leadership
- Management accounts monitoring key risk indicators
- Customer relationship management monitors customer base performance
- Data-led development of asset and sector strategies, promoting proactive leasing
- Brand Account, Asset Management and Guest Experiences teams established
- Customer satisfaction surveys
- Credit policy and process defines acceptable level of credit risk
- Finance reviews customers at risk and agrees the best plan of action

CHANGE IN YEAR | NO CHANGE

Similar to the office occupier market, the outlook in respect of the retail and hospitality occupier market is positive but this risk is currently considered to have remained stable throughout the period as the economic environment continues to have had an impact.

Our Strategic Plan and Business Plans outline initiatives to further commercialise the use of our assets, expand customer experience and raise awareness of our retail centres. Whilst diversifying the offerings to our customers acts as a risk mitigation, the risk to be taken in respect of potential yields for these initiatives, and the onboarding of customers, will increase the overall risk, bringing these risks into appetite.

4 CAPITAL ALLOCATION

EXECUTIVE RESPONSIBLE | MARK ALLAN **APPETITE:** FLEXIBLE

Capital allocated to specific assets, sectors or locations does not yield the expected returns i.e. we are not effective in placing capital or recycling.

SPECIFICALLY:
- Mixed-use urban neighbourhood developments do not yield expected returns
- Development of assets not matched to expected demand
- Retaining assets with low yields that should be recycled

EXAMPLE KRIs
- Committed development pipeline
- Portfolio liquidity
- Loan to value
- Headroom over development capital expenditure
- Speculative development, pre-development and trading property risk exposure
- Group hedging
- Net debt

MITIGATION
- Monthly monitoring of capital disciplines and KRIs by Workplace and Lifestyle Boards, ELT and PLC Board
- Detailed market and product analysis to enable optimal investment decisions
- Rigorous and established governance and approval processes through the business boards, ELT and PLC Board
- Investment Appraisal Guidelines define the key investment criteria, the risk-assessment process, key stakeholders and the delegations of authority
- Stress-testing of scenarios as part of decision-making

CHANGE IN YEAR | INCREASING

In line with our Strategic and Business Plans, we are anticipating increased development exposure leading to this risk to have increased.

Our strategy remains to introduce third-party capital into a number of our projects however we continue to have flexibility to seek to resize our development to be appropriate for our own balance sheet as required.

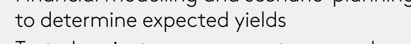
5 DEVELOPMENT STRATEGY

EXECUTIVE RESPONSIBLE | MIKE HOOD **APPETITE:** FLEXIBLE

We may be unable to generate expected returns as a result of changes in the occupier market for a given asset during the course of the development, or cost or time overruns on the scheme.

EXAMPLE KRIs
- Take-up level for offices
- Tender-price inflation
- Monitor build-to-sell and build-to-rent ratios to determine phasing

MITIGATION
- Development strategy addresses risks that could adversely affect underlying income and capital performance
- A detailed appraisal is undertaken by business-area boards and PLC Board before committing to a scheme



- Financial modelling and scenario-planning to determine expected yields
- Tested project-management approach and highly experienced development team
- Control processes over key risk areas including: project organisation and reporting; financial management; quality; schedule; change; risk and contingency management; health and safety; and project objectives
- Each project is supported by internal stakeholders in Operations, Sustainability and Tech, as evidenced through key monitoring reviews and gateway sign-offs
- Strong community involvement in the design process for our developments
- Early engagement and strong relationships with planning authorities

CHANGE IN YEAR | INCREASING

The external factors that influence this risk, such as market conditions and inflation, have remained stable over the year.

However, we are expecting to invest in a number of new developments during the upcoming year which will increase this risk to be closer to our flexible appetite.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

6 INFORMATION SECURITY AND CYBER THREAT

EXECUTIVE RESPONSIBLE | NISHA MANAKTALA **APPETITE:** CAUTIOUS

Data loss or disruption to business processes, corporate systems or building-management systems resulting in a negative reputational, operational, regulatory or financial impact.

EXAMPLE KRIs

- Speed of threat and vulnerability detection (against agreed penetration testing/external assurance schedule)
- Speed of threat and vulnerability resolution
- Number of major cyber incidents or data-loss events
- Incident Response and Recovery Plan reviewed and tested
- Completion rates on cyber security and data-protection training
- Number of critical, strategic or infosec partners without current cyber-security diligence

MITIGATION

- IT security policies set out our standards for security and penetration testing, vulnerability and patch management, data disposal and access control
- Quarterly assessment of key IT controls
- Monitored mandatory cyber security and GDPR training
- Third-party IT providers subject to information-security vendor assessment
- Close working with IT service partners to manage risk and improve technical standards
- Defined technical IT standards for all building systems
- Extensive use of cloud-based systems
- Business continuity, crisis management and IT disaster-recovery plans in place for all assets, including regular testing
- Established penetration testing and vulnerability-management across our IT estate

CHANGE IN YEAR | NO CHANGE

Significant investment and operational strengthening has been made over recent years, most recently including the onboarding of a new Chief Data & Technology Officer during the year.

The emphasis is now focused on continuous improvement of the processes and controls.

The current position of this risk remains within the overall Cautious risk appetite alignment for operational risks.

7 CHANGE PROJECTS

EXECUTIVE RESPONSIBLE | ELT **APPETITE:** CAUTIOUS

Landsec is engaging in a number of important internal change programmes. These projects aim to deliver important benefits, both operationally and culturally. There is a risk that these projects fail to deliver the benefits identified in a timely manner and to budget.

EXAMPLE KRIs

- Key project milestones missed
- Number of projects operating without appropriate governance
- Number of success criteria achieved at post-implementation reviews and audits

MITIGATION

- Board and ELT oversight
- Project governance methodology
- Qualified project managers used on all large projects
- Benefits cases documented and agreed
- Company-wide communication of Project Major supported by regular town halls and Senior Leadership Team engagement.
- Regular reporting of project progress to project boards
- Alignment of Finance and UK Governance regime workstreams

CHANGE IN YEAR | NO CHANGE

Landsec has various technology and operational change programmes underway, such as the upgrade and improvement of the ERP system.

Whilst cultural change programmes are drawing to a close, we continue to get deeper into the operational change programmes. As such, the overall risk has remained stable. The current position of this risk, remains within the overall Cautious risk appetite alignment for operational risks.

8 HEALTH AND SAFETY

EXECUTIVE RESPONSIBLE | MARINA THOMAS **APPETITE:** CAUTIOUS/MINIMALIST

Failure to identify, mitigate or react effectively to major health or safety incidents, leading to:

- Serious injury, illness or loss of life
- Criminal or civil proceedings
- Loss of stakeholder confidence
- Delays to building projects and access restrictions to our properties, resulting in loss of income
- Inadequate response to regulatory changes
- Reputational impact

EXAMPLE KRIs

- Number of reportable health and safety incidents
- Health and safety training completion
- Control reviews and follow up to completion

MITIGATION

- Regular reviews by the Board, ELT and Health, Safety and Security Committee (chaired by the CEO)
- Health and safety management system accredited to ISO 45001 standard
- Fire-safety management system accredited to the BS 9997 standard
- Task force of internal experts and independent fire-engineering firm progressing cladding project quickly
- Audits by Internal Audit, plus annual programme of data-led and second-line audits by the Health and Safety team
- Legal and best practice compliance monitored in real time
- Strict standards applied to the selection of key service and construction partners; assessed by KPIs and regular reviews

CHANGE IN YEAR | NO CHANGE

During the period, the risks associated with the use of reinforced autoclaved aerated concrete (RAAC) have been assessed, with action plans in place where necessary, however the overall implications on our health and safety environment are considered immaterial.

The likelihood of a major health, safety or security incident has remained constant throughout the year and within appetite.

9 PEOPLE AND SKILLS

EXECUTIVE RESPONSIBLE | KATE SELLER

APPETITE: CAUTIOUS

Inability to attract, retain and develop the right people and skills to meet our strategic objectives, grow enterprise value and meet shareholder expectations.

EXAMPLE KRIs

- Employee turnover levels
- High-potential employee turnover
- Employee engagement score
- Succession planning up to date
- Time to hire

MITIGATION

- Executive remuneration and long-term incentive plans in place, which are benchmarked, overseen by the Remuneration Committee and aligned to the Group and individual performance
- Regular review of succession plans for senior and critical roles
- Remuneration plans for other key roles are benchmarked annually
- The talent-management programme identifies high-potential individuals
- Clear employee objectives and development plans
- Health and Wellbeing Statement of Practice
- Regular employee engagement surveys

CHANGE IN YEAR | NO CHANGE

In recent years, this risk had increased due to a combination of attrition due t o ongoing transformation programmes as well as the buoyant employment market at the time.

However, these pressures have now stabilised leading to this risk remaining unchanged overall and within appetite over the period.

10 CLIMATE CHANGE TRANSITION

EXECUTIVE RESPONSIBLE | CHRIS HOGWOOD

APPETITE: CAUTIOUS

Climate change risk has two elements:

1. **Our near and long-term science-based carbon reduction targets by 2030 and 2040 are not met in time or are achieved at a significantly higher cost than expected, leading to regulatory, reputational and commercial impact.**
2. **Failure to ensure all new developments are net zero in construction and operation, as defined by the emerging net zero standard for assets, leads to an inability to service market demand for high-quality assets that meet the highest environmental and wellbeing standards.**

EXAMPLE KRIs

- Energy intensity
- Renewable electricity
- EPC ratings
- Operational carbon emissions
- Embodied carbon for new developments
- Portfolio natural-disaster risk

MITIGATION

- Climate risks and opportunities for potential acquisitions assessed by our Responsible Property Investment Policy and ESG acquisition appraisal framework
- Developments designed to be resilient to climate change and net zero both in construction and operation
- All properties comply with ISO 14001 and ISO 50001 Environmental and Energy Management System
- Continued monitoring of portfolio exposure to physical climate risks, and we review mitigation actions for sites located in high-risk areas
- Early engagement with supply chain for procurement of air-source heat pumps and solar PVs ensuring appropriate due diligence

CHANGE IN YEAR | NO CHANGE

Operational and supply chain issues are impacting the availability and cost of sustainable resources, which are key to meeting the business's embodied carbon targets. This is under regular review, however the overall risk position is considered to have remained stable over the year, currently sitting just below the Cautious risk appetite target.

GOING CONCERN AND VIABILITY

The Directors outline their assessment of the Group's ability to operate as a going concern and its long-term viability, taking into account the impact of the Group's principal risks.

The impact of international and domestic political and economic events over the course of the year has resulted in the UK facing a prolonged period of high inflation, rising interest rates and minimal GDP growth. Therefore, the Directors have continued to place additional focus on the appropriateness of adopting the going concern assumption in preparing the financial statements for the year ended 31 March 2024. The Group's going concern assessment considers changes in the Group's principal risks (see pages 41-45) and is dependent on a number of factors, including our financial performance and continued access to borrowing facilities. Access to our borrowing facilities is dependent on our ability to continue to operate the Group's secured debt structure within its financial covenants, which are described in note 22.

In order to satisfy themselves that the Group has adequate resources to continue as a going concern for the foreseeable future, the Directors have reviewed base case, downside and reverse stress test models, as well as a cash flow model which considers the impact of pessimistic assumptions on the Group's operating environment (the 'mitigated downside scenario'). This mitigated downside scenario reflects unfavourable macro-economic conditions, and a deterioration in our ability to collect rent and service charge from our customers and removes uncommitted capital expenditure, acquisitions, disposals and developments.

The Group's key metrics from the mitigated downside scenario as at the end of the going concern assessment period, which covers the 16 months to 30 September 2025, are shown below alongside the actual position at 31 March 2024.

KEY METRICS TABLE 17

	31 March 2024	Mitigated downside scenario 30 September 2025
Security Group LTV	37.0%	42.8%
Adjusted net debt	£3,517m	£3,885m
EPRA net tangible assets	£6,398m	£5,559m
Available financial headroom	£1.9bn	£0.9bn

In our mitigated downside scenario, the Group has sufficient cash reserves, with our Security Group LTV ratio remaining less than 65% and interest cover above 1.45x, for a period of 16 months from the date of authorisation of these financial statements. Under this scenario, the Security Group's asset values would need to fall by a further 34% from the sensitised values forecasted at 30 September 2025 to be non-compliant with the LTV covenant. This equates to a 43% fall in the value of the Security Group's assets from the 31 March 2024 values for the LTV to reach 65%. The Directors consider the likelihood of this occurring over the going concern assessment period to be remote.

The Security Group also requires earnings before interest of at least £198m in the full year ending 31 March 2025 and at least £232m in the full year ending 31 March 2026 for interest cover to remain above 1.45x in the mitigated downside scenario, which would ensure compliance with the Group's covenant through to the end of the going concern assessment period. Security Group earnings post year end 31 March 2024 are above the level required to meet the interest cover covenant for the year ended 31 March 2025. The Directors do not anticipate a reduction in Security Group earnings over the period ending 30 September 2025 to a level that would result in a breach of the interest cover covenant.

The Directors have also considered a reverse stress-test scenario which assumes no further rent will be received, to determine when our available cash resources would be exhausted. Even under this extreme scenario, although breaching the interest cover covenant, the Group continues to have sufficient cash reserves to continue in operation throughout the going concern assessment period.

Based on these considerations, together with available market information and the Directors' knowledge and experience of the Group's property portfolio and markets, the Directors have adopted the going concern basis in preparing the financial statements of the Group and parent for the year ended 31 March 2024.

VIABILITY STATEMENT

THE VIABILITY ASSESSMENT PERIOD

The Directors have assessed the viability of the Group over a five-year period to March 2029, taking account of the Group's current financial position and the potential impact of our principal risks.

PROCESS

Our financial planning process comprises a budget for two financial years and the strategic plan. Generally, the budget has a greater level of certainty and is used to set near-term targets across the Group. The strategic plan is less certain than the budget but provides a longer-term outlook against which strategic decisions can be made.

The financial planning process considers the Group's profitability, capital values, gearing, cash flows and other key financial metrics reflecting conservative adjustments to the strategic plan over the plan period. These metrics are subject to sensitivity analysis, in which a number of the main underlying assumptions are flexed and tested to consider alternative macro-economic environments. Additionally, the Group also considers the impact of potential structural changes to the business in light of varying economic conditions, such as significant additional sales and acquisitions or refinancing. These assumptions are then adapted further to

assess the impact of considerably worse macro-economic conditions than are currently expected, which forms the basis of the Group's 'Viability scenario'.

Given the recent unfavourable macro-economic conditions in which the Group has been operating, additional stress-testing has been carried out on the Group's ability to continue in operation under extremely unfavourable operating conditions. While the assumptions we have applied in these scenarios are possible, they do not represent our view of the likely outturn. The Directors have also considered reverse stress-test scenarios including one in which we are unable to collect any rent for an extended period of time. The results of these tests help to inform the Director's assessment of the viability of the Group.

KEY RISKS

The table below sets out those of the Group's principal risks (see pages 41-45 for full details of the Group's principal risks) that could impact its ability to remain in operation and meet its liabilities as they fall due and how we have taken these into consideration when making our assessment of the Group's viability.

PRINCIPAL RISK	VIABILITY SCENARIO ASSUMPTION
Macroeconomic outlook Changes in the macroeconomic environment result in reduction in demand for space or deferral of decisions by retail and office occupiers. Due to the length of build projects, the prevailing economic climate at initiation may be vastly different from that at completion.	• Declines in capital values and outward yield movements across all assets within the portfolio • Additional impact of a higher inflationary market captured within costs • No issuance of additional fixed term bonds through the assessment period • Additional impact of increased interest rates on servicing debt
Office occupier market Structural changes in customer expectations leading to changes in demand for office space and the consequent impact on income and asset values. Further, the risk encompasses the inability to identify or adapt to changing markets in a timely manner.	• Reduced demand leads to increased void periods, negative valuation movements and downward pressure on rental values over the whole assessment period
Retail and hospitality occupier market Structural changes in customer expectations leading to changes in demand for retail or hospitality space and the consequent impact on income and asset values.	• Increased customer failures lead to increased void periods, negative valuation movements and downward pressure on rental values over the period
Capital allocation Capital allocated to specific assets, sectors or locations does not yield the expected returns i.e. we are not effective in placing capital or recycling.	• Capital that is accretive to the portfolio but not essential has been removed • Any uncommitted budgeted acquisitions, disposals and developments do not take place due to reduced liquidity
Development strategy We may be unable to generate expected returns as a result of changes in the occupier market for a given asset during the course of the development, or cost or time overruns on the scheme.	• A reduction in recognised development profits for committed schemes that will continue to be advanced over the viability assessment period

We considered our other Principal Risks, including climate change transition, and their possible impact on our assessment of the Group's viability. We concurred that as we have fully costed and committed to invest £135m to achieve our science-based target by 2030, this mitigated the climate change transition risk sufficiently.

IMPACT ON KEY METRICS

We have assessed the impact of these assumptions on the Group's key financial metrics over the assessment period, including profitability, net debt, loan-to-value ratios and available financial headroom.

The viability scenario represents a contraction in the size of the business over the five-year period considered, with the Security Group LTV at 49.5% in March 2029, its highest point in the assessment period. The Group maintains a positive financial headroom from March 2024 through to September 2025 and the Group will only be required to secure new funding from March 2026. The Directors expect the Group to be able to secure new funding, given the strong relationships and engagement the Group has with its existing banking group and on the basis of the recent bond issuances in March 2023 and March 2024 that were well supported by investors.

KEY METRICS TABLE 18

	Actuals 31 March 2024	Mitigated downside scenario 31 March 2029
Security Group LTV	37.0%	49.5%
Adjusted net debt	£3,517m	£4,016m
EPRA net tangible assets per share	859p	655p
Available financial headroom	£1.9bn	(£2.3bn)

CONFIRMATION OF VIABILITY

Based on this assessment the Directors have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the period to March 2029.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

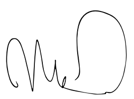
This section of our Strategic Report constitutes Landsec's Non-financial Information Statement. This is intended to help stakeholders understand our position on these key non-financial matters. The table below highlights our policies and standards and where you can find more information in this report.

YOU CAN FIND OUR POLICIES ON OUR WEBSITE: LANDSEC.COM/SUSTAINABILITY/GOVERNANCE-POLICIES, LANDSEC.COM/ABOUT/CORPORATE-GOVERNANCE

TOPIC	OUR POLICIES AND STANDARDS THAT GOVERN OUR APPROACH	WHERE INFORMATION CAN BE FOUND IN THIS REPORT
ENVIRONMENTAL MATTERS AND CLIMATE-RELATED FINANCIAL DISCLOSURE REQUIREMENTS	• Sustainability policy: sets out our sustainability vision and associated commitments as detailed in our Build well, Live well, Act well strategy • Environment and energy policy: how we manage our business activities with minimal impact on the natural environment and strive to reduce our climate change impact • Materials brief: sets out the materials we prohibit use of in our construction activities based on health impacts, responsible sourcing, embodied carbon impact and resource efficiency considerations • Responsible property investment policy: our commitment and approach to managing aspects of sustainability throughout the acquisition and disposal of assets • Sustainable Development Toolkit: translates our sustainability vision into a guide to ensure that we design and develop our new schemes and refurbishments sustainably • Nature strategy: details our approach to incorporating nature and green spaces into our business activities as a real estate company who creates value by buying, developing, managing and selling properties • Build well, Live well, Act well site action plans: plans that guide our site teams to operate and manage our standing assets sustainably	— BUILD WELL ON PAGES 28-30 — TCFD STATEMENT ON PAGES 33-37 — SECR REPORTING ON PAGES 170-172
EMPLOYEES	• Employee Code of Conduct: sets out how we behave internally and externally, in line with our purpose, values and behaviours • Equal opportunities policy: how we treat our employees, based on merit and ability, in a fair and transparent way, building a diverse and inclusive workplace • Harassment and bullying policy and procedure: our commitment to stop and prevent behaviour that causes offence or distress in the workplace • Health and safety policy: how we manage health and safety throughout our operations and assets • Health and wellbeing policy: investing in improving the health and wellbeing of our employees, encouraging a healthy work-life balance • Mental health first aider policy: sets out how we manage our trained mental health support network	— OUR PEOPLE AND CULTURE ON PAGES 25-27 — ACT WELL ON PAGE 32
RESPECT FOR HUMAN RIGHTS	• Human rights policy: our commitment and core principles to respect the human rights of all those who work for Landsec and on our behalf • Modern Slavery Statement: we are committed to ensuring that all work in our supply chain associated with our projects and contracts is voluntary and fair and that the health, safety and security of all workers is a priority • Supply Chain Commitment: our commitment to build long-lasting partnerships with suppliers who uphold the same ethical principles as us and work together for a sustainable future for all • Right to work policy: provides best practice guidance to those assigned responsibility for performing right to work checks across our supply chain	— DIRECTORS' REPORT ON PAGES 92-94 — ACT WELL ON PAGE 32

TOPIC	OUR POLICIES AND STANDARDS THAT GOVERN OUR APPROACH	WHERE INFORMATION CAN BE FOUND IN THIS REPORT
SOCIAL MATTERS	• Diversity and inclusion: our D&I strategy, Diverse Talent, Inclusive Culture and Inclusive Places sets out our vision to design, develop and manage more inclusive, commercially successful places through attracting and nurturing diverse talent within a culture that enables everyone to reach their full potential • Board Diversity Policy: sets out the specific responsibilities of the Board in relation to the diversity of its membership and its role in setting a culture of inclusive leadership from the top • Community Charter: our commitment to engage our communities throughout the development process and beyond • Stakeholder Engagement policy: outlines our commitment and approach to inclusive stakeholder engagement	— OUR PEOPLE AND CULTURE ON PAGES 25-27 — GOVERNANCE REPORT – BOARD DIVERSITY ON PAGE 58 — OUR STAKEHOLDERS ON PAGES 22-24 — LIVE WELL ON PAGE 31
ANTI-BRIBERY AND CORRUPTION	• Anti-Bribery Gifts and Hospitality Policy: we have a zero tolerance for any form of bribery or corruption • Conflicts of interest and anti-competitive behaviours: our employees must act in the best interests of the Company and not make decisions for personal gain • Speak Up Policy: how we encourage those who work for Landsec and on our behalf to ask questions, raise concerns or report incidents of any impropriety or wrongdoing • Sustainable Procurement Guidance: sets out six procurement principles to ensure that we procure goods and services responsibly, securely, timely, smartly, ethically and positively in accordance with the law and in compliance with relevant legislation • Tax strategy: we act with integrity and excellence when dealing with taxes and engage with government for a fair taxation system	— ACT WELL ON PAGE 32 — REPORT OF THE AUDIT COMMITTEE ON PAGES 62-69
DESCRIPTION OF PRINCIPAL RISKS AND IMPACT OF BUSINESS ACTIVITY	• We consider both external and internal risks, evaluate them, assess the impact and put in place mitigating actions and controls	— MANAGING RISK ON PAGES 38-40 — PRINCIPAL RISKS AND UNCERTAINTIES ON PAGES 41-45 — REPORT OF THE AUDIT COMMITTEE ON PAGES 62-69
DESCRIPTION OF BUSINESS MODEL	• To create value, we buy, develop, manage and sell property, drawing on a range of financial, physical and social resources	— OUR BUSINESS MODEL ON PAGE 7
NON-FINANCIAL KEY PERFORMANCE INDICATORS	• In addition to our financial performance metrics, we set ourselves a range of KPIs for the year including sustainability targets	— KEY PERFORMANCE INDICATORS ON PAGE 10

This Strategic Report was approved by the Board of Directors on 16 May 2024 and signed on its behalf by:



MARK ALLAN, CHIEF EXECUTIVE

INTRODUCTION TO THE CORPORATE GOVERNANCE REPORT FROM THE CHAIR

DEAR SHAREHOLDER

I am pleased to introduce the governance section for the year ended 31 March 2024

As Chair of Landsec, I'm pleased to present our Corporate Governance Report. During the year our Board has continued to advance the long-term, sustainable success of the Company. Our effective governance processes underpin Board activities and ensure we effectively consider the risks, uncertainties and opportunities the business faces.

THE YEAR IN REVIEW

In 2023/24, the Board continued to address challenges arising from macroeconomic and geopolitical conditions, including the effects of increased inflation and interest rates on property values. The increased cost of capital and capital allocation more broadly was a significant consideration. These external factors continued to shape our discussions throughout the year, guiding decisions that sought to prioritise the Company's best interests in both the short and long term.

Despite these challenges, we achieved another year of robust operational performance. This success is a result of the focus on our three key competitive advantages: our high quality portfolio; the strength of our customer relationships; and our ability to unlock complex opportunities.

BOARD SUCCESSION AND DIVERSITY

The Board and Nomination Committee have continued to focus on succession planning and Board composition.

During the year, as well the retirement of Cressida Hogg, and my transition to Chair on 16 May 2023, we announced other changes to the Board. Nicholas Cadbury, our Audit Committee Chair, left the Board on 31 December 2023, and Edward Bonham Carter, our Senior Independent Director announced that he would leave the Board at our AGM on 11 July 2024. As a result, we have welcomed James Bowling as our new Audit Committee Chair in September 2023 and Moni Mannings who joined the Board in December 2023 and became Senior Independent Director in April 2024. We continue to review and evolve our skills matrix to ensure we have the skills needed on our Board.

We remain committed to having a Board that is diverse in all respects. As at the date of this report we comply with the Listing Rules requirements relating to diversity: (i) 40% of our Board are women, (also meeting the FTSE Women Leaders target); (ii) two of our senior Board roles are held by women (CFO and SID); and (iii) we have two directors on the Board from minority ethnic backgrounds (also meeting Parker Review targets). During the year we approved a Board Diversity Policy. Importantly, across the wider business, we made progress against our diversity targets (see pages 26-27), but in order that diversity and inclusion remains a key priority we are going to include it in our executive incentive programmes from 2024/25 onwards (see page 71).

STAKEHOLDER ENGAGEMENT

Landsec's success is dependent on the Board taking decisions for the benefit of our shareholders and in doing so having regard to all our stakeholders.

Each year we write to our larger shareholders, offering them the opportunity to meet privately and discuss their thoughts on the Company and the wider market with the Chair or the Senior Independent Director. Since this was my first year as Chair I had a number of these meetings and valuable feedback from those meetings was discussed by the Board. Our stakeholder engagement activity is described in more detail on pages 22-24.

CULTURE

The Board understands the importance of culture and setting the tone of the organisation from the top and embedding it throughout Landsec. Our culture is a key component for continuing to make progress with our strategic plans. The aim of our people strategy is to create a high-performing and inclusive culture. During the year the Board has monitored our culture with regular updates from our Chief People Officer on our people, our culture, talent and succession planning, diversity and inclusion activities and engagement survey, and direct engagement activities with the workforce.

BOARD EVALUATION

This year our Board evaluation was carried out internally. The Board was satisfied with its own performance, with all Board members rating performance as good or excellent. For more detail see page 61.

UK CORPORATE GOVERNANCE CODE

In respect of the year ended 31 March 2024 Landsec was subject to the UK Corporate Governance Code 2018 (the 'Code', available from frc.org.uk). The Board is pleased to confirm that Landsec applied the principles and complied with all the provisions of the Code throughout the year. We are also preparing for the changes required under the UK Corporate Governance Code 2024.

CONCLUSION

I would like to take this opportunity to recognise the hard work and commitment of all our people during the year and to thank them for their continued efforts to ensure the future success of the business. I would also like to conclude by thanking members of the Board for their continued support and commitment over the past year.

SIR IAN CHESHIRE, CHAIR

BOARD OF DIRECTORS

SIR IAN CHESHIRE, CHAIR*

BOARD TENURE

One year

Sir Ian joined the Landsec Board as Non-executive Director and Chair Designate on 23 March 2023 and assumed the role of Chair on 16 May 2023.

COMMITTEES

Nomination Committee (Chair), Remuneration Committee

ROLE

Leads the Board, responsible for governance, major shareholder and other stakeholder engagement.

SKILLS AND EXPERIENCE

Sir Ian brings extensive general management and board experience in customer-facing organisations across a range of sectors. His executive roles include senior leadership and commercial roles in customer-focused businesses, latterly as Group Chief Executive of Kingfisher plc from 2008 to 2015.

He previously held FTSE 100 Non-executive Director roles at Barclays Plc (and as Chairman of Barclays Bank UK), Whitbread Plc, where he was Senior Independent Director and BT Group Plc where he was Chair of the Remuneration Committee, Debenhams and Maison Du Monde. He was lead Non-executive Director at the UK Cabinet Office and Department for Work and Pensions. He was also Chairman of the British Retail Consortium, Chairman of the Prince of Wales Corporate Leaders Group on Climate Change, President of the Business Disability Forum President's Group and chaired the Ecosystem Markets Task Force and GR Task Force.

Sir Ian was knighted in the 2014 New Year Honours for services to Business, Sustainability and the Environment and is a Chevalier of the Ordre National du Mérite of France.

OTHER CURRENT APPOINTMENTS

Chair of Channel 4 and Spire Healthcare Group plc. Non-executive Director of Menhaden Resource Efficiency Plc. Chair of the King Charles III Charitable Fund and We Mean Business Coalition.

MONI MANNINGS OBE, NON-EXECUTIVE DIRECTOR AND SENIOR INDEPENDENT DIRECTOR*

BOARD TENURE

6 months

Moni joined the Board in December 2023 and became Senior Independent Director in April 2024.

COMMITTEES

Nomination Committee, Remuneration Committee

ROLE

A sounding board for the Chair and a trusted intermediary for other Directors and shareholders.

SKILLS AND EXPERIENCE

From 2000 until 2016, Moni was a Partner and Head of the International Banking and Finance Division of Olswang LLP, before which she held senior positions in other leading law firms.

Until 2017, Moni was Chief Operating Officer of Aistemos Limited. Previous Non-executive Director positions include Polypipe Group plc, Dairy Crest Group plc, Breedon Group plc, Investec Bank plc and Cazoo Group Ltd.

OTHER CURRENT APPOINTMENTS

Independent Non-executive Director of Hargreaves Lansdown plc, Non-executive Director and Chair of the Remuneration Committee of easyJet plc, Non-executive Director and Senior Independent Director of Co-operative Group.

A Member of the Takeover Panel. Moni also founded EPOC, a not-for-profit network that seeks to increase the number of people of colour on boards and is a member of the Parker Review Committee and a trustee on the Board of the St Marks Hospital Foundation charity.

EDWARD BONHAM CARTER, NON-EXECUTIVE DIRECTOR*

BOARD TENURE

Ten years

Edward is retiring from the Board at the AGM in July 2024.

COMMITTEES

Nomination Committee, Remuneration Committee

SKILLS AND EXPERIENCE

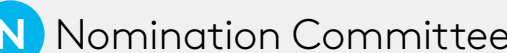
Edward has significant experience of general management as a former CEO of a private equity backed and listed company. Having been a fund manager for many years, he has a comprehensive understanding of global stock markets and investor expectations which is beneficial to the Company when it considers its engagement with investors.

OTHER CURRENT APPOINTMENTS

Senior Independent Director, ITV plc. Trustee and Chair of Investment Committee, Esmée Fairbairn Foundation. Non-executive Chairman, Netwealth Investments Ltd.

COMMITTEES

Audit Committee


Nomination Committee

Remuneration Committee

*Independent as per the UK Corporate Governance Code.

BOARD OF DIRECTORS
CONTINUED

JAMES BOWLING, NON-EXECUTIVE DIRECTOR*

BOARD TENURE
9 months

James joined the Board in September 2023.

COMMITTEES
Audit Committee (Chair)

SKILLS AND EXPERIENCE
James was Chief Financial Officer of Severn Trent Plc from 2015 until retirement in July 2023, and remained on the Seven Trent Plc Executive Committee until December 2023 as a Senior Advisor. James has relevant financial experience as a Fellow of the Institute of Chartered Accountants in England and Wales and as an experienced listed company CFO who has successfully applied his skills across a number of sectors. He has broad experience in financial reporting, enterprise risk management, long-term capital investment models and a range of corporate activity, including M&A.

OTHER CURRENT APPOINTMENTS
Non-independent Non-executive Director of Water Plus Group Ltd. Chair of Audit Committee and Non-executive Director at Porterbrook Leasing Company Limited.

MADELEINE COSGRAVE, NON-EXECUTIVE DIRECTOR*

BOARD TENURE
Five years

COMMITTEES
Audit Committee

SKILLS AND EXPERIENCE
Madeleine has extensive experience in the property industry; she is a member of the Royal Institution of Chartered Surveyors and former chair of the INREV Investor Platform. She is an independent member of the CBRE IM EMEA Investment Committee, senior advisor to ICG Real Estate and has mentoring roles with IntoUniversity and GAIN (Girls Are Investors). Madeleine was previously Managing Director and Regional Head, Europe at GIC Real Estate, Singapore's Sovereign Wealth Fund. She held this position from 2016 until she stepped down in June 2021 and was responsible for the investment strategy, portfolio and team. She led the GIC real estate business in Europe and was a voting member of GIC RE's Global Investment Committee.

Madeleine is a chartered surveyor and started her career in 1989 with JLL as a graduate trainee. She went on to hold roles in valuation, fund management, leasing and development in both London and Sydney, before joining GIC in 1999.

OTHER CURRENT APPOINTMENTS
Independent Member of CBRE IM EMEA Investment Committee. Senior Advisor to ICG Real Estate.

CHRISTOPHE EVAIN, NON-EXECUTIVE DIRECTOR*

BOARD TENURE
Five years

COMMITTEES
Remuneration Committee (Chair), Nomination Committee

SKILLS AND EXPERIENCE
Christophe has extensive investment experience in private equity, debt and other alternative asset classes. As the former CEO of a UK listed company, he also has management and leadership strengths, having successfully led the transformation of Intermediate Capital Group PLC (ICG) from a principal investment business into a diversified alternative asset management group. Christophe's broad experience, both as a business leader and an investor, is a valuable asset to the Board. Having started his career in banking, holding various positions at NatWest and Banque de Gestion Privée, he joined ICG in 1994 as an investment professional, became CEO in 2010 and stepped down from that position in 2017. During this time he held various investment and management roles, founded the Group's businesses in Paris, the Asia-Pacific region and North America, and was instrumental in adding various additional businesses, including a UK property lending business.

OTHER CURRENT APPOINTMENTS
Chair, Bridges Fund Management. Non-executive Director, Quilvest Capital Partners.

MILES ROBERTS, NON-EXECUTIVE DIRECTOR*

BOARD TENURE
18 months

COMMITTEES
Audit Committee

SKILLS AND EXPERIENCE
Miles is currently Group Chief Executive of DS Smith Plc, the international packaging group, and has held this position since 2010. It has been announced that Miles will step down from the Board of DS Smith Plc by 30 November 2025. Prior to his role at DS Smith Plc, he was Chief Executive at McBride plc from 2005 to 2010.

Miles brings a wide level of Board experience, together with specific experience of large, long-term capital projects, alongside a particular focus on sustainability. Miles is a qualified chartered accountant.

OTHER CURRENT APPOINTMENTS
Chief Executive, DS Smith Plc.

MANJIRY TAMHANE, NON-EXECUTIVE DIRECTOR*

BOARD TENURE
Three years

COMMITTEES
Remuneration Committee

SKILLS AND EXPERIENCE
Manjiry brings over 20 years of client and agency side experience in the data, technology and advanced analytics industry gained from working in marketing, customer insight and strategy roles. She is Global Chief Executive Officer of Gain Theory, a global foresight consultancy, a subsidiary of WPP plc. Manjiry was part of a team which founded Gain Theory in 2015, having previously been Managing Director of another of WPP's consultancies also focused on data and analytics, Ohal Ltd. Prior to that, Manjiry spent the first part of her career in the retail sector, latterly as Head of Customer Insight and Strategy at Debenhams. In 2017, Manjiry was named as one of the top 20 Women in Data & Technology, led by The Female Lead and Women in Data.

OTHER CURRENT APPOINTMENTS
Chief Executive Officer, Gain Theory, a subsidiary of WPP plc. Advisory Board member, Saracens Women's Rugby.

THE ROLE OF OUR NON-EXECUTIVE DIRECTORS
Our Non-executive Directors are responsible for bringing an external perspective, sound judgement and objectivity to the Board's deliberations and decision making. They support and constructively challenge the Executive Directors using their broad range of experience and expertise and monitor the delivery of the agreed strategy within the risk management framework set by the Board.

Our Non-executive Directors have a diverse skill set and background including property, investment, asset management, retail and hospitality, and data and analytics. This expertise enables the Board to constructively challenge management and encourages diversity of thought in the decision making process.

COMPANY SECRETARY
Marina Thomas is our Company Secretary. Marina provides advice and support to the Board, its Committees and the Chair, is responsible for governance and compliance across the Group, and is a member of our Executive Leadership Team.

The appointment and removal of the Company Secretary is a matter for the Board.

BOARD OF DIRECTORS
CONTINUED

MARK ALLAN,
CHIEF EXECUTIVE, EXECUTIVE DIRECTOR

BOARD TENURE
Four years

ROLE
Responsible for the leadership of the Group, development and implementation of strategy, managing overall business performance and leading the Executive Leadership Team.

SKILLS AND EXPERIENCE
Mark brings extensive knowledge and experience of the property sector combined with strong operational leadership and financial and strategic management skills to the Board. Prior to joining Landsec, Mark was Chief Executive of St. Modwen Properties PLC for three years. Prior to that he was Chief Executive of The Unite Group plc from 2006 until 2016. He moved to Unite in 1999 from KPMG and held a number of financial and commercial roles in the business, including Chief Financial Officer from 2003 to 2006. A qualified Chartered Accountant, Mark is also a member of the Royal Institution of Chartered Surveyors.

OTHER CURRENT APPOINTMENTS
Mark is President of the British Property Federation and an Independent Trustee at the University of Bristol.

MANAGEMENT COMMITTEES
Chair of the Group's Executive Leadership Team. Mark is invited to attend the Audit, Remuneration and Nomination Committees at the invitation of the Chairs.

VANESSA SIMMS,
CHIEF FINANCIAL OFFICER, EXECUTIVE DIRECTOR

BOARD TENURE
Three years

ROLE
Works closely with the Chief Executive in developing and implementing vision and strategy. Responsible for Group financial performance, financial planning, management of risk and assurance, group legal and group procurement.

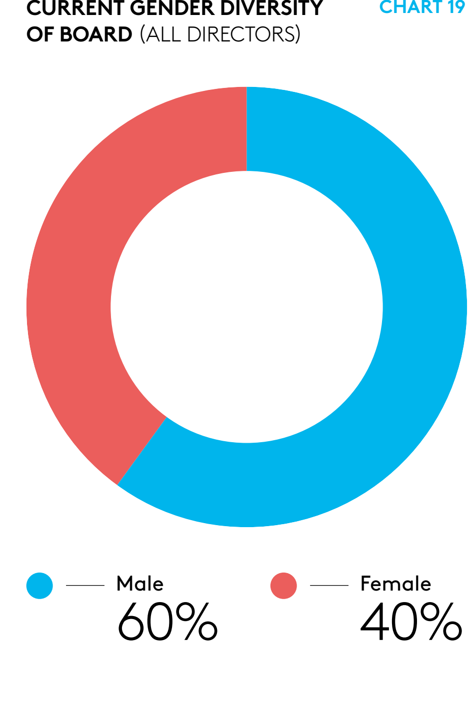
SKILLS AND EXPERIENCE
Vanessa brings extensive experience to Landsec from the property sector in the UK. She has over 25 years of experience in finance and extensive knowledge of UK real estate holding a number of senior positions at other UK property companies. Vanessa has a valuable combination of expertise and experience in leading and implementing strategic change in businesses and substantial experience in senior finance leadership roles in a listed environment.

Prior to joining Landsec in June 2021, Vanessa was CFO of Grainger plc, a role she held since February 2016, and immediately prior to joining Grainger held a number of senior positions within The Unite Group plc, including Deputy Chief Financial Officer. Prior to that Vanessa was UK finance director at SEGRO plc. Vanessa is a Chartered Certified Accountant (FCCA) and has an executive MBA (EMBA) from Ashridge Business School.

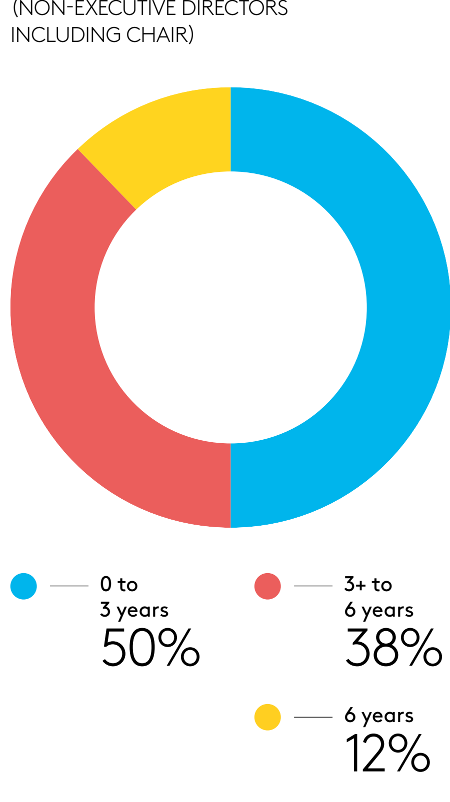
OTHER CURRENT APPOINTMENTS
Vanessa has resigned from the Board of Drax Group Plc (where she is Audit Chair and Non-executive Director) effective 18 June 2024 and will join the Board of Rotork plc as a Non-executive Director on 21 June 2024.

MANAGEMENT COMMITTEES
A member of the Group's Executive Leadership Team and chairs our Disclosure Committee. Vanessa attends Audit Committee meetings at the invitation of the Committee Chair.

CURRENT GENDER DIVERSITY OF BOARD (ALL DIRECTORS) CHART 19



CURRENT BOARD TENURE (NON-EXECUTIVE DIRECTORS INCLUDING CHAIR) CHART 20



EXECUTIVE LEADERSHIP TEAM

Our Executive Leadership Team is made up of our Executive Directors and our business unit and enabling function leaders and is chaired by the Chief Executive.

REMCO SIMON, CHIEF STRATEGY & INVESTMENT OFFICER

KATE SELLER, CHIEF PEOPLE OFFICER

MIKE HOOD, CEO OF LANDSEC U+I

NISHA MANAKTALA, CHIEF DATA & TECHNOLOGY OFFICER

MARCUS GEDDES, MANAGING DIRECTOR, WORKPLACE

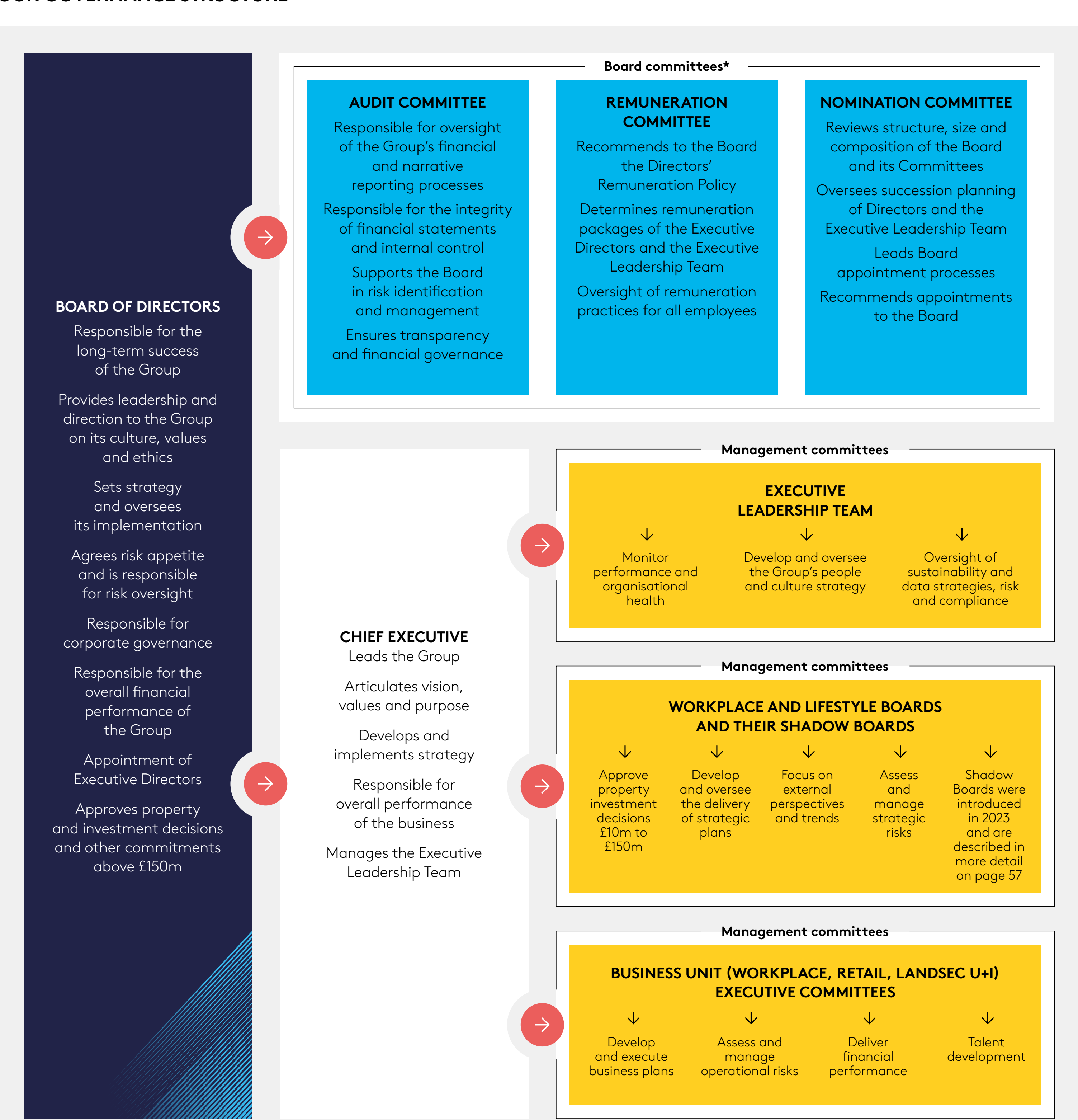
BRUCE FINDLAY, MANAGING DIRECTOR, RETAIL

CHRIS HOGWOOD, MANAGING DIRECTOR, CORPORATE AFFAIRS & SUSTAINABILITY

MARINA THOMAS, HEAD OF GOVERNANCE AND COMPANY SECRETARY

GOVERNANCE REPORT

OUR GOVERNANCE STRUCTURE



*We also operate a Disclosure Committee, chaired by the CFO, which oversees compliance with market abuse requirements and manages inside information.

OUR GOVERNANCE STRUCTURE

The Board and Committees continue to oversee governance and assurance. They are supported by our Executive Leadership Team, which is responsible for oversight of strategy, organisational health and the Group's people agenda. Our governance model is centred around our two different business areas: (i) our Workplace Board and Executive Committee cover our office activity; and (ii) our Lifestyle Board together with the Retail and Landsec U+I Executive Committees cover the retail and mixed-use business areas.

Decisions that can only be made by the Board, together with the terms of reference for our Board Committees are on our website. Our Delegation of Authorities framework sets out levels of authority for decision making throughout the business. Decision-making on investments and commercial agreements, including the acquisition, disposal and development of assets, is delegated according to financial values. Our investment appraisal guidelines include the principles in Section 172 of the Companies Act requiring consideration of all stakeholders.

ATTENDANCE

There were seven scheduled meetings this year. All Board members attended those meetings. The Chair held meetings with the Non-executive Directors without the Executive Directors present at the end of every scheduled Board meeting.

BOARD ACTIVITIES

Our Board is responsible for the overall leadership of the Group and throughout the year, Board activities and discussion have continued to focus on the Company's strategic priorities. The Board oversees the Company's strategic direction and supports the ELT with its delivery of the strategy within a transparent governance framework. Alongside the strategic priorities and business financial and operational performance, the Board has considered topics including executive succession, diversity and inclusion, data and technology, compliance and governance. Further detail on these topics is set out on page 59.

KEY STAKEHOLDERS ARE CONSIDERED IN DECISION MAKING IN ACCORDANCE WITH SECTION 172 OF THE COMPANIES ACT 2006 (SEE PAGES 22-24)

STRATEGY DAY

The Board strategy day which took place in January 2024 was focused on mixed-use developments and included a tour of the successful Kings Cross mixed-use project, presentations on mixed-use market themes and dynamics and specific discussions on Landsec's mixed-use portfolio.

TRAINING AND DEVELOPMENT

Directors received regular market updates in their Board papers, facilitating greater awareness and understanding of the context of the Group's business and strategy. The Board also received a detailed briefing on the Group's new nature strategy which was launched during the year. Details of all of the activities undertaken by the Board are in the table on page 59.

INDUCTION

Our induction plan is delivered on appointment and aims to enable a new Director to assume their responsibilities as quickly as possible and feel able to contribute to business and strategy discussions, with sufficient knowledge to provide effective challenge.

OUR NEW SHADOW BOARDS

In 2023, we established two Shadow Boards, which shadow our Workplace and Lifestyle Boards. These Shadow Boards are made up of employees who participate in shadow board meetings and then formal Workplace and Lifestyle Board meetings to provide new perspectives and ideas and to gain experience in board procedures and board level decision-making. The Shadow Boards do not have formal authority inside the organisation.

We established our Shadow Boards to help us make better decisions by broadening our current community of decision-makers to ensure wider diversity of thought, and to create impactful career-development opportunities to help our future industry leaders realise their potential. This builds new skill-sets for the members, and provides a forum to challenge the status quo and consider diverse perspectives. This will help ensure the long-term quality and success of our business, so we can continue to lead the industry in making sure we best represent the customers and places we serve.

Applications for the Shadow Board positions were open to all Landsec colleagues, from any business area or enabling function, no matter what stage of their career.

Nearly 80 Landsec colleagues applied for these roles, using a written application form. An interview with a selection panel followed for those shortlisted. The panel was formed of ELT, People team and Affinity network members. The main considerations for the selection panel were to ensure candidates had a clear interest in matters of strategic significance to Landsec and the wider real estate industry, as well as the desire to contribute to decision-making at Board level and the capacity to take on the role.

Of the applicants, we selected ten for their attitude, skill-set, experience and potential – five for the Lifestyle Board and five for the Workplace Board. As a result the Shadow Boards comprise colleagues from diverse areas including operations, communications, finance, development, leasing, procurement and project management. The members underwent formal training involving mentoring, meeting management, personal impact and technical training on how to read and understand financial information.

The process also revealed many candidates who demonstrated potential, allowing us to put some others forward for alternative opportunities, or help guide and mentor their career ambitions.

The Shadow Boards meet formally six times a year, in advance of the respective Lifestyle and Workplace Board meetings, to review, discuss and agree papers and recommendations. They receive the same board papers as the Boards they shadow, and are supported by the MDs of Landsec U+I, Retail and Workplace. They discuss matters amongst themselves before appointing two representatives to attend the Board meetings, in rotation, to represent each Shadow Board's collective perspectives.

The Shadow Boards have also met separately in early 2024 with two Non-executive Directors to provide their feedback on the Shadow Board experience and gain insights from our Non-executives on working at PLC Board level. At both sessions feedback provided was overwhelmingly positive.

GOVERNANCE REPORT
CONTINUED

An induction plan was put in place for Sir Ian Cheshire upon joining as a Non-executive Director in January 2023, and this continued throughout 2023. James Bowling and Moni Mannings are currently going through their induction schedules.

Our induction programmes for Ian, James and Moni were designed to:

- support their understanding of Landsec's business and financial position, strategy, culture, risks and opportunities
- enable a good understanding of our Board processes and dynamics
- help them form relationships with the Board, the ELT and other key individuals at Landsec and key external advisers
- help the Directors learn about our business first hand, by site visits across our retail, workplace and mixed-use portfolio. Ian, Moni and James have all visited or are due to visit our sites in Manchester, Bluewater, Gunwharf Quays, Victoria, Southwark, O2 and Lewisham.

In our 2023/24 Board evaluation, our Directors rated our in-depth induction programme highly.

CONFLICTS OF INTEREST AND EXTERNAL APPOINTMENTS

The Board has a policy to identify and manage Directors' conflicts or potential conflicts of interest and will (i) approve any such disclosed conflicts, and (ii) determine any mitigating actions deemed appropriate to ensure that all Board meetings and decisions are conducted solely with a view to promoting the success of Landsec.

Directors' conflicts of interest are reviewed by the Board annually, with new conflicts arising between meetings dealt with by the Chair and Company Secretary.

Details of Non-executive Directors' other appointments are included on pages 51-53. Non-executive Directors' letters of appointment set out the time commitments expected from them. Following consideration, the Nomination Committee has concluded that all the Non-executive Directors continue to devote sufficient time to discharging their duties to the required high standard.

We generally adhere to the Institutional Shareholder Services (ISS) proxy voting guidelines on overboarding and accordingly deem all of our Non-executive Directors to be within these guidelines.

Our policy is to allow Executive Directors to take one non-executive directorship at another FTSE company, subject to Board approval. During the year, Vanessa Simms disclosed that she had resigned from Drax Group plc and would take on a non-executive role at Rotork plc, with both changes being effective from June 2024. The Board considered this change and was satisfied that Vanessa's time commitment to her role would not be impacted.

BOARD DIVERSITY

During the year the Board formally adopted a Board Diversity Policy (available on our website). This Policy sets out the specific responsibilities of the Board in relation to the diversity of its membership and its role in setting a culture of inclusive leadership from the top.

Our latest gender and ethnic diversity data at Board level and below as required under the Listing Rules is detailed below. Further diversity data for the wider workforce is on pages 26-27 and in our Sustainability Performance and Data Report.

Landsec was pleased to be ranked 16th in the FTSE Women Leaders Review published in 2024. The Board acknowledges the need to make more progress on ethnic diversity below Board level and has set a target of 9% ethnic diversity in our senior leadership population by 2027 as required under the Parker Review. We have 2030 targets for gender and ethnic diversity which are available on our website. To ensure the Group is working towards these targets, diversity and inclusion measures are being included in our executive bonus and long-term incentive plans for the first time this year (see page 71).

BOARD AND EXECUTIVE LEADERSHIP DIVERSITY[1] TABLE 21

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Leadership Team	Percentage of Executive Leadership Team
Gender diversity					
Men	6	60%	2	6	60%
Women	4	40%	2	4	40%
Not specified/prefer not to say	–	–	–	–	–
Ethnic diversity					
White British or other White (including minority-white groups)	8	80%	3	9	90%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	2	20%	1	1	10%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	-

1. Data disclosed as at the date of this report. The data is collected from individuals when joining the Company. Individuals are asked to select from a series of options on both gender and ethnic diversity. Gender and ethnicity data is shared with the Executive Leadership Team and the Board regularly.

BOARD DISCUSSIONS DURING THE YEAR

	TOPICS/ACTIVITIES	OUTCOMES
STRATEGY	• Retail, Workplace and Landsec U+I business reviews • Acquisitions and disposals • Defence overview, valuations and market reviews • Mixed-use strategy day held in Kings Cross • Optimum capital recycling and capital allocation • Review and approval of treasury strategies • Gunwharf Quays site visit and presentation on future plans for the asset and across the wider retail portfolio • Tour of Myo New Street Square offices and review of wider area plans	• Approval of the Group strategic plan (five-year view) with integrated view of risk management • Approval of Group business plan for FY25 • Capital Markets Day held at our London office developments, Lucent at Piccadilly Circus and n2 in Victoria • Approval of the sale of the hotel portfolio • Disposals of other non-core assets • Discussed mixed-use development strategy and priority projects • Discussion of Myo expansion plans and later purchase of Regents Quarter in Kings Cross for the Myo portfolio
FINANCIAL	• Capital allocation • Macroeconomic environment consideration in higher interest rate and development cost environment • Budgets • Key business targets • Dividends, results and reports • Going concern and viability statement • Portfolio valuation • Source of funding and gearing levels • Third Party Capital fund updates • Finance systems transformation	• Preliminary results, Annual Report and half-year results approved • Dividends approved and paid • New bond issuance in March 2024 • Annual Tax Strategy approved and published • Regular updates on financial systems transformation project
OPERATIONAL	• Development pipeline and pre-let activity • Market and sector trends • Acquisitions and disposals • Sustainability progress updates and nature strategy • Corporate affairs updates • Health and safety including fire safety and RAAC, physical security • Data and technology	• Board's continued focus on the use of data and technology throughout the business to make informed decisions on customer and market trends and to provide the best service to customers • Update on net zero transition plan progress • Progress across the Build well, Live well, Act well strategy and towards 2030 targets • Introduction of core nature requirements for new developments and nature action plans for existing sites • Cyber security updates and presentation of new data and technology strategy, including impacts of AI
PEOPLE AND ORGANISATION	• Succession planning • Talent management • Diversity and inclusion • Culture, talent and engagement • Employee engagement	• Appointment of two additional Non-executive Directors • Refreshed approach to talent and succession planning, focused on a high-performance culture journey and new development programmes • Approval of Landsec Board Diversity Policy • Set up of Shadow Boards • Spotlight Awards to celebrate employee achievements • Embedding of diversity and inclusion strategy • Reverse mentoring commencement for ELT members • Gender and Ethnicity Pay Gap Reports • Office refreshed with more collaborative space
GOVERNANCE	• Risk identification, management and internal control • Meeting reports from Chairs of Audit, Remuneration and Nomination Committees • Modern slavery • Board and Committee effectiveness • Legal and litigation updates • Whistleblowing • Share register analysis • Board employee engagement plan • FTSE Women Leaders Review and Parker Review on Ethnic Diversity • Corporate broker review	• Risk appetite • Internal Board and Committee evaluation and actions • Annual General Meeting • Approval of Modern Slavery Statement • Remuneration Committee Chair meeting with Employee Forum on executive remuneration • Regular meetings between employees and Non-executive Directors • Appointment of two new corporate brokers to join the existing broker

INTRODUCTION FROM THE CHAIR OF THE NOMINATION COMMITTEE

COMMITTEE MEMBERS

- Sir Ian Cheshire (Chair)
- Edward Bonham Carter
- James Bowling (from 11 December 2023)
- Christophe Evain
- Moni Mannings (from 11 December 2023)

HIGHLIGHTS

- Appointment of new Non-executive Directors

KEY RESPONSIBILITIES

- Skills matrix and composition of the Board and Committees
- Succession planning
- Board appointment processes

MEETINGS

- Three scheduled meetings and one unscheduled
- All members of the Committee attended all meetings during their membership

DEAR SHAREHOLDER

I am pleased to present the report from the Nomination Committee for the year.

The Committee has continued to assess the composition, succession plan and skills of the Board and its Committees and promote diversity.

BOARD AND COMMITTEE CHANGES

At the start of the financial year the role of Chair transitioned from Cressida Hogg to myself (and this selection process was described in the last Annual Report). This year, we announced the retirement of our Audit Committee Chair and Senior Independent Director. As a result, the Committee has run two selection processes for new Non-executive Directors, which are described further below.

BOARD EVOLUTION AND DIVERSITY IN BOARD APPOINTMENTS

A balanced and diverse Board with a mix of skills, expertise, background, and tenure is critical to the success of the Company. The composition of the Board underpins the quality of debate and challenge during discussions.

The process for Board appointments is led by the Nomination Committee which makes recommendations to the Board for its approval. It is the Nomination Committee's responsibility to keep Board composition under review, including reviewing director independence and tenure. During the year the Committee continued to review the composition and skills of the Board and its plan for Board succession.

The Nomination Committee works with executive search consultants to ensure they support our approach to diversity in providing a diverse selection of candidates for Board appointments and the selection can then be based upon merit and objective criteria.

The Board believes that diversity at Board level sets the tone for diversity throughout the business. We promote diversity in the broadest sense, not just gender or ethnicity but also experience, skills, professional background and tenure. During the year, a Board Diversity Policy was approved and this is available on our website.

The Nomination Committee monitors our talent pipeline to ensure we have a diverse pool of talent being developed at all levels of the business. Maintaining a diverse workforce is as important as diverse recruitment and we continue to assess and promote this.

FURTHER INFORMATION ON DIVERSITY AT LANDSEC CAN BE FOUND ON PAGES 26-27

INTERNAL BOARD EVALUATION

We follow the standard three-yearly cycle for Board evaluations. Our last externally facilitated evaluation was in 2021/22 and the next one will be 2024/25. The evaluations for last year and the current year were therefore undertaken internally, overseen by myself and our Senior Independent Director, using questionnaires and follow up discussion. The process went well and the outcomes are described in more detail in this report.

This Committee's effectiveness was also assessed as part of the internal review. The Committee was satisfied with its own effectiveness as a whole and was pleased with the outcome of the Non-executive succession processes.

The review identified that the skills matrix should continue to be reviewed to ensure we have the right Board composition for the needs of the Company and recent changes to the Board.

SIR IAN CHESHIRE, CHAIR

REPORT OF THE NOMINATION COMMITTEE

NON-EXECUTIVE DIRECTOR CHANGES

During the year, Cressida Hogg retired on 16 May 2023 (and Sir Ian Cheshire became Chair on the same date). Nicholas Cadbury and Edward Bonham Carter announced their intention to retire on 31 December 2023 and at our AGM on 11 July 2024 respectively. The Committee appointed an independent search firm, the Lygon Group ('Lygon'), to recruit additional non-executive directors with Audit Committee and Senior Independent Director experience. Both processes were run by Lygon, who have no other connection to Landsec.

The first recruitment process involved a long list and then short list of diverse candidates being considered to replace our Audit Committee Chair. As a result of this robust selection process, James Bowling was appointed on 7 September 2023. James, a Chartered Accountant, was Chief Financial Officer of Severn Trent Plc from 2015 until recently retiring from this role. Prior to that, James held senior financial roles at Shire plc. James is a highly experienced FTSE Chief Financial Officer who has successfully transferred his skills across sectors and has broad experience overseeing long-term capital investment models. James succeeded Nicholas as Audit Committee Chair on 18 September 2023 and joined the Nomination Committee on 11 December 2023.

The second recruitment process which also involved a long and short list of diverse candidates was for a non-executive director to replace our longstanding Senior Independent Director, Edward Bonham Carter. As a result of this selection process, Moni Mannings OBE was appointed to the Board on 11 December 2023, joining this Committee and the Remuneration Committee on the same day and becoming Senior Independent Director on 1 April 2024. Moni is currently an Independent Non-executive Director of Hargreaves Lansdown plc, Non-executive Director and Chair of the Remuneration Committee of easyJet plc, Non-executive Director and Senior Independent Director of Co-operative Group and a Member of the Takeover Panel. Moni also founded EPOC, a not-for-profit network that seeks to increase the number of people of colour on boards and is a member of the Parker Review Committee. From 2000 until 2016, Moni was a Partner and Head of the International Banking and Finance Division of Olswang LLP, before which she held senior positions in other leading law firms. Moni has previously held a number of other non-executive director roles and is a highly experienced and respected City lawyer with extensive property financing experience. She also brings her experience of being a Senior Independent Director and committee chair from other non-executive roles.

INDEPENDENCE AND RE-ELECTION TO THE BOARD

The independence, effectiveness, and commitment of each of the Non-executive Directors has been reviewed by the Committee. The Committee is satisfied with the contributions and time commitment of all the Non-executive Directors during the year.

The Committee will always discuss the additional commitments of all directors (including the Chair) before recommending their approval to the Board. It also considers potential conflict issues as part of that assessment.

James Bowling and Moni Mannings are standing for initial election by shareholders at the AGM in July 2024, with all other Directors standing for re-election with the support of the Board, with the exception of Edward Bonham Carter who is stepping down from the Board at that time.

BOARD EVALUATION

BOARD EVALUATION PROCESS 2023/24

Our Board evaluation provides the Board and its Committees with an opportunity to reflect on effectiveness and performance. We carried out the review of the Board's effectiveness internally via questionnaire. The questions focused on key themes and topics which had arisen during the year and areas of focus identified from the evaluation last year.

OUTCOMES

Overall, the Board was satisfied with its performance during the year. The following areas were highlighted:

- The Chair had undertaken an extensive induction programme and had been well supported by the Board in getting to know the business during the year
- There had been good non-executive hires during the year and the induction programmes for new non-executives were highly rated
- Executive succession planning and talent management was considered to have advanced significantly under the leadership of the Chief People Officer
- The employee engagement programme for non-executives was viewed positively
- Board papers had improved
- Support from the executive and Company Secretary was valued
- The Board felt it had performed well in the areas of strategy and risk
- Board culture and relationships between executives and non-executives were viewed positively

Key areas of focus as a result of the evaluation were as follows:

- The Board had an excellent employee engagement programme but would benefit from spending additional time with ELT and senior leaders
- Themes identified as a priority for the coming year were: capital allocation in a higher cost of capital environment, strategy execution, unlocking further growth opportunities and succession planning, talent and diversity

The Board Committees also reviewed and were satisfied with their own effectiveness. The Audit and Remuneration Committee Reports contain a summary of their own reviews.

INTRODUCTION FROM THE CHAIR OF THE AUDIT COMMITTEE

COMMITTEE MEMBERS

- James Bowling (from 7 September 2023 and Chair from 18 September 2023)
- Nicholas Cadbury (Chair until 18 September 2023 and member until 31 December 2023)
- Madeleine Cosgrave
- Miles Roberts

HIGHLIGHTS

- Integrity of reporting process
- Effectiveness of the risk management and internal controls process
- Cyber and information security
- Financial systems transformation
- Accounting treatment of various financial matters
- Impact of the changes to the governance regime
- Financial impact of Health and Safety matters
- Climate related governance

KEY RESPONSIBILITIES

- Reliability of the financial statements and internal controls
- Effective risk identification and management
- Overall transparency and financial governance

NUMBER OF MEETINGS AND ATTENDANCE

- Four scheduled meetings
- 100% attendance from all members during their membership

DEAR SHAREHOLDER

Having succeeded Nicholas Cadbury as the Chair of the Audit Committee in September 2023 I am pleased to present my first report of the Audit Committee.

During the financial year the Committee has continued to play a key oversight role for the Board on the reliability of the financial statements, the integrity of the reporting process and the Company's system of internal controls, risk identification and management, audit and valuation processes, effective compliance with laws, regulations and ethical codes of practice, and overall financial governance.

RISK FOCUS

As the Committee plays an important role for the Board in risk management and identification, there has been focus on the Group risk management framework to ensure that this continues to be fit for purpose and well embedded into day-to-day operations. Whilst considering these improvements the Committee has maintained its monitoring of risks throughout the year.

The ten principal risks have been re-categorised during the year into strategic and operational risks and reflected in a risk waterfall. Information security and cyber threat, change projects failing to deliver and health and safety are the most significant operational risks. The Committee has had regular oversight of the significant work undertaken to mitigate these risks and will continue to consider updates and monitor progress.

Although its risk score has decreased during the year, the macroeconomic outlook remains the most significant strategic risk. The risk management strategy in place to mitigate against this risk includes the regular monitoring of key risk indicators, scenario-based modelling of plausible economic trajectories and extensive research and review of sector and market risks. No emerging risks have been identified through the risk management process.

CLIMATE RELATED GOVERNANCE

The Committee has continued to receive updates from the sustainability team and advisers on the requirements of the Task Force on Climate-related Financial Disclosure (TCFD) as well as the Task Force on Nature-related Financial Disclosure (TNFD), the evolving reporting landscape for climate governance and our approach to climate risk identification, assessment and strategy.

Our disclosures remain consistent with the TCFD recommendations. We are also considering our readiness and response to TNFD recommendations and will continue to monitor these. Our TCFD disclosures can be found on pages 33-37.

HEALTH AND SAFETY

Health and safety is a key priority of the Board and the Committee continues to support the Board by reviewing the impacts of health and safety measures including the Building Safety Act 2022 and the presence of reinforced autoclaved aerated concrete (RAAC). The Committee is regularly updated on work to assess our liability for any remediation works required and the wider financial impact arising from such issues and how this is disclosed.

FINANCIAL STATEMENTS

The Group's financial statements are of critical importance to investors and wider stakeholders and the Committee monitors the integrity of the Group's reporting process and financial management. It scrutinises the full and half-yearly financial statements before proposing them to the Board for approval. The Committee reviews in detail the work of the external auditor and external valuers and any significant financial judgements and estimates made by management to ensure that it is satisfied with the outcome.

ASSET VALUATION

The valuation of our assets is a significant constituent of our financial results and measurement of our performance. This is the second year that we have used two valuers, CBRE and JLL, to value the office and retail portfolios respectively (with some small exceptions). Both CBRE and JLL are industry-leading agencies with extensive expertise and appropriate knowledge who provide us with an external valuation of our portfolio twice a year, in accordance with the relevant industry standards. The Committee will be considering in the forthcoming year the Royal Institute of Chartered Surveyors Red Book UK Supplement which includes a mandatory rotation policy for valuers.

The valuation process requires the valuers to evaluate the likely future financial performance of each individual asset and apply recent and relevant transactional evidence to determine an appropriate value at the period end. The Committee analyses, challenges and debates the valuations prepared by the valuers who attend Committee meetings for this purpose at the half and full year-end. The external valuation process and the values ascribed to specific assets are also reviewed independently by our auditor, EY, as part of its audit scope.

ACQUISITIONS, DISPOSALS AND DEVELOPMENT

Landsec remains on track with its strategy to accelerate growth through recycling capital into higher return opportunities, even though the investment market activity has remained subdued throughout the year. A number of non-core assets have been sold, and Regents Quarter at Kings Cross was acquired. The Committee considered the accounting treatment and disclosures of these transactions and concluded that they were appropriate.

PROVISIONS FOR BAD DEBT

The Committee has continued to closely monitor the cash collections of rents across the whole portfolio together with required provisions. The rent collection statistics are strong at pre-Covid levels. The bad debt provisions have decreased from last year.

INTERNAL AUDIT

KPMG have completed their first full year as internal auditor and have successfully completed audits on IT Applications, Retail Centre Management, Workforce Planning, The Forge Handover, ESG, Treasury and Cash Management along with monitoring that teams have closed out audit actions from previous reports. This is in line with their Internal Audit Plan for 2022-2024. The Audit Committee has agreed KPMG's proposed Internal Audit Plan for the year ended 31 March 2025 which will include amongst others, internal audits for Data Privacy, Business Continuity Planning and Mayfield Development.

FAIR, BALANCED AND UNDERSTANDABLE

The Committee considered the Company's 2024 Annual Report in the round and concluded and recommended to the Board that, taken as a whole, the 2024 Annual Report is fair, balanced and understandable.

GOING CONCERN AND VIABILITY STATEMENT

The Committee considers the appropriateness of adopting the going concern assumption in preparing the financial statements and the going concern statement is set out on pages 46 and 47, along with the viability statement and the rationale behind the chosen five-year time horizon.

CORPORATE GOVERNANCE CODE AND GUIDANCE

The Committee considered its compliance with the 2018 UK Corporate Governance Code (the 'Code') and the FRC Guidance on Audit Committees and continues to believe that we have addressed both the spirit and the requirements of each. In addition, the Committee continues to regularly monitor the changes to the new corporate governance regime, and despite the delays to the introduction of the new regime, is well advanced in preparing for its implementation, including financial and IT controls reviews and an assurance mapping exercise.

COMMITTEE CHANGES AND EFFECTIVENESS

The internal Board evaluation undertaken during the year indicated that the Committee continues to operate effectively. I would like to take the opportunity to continue to improve the high standards of the Committee set by Nicholas Cadbury during his time as Audit Chair. Myself and the Committee would like to thank Nicholas for his commitment, valued perspective and leadership of the Committee.

I would also like to say thank you for the warm welcome and support from the other members of the Audit Committee, management and the key advisers EY, KPMG, CBRE and JLL during my first six months as a member and Chair of the Committee.

JAMES BOWLING, CHAIR

REPORT OF THE AUDIT COMMITTEE

The Audit Committee continued to focus this year on the framework and monitoring of risk assessment and management, internal controls and financial reporting processes, together with additional focus on cyber security and financial systems.

STRUCTURE AND OPERATIONS

The Audit Committee's structure and operations are governed by terms of reference, which are reviewed annually and approved by the Board. These were last approved in March 2023 and will be reviewed again when the changes to the corporate governance regime are closer to implementation later in the year.

THE TERMS OF REFERENCE ARE AVAILABLE ON OUR WEBSITE: LANDSEC.COM/ABOUTCORPORATE-GOVERNANCE/BOARD-COMMITTEES

The table on the left sets out Committee members as well as those who regularly attend Audit Committee meetings. Their attendance at the meetings ensures that effective communication between all relevant parties is maintained regularly and that the Committee is fully supported by relevant experts.

The Committee members are all independent non-executive directors and collectively have a broad range of financial, commercial and property sector expertise that enables them to provide oversight of both financial and risk matters, and to advise the Board accordingly. The Board determined that both Nicholas Cadbury and James Bowling, during their times as Chair of the Committee, have recent and relevant financial experience for the purposes of satisfying the Code. Details of the experience of all members of the Committee can be found on pages 52 and 53.

The Committee works to a structured programme of activities and meetings to coincide with key events around our financial calendar and, on behalf of the Board, provides oversight of the Group's risk management process. Following each meeting, the Committee Chair reports on the main discussion points and findings to the Board.

RISK MANAGEMENT

The Board is accountable and has overall responsibility for overseeing risk and ensuring that a robust risk management and internal control system is in place and operating effectively.

An overview of Landsec's risk management framework and governance, risk appetite, identification of risks, management and assurance of risks, as well as the principal risks and uncertainties are included on pages 38-45. The risk management framework is operated on a Group-wide basis and includes:

- the Board's overall responsibility for a robust risk management and internal control system
- the Committee's review of the effectiveness of that system
- the Executive Leadership Team's day-to-day monitoring and management of the Group-wide principal risks
- embedding of the management of risks throughout the Group via the Workplace and Lifestyle Boards and Executive Committees, and risk owners and champions.

A risk waterfall uses indicators to highlight whether each risk is within our appetite. This allows the Committee to consider whether principal risks are changing and whether the risk appetite remains appropriate.

Primary responsibility for the operation of the Company's internal control and risk management systems, which extend to include financial, operational and compliance controls and accord with the FRC's 2014 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', has been delegated to management and risk and control owners. They are responsible for the management of their respective risks and the associated control mechanisms.

These risk management and internal control systems have been designed to ensure that appropriate strategies are in place to identify, evaluate and manage, rather than eliminate risk.

RISK ASSURANCE AND INTERNAL CONTROL

As part of the Three Lines of Defence Risk Model (as outlined on pages 39-40), the Committee monitors the results of the key controls process, evaluates the control environment and considers the adequacy of assurance activity. The risk model also includes independent assurance over key controls and processes to management and the Committee via internal audits.

Internal audits are carried out by KPMG in accordance with an agreed annual assurance plan and reviewed by the Committee throughout the year.

KPMG have provided assurance to the Committee on key controls and programme assurance and identified improvements in key financial processes.

The key elements of the Group's risk management and internal control systems are as follows:

- an embedded decentralised risk management framework supported by Risk Champions
- a Head of Risk & Controls to manage the risk framework and to provide support on risk and controls matters throughout Landsec
- an established organisational structure with clear lines of responsibility, approval levels and delegated authorities
- a disciplined internal governance structure which facilitates regular performance review and decision making
- a comprehensive strategic and business planning review
- a robust budgeting, forecasting and financial reporting process
- various policies, procedures and guidelines underpinning the development, asset management and financing operations of the business
- a compliance certification process conducted in relation to the half-yearly and full-year results, and business activities generally
- a quarterly key controls self-certification by management
- a focused post-acquisition review and integration programme to ensure the Group's governance, procedures, standards and control environment are implemented effectively and on time
- a financial and property information management system
- a whistleblowing process that enables concerns to be reported confidentially and on an anonymous basis and for those concerns to be investigated.

Additionally, the Committee discusses on a regular basis:

- the Group's significant and emerging risks, and how exposures and appetite have changed during the period, and reviews the principal risks for external reporting purposes
- the effectiveness of internal processes at mitigating those risks
- internal audit reports, summary reports of findings and recommendations from completion of the internal audit plan
- progress against completion of agreed actions from the internal audit reports.

The Committee was satisfied that the system of risk management and internal controls has been effective throughout the year.

EXTERNAL AUDITOR

EY is Landsec's external auditor and is engaged to conduct a statutory audit and express an opinion on the Company's and the Group's financial statements. A competitive tender was last carried out in 2022 (as EY were approaching being in office for ten years having performed their first audit for Landsec for the year end 31 March 2014). Shareholders confirmed the appointment of EY at our 2023 Annual General Meeting following this competitive tender process.

REPORT OF THE AUDIT COMMITTEE CONTINUED

Its audit scope includes a review of the property valuation process and methodology using its own chartered surveyors (more details below), to the extent necessary to express an audit opinion.

When carrying out its statutory audit work, EY also has access to a broader range of employees and different parts of the business. If it picks up any information as part of this process, it would report to the Audit Committee anything that it believes the Committee should know in order to fulfil its duties and responsibilities. As audit partner, Julie Carlyle is authorised to contact the Committee Chair directly at any time to raise any matter of concern.

In addition to considering the effectiveness of the Committee, the internal Board evaluation also considered the effectiveness of the external audit with the results and recommendations reported to the Committee. This is supported by regular meetings between EY and the CFO and senior finance team members which have driven continuous improvements to the external audit process.

AUDIT PLAN

EY presented its proposed audit plan as reviewed by senior management to the Committee for discussion. The audit scope and approach was appropriate with consideration as to the Group's structure and strategy.

The Committee is keen to ensure that its auditor feels able to challenge management, to provide observations or recommendations to management and the Audit Committee. These matters may be financial or non-financial and may be based on fact or opinion (including any concern over culture or behaviour).

EY attends each Committee meeting, supported by other meetings held during the year with the Committee or the Committee Chair without management being present. EY can raise any matter of concern to the Committee Chair at any time without going through management. These regular discussions were useful to the Committee but no matters of concern emerged.

INDEPENDENCE AND OBJECTIVITY

The Committee is responsible for monitoring and reviewing the objectivity and independence of the external auditor. In undertaking its annual assessment, the Committee took into account the UK Ethical Independence Standards.

The Committee reviewed:

- the confirmation from EY that it maintains appropriate internal safeguards in line with applicable professional standards, together with an explanation of the due diligence process followed to provide such a confirmation
- the mitigation actions taken in seeking to safeguard EY's independent status, including the operation of policies designed to regulate the amount of non-audit services provided by EY and the employment of former EY employees
- the tenure of the audit engagement partner (not being greater than five years); Julie Carlyle was appointed as EY audit partner to the Group in July 2022
- the internal performance and effectiveness review of EY referred to above.

No Committee member has any connection with the current auditor.

Taking the above review into account, the Committee concluded that EY remained objective and independent in its role as external auditor.

EY will be appointed for the 31 March 2025 financial year at this year's Annual General Meeting, subject to shareholder approval.

The Company has complied with the Statutory Audit Services Order 2014 for the year under review.

AUDIT FEE

The audit fees payable to EY for 2023/24 (including the audit of the statutory accounts and the Group's joint ventures) are £2.6m (2022/23: £1.8m). This fee includes £0.5m of fees paid which relate to the audit for the years ended 31 March 2022 and 31 March 2023.

NON-AUDIT SERVICES

To help safeguard EY's objectivity and independence, we operate a non-audit services policy that sets out the circumstances and financial limits within which EY may be permitted to provide certain non-audit services.

AUDIT VS. NON-AUDIT FEES 2023/24 CHART 22
(INCLUDING THE AUDIT OF THE GROUP'S JOINT VENTURES

13.8% non-audit fees as a ratio to Group audit fee (excluding the audit of the Group's joint ventures).

The Committee monitors compliance with the policy, including the prior approvals required for non-audit services, and approval levels are as follows:

TABLE 23

	Per assignment (£)	Aggregate during the year (£)
Chief Financial Officer	0–25,000	<100,000
Audit Committee Chair	25,000–100,000	100,000–900,000*
Committee	>100,000	>900,000*

*50% of the prior year audit fee.

All approvals are noted at the Audit Committee meetings.

EY was engaged during the year to provide non-audit services to the Group relating to the Company's half-yearly review, the assurance statement on sustainability reporting review, non-statutory audit of the Security Group, work in relation to the update of the bond programme documentation and reporting on the Green bond. The Committee decided that it would be in the interest of the Company to use EY for these services, recognising that the use of audit firms for non-audit work should generally be kept to a minimum and the services were not considered to impact EY's independence and objectivity. Total fees for non-audit services amounted to £419,500. Details of the fees charged by EY during the year can be found in note 8 to the financial statements.

No non-audit fees were approved or paid on a contingent basis.

EXTERNAL VALUATIONS AND VALUERS

The valuation of the Group's property portfolio, including properties held within the development programme and in joint arrangements, is undertaken by external valuers. The Group provides input, such as source data, and support to the valuation process. CBRE has been the Company's principal valuer since 2015 and Jones Lang LaSalle Limited (JLL) was appointed in 2022 as joint valuer to undertake the valuation of a large part of the retail and mixed-use urban portfolio whilst CBRE value the office portfolio and some of the retail portfolio.

The valuation helps to determine a significant part of the Group's total property return and net asset value, which have consequential implications for the Group's reported performance and the level of variable remuneration received by senior management through bonus and long-term incentive schemes. Accordingly, the scrutiny of each valuation and the valuer's objectivity and effectiveness represent an important part of the Committee's work.

Valuations for the half-year results and full-year results were presented to the Committee by CBRE and JLL. These were reviewed and challenged by the Committee, with reference to each valuer's approach, methodology, valuation basis and underlying property and market assumptions. Other Non-executive Directors attended the full and half-year presentations. The Committee Chair and other members of the Committee also had separate meetings with the valuers' as part of this process to provide an opportunity to test and challenge the valuation outcomes and the principles and evidence used in the determination.

Additionally, CBRE and JLL met with EY and exchanged information independently of management as part of EY's review of the valuations. EY has experienced chartered surveyors on its team who consider the valuer's qualifications and assess and challenge the valuation approach, assumptions and judgements made by them. Their audit procedures are targeted at addressing the risks in respect of the valuations and the potential for any undue management influence in arriving at them. This year 37 properties (77% of the portfolio) were identified for substantive review by its valuation experts primarily on the basis of their value, type, risk profile, commitments to ESG and location. The Committee reviewed the auditor's findings.

An internal evaluation of the valuers' performance and effectiveness was conducted as part of the Committee's internal valuation with the results and recommendations reported to the Committee.

The Committee was updated on the Royal Institute of Chartered Surveyors Red Book UK Supplement which implements a mandatory rotation policy for valuers and will consider a proposal to comply with this in the coming months.

The Committee has considered the independence of CBRE and JLL. Both valuers have appropriate systems in place to check for conflicts of interest and must seek approval for non-valuation activities. Their valuation departments operate separately from other advisory activity, and their valuation remuneration is not linked to other non-valuation work that they undertake.

A fixed-fee arrangement (subject to adjustment for acquisitions and disposals) is in place with the valuers for the valuation of the Group's properties and, given the importance of their work, we have disclosed the fees paid to them in note 9 to the financial statements. These fees reflect the valuers' work on the year-end and half-yearly valuations as well as other work on agency services including investment activity. The total valuation fees paid by the Company to CBRE and JLL during the year represented less than 5% of their total fee income from all clients for the year.

SIGNIFICANT FINANCIAL MATTERS

The Committee reviewed two significant financial matters in connection with the financial statements, namely the valuation of the Group's property portfolio and revenue recognition.

FURTHER DETAILS ARE SET OUT IN THE TABLE ON PAGE 69

These items were considered to be significant, taking into account the level of materiality and the degree of judgement exercised by management and, in respect of the valuation, the external valuers.

REPORT OF THE AUDIT COMMITTEE CONTINUED

In addition, the Committee considered, and made onward recommendations to the Board, as appropriate, in respect of other key matters including acquisitions and disposals, impairment of trade receivables (including lease incentive balances and loans to joint ventures), provisions, development contracts, pensions, maintenance of the Group's REIT status, financial systems transformation (including controls, processes and system upgrades and improvements), going concern, provisions for health & safety remediation, contingent liabilities, accounting for non-current assets held for sale and other specific areas of individual property and audit focus.

The Committee was satisfied that all issues had been fully and adequately addressed and that the judgements made were reasonable and appropriate and had been reviewed and debated with the external auditor who concurred with the approach taken by management.

NON-FINANCIAL MATTERS

The Committee understands the level of reliance that is placed by shareholders on the statutory audit and the report of the external auditor.

We report on alternative performance measures on page 173. The Committee debated and discussed these measures and agreed that they were appropriate for the business.

FAIR, BALANCED AND UNDERSTANDABLE

The Committee applied the same due diligence approach adopted in previous years in order to assess whether the Annual Report is fair, balanced and understandable, one of the key Code requirements. The Committee received assurance from the verification process carried out on the content of the Annual Report to ensure consistent reporting and the existence of appropriate links between key messages and relevant sections of the Annual Report.

Taking the above into account, together with the views expressed by EY, the Committee recommended, and in turn the Board confirmed, that the 2024 Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

WHISTLEBLOWING POLICY

The Audit Committee provides a regular whistleblowing update to the Board, which has overall responsibility for whistleblowing. The Audit Committee reviews the Group's Speak Up policy which allows employees and third parties to report concerns about suspected impropriety or wrongdoing (whether financial or otherwise) on a confidential basis, and anonymously if preferred. This includes an independent third-party reporting facility comprising a telephone hotline and an alternative online process. Any matters reported are initially investigated by the Head of Governance and Company Secretary and reported to the Audit Committee Chair and Manjiry Tamhane, the Non-executive Director who became responsible for whistleblowing during the year and escalated to the Committee and Board, as appropriate. During the year two whistleblowing incidents were reported. Both matters were investigated and no concerns or action were required following conclusion of the investigation. The matter which was reported close to the last year-end was fully investigated and resulted in some positive recommendations on cyber security and websites which have now been implemented.

We monitor whistleblowing awareness and remind employees that a dedicated hotline exists should they ever need to 'blow the whistle'. The arrangements also form part of the induction programme for new employees. Details of the whistleblowing hotline are included in our Supply Chain Commitment, Sustainable Development Toolkit, procurement tender documentation, on our website, and at our assets and development sites.

SIGNIFICANT FINANCIAL MATTERS

SIGNIFICANT FINANCIAL MATTERS – WHAT IS THE RISK?	HOW THE COMMITTEE ADDRESSED THE MATTERS
Valuation of the Group's property portfolio (including investment properties, investment properties held in joint ventures) The valuation of the Group's property portfolio is a major determinant of the Group's performance and drives an element of the variable remuneration for senior management. Although the portfolio valuation is conducted by an external valuer, valuation estimates are inherently subjective and require significant judgements to be made by management and valuers. Significant assumptions and judgements made by the valuer in determining valuations may include the appropriate yield (based on recent market evidence), changes to market rents (ERVs), what will occur at the end of each lease, the level of non-recoverable costs and alternative uses. Development valuations also include assumptions around costs to complete the development, the level of letting at completion, incentives, lease terms and the length of time the space remains void.	The Audit Committee adopts a formal approach by which the valuation process, methodology, assumptions and outcomes are reviewed and robustly challenged. This includes separate review and scrutiny by management, the Committee Chair and the Committee itself. The Group uses CBRE and JLL, both leading firms in the UK property market, as its principal valuers. It also involves EY as the external auditor which is assisted by its own specialist team of chartered surveyors who are familiar with the valuation approach and the UK property market. EY met with the valuers separately from management and has noted, as part of their procedures, no undue influence being exerted by management in relation to the valuers arriving at their valuations. CBRE and JLL submit their valuation reports to the Committee as part of the half-yearly and full-year results process. Both valuers were asked to attend and present their reports to the Board and to highlight any significant judgements made or disagreements which existed between them and management. There were no disagreements identified and the valuations were accepted for reporting purposes. Based on the degree of oversight and challenge applied to the valuation process, the Committee concluded that the valuations had each been conducted appropriately, objectively and in accordance with the valuer's professional standards.
Revenue recognition (including the timing of revenue recognition and the treatment of lease incentives) Certain transactions require management to make judgements as to whether and to what extent they should be recognised as revenue in the year. Market expectations and EPRA earnings targets may place pressure on management to distort revenue recognition. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations, including through incorrect treatment of lease incentives.	The Committee and EY considered the main areas of judgement exercised by management in accounting for matters related to revenue recognition, including timing and treatment of rents, incentives, surrender premiums and other property-related revenue. In its assessment, the Committee considered all relevant facts, challenged the recoverability of occupier incentives, the options that management had in terms of accounting treatment and the appropriateness of the judgements made by management. These matters had themselves been the subject of prior discussion between EY and management. The Committee, having considered the views of EY, concurred with the judgements made by management and was satisfied that the revenue reported for the year had been appropriately recognised.

The above description of the significant financial matters should be read in conjunction with the Independent Auditor's Report on pages 96-104 and the significant accounting policies disclosed in the notes to the financial statements.

DIRECTORS' REMUNERATION REPORT – CHAIRMAN'S ANNUAL STATEMENT

COMMITTEE MEMBERS

- Christophe Evain (Committee Chair)
- Edward Bonham Carter
- Moni Mannings (from 11 December 2023)
- Manjiry Tamhane
- Sir Ian Cheshire

KEY RESPONSIBILITIES

- Reviewing the link between reward and the Group's purpose and strategy
- Oversight of the Directors' Remuneration Policy and reward matters across the Group
- Maintaining a strong connection between returns to shareholders and reward for executives

MEETINGS AND ADVISERS

- Four scheduled and one unscheduled meetings with full attendance from members at all meetings
- Meetings are normally also attended by the Chief Executive, Chief People Officer and Group Reward Manager
- FIT Remuneration Consultants LLP provide advice to the Committee

DEAR SHAREHOLDER

I am pleased to present, on behalf of the Board, the Directors' Remuneration Report for the year ended 31 March 2024.

This report is split into three sections being: (i) this Annual Statement; (ii) the Annual Report on Remuneration; and (iii) our Directors' Remuneration Policy for which shareholder support will be sought at the 2024 AGM.

ACTIVITIES DURING THE YEAR

During the course of 2023/24, the Committee was engaged in a number of key matters including:

- reviewing the Directors' Remuneration Policy and undertaking an extensive shareholder consultation exercise
- reviewing salaries for Executive Directors and the Executive Leadership Team and taking into account salary rises across the wider workforce
- setting, reviewing and finalising targets and outcomes of bonus plans and long-term incentives and reviewing variable pay arrangements below Executive Director level
- consideration of the cascade of incentive schemes across senior management levels and agreeing award levels for bonus plans and long-term incentives
- monitoring compliance with shareholding requirements applicable to directors
- monitoring market developments and shareholder sentiment on remuneration
- oversight of gender and ethnicity pay gap reporting
- oversight of share plans activity including SAYE awards, the launch of the new Share Incentive Plan for Landsec employees (including Executive Directors and Executive Leadership Team) and the proposed new Land Securities Omnibus Share Plan

DIRECTORS' REMUNERATION POLICY

We have continued to operate under the Remuneration Policy approved by shareholders at our 2021 AGM. As the Committee considers that the existing approach to Directors' remuneration remains appropriate for Landsec, only one minor change is proposed to the Policy in respect of Non-executive Directors at the 2024 AGM. However, a number of changes to the implementation of the Policy for the Executive Directors have been implemented, to ensure remuneration remains closely aligned to Landsec's strategy and reflects shareholder feedback received since the current Policy was approved at the 2021 AGM and these are explained on pages 78-79. We consulted with our top 15 shareholders and leading proxy advisers between November 2023 and January 2024 and the conclusions of the Policy review are included in this report. Overall, shareholders were supportive of our proposals.

PERFORMANCE FOR THE 2023/24 FINANCIAL YEAR

Overall, our results which are reported in more detail in this Annual Report, demonstrate Landsec's continued operational strength as values for the best assets begin to stabilise. For the full year, EPRA earnings remained stable at £371m with like-for-like earnings growth offsetting the impact of material disposals in the prior year, and TRE improved to (4.0%) (2022/23: (8.3%)) with the outlook for return on equity turning more positive. Balance sheet strength has been preserved at 7.4x net debt/EBITDA and, pro-forma for disposals post year-end, a 32.3% Group LTV.

These results are considered by the Committee to be reflected in the variable pay awarded to the Executive Directors described below.

ANNUAL BONUS

Annual bonus for 2023/24 was awarded at 47% of the maximum for the Chief Executive (CEO) and 49% of the maximum for the Chief Financial Officer (CFO).

This equates to around 70% of salary for the CEO and around 73% of salary for the CFO. As set out in detail in the Annual Report on Remuneration, both of the EPRA earnings targets were between target and maximum, TRE was below threshold and good progress was made against the ESG and personal targets.

LONG-TERM INCENTIVE PLAN

Vesting of the 2021 LTIP in 2024 is based on performance against relative TSR versus the FTSE 350 Real Estate Sector, TRE and performance against environmental targets. On the basis of performance over the three years to 31 March 2024, these awards will vest at 60%.

DISCRETION

No discretion was exercised in the year ended 31 March 2024 in respect of the Executive Directors.

EXECUTIVE REMUNERATION 2024/25

1. BASE SALARY

From 1 June 2024, Executive Director salaries will increase by 3%. Pay rises across the wider workforce will generally be in the range of 3.25% and 3.75%.

2. PENSION AND BENEFITS

Executive Director pension contributions will continue to be aligned to the wider workforce at 10.5% of salary. No changes will be made to benefit provision.

3. ANNUAL BONUS

For the year ending 31 March 2025, Executive Directors will continue to be eligible for an annual bonus of up to 150% of salary. Alongside our Policy consultation we discussed changes to the measures and weightings in our annual bonus with shareholders and the feedback was generally positive. On this basis our 2024/25 bonus scheme is amended as follows (a) the weighting on financial performance (previously 60% of potential) has been increased to 70% of bonus potential; (b) the 70% has been split equally between EPRA earnings and like-for-like Net Rental Income Growth (which replaces TRE); (c) the remaining 30% has been based on strategic targets which will always include ESG targets. The rationale for these changes is set out on pages 78-79).

4. LONG-TERM INCENTIVE PLAN

We intend to grant awards under the LTIP in June 2024 which will be subject to performance conditions measured over a three-year performance period. Alongside our Policy consultation we discussed minor changes to the weightings and measures in our LTIP with shareholders and their feedback was generally positive. On this basis our 2024 LTIP award will operate as follows: (a) relative TSR targets measured against our FTSE 350 sector peers (weighting unchanged at 40%); (b) TRE (percentage change in EPRA Net Tangible Assets per share plus dividends) (weighting decreased slightly from 40% to 35%); (c) ESG measures at 25% including carbon reduction targets (15%) and newly introduced diversity and inclusion targets (10%). The rationale for these changes is explained on page 79).

Any awards which vest will be subject to a two-year post-vesting holding period.

REMUNERATION ADVICE

The Committee received advice on remuneration and ancillary share plan matters from FIT. FIT is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct, which requires their advice to be impartial. The Committee is satisfied that their advice is independent and objective. Aside from some support on senior leader remuneration matters, FIT has no other connection with the Group. For the financial year under review, FIT received fees of £126,028 for advisory services to the Committee (2022/23: £75,676).

LAND SECURITIES OMNIBUS SHARE PLAN

The Company's existing Long Term Incentive Plan 2015 is due to expire next year, when it comes to the end of its ten-year life. As a result shareholders will be asked to approve a replacement arrangement, the Land Securities Group Omnibus Share Plan 2024, at the 2024 AGM. A summary of the terms of the Omnibus Plan is set out in the Notice of the 2024 AGM, which can be found on our website: landsec.com/agm.

REMUNERATION ACROSS THE COMPANY

The Committee oversees all remuneration policies and practices across the organisation, and is regularly briefed by the Chief People Officer. The Committee takes account of the interests of all internal and external stakeholders when making any decisions on remuneration matters. During the year ended 31 March 2024, we continued to grant LTIP awards to our senior leaders below the Executive Leadership Team, more closely aligning those who execute our strategy on a daily basis with the interests of our shareholders.

EMPLOYEE VOICE

In March 2024, I took the opportunity to meet with members of our Employee Forum (representing the wider Landsec workforce). This is an important activity and I was pleased to answer a number of questions posed by the forum on remuneration quantum and structure (including the new Directors' Remuneration Policy) for the Executive Directors, the scope of the Committee and the benchmarks it uses, ESG in bonus and LTIP plans, TRE and retention and succession.

COMMITTEE EFFECTIVENESS

At the end of the year as part of the Board evaluation process which was run internally using questionnaires, the Committee reviewed its effectiveness. The outcomes were positive, and there was good feedback on the Policy review process. The Committee also reviewed its adviser, FIT, and confirmed it continued to be satisfied with its performance.

CONCLUSION

I am grateful for the engagement and support provided by our shareholders and welcome your feedback.

Unless otherwise stated in this report, narrative and tables are unaudited.

CHRISTOPHE EVAIN,
CHAIR, REMUNERATION COMMITTEE

ANNUAL REPORT ON REMUNERATION

The Annual Report on Remuneration describes how the Directors' Remuneration Policy has been applied in the financial year ended 31 March 2024 and how the Policy will operate in the financial year ending 31 March 2025.

1. REMUNERATION OUTCOMES FOR DIRECTORS DURING THE YEAR

1.1 DIRECTORS' EMOLUMENTS (AUDITED)

SINGLE FIGURE OF REMUNERATION FOR EACH EXECUTIVE DIRECTOR (£K) TABLE 24

		Base salary[1]	Benefits[2]	Pension allowance[3]	Annual bonus paid in cash[4]	Annual bonus deferred into shares[4]	LTIPs[5]	Other[6]	Total	Total fixed pay	Total variable pay
Executive Directors											
Mark Allan	**2023/24**	**851**	**15**	**89**	**426**	**174**	**1,345**	**–**	**2,900**	**955**	**1945**
	2022/23	820	30	86	410	205	1,077	–	2,628	936	1,692
Vanessa Simms[6,8]	**2023/24**	**522**	**82**	**55**	**261**	**122**	**824**		**1,866**	**659**	**1,207**
	2022/23	502	31	53	251	126	–	372	1,335	586	749
Former Directors											
Colette O'Shea[7]	**2023/24**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2022/23	245	9	26	184	–	539	–	1,003	280	723

1. Base salary earned during the year ended 31 March 2024 (with prior year comparatives).
2. The benefits consisted of a car/travel allowance and private medical insurance.
3. The pension contribution for Mark Allan, Vanessa Simms and Colette O'Shea was a cash allowance of 10.5% of base salary.
4. Further details of the bonus awards are set out in section 1.3 below.
5. Further details of the estimated LTIP vesting values in respect of the 2021 LTIP Awards are set out in section 1.4 below. LTIP values in respect of the prior year have been updated to reflect actual values at vesting rather than the estimates presented last year. Calculation based on a closing share price of £6.518 on the 24 July 2023 vesting date.
6. Vanessa Simms joined Landsec's Board as CFO designate on 4 May 2021, taking up the post of CFO on 1 June 2021. The 'Other' column relates to the vesting value of the 2021 buyout award granted to Vanessa Simms based on two years of performance to 31 March 2023 (see last year's Annual Report for further details). Calculation based on a closing share price of £5.634 on the 25 June 2023 vesting date.
7. Colette O'Shea left the Board on 30 September 2022.
8. In addition to the above, Vanessa Simms participated in the Sharesave at the maximum monthly savings limit (£500) and participated in the Share Incentive Plan from February 2024.

SINGLE FIGURE OF REMUNERATION FOR EACH NON-EXECUTIVE DIRECTOR (£K) TABLE 25

		Fees[1]	Benefits	Pension allowance	Annual bonus	LTIPs	Total	Total fixed pay	Total variable pay
Non-executive Directors									
Sir Ian Cheshire[2]	**2023/24**	**375**	**–**	**–**	**–**	**–**	**375**	**375**	**–**
	2022/23	10	–	–	–	–	10	10	–
Moni Mannings[2]	**2023/24**	**22**	**–**	**–**	**–**	**–**	**22**	**22**	**–**
Edward Bonham Carter	**2023/24**	**87**	**–**	**–**	**–**	**–**	**87**	**87**	**–**
	2022/23	85	–	–	–	–	85	85	–
James Bowling[2]	**2023/24**	**52**	**–**	**–**	**–**	**–**	**52**	**52**	**–**
Madeleine Cosgrave	**2023/24**	**72**	**–**	**–**	**–**	**–**	**72**	**72**	**–**
	2022/23	70	–	–	–	–	70	70	–
Christophe Evain	**2023/24**	**92**	**–**	**–**	**–**	**–**	**92**	**92**	**–**
	2022/23	90	-	–	–	–	90	90	–
Miles Roberts	**2023/24**	**72**	**–**	**–**	**–**	**–**	**72**	**72**	**–**
	2022/23	38	-	–	–	–	38	38	–
Manjiry Tamhane	**2023/24**	**72**	**–**	**–**	**–**	**–**	**72**	**72**	**–**
	2022/23	70	–	–	–	–	70	70	–
Nicholas Cadbury[3]	**2023/24**	**63**	**–**	**–**	**–**	**–**	**63**	**63**	**–**
	2022/23	90	–	–	–	–	90	90	–
Cressida Hogg[3]	**2023/24**	**49**	**–**	**–**	**–**	**–**	**49**	**49**	**–**
	2022/23	375	–	–	–	–	375	375	–

1. Fees paid to Directors during the year ended 31 March 2024 (with prior year comparatives).
2. Sir Ian Cheshire joined the Board on 23 March 2023. Moni Mannings joined the Board on 11 December 2023. James Bowling joined the Board on 7 September 2023.
3. Nicolas Cadbury left the Board on 31 December 2023. Cressida Hogg left the Board on 16 May 2023.

1.2 PAYMENTS TO FORMER DIRECTORS

As announced on 9 September 2022, Colette O'Shea ceased to be a director of the Company on 30 September 2022, stepped down from her role as Chief Operating Officer on 31 March 2023 and continued to be an employee until the end of her 12-month notice period on 8 September 2023.

Other than as set out on page 102 of the Annual Report 2023 and as per page 72 of this Annual Report in respect of updating the single figure table for the actual rather than estimated value of her 2020 LTIP awards which vested in 2023, no further payments have been made in respect of the period from 1 April 2023 to cessation of employment.

1.3 ANNUAL BONUS OUTTURN

In the year under review, Executive Directors had the potential to receive a maximum annual bonus of up to 150% of base salary. Of this, 120% of salary was dependent on meeting Group targets and 30% of salary was dependent on meeting personal objectives. All targets were set at the beginning of the year. The following table confirms the targets and their respective outcomes.

ANNUAL BONUS PERFORMANCE SUMMARY FOR 2023/24 TABLE 26

Measure	Weighting	Description	Performance outcome					
			Threshold	Target	Maximum	Actual	Outturn (% of target)	Outturn (% of max)
EPRA	15%	Actual EPRA earnings targets	£360m	£369m	£387m	£371m	113.9%	56.9%
LFL EPRA	15%	LFL EPRA earnings targets	£326m	£331m	£339m	£335m	152.5%	76.2%
TRE	30%	Delivery of EPRA NTA (adjusted for dividends) through proactive asset management.	0%	4.7%	8%	(4.0%)	0%	0%
ESG	20%	Milestone carbon reduction targets relating to Energy and Developments (10% each).	25% 2 targets	50% 3 targets	100% 4 targets	Between target and maximum		75%
Personal objectives	20%	A mix of individual goals set at the beginning of the year.				Between target and maximum		60 to 70%
Total annual bonus	**100%**		**25%**	**50%**	**100%**			**46.98 to 48.98%**

The EPRA target ranges were set at the start of the financial year in light of the budgeted performance and, reflecting Landsec's commitment to be a net seller in the market, were considered to be appropriately challenging at threshold, target and maximum when disposals are factored in.

ESG – ENERGY (10%) TABLE 27

Target	Detail	Committee assessment	Outturn (% of max)
Energy reduction	3% like-for-like energy reduction compared with previous year 2022/23.	Objective met. Achieved a 3.7% energy intensity reduction through energy efficiencies measures.	Achieved
ASHP	Installation of ASHPs is started at two assets, detailed design (stage 3) is started for two assets and feasibility study is completed for one additional asset.	Objective met.	Achieved
Customer engagement	Progress customer engagement programme, engaging a total of 30 customers by year end, including follow-up with 20 customers from previous year's programme.	Objective met. 38 customers have been engaged, including follow-ups with customers from previous year's programme.	Achieved
On-site Solar Power	Commence on-site installation of additional solar PV at two retail assets and complete enabling feasibility study for further two assets.	Objective not met. On-site solar PV installation has commenced at one retail asset. Installation has been delayed at the other asset, due to JV ownership consolidation. Enabling feasibility studies have been completed for additional two assets.	Not achieved
Total			**50%**

Threshold (25%): at least two outcomes are achieved/Target (50%): at least three outcomes are achieved/Maximum (100%): all four outcomes are achieved.

ANNUAL REPORT ON REMUNERATION
CONTINUED

ESG – DEVELOPMENTS (10%) TABLE 28

Target	Detail	Committee assessment	Outturn (% of max)
Embodied carbon reduction	All new developments not already on site (design stage) to target average portfolio embodied carbon reduction of 40% from typical buildings[1], striving for 600kgCO_2e/m^2 for office and 500 kgCO_2e/m^2 for residential.	Objective met.	Achieved
Low carbon solutions	All new developments in pre-RIBA Stage 4 to investigate the use of at least one innovative low carbon process or material.	Objective met.	Achieved
Circular economy in developments and refurbishments	All new developments and major refurbishments to undertake a pre-deconstruction/pre-refurbishment materials audit by the end of RIBA Stage 2, setting project specific targets on material reused, repurposed and material directed back into the supply chain.	Objective met.	Achieved
NABERS/ BREEAM/WELL or other relevant certification	All new developments to target: NABERS 5 stars or above (45kWh/m^2 energy intensity for residential); BREEAM Outstanding and/or WELL Core Gold or above for offices/ BREEAM Excellent or above for retail/Home Quality Mark or equivalent for residential.	Objective met.	Achieved
Total			**100%**

Threshold (25%): at least two outcomes are achieved/Target (50%): at least three outcomes are achieved/Maximum (100%): all four outcomes are achieved.
1. Reduction compared with typical buildings from GLA Whole Life Carbon Guidance (office: 1,000 kgCO_2e/m^2 GIA and residential: 850kgCO_2e/m^2 GIA).

SUMMARY OF PERSONAL OBJECTIVES (20%) TABLE 29

Target	Detail	Committee assessment
Business performance and strategy delivery	Oversee successful delivery of the Group business plan, budget and KPIs	Above target. Strong first year of business plan and scorecards drove performance.
	Milestones for longer-term projects met in line with plan	Above target. Good progress on milestone planning and mixed-use strategy.
	Maintain portfolio recycling momentum	Partially met. Good progress with acquisition and disposal targets in a difficult investment market.
	Deliver refreshed strategic plan to the Board for approval	On target. Approved by the Board.
	Review long-term financing and capital structure strategy	On target. Review undertaken and proposals approved by the Board.
	Identify, and if appropriate pursue, M&A opportunities that help accelerate strategy delivery	On target. Numerous opportunities evaluated by the Board.
Organisation and culture	Support introduction of new Annual Performance Planning framework as a foundation for a high performing culture	On target. Annual Performance Planning framework rolled out and high performance programme launched.
	Maintain positive levels of employee engagement through ongoing cultural change work	Above target. Latest engagement score increased by +12 points.
	Support the successful introduction of a refreshed people plan, embraced by the business	On target. Talent framework progressed and presented to the Board.
	Champion the new D&I strategy such that it is embedded in the business with clear progress against KPIs	On target. Refreshed strategy launched and embedded.
	Champion a data and tech enabled culture with targeted interventions	On target. Major programmes on track.
Total		**CEO: 12 out of 20. CFO: 14 out of 20**

The personal objectives were considered by the Committee to have been largely met. On assessment, they delivered an outcome of 12% out of 20% against the CEO's personal and shared targets and 14% out of 20% against the CFO's personal and shared targets. These results are consistent with the Group's performance delivered in 2023/24.

TOTAL ANNUAL BONUS ACHIEVEMENT TABLE 30

Director	EPRA earnings (15%)	EPRA earnings LFL (15%)	TRE (30%)	ESG Energy (10%)	ESG Developments (10%)	Personal (20%)	Total % of max (% of salary)	Total £k
Mark Allan	56.9% of max	76.2% of max	0% of max	50% of max	100% of max	60% of max	46.98% of max (70.47% of salary)	£600
Vanessa Simms						70% of max	48.98% of max (73.47% of salary)	£383

In line with our Policy, any bonus between 50% and 100% of salary will be deferred into shares for one year.

1.4 LONG-TERM INCENTIVE PLAN OUTTURNS

The table below summarises how we have assessed performance in respect of the 2021 LTIP awards granted on 25 June 2021 to Executive Directors over the three years to 31 March 2024.

TABLE 31

Measure	Weighting	Description	Performance outcome			Outturn (% of max)
Total Shareholder Return (TSR)	40%	TSR relative to the constituents of the FTSE 350 Real Estate Index, measured over a three-year period, from 1 April 2021	**Threshold (8%)** Median	**Maximum (40%)** Upper Quartile	**Actual** Above maximum (+9% TSR)	100%
Total Return on Equity (TRE)	40%	Growth in EPRA NTA per share over the performance period as adjusted for dividends	**Threshold (8%)** 4% p.a.	**Maximum (40%)** 10% p.a.	**Actual** Below threshold (-0.6% TRE)	0%
ESG	20%	Reduction of carbon emissions over the performance period aligned to 2030 science-based targets	**Threshold (4%)** 15%	**Maximum (20%)** 20% p.a.	**Actual** Above maximum (26% carbon reduction)	100%
Total	**100%**		**20%**	**100%**		**60%**

The value of these awards shown in the single figure table for Mark Allan and Vanessa Simms as follows:

TABLE 32

	Shares granted[1]	Number of shares that will lapse	Number of shares that will vest	Estimated value of shares vesting[2,5] (£k)	Face value of shares expected to vest[3] (£k)	Impact of share price at vesting[4] (£k)
Mark Allan	345,125	138,050	207,075	1,345	1,439	-94
Vanessa Simms	211,389	84,556	126,833	824	881	-57

1. 2021 LTIP award granted on 25 June 2021.
2. Based on the average three-month share price to 31 March 2024 (649.6 pence).
3. Based on the prevailing share price at the relevant grant date (695 pence).
4. The difference between the value of the shares under awards vesting and the value of the shares at grant.
5. Dividend equivalents accrue on 2021 LTIP awards during the vesting and during the holding period (or to the date of exercise if sooner). These will be included in the actual value of the LTIPs at the vesting date which will be presented in next year's Annual Report on Remuneration.

The Committee reviewed the estimated LTIP vesting values set out above and concluded that the vesting values do not represent unjustified windfall gains, noting Landsec's strong operational performance over the three years to 31 March 2024, proactive execution of the strategy (which includes a number of material asset disposals) notwithstanding challenging market conditions, balance sheet strength (one of the strongest in the sector) and strong relative share price performance over the three years to 31 March 2024. Therefore no discretion was applied to amend the formulaic outcome.

ANNUAL REPORT ON REMUNERATION CONTINUED

2. DIRECTORS' INTERESTS

2.1 TOTAL SHAREHOLDING (AUDITED)

Details of the Directors' interests, including those of their immediate families and connected persons, in the issued share capital of the Company at the beginning and end of the year, together with confirmation of whether the required shareholding has been met or whether a director is still building their holding, are set out in the table below.

Executive Directors are expected to meet the minimum shareholding requirements within five years of appointment to the Board. Where the minimum level is not met, the Executive Director is expected to retain 100% of the shares acquired, net of tax, under any share plan awarded by the Company. The current Policy requires Non-executive Directors to meet minimum shareholding requirements within three years of appointment to the Board. As detailed in the Remuneration Policy Section, an amendment to the Non-executive Directors shareholding requirement in our Policy is being proposed at the 2024 AGM.

DIRECTORS' SHARES TABLE 33

Name	Salary/ base fee at 31 March 2024 (£)	Minimum shareholding requirements (% of salary/ base fee)[4]	Required holding value (£)	Holding (ordinary shares) 1 April 2023	Holding (ordinary shares) 31 March 2024	Deferred bonus shares under holding period	Value of holding (£)[1]	Met requirement or building[2]
Mark Allan	856,960	300%	2,570,880	229,203	348,528	100,826	2,605,919	Met
Vanessa Simms	524,888	200%	1,049,776	51,400	108,150[5]	53,143	876,242	Building
Edward Bonham Carter	81,100	100%	70,000	9,375	9,375	–	61,706	Met[4]
Sir Ian Cheshire[3]	375,000	100%	375,000	–	14,840	–	97,677	Building
Madeleine Cosgrave	72,100	100%	70,000	10,535	10,535	–	69,341	Met[4]
Christophe Evain	92,100	100%	70,000	8,000	8,000	–	52,656	Met[4]
James Bowling[3]	92,100	100%	92,100	–	4,557	–	29,994	Building
Moni Mannings[3]	72,100	100%	72,100	–	–	–	–	Building
Miles Roberts	72,100	100%	70,000	–	3,645	–	23,991	Building
Manjiry Tamhane	72,100	100%	70,000	4,473	4,473	–	29,441	Building

1. Using the closing share price of 658.2p on 28 March 2024 and including the value of any deferred bonus shares, net of notional tax and employee NIC.
2. A Policy amendment is being proposed at the 2024 AGM which requires Non-executive Directors to own shares within one year of appointment.
3. Sir Ian Cheshire joined the Board on 23 March 2023. James Bowling joined the Board on 7 September 2023. Moni Mannings joined the Board on 11 December 2023.
4. Once the minimum shareholding requirement has been met, the number of shares is frozen with subsequent share price movements disregarded.
5. Figure includes partnership and matching shares under SIP.

2.2 OUTSTANDING SHARE AWARDS HELD BY EXECUTIVE DIRECTORS (AUDITED)

The table below shows share awards granted and vested during the year, together with the outstanding and unvested awards at the year end. LTIP awards are granted in the form of nil cost options, which may be exercised from the third anniversary of the date of grant, until their expiry on the tenth anniversary of the date of grant.

OUTSTANDING SHARE AWARDS AND THOSE WHICH VESTED DURING THE YEAR TABLE 34

		Award date	Market price at award date (p)	Options awarded	Options vested	Market price at date of vesting (p)	Vesting date
Mark Allan	LTIP	24/07/2020	547.2	438,596	165,307	656.15	24/07/2023
		25/06/2021[1]	695.4	345,125			25/06/2024
		24/06/2022	694.3	356,042			24/06/2025
		08/06/2023	625.2	411,209			08/06/2026
	Deferred bonus	25/06/2021	695.4	26,959			25/06/2024
		24/06/2022	694.3	57,611	57,611	560.08	24/06/2023
		24/06/2022	694.3	41,008			24/06/2024
		08/06/2023	625.2	32,859			08/06/2024
Vanessa Simms	Buyout	18/05/2021	526.2	110,160	66,096	560.08	25/06/2023
	LTIP	25/06/2021[1]	695.4	211,389			25/06/2024
		24/06/2022	694.3	218,075			24/06/2025
		08/06/2023	625.2	251,865			08/06/2026
	Deferred bonus	25/05/2021	713.4	10,122			25/05/2024
		24/06/2022	694.3	32,165	32,165	560.08	24/06/2023
		24/06/2022	694.3	22,895			24/06/2024
		08/06/2023	625.2	20,126			08/06/2024

1. See section 1.4 in respect of the vesting of the 2021 LTIP awards over three-year performance to 31 March 2024.

2.3 SHARE AWARDS GRANTED IN THE YEAR ENDED 31 MARCH 2024

Awards were granted under the LTIP in June 2023, subject to three performance conditions measured over a three-year performance period. Awards may normally be exercised between 8 June 2026 and 8 June 2033 and a two-year post-vesting holding period applies.

TABLE 35

	Number of awards	Share price (p)[1]	Face value
Mark Allan	411,209	625.2	£2,570,879
Vanessa Simms	251,865	625.2	£1,574,660

1. Face value of awards has been determined based on the closing share price on the trading day immediately prior to the date of grant.

The performance targets attached to the 2023 LTIP awards were as follows:

LTIP 2023-2026: AWARDS CAPPED AT 300% OF SALARY TABLE 36

Measure	Weighting	Description	Performance range[1]	
TSR	40%	TSR relative to the constituents of the FTSE 350 Real Estate Index, measured over a three-year period, from 1 April 2023.	**Threshold (8%)** Median	**Maximum (40%)** Upper quartile
TRE	40%	Growth in EPRA NTA per share over the three-year performance period as adjusted for dividends.	**Threshold (0%)** 2% p.a.	**Maximum (40%)** 10% p.a.
ESG[2]	20%	Reduction of carbon emissions over the three-year performance period.	**Threshold (4%)** 28.6%	**Maximum (20%)** 35.0%

1. Vesting takes place on a straight-line basis between threshold and maximum values.
2. Following the publication of the Annual Report 2022/23, the carbon emissions targets were increased from the proposed targets set out on page 109 of last year's Annual Report on Remuneration.

Awards were granted under the Deferred Share Bonus Plan in June 2023. Awards may normally be exercised between 8 June 2024 and 8 June 2028.

TABLE 37

	Number of awards	Vesting date	Share price (p)[1]	Total face value
Mark Allan	32,859	08/06/2024	625.2	£205,434
Vanessa Simms	20,126	08/06/2024	625.2	£125,828

1. Face value of awards has been determined based on the closing share price on the trading day immediately prior to the date of grant.

2.4 DIRECTORS' OPTIONS OVER ORDINARY SHARES (AUDITED)

The options over shares set out below relate to the Land Securities Group PLC Sharesave scheme (Sharesave).

OUTSTANDING GRANTS AND THOSE WHICH WERE EXERCISED DURING THE YEAR TABLE 38

	Number of options at 1 April 2023	Exercise price per share[1] (p)	Number of options granted in year to 31 March 2024	Number options exercised/ lapsed	Market price at exercise (p)	Number of options at 31 March 2024	Exercisable dates
Vanessa Simms	3,082	584	–	–	–	3,082	08/2024-02/2025

1. The exercise price for the Sharesave awards was determined based on a three-day average mid-market share price prior to the invitation date of the scheme, discounted by 20%.

2.5 DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

DATES OF APPOINTMENT FOR DIRECTORS TABLE 39

Name	Date of appointment	Date of contract/Letter of Appointment
Executive Directors		
Mark Allan	14 April 2020	21 November 2019
Vanessa Simms	4 May 2021	27 October 2020
Non-executive Directors		
Sir Ian Cheshire	23 March 2023	19 January 2023
Moni Mannings	11 December 2023	8 December 2023
Edward Bonham Carter	1 January 2014	13 May 2015
James Bowling	7 September 2023	26 July 2023
Madeleine Cosgrave	1 January 2019	22 November 2018
Christophe Evain	1 April 2019	14 March 2019
Miles Roberts	19 September 2022	1 August 2022
Manjiry Tamhane	1 March 2021	29 January 2021

ANNUAL REPORT ON REMUNERATION
CONTINUED

3. APPLICATION OF POLICY FOR 2024/25

3.1 EXECUTIVE DIRECTORS' BASE SALARIES

TABLE 40

Name	Current salary (£k)	New salary[1] (£k)	Percentage increase
Mark Allan	857	883	3%
Vanessa Simms	525	541	3%

1. From 1 June 2024.

From 1 June 2024, Executive Director salaries will increase by 3%. Pay rises across the wider workforce will generally be in the range of 3.25% and 3.75%.

3.2 NON-EXECUTIVE DIRECTORS' FEES

The fees for the Chair and the Non-executive Directors for 2024/25 are presented below. Base fees for the Chair and the Non-executive Directors will increase from 1 June 2024 by 3% (aligned to the level of increase for Executive Directors and below the level of the wider workforce). In line with the Committee's Terms of Reference, no individual was involved in the decisions relating to their own remuneration.

TABLE 41

	Current Base fee (£k)	New Base fee[1] (£k)	Percentage increase
Chair	375	386	3%
Non-executive Director	72	74	3%
Additional fees			
Audit/Remuneration Committee Chair	20	20	0%
Senior Independent Director	15	15	0%

1. From 1 June 2024.

3.3 PERFORMANCE TARGETS FOR THE COMING YEAR

Performance metrics and weightings in respect of the annual bonus are set out below.

Following the Policy review, the weighting on financial performance (currently 60% of potential) was increased to 70% of bonus potential to ensure a greater focus on our key financial performance metrics.

The 70% was split equally between EPRA Earnings (as currently operated for 30% of bonus potential) which remains a key performance indicator for Landsec; and LFL Net Rental Income Growth, which replaces the Total Return on Equity (previously referred to as Total Accounting Return) metric used for 30% of last year's bonus potential. This change reflects both the importance of delivering like-for-like operational performance in the context of a higher for longer interest rate environment and shareholder feedback around the risk of double counting given that Total Return on Equity was used for both the 2023/24 annual bonus (30%) and the 2021 to 2023 long-term incentive awards (40%).

The remaining 30% is based on strategic targets rather than last year's approach whereby non-financial targets were split equally between ESG (20% of potential) and personal objectives (20% of potential). This change simplifies target setting, assessment and communication. The number of strategic objectives will normally be limited to no more than seven objectives (albeit six will operate for 2024/25), with at least three relating to Landsec's ESG agenda (delivering on our environmental and D&I strategies) with the remaining objectives relating to other aspects of Landsec's balanced scorecard.

Challenging sliding scale targets will operate and the Remuneration Committee will retain discretion to ensure any payouts against the targets reflect the underlying performance of the Company. Performance targets are considered to be commercially sensitive although will be disclosed in full, together with the performance and the resulting bonus awards, in next year's Directors' Remuneration Report.

ANNUAL BONUS 2024/25 PERFORMANCE CRITERIA: AWARDS CAPPED AT 150% OF SALARY TABLE 42

Measure	Weighting	Description
EPRA earnings	35%	EPRA earnings performance versus budgeted performance
LFL net rental income	35%	LFL net rental income percentage growth targets
Strategic objectives	30%	Six individual objectives including two covering environmental targets and one on diversity and inclusion

The approach for the 2024 LTIP awards reflects both Landsec's focus on delivering returns to shareholders combined with our approach to sustainability and our ambition to be a net zero carbon business. Reflecting Landsec's:

- continued focus on delivering returns to shareholders through the cycle we will continue to operate: (i) relative Total Shareholder Return targets against FTSE 350 sector peers albeit agencies will be excluded from the group from 2024 onwards (with the weighting unchanged at 40%), and (ii) Total Return on Equity, being the percentage change in EPRA Net Tangible Assets per share plus dividends, targets albeit with the weighting decreased slightly from 40% to 35% from the prior year
- industry-leading approach to ESG, carbon reduction targets will continue to operate based on our ambitious, science-based, plans to transition to net zero across the value chain by 2040, albeit with the weighting decreased slightly from 20% to 15% from the prior year; and D&I targets will be introduced for 10% of awards. Targets will be aligned to Landsec's recently refreshed D&I strategy, which focuses our business not only on building a diverse and inclusive workforce, but also on our teams creating truly inclusive places for our customers and local communities, and are based on our Board approved 2030 gender and ethnicity targets.

LTIP 2024-2027 PERFORMANCE CRITERIA: AWARDS CAPPED AT 300% OF SALARY TABLE 43

Measure	Weighting	Description	Performance range[1]	
TSR (%)	40%	TSR relative to the selected constituents of the FTSE 350 Real Estate Index (excluding agencies), measured over a three-year period, from 1 April 2024.	**Threshold (8%)** Median	**Maximum (40%)** Upper quartile
TRE (%)	35%	Growth in EPRA NTA per share over the three-year performance period as adjusted for dividends.	**Threshold (7%)** 4% p.a.	**Maximum (35%)** 11% p.a.
ESG – Carbon Emissions	15%	Reduction of carbon emissions over the three-year performance period aligned to achieve our updated science-based target by 2030.	**Threshold (3%)** 18.6%	**Maximum (15%)** 25%
ESG – D&I	5%	Delivery of our refreshed D&I strategy based on our Board approved 2030 gender targets – female representation at Leader level in 2027.	**Threshold (1%)** 38%	**Maximum (5%)** 43%
	5%	Delivery of our refreshed D&I strategy based on our Board approved 2030 ethnicity targets – ethnic minority representation at Leader level in 2027.	**Threshold (1%)** 9%	**Maximum (5%)** 16%
Total LTIP	**100%**			

1. Vesting takes place on a straight-line basis between threshold and maximum values.

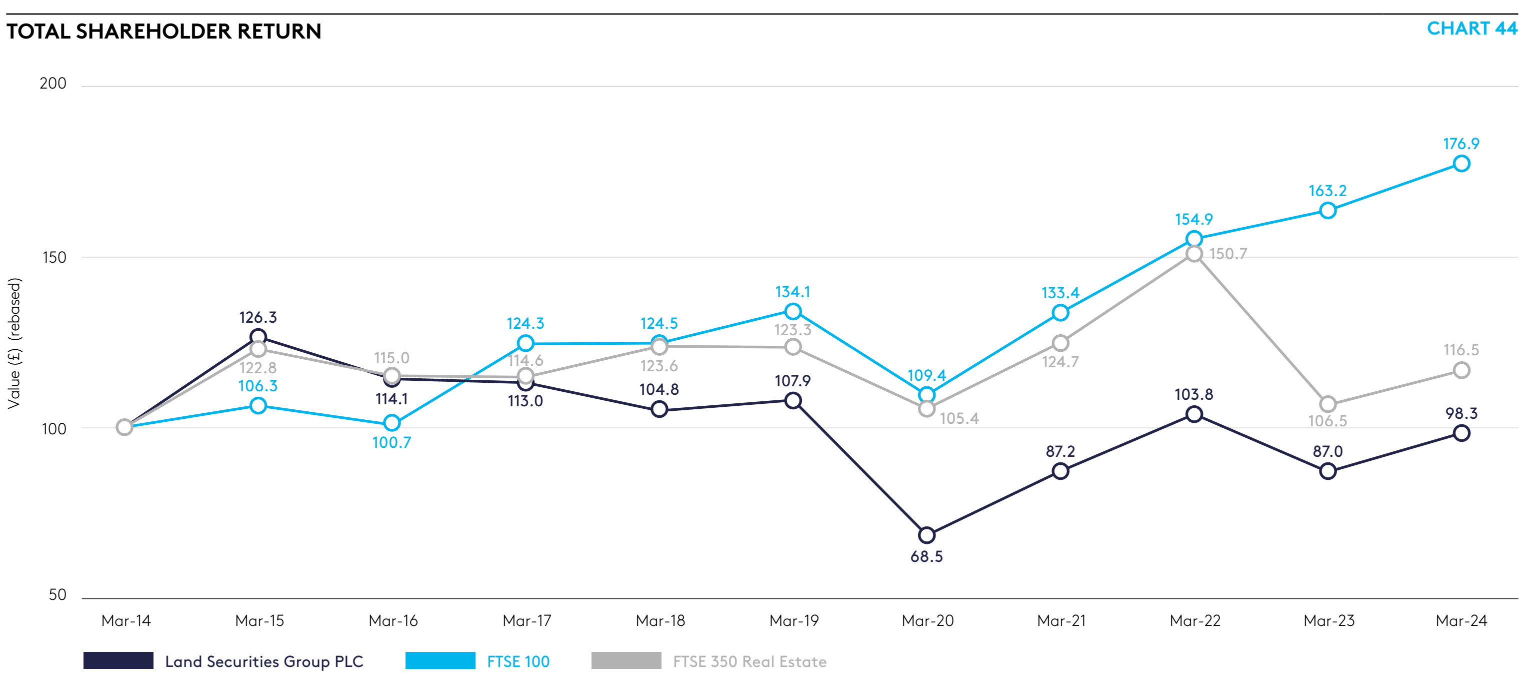
4. TOTAL SHAREHOLDER RETURN AND CHIEF EXECUTIVE PAY

The following graph illustrates the performance of the Company measured by TSR (share price growth plus dividends paid) against a 'broad equity market index'. As the Company is a constituent of the FTSE 350 Real Estate Index, this is considered to be the most appropriate benchmark for the purposes of the graph. An additional line to illustrate the Company's performance compared with the FTSE 100 Index over the previous ten years is also included.

This graph shows the value, by 31 March 2024, of £100 invested in Landsec on 31 March 2014, compared with the value of £100 invested in the FTSE 100 and FTSE 350 Real Estate Indices on the same date.

ANNUAL REPORT ON REMUNERATION
CONTINUED

TOTAL SHAREHOLDER RETURN CHART 44



The following table shows remuneration for the Chief Executive over a period of ten years.

CHIEF EXECUTIVE REMUNERATION OVER TEN YEARS TABLE 45

Year	Chief Executive	Single figure of total remuneration (£k)	Annual bonus payment (% of maximum)	Long-term incentive vesting (% of maximum)
2024	Mark Allan	2,900	47.0	60.0
2023	Mark Allan	2,628[1]	50.0	37.7
2022	Mark Allan	2,000	90.4	0.0
2021	Mark Allan	2,920[2]	16.2	n/a
2020	Robert Noel	1,569	43.8	0.0
2019	Robert Noel	1,624	50.5	0.0
2018	Robert Noel	1,693	58.8	0.0
2017	Robert Noel	2,692	58.8	50.0
2016	Robert Noel	2,011	67.5	13.1
2015	Robert Noel	4,776	94.5	84.7

1. LTIP values in respect of the prior year have been updated to reflect actual values at vesting rather than the estimates presented last year. Calculation based on a closing share price of £6.518 on the 24 July 2023 vesting date.
2. Includes £1,692,042 in relation to buyout awards made on appointment.

5. THE CONTEXT OF PAY AT LANDSEC

5.1 PAY ACROSS THE GROUP

A. SENIOR MANAGEMENT

For the year under review, bonus payments to our 37 most senior employees (excluding the Executive Directors) ranged from 22% to 69% of salary (2022/23: 27% to 72%), equating to 84% to 124% of target. The average bonus was 38% of salary (2022/23: 33.9%), equating to 101% of target.

B. ALL OTHER EMPLOYEES

From 1 June 2023, Executive Director salaries increased by 4%. The pay rise across the wider workforce was 6.75% (5% of which was accelerated and paid on 1 January 2023 to assist employees with the cost of living crisis), the remainder of which was paid on 1 June 2023. Pay rises across the wider workforce will generally be in the range of 3.25% and 3.75%.

As at 31 March 2024, the ratio of the base salary of the Chief Executive to the average base salary across the Group (excluding Executive Directors) was 11:1 (£856,960:£80,479).

C. PERCENTAGE CHANGE IN REMUNERATION BETWEEN DIRECTORS AND EMPLOYEES

The table below shows the year-on-year percentage change in salary, benefits and annual bonus earned for all current Directors compared to all employees.

TABLE 46

	2020/21			2021/22			2022/23			2023/24		
	Salary/ fee change (%)	Benefits change (%)	Bonus change (%)	Salary/ fee change (%)	Benefits change (%)	Bonus change (%)	Salary/ fee change (%)	Benefits change (%)	Bonus change (%)	Salary/ fee change[6] (%)	Benefits change (%)	Bonus change (%)
EXECUTIVE DIRECTORS												
Mark Allan	–	–	–	9	(75)	479	3	(3)	(43)	**4**	**(50)**	**(3)**
Vanessa Simms[1]	–	–	–	–	–	–	13	24	(38)	**4**	**161**	**2**
Colette O'Shea[2]	3	(3)	(65)	5	0	389	(49)	(50)	(71)	–	–	–
NON-EXECUTIVE DIRECTORS												
Sir Ian Cheshire[3]	–	–	–	–	–	–	–	–	–	–	–	–
Cressida Hogg[4]	(5)	–	–	5	–	–	0	–	–	–	–	–
Moni Mannings[3]	–	–	–	–	–	–	–	–	–	–	–	–
Edward Bonham Carter	(15)	–	–	3	–	–	0	–	–	**2**	–	–
James Bowling[3]	–	–	–	–	–	–	–	–	–	–	–	–
Nicholas Cadbury[4]	(5)	–	–	5	–	–	0	–	–	–	–	–
Madeleine Cosgrave	(5)	–	–	5	–	–	0	–	–	**3**	–	–
Christophe Evain	16	–	–	7	–	–	0	–	–	**2**	–	–
Miles Roberts	–	–	–	–	–	–	0	–	–	–	–	–
Manjiry Tamhane	–	–	–	–	–	–	0	–	–	**3**	–	–
AVERAGE EMPLOYEE	7	6	(49)	(1)	2	219	15	2[5]	(12)	**6**	**(5)**	**2**

1. Vanessa Simms joined the Board during 2021/22.
2. Colette O'Shea stepped down from the Board on 30 September 2022 therefore comparing part-year (2022/23) with full year prior (2021/22).
3. Sir Ian Cheshire joined the Board on 23 March 2023. James Bowling joined the Board on 7 September 2023. Moni Mannings joined the Board on 11 December 2023.
4. Cressida Hogg left the Board on 16 May 2023. Nicholas Cadbury left the Board on 31 December 2023.
5. The benefits change % for 2022/23 has been updated as it was incorrectly stated in the prior year's report.
6. Reflects the increase to base fees for Non-executive Directors awarded in 2023 for those serving in the full year 2022/23 and 2023/24.

D. CEO PAY RATIO

The tables below show how pay for the CEO compares to employees at the lower, median and upper quartiles (calculated on a full-time equivalent basis). The ratios have been calculated in accordance with Option A of The Companies (Miscellaneous Reporting) Regulations 2018, which uses the total pay and benefits for all employees, and is the same methodology that is used to calculate the CEO's single figure of remuneration table on page 72. Figures are calculated by reference to 31 March 2024 using actual pay data from April 2023 to March 2024. Excluded from our analysis are joiners, leavers and long-term absentees from the Company during the year. As the CEO has a larger proportion of his total remuneration linked to business performance than other employees in the UK workforce, the ratio has increased versus last year primarily as a result of the 2021 LTIP vesting at 60% of the maximum compared to the 2020 LTIP which vested at 38% of the maximum. This more than offset the reduction in the bonus award (47% of maximum compared to 50% of maximum for the prior year). Given the alignment of incentive arrangements which are cascaded below Board level, the Remuneration Committee believes the pay ratios are consistent with the pay, reward and progression policies for the Group's UK employees taken as a whole.

TABLE 47

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023/24	Option A	51:1	32:1	21:1
2022/23[1]	Option A	47:1	29:1	18:1
2021/22	Option A	40:1	25:1	16:1
2020/21	Option A	22:1	14:1	10:1
2019/20	Option A	36:1	23:1	15:1

	CEO pay	P25 pay	P50 pay	P75 pay
Salary	£851,467	£42,832	£67,235	£99,259
Total pay[2]	£2,901,303	£57,313	£90,810	£135,816

1. The CEO pay ratios for 2022/23 have been updated to reflect the actual value at vesting for the CEO as detailed in section 1.1.
2. Employees may now participate in our Share Incentive Plan, however this has not been included in the calculations above.

ANNUAL REPORT ON REMUNERATION
CONTINUED

E. TOTAL PAY AND BENEFITS

TABLE 48

Year	Method	Lower quartile (25th percentile) Total Pay and Benefits	Lower quartile (25th percentile) Total Salary	Median Total Pay and Benefits	Median Total Salary	Upper quartile (75th percentile) Total Pay and Benefits	Upper quartile (75th percentile) Total Salary
2023/24	A	£57,313	£42,832	£90,810	£67,235	£135,816	£99,259
2022/23	A	£55,502	£43,811	£89,395	£64,851	£147,119	£104,813
2021/22	A	£50,620	£38,038	£79,746	£58,083	£122,832	£77,600
2020/21	A	£45,752	£39,000	£73,212	£55,776	£105,848	£77,000
2019/20	A	£44,140	£29,785	£69,393	£58,565	£104,438	£79,203

5.2 THE RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the total spend on pay for all Landsec employees, compared with our returns to shareholders in the form of dividends.

TABLE 49

	March 2024 (£m)	March 2023 (£m)	% change
Spend on pay[1]	71	65	9
Dividend paid[2]	291	288	1

1. Including base salaries for all employees, bonuses and share-based payments.
2. Dividend paid represents dividends declared for the year. See note 11 to the financial statements.

6. DILUTION

Awards granted under the Company's long-term incentive arrangements (LTIP, Deferred Share Bonus Plan, Restricted Share Plan and the ESOP) are satisfied through the funding of an Employee Benefit Trust (administered by an external trustee) which acquires existing Land Securities Group PLC shares in the market. The Employee Benefit Trust held 3,119,107 ordinary shares at 31 March 2024 (2022/23: 3,831,399). The exercise of share options under the Land Securities Group PLC Sharesave, which is open to all employees who have completed more than one month's service with the Group, can be satisfied by the allotment of newly issued shares. At 31 March 2024, the total number of shares which could be allotted under this Scheme was 538,608 shares (2022/23: 565,439), which represents less than 0.07% (2022/23: 0.08%) of the issued share capital of the Company.

7. SHAREHOLDER VOTING

TABLE 50

	% of votes For	% of votes Against	Number of votes withheld[1]
Directors' Remuneration Policy (2021 AGM)	96.4	3.6	286,920
Annual Report on Remuneration (2023 AGM)	92.2	7.8	3,555,938

1. A vote withheld is not a vote in law.

The Directors' Remuneration Report was approved by the Board on 16 May 2024 and signed on its behalf by:

CHRISTOPHE EVAIN, CHAIR, REMUNERATION COMMITTEE

DIRECTORS' REMUNERATION POLICY

OUR NEW POLICY

In approaching the renewal of the Directors' Remuneration Policy (the Policy), the Remuneration Committee (the Committee) thought carefully about the behaviours and outcomes it wishes to see and how the remuneration structure will support them. When setting the pay policy for Executive Directors, the Committee also considered pay practices and policies of the wider workforce in order to ensure the revised policy is proportionate and aligned with Landsec's culture. The review was approached with the following main aims:

- remuneration should be clearly linked to the Group's purpose of creating **Sustainable places, Connecting communities, Realising potential**
- remuneration should reward and drive the right behaviours and outcomes and reflect strategic, personal and financial achievements
- remuneration should be designed in a manner that is clear for all stakeholders and reflects their expectations
- remuneration should be easy to explain and be viewed as fair
- remuneration should be based on a pay-for-performance model

REMUNERATION PRINCIPLES

Our remuneration principles, which we also aim to cascade throughout the business, underpin our Policy. These principles are that our remuneration should:

- support the long-term success of the business and sustainable long-term shareholder value
- materially differentiate reward according to performance
- be relevant, stretching and aligned to the business strategy and achievement of planned business goals
- be compatible with Landsec's risk policies and systems, with malus and clawback provisions in place for all forms of variable pay
- provide a balance between attracting, retaining and motivating talented people as well as supporting equal opportunity and diversity of talent
- ensure that performance-related pay constitutes a proportion of the overall package appropriate to each level of the organisation
- be clear and explainable to appropriate stakeholders, avoiding paying more than the Committee considers necessary

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee values the views of Landsec's shareholders and guidance from the main shareholder representative bodies. As such, the Committee proactively consults with our major shareholders to ensure that their views are represented in discussions on remuneration matters. As part of the process for renewing the Policy, the Committee consulted with Landsec's top 15 shareholders as well as the major shareholder representative bodies on a set of draft proposals. Reflecting the feedback received from major investors and representative bodies during the course of the engagement process, which was generally very positive, no changes were made to the original proposals.

PROPOSED POLICY CHANGES

On the basis that our strategy remains unchanged, no changes are proposed in respect of the Remuneration Policy for Executive Directors. We are however proposing one minor change to the Policy for Non-executive Directors.

The current Remuneration Policy states that Non-executive Directors are expected to meet a minimum shareholding guideline of 100% of their relevant annual fee within three years of appointment. However, going forward, while the purchase and retention of Landsec's shares by Non-executive Directors will continue to be expected, we are proposing to remove the 100% of fee within three years expectation as this is currently considered to be overly restrictive in respect of appointing new Non-executive Directors from more diverse backgrounds. As such, in this proposed Policy, Non-executive Directors will not be subject to a minimum shareholding expectation but will be required to have made a purchase of a number of Landsec shares within one year of appointment.

DIRECTORS' REMUNERATION POLICY
CONTINUED

As part of its review of the Policy, the Committee has considered the factors set out in provision 40 of the UK Corporate Governance Code. In the Committee's view, the proposed Policy addresses those factors as set out below:

FACTOR	DESCRIPTION	APPROACH
Clarity	Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce and link to strategy	• The Policy and arrangements are clearly disclosed in the Annual Report • The Committee proactively seeks engagement with shareholders on remuneration matters • The Committee is regularly updated on Landsec's workforce pay and benefits • The Committee regularly receives updates on the key performance indicators of the business • The Committee Chairman proactively seeks engagement with Landsec's Employee Forum on remuneration matters
Simplicity	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand	• Our remuneration structure comprises fixed and variable remuneration, with the performance conditions for variable elements clearly communicated to, and understood by, participants • Remuneration principles are published and clearly linked to strategy
Risk	Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	• The rules of the remuneration plans provide discretion to the Committee to reduce award levels (see page 91) • Awards are subject to malus and clawback provisions (see pages 87-88) • The Committee has overriding discretion to reduce awards to mitigate against any reputational or other risk from such awards being considered excessive
Predictability	The range of possible reward values to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	• See scenario charts on page 87 • Maximum award levels and discretions are set out in the Policy Table on pages 85-86
Proportionality	The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance	• As shown in the scenario charts on page 87, variable performance related elements represent a significant proportion of the total remuneration opportunity for our Executive Directors • The Committee considers the appropriate financial and personal performance measures each year to ensure that there is a clear link to strategy • Discretions available to the Committee ensure that awards can be reduced if necessary to ensure that outcomes do not reward poor performance
Alignment to culture	Incentive schemes should drive behaviours consistent with company purpose, values and strategy	• The Committee seeks to ensure that personal performance measures under the annual bonus plan incentivise behaviours consistent with Landsec's culture, purpose and values • Long-term incentives will align Executive Director interests with those of shareholders by ensuring a focus on delivering against strategy and purpose to generate long-term value for shareholders

The Committee will operate within the prevailing Remuneration Policy. It will also operate the various incentive plans and schemes according to their respective rules and consistent with normal market practice, the UK Corporate Governance Code and, as applicable, the Listing Rules. Within the Policy, the Committee will retain the discretion to look at performance 'in the round', including withholding or deferring payments in certain circumstances where the outcomes for Directors are not considered to be aligned with the outcomes for shareholders. Any specific circumstances which necessitate the use of discretion will be explained clearly in the relevant Directors' Remuneration Report.

PROPOSED REMUNERATION POLICY

1. EXECUTIVE DIRECTORS

BASE SALARY	
Purpose and link to strategy	• To aid the recruitment, retention and motivation of high performing Executive Directors • To reflect the value of their experience, skills and knowledge, and importance to the business
Operation	Normally reviewed annually, with effect from 1 June, and reflects: • Increases throughout the rest of the business • Market benchmarking exercises undertaken periodically to ensure salaries are set at around the median of the market competitive level for people in comparable roles with similar levels of experience, performance and contribution • Changes in the scope of an Executive Director's role
Opportunity	The maximum annual salary increase will not normally exceed the average increase across the rest of the workforce. Higher increases will be exceptional, and may be made in specific circumstances, including: • Where there is an increase in responsibilities or scope of the role • To apply salary progression for a newly appointed Executive Director • Where the Executive Director's salary has fallen below the market positioning
Performance measures	• Individual and Company performance is taken into account when determining appropriate salary increases

BENEFITS	
Purpose and link to strategy	• To provide protection and market competitive benefits to aid recruitment and retention of high performing Executive Directors
Operation	Typical benefits include, but are not limited to: • Car allowance • Private medical insurance • Life assurance • Ill health income protection • Holiday and sick pay • Eligibility to participate in all-employee share incentive plans • Professional advice in connection with their directorship • Travel, subsistence and accommodation as necessary • Occasional gifts, for example appropriate long service or leaving gifts
Opportunity	• The value of benefits may vary from year to year depending on the cost to the Company
Performance measures	• n/a

PENSION	
Purpose and link to strategy	• To help recruit and retain high performing Executive Directors • To reward continued contribution to the business by enabling Executive Directors to build retirement benefits
Operation	• Participation in a defined contribution pension scheme or cash equivalent
Opportunity	• 10.5% of salary, in line with the maximum employer contribution for all employees in the Company's Group Personal Pension Plan
Performance measures	• n/a

DIRECTORS' REMUNERATION POLICY
CONTINUED

ANNUAL BONUS	
Purpose and link to strategy	• Incentivises Executive Directors and senior management to achieve specific, predetermined goals during a one-year period, or less Rewards financial and individual performance linked to the Company's strategy • Deferred proportion of bonus, awarded in shares, provides a retention element and additional alignment of interest with shareholders
Operation	• The annual bonus operates by reference to financial and personal performance measures normally set and assessed over one year • Any bonus payment is determined by the Committee after the year end, based on performance against challenging targets which are reviewed annually • The achievement of on-target performance should normally result in a payment of up to 50% of the maximum opportunity • Bonuses up to 50% of salary are normally paid in cash. Any amounts in excess of 50% of salary are normally deferred into shares for one year. Any amounts in excess of 100% of salary are normally deferred into shares for two years • Deferred shares are potentially forfeitable if the individual leaves prior to the share release date • Dividend equivalents may be awarded on deferred shares between grant and vesting to the extent that awards vest • Bonus payments are not pensionable • Malus and clawback provisions apply • The level of payout at threshold performance for each performance measure is set annually, but will typically be no more than 25% of maximum • The Committee retains discretion to amend the payout level (up or down) where it considers it to be appropriate, but not so as to exceed the maximum bonus potential and will fully disclose the exercise of any discretion in the relevant Directors' Remuneration Report
Opportunity	• 150% of salary
Performance measures	• The performance measures applied may be financial, non-financial, or individual, and in such proportions as the Remuneration Committee considers appropriate, although individual measures will form a minority of the potential • Performance measures will be aligned to the Company's strategy. The Committee reserves the right to change measures (and their weightings) for each financial year to ensure the metrics chosen are appropriate means of assessing the performance of the Executive Directors • Once set, performance measures and targets will generally remain unchanged for the year, exceptionally targets may be adjusted by the Committee to take account of significant transactions such as acquisitions and/or disposals or in other exceptional circumstances such as timing of transactions that have a material impact on the business plan

LONG-TERM INCENTIVE	
Purpose and link to strategy	• Incentivises value creation over the long-term • Rewards execution of our strategy • Aligns the long-term interests of Executive Directors and shareholders • Promotes retention
Operation	• The Committee may make an annual award of shares under the LTIP • Vesting is determined on the basis of the Group's achievements against stretching performance targets, normally over a three-year period and continued employment • The Committee reviews the measures, their relative weightings and targets prior to each award • For each measure, no awards vest for performance below threshold • Up to 20% of an award may vest for threshold performance • Each measure is capped at 100% vesting, which represents a stretching target • Executive Directors are required to hold vested awards (net of tax/NI where relevant) for a further two years (including post-cessation) following vesting • Dividend equivalents may be awarded between grant and the expiry of any holding period to the extent that the award vests • Malus and clawback provisions apply
Opportunity	• 300% of salary
Performance measures	• The performance measures applied may be share price related, financial, non-financial, corporate or strategic and in such proportions as the Remuneration Committee considers appropriate • The measures may be based on a mixture of relative and absolute financial performance as well as one or more measures to recognise the Company's broader strategic ESG commitment

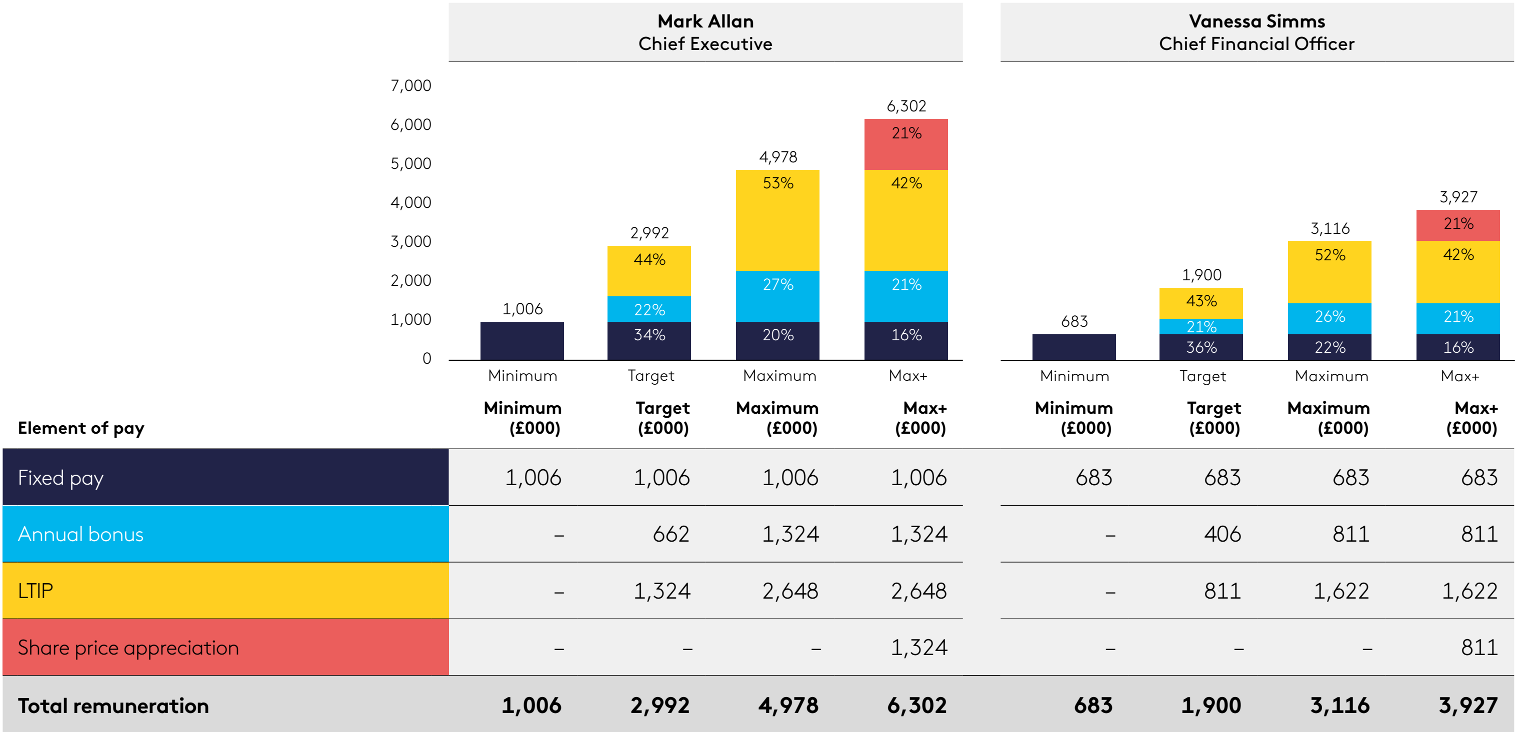
NOTES TO POLICY TABLE: PERFORMANCE MEASURES AND TARGET SETTING

Full details of the performance conditions and targets applying for each award will be disclosed in the relevant Annual Report on Remuneration. Where targets are considered to be too sensitive to disclose in advance for commercial reasons, full disclosure of the original targets, and the extent to which they have been achieved, will be provided on a retrospective basis at the end of the relevant performance period.

PRIOR POLICY ARRANGEMENTS

In approving the Policy, authority is given to the Company to honour any commitments entered into with current or former Directors that have been disclosed previously to shareholders.

REWARD SCENARIOS FOR THE CEO AND CFO (£000) TABLE 51



Element of pay	Mark Allan Minimum (£000)	Mark Allan Target (£000)	Mark Allan Maximum (£000)	Mark Allan Max+ (£000)	Vanessa Simms Minimum (£000)	Vanessa Simms Target (£000)	Vanessa Simms Maximum (£000)	Vanessa Simms Max+ (£000)
Fixed pay	1,006	1,006	1,006	1,006	683	683	683	683
Annual bonus	–	662	1,324	1,324	–	406	811	811
LTIP	–	1,324	2,648	2,648	–	811	1,622	1,622
Share price appreciation	–	–	–	1,324	–	–	–	811
Total remuneration	**1,006**	**2,992**	**4,978**	**6,302**	**683**	**1,900**	**3,116**	**3,927**

Assumptions used in determining the level of payout under given scenarios are as follows:

- Minimum remuneration comprises base salary at 1 June 2024, estimated annual benefits and 10.5% of salary pension contribution (fixed pay)
- Target remuneration comprises fixed pay, 50% of the 2024/25 annual bonus and 50% vesting of the 2024 LTIP awards
- Maximum remuneration comprises fixed pay, 100% of the 2024/25 annual bonus and 100% vesting of the 2024 LTIP award based on a face value of 300% of salary
- Maximum+ comprises maximum pay plus 50% share price appreciation on LTIP awards

2. STATEMENT OF CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

The proposed 2024 Policy is designed in line with the remuneration principles outlined on page 83 above. In setting the remuneration of the Executive Directors, the Committee takes into account the overall approach to reward for employees in the Group. Landsec operates in a number of different environments and has many employees who carry out diverse roles across a number of locations. All employees, including Directors, are paid by reference to the market rate and base salary levels are reviewed regularly. When considering salary increases for Executive Directors, the Company pays close attention to pay and employment conditions across the wider workforce. The Chief People Officer regularly updates the Committee on pay and conditions applying to the wider workforce. During 2023/24, the Committee received specific updates on Gender Pay Reporting and pay ratios. The Committee does not formally consult with employees on the executive remuneration policy, although the Committee Chair met with the Employee Forum to discuss the proposed Policy changes. The Company also holds regular forums with employee groups and conducts regular employee engagement surveys, the results of which are presented to the Board. Remuneration arrangements for employees below Board level reflect the seniority of the role.

3. MALUS AND CLAWBACK PROVISIONS

All incentive scheme rules contain malus and/or clawback provisions that allow the Committee to reduce or retrieve a payment or an award.

DIRECTORS' REMUNERATION POLICY CONTINUED

MALUS

Malus is the adjustment of annual bonus payments or unvested share awards because of the occurrence of one or more circumstances listed below. The adjustment may result in the value being reduced to nil.

CLAWBACK

Clawback is the recovery of payments made under the annual bonus plan or vested share awards as a result of the occurrence of one or more circumstances listed below. Clawback may apply to all or part of an Executive Director's payment/award and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses.

The Remuneration Committee may apply malus/clawback when there are exceptional circumstances. Such exceptional circumstances include (without limitation):

- a material mis-statement in the published results of the Group or one of its members
- an error in assessing any applicable performance condition or the number of shares subject to an award
- misconduct on the part of the Executive Director concerned
- where, as a result of an appropriate review of accountability, the Remuneration Committee determines that the Executive Director has caused wholly or in part a material loss for the Group as a result of (i) reckless, negligent or wilful actions or omissions; or (ii) inappropriate behaviour
- where, as a result of an appropriate review of accountability, the Remuneration Committee determines that the Executive Director has caused wholly or in part a corporate failure of the Group or one of its members
- a Group member being censured by a regulatory body
- events or behaviour on the part of the Executive Director leading to significant reputational damage to the Group
- any other events that the Remuneration Committee considers specifically relevant to Landsec, e.g. a serious health and safety event or an exceptional negative event

4. NON-EXECUTIVE DIRECTORS

BASE FEE	
Purpose and link to strategy	• To aid the recruitment, retention and motivation of Non-executive Directors of appropriate calibre and experience • To reflect the time commitment given by Non-executive Directors to the business
Operation	• The Chairman is paid a single fee for all Board duties and the other Non-executive Directors receive a basic Board fee, with supplementary fees payable for additional responsibilities • Non-executive Director fees are reviewed (but not necessarily changed) annually by the Board, having regard to independent advice and published surveys • The Chairman's fee is reviewed (but not necessarily changed) annually by the Remuneration Committee without the Chairman present
Opportunity	• Any increases reflect relevant benchmark data for Non-executive Directors in companies of a similar size and complexity, and the time commitment required
ADDITIONAL FEES	
Purpose and link to strategy	• To reflect the additional time commitment required from Non-executive Directors in chairing various Board sub-committees or becoming the Board's Senior Independent Director • Occasionally awarded to a Non-executive Director who completes a specific additional piece of work on behalf of the Board
Operation	• Reviewed (but not necessarily changed) annually by the Board, having regard to independent advice and published surveys
Opportunity	• The opportunity depends on which, if any, additional roles are assumed by an individual Non-executive Director over the course of their tenure • Any increases reflect relevant benchmark data for Non-executive Directors in companies of a similar size and complexity, and the time commitment required
OTHER INCENTIVES AND BENEFITS	
Operation	• Expenses in relation to Company business will be reimbursed (including any tax thereon, where applicable) • If deemed necessary, and in the performance of their duties, Non-executive Directors may take independent professional advice at the Company's expense • Non-executive Directors do not receive any other remuneration or benefits beyond the fees noted above
Opportunity	• n/a

5. SHARE OWNERSHIP GUIDELINES

SHARE OWNERSHIP DURING EMPLOYMENT

The Executive Directors are expected to accumulate and maintain a holding in ordinary shares in the Company equivalent to no less than 300% of base salary for the CEO and 200% for other Executive Directors.

Executive Directors are normally expected to meet the minimum shareholding requirements within five years of appointment to the Board. Where the minimum level is not met, or where the value of shareholding falls below the required level due to movements in the share price, the Executive Director is expected to retain 100% of the shares acquired, net of tax, under any share plan awarded by the Company.

An annual calculation as a percentage of salary is made against the guidelines for each Executive Director as at 31 March each year based on the closing middle market quotation of the share price on the last business day in March.

SHARE OWNERSHIP POST CESSATION

On leaving the Board, Executive Directors are expected to maintain a shareholding equivalent to their in-employment shareholding requirement for a period of two years from the date of cessation. Shares acquired by the Executive are excluded from this calculation.

NON-EXECUTIVE DIRECTOR SHARE OWNERSHIP

Non-executive Directors are expected to acquire shares within one year of appointment to the Board.

6. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

The Executive Directors have Service Agreements with the Company which normally continue until the Director's agreed retirement date or such other date as the parties agree. In line with Group policy, the Executive Directors' employment can be terminated at any time by either party on giving 12 months' prior written notice.

The Company allows Executive Directors to hold external non-executive directorships, subject to the prior approval of the Board, and to retain fees from these roles.

CHAIRMAN AND NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

The Chairman and the Non-executive Directors do not have Service Agreements with the Company. Instead, each of them has a Letter of Appointment which sets out the terms of their appointment, including the three months' prior written notice on which their appointment can be terminated by either party at any time. The dates of the current Letters of Appointment are shown in the Annual Report on Remuneration and these, together with the Executive Directors' Service Agreements, are available for inspection at the Company's registered office.

On appointment, the fee arrangements for a new Non-executive Director are set in accordance with the approved remuneration policy in force at that time.

Full details of the terms of appointment of each Director can be found on page 77 of the Remuneration Report.

7. TERMINATION PROVISIONS FOR EXECUTIVE DIRECTORS

The Company's policy is for Executive Directors' Service Agreements to be terminable on 12 months' notice by either party. Service Agreements contain non-compete and non-solicit clauses with key suppliers and employees. In the event of early termination, any payment in lieu of notice would be limited to 12 months' basic salary, normally payable on a phased basis and subject to mitigation.

In addition to the scenarios below, an Executive Director's Service Agreement may be terminated without notice and without further payment or compensation, except for sums earned up to the date of termination, on the occurrence of certain events such as gross misconduct.

The Committee retains discretion to determine the exact termination arrangements of any Executive Director, having regard to all the relevant facts and circumstances available to them at the time.

The table on page 90 sets out the general position and range of approaches in respect of incentive arrangements. In accordance with the terms of the relevant incentive plan rules, based on the circumstances of any departure, the Committee has discretion to determine how an Executive Director should be categorised for each element and determine payout/vesting levels accordingly based on the range as shown.

DIRECTORS' REMUNERATION POLICY CONTINUED

Provision	Default leaver	Good leaver
Salary	• 12 months' basic salary normally payable in instalments and subject to mitigation	• 12 months' basic salary normally payable in instalments and subject to mitigation
Benefits	• Cease upon termination of employment contract • No compensation for loss of benefits	• Cease upon termination of employment contract • No compensation for loss of benefits
Pension allowance	• Ceases upon termination of employment contract • The Company does not make any arrangements that guarantee pensions with limited or no abatement on severance or early retirement	• Ceases upon termination of employment contract • The Company does not make any arrangements that guarantee pensions with limited or no abatement on severance or early retirement
Annual bonus	• No entitlement following date notice served • Unvested deferred bonus shares lapse on cessation	• Bonus may be payable subject to performance • Bonus is normally pro-rated based on the period worked during the financial year • Payment usually occurs following the financial year end, in line with the wider workforce • Deferred share awards normally vest on the scheduled date, unless the Committee determines that awards should vest earlier
LTIP	• Awards lapse in full	• Unvested awards normally vest at the normal time subject to performance unless the Committee determines otherwise • Awards are normally pro-rated by reference to the proportion of the performance period that has elapsed up to cessation, unless the Committee determines otherwise • Awards remain subject to any applicable retention period
All-employee share schemes	• Operate in line with HMRC rules	• Operate in line with HMRC rules
Termination support	• None	• One-off payments in respect of legal fees and/or outplacement assistance may be payable
Compensation for loss of office	• None	• None

Consistent with market practice, the Company may pay reasonable legal fees (and any associated tax costs) on behalf of the Executive Director for entering into a statutory settlement agreement and, additionally, may make a reasonable contribution towards fees for outplacement services as part of a negotiated settlement. In the case of a corporate transaction, the Company may agree to pay reasonable legal fees (and any associated tax costs) on behalf of the Executive Director for advice on the effect of the corporate transaction on the Executive Director's personal position as a director (including, where appropriate, as to the terms of their employment). The Company may agree to pay reasonable legal fees (and any associated tax costs) on behalf of the Executive Director for advice related to any proposed changes to their terms and conditions of employment during their period of employment.

8. CHANGE OF CONTROL PROVISIONS

On a change of control, unvested LTIP awards will normally vest subject to performance and time pro-rating (although the Committee may allow a greater number of shares to vest than if pro-rating is applied where appropriate) and unvested deferred bonus shares vest in full. The contracts of the Executive Directors do not provide for any enhanced payments in the event of a change of control of the Company or for liquidated damages.

9. REMUNERATION OF NEWLY APPOINTED EXECUTIVE DIRECTORS

The remuneration package for a new externally appointed Executive Director will be set in accordance with the terms of the Company's approved Policy in force at the time of appointment.

FIXED PAY

- The Committee has the flexibility to set the base salary of a new hire at the market level or at a discount to the market level initially, with a series of planned increases implemented over the following few years (subject to performance in the role) to bring the salary to the desired positioning
- In exceptional circumstances the salary of a newly appointed Executive Director may exceed the market median benchmark for the role

VARIABLE PAY

- The annual bonus will operate in accordance with the terms of the approved Policy, with the opportunity pro-rated for the period of employment in the first year
- Depending on the timing and responsibilities of the appointment, it may be necessary to set revised performance measures and targets initially
- The LTIP will also operate in accordance with the approved Policy

The maximum level of variable pay that may be offered to a new Executive Director is an aggregate maximum of 450% of salary, but it may be lower. This limit does not include the value of any buy-out arrangements (as described below) deemed appropriate.

In addition to the elements of the remuneration package covered by the policy, the Committee may 'buy out' certain existing remuneration arrangements of an incoming Executive Director through the offer of either additional cash and/or share-based elements when it considers these to be in the best interests of the Company. Any such payments will be based solely on remuneration lost when leaving the former employer and will take into account the existing delivery mechanism (i.e. cash, shares, options), time horizons and performance conditions.

In the case of an internally appointed Executive Director, any variable pay element awarded in respect of the prior role would be paid out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment will continue, provided that they are put to shareholders for approval at the earliest opportunity.

RELOCATION ALLOWANCE

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses, for a limited period only, as appropriate. Where a Director is recruited from overseas, flexibility is retained to provide benefits that take account of market practice in their country of residence. The Company may offer a cash amount on recruitment, payment of which may be staggered over a period of up to two years, to reflect the value of benefits a new recruit may have received from a former employer.

LEGAL FEES

On recruitment of an Executive Director, the Company may make a contribution towards legal fees in connection with agreeing employment terms and drawing up a service contract.

Shareholders will normally be informed of the remuneration package and all additional payments to newly-appointed Executive Directors at the time of their appointment.

10. DISCRETIONS RETAINED BY THE COMMITTEE

The Committee operates the Group's various incentive plans according to their respective rules and in accordance with HMRC regulations where relevant. To ensure the efficient administration and appropriate governance of all remuneration arrangements the Committee may apply certain operational discretions, within the limits of the Directors' Remuneration Policy and relevant plan rules. These include, but are not limited to, the following:

- selecting the participants in the plans
- determining the timing of awards and/or payments
- determining the quantum of awards and/or payments
- selecting appropriate performance criteria and determining weightings, and adjusting these if necessary
- setting performance targets for the various criteria, and adjusting these if necessary
- adjusting the constituents of the comparator groups in respect of relative performance measures, if necessary
- determining the extent of payment/vesting based on the assessment of performance
- determining 'good leaver' status and the extent of payment/vesting in the case of the bonus and share-based plans
- determining the treatment of awards under share-based plans in the event of a change of control
- making the appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital, special dividends etc.)

In all cases, the Committee retains its absolute discretion to override formulaic outcomes in the bonus, LTIP and any other remuneration arrangements should the payouts not reflect underlying Company performance.

DIRECTORS' REPORT

The Directors present their report for the year ended 31 March 2024.

ADDITIONAL DISCLOSURES

Other information that is relevant to this report, and which is also incorporated by reference, including information required in accordance with the Companies Act 2006 and Listing Rule 9.8.4R, can be located as follows:

TABLE 52

	Pages
Likely future developments in the business	2-5
Employee engagement	25-27
Going concern and viability statement	46-47
Governance	50-94
Capitalised interest	17-18
Financial instruments	144
Credit, market and liquidity risks	145-149
Related party transactions	160-161
Energy and carbon reporting	170-172
Workforce engagement	23
Stakeholders	22-24
Section 172 Statement	22-24

UK CORPORATE GOVERNANCE CODE

The Company has complied throughout the year with all relevant provisions of the 2018 UK Corporate Governance Code (the Code). The Code can be found on the FRC's website: frc.org.uk

COMPANY STATUS

Land Securities Group PLC is a public limited liability company incorporated under UK law. It has a premium listing on the London Stock Exchange main market for listed securities (LSE:LAND) and is a constituent member of the FTSE 100 Index.

Landsec is a Real Estate Investment Trust (REIT). It is expected that the Company, which has no branches, will continue to operate as the holding company of the Group.

DIVIDENDS

The results for the year are set out in the financial statements on pages 105-161.

The Company has paid three interim dividends to shareholders for the year under review. The first interim dividend of 9.0 pence was paid to shareholders in October 2023, a second interim dividend of 9.2 pence was paid to shareholders in January 2024; and a third interim dividend of 9.3 pence per share was paid to shareholders in April 2024. A final dividend of 12.1 pence per share is being put to shareholders for approval at the AGM in July 2024.

TABLE 53

	1st Interim 2023/24	2nd Interim 2023/24	3rd Interim 2023/24	Final 2023/24 (proposed)
Property Income Distribution (PID)/ Non-PID	9.0 pence (PID)	9.2 pence (PID)	9.3 pence (PID)	12.1 pence (PID)
Record date	25 August 2023	24 November 2023	23 February 2024	14 June 2024
Payment date	6 October 2023	2 January 2024	12 April 2024	26 July 2024

A Dividend Reinvestment Plan (DRIP) election is currently available in respect of all dividends paid by Landsec.

EVENTS AFTER THE REPORTING PERIOD

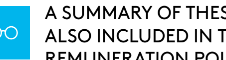
The following matters are disclosed in note 42 to the Financial Statements as events occurring after the reporting period.

On 8 May 2024, the Group sold its interest in LS Hotels Limited for a headline price of £400m. No other significant events occurred after the reporting period but before the financial statements were authorised for issue. See note 42.

DIRECTORS

The names and biographical details of the current Directors and the Board Committees of which they are members are set out on pages 51-54.

All the Directors proposed for election and re-election held office during the year. The Service Agreements for our Executive Directors and the Letters of Appointment for our Non-executive Directors are available for inspection at Landsec's registered office.



A SUMMARY OF THESE DOCUMENTS IS ALSO INCLUDED IN THE DIRECTORS' REMUNERATION POLICY ON PAGES 83-91

APPOINTMENT AND REMOVAL OF DIRECTORS

The appointment and replacement of Directors is governed by Landsec's Articles of Association (Articles), the Code, the Companies Act 2006 (Act) and related legislation.

The Board may appoint a Director either to fill a vacancy or as an addition to the Board so long as the total number of Directors does not exceed the limit prescribed in the Articles. An appointed Director must retire and seek election to office at the next Landsec AGM. In addition to any power of removal conferred by the Act, Landsec may by ordinary resolution remove any Director before the expiry of their period of office and may, subject to the Articles, by ordinary resolution appoint another person who is willing to act as a Director in their place. In line with the Code it is the Board's policy that all Directors are required to stand for re-election at each AGM.

DIRECTORS' POWERS

The Board manages the business of Landsec under the powers set out in the Articles. These powers include the Directors' ability to issue or buy back shares.

Shareholders' authority to empower the Directors to make market purchases of up to 10% of the Company's own ordinary shares is sought at the AGM each year. The Articles can only be amended, or new Articles adopted, by a resolution passed by shareholders in general meeting and being approved by at least three quarters of the votes cast.

DIRECTORS' INTERESTS

Save as disclosed in the Directors' Remuneration Report, none of the Directors, nor any person connected with them, has any interest in the share or loan capital of Landsec or any of its subsidiaries. At no time during the year ended 31 March 2024 did any Director hold a material interest, directly or indirectly, in any contract of significance with Landsec or any subsidiary other than the Executive Directors in relation to their Service Agreements.

DIRECTORS' INDEMNITIES AND INSURANCE

Landsec has agreed to indemnify each Director against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties. The indemnity applies only to the extent permitted by law. A copy of the deed of indemnity is available for inspection at Landsec's registered office. Landsec has appropriate Directors' & Officers' Liability insurance cover in respect of potential legal action against its Directors.

SHARE CAPITAL

Landsec has a single class of share capital which is divided into ordinary shares of nominal value 10⅔p each ranking pari passu. No other securities have been issued by the Company. At 31 March 2024, there were 751,676,657 ordinary shares in issue and fully paid. As at 31 March 2024 the number of shares held by the Company in Treasury is 6,789,236. The voting rights and dividend entitlements have been waived for the shares held by Treasury and the Employee Benefit Trust.

No shares were bought back during the year. Further details relating to share capital, including movements during the year, are set out in note 37 to the financial statements.

At the Company's AGM held on 6 July 2023, shareholders authorised the Company to make market purchases of ordinary shares representing up to 10% of its issued share capital at that time and to allot shares within certain limits approved by shareholders. These authorities will expire at the 2024 AGM and a renewal of that authority will be sought.

The Company received no other DTR notifications by way of change to the information in the substantial shareholders table during the period from 1 April to 16 May 2024, being the period from the year end through to the date on which this report has been signed. Information provided to the Company under the DTR is publicly available to view via the Investor section on the Company's website.

EMPLOYEE BENEFIT TRUST

Equiniti Trust (Jersey) Limited continues as trustee (Trustee) of Landsec's Employee Benefit Trust (EBT). The EBT is used to purchase Land Securities Group PLC ordinary shares in the market from time to time for the benefit of employees, including to satisfy outstanding awards under Landsec's various employee share plans.

The EBT did not purchase any shares in the market during the year (2023: nil). The EBT released 712,292 shares during the year to satisfy vested share plan awards. At 31 March 2024 the EBT held 3,119,107 ordinary shares.

A dividend waiver is in place from the Trustee in respect of all dividends payable by Landsec on shares which the EBT holds. Further details regarding the EBT, and of shares issued pursuant to Landsec's various employee share plans during the year, are set out in notes 36-38 to the financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2024, the Company had been notified under the Disclosure and Transparency Rules (DTR 5) of the following holdings of voting rights in its issued share capital:

SHAREHOLDERS HOLDING 3% OR MORE OF THE COMPANY'S ISSUED SHARE CAPITAL TABLE 54

Shareholder name	Number of ordinary shares	Percentage of total voting rights attaching to issued share capital[1]
BlackRock, Inc.	93,919,579	12.61
The Vanguard Group, Inc.	37,455,092	5.03
State Street Corporation	33,635,535	4.52
Government of Norway	33,505,630	4.50
Schroders Plc	32,166,591	4.32
Legal & General Group	31,311,786	4.20
Jupiter Investment Management Holdings	26,039,105	3.50

1. Total number of voting rights attaching to the issued share capital of the Company on 31 March 2024 was 744,887,421.

DIRECTORS' REPORT
CONTINUED

SHAREHOLDER VOTING RIGHTS AND RESTRICTIONS ON TRANSFER OF SHARES

All the issued and outstanding ordinary shares of Landsec have equal voting rights with one vote per share. There are no special control rights attached to them save that the control rights of ordinary shares held in the EBT can be directed by the Company to satisfy the vesting of outstanding awards under its various employee share plans.

In relation to the EBT, the Trustee has agreed not to vote any shares held in the EBT at any general meeting. If any offer is made to all shareholders to acquire their shares in Landsec, the Trustee will not be obliged to accept or reject the offer in respect of any shares which are at the time subject to subsisting awards, but will have regard to the interests of the award holders and will have power to consult them to obtain their views on the offer. Subject to the above, the Trustee may take such action with respect to an offer as it thinks fit.

Landsec is not aware of any agreements or control rights between existing shareholders that may result in restrictions on the transfer of securities or on voting rights. The rights, including full details relating to voting of shareholders and any restrictions on transfer relating to Landsec's ordinary shares, are set out in the Articles and in the explanatory notes that accompany the Notice of the 2024 AGM. These documents are available on Landsec's website at: landsec.com/agm.

CHANGE OF CONTROL

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following a takeover. None of these are considered significant. The Company's share plans contain provisions that take effect in such an event but do not entitle participants to a greater interest in the shares of the Company than created by the initial grant or award under the relevant plan. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment or otherwise that occurs specifically because of a takeover.

HUMAN RIGHTS AND EQUAL OPPORTUNITIES

Landsec operates a Human Rights Policy which aims to recognise and safeguard the human rights of all citizens in the business areas under our control. We support the principles set out within both the UN Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Our Policy is built on these foundations including, without limitation, the principles of equal opportunities, collective bargaining, freedom of association and protection from forced or child labour.

The Policy takes account of the Modern Slavery Act that came into force in October 2015 and requires Landsec to report annually on its workforce and supply chain, specifically to confirm that workers are not enslaved or trafficked. Landsec's Modern Slavery Statement was last approved by the Board in July 2023 and is available on our website.

Landsec is an equal opportunities employer and our range of employment policies and guidelines reflects legal and employment requirements in the UK and safeguards the interests of employees, potential employees and other workers. We do not condone unfair treatment of any kind and offer equal opportunities in all aspects of employment and advancement regardless of race, nationality, gender, age, marital status, sexual orientation, disability, religious or political beliefs.

Landsec recognises that it has clear obligations towards all its employees and the community at large to ensure that disabled people are afforded equal opportunities to enter employment and progress. Landsec has therefore established procedures designed to provide fair consideration and selection of disabled applicants and to satisfy their training and career development needs. If an employee becomes disabled, wherever possible Landsec takes steps to provide reasonable adjustments to their existing employment arrangements, or by redeployment and providing appropriate retraining to enable continued employment in the Group. Further information can be found on pages 25-27.

POLITICAL DONATIONS

The Company did not make any political donations or expenditure in the year that require disclosure (2023: nil).

AUDITOR AND DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as the Directors are aware, there is no relevant audit information that has not been brought to the attention of the Company's auditor. Each Director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that such information was provided to the auditor.

A resolution to confirm the reappointment of Ernst & Young LLP (EY) as auditor of the Company will be proposed at the 2024 AGM. The reappointment has been recommended to the Board by the Audit Committee and EY has indicated its willingness to remain in office.

2024 ANNUAL GENERAL MEETING

This year's AGM is scheduled to be held at 2.30 pm on Thursday, 11 July 2024 at 80 Victoria Street, London SW1E 5JL.

A separate circular, comprising a letter from the Chair, Notice of Meeting and explanatory notes in respect of the resolutions proposed, can be found on our website: landsec.com/agm.

DISCLAIMER

The purpose of this Annual Report is to provide information to the members of the Company and it has been prepared for, and only for, the members of the Company as a body, and no other persons. The Company, its Directors and employees, agents and advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

A cautionary statement in respect of forward-looking statements contained in this Annual Report appears on the inside back cover of this document.

The Directors' Report was approved by the Board on 16 May 2024.

By Order of the Board.

MARINA THOMAS, COMPANY SECRETARY

Land Securities Group PLC
Company number 4369054

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with the requirements of the Companies Act 2006. Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules and company law, group financial statements are required to be prepared in accordance with UK adopted international accounting standards (IFRSs and IFRICs). Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit and loss of the Group and the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- in respect of the Group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 (and UK adopted international accounting standards) have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements of UK adopted international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and Company's financial position and performance; and
- prepare the Group's and Company's financial statements on a going concern basis, unless it is inappropriate to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company, and to enable them to ensure that the Annual Report complies with the Companies Act 2006 and as regards the Group financial statements, Article 4 of the IAS regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER THE DISCLOSURE AND TRANSPARENCY RULES

Each of the Directors, whose names and functions appear below, confirm to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (and UK adopted international accounting standards);
- give a true and fair view of the assets, liabilities, financial position, performance and cash flows of the Company and Group as a whole; and
- the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties faced by the Group and Company.

DIRECTORS' STATEMENT UNDER THE UK CORPORATE GOVERNANCE CODE

Each of the Directors confirm that to the best of their knowledge the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position, performance, business model and strategy.

A copy of the financial statements of the Group is placed on the Company's website. The Directors are responsible for the maintenance and integrity of statutory and audited information on the Company's website at landsec.com. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of Land Securities Group PLC as at the date of this announcement are as set out below:

- Sir Ian Cheshire, Chairman*
- Mark Allan, Chief Executive
- Vanessa Simms, Chief Financial Officer
- Edward Bonham Carter, Senior Independent Director*
- James Bowling*
- Madeleine Cosgrave*
- Christophe Evain*
- Moni Mannings*
- Miles Roberts*
- Manjiry Tamhane*

*Non-executive Directors

The Statement of Directors' Responsibilities was approved by the Board of Directors on 16 May 2024 and is signed on its behalf by:

MARK ALLAN,
CHIEF EXECUTIVE

VANESSA SIMMS,
CHIEF FINANCIAL OFFICER

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAND SECURITIES GROUP PLC

OPINION

In our opinion:

- Land Securities Group PLC's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Land Securities Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise:

Group	Parent Company
Consolidated balance sheet as at 31 March 2024	Balance sheet as at 31 March 2024
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 42 to the financial statements including material accounting policy information
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 42 to the financial statements, including material accounting policy information.	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The Non-Audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the risk around going concern in planning our audit, at the interim and again at the year-end phase.
- confirming our understanding of the Group's going concern assessment process and reviewing management's related Board papers.
- assessing and challenging the appropriateness of the duration of the going concern review period to the end of September 2025 and considering whether there are any known events or conditions that will occur in the short-term following the going concern period which would impact our considerations.
- challenging the key assumptions and inputs used by management within the base case and downside scenarios modelled by management by comparing to corroborative evidence and searching out independent contradictory evidence.
- challenging whether sustainability costs identified by management associated with the Net Zero Transition Investment Plan have been appropriately considered within the base case and downside scenarios modelled by management.
- assessing and challenging management's consideration of downside sensitivities taking into account current events and market conditions. We have applied further sensitivities on income, inflation and interest assumptions where appropriate to stress test the impact on both liquidity and covenants. As part of our sensitivity testing, we considered the perspective of our chartered surveyors on forecast valuation movements.

- checking the integrity of the models developed by management for the base case cash flow, liquidity forecasts and covenant calculations covering the going concern review period to September 2025 and the additional downside scenarios. This has included re-performing calculations and testing the formulas being applied throughout.
- checking that the terms and conditions of the debt agreements with lenders had been appropriately incorporated into the going concern scenarios and modelling, including the maturity profile of the Group's borrowings, the impact of the Security Group structure (as defined in the Glossary on page 188) and the tiered operating covenant regime.
- performing testing to evaluate whether the covenant requirements of the debt facilities would be breached under either the base case or the downside scenarios through the going concern period.
- challenging the conclusions that both the levels of decline required to breach the covenants and the reverse stress test prepared can be considered as remote by obtaining external market outlooks in relation to future valuations and reviewing previous declines observed in results.
- testing on key assumptions and considered the likelihood of outcomes including controllable mitigating actions, which include uncommitted capital expenditure, acquisitions, disposals and developments, over and above the scenarios modelled.
- further challenging the cash flow forecasts with reference to historical trends and assessing the outcome of management's previous forecasts.
- reviewing the disclosures in the financial statements relating to going concern with a view to confirming that they appropriately disclose the risk, the impact on the Group's operations and results and potential mitigating actions.

The results of the severe but plausible downside scenarios modelled by management indicate that the Group would maintain available facility and covenant headroom to be able to withstand the impact of plausible downside sensitivities throughout the period of the going concern assessment to 30 September 2025.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period to 30 September 2025.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

OVERVIEW OF OUR AUDIT APPROACH

Audit scope	• The Group operates in the United Kingdom through four segments: Central London, Major retail, Mixed-use urban and Subscale sectors. • We have identified the Group as one component and perform full scope procedures across the entire Group. The Group audit team also performed audit procedures on joint venture balances included within the Group financial statements.
Key audit matters	• The valuation of property, including investment properties and investment properties held in joint ventures. • Revenue recognition, including service charge income and the treatment of lease incentives.
Materiality	• Overall Group materiality of £96m which represents 0.9% of total assets in the Group balance sheet at 31 March 2024. Overall materiality is applied to account balances related to investment properties and trading properties (either wholly owned or within the Joint Venture) and loans and borrowings (excluding the related finance expense). • Specific materiality of £19m, which represents 5% of EPRA Earnings before tax. Specific materiality is applied to account balances which are not account balances related to investment properties, trading properties (either wholly owned or within the Joint Venture) and loans and borrowings. • Parent Company materiality of £51m, which represents 0.9% of total assets in the Parent Company balance sheet. Parent Company materiality is applied to all balances within the Parent Company.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

AN OVERVIEW OF THE SCOPE OF THE PARENT COMPANY AND GROUP AUDITS

TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact Land Securities Group PLC. The Group has determined that the most significant future impacts from climate change on their operations will be from failure to meet their 2040 science-based net zero target leading to regulatory, reputational and commercial impact and failure to mitigate physical impact on the Group's assets. These are explained in the required Task Force On Climate Related Financial Disclosures and on pages 41 to 45 in the principal risks and uncertainties. They have also explained their climate commitments on pages 28-32. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in the basis of preparation note within the financial statements how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to achieve net zero emissions by 2040. The impact of climate change on significant judgements and estimates are included in note 2.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 41 to 45 and the significant judgements and estimates disclosed in note 2 and whether these have been appropriately reflected in the valuation of the investment properties, investment properties held in joint ventures and trading properties or have any other material impact on the financial statements. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the valuation of property, including investment properties and investment properties held in joint ventures key audit matter. Details of the impact, our procedures and findings are included in our explanation of key audit matter below.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
The valuation of property, including investment properties and investment properties held in joint ventures 2024: £9,330m in investment properties and £585m (the Group's share) in investment properties held in joint ventures (2023: £9,658m in investment properties and £601m (the Group's share) in investment properties held in joint ventures) *Refer to the Report of the Audit Committee (pages 64-69); Accounting policies (page 125-126); Note 14 & 16 of the Financial statements (pages 127-136).* The valuation of property, including investment properties, development properties and investment properties held in joint ventures, requires significant judgement and estimation by Management and their external valuers. Inaccuracies in inputs or unreasonable bases used in these judgements (including the estimated rental value, yield profile applied and development costs to complete) could result in a material misstatement of the income statement and balance sheet. There is also a risk that management could inappropriately influence the input data and/or the significant judgements and estimates in respect of property valuations in order to meet market expectations or bonus targets.	Our audit procedures over the valuation of property included: We obtained an understanding of the Group's processes and controls around the valuation of properties. We evaluated the competence of the Group's external valuers, CBRE and JLL which included consideration of their qualifications and expertise. We attended meetings between management and CBRE and management and JLL to assess for evidence of undue management influence and we obtained confirmation from CBRE and JLL that they had not been subject to undue influence from management. We met with CBRE and JLL to challenge their valuation approach and the judgements they made in assessing the property valuation. Such judgements included the estimated rental value, yield profile and other significant assumptions that impact the value. We selected a sample of investment properties based on a number of factors including size, risk (including climate), representation across asset classes and segments. Our sample includes selections not testing in prior years. Our sample comprised 77% of the market value of investment properties (including investment properties held in joint ventures). For this sample of properties, we tested source documentation provided by the Group to CBRE and JLL. This included agreeing a sample back to underlying lease data and vouching costs incurred to date in respect of development properties. We assessed and challenged the judgements made by CBRE and JLL, including through inspection of comparable market evidence. We included chartered surveyors on our audit team who reviewed and challenged the valuation approach and assumptions for the same sample of properties. Our chartered surveyors compared the yields applied to each property to an expected range of yields taking into account available market data and asset specific considerations. They challenged whether the other assumptions applied by the external valuers, such as the estimated rental values, voids, tenant incentives and development costs to complete were supported by available data. They also challenged whether other market transactions contradict the assumptions used in the valuation. Together with our chartered surveyors, we met with the external valuers to further discuss the findings from our audit work described above and to seek further explanations as required. We challenged whether sustainability costs identified by management as part of the Net Zero Investment Plan have been appropriately considered within the valuation. As part of this, we assessed and challenged judgements made by CBRE and JLL for costs associated with climate change. We performed analytical procedures on the properties not included in the sample reviewed in detail by our chartered surveyors by comparing assumptions and the value of those properties by reference to our understanding of the UK real estate market, external market data and asset specific considerations to evaluate the appropriateness of the valuations adopted by the Group. Where values or assumptions were not in line with our expectations, we challenged these further by discussing with management, CBRE, JLL and our chartered surveyors and, where appropriate, obtaining further evidence to support the movement in values. We performed 7 site visits. Where properties are under development, this enabled us to test existence of the property and challenge whether the status of the development was consistent with what we were told by management. We challenged development directors and project managers for major properties in the development programme on the project costs, progress of development and leasing status. We challenged the reasonableness of forecast costs to complete included in the valuations as well as the identified contingencies and the exposure to remaining risks, by comparing the total forecast costs to contractual arrangements and other supporting evidence. We challenged forecast cost and cost to complete for evidence of overruns through risks identified during our development meetings, review of meeting minutes and other supporting information. We challenged the information provided by the development directors and the project managers through our review of cost analysis as well as the valuation outcome. We assessed the adequacy of the disclosures of estimates and valuation assumptions in note 14 including those required by IFRS 13 – Fair Value Measurement. **Scope of our procedures** We performed full scope audit procedures over the valuation of properties, including investment properties and investment properties held in joint ventures.	We have tested the inputs, assumptions and methodology used by CBRE and JLL. We have concluded that the methodology applied is reasonable and that the external valuations are a reasonable assessment of the market value of investment properties at 31 March 2024. We concluded that the sample of properties reviewed by our chartered surveyors was within the reasonable range of values as assessed by them. We concluded that climate change has been appropriately considered within the valuations where appropriate. We consider that management provided an appropriate level of review and challenge over the valuations, and we did not identify evidence of undue management influence. We have reviewed the disclosures in the financial statements including the significant accounting estimates and sensitivities and consider them to be appropriate.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition, including service charge income and the treatment of lease incentives. 2024: £622m rental income (2023: £612m rental income) 2024: £117m service charge income (2023: £91m service charge income) *Refer to the Report of the Audit Committee (pages 64-69); Accounting policies (pages 116-117); Note 6 of the Financial statements (pages 116-117).* Market expectations and EPRA earnings-based targets (which include management compensation) may place pressure on management to distort revenue recognition. This may result in overstatement or understatement of rental income and service charge income to assist in meeting current or future targets or expectations, including through the manipulation of timing of revenue recognition of lease incentives (straight line rent), inappropriate income recovered through the service charge and fictitious revenues being recorded via topside journals.	Our audit procedures over revenue recognition included: We selected a sample of new, existing and amended lease agreements in the year and agreed the key lease terms to Group's property information management system (PIMS), including lease incentive clauses. We tested certain manual controls governing approvals and changes to lease terms and the upload of this information to PIMS. We also performed testing of certain manual controls over the billings process. We performed data analytics procedures to set an expectation of rental income across the whole population of leases in the Group's portfolio; this also covers the straight-lining rent adjustment for lease incentives. We obtained the schedules used to calculate straight-lining of revenue in accordance with IFRS 16 Leases. We tested the arithmetical accuracy of these schedules and that the straight lining was calculated in accordance with the guidance. For a sample of leases we agreed the lease information per the schedules back to lease agreements. We performed additional substantive testing procedures over a sample of variable turnover rents by recalculating the expected turnover revenue based on evidence received from tenants and PIMS. We further agreed invoices issued to cash collections received for each of these samples. We have performed testing in relation to service charge income. This has included vouching a sample of income recognised to both invoice and cash collection, and performing an analytical review to challenge unexpected or unusual variances. We have also performed testing on the service charge expense in the year, including the accrual at year end to test cut-off. We performed audit procedures specifically designed to address the risk of management override of controls including topside consolidation adjustments and journal entries which impact revenue. **Scope of our procedures** The Group was subject to full scope audit procedures over revenue.	Based upon the audit procedures performed, we concluded that revenue has been recognised on an appropriate basis in the year.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

MATERIALITY

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

The table below sets out the materiality, performance materiality and threshold for reporting audit differences applied on our audit:

	Basis	Materiality	Performance materiality	Audit differences
Overall – all account balances related to investment properties and trading properties (either wholly owned or within the Joint Venture) and loans and borrowings (excluding the related finance expense)	0.9% of total assets (2023: 0.9% of total assets)	£96m (2023: £99m)	£72m (2023: £74m)	£5m (2023: £5m)
Specific – all account balances which are not account balances related to investment properties, trading properties (either wholly owned or within the Joint Venture) and loans and borrowings	5% of EPRA Earnings before tax (2023: 5% EPRA Earnings before tax)	£19m (2023: £19m)	£14m (2023: £14m)	£1m (2024: £1m)
Parent Company	0.9% of total assets (2023: 0.9% of total assets)	£51m (2023: £56m)	£38m (2023: £42m)	£3m (2023: £3m)

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined that an asset-based measure would be the most appropriate basis for determining overall materiality given that key users of the Group's financial statements are primarily focused on the valuation of the Group's assets. Based on this, we determined that it is appropriate to set the overall materiality at 0.9% of total assets (2023: 0.9% of total assets). We applied overall materiality to the investment properties and trading properties balances (either wholly owned or within the Joint Venture) and loans and borrowings (excluding the related finance expense) as the value of loans and borrowings which are secured against the Group's investment properties.

This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

We determined that for other account balances not related to investment properties, trading properties (either wholly owned or held within joint ventures) or loans and borrowings, a misstatement of less than overall materiality for the financial statements as a whole could influence the economic decisions of users. We believe that it is most appropriate to use a profit-based measure as profit is also a focus of users of the financial statements.

We determined that materiality for these areas should be based upon 5% of EPRA earnings before tax. EPRA earnings is considered an important performance metric and aligned with industry earnings measures.

During the course of our audit, we reassessed initial materiality which resulted in a reduction to our overall materiality as a result of total assets having decreased from our initial materiality assessment.

PERFORMANCE MATERIALITY

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality. We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

REPORTING THRESHOLD

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £5m (2023: £5m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION

The other information comprises the information included in the annual report, including the Strategic Report and Governance section set out on pages 1-94, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance statement and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in:
- the strategic report or the directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

CORPORATE GOVERNANCE STATEMENT

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:
- Directors' Statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 46-47 and 95;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 46-47;
- Director's Statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 95;
- Directors' statement on fair, balanced and understandable set out on page 95;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 41-45;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 38-45; and;
- The section describing the work of the Audit Committee set out on pages 62-69.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 95, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards, the Companies Act 2006 and UK Corporate Governance Code), Listing Rules, the relevant tax regulations in the United Kingdom, including the UK REIT regulations, the UK General Data Protection Regulation (GDPR), Health & Safety Regulations, Building Safety Act and the Bribery Act. There are no significant industry specific laws or regulations that we considered in determining our approach.
- We understood how Land Securities Group PLC is complying with those frameworks through enquiry with management, and by identifying the Group's policies and procedures regarding compliance with laws and regulations. We also identified those members of management who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance. We corroborated our enquiries through our review of board minutes and papers provided to the board and the Audit Committee, as well as consideration of the results of our audit procedures across the Group to either corroborate or provide contrary evidence which was then followed up. Our assessment included the tone from the top and the emphasis on a culture of honest and ethical behaviour.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by reviewing the Company's risk register and enquiry with management and the Audit Committee during the planning and execution phases of our audit. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - Enquiry of management, and when appropriate, those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
  - Understanding of management's internal controls designed to prevent and detect irregularities;
  - Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
  - Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
  - Reading minutes of meetings of those charged with governance, including those of the Risk Committee and the Audit Committee;
  - Reading of internal audit reports;
  - Obtaining electronic confirmations from the Group's banking providers to vouch the existence of cash balances and completeness of loans, borrowings and other treasury positions such as derivatives;
  - Obtaining and reading correspondence from legal and regulatory bodies, including the FRC and HMRC;
  - Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment property and the fair value of the acquired assets and liabilities of Land Securities Group PLC (see key audit matters set out earlier in this report); and
  - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- Following the recommendation from the Audit Committee we were appointed by the Company on 18 July 2013 to audit the financial statements for the year ending 31 March 2014 and subsequent financial periods.
- Following the conclusion of a formal tender process led by the Audit Committee, we were appointed to continue as auditor for the financial year ending 31 March 2024.
- The period of total uninterrupted engagement including previous renewals and reappointments is 11 years, covering the years ending 31 March 2014 to 31 March 2024.
- The audit opinion is consistent with the additional report to the Audit Committee.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

JULIE CARLYLE, SENIOR STATUTORY AUDITOR
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
16 May 2024

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 EPRA earnings £m	2024 Capital and other items £m	2024 Total £m	2023 EPRA earnings £m	2023 Capital and other items £m	2023 Total £m
Revenue	6	**766**	**58**	**824**	726	65	791
Costs	7	**(325)**	**(84)**	**(409)**	(289)	(93)	(382)
		441	**(26)**	**415**	437	(28)	409
Share of post-tax profit/(loss) from joint ventures	16	**21**	**(19)**	**2**	29	(30)	(1)
Loss on disposal of investment properties		**–**	**(16)**	**(16)**	–	(144)	(144)
Net deficit on revaluation of investment properties	14	**–**	**(628)**	**(628)**	–	(827)	(827)
Loss on changes in finance leases		**–**	**–**	**–**	–	(6)	(6)
Operating profit/(loss)		**462**	**(689)**	**(227)**	466	(1,035)	(569)
Finance income	10	**11**	**1**	**12**	11	23	34
Finance expense	10	**(102)**	**(24)**	**(126)**	(84)	(3)	(87)
Profit/(loss) before tax		**371**	**(712)**	**(341)**	393	(1,015)	(622)
Taxation	12			**–**			–
Loss for the year				**(341)**			(622)
Attributable to:							
Shareholders of the parent				**(319)**			(619)
Non-controlling interests				**(22)**			(3)
				(341)			(622)
Loss per share attributable to shareholders of the parent:							
Basic (loss)/earnings per share	5			**(43.0)p**			(83.6)p
Diluted (loss)/earnings per share	5			**(43.0)p**			(83.6)p

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 Total £m	2023 Total £m
Loss for the year		**(341)**	(622)
Items that may be subsequently reclassified to the income statement:			
Movement in cash flow hedges		**(1)**	(1)
Items that will not be subsequently reclassified to the income statement:			
Net remeasurement loss on defined benefit pension scheme	35	**(5)**	(12)
Deferred tax credit on remeasurement above	12	**4**	3
Other comprehensive loss for the year		**(2)**	(10)
Total comprehensive loss for the year		**(343)**	(632)
Attributable to:			
Shareholders of the parent		**(321)**	(629)
Non-controlling interests		**(22)**	(3)
		(343)	(632)

BALANCE SHEETS

AT 31 MARCH 2024

			Group		Company
	Notes	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Non-current assets					
Investment properties	14	**9,330**	9,658	**–**	–
Intangible assets	20	**3**	6	**–**	–
Net investment in finance leases	19	**21**	21	**–**	–
Investments in joint ventures	16	**529**	533	**–**	–
Investments in associates	17	**–**	3	**–**	–
Investments in subsidiary undertakings	29	**–**	–	**5,659**	6,229
Trade and other receivables	27	**159**	146	**–**	–
Other non-current assets	30	**48**	67	**–**	–
Total non-current assets		**10,090**	10,434	**5,659**	6,229
Current assets					
Trading properties	15	**100**	118	**–**	–
Trade and other receivables	27	**379**	365	**–**	–
Monies held in restricted accounts and deposits	23	**6**	4	**–**	–
Cash and cash equivalents	24	**78**	41	**2**	2
Other current assets	31	**11**	4	**–**	–
Total current assets		**574**	532	**2**	2
Total assets		**10,664**	10,966	**5,661**	6,231
Current liabilities					
Borrowings	22	**(975)**	(315)	**–**	–
Trade and other payables	28	**(348)**	(306)	**(2,251)**	(2,821)
Provisions	34	**(30)**	–	**–**	–
Other current liabilities	32	**–**	(24)	**–**	–
Total current liabilities		**(1,353)**	(645)	**(2,251)**	(2,821)
Non-current liabilities					
Borrowings	22	**(2,805)**	(3,223)	**–**	–
Trade and other payables	28	**(4)**	(17)	**–**	–
Provisions	34	**(42)**	–	**–**	–
Other non-current liabilities	33	**(13)**	(9)	**–**	–
Total non-current liabilities		**(2,864)**	(3,249)	**–**	–
Total liabilities		**(4,217)**	(3,894)	**(2,251)**	(2,821)
Net assets		**6,447**	7,072	**3,410**	3,410
Equity					
Capital and reserves attributable to shareholders					
Ordinary shares	37	**80**	80	**80**	80
Share premium		**319**	318	**319**	318
Other reserves		**23**	13	**23**	13
Merger reserve		**–**	–	**374**	374
Retained earnings		**5,980**	6,594	**2,614**	2,625
Equity attributable to shareholders of the parent		**6,402**	7,005	**3,410**	3,410
Equity attributable to non-controlling interests		**45**	67		
Total equity		**6,447**	7,072		

The profit for the year of the Company was **£280m** (2023: £381m).

The financial statements on pages 105 to 161 were approved by the Board of Directors on 16 May 2024 and were signed on its behalf by:

MARK ALLAN **VANESSA SIMMS**

DIRECTORS

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Group Total equity £m
		Attributable to shareholders of the parent						
At 1 April 2022		80	317	9	7,511	7,917	74	7,991
Total comprehensive loss for the financial year		–	–	–	(629)	(629)	(3)	(632)
Transactions with shareholders of the parent:								
Share-based payments	36	–	1	4	2	7	–	7
Dividends paid to shareholders of the parent	11	–	–	–	(290)	(290)	–	(290)
Total transactions with shareholders of the parent		–	1	4	(288)	(283)	–	(283)
Dividends paid to non-controlling interests		–	–	–	–	–	(4)	(4)
Total transactions with shareholders		–	1	4	(288)	(283)	(4)	(287)
At 31 March 2023		80	318	13	6,594	7,005	67	7,072
Total comprehensive loss for the financial year		**–**	**–**	**–**	**(321)**	**(321)**	**(22)**	**(343)**
Transactions with shareholders of the parent:								
Share-based payments	36	**–**	**1**	**10**	**(2)**	**9**	**–**	**9**
Dividends paid to shareholders of the parent	11	**–**	**–**	**–**	**(291)**	**(291)**	**–**	**(291)**
Total transactions with shareholders of the parent		**–**	**1**	**10**	**(293)**	**(282)**	**–**	**(282)**
At 31 March 2024		**80**	**319**	**23**	**5,980**	**6,402**	**45**	**6,447**

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Merger reserve £m	Retained earnings[1] £m	Company Total equity £m
		Attributable to shareholders					
At 1 April 2022		80	317	9	374	2,532	3,312
Total comprehensive income for the financial year		–	–	–	–	381	381
Transactions with shareholders:							
Share-based payments	36	–	1	4	–	2	7
Dividends paid to shareholders	11	–	–	–	–	(290)	(290)
Total transactions with shareholders		–	1	4	–	(288)	(283)
At 31 March 2023		80	318	13	374	2,625	3,410
Total comprehensive income for the financial year		**–**	**–**	**–**	**–**	**280**	**280**
Transactions with shareholders:							
Share-based payments	36	**–**	**1**	**10**	**–**	**–**	**11**
Dividends paid to shareholders	11	**–**	**–**	**–**	**–**	**(291)**	**(291)**
Total transactions with shareholders		**–**	**1**	**10**	**–**	**(291)**	**(280)**
At 31 March 2024		**80**	**319**	**23**	**374**	**2,614**	**3,410**

1. Available for distribution.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Group		Company	
		2024 £m	2023 £m	**2024 £m**	2023 £m
Cash flows from operating activities					
Net cash generated from operations	13	**429**	356	**–**	–
Interest received		**24**	16	**–**	–
Interest paid		**(101)**	(92)	**–**	–
Rents paid		**(14)**	(13)	**–**	–
Capital expenditure on trading properties		**(19)**	(6)	**–**	–
Disposal of trading properties		**18**	18	**–**	–
Development income proceeds received		**–**	54	**–**	–
Other operating cash flows		**1**	9	**–**	–
Net cash inflow from operating activities	13	**338**	342	**–**	–
Cash flows from investing activities					
Investment property development expenditure		**(202)**	(253)	**–**	–
Other investment property related expenditure		**(126)**	(102)	**–**	–
Acquisition of investment properties, net of cash acquired		**(137)**	(94)	**–**	–
Disposal of investment properties		**176**	1,269	**–**	–
Cash distributions from joint ventures	16	**17**	14	**–**	–
Net cash (outflow)/inflow from investing activities		**(272)**	834	**–**	–
				–	–
Cash flows from financing activities					
Net proceeds from new borrowings (net of finance fees)	22	**708**	394	**–**	–
Repayment of borrowings	22	**(427)**	(1,407)	**–**	–
Net cash (outflow)/inflow from derivative financial instruments	22	**(18)**	25	**–**	–
Dividends paid to shareholders of the parent	11	**(291)**	(289)	**–**	–
Dividends paid to non-controlling interests		**–**	(4)	**–**	–
Increase in monies held in restricted accounts and deposits		**(2)**	–	**–**	–
Other financing cash flows		**1**	–	**–**	–
Net cash outflow from financing activities		**(29)**	(1,281)	**–**	–
Increase/(decrease) in cash and cash equivalents for the year		**37**	(105)	**–**	–
Cash and cash equivalents at the beginning of the year		**41**	146	**2**	2
Cash and cash equivalents at the end of the year	24	**78**	41	**2**	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

SECTION 1 – GENERAL

This section contains a description of the Group's significant accounting policies that relate to the financial statements as a whole. A description of accounting policies specific to individual areas (e.g. investment properties) is included within the relevant note to the financial statements.

This section also includes a summary of new accounting standards, amendments and interpretations that have been applied in the year and those not yet adopted, and their actual or expected impact on the reported results of the Group.

1 › BASIS OF PREPARATION AND CONSOLIDATION

BASIS OF PREPARATION

These financial statements have been prepared on a going concern basis and in accordance with UK adopted international accounting standards (IFRSs and IFRICs), and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared in Pounds Sterling (rounded to the nearest one million), which is the presentation currency of the Group (Land Securities Group PLC and all its subsidiary undertakings), and under the historical cost convention as modified by the revaluation of investment property, financial assets at fair value through profit or loss, derivative financial instruments and pension assets. As applied by the Group and the Company, there are no material differences between UK adopted international accounting standards and EU IFRS.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Land Securities Group PLC (the Company) has not presented its own statement of comprehensive income (and separate income statement), as permitted by Section 408 of Companies Act 2006. The Merger reserve arose on 6 September 2002 when the Company acquired 100% of the issued share capital of Land Securities PLC. The Merger reserve represents the excess of the cost of acquisition over the nominal value of the shares issued by the Company to acquire Land Securities PLC. The Merger reserve does not represent a realised or distributable profit. Other reserves includes the Capital redemption reserve, which represents the nominal value of cancelled shares, the Share-based payment reserve and Own shares held by the Group.

GOING CONCERN

The impact of international and domestic political and economic events over the course of the year has resulted in the UK facing a prolonged period of high inflation, rising interest rates and minimal GDP growth. Therefore, the Directors have continued to place additional focus on the appropriateness of adopting the going concern assumption in preparing the financial statements for the year ended 31 March 2024. The Group's going concern assessment considers changes in the Group's principal risks (see pages 41-45) and is dependent on a number of factors, including our financial performance and continued access to borrowing facilities. Access to our borrowing facilities is dependent on our ability to continue to operate the Group's secured debt structure within its financial covenants, which are described in note 22.

In order to satisfy themselves that the Group has adequate resources to continue as a going concern for the foreseeable future, the Directors have reviewed base case, downside and reverse stress test models, as well as a cash flow model which considers the impact of pessimistic assumptions on the Group's operating environment (the 'mitigated downside scenario'). This mitigated downside scenario reflects unfavourable macroeconomic conditions, a deterioration in our ability to collect rent and service charge from our customers and removes uncommitted capital expenditure, acquisitions, disposals and developments.

The Group's key metrics from the mitigated downside scenario as at the end of the going concern assessment period, which covers the 16 months to 30 September 2025, are shown below alongside the actual position at 31 March 2024.

Key metrics	31 March 2024	Mitigated downside scenario 30 September 2025
Security Group LTV	**37.0%**	42.8%
Adjusted net debt	**£3,517m**	£3,885m
EPRA net tangible assets	**£6,398m**	£5,559m
Available financial headroom	**£1.9bn**	£0.9bn

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

1 › BASIS OF PREPARATION AND CONSOLIDATION CONTINUED

In our mitigated downside scenario, the Group has sufficient cash reserves, with our Security Group LTV ratio remaining less than 65% and interest cover above 1.45x, for a period of 16 months from the date of authorisation of these financial statements. Under this scenario, the Security Group's asset values would need to fall by a further 34% from the sensitised values forecasted at 30 September 2025 to be non-compliant with the LTV covenant. This equates to a 43% fall in the value of the Security Group's assets from the 31 March 2024 values for the LTV to reach 65%. The Directors consider the likelihood of this occurring over the going concern assessment period to be remote.

The Security Group also requires earnings before interest of at least £198m in the full year ending 31 March 2025 and at least £232m in the full year ending 31 March 2026 for interest cover to remain above 1.45x in the mitigated downside scenario, which would ensure compliance with the Group's covenant through to the end of the going concern assessment period. Security Group earnings post year end 31 March 2024 are above the level required to meet the interest cover covenant for the year ended 31 March 2025. The Directors do not anticipate a reduction in Security Group earnings over the period ending 30 September 2025 to a level that would result in a breach of the interest cover covenant.

The Directors have also considered a reverse stress-test scenario which assumes no further rent will be received, to determine when our available cash resources would be exhausted. Even under this extreme scenario, although breaching the interest cover covenant, the Group continues to have sufficient cash reserves to continue in operation throughout the going concern assessment period.

Based on these considerations, together with available market information and the Directors' knowledge and experience of the Group's property portfolio and markets, the Directors have adopted the going concern basis in preparing the financial statements of the Group and parent for the year ended 31 March 2024.

BASIS OF CONSOLIDATION

The consolidated financial statements for the year ended 31 March 2024 incorporate the financial statements of the Company and all its subsidiary undertakings. Subsidiary undertakings are those entities controlled by the Company. Control exists where an entity is exposed to variable returns and has the ability to affect those returns through its power over the investee.

The results of subsidiaries and joint ventures acquired or disposed of during the year are included from the effective date of acquisition or to the effective date of disposal. Accounting policies of subsidiaries and joint ventures which differ from Group accounting policies are adjusted on consolidation.

Where instruments in a subsidiary held by third parties are redeemable at the option of the holder, these interests are classified as a financial liability, called the redemption liability. The liability is carried at fair value; the value is reassessed at the balance sheet date and movements are recognised in the income statement.

Where equity in a subsidiary is not attributable, directly or indirectly, to the shareholders of the parent, this is classified as a non-controlling interest. Total comprehensive income or loss and the total equity of the Group are attributed to the shareholders of the parent and to the non-controlling interests according to their respective ownership percentages.

Joint arrangements are those entities over whose activities the Group has joint control, established by contractual agreement. Interests in joint arrangements are accounted for as either a joint venture or a joint operation. A joint arrangement is accounted for as a joint venture when the Group, along with the other parties that have joint control of the arrangement, have rights to the net assets of the arrangement. Interests in joint ventures are equity accounted. The equity method requires the Group's share of the joint venture's post-tax profit or loss for the year to be presented separately in the income statement and the Group's share of the joint venture's net assets to be presented separately in the balance sheet. A joint arrangement is accounted for as a joint operation when the Group, along with the parties that have joint control of the arrangement, have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for by including the Group's share of the assets, liabilities, income and expenses on a line-by-line basis.

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the joint venture concerned. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

2 › SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to exercise judgement in applying the Group's accounting policies. The areas where the Group considers the judgements to be most significant involve assumptions or key estimates in respect of future events, where actual results may differ from these estimates. These key estimates are deemed to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Other sources of estimation uncertainties identified below are estimates deemed to have a lower risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

JUDGEMENTS

- Recognising revenue where property management activities are performed by a third party (note 6)
- Compliance with the Real Estate Investment Trust (REIT) taxation regime and the recognition of deferred tax assets and liabilities (note 12)
- Accounting for certain property acquisitions and disposals (note 14)

KEY ESTIMATES

- Valuation of investment properties (note 14)

OTHER SOURCES OF ESTIMATION UNCERTAINTIES

- Valuation of trading properties (note 15)
- Impairment of trade receivables (note 27)
- Estimation of provisions (note 34)

In preparing the financial statements, the Group has considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures. These considerations included the limited exposure in terms of our investment properties, as we fully costed and committed to invest £135m to achieve our science-based target by 2030 (note this cost will fluctuate year on year as we account for changes in inflation and portfolio composition). Related capital expenditure and the expected impact on ERVs associated with this commitment have been factored within property valuations. On this basis, the Group has concluded that climate change did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that this is not expected to have a significant impact on the Group's going concern or viability assessment.

3 › CHANGES IN ACCOUNTING POLICIES AND STANDARDS

The accounting policies used in these financial statements are consistent with those applied in the last annual financial statements, as amended where relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year as listed below:

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12 – International tax reform – Pillar Two model rules
- IFRS 17 – Insurance Contracts

There has been no material impact on the financial statements of adopting any new standards, amendments and interpretations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

3 › CHANGES IN ACCOUNTING POLICIES AND STANDARDS CONTINUED

AMENDMENTS TO IFRS

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Group as listed below:

- Amendments to IAS 1 – Classification of liabilities as current or non-current
- Amendments to IAS 1 – Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Disclosures: Supplier finance arrangements
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IFRS 16 – Lease liability in a sale and leaseback
- Amendments to IAS 21 – Lack of exchangeability
- IFRS 18 – Presentation and Disclosure in Financial Statements

The Group has yet to assess the full outcome of these new standards, amendments and interpretations, however with the exception of IFRS 18 these other new standards, amendments and interpretations are not expected to have a significant impact on the Group's financial statements.

SECTION 2 – PERFORMANCE

This section focuses on the performance of the Group for the year, including segmental information, earnings per share and net assets per share, together with further details on specific components of the income statement and dividends paid.

Our property portfolio is a combination of properties that are wholly owned by the Group, part owned through joint arrangements and properties owned by the Group but where a third party holds a non-controlling interest. Internally, management review the results of the Group on a basis that adjusts for these different forms of ownership to present a proportionate share. The Combined Portfolio, with assets totalling **£10.0bn**, is an example of this approach, reflecting the economic interest we have in our properties regardless of our ownership structure. The Combined Portfolio comprises the investment properties of the Group's subsidiaries, on a proportionately consolidated basis when not wholly owned, together with our share of investment properties held in our joint ventures (see note 14). We consider this presentation provides further understanding to stakeholders of the activities and performance of the Group, as it aggregates the results of all of the Group's property interests which under IFRS are required to be presented across a number of line items in the statutory financial statements.

The same principle is applied to many of the other measures we discuss and, accordingly, a number of our financial measures include the results of our joint ventures and subsidiaries on a proportionate basis. Measures that are described as being presented on a proportionate basis include the Group's share of joint ventures on a line-by-line basis and are adjusted to exclude the non-owned elements of our subsidiaries. This is in contrast to the Group's statutory financial statements, where the Group's interest in joint ventures is presented as one line on the income statement and balance sheet, and all subsidiaries are consolidated at 100% with any non-owned element being adjusted as a non-controlling interest or redemption liability, as appropriate. Our joint operations are presented on a proportionate basis in all financial measures.

EPRA earnings is an alternative performance measure and is the Group's alternative measure of the underlying pre-tax profit of the property rental business. EPRA earnings excludes all items of a capital nature, such as valuation movements and profits and losses on the disposal of investment properties, as well as exceptional items. The Group believes that EPRA earnings provides additional understanding of the Group's operational performance to shareholders and other stakeholder groups. A full definition of EPRA earnings is given in the Glossary. The components of EPRA earnings are presented on a proportionate basis in note 4.

Our income statement has two key components: the income we generate from leasing our investment properties net of associated costs (including interest expense), which we refer to as EPRA earnings, and items not directly related to the underlying rental business, principally valuation changes, profits or losses on the disposal of properties, refinancing activity and exceptional items, which we refer to as Capital and other items. Our income statement is presented in a columnar format, split into those items that relate to EPRA earnings and Capital and other items. The total column represents the Group's results presented in accordance with IFRS; the other columns provide additional information. We believe EPRA earnings provides further understanding of the results of the Group's operational performance to stakeholders as it focuses on the rental income performance of the business and excludes Capital and other items which can vary significantly from year to year.

4 › SEGMENTAL INFORMATION

The Group's operations are all in the UK and are managed across four operating segments, being Central London, Major retail destinations (Major retail), Mixed-use urban neighbourhoods (Mixed-use urban) and Subscale sectors.

The Central London segment includes all assets geographically located within central London. Major retail destinations includes all regional shopping centres and shops outside London and our outlets. The Mixed-use urban segment includes those assets where we see the most potential for capital investment. Subscale sectors mainly includes assets that will not be a focus for capital investment and consists of leisure and hotel assets and retail parks.

Management has determined the Group's operating segments based on the information reviewed by Senior Management to make strategic decisions. The chief operating decision maker is the Executive Leadership Team (ELT), comprising the Executive Directors and the Managing Directors. The information presented to ELT includes reports from all functions of the business as well as strategy, financial planning, succession planning, organisational development and Group-wide policies.

The Group's primary measure of underlying profit before tax is EPRA earnings. However, Segment net rental income is the lowest level to which the profit arising from the ongoing operations of the Group is analysed between the four segments. The administrative costs, which are predominantly staff costs for centralised functions, are all treated as administrative expenses and are not allocated to individual segments.

The Group manages its financing structure, with the exception of joint ventures and non-wholly owned subsidiaries, on a pooled basis. Individual joint ventures and non-wholly owned subsidiaries may have specific financing arrangements in place. Debt facilities and finance expenses, including those of joint ventures, are managed centrally and are therefore not attributed to a particular segment. Unallocated income and expenses are items incurred centrally which are not directly attributable to one of the segments.

All items in the segmental information note are presented on a proportionate basis.

SEGMENTAL RESULTS

EPRA EARNINGS					2024					2023[2]
	Central London £m	Major retail £m	Mixed-use urban £m	Subscale sectors £m	Total £m	Central London £m	Major retail £m	Mixed-use urban £m	Subscale sectors £m	Total £m
Rental income	294	188	58	112	652	313	179	58	107	657
Finance lease interest	–	–	–	1	1	–	–	–	2	2
Gross rental income (before rents payable)	294	188	58	113	653	313	179	58	109	659
Rents payable[1]	(3)	(7)	(1)	(1)	(12)	(3)	(8)	(1)	–	(12)
Gross rental income (after rents payable)	291	181	57	112	641	310	171	57	109	647
Service charge income	59	53	11	–	123	46	42	10	–	98
Service charge expense	(63)	(60)	(14)	(2)	(139)	(47)	(50)	(12)	(1)	(110)
Net service charge expense	(4)	(7)	(3)	(2)	(16)	(1)	(8)	(2)	(1)	(12)
Other property related income	20	11	4	3	38	15	10	3	3	31
Direct property expenditure	(43)	(42)	(16)	(18)	(119)	(34)	(44)	(14)	(16)	(108)
Movement in bad and doubtful debts provision	(1)	8	–	(1)	6	(1)	3	1	–	3
Segment net rental income	263	151	42	94	550	289	132	45	95	561
Other income					1					3
Administrative expense					(74)					(82)
Depreciation					(4)					(5)
EPRA earnings before interest					473					477
Finance income					11					11
Finance expense					(102)					(84)
Joint venture net finance expense					(11)					(11)
EPRA earnings attributable to shareholders of the parent					371					393

1. Included within rents payable is lease interest payable of **£4m** (2023: £4m) across the four segments.
2. A reconciliation from the Group income statement to the information presented in the segmental results table for the year ended 31 March 2023 is included in table 77.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

4 › SEGMENTAL INFORMATION CONTINUED

The following table reconciles the Group's income statement to the segmental results.

RECONCILIATION OF SEGMENTAL INFORMATION NOTE TO STATUTORY REPORTING

	Year ended 31 March 2024					
	Group income statement £m	Joint ventures[1] £m	Adjustment for non-wholly owned subsidiaries[2] £m	Total £m	EPRA earnings £m	Capital and other items £m
Rental income	622	38	(8)	652	652	–
Finance lease interest	1	–	–	1	1	–
Gross rental income (before rents payable)	**623**	**38**	**(8)**	**653**	**653**	**–**
Rents payable	(11)	(1)	–	(12)	(12)	–
Gross rental income (after rents payable)	**612**	**37**	**(8)**	**641**	**641**	**–**
Service charge income	117	8	(2)	123	123	–
Service charge expense	(133)	(9)	3	(139)	(139)	–
Net service charge expense	(16)	(1)	1	(16)	(16)	–
Other property related income	35	3	–	38	38	–
Direct property expenditure	(114)	(6)	1	(119)	(119)	–
Movement in bad and doubtful debts provision	6	–	–	6	6	–
Segment net rental income	**523**	**33**	**(6)**	**550**	**550**	**–**
Other income	1	–	–	1	1	–
Administrative expenses	(73)	(1)	–	(74)	(74)	–
Depreciation, including amortisation of software	(4)	–	–	(4)	(4)	–
EPRA earnings before interest	**447**	**32**	**(6)**	**473**	**473**	**–**
Share of post-tax profit/(loss) from joint ventures	2	(2)	–	–	–	–
Loss on disposal of investment properties[3]	(16)	–	–	(16)	–	(16)
Net deficit on revaluation of investment properties	(628)	(19)	22	(625)	–	(625)
Net development contract and transaction expenditure	(18)	–	–	(18)	–	(18)
Fair value gain on remeasurement of investment	3	–	–	3	–	3
Impairment of amounts due from joint ventures	(2)	–	–	(2)	–	(2)
Impairment of goodwill	(1)	–	–	(1)	–	(1)
Impairment of trading properties	(11)	–	–	(11)	–	(11)
Depreciation	(2)	–	–	(2)	–	(2)
Other costs	(1)	–	–	(1)	–	(1)
Operating (loss)/profit	**(227)**	**11**	**16**	**(200)**	**473**	**(673)**
Finance income	12	–	–	12	11	1
Finance expense	(126)	(11)	6	(131)	(113)	(18)
(Loss)/profit before tax	**(341)**	**–**	**22**	**(319)**	**371**	**(690)**
Taxation	–	–	–	–		
(Loss)/profit for the year	**(341)**	**–**	**22**	**(319)**		

1. Reallocation of the share of post-tax profit from joint ventures reported in the Group income statement to the individual line items reported in the segmental results table.
2. Removal of the non-wholly owned share of results of the Group's subsidiaries. The non-wholly owned subsidiaries are consolidated at 100% in the Group's income statement, but only the Group's share is included in EPRA earnings reported in the segmental results table. The non-owned element of the Group's subsidiaries are included in the 'Capital and other items' column presented in the Group's income statement, together with items not directly related to the underlying rental business such as investment properties valuation changes, profits or losses on the disposal of investment properties, the proceeds from, and costs of, the sale of trading properties, income from and costs associated with development contracts, amortisation and impairment of intangibles, and other attributable costs, arising on business combinations.
3. Included in the loss on disposal of investment properties is a **£2m** charge (2023: £9m charge) related to the provision for fire safety remediation works on properties no longer owned by the Group but for which the Group is responsible for remediating under the Building Safety Act 2022.

5 › PERFORMANCE MEASURES

In the tables below, we present earnings per share attributable to shareholders of the parent, calculated in accordance with IFRS, and net assets per share attributable to shareholders of the parent together with certain measures defined by the European Public Real Estate Association (EPRA), which have been included to assist comparison between European property companies. Three of the Group's key financial performance measures are EPRA earnings per share, EPRA Net Tangible Assets per share and Total return on equity. Refer to table 57 in the Business Analysis section for further details on these alternative performance measures.

EPRA earnings, which is a tax adjusted measure of underlying earnings, is the basis for the calculation of EPRA earnings per share. We believe EPRA earnings and EPRA earnings per share provide further insight into the results of the Group's operational performance to stakeholders as they focus on the rental income performance of the business and exclude Capital and other items which can vary significantly from year to year.

EARNINGS PER SHARE	Year ended 31 March 2024		Year ended 31 March 2023	
	Loss for the year £m	EPRA earnings £m	Loss for the year £m	EPRA earnings £m
Loss attributable to shareholders of the parent	**(319)**	**(319)**	(619)	(619)
Valuation and loss on disposals	**–**	**650**	–	1,016
Net finance expense/(income) (excluded from EPRA earnings)	**–**	**20**	–	(21)
Impairment of goodwill	**–**	**1**	–	5
Other	**–**	**19**	–	12
(Loss)/profit used in per share calculation	**(319)**	**371**	(619)	393

	IFRS	EPRA	IFRS	EPRA[2]
Basic (loss)/earnings per share	**(43.0)p**	**50.1p**	(83.6)p	53.1p
Diluted (loss)/earnings per share[1]	**(43.0)p**	**50.1p**	(83.6)p	53.1p

1. In the year ended 31 March 2024, share options are excluded from the weighted average diluted number of shares when calculating IFRS and EPRA diluted (loss)/earnings per share because they are not dilutive.
2. Underlying EPRA EPS excluding the benefit of increased surrender premiums in the prior year was 50.1p.

NET ASSETS PER SHARE	31 March 2024			31 March 2023		
	Net assets £m	EPRA NDV £m	EPRA NTA £m	Net assets £m	EPRA NDV £m	EPRA NTA £m
Net assets attributable to shareholders of the parent	**6,402**	**6,402**	**6,402**	7,005	7,005	7,005
Shortfall of fair value over net investment in finance leases book value	**–**	**(5)**	**(5)**	–	(6)	(6)
Deferred tax liability on intangible asset	**–**	**–**	**–**	–	–	1
Goodwill on deferred tax liability	**–**	**–**	**–**	–	(1)	(1)
Other intangible asset	**–**	**–**	**(2)**	–	–	(2)
Fair value of interest-rate swaps	**–**	**–**	**(22)**	–	–	(42)
Excess of fair value of trading properties over book value	**–**	**25**	**25**	–	12	12
Shortfall of fair value of debt over book value (note 22)	**–**	**313**	**–**	–	324	–
Net assets used in per share calculation	**6,402**	**6,735**	**6,398**	7,005	7,334	6,967

	IFRS	EPRA NDV	EPRA NTA	IFRS	EPRA NDV	EPRA NTA
Net assets per share	**863p**	**n/a**	**n/a**	945p	n/a	n/a
Diluted net assets per share	**859p**	**904p**	**859p**	942p	986p	936p

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

5 › PERFORMANCE MEASURES CONTINUED

NUMBER OF SHARES	2024		2023	
	Weighted average million	**31 March million**	Weighted average million	31 March million
Ordinary shares	**751**	**752**	751	751
Treasury shares	**(7)**	**(7)**	(7)	(7)
Own shares	**(3)**	**(3)**	(4)	(3)
Number of shares – basic	**741**	**742**	740	741
Dilutive effect of share options	**3**	**3**	4	3
Number of shares – diluted	**744**	**745**	744	744

Total return on equity is calculated as the cash dividends per share paid in the year plus the change in EPRA NTA per share, divided by the opening EPRA NTA per share. We consider this to be a useful measure for shareholders as it gives an indication of the total return on equity over the year.

TOTAL RETURN ON EQUITY BASED ON EPRA NTA	**Year ended 31 March 2024 pence**	Year ended 31 March 2023 pence
Decrease in EPRA NTA per share	**(77)**	(127)
Dividend paid per share in the year (note 11)	**39**	39
Total return (a)	**(38)**	(88)
EPRA NTA per share at the beginning of the year (b)	**936**	1,063
Total return on equity (a/b)	**(4.0)%**	(8.3)%

6 › REVENUE

ACCOUNTING POLICY

Rental income, including fixed rental uplifts, is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives being offered to occupiers to enter into a lease, such as an initial rent-free period or a cash contribution to fit out or similar costs, are an integral part of the net consideration for the use of the property and are therefore recognised on the same straight-line basis. Where the total consideration due under a lease is modified, for example, where a concession is granted to a tenant prior to the date the conceded rent falls due, the revised total amount due under the lease is recognised on a straight-line basis over the remaining term of the lease.

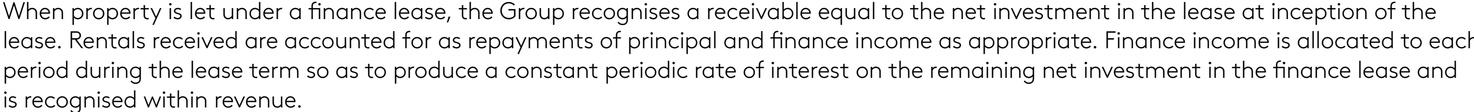
Contingent rents, being lease payments that are not fixed at the inception of a lease, for example turnover rents as well as surrender premiums net of dilapidations, are considered as variable consideration and are recorded as income in the year in which they are earned. Where a single payment is received from a tenant to cover both rent and service charge, the service charge component is separated and reported as service charge income.

The Group's revenue from contracts with customers, as defined in IFRS 15, includes service charge income, other property related income, trading property sales proceeds and development contract income.

Service charge income and management fees are recorded as income over time in the year in which the services are rendered. Revenue is recognised over time because the tenants benefit from the services as soon as they are rendered by the Group. The actual service provided during each reporting period is determined using cost incurred as the input method.

Other property related income includes development and asset management fees. These fees are recognised over time, using time elapsed as the input method which measures the benefit simultaneously received and consumed by the customer, over the period the development or asset management services are provided.

Proceeds received on the sale of trading properties are recognised when control of the property transfers to the buyer, i.e. the buyer has the ability to direct the use of the property and the right to the cash inflows and outflows generated by it. This generally occurs on unconditional exchange or on completion. If completion is expected to occur significantly after exchange or if the Group has significant outstanding obligations between exchange and completion, the Group assesses whether there are multiple performance obligations in the contract and recognises revenue as each performance obligation is satisfied.


When property is let under a finance lease, the Group recognises a receivable equal to the net investment in the lease at inception of the lease. Rentals received are accounted for as repayments of principal and finance income as appropriate. Finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining net investment in the finance lease and is recognised within revenue.

Revenue on development contracts is recognised over time over the period of the contract as the Group creates or enhances an asset that the customer controls. Progress towards completion of the development, by reference to the value of work completed using the costs incurred to date as a proportion of total costs expected to be incurred over the term of the contract is used as the input method.

S SIGNIFICANT ACCOUNTING JUDGEMENT

For those properties where the property management activities are performed by a third party, the Group considers the third party to be the principal delivering the service. The key factors considered by the Group when making this judgement include the following responsibilities of the third party:

- selecting suppliers and ensuring all services are delivered
- establishing prices and seeking efficiencies
- risk management and compliance

In addition, the residual rights residing with the Group are generally protective in nature.

All revenue is classified within the 'EPRA earnings' column of the income statement, with the exception of proceeds from the sale of trading properties, income from development contracts or transactions and the non-owned element of the Group's subsidiaries which are presented in the 'Capital and other items' column.

			2024			2023
	EPRA earnings £m	**Capital and other items £m**	**Total £m**	EPRA earnings £m	Capital and other items £m	Total £m
Rental income (excluding adjustment for lease incentives)	**598**	**8**	**606**	606	8	614
Adjustment for lease incentives	**16**	**–**	**16**	(2)	–	(2)
Rental income	**614**	**8**	**622**	604	8	612
Service charge income	**115**	**2**	**117**	88	3	91
Trading property sales proceeds	**–**	**26**	**26**	–	22	22
Other property related income	**35**	**–**	**35**	29	–	29
Finance lease interest	**1**	**–**	**1**	2	–	2
Development contract and transaction income	**–**	**22**	**22**	–	32	32
Other income	**1**	**–**	**1**	3	–	3
Revenue per the income statement	**766**	**58**	**824**	726	65	791

The following table reconciles revenue per the income statement to the individual components of revenue presented in note 4.

				2024				2023
	Group £m	**Joint ventures £m**	**Adjustment for non-wholly owned subsidiaries £m**	**Total £m**	Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries £m	Total £m
Rental income	**622**	**38**	**(8)**	**652**	612	53	(8)	657
Service charge income	**117**	**8**	**(2)**	**123**	91	10	(3)	98
Other property related income	**35**	**3**	**–**	**38**	29	2	–	31
Finance lease interest	**1**	**–**	**–**	**1**	2	–	–	2
Other income	**1**	**–**	**–**	**1**	3	–	–	3
Revenue in the segmental information note	**776**	**49**	**(10)**	**815**	737	65	(11)	791
Development contract and transaction income	**22**	**–**	**–**	**22**	32	–	–	32
Trading property sales proceeds	**26**	**–**	**–**	**26**	22	–	–	22
Revenue including Capital and other items	**824**	**49**	**(10)**	**863**	791	65	(11)	845

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

7 › COSTS

ACCOUNTING POLICY

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

Rents payable reflect amounts due under head leases. Where rents payable are variable, and do not depend on an index or rate, the payments are recognised in the income statement as incurred. Where these rents are fixed, or in-substance fixed, at the inception of the agreement, or become fixed or in-substance fixed at some point over the life of the agreement, an asset representing the right to use the underlying land and a corresponding liability for the present value of the minimum future lease payments are recognised on the Group's balance sheet within Investment properties and borrowings respectively.

All costs are classified within the 'EPRA earnings' column of the income statement, with the exception of the cost of sale of trading properties, costs arising on development contracts or transactions, amortisation and impairments of intangible assets, and other attributable costs, arising on business combinations and the non-owned element of the Group's subsidiaries which are presented in the 'Capital and other items' column.

		2024			2023	
	EPRA earnings £m	**Capital and other items £m**	**Total £m**	EPRA earnings £m	Capital and other items £m	Total £m
Rents payable	**11**	**–**	**11**	10	–	10
Service charge expense	**130**	**3**	**133**	98	2	100
Direct property expenditure	**113**	**1**	**114**	98	2	100
Movement in bad and doubtful debts provision	**(6)**	**–**	**(6)**	(2)	–	(2)
Administrative expenses	**73**	**–**	**73**	80	–	80
Impairment of trading properties	**–**	**11**	**11**	–	19	19
Cost of trading property disposals	**–**	**26**	**26**	–	21	21
Development contract and transaction expenditure	**–**	**40**	**40**	–	41	41
Depreciation, including amortisation of software	**4**	**2**	**6**	5	3	8
Impairment of amounts due from joint ventures	**–**	**2**	**2**	–	–	–
Impairment of goodwill	**–**	**1**	**1**	–	5	5
Fair value gain on remeasurement of investment	**–**	**(3)**	**(3)**	–	–	–
Other costs	**–**	**1**	**1**	–	–	–
Total costs per the income statement	**325**	**84**	**409**	289	93	382

The following table reconciles costs per the income statement to the individual components of costs presented in note 4.

	2024				2023			
	Group £m	**Joint ventures £m**	**Adjustment for non-wholly owned subsidiaries £m**	**Total £m**	Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries £m	Total £m
Rents payable	**11**	**1**	**–**	**12**	10	2	–	12
Service charge expense	**133**	**9**	**(3)**	**139**	100	12	(2)	110
Direct property expenditure	**114**	**6**	**(1)**	**119**	100	10	(2)	108
Administrative expenses	**73**	**1**	**–**	**74**	80	2	–	82
Depreciation, including amortisation of software	**4**	**–**	**–**	**4**	5	–	–	5
Movement in bad and doubtful debts provision	**(6)**	**–**	**–**	**(6)**	(2)	(1)	–	(3)
Costs in the segmental information note	**329**	**17**	**(4)**	**342**	293	25	(4)	314
Impairment of trading properties	**11**	**–**	**–**	**11**	19	–	–	19
Cost of trading property disposals	**26**	**–**	**–**	**26**	21	–	–	21
Development contract and transaction expenditure	**40**	**–**	**–**	**40**	41	–	–	41
Depreciation	**2**	**–**	**–**	**2**	3	–	–	3
Impairment of amounts due from joint ventures	**2**	**–**	**–**	**2**	–	–	–	–
Impairment of goodwill	**1**	**–**	**–**	**1**	5	–	–	5
Fair value gain on remeasurement of investment	**(3)**	**–**	**–**	**(3)**	–	–	–	–
Other costs	**1**	**–**	**–**	**1**	–	–	–	–
Costs including Capital and other items	**409**	**17**	**(4)**	**422**	382	25	(4)	403

The Group's costs include employee costs for the year of **£83m** (2023: £76m), of which **£7m** (2023: £5m) is within service charge expense, **£62m** (2023: £58m) is within administrative expenses and **£14m** (2023: £13m) is within direct property expenditure.

EMPLOYEE COSTS	**2024 £m**	2023 £m
Salaries and wages	**63**	59
Employer payroll taxes	**8**	7
Other pension costs (note 35)	**4**	4
Share-based payments (note 36)	**8**	6
	83	76

	2024 Number	2023 Number
The average monthly number of employees during the year was:		
Indirect property or contract and administration	**382**	385
Direct property or contract services:		
Full-time	**204**	180
Part-time	**12**	12
	598	577

With the exception of the Executive Directors who are employed by Land Securities Group PLC, all employees are employed by subsidiaries of the Group. The employee costs for Land Securities Group PLC are borne by another Group company.

During the year, **none** (2023: none) of the Executive Directors had retirement benefits accruing under the defined benefit scheme. Information on Directors' emoluments, share options and interests in the Company's shares is given in the Directors' Remuneration Report on pages 72 to 82.

Details of the employee costs associated with the Group's key management personnel are included in note 40.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

8 › AUDITOR REMUNERATION

	2024 £m	2023 £m
Services provided by the Group's auditor		
Audit fees:		
Audit of parent company and consolidated financial statements[1]	**1.3**	1.0
Audit of subsidiary undertakings[1]	**1.2**	0.6
Audit of joint ventures	**0.1**	0.2
	2.6	1.8
Non-audit fees:		
Other assurance services	**0.4**	0.4
	3.0	2.2

1. The audit fee recognised in the year includes £0.5m of fees paid which relate to the audit for the years ended 31 March 2023 and 31 March 2022 (2023: £0.0m).

It is the Group's policy to employ the Group's auditor on assignments additional to their statutory duties where their expertise and experience with the Group are important. Where appropriate the Group seeks tenders for services. If fees for an assignment are expected to be greater than £25,000, they are pre-approved by the Audit Committee.

9 › EXTERNAL VALUERS REMUNERATION

	2024 £m	2023 £m
Services provided by the Group's external valuers		
Year end and half-yearly valuations – Group	**1.2**	0.9
– Joint ventures	**0.1**	0.1
Other consultancy and agency services – CBRE	**2.6**	2.5
– JLL	**0.8**	0.7
	4.7	4.2

CBRE Limited (CBRE) and Jones Lang LaSalle Limited (JLL) are the Group's principal valuers. The fee arrangements with CBRE and JLL for the valuation of the Group's properties is fixed, subject to an adjustment for acquisitions and disposals. The fees of both CBRE and JLL have been included in the table above. CBRE and JLL undertake other consultancy and agency work on behalf of the Group. CBRE and JLL have confirmed to us that the total fees paid by the Group represented less than 5% of their total revenues from all clients in both the current and prior year.

10 › NET FINANCE EXPENSE

	2024			2023		
	EPRA earnings £m	**Capital and other items £m**	**Total £m**	EPRA earnings £m	Capital and other items £m	Total £m
Finance income						
Interest receivable from joint ventures	**11**	**–**	**11**	11	–	11
Fair value movement on interest-rate swaps	**–**	**–**	**–**	–	23	23
Other interest receivable	**–**	**1**	**1**	–	–	–
	11	**1**	**12**	11	23	34
Finance expense						
Bond and debenture debt	**(85)**	**–**	**(85)**	(68)	–	(68)
Bank and other short-term borrowings	**(35)**	**(2)**	**(37)**	(38)	(2)	(40)
Fair value movement on interest-rate swaps	**–**	**(22)**	**(22)**	–	–	–
Other interest payable	**(1)**	**–**	**(1)**	–	(1)	(1)
	(121)	**(24)**	**(145)**	(106)	(3)	(109)
Interest capitalised in relation to properties under development	**19**	**–**	**19**	22	–	22
	(102)	**(24)**	**(126)**	(84)	(3)	(87)
Net finance (expense)/income	**(91)**	**(23)**	**(114)**	(73)	20	(53)
Joint venture net finance expense	**(11)**			(11)		
Net finance expense included in EPRA earnings	**(102)**			(84)		

Lease interest payable of **£4m** (2023: £4m) is included within rents payable as detailed in note 4.

11 › DIVIDENDS

ACCOUNTING POLICY

Interim dividend distributions to shareholders are recognised in the financial statements when paid. Final dividend distributions are recognised as a liability in the period in which they are approved by shareholders.

All significant cash payments for the parent company, including dividend payments, are made by the Group's treasury function in accordance with the Group's financial risk management policy.

DIVIDENDS PAID		Pence per share			Year ended 31 March	
	Payment date	**PID**	**Non-PID**	**Total**	**2024 £m**	2023 £m
For the year ended 31 March 2022:						
Third interim	7 April 2022	8.50	–	8.50		63
Final	22 July 2022	13.00	–	13.00		96
For the year ended 31 March 2023:						
First interim	7 October 2022	8.60	–	8.60		64
Second interim	3 January 2023	9.00	–	9.00		67
Third interim	**6 April 2023**	**9.00**	**–**	**9.00**	**67**	
Final	**21 July 2023**	**12.00**	**–**	**12.00**	**89**	
For the year ended 31 March 2024:						
First interim	**6 October 2023**	**9.00**	**–**	**9.00**	**67**	
Second interim	**2 January 2024**	**9.20**	**–**	**9.20**	**68**	
Gross dividends					**291**	290
Dividends in the statement of changes in equity					**291**	290
Timing difference on payment of withholding tax					**–**	(1)
Dividends in the statement of cash flows					**291**	289

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

11 › DIVIDENDS CONTINUED

The third quarterly interim dividend of **9.3p** per ordinary share, or **£69m** in total (2023: 9.0p or £67m in total), was paid on 12 April 2024 as a Property Income Distribution (PID). The Board has recommended a final dividend for the year ended 31 March 2024 of **12.1p** per ordinary share (2023: 12.0p) to be paid as a PID. This final dividend will result in a further estimated distribution of **£90m** (2023: £90m). Subject to shareholders' approval at the Annual General Meeting, the final dividend will be paid on 26 July 2024 to shareholders registered at the close of business on 14 June 2024.

The total dividend paid and recommended in respect of the year ended 31 March 2024 is **39.6p** per ordinary share (2023: 38.6p) resulting in a total estimated distribution of **£294m** (2023: £288m).

The first quarterly dividend for the year ending 31 March 2025 will be paid in October 2024 and will be announced in due course.

A Dividend Reinvestment Plan (DRIP) has been available in respect of all dividends paid during the year. The last day for DRIP elections for the final dividend is close of business on 28 June 2024.

12 › INCOME TAX

A ACCOUNTING POLICY

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised, or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

S SIGNIFICANT ACCOUNTING JUDGEMENT

The Group is a Real Estate Investment Trust (REIT). As a result, the Group does not pay UK corporation tax on its profits and gains from the qualifying rental business in the UK. Non-qualifying profits and gains of the Group continue to be subject to corporation tax as normal. In order to maintain group REIT status, certain ongoing criteria must be met. The main criteria are as follows:

- at the start of each accounting period, the assets of the tax exempt business must be at least 75% of the total value of the Group's assets;
- at least 75% of the Group's total profits must arise from the tax exempt business; and
- at least 90% of the notional taxable profit of the property rental business must be distributed.

The Directors intend that the Group should continue as a REIT for the foreseeable future, with the result that deferred tax is no longer recognised on temporary differences relating to the property rental business.

Deferred tax assets and liabilities require management judgement in determining the amounts, if any, to be recognised. In particular, judgement is required when assessing the extent to which deferred tax assets should be recognised, taking into account the expected timing and level of future taxable income. Deferred tax assets are only recognised when management believes it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

There is no income tax charge in the income statement (2023: none). There is a deferred tax credit of **£4m** (2023: £3m credit) included within other comprehensive income.

The tax for the year is lower than the standard rate of corporation tax in the UK of **25%** (2023: 19%). The differences are explained in the table below.

	2024 £m	2023 £m
Loss before tax	**(341)**	(622)
Loss before tax multiplied by the rate of corporation tax in the UK of 25% (2023: 19%)	**(85)**	(118)
Adjustment for exempt property rental losses and revaluations in the year	**91**	130
	6	12
Effects of:		
Timing difference on repurchase of medium term notes	**(14)**	(11)
Interest rate fair value movements and other temporary differences	**4**	(3)
Non-allowable expenses and non-taxable items	**4**	1
Movement in unrecognised tax losses	**–**	1
Total income tax charge in the income statement	**–**	–

	2024 £m	2023 £m
The Group's deferred tax liability is analysed as follows:		
Arising on business combination	**–**	1
Arising on pension surplus	**–**	3
Total deferred tax liability	**–**	4

Deferred tax is calculated at the rate substantively enacted at the balance sheet date of **25%** (2023: 25%). The movement in the deferred tax liability arising on the remeasurement loss on the defined benefit pension scheme surplus is included within other comprehensive income in the Statement of comprehensive income.

There are unrecognised deferred tax assets on the following items due to the high degree of uncertainty as to their future utilisation by non-REIT qualifying activities.

	2024 £m	2023 £m
Revenue losses	**264**	245
Capital losses	**267**	272
Other unrecognised temporary differences	**7**	239
Total unrecognised items	**538**	756

The other unrecognised temporary differences in the prior year relate primarily to the premium paid on the redemption of the Group's medium term notes. The premium paid was expensed in full in prior years, whereas a tax deduction is taken over the remaining term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

13 › NET CASH GENERATED FROM OPERATIONS

RECONCILIATION OF OPERATING LOSS TO NET CASH GENERATED FROM OPERATIONS	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Operating loss	**(227)**	(569)	**(605)**	(26)
Adjustments for:				
Net deficit on revaluation of investment properties	**628**	827	**–**	–
Loss on changes in finance leases	**–**	6	**–**	–
Profit on disposal of trading properties	**–**	(1)	**–**	–
Loss on disposal of investment properties	**16**	144	**–**	–
Share of (profit)/loss from joint ventures	**(2)**	1	**–**	–
Share-based payment charge	**8**	6	**–**	–
Impairment of goodwill	**1**	5	**–**	–
Impairment of amounts due from joint ventures	**2**	–	**–**	–
Fair value gain on remeasurement of investment	**(3)**	–	**–**	–
Non-cash development contract and transaction expenditure	**26**	–	**–**	–
Impairment/(reversal of impairment) of investment in subsidiary	**–**	–	**578**	(1)
Rents payable	**11**	10	**–**	–
Depreciation and amortisation	**4**	5	**–**	–
Impairment of trading properties	**11**	19	**–**	–
	475	453	**(27)**	(27)
Changes in working capital:				
Increase in receivables	**(32)**	(17)	**–**	–
(Decrease)/increase in payables and provisions	**(14)**	(80)	**27**	27
Net cash generated from operations	**429**	356	**–**	–

RECONCILIATION TO ADJUSTED NET CASH INFLOW FROM OPERATING ACTIVITIES	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Net cash inflow from operating activities	**338**	342	**–**	–
Joint ventures net cash inflow from operating activities	**15**	17	**–**	–
Adjusted net cash inflow from operating activities[1]	**353**	359	**–**	–

1. Includes cash flows relating to the interest in MediaCity which is not owned by the Group but is consolidated in the Group numbers.

SECTION 3 – PROPERTIES

This section focuses on the property assets which form the core of the Group's business. It includes details of investment properties, investments in joint ventures and trading properties.

Our property portfolio is a combination of properties that are wholly owned by the Group, part owned through joint arrangements and properties owned by the Group but where a third party holds a non-controlling interest. In the Group's IFRS balance sheet, wholly owned properties and properties owned by the Group but where a third party holds a non-controlling interest are presented as either 'Investment properties' or 'Trading properties'. The Group applies equity accounting to its investments in joint ventures, which requires the Group's share of properties held by joint ventures to be presented within 'Investments in joint ventures'.

Internally, management review the results of the Group on a basis that adjusts for these forms of ownership to present a proportionate share. The Combined Portfolio, with assets totalling **£10.0bn**, is an example of this proportionate share, reflecting the economic interest we have in our properties regardless of our ownership structure. We consider this presentation provides further insight to stakeholders about the activities and performance of the Group, as it aggregates the results of all of the Group's property interests which under IFRS are required to be presented across a number of line items in the statutory financial statements.

The Group's investment properties are carried at fair value and trading properties are carried at the lower of cost and net realisable value. Both of these values are determined by the Group's external valuers. The combined value of the Group's total investment property portfolio (including the Group's share of investment properties held through joint ventures) is shown as a reconciliation in note 14.

ACCOUNTING POLICY

INVESTMENT PROPERTIES

Investment properties are properties, either owned or leased by the Group, that are held either to earn rental income or for capital appreciation, or both. Investment properties are measured initially at cost including related transaction costs, and subsequently at fair value. Fair value is based on market value, as determined by a professional external valuer at each reporting date. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the income statement as a valuation surplus or deficit. Investment properties are presented on the balance sheet within non-current assets.

Some of the Group's investment properties are owned through long-leasehold arrangements, as opposed to the Group owning the freehold. Where the Group is a lessee, a right-of-use asset is recognised at the commencement date of the lease and accounted for as investment property. Initially, the cost of investment properties held under leases includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The investment properties held under leases are subsequently carried at their fair value. A corresponding liability is recorded within borrowings. Each lease payment is allocated between repayment of the liability and a finance charge to achieve a constant interest rate on the outstanding liability.

TRADING PROPERTIES

Trading properties are those properties held for sale, or those being developed with a view to sell. Trading properties are recorded at the lower of cost and net realisable value. The net realisable value of a trading property is determined by a professional external valuer at each reporting date. If the net realisable value of a trading property is lower than its carrying value, an impairment loss is recorded in the income statement. If, in subsequent periods, the net realisable value of a trading property that was previously impaired increases above its carrying value, the impairment is reversed to align the carrying value of the property with the net realisable value. Trading properties are presented on the balance sheet within current assets.

ACQUISITION OF PROPERTIES

Properties are treated as acquired when the Group assumes control of the property.

CAPITAL EXPENDITURE AND CAPITALISATION OF BORROWING COSTS

Capital expenditure on properties consists of costs of a capital nature, including costs associated with developments and refurbishments. Where a property is being developed or undergoing major refurbishment, interest costs associated with direct expenditure on the property are capitalised. Where borrowings are specifically used to finance any capital expenditure on the properties, the actual borrowing costs incurred are capitalised. However, where borrowings are used generally to finance the operations of the Group, the interest capitalised is calculated using the Group's weighted average cost of borrowings. Interest is capitalised from the commencement of the development work until the date of practical completion. Certain internal staff and associated costs directly attributable to the management of major schemes are also capitalised. The total staff and associated costs are capitalised based on the proportion of time spent on the relevant scheme. Internal staff costs are capitalised from the date the Group determines it is probable that the development will progress until the date of practical completion.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

TRANSFERS BETWEEN INVESTMENT PROPERTIES AND TRADING PROPERTIES

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property continues to be held as an investment property. When the Group begins to redevelop an existing investment property with a view to sell, the property is transferred to trading properties and held as a current asset. The property is remeasured to fair value as at the date of the transfer with any gain or loss being taken to the income statement. The remeasured amount becomes the deemed cost at which the property is then carried in trading properties.

DISPOSAL OF PROPERTIES

Properties are treated as disposed when control of the property is transferred to the buyer. Typically, this will either occur on unconditional exchange or on completion. Where completion is expected to occur significantly after exchange, or where the Group continues to have significant outstanding obligations after exchange, the control will not usually transfer to the buyer until completion.

The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the beginning of the accounting period plus capital expenditure to the date of disposal. The profit on disposal of investment properties is presented separately on the face of the income statement. Proceeds received on the sale of trading properties are recognised within Revenue, and the carrying value at the date of disposal is recognised within Costs.

S SIGNIFICANT ACCOUNTING JUDGEMENT

ACQUISITION AND DISPOSAL OF PROPERTIES

Property transactions can be complex in nature and material to the financial statements. To determine when an acquisition or disposal should be recognised, management consider whether the Group assumes or relinquishes control of the property, and the point at which this is obtained or relinquished. Consideration is given to the terms of the acquisition or disposal contracts and any conditions that must be satisfied before the contract is fulfilled. In the case of an acquisition, management must also consider whether the transaction represents an asset acquisition or business combination.

KEY ACCOUNTING ESTIMATES AND OTHER SOURCES OF ESTIMATION UNCERTAINTY

VALUATION OF THE GROUP'S PROPERTIES

The valuation of the Group's property portfolio has been undertaken by independent valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards and UK Supplement (together the "Red Book"). Real estate by its nature is a complex asset class with value determined by a range of factors overlaid by interpretation and judgemental assessment of market data; as such it is classified as a 'Level 3 asset' within IFRS. Factors affecting valuation are on an individual property level and include the property type, location, tenure and tenancy characteristics, quality of the asset and prospects for future rental revenue.

The Group's investment property valuation has been undertaken by valuers interpreting market evidence as available in reaching their conclusions on Fair Value, reflecting asset specific data provided by Management, making assumptions that tenure, tenancies, town planning and condition of buildings are as provided. As a result, the valuations the Group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction volume in the property market.

The estimation of the net realisable value of the Group's trading properties, in particular the development land and infrastructure programmes, is inherently subjective due to a number of factors, including their complexity, unusually large size, the substantial expenditure required and long timescales to completion. In addition, as a result of these timescales to completion, the plans associated with these programmes could be subject to significant market variation over the course of development. As a result, and similar to the valuation of investment properties, the net realisable values of the Group's trading properties are subject to a degree of uncertainty and are determined on the basis of assumptions which may not prove to be accurate.

If the assumptions upon which the external valuer has based its valuations prove to be inaccurate, this may have an impact on the value of the Group's investment and trading properties, which could in turn have an effect on the Group's financial position and results.

14 › INVESTMENT PROPERTIES

	2024 £m	2023 £m
Net book value at the beginning of the year	**9,658**	11,207
Transfer from joint venture	**–**	23
Acquisitions of investment properties	**144**	218
Capital expenditure	**374**	356
Capitalised interest	**19**	22
Net movement in head leases capitalised[1]	**(30)**	(16)
Disposals[2]	**(207)**	(1,319)
Net deficit on revaluation of investment properties	**(628)**	(827)
Transfers to trading properties	**–**	(6)
Net book value at the end of the year	**9,330**	9,658

1. See note 22 for details of the amounts payable under head leases and note 4 for details of the rents payable in the income statement.
2. Includes impact of disposals of finance leases.

The market value of the Group's investment properties, as determined by the Group's external valuers, differs from the net book value presented in the balance sheet due to the Group presenting tenant finance leases, head leases and lease incentives separately. The following table reconciles the net book value of the investment properties to the market value.

	2024				2023			
	Group £m	Joint ventures[1] £m	Adjustment for non-wholly owned subsidiaries £m	Combined Portfolio £m	Group £m	Joint ventures[1] £m	Adjustment for non-wholly owned subsidiaries £m	Combined Portfolio £m
Market value	**9,465**	**616**	**(118)**	**9,963**	9,743	635	(139)	10,239
Less: properties treated as finance leases	**(18)**	**–**	**–**	**(18)**	(17)	–	–	(17)
Plus: head leases capitalised	**77**	**1**	**–**	**78**	107	1	–	108
Less: tenant lease incentives	**(194)**	**(32)**	**–**	**(226)**	(175)	(35)	–	(210)
Net book value	**9,330**	**585**	**(118)**	**9,797**	9,658	601	(139)	10,120
Net deficit on revaluation of investment properties	**(628)**	**(19)**	**22**	**(625)**	(827)	(30)	9	(848)

1. Refer to note 16 for a breakdown of this amount by entity.

The net book value of leasehold properties where head leases have been capitalised is **£1,604m** (2023: £1,723m).

Investment properties include capitalised interest of **£290m** (2023: £271m). The average rate of interest capitalisation for the year is **4.8%** (2023: 3.0%). The gross historical cost of investment properties is **£8,502m** (2023: £8,280m).

VALUATION PROCESS

The fair value of investment properties at 31 March 2024 was determined by the Group's external valuers, CBRE and JLL. The valuations are in accordance with RICS standards and were arrived at by reference to market evidence of transactions for similar properties. The valuations performed by the valuers are reviewed internally by Senior Management and other relevant people within the business. This process includes discussions of the assumptions used by the valuers, as well as a review of the resulting valuations. Discussions of the valuation process and results are held between Senior Management, the Audit Committee and the valuers on a half-yearly basis.

The valuers' opinion of fair value was primarily derived using comparable recent market transactions on arm's length terms and using appropriate valuation techniques. The fair value of investment properties is determined using the income capitalisation approach. Under this approach, forecast net cash flows, based upon current market derived estimated rental values (market rents) together with estimated costs, are discounted at market derived capitalisation rates to produce the valuers' opinion of fair value. The average discount rate, which, if applied to all cash flows would produce the fair value, is described as the equivalent yield.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

14 › INVESTMENT PROPERTIES CONTINUED

Properties in the development programme are typically valued using a residual valuation method. Under this methodology, the valuer assesses the completed development value using income and yield assumptions. Deductions are then made for estimated costs to complete, including finance and developer's profit, to arrive at the valuation. Costs include future estimated costs associated with refurbishment or development (excluding finance costs), together with an estimate of cash incentives to be paid to tenants. As the development approaches completion, the valuer may consider the income capitalisation approach to be more appropriate.

The Group considers all of its investment properties to fall within 'Level 3', as defined by IFRS 13 and as explained in Note 26(III). Accordingly, there have been no transfers of properties within the fair value hierarchy in the financial year.

The table below summarises the key unobservable inputs used in the valuation of the Group's wholly owned investment properties, and properties owned by the Group but where a third party holds a non-controlling interest, at 31 March 2024:

										2024
	Market value £m	Estimated rental value £ per sq ft			Equivalent yield %			Costs £ per sq ft		
		Low	Average	High	Low	Average	High	Low	Average[1]	High
Central London										
West End offices	2,754	20	85	132	4.3%	5.3%	5.8%	–	51	151
City offices	1,192	56	80	96	5.8%	6.0%	7.5%	–	124	226
Retail and other	956	15	57	121	4.5%	5.0%	6.5%	–	28	113
Total Central London	4,902	15	78	132	4.3%	5.4%	7.5%	–	64	226
Major retail										
Shopping centres	1,059	10	17	39	7.0%	7.9%	9.5%	–	5	12
Outlets	605	48	51	53	6.5%	7.0%	8.0%	14	16	17
Total Major retail	1,664	10	29	53	6.5%	7.6%	9.5%	–	9	17
Mixed-use urban										
London	191	10	21	27	5.7%	6.6%	10.0%	–	2	2
Major regional cities	600	16	24	47	5.7%	7.7%	9.7%	–	3	13
Total Mixed-use urban	791	10	23	47	5.7%	7.5%	10.0%	–	3	13
Subscale sectors										
Leisure	392	9	13	17	6.3%	8.9%	12.1%	–	3	29
Hotels	400	8	19	40	6.3%	7.2%	8.8%	–	–	–
Retail parks	390	13	18	26	6.0%	6.8%	8.5%	–	1	5
Total Subscale sectors	1,182	8	17	40	6.0%	7.6%	12.1%	–	1	29
Developments: income capitalisation method	167	60	68	76	5.3%	5.7%	6.3%	–	–	–
Developments: residual method	759	73	89	103	5.0%	5.4%	6.2%	–	–	–
Development programme	926	60	85	103	5.0%	5.4%	6.3%	–	–	–
Market value at 31 March 2024 – Group	9,465									

1. The calculation for average costs excludes those properties which are assumed by the Group's external valuer to be substantially refurbished or redeveloped, but which do not yet form part of the development programme.

The sensitivities below illustrate the impact of changes in key unobservable inputs (in isolation) on the fair value of the Group's properties:

SENSITIVITIES **2024**

	Market value £m	Impact on valuations of 5% change in estimated rental value		Impact on valuations of 25 bps change in equivalent yield		Impact on valuations of 5% change in costs	
		Increase £m	Decrease £m	Decrease £m	Increase £m	Decrease £m	Increase £m
Total Central London (excluding developments)	**4,902**	**188**	**(188)**	**260**	**(238)**	**9**	**(23)**
Total Major retail (excluding developments)	**1,664**	**68**	**(68)**	**58**	**(55)**	**4**	**(4)**
Total Mixed-use urban (excluding developments)	**791**	**24**	**(22)**	**22**	**(20)**	**4**	**(3)**
Total Subscale sectors (excluding developments)	**1,182**	**47**	**(45)**	**82**	**(41)**	**–**	**–**
Developments: income capitalisation method	**167**	**13**	**(13)**	**15**	**(14)**	**4**	**(4)**
Developments: residual method	**759**	**94**	**(94)**	**106**	**(90)**	**54**	**(54)**
Market value at 31 March 2024 – Group	**9,465**	**434**	**(430)**	**543**	**(458)**	**75**	**(88)**

The table below summarises the key unobservable inputs used in the valuation of the Group's wholly owned investment properties, and properties owned by the Group but where a third party holds a non-controlling interest, at 31 March 2023:

2023[1]

	Market value £m	Estimated rental value £ per sq ft			Equivalent yield %			Costs £ per sq ft		
		Low	Average	High	Low	Average	High	Low	Average[2]	High
Central London										
West End offices	2,288	20	64	156	4.0%	4.3%	5.6%	–	38	231
City offices	1,304	56	72	90	5.0%	5.2%	6.6%	–	114	152
Retail and other	1,058	8	49	82	3.5%	4.7%	6.5%	–	27	259
Total Central London	4,650	8	63	156	3.5%	4.7%	6.6%	–	57	259
Major retail										
Shopping centres	1,026	12	25	31	6.5%	8.0%	9.2%	3	10	25
Outlets	684	15	47	52	6.4%	7.2%	10.6%	8	12	22
Total Major retail	1,710	12	34	52	6.4%	7.7%	10.6%	3	11	25
Mixed-use urban										
London	221	10	21	27	5.6%	6.4%	11.4%	–	–	4
Major regional cities	707	16	22	47	5.5%	6.4%	9.0%	–	–	–
Total Mixed-use urban	928	10	21	47	5.5%	6.4%	11.4%	–	–	4
Subscale sectors										
Leisure	439	9	13	19	6.6%	8.5%	10.5%	–	2	25
Hotels	408	8	18	36	5.6%	6.8%	8.2%	–	–	–
Retail parks	418	13	19	25	5.0%	6.4%	8.3%	–	4	18
Total Subscale sectors	1,265	8	17	36	5.0%	7.2%	10.5%	–	2	25
Developments: income capitalisation method	167	52	58	80	4.8%	5.3%	5.5%	–	–	–
Developments: residual method	1,023	60	47	88	4.7%	4.8%	5.3%	–	–	–
Development programme	1,190	52	49	88	4.7%	4.9%	5.5%	–	–	–
Market value at 31 March 2023 – Group	9,743									

1. Restated for changes in sub-segments.
2. The calculation for average costs excludes those properties which are assumed by the Group's external valuer to be substantially refurbished or redeveloped, but which do not yet form part of the development programme.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

14 › INVESTMENT PROPERTIES CONTINUED

The sensitivities illustrate the impact of changes in key unobservable inputs (in isolation) on the fair value of the Group's properties:

SENSITIVITIES 2023[1]

	Market value £m	Impact on valuations of 5% change in estimated rental value		Impact on valuations of 25 bps change in equivalent yield		Impact on valuations of 5% change in costs	
		Increase £m	Decrease £m	Decrease £m	Increase £m	Decrease £m	Increase £m
Total Central London (excluding developments)	4,650	178	(174)	262	(232)	14	(8)
Total Major retail (excluding developments)	1,710	71	(71)	61	(57)	4	(4)
Total Mixed-use urban (excluding developments)	928	30	(29)	33	(32)	1	(1)
Total Subscale sectors (excluding developments)	1,265	47	(46)	16	(13)	2	(2)
Developments: income capitalisation method	167	11	(12)	15	(14)	4	(4)
Developments: residual method	1,023	72	(87)	104	(107)	23	(40)
Market value at 31 March 2023 – Group	9,743	409	(419)	491	(455)	48	(59)

1. Restated for changes in sub-segments.

15 › TRADING PROPERTIES

	Development land and infrastructure £m	**Residential £m**	**Total £m**
At 1 April 2022	128	17	145
Transfer from investment properties	6	–	6
Capital expenditure	6	(3)	3
Disposals	(17)	–	(17)
(Impairment)/reversal of impairment	(25)	6	(19)
At 31 March 2023	**98**	**20**	**118**
Capital expenditure	**6**	**7**	**13**
Capitalised interest	**–**	**1**	**1**
Disposals	**(21)**	**–**	**(21)**
Impairment	**(11)**	**–**	**(11)**
At 31 March 2024	**72**	**28**	**100**

The cumulative impairment provision at 31 March 2024 in respect of Development land and infrastructure was **£36m** (2023: £25m); and in respect of Residential was **£nil** (2023: £nil).

16 › JOINT ARRANGEMENTS

A ACCOUNTING POLICY

Joint arrangements are those entities over whose activities the Group has joint control, established by contractual agreement. Interests in joint arrangements are accounted for as either a joint venture or a joint operation. The treatment as either a joint venture or a joint operation will depend on whether the Group has rights to the net assets, or a direct interest in the assets and liabilities of the arrangement.

A joint arrangement is accounted for as a joint venture when the Group, along with the other parties that have joint control of the arrangement, has rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method of accounting. The equity method requires the Group's share of the joint venture's post-tax profit or loss for the year to be presented separately in the income statement and the Group's share of the joint venture's net assets to be presented separately in the balance sheet.

A joint arrangement is accounted for as a joint operation when the Group, along with the parties that have joint control of the arrangement, has rights to the assets and obligations for the liabilities relating to the arrangement. The Group's share of jointly controlled assets, related liabilities, income and expenses are combined with the equivalent items in the financial statements on a line-by-line basis.

The Group's principal joint arrangements are described below:

Joint ventures[1]	Percentage owned & voting rights[2]	Business segment	Year end date[3]	Joint venture partner
Held at 31 March 2024				
Nova, Victoria[4]	50%	Central London	31 March	Suntec Real Estate Investment Trust
Southside Limited Partnership	50%	Major retail	31 March	Invesco Real Estate European Fund
Westgate Oxford Alliance Limited Partnership	50%	Major retail, Subscale sectors	31 March	The Crown Estate Commissioners
Harvest[5]	50%	Subscale sectors	31 March	J Sainsbury plc
The Ebbsfleet Limited Partnership[7]	50%	Subscale sectors	31 March	Ebbsfleet Property Limited
West India Quay Unit Trust[7]	50%	Subscale sectors	31 March	Schroder UK Real Estate Fund
Mayfield[6,7]	50%	Mixed-use urban	31 March	LCR Limited, Manchester City Council, Transport for Greater Manchester
Curzon Park Limited[7]	50%	Subscale sectors	31 March	Derwent Developments (Curzon) Limited
Plus X Holdings Limited[7]	50%	Subscale sectors	31 March	Paul David Rostas, Matthew Edmund Hunter
Landmark Court Partnership Limited[7]	51%	Central London	31 March	TTL Landmark Court Properties Limited
Opportunities for Sittingbourne Limited[7]	50%	Mixed-use urban	31 March	Swale Borough Council
Cathedral (Movement, Greenwich) LLP[7]	52%	Mixed-use urban	31 March	Mr Richard Upton
Circus Street Developments Limited[7]	50%	Mixed-use urban	31 March	High Wire Brighton Limited

Joint operation	Ownership interest	Business segment	Year end date[3]	Joint operation partners
Held at 31 March 2024				
Bluewater, Kent	48.75%	Major retail	31 March	M&G Real Estate and GIC Royal London Asset Management Aberdeen Standard Investments

1. Refer to Additional information pages 179-183 for the full list of the Group's related undertakings.
2. Investments under joint arrangements are not always represented by an equal percentage holding by each partner. In a number of joint ventures that are not considered principal joint ventures and therefore not included in the table above, the Group holds a majority shareholding but has joint control and therefore the arrangement is accounted for as a joint venture.
3. The year end date shown is the accounting reference date of the joint arrangement. In all cases, the Group's accounting is performed using financial information for the Group's own reporting year and reporting date.
4. Nova, Victoria includes the Nova Limited Partnership, Nova Residential Limited Partnership, Nova GP Limited, Nova Business Manager Limited, Nova Residential (GP) Limited, Nova Residential Intermediate Limited, Nova Estate Management Company Limited, Nova Nominee 1 Limited and Nova Nominee 2 Limited.
5. Harvest includes Harvest 2 Limited Partnership, Harvest Development Management Limited, Harvest 2 Selly Oak Limited, Harvest 2 GP Limited and Harvest GP Limited.
6. Mayfield includes Mayfield Development Partnership LP and Mayfield Development (General Partner) Limited.
7. Included within Other in subsequent tables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

16 › JOINT ARRANGEMENTS CONTINUED

All of the Group's joint arrangements listed above have their principal place of business in the United Kingdom. All of the Group's principal joint arrangements own and operate investment property, with the exception of:

- The Ebbsfleet Limited Partnership and Plus X Holdings Limited, which are holding companies;
- Harvest, which is engaged in long-term development contracts; and
- Curzon Park Limited, Landmark Court Partnership Limited, Opportunities for Sittingbourne Limited and Circus Street Developments Limited, which are companies continuing their business of property development.

The activities of all the Group's principal joint arrangements are therefore strategically important to the business activities of the Group.

All joint ventures listed above are registered in England and Wales with the exception of Southside Limited Partnership and West India Quay Unit Trust which are registered in Jersey.

JOINT VENTURES — Year ended 31 March 2024

Comprehensive income statement	Nova, Victoria 100% £m	Southside Limited Partnership 100% £m	Westgate Oxford Alliance Partnership 100% £m	Other 100% £m	Total 100% £m	Total Group share £m
Revenue[1]	49	11	35	5	100	49
Gross rental income (after rents payable)	34	11	26	5	76	37
Net rental income	34	10	22	1	67	33
EPRA earnings before interest	32	9	21	1	63	32
Finance expense	(16)	(6)	–	–	(22)	(11)
Net finance expense	(16)	(6)	–	–	(22)	(11)
EPRA earnings	16	3	21	1	41	21
Capital and other items						
Net deficit on revaluation of investment properties	(24)	(3)	(1)	(9)	(37)	(19)
(Loss)/profit before tax	(8)	–	20	(8)	4	2
Post-tax (loss)/profit	(8)	–	20	(8)	4	2
Total comprehensive (loss)/income	(8)	–	20	(8)	4	2
Group share of (loss)/profit before tax	(4)	–	10	(4)	2	
Group share of post-tax (loss)/profit	(4)	–	10	(4)	2	
Group share of total comprehensive (loss)/income	(4)	–	10	(4)	2	

1. Revenue includes gross rental income (before rents payable), service charge income, other property related income, trading properties disposal proceeds and income from long-term development contracts.

JOINT VENTURES

Year ended 31 March 2023

Comprehensive income statement	Nova, Victoria 100% £m	Southside Limited Partnership 100% £m	St. David's Limited Partnership 100% £m	Westgate Oxford Alliance Partnership 100% £m	Other 100% £m	Total 100% £m	Total Group share £m
Revenue[1]	49	10	33	34	4	130	65
Gross rental income (after rents payable)	36	10	25	27	4	102	51
Net rental income	36	7	16	22	2	83	42
EPRA earnings before interest	35	6	15	22	2	80	40
Finance expense	(17)	(6)	–	–	–	(23)	(11)
Net finance expense	(17)	(6)	–	–	–	(23)	(11)
EPRA earnings	18	–	15	22	2	57	29
Capital and other items							
Net (deficit)/surplus on revaluation of investment properties	(67)	1	6	(8)	8	(60)	(30)
(Loss)/profit before tax[2]	(49)	1	21	14	10	(3)	(1)
Post-tax (loss)/profit[2]	(49)	1	21	14	10	(3)	(1)
Total comprehensive (loss)/income[2]	(49)	1	21	14	10	(3)	(1)
Group share of (loss)/profit before tax[2]	(24)	–	10	7	6	(1)	
Group share of post-tax (loss)/profit[2]	(24)	–	10	7	6	(1)	
Group share of total comprehensive (loss)/income[2]	(24)	–	10	7	6	(1)	

1. Revenue includes gross rental income (before rents payable), service charge income, other property related income, trading properties disposal proceeds and income from long-term development contracts.
2. On 24 March 2023 the Group acquired the remaining 50% interest in St David's Limited Partnership. Results from its operations prior to that date are included as share of profit or loss from joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

16 › JOINT ARRANGEMENTS CONTINUED

JOINT VENTURES

31 March 2024

Balance sheet	Nova, Victoria 100% £m	Southside Limited Partnership 100% £m	Westgate Oxford Alliance Partnership 100% £m	Other 100% £m	Total 100% £m	Total Group share £m
Investment properties[1]	727	130	223	91	1,171	585
Non-current assets	727	130	223	91	1,171	585
Cash and cash equivalents	32	4	21	4	61	31
Other current assets	58	7	11	85	161	80
Current assets	90	11	32	89	222	111
Total assets	817	141	255	180	1,393	696
Trade and other payables and provisions	(23)	(6)	(16)	(35)	(80)	(40)
Current liabilities	(23)	(6)	(16)	(35)	(80)	(40)
Non-current liabilities	(104)	(147)	–	(19)	(270)	(135)
Non-current liabilities	(104)	(147)	–	(19)	(270)	(135)
Total liabilities	(127)	(153)	(16)	(54)	(350)	(175)
Net assets/(liabilities)	690	(12)	239	126	1,043	521
Comprised of:						
Net assets	690	–	239	130	1,059	529
Accumulated losses recognised as net liabilities[2]	–	(12)	–	(4)	(16)	(8)
Market value of investment properties[1]	780	131	230	91	1,232	616
Net cash[3]	32	4	21	4	61	31

1. The difference between the book value and the market value of investment properties is the amount recognised in respect of lease incentives, head leases capitalised and properties treated as finance leases, where applicable.
2. The Group's share of accumulated losses of a joint venture interest are recognised as net liabilities (see note 33) where there is an obligation to provide for these losses.
3. Excludes funding provided by the Group and its joint venture partners.

JOINT VENTURES

31 March 2023

Balance sheet	Nova, Victoria 100% £m	Southside Limited Partnership 100% £m	St. David's Limited Partnership 100% £m	Westgate Oxford Alliance Partnership 100% £m	Other 100% £m	Total 100% £m	Total Group share £m
Investment properties[1]	748	134	–	225	98	1,205	601
Non-current assets	748	134	–	225	98	1,205	601
Cash and cash equivalents	36	3	–	23	7	69	35
Other current assets	64	9	–	13	68	154	78
Current assets	100	12	–	36	75	223	113
Total assets	848	146	–	261	173	1,428	714
Trade and other payables and provisions	(22)	(10)	–	(14)	(48)	(94)	(48)
Current liabilities	(22)	(10)	–	(14)	(48)	(94)	(48)
Non-current liabilities	(131)	(145)	–	–	–	(276)	(138)
Non-current liabilities	(131)	(145)	–	–	–	(276)	(138)
Total liabilities	(153)	(155)	–	(14)	(48)	(370)	(186)
Net assets/(liabilities)	695	(9)	–	247	125	1,058	528
Comprised of:							
Net assets	695	–	–	247	125	1,067	533
Accumulated losses recognised as net liabilities[2]	–	(9)	–	–	–	(9)	(5)
Market value of investment properties[1]	807	134	–	233	98	1,272	635
Net cash[3]	36	3	–	23	7	69	35

1. The difference between the book value and the market value of investment properties is the amount recognised in respect of lease incentives, head leases capitalised and properties treated as finance leases, where applicable.
2. The Group's share of accumulated losses of a joint venture interest are recognised as net liabilities (see note 33) where there is an obligation to provide for these losses.
3. Excludes funding provided by the Group and its joint venture partners.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

16 › JOINT ARRANGEMENTS CONTINUED

JOINT VENTURES

Net investment	Nova, Victoria Group share 100% £m	Southside Limited Partnership Group share 100% £m	St. David's Limited Partnership Group share 100% £m	Westgate Oxford Alliance Partnership Group share 100% £m	Other Group share £m	Total Group share £m
At 1 April 2022	372	(5)	113	125	90	695
Total comprehensive (loss)/income	(24)	–	10	7	6	(1)
Cash distributions	–	–	(4)	(8)	(2)	(14)
Other distributions	–	–	–	–	(7)	(7)
Disposals and transfers from joint arrangements	–	–	(119)	–	(25)	(144)
Other non-cash movements	–	–	–	–	(1)	(1)
At 31 March 2023	348	(5)	–	124	61	528
Total comprehensive (loss)/income	**(4)**	**–**	**–**	**10**	**(3)**	**3**
Cash and other distributions	**–**	**–**	**–**	**(12)**	**(5)**	**(17)**
Other non-cash movements	**–**	**–**	**–**	**(1)**	**8**	**7**
At 31 March 2024	**344**	**(5)**	**–**	**121**	**61**	**521**
Comprised of:						
At 31 March 2023						
Non-current assets	348	–	–	124	61	533
Non-current liabilities[1]	–	(5)	–	–	–	(5)
At 31 March 2024						
Non-current assets	**344**	**–**	**–**	**121**	**64**	**529**
Non-current liabilities[1]	**–**	**(5)**	**–**	**–**	**(3)**	**(8)**

1. The Group's share of accumulated losses of a joint venture interest are recognised as net liabilities (see note 33) where there is an obligation to provide for these losses.

17 › INVESTMENTS IN ASSOCIATES

ACCOUNTING POLICY

Associates are those entities over whose financial and operating policy decisions the Group has significant influence, established by contractual agreement, but over which the Group does not have control or joint control over those policies. Interests in associates are accounted for using the equity method of accounting. The equity method requires the Group's share of the associate's post-tax profit or loss for the year to be presented separately in the income statement and the Group's share of the associate's net assets to be presented separately in the balance sheet.

The Group's principal interests in associates are described below:

Associates[1]	Percentage owned and voting rights	Year end date	Business segment
CDSR Burlington House Developments Limited	20%	31 December	Subscale sectors
Northpoint Developments Limited	42%	31 December	Subscale sectors

1. Refer to Additional information pages 179-183 for the full list of the Group's related undertakings.

During the year the Group's investment in YC Shepherds Bush Limited reduced from 18.9% to 14.2% as a result of a dilution of shareholding caused by capital calls throughout the year. The investment in associate was reclassified to Other Investments as the Group is no longer considered to have significant control over the operations of the investment. The value of this investment at the time of reclassification was £3m.

Northpoint Developments Limited have their principal place of business in the United Kingdom and they are registered in England and Wales. CDSR Burlington House Developments Limited operates in Ireland and they are registered in Ireland. The Group's associates are engaged in property development.

The investments in CDSR Burlington House Developments Limited and Northpoint Developments Limited were fully impaired on acquisition of U+I Group PLC.

The Group's share of profit or loss from its investments in associates was **£nil** (2023: £nil).

ASSOCIATES Net investment	Total Group share £m
At 1 April 2022	4
Disposal	(1)
At 31 March 2023	3
Reclassification to other investments (see note 30)	**(3)**
At 31 March 2024	**–**

18 › CAPITAL COMMITMENTS

	2024 £m	2023 £m
Contracted capital commitments at the end of the year in respect of:		
Investment properties	**353**	153
Trading properties	**10**	21
Joint ventures (our share)	**4**	1
Total capital commitments	**367**	175

Capital commitments include contractually committed obligations to purchase goods or services used in the construction, development, repair, maintenance or other enhancement of the Group's properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

19 › NET INVESTMENT IN FINANCE LEASES

ACCOUNTING POLICY

Where the Group's leases transfer the significant risks and rewards incidental to ownership of the underlying asset to the tenant, the lease is accounted for as a finance lease. At the outset of the lease the fair value of the asset is de-recognised from investment property and recognised as a finance lease receivable. The finance lease receivable is derecognised in the event that the lease is terminated. Lease income is recognised over the period of the lease, reflecting a constant rate of return. The difference between the gross receivable and the present value of the receivable is recognised as finance income within Revenue over the lease term.

	2024 £m	2023 £m
Non-current		
Finance leases – gross receivables	**37**	38
Unguaranteed residual value	**3**	3
Unearned finance income	**(19)**	(20)
	21	21
Current[1]		
Finance leases – gross receivables	**2**	2
Unearned finance income	**(1)**	(1)
	1	1
Net investment in finance leases	**22**	22
Gross receivables from finance leases due:		
No later than one year	**2**	2
One to two years	**2**	2
Two to three years	**2**	2
Three to four years	**2**	2
Four to five years	**1**	1
More than five years	**30**	31
	39	40
Unguaranteed residual value	**3**	3
Unearned finance income	**(20)**	(21)
Net investment in finance leases	**22**	22

1. Included in Other Receivables in note 27.

The Group has leased out several investment properties under finance leases, which range from 20 to 125 years in duration from the inception of the lease.

20 › INTANGIBLE ASSETS

ACCOUNTING POLICY

Intangible assets comprise goodwill and other intangible assets arising on business combinations and software used internally within the business. Intangible assets arising on business combinations are initially recognised at fair value. Goodwill is not amortised but is tested at least annually for impairment. Other intangible assets arising on business combinations are amortised to the income statement over their expected useful lives. Software assets are stated at cost less accumulated amortisation and are amortised on a straight-line basis over their estimated useful economic lives, normally three to five years.

	Goodwill £m	Software £m	Other intangible asset £m	Total £m
At 1 April 2022	1	5	2	8
Additions	5	–	–	5
Amortisation	–	(2)	–	(2)
Impairment	(5)	–	–	(5)
At 31 March 2023	1	3	2	6
Amortisation	**–**	**(2)**	**–**	**(2)**
Impairment	**(1)**	**–**	**–**	**(1)**
At 31 March 2024	**–**	**1**	**2**	**3**

The other intangible asset relates to the Group's acquisition of its interest in Bluewater, Kent in 2014 and represents the estimated fair value of the management rights for the centre. The fair value at the date of acquisition was £30m and the asset is being amortised over a period of 20 years. On recognition of the other intangible asset, the Group recognised a deferred tax liability of £6m, and corresponding goodwill of the same amount. The deferred tax liability is being released to the income statement as the other intangible asset is amortised or impaired, and the corresponding element of the goodwill is tested for impairment.

In the year ended 31 March 2024, the other intangible asset has been impaired by **£nil** (2023: £nil). The recoverable amount of the other intangible asset has been based on its fair value less costs of disposal applying discounted cash flow projections, using a discount rate of **8.0%** with cash flows projected over a period of **10 years** and a growth rate applied of **3.1%**. In the prior year, the recoverable amount of the other intangible asset was based on its value in use, using a discount rate of 7.0%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

SECTION 4 – CAPITAL STRUCTURE AND FINANCING

This section focuses on the Group's financing structure, including borrowings and financial risk management. The total capital of the Group consists of shareholders' equity and net debt. The Group's strategy is to maintain an appropriate net debt to total equity ratio (gearing) and loan-to-value ratio (LTV) to ensure that asset level performance is translated into enhanced returns for shareholders while maintaining an appropriate risk reward balance to accommodate changing financial and operating market cycles. The table in note 21 details a number of the Group's key metrics in relation to managing its capital structure.

A key element of the Group's capital structure is that the majority of our borrowings are secured against a large pool of our assets (the Security Group). This enables us to raise long-term debt in the bond market, as well as shorter-term flexible bank facilities, both at competitive rates. In general, we follow a secured debt strategy as we believe this gives the Group better access to borrowings at a lower cost.

In addition, the Group holds a number of assets outside the Security Group structure (in the Non-restricted Group). By having both the Security Group and the Non-restricted Group, and considerable flexibility to move assets between the two, we are able to raise the most appropriate finance for each specific asset or joint venture.

21 › CAPITAL STRUCTURE

				2024				2023
	Group £m	**Joint ventures £m**	**Adjustment for non-wholly owned subsidiaries £m**	**Combined £m**	Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries £m	Combined £m
Property portfolio								
Market value of investment properties	**9,465**	**616**	**(118)**	**9,963**	9,743	635	(139)	10,239
Trading properties and long-term contracts	**100**	**–**	**–**	**100**	118	–	–	118
Total property portfolio (a)	**9,565**	**616**	**(118)**	**10,063**	9,861	635	(139)	10,357
Net debt								
Borrowings	**3,703**	**–**	**(73)**	**3,630**	3,431	–	(73)	3,358
Monies held in restricted accounts and deposits	**(6)**	**–**	**–**	**(6)**	(4)	–	1	(3)
Cash and cash equivalents	**(78)**	**(31)**	**4**	**(105)**	(41)	(35)	2	(74)
Fair value of interest-rate swaps	**(23)**	**–**	**2**	**(21)**	(44)	–	2	(42)
Fair value of foreign exchange swaps and forwards	**(2)**	**–**	**–**	**(2)**	6	–	–	6
Net debt (b)	**3,594**	**(31)**	**(67)**	**3,496**	3,348	(35)	(68)	3,245
Add/(less): Fair value of interest-rate swaps	**23**	**–**	**(2)**	**21**	44	–	(2)	42
Adjusted net debt (c)	**3,617**	**(31)**	**(69)**	**3,517**	3,392	(35)	(70)	3,287
Adjusted total equity								
Total equity (d)	**6,447**	**–**	**(45)**	**6,402**	7,072	–	(67)	7,005
Fair value of interest-rate swaps	**(23)**	**–**	**2**	**(21)**	(44)	–	2	(42)
Adjusted total equity (e)	**6,424**	**–**	**(43)**	**6,381**	7,028	–	(65)	6,963
Gearing (b/d)	**55.7%**			**54.6%**	47.3%			46.3%
Adjusted gearing (c/e)	**56.3%**			**55.1%**	48.3%			47.2%
Group LTV (c/a)	**37.8%**			**35.0%**	34.4%			31.7%
EPRA LTV[1]				**36.3%**				33.2%
Security Group LTV	**37.0%**				33.0%			
Weighted average cost of debt	**3.3%**			**3.3%**	2.7%			2.7%

1. EPRA LTV differs from Group LTV as it includes net payables and receivables, and includes trading properties at fair value and debt instruments at nominal value rather than book value.

22 › BORROWINGS

A ACCOUNTING POLICY

Borrowings, other than bank overdrafts, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method.

When debt refinancing exercises are carried out, existing liabilities will be treated as being extinguished when the new liability is substantially different from the existing liability. In making this assessment, the Group will consider the transaction as a whole, taking into account both qualitative and quantitative characteristics.

						2024			2023
	Secured/ unsecured	Fixed/ floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Book value £m	Nominal/ notional value £m	Fair value £m	Book value £m
Current borrowings									
Commercial paper									
Sterling	Unsecured	Floating	Various[1]	**15**	**15**	**15**	–	–	–
Euro	Unsecured	Floating	Various[1]	**518**	**518**	**518**	167	167	167
US Dollar	Unsecured	Floating	Various[1]	**148**	**148**	**148**	145	145	145
Syndicated and bilateral bank debt	Secured	Floating	SONIA + margin	**292**	**292**	**292**	–	–	–
Total current borrowings				**973**	**973**	**973**	312	312	312
Amounts payable under head leases				**2**	**2**	**2**	3	3	3
Total current borrowings including amounts payable under head leases				**975**	**975**	**975**	315	315	315
Non-current borrowings									
Medium term notes (MTN)									
A10 4.875% MTN due 2025	Secured	Fixed	0.0	**–**	**–**	**–**	10	10	10
A12 1.974% MTN due 2026	Secured	Fixed	0.0	**–**	**–**	**–**	400	389	400
A4 5.391% MTN due 2026	Secured	Fixed	0.0	**–**	**–**	**–**	17	17	17
A5 5.391% MTN due 2027	Secured	Fixed	5.4	**87**	**86**	**87**	87	87	87
A16 2.375% MTN due 2027	Secured	Fixed	2.5	**350**	**325**	**349**	350	317	348
A6 5.376% MTN due 2029	Secured	Fixed	5.4	**65**	**66**	**65**	65	66	65
A13 2.399% MTN due 2031	Secured	Fixed	2.4	**300**	**270**	**299**	300	263	299
A18 4.750% MTN due 2031	Secured	Fixed	4.9	**300**	**299**	**297**	–	–	–
A7 5.396% MTN due 2032	Secured	Fixed	5.4	**77**	**78**	**77**	77	79	77
A17 4.875% MTN due 2034	Secured	Fixed	5.0	**400**	**403**	**393**	400	406	394
A11 5.125% MTN due 2036	Secured	Fixed	5.1	**50**	**48**	**50**	50	50	50
A14 2.625% MTN due 2039	Secured	Fixed	2.6	**500**	**387**	**495**	500	378	494
A15 2.750% MTN due 2059	Secured	Fixed	2.7	**500**	**309**	**495**	500	312	495
				2,629	**2,271**	**2,607**	2,756	2,374	2,736
Syndicated and bilateral bank debt	Secured	Floating	SONIA + margin	**123**	**123**	**123**	383	383	383
Total non-current borrowings				**2,752**	**2,394**	**2,730**	3,139	2,757	3,119
Amounts payable under head leases	Unsecured	Fixed	4.0	**75**	**98**	**75**	104	142	104
Total non-current borrowings including amounts payable under head leases				**2,827**	**2,492**	**2,805**	3,243	2,899	3,223
Total borrowings including amounts payable under head leases				**3,802**	**3,467**	**3,780**	3,558	3,214	3,538
Total borrowings excluding amounts payable under head leases				**3,725**	**3,367**	**3,703**	3,451	3,069	3,431

1. Non-Sterling commercial paper is immediately swapped into Sterling. The interest rate is fixed at the time of the issuance for the duration (1 to 3 months) and tracks SONIA swap rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

22 › BORROWINGS CONTINUED

RECONCILIATION OF THE MOVEMENT IN BORROWINGS	2024 £m	2023 £m
At the beginning of the year	**3,538**	4,553
Net proceeds from ECP issuance	**378**	–
Net proceeds from bank debt	**33**	–
Repayment of bank debt	**–**	(1,407)
Repayment of MTNs	**(427)**	–
Issue of MTNs (net of finance fees)	**297**	394
Foreign exchange movement on non-Sterling borrowings	**(9)**	14
Movement in amounts payable under head leases	**(30)**	(16)
At 31 March	**3,780**	3,538

RECONCILIATION OF MOVEMENTS IN LIABILITIES ARISING FROM FINANCING ACTIVITIES				Non-cash changes		2024
	At the beginning of the year £m	Cash flows £m	Foreign exchange movements £m	Other changes in fair values £m	Other changes £m	At the end of the year £m
Borrowings	**3,538**	**281**	**(9)**	**–**	**(30)**	**3,780**
Derivative financial instruments	**(38)**	**(18)**	**10**	**21**	**–**	**(25)**
	3,500	**263**	**1**	**21**	**(30)**	**3,755**
						2023
Borrowings	4,553	(1,013)	14	–	(16)	3,538
Derivative financial instruments	(26)	25	(14)	(23)	–	(38)
	4,527	(988)	–	(23)	(16)	3,500

MEDIUM TERM NOTES (MTNS)

The MTNs are secured on the fixed and floating pool of assets of the Security Group. The Security Group includes wholly owned investment properties, development properties and a number of the Group's investments in other assets, in total valued at **£9.2bn** at 31 March 2024 (31 March 2023: £9.6bn). The secured debt structure has a tiered operating covenant regime which gives the Group substantial flexibility when the loan-to-value and interest cover in the Security Group are less than 65% and more than 1.45x respectively. If these limits are exceeded, the operating environment becomes more restrictive with provisions to encourage a reduction in gearing. The interest rate of each MTN is fixed until the expected maturity, being two years before the legal maturity date of the MTN. The interest rate for the last two years may either become floating on a SONIA basis plus an increased margin (relative to that at the time of issue), or subject to a fixed coupon uplift, depending on the terms and conditions of the specific notes.

The effective interest rate is based on the coupon paid and includes the amortisation of issue costs and discount to redemption value. The MTNs are listed on the Irish Stock Exchange and their fair values are based on their respective market prices.

During the year, the Group purchased **£nil** of MTNs (2023: £nil) for a total premium of **£nil** (2023: £nil).

At 31 March 2024, the Group's committed facilities totalled **£2,907m** (31 March 2023: £3,007m).

SYNDICATED AND BILATERAL BANK DEBT		Authorised		Drawn		Undrawn	
	Maturity as at 31 March 2024	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Syndicated debt	**2024–27**	**2,682**	2,782	**415**	383	**2,267**	2,399
Bilateral debt	**2026**	**225**	225	**–**	–	**225**	225
		2,907	3,007	**415**	383	**2,492**	2,624

All syndicated and bilateral facilities are committed and secured on the assets of the Security Group, with the exception of facilities secured on the assets at MediaCity (of which **£292m** was drawn at 31 March 2024 and £292m drawn at 31 March 2023). During the year ended 31 March 2024, the amounts drawn under the Group's facilities decreased by **£32m**.

The terms of the Security Group funding arrangements require undrawn facilities to be reserved where syndicated and bilateral facilities mature within one year, or when commercial paper is issued. Commercial paper in issuance at 31 March 2024 was **£681m** (31 March 2023: £312m). The total amount of cash and available undrawn facilities, net of commercial paper, at 31 March 2024 was **£1,889m** (31 March 2023: £2,353m).

23 › MONIES HELD IN RESTRICTED ACCOUNTS AND DEPOSITS

ACCOUNTING POLICY

Monies held in restricted accounts and deposits represent cash held by the Group in accounts with conditions that restrict the access of these monies by the Group and, as such, do not meet the definition of cash and cash equivalents.

		Group		Company
	2024 £m	2023 £m	**2024 £m**	2023 £m
Short-term deposits	**6**	4	**–**	–
	6	4	**–**	–

The credit quality of monies held in restricted accounts and deposits can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed.

		Group		Company
	2024 £m	2023 £m	**2024 £m**	2023 £m
Counterparties with external credit ratings				
A+	**6**	4	**–**	–
	6	4	**–**	–

24 › CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Monies that are restricted by use only, and not restricted by access, are classified as cash and cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are deducted from cash and cash equivalents for the purpose of the statement of cash flows.

		Group		Company
	2024 £m	2023 £m	**2024 £m**	2023 £m
Cash at bank and in hand	**78**	41	**2**	2
	78	41	**2**	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

24 › CASH AND CASH EQUIVALENTS CONTINUED

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed.

	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Counterparties with external credit ratings				
A+	**78**	34	**–**	–
A	**–**	6	**2**	2
A-	**–**	1	**–**	–
	78	41	**2**	2

The Group's cash and cash equivalents and bank overdrafts are subject to cash pooling arrangements. The following table provides details of cash balances and bank overdrafts which are subject to offsetting agreements.

	2024			2023		
	Gross amounts of financial assets £m	**Gross amounts of financial liabilities £m**	**Net amounts recognised in the balance sheet £m**	Gross amounts of financial assets £m	Gross amounts of financial liabilities £m	Net amounts recognised in the balance sheet £m
Cash and cash equivalents	**230**	**(152)**	**78**	101	(60)	41
	230	**(152)**	**78**	101	(60)	41

25 › DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

The Group uses interest-rate and foreign exchange swaps and forwards to manage its market risk. In accordance with its treasury policy, the Group does not hold or issue derivatives for trading purposes.

All derivatives are recognised on the balance sheet at fair value. The fair value of interest-rate and foreign exchange swaps is based on counterparty or market quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates for similar instruments at the measurement date. The gain or loss on derivatives are recognised immediately in the income statement, within net finance expense.

CARRYING VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS	**2024 £m**	2023 £m
Current assets	**8**	3
Non-current assets	**22**	41
Current liabilities	**–**	(6)
Non-current liabilities	**(5)**	–
	25	38

NOTIONAL AMOUNT	**2024 £m**	2023 £m
Interest-rate swaps[1]	**1,484**	1,559
Foreign exchange swaps	**664**	319
	2,148	1,878

1. At 31 March 2024, the Group held forward starting pay-fixed and receive-floating rate interest-rate swaps with the accreting notional of up to **£1,170m** (2023: starting notional of £940m, increasing to £1,940m) which are included in the notional amounts above.

26 › FINANCIAL RISK MANAGEMENT

INTRODUCTION

A review of the Group's objectives, policies and processes for managing and monitoring risk is set out in 'Managing risk' and 'Our principal risks and uncertainties' (pages 38 to 45). This note provides further detail on financial risk management and includes quantitative information on specific financial risks.

The Group is exposed to a variety of financial risks: market risks (principally interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects of these on the Group's financial performance and includes the use of derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by the Group's treasury function under policies approved by the Board of Directors, except where the relevant arrangements have been put in place by an individual subsidiary or a joint venture level prior to acquisition.

The Group assesses whether it intends to hold its financial assets to collect the contractual cash flows, or whether it intends to sell them before maturity and classifies its financial instruments into the appropriate categories. The following table summarises the Group's financial assets and liabilities into the categories required by IFRS 7 Financial Instruments: Disclosures:

	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Financial assets at amortised cost	**455**	450	**–**	–
Cash and cash equivalents	**78**	41	**2**	2
Financial liabilities at amortised cost	**(4,003)**	(3,750)	**(2,820)**	(2,821)
Financial instruments at fair value through profit or loss	**32**	38	**–**	–
	(3,438)	(3,221)	**(2,818)**	(2,819)

FINANCIAL RISK FACTORS

(I) CREDIT RISK

The Group's principal financial assets are cash and cash equivalents, trade and other receivables, net investment in finance leases and amounts due from joint ventures. Further details concerning the credit risk of counterparties is provided in the note that specifically relates to each type of asset.

BANK AND FINANCIAL INSTITUTIONS

The principal credit risks of the Group arise from financial derivative instruments and deposits with banks and financial institutions. In line with the policy approved by the Board of Directors, where the Group manages the deposit, only independently rated banks and financial institutions with a minimum rating of A- are accepted. For UK banks and financial institutions with which the Group has a committed lending relationship, the minimum rating is lowered to BBB+. The Group's treasury function currently performs regular reviews of the credit ratings of all financial institution counterparties. Furthermore, the treasury function ensures that funds deposited with a single financial institution remain within the Group's policy limits.

TRADE RECEIVABLES

Trade receivables are presented in the balance sheet net of allowances for doubtful receivables. The Group assesses on a forward-looking basis the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. In determining the expected credit losses the Group takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, agreed rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate. These assessments are made on a customer by customer basis.

To limit the Group's exposure to credit risk on trade receivables, a credit report is usually obtained from an independent rating agency prior to the inception of a lease with a new counterparty. This report, alongside the Group's internal assessment of credit risk, is used to determine the size of the deposit that is required, if any, from the tenant at inception. In general, these deposits represent between three and six months' rent.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

26 › FINANCIAL RISK MANAGEMENT CONTINUED

NET INVESTMENT IN FINANCE LEASES

This balance relates to amounts receivable from tenants in respect of tenant finance leases. This is not considered a significant credit risk as the tenants are generally of good financial standing.

(II) LIQUIDITY RISK

The Group has a well spread maturity profile with expected maturities on its MTNs between 2025 and 2057 and diversified shorter-term maturities in commercial paper and committed bank facilities, that are designed to ensure that the Group has sufficient available funds for its operations, committed capital expenditure programme and refinancing of upcoming MTNs.

Management monitors the Group's available funds as follows:

	2024 £m	2023 £m
Cash and cash equivalents	**78**	41
Commercial paper	**(681)**	(312)
Undrawn facilities	**2,492**	2,624
Cash and available undrawn facilities	**1,889**	2,353
As a proportion of drawn debt[1]	**50.7%**	68.2%

1. Based on nominal values, including MTNs and commercial paper.

The Group's core financing structure is in the Security Group, although the Non-restricted Group may also secure independent funding.

SECURITY GROUP

The Group's principal financing arrangements utilise the credit support of a ring-fenced group of assets (the Security Group) that comprises the majority of the Group's investment properties, development properties and a number of investments in other assets. These arrangements operate in 'tiers' determined by LTV and interest cover ratio (ICR). This structure is most flexible at lower tiers (with a lower LTV and a higher ICR) and allows property acquisitions, disposals and developments to occur with relative freedom. In higher tiers, the requirements become more restrictive. No financial covenant default is triggered until the applicable LTV exceeds 100% or the ICR is less than 1.0x.

As at 31 March 2024, the reported LTV for the Security Group was **37.0%** (2023: 33.0%), meaning that the Group was operating in Tier 1 and benefited from maximum operational flexibility.

Management monitors the key covenants attached to the Security Group on a monthly basis or semi-annual basis, depending on the covenant, including LTV, ICR, sector and regional concentration and disposals.

NON-RESTRICTED GROUP

The Non-restricted Group obtains funding when required from a combination of inter-company loans from the Security Group, equity and external bank debt. Bespoke credit facilities are established with banks when required for the Non-restricted Group and joint ventures, usually on a limited-recourse basis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (inclusive of interest).

					2024
	Less than 1 year £m	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**	**Total £m**
Borrowings (excluding lease liabilities)	**1,161**	**217**	**951**	**2,444**	**4,773**
Derivative financial instruments	**–**	**–**	**5**	**–**	**5**
Lease liabilities	**4**	**4**	**11**	**441**	**460**
Trade payables	**56**	**–**	**–**	**–**	**56**
Capital accruals	**48**	**–**	**–**	**–**	**48**
Accruals	**90**	**–**	**–**	**–**	**90**
Other payables	**25**	**–**	**–**	**–**	**25**
	1,384	**221**	**967**	**2,885**	**5,457**

					2023
	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Borrowings (excluding lease liabilities)	837	463	717	2,476	4,493
Derivative financial instruments	6	–	–	–	6
Lease liabilities	6	6	17	474	503
Trade payables	14	–	–	–	14
Capital accruals	32	–	–	–	32
Accruals	88	–	–	–	88
Other payables	61	–	17	–	78
	1,044	469	751	2,950	5,214

(III) MARKET RISK

The Group is exposed to market risk through interest rates, availability and price of credit and foreign exchange movements.

INTEREST RATES

The Group uses derivative products to manage its interest rate exposure and has a hedging policy that generally requires at least 70% of its forecast debt from committed cash flows for the coming three years and at least 50% for years four and five. Due to a combination of factors, including the degree of certainty required under IFRS 9 Financial instruments, the Group does not apply hedge accounting to hedging instruments used in this context. Specific interest-rate hedges are also used from time to time to fix the interest rate exposure on our debt. Where specific hedges are used to fix the interest exposure on floating rate debt, these may qualify for hedge accounting.

At 31 March 2024, the Group (including the Group's share of joint ventures and non-wholly owned subsidiaries) had pay-fixed and receive-floating interest-rate swaps in place with a nominal value of **£864m** (2023: £619m) and forward starting pay-fixed and receive-floating interest-rate swaps with the accreting notional of up to **£1,170m** (2023: starting notional of £940m, increasing to £1,940m). The Group's gross debt (including the Group's share of joint ventures and non-wholly owned subsidiaries) was **94.2%** fixed (2023: 98.3%) and based on the Group's debt balances at 31 March 2024, a 1% increase/(decrease) in interest rates would increase/(decrease) the annual net finance expense in the income statement and reduce/(increase) equity by **£2m** (2023: £1m). The sensitivity has been calculated by applying the interest rate change to the floating rate components of borrowings, interest rate swaps as well as cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

26 › FINANCIAL RISK MANAGEMENT CONTINUED

FOREIGN EXCHANGE

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

As the Group is UK based, foreign exchange exposure from operations is low. The majority of the Group's foreign currency transactions relate to foreign currency borrowing under the Group's commercial paper programme. It is the Group's policy to hedge 100% of this exposure. At 31 March 2024, the Group had issued **€607m** (2023: €190m) and **$185m** (2023: $180m) of commercial paper, fully hedged through foreign exchange swaps. A 10% weakening or strengthening of Sterling would therefore have **£nil** (2023: £nil) impact in the income statement and equity arising from foreign currency borrowings.

Where additional foreign exchange risk is identified (not linked to borrowings), it is the Group's policy to assess the likelihood of the risk crystallising and if deemed appropriate use derivatives to hedge some or all of the risk. At 31 March 2024, the Group had no foreign currency exposures (other than those linked to borrowings) being managed using foreign currency derivative contracts (2023: £nil exposure). A 10% weakening or strengthening of Sterling would therefore have no impact on the loss before tax and/or total equity (2023: £nil impact).

FINANCIAL MATURITY ANALYSIS

The interest rate profile of the Group's borrowings is set out below (based on notional values):

			2024			2023
	Fixed rate £m	**Floating rate £m**	**Total £m**	Fixed rate £m	Floating rate £m	Total £m
Sterling	**2,706**	**431**	**3,137**	2,863	383	3,246
Euro	**–**	**519**	**519**	–	167	167
US Dollar	**–**	**147**	**147**	–	145	145
	2,706	**1,097**	**3,803**	2,863	695	3,558

The expected maturity profiles of the Group's borrowings are as follows (based on notional values):

			2024			2023
	Fixed rate £m	**Floating rate £m**	**Total £m**	Fixed rate £m	Floating rate £m	Total £m
One year or less, or on demand	**86**	**973**	**1,059**	427	312	739
More than one year but not more than two years	**–**	**123**	**123**	87	292	379
More than two years but not more than five years	**715**	**–**	**715**	415	91	506
More than five years	**1,904**	**–**	**1,904**	1,934	–	1,934
Borrowings	**2,705**	**1,096**	**3,801**	2,863	695	3,558
Effect of hedging	**864**	**(864)**	**–**	619	(619)	–
Borrowings net of interest-rate swaps	**3,569**	**232**	**3,801**	3,482	76	3,558

The expected maturity profiles of the Group's derivative instruments are as follows (based on notional values):

	2024		2023	
	Foreign exchange swaps £m	**Interest-rate swaps £m**	Foreign exchange swaps £m	Interest-rate swaps £m
One year or less, on demand	**664**	**669**	319	400
More than one year but not more than two years	**–**	**–**	–	494
More than two years but not more than five years	**–**	**1,170**	–	665
More than five years	**–**	**–**	–	–
	664	**1,839**	319	1,559

VALUATION HIERARCHY

Derivative financial instruments and financial assets at fair value through profit and loss (other investments) are the only financial instruments which are carried at fair value. For financial instruments other than borrowings disclosed in note 22, the carrying value in the balance sheet approximates their fair values. The table below shows the aggregate assets and liabilities carried at fair value by valuation method:

	2024				2023			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets	**–**	**30**	**7**	**37**	–	44	–	44
Liabilities	**–**	**(5)**	**–**	**(5)**	–	(6)	–	(6)

Note:
Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments.
Level 2: valued using techniques based on information that can be obtained from observable market data.
Level 3: valued using techniques incorporating information other than observable market data.

The fair value of the amounts payable under the Group's lease obligations, using a discount rate of **3.3%** (2023: 2.7%), is **£100m** (2023: £145m). The fair value of the Group's net investment in tenant finance leases, calculated by the Group's external valuer by applying a weighted average equivalent yield of **7.8%** (2023: 7.9%), is **£17m** (2023: £16m).

The fair values of any floating rate financial liabilities are assumed to be equal to their nominal value. The fair values of the MTNs fall within Level 1 of the fair value hierarchy, the syndicated and bilateral facilities, commercial paper, interest-rate swaps and foreign exchange swaps fall within Level 2, and the amounts payable and receivable under leases fall within Level 3.

The fair values of the financial instruments have been determined by reference to relevant market prices, where available. The fair values of the Group's outstanding interest-rate swaps have been estimated by calculating the present value of future cash flows, using appropriate market discount rates. These valuation techniques fall within Level 2.

The fair value of the other investments is calculated by reference to the net assets of the underlying entity. The valuation is not based on observable market data and therefore the other investments are considered to fall within Level 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

SECTION 5 – WORKING CAPITAL

This section focuses on our working capital balances, including trade and other receivables and trade and other payables.

27 › TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value, subsequently at amortised cost and, where relevant, adjusted for the time value of money. The Group assesses on a forward-looking basis the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit losses, the Group takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements and market expectations and trends in the wider macro-economic environment in which our customers operate. Where a concession is agreed with a customer after the due date for the rent, this amount is recognised as an impairment of the related trade receivable.

Trade and other receivables are written off once all avenues to recover the balances are exhausted and the lease has ended. Receivables written off are no longer subject to any enforcement activity.

S SOURCE OF ESTIMATION UNCERTAINTY

IMPAIRMENT OF TRADE RECEIVABLES

The Group's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments. As a result, the value of the provisions for impairment of the Group's trade receivables are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate. See note 26 for further details of the Group's assessment of the credit risk associated with trade receivables.

	2024 £m	2023 £m
Net trade receivables	**46**	47
Tenant lease incentives (note 14)	**195**	175
Prepayments	**58**	46
Accrued income	**22**	11
Amounts due from joint ventures and associates	**17**	39
Deferred consideration	**16**	17
Other receivables	**25**	30
Total current trade and other receivables	**379**	365
Non-current amounts due from joint ventures and associates	**129**	142
Deferred consideration	**30**	4
Total trade and other receivables	**538**	511

The accounting for lease incentives is set out in note 6. The value of the tenant lease incentive, included in current trade and other receivables, is spread over the lease term.

The non-current amounts due from joint ventures have maturity dates ranging from April 2028 to the dissolution of the joint venture. Interest is charged at rates ranging from **4%** to **5%** (2023: 4% to 5%).

AGEING OF TRADE RECEIVABLES

	Not past due £m	Up to 30 days past due £m	Up to 6 months past due £m	Up to 12 months past due £m	More than 12 months past due £m	Total £m
As at 31 March 2024						
Not impaired	**–**	**20**	**16**	**5**	**5**	**46**
Impaired	**–**	**–**	**4**	**4**	**31**	**39**
Gross trade receivables	**–**	**20**	**20**	**9**	**36**	**85**
As at 31 March 2023						
Not impaired	5	12	18	8	4	47
Impaired	–	–	3	5	37	45
Gross trade receivables	5	12	21	13	41	92

None of the Group's other receivables are past due and therefore no ageing has been shown (2023: £nil).

MOVEMENT IN TENANT LEASE INCENTIVES	2024 £m	2023 £m
At the beginning of the year	**175**	212
Revenue recognised	**15**	(3)
Movement in break penalties and other movements	**–**	3
Capital incentives granted	**6**	7
Provision for doubtful receivables	**–**	(5)
Disposal of properties	**(2)**	(49)
Acquisition of properties	**–**	10
At 31 March	**194**	175

28 › TRADE AND OTHER PAYABLES

		Group		Company
	2024 £m	2023 £m	2024 £m	2023 £m
Trade payables	**56**	14	**–**	–
Capital accruals	**48**	32	**–**	–
Other payables	**20**	25	**8**	8
Accruals	**90**	88	**–**	7
Deferred income	**129**	111	**–**	–
Contract liabilities	**5**	22	**–**	–
Amounts owed to joint ventures	**–**	14	**–**	–
Loans from Group undertakings	**–**	–	**2,243**	2,806
Total current trade and other payables	**348**	306	**2,251**	2,821
Non-current other payables	**–**	17	**–**	–
Deferred income	**4**	–	**–**	–
Total trade and other payables	**352**	323	**2,251**	2,821

Capital accruals represent amounts due for work completed on investment properties but not paid for at the year end. Deferred income principally relates to rents received in advance.

The Loans from Group undertakings are repayable on demand with no fixed repayment date. Interest is charged at **4.9%** per annum (2023: 4.3%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

SECTION 6 – OTHER REQUIRED DISCLOSURES

This section gives further disclosure in respect of other areas of the financial statements, together with mandatory disclosures required in accordance with IFRS.

29 › INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

ACCOUNTING POLICY

Investments in subsidiary undertakings are stated at cost in the Company's balance sheet, less any provision for impairment in value.

In accordance with IFRS 2 Share Based Payments the equity settled share-based payment charge for the employees of the Company's subsidiaries is treated as an increase in the cost of investment in the subsidiaries, with a corresponding increase in the Company's equity.

	2024 £m	2023 £m
At the beginning of the year	**6,229**	6,222
Capital contributions relating to share-based payments (note 36)	**8**	6
Impairment (charge)/reversal	**(578)**	1
At 31 March	**5,659**	6,229

A full list of subsidiary undertakings at 31 March 2024 is included in Additional information on pages 179-183. This includes those which are exempt from the requirement of the Companies Act 2006 (the Act) relating to the audit of individual accounts by virtue of Section 479A of the Act.

In the year ended 31 March 2024, there has been an impairment charge on the Company's investment in its subsidiaries of **£578m** (2023: reversal of £1m) as a result of a decrease in net assets held in those subsidiary companies. The recoverable amount of the investments has been based on the fair value of each of the subsidiaries at 31 March 2024 as determined by their individual net asset values at that date, totalling **£5,659m** (2023: £6,229m).

30 › OTHER NON-CURRENT ASSETS

	2024 £m	2023 £m
Other property, plant and equipment	**7**	9
Net pension surplus (note 35)	**11**	16
Derivative financial instruments (note 25)	**22**	41
Other investments[1]	**8**	1
Total other non-current assets	**48**	67

1. During the year the Group's investment ownership percentage in YC Shepherds Bush Limited reduced to 14.2% because of a dilution of shareholding. The investment in associate was reclassified to other investments as the Group is no longer considered to have significant influence over the operations of the entity. In the year ended 31 March 2024, **£3m** (2023: £nil) has been recognised in the income statement for the fair value gain of the investment in line with IAS 28. The investment is categorised as Level 3 in the fair value hierarchy. The recoverable amount has been based on the fair value less costs of disposal of the entity at 31 March 2024 as determined by its net asset value at that date.

31 › OTHER CURRENT ASSETS

	2024 £m	2023 £m
Derivative financial instruments (note 25)	**8**	3
Other investments	**–**	1
Current tax assets	**3**	–
Total other current assets	**11**	4

32 › OTHER CURRENT LIABILITIES

	2024 £m	2023 £m
Derivative financial instruments (note 25)	–	6
Provisions (note 34)	–	18
Total other current liabilities	**–**	**24**

33 › OTHER NON-CURRENT LIABILITIES

	2024 £m	2023 £m
Deferred tax liability (note 12)	–	4
Net liabilities incurred on behalf of joint ventures[1] (note 16)	8	5
Derivative financial instruments (note 25)	5	–
Total other non-current liabilities	**13**	**9**

1. The Group's share of accumulated losses of a joint venture interest are recognised as net liabilities (see note 16) where there is an obligation to provide for these losses.

34 › PROVISIONS

ACCOUNTING POLICY

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are estimated considering various possible outcomes and determining the most likely outcome. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

			2024
	Building and fire safety remediation £m	Transaction and contract related £m	Total £m
At 1 April 2023	–	–	–
Transfer from other current liabilities (note 32)	14	4	18
Charge for the year	12	45	57
Reversed during the year	(3)	–	(3)
At 31 March 2024	**23**	**49**	**72**
Current	23	7	30
Non-current	–	42	42
At 31 March 2024	**23**	**49**	**72**

BUILDING AND FIRE SAFETY REMEDIATION PROVISIONS

Management have assessed their legal and constructive obligations arising from the Building Safety Act 2022 and other associated fire regulations and remediation works for identified reinforced autoclaved aerated concrete. Where an obligation exists, including for properties no longer owned by the Group but for which the Group is responsible for remediation works, a provision is recorded on the Group's balance sheet. **£13m** of the provision recorded at 31 March 2024 relates to properties no longer owned by the Group. Moreover, a receivable of **£5m** has been recorded in note 27 where the Group is virtually certain that the provision recorded will be reimbursed by the original developer of the property for such remediation works.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

34 › PROVISIONS CONTINUED

TRANSACTION AND CONTRACT RELATED PROVISIONS

Relate to historic or ongoing transactions and contracts that the Group is party to wherein an obligation arises as part of its developer contractual arrangements, queries received from tax authorities, or contractor claims. These provisions are classed together as they pertain to past transactions or contracts executed to acquire or dispose of assets or queries arising therefrom. The provisions reflect management's best estimate of the costs required to settle these obligations, however owing to the nature of these provisions there is uncertainty over both the amount and the timing of the potential cash outflows.

35 › NET PENSION SURPLUS

A ACCOUNTING POLICY

Contributions to defined contribution schemes are charged to the income statement as incurred.

The pension obligations arising under the Group's defined benefit pension scheme are measured at discounted present value. The scheme assets are measured at fair value, except annuities which are valued to match the liability or benefit value. The operating and financing costs of the scheme are recognised separately in the income statement. Service costs are spread using the projected unit credit method. Past service costs are recognised immediately in the income statement in the period in which they are identified. Net financing costs are recognised in the period in which they arise, calculated with reference to the discount rate, and are included in finance income or expense on a net basis. Remeasurement gains and losses arising from either experience differing from previous actuarial assumptions, or changes to those assumptions, are recognised immediately in other comprehensive income.

DEFINED CONTRIBUTION SCHEMES

The charge to operating profit for the year in respect of defined contribution schemes was **£4m** (2023: £3m).

DEFINED BENEFIT SCHEME

The Pension & Assurance Scheme of the Land Securities Group of Companies (the Scheme) is a registered defined benefit final salary scheme subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Scheme is operated under trust and as such, the Trustees of the Scheme are responsible for operating the Scheme and they have a statutory responsibility to act in accordance with the Scheme's Trust Deed and Rules, in the best interest of the beneficiaries of the Scheme and UK legislation (including trust law). The Trustees and the Group have the joint power to set the contributions that are paid to the Scheme.

In setting contributions to the Scheme, the Trustees and the Group are guided by the advice of a qualified independent actuary on the basis of triennial valuations using the projected unit credit method. The Scheme is closed to new members (and was closed to future accrual on 31 October 2019). A full actuarial valuation of the Scheme was undertaken on 30 June 2021 by the independent actuaries, Hymans Robertson LLP. This valuation was updated to 31 March 2024 using, where required, assumptions prescribed by IAS 19 Employee Benefits. The next full actuarial valuation will be performed as at 30 June 2024.

There have been no employer or employee contributions following the closure of the Scheme to future accrual on 31 October 2019. Prior to this, the employer contribution rate was 43.1% of pensionable salary to cover the costs of accruing benefits and the employee contributions were at 8% of monthly pensionable salary. It was also agreed that no further deficit contributions were required from the Group. Employee contributions were paid by salary sacrifice, and therefore appeared as Group contributions. The Group does not expect to make any employee or employer contributions to the Scheme in the year to 31 March 2025 (2024: £nil).

All death-in-service and incapacity benefits arising during employment are wholly insured. No post-retirement benefits other than pensions are made available to employees of the Group.

ANALYSIS OF THE AMOUNTS CHARGED TO THE INCOME STATEMENT	2024 £m	2023 £m
Analysis of the amount charged to operating profit		
Current service costs	**–**	–
Past service costs	**–**	–
Charge to operating profit	**–**	–
Analysis of amount credited to net finance expense		
Interest income on plan assets	**(8)**	(6)
Interest expense on defined benefit scheme liabilities	**8**	6
Impact on net finance expense	**–**	–

ANALYSIS OF THE AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	2024 £m	2023 £m
Analysis of gains and losses		
Net remeasurement losses on scheme assets	**–**	(58)
Net remeasurement (losses)/gain on scheme liabilities	**(1)**	46
Net remeasurement loss related to authorised payments charge due on net pension surplus	**(4)**	–
Net remeasurement loss	**(5)**	(12)
Cumulative net remeasurement loss recognised in other comprehensive income	**(41)**	(36)

The net surplus recognised in respect of the defined benefit scheme can be analysed as follows:

		2024		2023
	%	£m	%	£m
Bonds – Government	**–**	**–**	1	2
Proceeds from corporate bond sale	**–**	**–**	5	8
Insurance contracts	**83**	**151**	90	153
Cash and cash equivalents	**17**	**15**	4	6
Fair value of scheme assets	**100**	**166**	100	169
Fair value of scheme liabilities		**(151)**		(153)
Net pension surplus as per IAS 19		**15**		16
Expected authorised payments charge		**(4)**		–
Net pension surplus		**11**		16

In the year ended 31 March 2024, **£11m** (2023: £9m) of benefits were paid to members.

During the prior year, the Scheme purchased a buy-in policy with Just Retirement for £79m. This insurance contract is valued as an asset using the same IAS 19 assumptions. Insurance contracts are annuities which are unquoted assets. All other Scheme assets have quoted prices in active markets. The Scheme assets do not include any directly owned financial instruments issued by the Group. Indirectly owned financial instruments had a fair value of **£nil** (2023: £nil).

In the most recent triennial valuation, the defined benefit scheme liabilities were split **nil%** (2023: nil%) in respect of active scheme participants, **31%** (2023: 26%) in respect of deferred scheme participants, and **69%** (2023: 74%) in respect of retirees. As the scheme is now closed to future accrual, there are no longer any active scheme participants. The weighted average duration of the defined benefit scheme liabilities at 31 March 2024 is **11.5 years** (2023: 12.0 years).

The assumptions agreed with the Trustees of the Scheme for the triennial valuation at 30 June 2021 have been restated to the assumptions described by IAS 19 Employee Benefits. The major assumptions used in the valuation were (in nominal terms):

	2024 %	2023 %
Rate of increase in pensionable salaries	**n/a**	n/a
Rate of increase in pensions with no cap	**3.45**	3.50
Rate of increase in pensions with 5% cap	**3.30**	3.35
Discount rate	**4.80**	4.75
Inflation – Retail Price Index	**3.45**	3.50
– Consumer Price Index	**2.75**	2.80

The mortality assumptions used in this valuation were:

	2024 Years	2023 Years
Life expectancy at age 60 for current pensioners – Men	**26.8**	26.7
– Women	**29.1**	29.0
Life expectancy at age 60 for future pensioners (current age 40) – Men	**29.8**	29.7
– Women	**31.9**	31.8

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

35 › NET PENSION SURPLUS CONTINUED

The sensitivities regarding the principal assumptions used to measure the Scheme liabilities are set out below. These were calculated using approximate methods taking into account the duration of the Scheme liabilities.

Assumption	Change in assumption	Impact on Scheme liabilities
Discount rate	Decrease by 0.5%	Increase by £9m
Life expectancy	Increase by 1 year	Increase by £6m
Rate of inflation	Increase by 0.5%	Increase by £7m

The above sensitivities show the impact on liabilities only and do not reflect the hedging the Scheme has in place. In December 2022, the Scheme transacted a buy-in policy for £79m covering all remaining uninsured members. As a result, the Group no longer bears any longevity, interest rate or inflation risk in respect of the pension scheme. The buy-in policy is an investment asset of the Scheme.

The Company did not operate any defined contribution schemes or defined benefit schemes during the financial years ended 31 March 2024 or 31 March 2023.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement is subject to appeal. The Trustees and the Group are monitoring developments and will consider if there are any implications for the Scheme, if the ruling is upheld.

36 › SHARE-BASED PAYMENTS

ACCOUNTING POLICY

The cost of granting shares, options over shares and other share-based remuneration to employees and Executive Directors is recognised through the income statement. All awards are equity settled and therefore the fair value is measured at the grant date. Where the awards have non-market related performance criteria, the Group uses the Black-Scholes option valuation model to establish the relevant fair values. Where the awards have Total Shareholder Return (TSR) market related performance criteria, the Group has used the Monte Carlo simulation valuation model to establish the relevant fair values. The resulting values are amortised through the income statement over the vesting period of the awards. For awards with non-market related criteria, the charge is reversed if it appears probable that the performance or service criteria will not be met.

The following table analyses the total cost recognised in the income statement for the year between each plan, together with the number of options outstanding.

	2024		2023	
	Charge £m	**Number (millions)**	Charge £m	Number (millions)
Long-Term Incentive Plan	**3**	**3**	3	3
Deferred Share Bonus Plan	**2**	**–**	1	–
Executive Share Option Scheme	**–**	**1**	–	1
Sharesave Plan	**–**	**1**	–	1
Restricted Share Plan	**3**	**2**	2	2
	8	**7**	6	7

A summary of the main features of each type of plan is given below. The plans have been split into two categories: Executive plans and Other plans. For further details on the Executive plans, see the Directors’ Remuneration Report on pages 72 to 82.

EXECUTIVE PLANS:

LONG-TERM INCENTIVE PLAN (LTIP)

The LTIP is open to Executive Directors, Executive Leadership Team and Senior Management members with awards made at the discretion of the Remuneration Committee. In addition, other than for Executive Directors, an award of 'matching shares' could be made where the individual acquired shares in Land Securities Group PLC and pledged to hold them for a period of three years. The awards are issued at nil consideration, subject to performance and vesting conditions being met. Awards of LTIP shares and matching shares are subject to the same performance criteria and normally vest after three years. Awards are satisfied by the transfer of existing shares held by the Employee Benefit Trust (EBT). The weighted average share price at the date of vesting was **635p** (2023: no awards exercised during the year). The estimated fair value of awards granted during the year under the scheme was **£8m** (2023: £7m).

DEFERRED SHARE BONUS PLAN (DSBP)

The Executive Directors' annual bonus is structured in two distinct parts made up of an initial payment and deferred shares. The shares are usually deferred for one or two years and are not subject to additional performance criteria. Awards are satisfied by the transfer of existing shares held by the EBT at nil consideration. The weighted average share price at the date of vesting during the year was **565p** (2023: 615p). The estimated fair value of awards granted during the year under the scheme was **£1m** (2023: £2m).

OTHER PLANS:

EXECUTIVE SHARE OPTION SCHEME (ESOS)

The 2005 ESOS was previously open to managers not eligible to participate in the LTIP, but was largely replaced by the new Restricted Share Plan in the year ended 31 March 2020. Awards are discretionary and are granted over ordinary shares of the Company at the middle market price on the three dealing days immediately preceding the date of grant. Awards normally vest after three years and are not subject to performance conditions. Awards are satisfied by the transfer of shares from the EBT and lapse ten years after the date of grant. There were no awards exercised during the year (2023: none). The estimated fair value of awards granted during the year under the scheme was **£nil** (2023: £nil).

SHARESAVE PLAN

Under the Sharesave Plan, Executive Directors and other eligible employees are invited to make regular monthly contributions into a Sharesave plan operated by Equiniti. On completion of the three or five year contract period, ordinary shares in the Company may be purchased at a price based upon the middle market price on the three dealing days immediately preceding the date of invitation less 20% discount. The weighted average share price at the date of exercise for awards exercised during the year was **641p** (2023: 717p). The estimated fair value of awards granted during the year under the scheme was **£1m** (2023: £1m).

RESTRICTED SHARE PLAN (RSP)

The RSP started in the year ended 31 March 2020. It is open to qualifying management level employees with awards granted as nil cost options. Awards are discretionary and are granted over ordinary shares of the Company at the middle market price on the day immediately preceding date of grant. Awards normally vest after three years and are not subject to performance conditions. Awards are satisfied by the transfer of shares from the EBT and lapse ten years after the date of grant. The weighted average share price at the date of exercise for awards exercised during the year was **648p** (2023: 697p). The estimated fair value of awards granted during the year under the scheme was **£2m** (2023: £6m).

The aggregate number of awards outstanding, and the weighted average exercise price, are shown below:

	Executive plans[1]		Other plans			
	Number of awards		Number of awards		Weighted average exercise price	
	2024 Number (millions)	2023 Number (millions)	**2024 Number (millions)**	2023 Number (millions)	**2024 Pence**	2023 Pence
At the beginning of the year	**3**	2	**3**	2	**758**	805
Granted	**2**	2	**1**	1	**563**	685
Exercised	**–**	–	**(1)**	–	**540**	736
Lapsed	**(1)**	(1)	**–**	–	**755**	699
At 31 March	**4**	3	**3**	3	**755**	768
Exercisable at the end of the year	**–**	–	**1**	1	**978**	2,072
	Years	Years	**Years**	Years		
Weighted average remaining contractual life	**1**	1	**2**	2		

1. Executive plans are granted at nil consideration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

36 › SHARE-BASED PAYMENTS CONTINUED

The number of share awards outstanding for the Group by range of exercise prices is shown below:

	Outstanding at 31 March 2024			Outstanding at 31 March 2023		
Exercise price – range	**Weighted average exercise price**	**Number of awards**	**Weighted average remaining contractual life**	Weighted average exercise price	Number of awards	Weighted average remaining contractual life
Pence	**Pence**	**Number (millions)**	**Years**	Pence	Number (millions)	Years
Nil[1]	**–**	**6**	**1**	–	5	1
400 – 599	**535**	**–**	**2**	552	1	1
600 – 799	**633**	**–**	**1**	665	–	3
800 – 999	**953**	**–**	**4**	936	–	4
1,000 – 1,199	**1,022**	**1**	**2**	1,022	1	3
1,200 – 1,399	**1,328**	**–**	**1**	1,328	–	2

1. Executive plans are granted at nil consideration.

FAIR VALUE INPUTS FOR AWARDS WITH NON-MARKET PERFORMANCE CONDITIONS

Fair values are calculated using the Black-Scholes option pricing model for awards with non-market performance conditions. The weighted average inputs into this model for the grants under each plan in the financial year are as follows:

	Long-Term Incentive Plan		Deferred Share Bonus Plan		Restricted Share Plan		Sharesave Plan	
Year ended 31 March	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Share price at grant date	**625p**	687p	**621p**	716p	**619p**	706p	**574p**	644p
Exercise price	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**502p**	615p
Expected volatility	**33%**	39%	**35%**	39%	**35%**	39%	**35%**	39%
Expected life	**3 years**	3 years	**1 year**	1.41 years	**2.94 years**	3 years	**3 to 5 years**	3 to 5 years
Risk-free rate	**4.36%**	2.37%	**4.75%**	1.92%	**4.45%**	1.96%	**4.66% to 5.05%**	1.65% to 1.71%
Expected dividend yield	**Nil**	5.47%	**Nil**	Nil	**6.23%**	5.25%	**6.72%**	5.75%

Expected volatility is determined by calculating the historical volatility of the Group's share price over the previous ten years. The expected life used in the model has been determined based upon management's best estimate for the effects of non-transferability, vesting/exercise restrictions and behavioural considerations. The risk-free rate is the yield at the date of the grant of an award on a gilt-edged stock with a redemption date equal to the anticipated vesting of that award.

FAIR VALUE INPUTS FOR AWARDS WITH MARKET PERFORMANCE CONDITIONS

Fair values are calculated using the Monte Carlo simulation option pricing model for awards with market performance conditions. Awards made under the 2015 LTIP include a TSR condition, which is a market-based condition. The weighted average inputs into this model for the scheme are as follows:

	Share price at date of grant		Exercise price		Expected volatility – Group		Expected volatility – index of comparator companies		Correlation – Group vs. index	
Year ended 31 March	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Long-Term Incentive Plan	**625p**	689p	**n/a**	n/a	**33%**	39%	**34%**	33%	**55%**	53%

37 › ORDINARY SHARE CAPITAL

ACCOUNTING POLICY

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

The consideration paid by any Group entity to acquire the Company's equity share capital, including any directly attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or sold. Where own shares are sold or reissued, the net consideration received is included in equity.

	Group and Company Allotted and fully paid	
	2024 £m	2023 £m
Ordinary shares of 10²⁄₃p each	**80**	80

	Number of shares	
	2024	2023
At the beginning of the year	**751,381,219**	751,328,142
Issued on the exercise of options	**295,438**	53,077
At 31 March	**751,676,657**	751,381,219

The number of options over ordinary shares from Executive plans that were outstanding at 31 March 2024 was **5,836,592** (2023: 5,223,270). If all the options were exercisable at that date then **5,836,592** (2023: 5,223,270) shares would be required to be transferred from the Employee Benefit Trust (EBT). The number of options over ordinary shares from Other plans that were outstanding at 31 March 2024 was **1,498,647** (2023: 1,636,828). If all the options were exercisable at that date then **538,608** new ordinary shares (2023: 565,439) would be issued and **960,039** shares would be required to be transferred from the EBT (2023: 1,107,389).

Shareholders at the Annual General Meeting have previously authorised the acquisition of shares by the Company representing up to 10% of its share capital, to be held as treasury shares. There were no treasury shares transferred to the EBT during the year ended 31 March 2024 (2023: none) to satisfy future awards under employee share plans. At 31 March 2024, the Group held **6,789,236** ordinary shares (2023: 6,789,236) with a market value of **£45m** (2023: £42m) in treasury. The Company's voting rights and dividends in respect of the treasury shares, including those own shares which the EBT holds, continue to be waived.

38 › OWN SHARES

ACCOUNTING POLICY

Shares acquired by the EBT are presented on the Group and Company balance sheets within 'Other reserves'. Purchases of treasury shares are deducted from retained earnings.

	Group and Company	
	2024 £m	2023 £m
At the beginning of the year	**29**	30
Transfer of shares to employees on exercise of share options	**(6)**	(1)
At 31 March	**23**	29

Own shares consist of shares in Land Securities Group PLC held by the EBT in respect of the Group's commitment to a number of its employee share option schemes (note 36).

The number of shares held by the EBT at 31 March 2024 was **3,119,107** (2023: 3,831,399). The market value of these shares at 31 March 2024 was **£21m** (2023: £24m).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

39 › CONTINGENCIES

The Group has contingent liabilities in respect of legal claims, contractor claims, remediation for building defects, developer contractual arrangements, guarantees and warranties arising in the ordinary course of business. A provision for such matters is only recognised to the extent that the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

40 › RELATED PARTY TRANSACTIONS

SUBSIDIARIES

During the year, the Company entered into transactions, in the normal course of business, with related parties as follows:

	2024 £m	2023 £m
Transactions with subsidiary undertakings[1]:		
Recharge of costs	**(281)**	(288)
Dividends received	**1,000**	500
Interest paid	**(148)**	(120)

1. All significant cash payments for the parent company, including dividend payments, are made by the Group's treasury function in accordance with the Group's financial risk management policy.

JOINT ARRANGEMENTS

As disclosed in note 16, the Group has investments in a number of joint arrangements. Details of transactions and balances between the Group and its joint arrangements are as follows:

	Year ended and as at 31 March 2024				Year ended and as at 31 March 2023			
	Income/ (expense) £m	**Net investments into joint ventures £m**	**Amounts owed by joint ventures £m**	**Amounts owed to joint ventures £m**	Income/ (expense) £m	Net investments into joint ventures £m	Amounts owed by joint ventures £m	Amounts owed to joint ventures £m
Nova, Victoria	**6**	**–**	**54**	**–**	6	–	69	–
Southside Limited Partnership	**3**	**–**	**74**	**–**	3	–	75	–
St. David's Limited Partnership[1]	**–**	**–**	**–**	**–**	(1)	(123)	–	–
Westgate Oxford Alliance Limited Partnership	**(2)**	**(13)**	**6**	**–**	(2)	(8)	6	–
Other	**(1)**	**4**	**8**	**–**	–	(33)	23	(14)
	6	**(9)**	**142**	**–**	6	(164)	173	(14)

1. On 24 March 2023, the Group acquired the remaining 50% interest in St David's. From that date, the results of the operations from St David's are consolidated together with other subsidiary undertakings.

ASSOCIATES

Details of transactions and balances between the Group and its associates are as follows:

	Year ended and as at 31 March 2024				Year ended and as at 31 March 2023			
	Income £m	**Net investments into associates £m**	**Amounts owed by associates £m**	**Amounts owed to associates £m**	Income £m	Net investments into associates £m	Amounts owed by associates £m	Amounts owed to associates £m
Associates	**–**	**–**	**4**	**–**	–	(1)	6	–

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Directors, who are the key management personnel of the Group and Company, is set out below in aggregate for each of the applicable categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 72 to 82.

	2024 £m	2023 £m
Short-term employee benefits[1]	**5**	5
Share-based payments	**3**	4
	8	9

1. Short-term employee benefits include pension allowances.

41 › OPERATING LEASE ARRANGEMENTS

ACCOUNTING POLICY

The Group earns rental income by leasing its properties to tenants under non-cancellable operating leases. Leases in which substantially all risks and rewards incidental to ownership of investment properties are retained by the Group as the lessor are classified as operating leases. Payments, including prepayments, received under operating leases (net of any incentives paid) are charged to the income statement on a straight-line basis over the period of the lease.

At the balance sheet date, the Group had contracted with tenants to receive the following undiscounted future minimum lease payments:

	2024 £m	2023 £m
Not later than one year	**416**	455
Later than one year, but not more than two years	**395**	427
Later than two years, but not more than three years	**356**	382
Later than three years, but not more than four years	**330**	333
Later than four years, but not more than five years	**286**	299
More than five years	**2,371**	2,595
	4,154	4,491

The total of contingent rents, primarily turnover based rents, recognised as income during the year was **£61m** (2023: £51m).

42 › EVENTS AFTER THE REPORTING PERIOD

On 8 May 2024, the Group sold its interest in LS Hotels Limited for a headline price of £400m.

No other significant events occurred after the reporting period but before the financial statements were authorised for issue.

BUSINESS ANALYSIS – EPRA DISCLOSURES

EPRA NET ASSET MEASURES

TABLE 55

	31 March 2024		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
Net assets attributable to shareholders	6,402	6,402	6,402
Shortfall of fair value over net investment in finance lease book value	(5)	(5)	(5)
Deferred tax liability on intangible asset	–	–	–
Goodwill on deferred tax liability	–	–	–
Other intangible asset	–	(2)	–
Fair value of interest-rate swaps	(22)	(22)	–
Shortfall of fair value of debt over book value (note 22)	–	–	313
Excess of fair value of trading properties over book value	25	25	25
Purchasers' costs[1]	605	–	–
Net assets used in per share calculation	**7,005**	**6,398**	**6,735**

	EPRA NRV	EPRA NTA	EPRA NDV
Diluted net assets per share	**940p**	**859p**	**904p**

EPRA NET ASSET MEASURES

TABLE 56

	31 March 2023		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
Net assets attributable to shareholders	7,005	7,005	7,005
Shortfall of fair value over net investment in finance lease book value	(6)	(6)	(6)
Deferred tax liability on intangible asset	1	1	–
Goodwill on deferred tax liability	(1)	(1)	(1)
Other intangible asset	–	(2)	–
Fair value of interest-rate swaps	(42)	(42)	–
Shortfall of fair value of debt over book value (note 22)	–	–	324
Excess of fair value of trading properties over book value	12	12	12
Purchasers' costs[1]	617	–	–
Net assets used in per share calculation	7,586	6,967	7,334

	EPRA NRV	EPRA NTA	EPRA NDV
Diluted net assets per share	1,020p	936p	986p

1. EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers' costs. Purchasers' costs are added back when calculating EPRA NRV.

EPRA PERFORMANCE MEASURES

TABLE 57

Measure	Definition for EPRA measure	Notes	31 March 2024 EPRA measure
EPRA earnings	Recurring earnings from core operational activity	5	**£371m**
EPRA earnings per share	EPRA earnings per weighted number of ordinary shares	5	**50.1p**
EPRA diluted earnings per share[1]	EPRA diluted earnings per weighted number of ordinary shares	5	**50.1p**
EPRA Net Tangible Assets (NTA)	Net assets adjusted to exclude the fair value of interest-rate swaps, intangible assets and excess of fair value over net investment in finance lease book value	5	**£6,398m**
EPRA Net Tangible Assets per share	Diluted Net Tangible Assets per share	5	**859p**
EPRA net disposal value (NDV)	Net assets adjusted to exclude the fair value of debt and goodwill on deferred tax and to include excess of fair value over net investment in finance lease book value	5	**£6,735m**
EPRA net disposal value per share	Diluted net disposal value per share	5	**904p**
EPRA loan-to-value (LTV)[2]	Ratio of adjusted net debt, including net payables, to the sum of the net assets, including net receivables, of the Group, its subsidiaries and joint ventures, all on a proportionate basis, expressed as a percentage	21	**36.3%**
		Table	**EPRA measure**
Voids/vacancy rate	ERV of vacant space as a % of ERV of Combined Portfolio excluding the development programme[3]	58	**3.5%**
Net initial yield (NIY)	Annualised rental income less non-recoverable costs as a % of market value plus assumed purchasers' costs[4]	60	**5.4%**
Topped-up NIY	NIY adjusted for rent free periods[4]	60	**6.2%**
Cost ratio[5]	Total costs as a percentage of gross rental income (including direct vacancy costs)[5]	61	**25.0%**
	Total costs as a percentage of gross rental income (excluding direct vacancy costs)[5]	61	**20.3%**

1. In the year ended 31 March 2024, share options are excluded from the weighted average diluted number of shares when calculating EPRA diluted earnings per share because they are not dilutive, based on IFRS loss for the year.
2. EPRA LTV differs from the Group LTV presented in note 21 as it includes net payables and receivables and includes trading properties at fair value and debt instruments at nominal value rather than book value.
3. This measure reflects voids in the Combined Portfolio excluding only properties under development.
4. This measure relates to the Combined Portfolio, excluding properties currently under development, and is calculated by our external valuer. Topped-up NIY reflects adjustments of £82m for rent free periods and other incentives.
5. This measure is calculated based on gross rental income after rents payable and excluding costs recovered through rents but not separately invoiced of £9m. Further information on the Group's accounting policies pertaining to capitalised costs can be found in section 3 of the financial statements.

EPRA VACANCY RATE

The EPRA vacancy rate is based on the ratio of the estimated market rent for vacant properties versus total estimated market rent, for the Combined Portfolio excluding properties under development. There are no significant distorting factors influencing the EPRA vacancy rate.

TABLE 58

	31 March 2024 £m
ERV of vacant properties	**22**
ERV of Combined Portfolio excluding properties under development	**632**
EPRA vacancy rate (%)	**3.5**

CHANGE IN NET RENTAL INCOME FROM THE LIKE-FOR-LIKE PORTFOLIO

TABLE 59

	2024 £m	2023 £m	Change £m	Change %
Central London	**230**	229	**1**	**0%**
Major retail	**131**	122	**9**	**7%**
Subscale sectors	**111**	108	**3**	**3%**
	472	459	**13**	**3%**

BUSINESS ANALYSIS – EPRA DISCLOSURES

CONTINUED

EPRA NET INITIAL YIELD (NIY) AND TOPPED-UP NIY

TABLE 60

	31 March 2024 £m
Combined Portfolio	9,963
Trading properties	125
Less: Properties under development, trading properties under development and land	(1,087)
Like-for-like investment property portfolio, proposed and completed developments, and completed trading properties	**9,001**
Plus: Allowance for estimated purchasers' costs	546
Grossed-up completed property portfolio valuation (a)	**9,547**
EPRA annualised cash passing rental income[1]	603
Net service charge expense[2]	(16)
Void costs and other deductions	(73)
EPRA Annualised net rent[1] (b)	**514**
Plus: Rent-free periods and other lease incentives (annualised)	82
Topped-up annualised net rents (c)	**596**
EPRA NIY (b/a)	**5.4%**
EPRA Topped-up NIY (c/a)	**6.2%**

1. EPRA annualised cash passing rental income and EPRA annualised net rent as calculated by the Group's external valuer.
2. Including costs recovered through rents but not separately invoiced.

COST ANALYSIS

TABLE 61

	£m
Gross rental income (before rents payable)	**653**
Rents payable	(12)
Gross rental income (after rents payable)	**641**
Net service charge expense	(16)
Net direct property expenditure	(81)
Movement in bad and doubtful debts provision	6
Segment net rental income	**550**
Net indirect expenses	(77)
Segment profit before finance expense	**473**
Net finance expense – Group	(91)
Net finance expense – joint ventures	(11)
EPRA earnings	**371**

Direct property costs £90m

Net indirect expenses £77m

	2024 Total £m	**2024 Cost ratio %[1]**	2023 Total £m	2023 Cost ratio %[1]
Gross rental income (before rents payable)	**653**		659	
Costs recovered through rents but not separately invoiced	(9)		(9)	
Adjusted gross rental income	**644**		650	
Rents payable	(12)		(12)	
EPRA gross rental income	**632**		638	
Managed operations	**10**		10	
Tenant default	**(6)**		(3)	
Void related costs	**30**		27	
Other direct property costs	**54**		48	
Development expenditure	**9**		14	
Asset management, administration and compliance	**70**		74	
Total (incl. direct vacancy costs)	**167**		170	
Costs recovered through rents	(9)		(9)	
EPRA costs (incl. direct vacancy costs)	**158**	**25.0**	161	25.2
Less: Direct vacancy costs	(30)		(27)	
EPRA (excl. direct vacancy costs)	**128**	**20.3**	134	21.0

1. Percentages represent costs divided by EPRA gross rental income.

BUSINESS ANALYSIS – EPRA DISCLOSURES

CONTINUED

ACQUISITIONS, DISPOSALS AND CAPITAL EXPENDITURE

TABLE 62

				Year ended 31 March 2024	Year ended 31 March 2023
Investment properties	Group (excl. joint ventures) £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries[1] £m	Combined Portfolio £m	Combined Portfolio £m
Net book value at the beginning of the year	**9,658**	**601**	**(139)**	**10,120**	11,833
Transfer from joint venture	**–**	**–**	**–**	**–**	11
Acquisitions	**144**	**–**	**–**	**144**	223
Capital expenditure	**374**	**3**	**(1)**	**376**	340
Capitalised interest	**19**	**–**	**–**	**19**	22
Net movement in head leases capitalised	**(30)**	**–**	**–**	**(30)**	(25)
Disposals	**(207)**	**–**	**–**	**(207)**	(1,430)
Net deficit on revaluation of investment properties	**(628)**	**(19)**	**22**	**(625)**	(848)
Transfer to trading properties	**–**	**–**	**–**	**–**	(6)
Net book value at the end of the year	**9,330**	**585**	**(118)**	**9,797**	10,120
Loss on disposal of investment properties	**(16)**	**–**	**–**	**(16)**	(144)
Trading properties	**£m**	**£m**	**£m**	**£m**	£m
Net book value at the beginning of the year	**118**	**–**	**–**	**118**	146
Transfer from investment properties	**–**	**–**	**–**	**–**	6
Capital expenditure	**13**	**–**	**–**	**13**	3
Capitalised interest	**1**	**–**	**–**	**1**	–
Disposals	**(21)**	**–**	**–**	**(21)**	(18)
Movement in impairment	**(11)**	**–**	**–**	**(11)**	(19)
Net book value at the end of the year	**100**	**–**	**–**	**100**	118
Profit on disposal of trading properties	**–**	**–**	**–**	**–**	1

ACQUISITIONS, DEVELOPMENT AND OTHER CAPITAL EXPENDITURE

	Investment properties[1] £m	Trading properties £m	Combined Portfolio £m	Combined Portfolio £m
Acquisitions[2]	**144**	**–**	**144**	223
Development capital expenditure[3]	**220**	**6**	**226**	278
Other capital expenditure	**156**	**7**	**163**	65
Capitalised interest	**19**	**1**	**20**	22
Acquisitions, development and other capital expenditure	**539**	**14**	**553**	588

Disposals	**£m**	£m
Net book value – investment property disposals	**207**	1,430
Net book value – trading property disposals	**21**	18
Net book value – other net assets	**3**	52
Loss on disposal – investment properties	**(16)**	(144)
Profit on disposal – trading properties	**–**	1
Other	**1**	(3)
Total disposal proceeds	**216**	1,354

1. See EPRA analysis of capital expenditure table on page 167 for further details.
2. Properties acquired in the year.
3. Development capital expenditure for investment properties comprises expenditure on the future development pipeline and completed developments.

EPRA ANALYSIS OF CAPITAL EXPENDITURE TABLE 63

Year ended 31 March 2024

	Acquisitions[1] £m	Development capital expenditure[2] £m	Other capital expenditure: Incremental lettable space[3] £m	Other capital expenditure: No incremental lettable space[4] £m	Other capital expenditure: Tenant improvements £m	Other capital expenditure: Total £m	Capitalised interest £m	Total capital expenditure – Combined Portfolio £m	Total capital expenditure – joint ventures (Group share) £m	Adjustment for non-wholly owned subsidiaries £m	Total capital expenditure – Group £m
Central London											
West End offices	–	42	–	11	1	12	7	61	1	–	60
City offices	–	–	–	66	–	66	1	67	–	–	67
Retail and other	8	–	–	11	–	11	–	19	–	–	19
Developments	123	155	–	–	–	–	11	289	–	–	289
Total Central London	**131**	**197**	**–**	**88**	**1**	**89**	**19**	**436**	**1**	**–**	**435**
Major retail											
Shopping centres	2	–	1	24	–	25	–	27	–	–	27
Outlets	–	–	–	9	1	10	–	10	–	–	10
Total Major retail	**2**	**–**	**1**	**33**	**1**	**35**	**–**	**37**	**–**	**–**	**37**
Mixed-use urban											
London	–	11	–	1	–	1	–	12	–	–	12
Major regional cities	–	12	–	6	–	6	–	18	2	(1)	17
Total Mixed-use urban	**–**	**23**	**–**	**7**	**–**	**7**	**–**	**30**	**2**	**(1)**	**29**
Subscale sectors											
Leisure	11	–	–	16	–	16	–	27	–	–	27
Hotels	–	–	–	2	–	2	–	2	–	–	2
Retail parks	–	–	–	7	–	7	–	7	–	–	7
Total Subscale sectors	**11**	**–**	**–**	**25**	**–**	**25**	**–**	**36**	**–**	**–**	**36**
Total capital expenditure	**144**	**220**	**1**	**153**	**2**	**156**	**19**	**539**	**3**	**(1)**	**537**
Timing difference between accrual and cash basis								(70)	2	–	(72)
Total capital expenditure on a cash basis								**469**	**5**	**(1)**	**465**

1. Investment properties acquired in the year.
2. Expenditure on the future development pipeline and completed developments.
3. Capital expenditure where the lettable area increases by at least 10%.
4. Includes £35m of expenditure relating to Myo.

BUSINESS ANALYSIS – GROUP

TOP 12 OCCUPIERS AT 31 MARCH 2024

TABLE 64

	% of Group rent[1]
Accor	5.6
Central Government	5.5
Deloitte	2.2
Taylor Wessing	1.6
Cineworld	1.5
Boots	1.4
Peel	1.3
Qube RT	1.3
BBC	1.2
Sainsbury's	1.0
H&M	1.0
Cheil	0.9
	24.5

1. On a proportionate basis.

PROPERTY INCOME DISTRIBUTION (PID) CALCULATION

TABLE 65

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Loss before tax per income statement	**(341)**	(622)
Accounting loss on residual operations	**(23)**	(67)
Prior year adjustment	**–**	77
Loss attributable to tax-exempt operations	**(364)**	(612)
Adjustments		
Capital allowances	**(55)**	(43)
Capitalised interest	**(20)**	(22)
Revaluation deficit/(gain)	**649**	848
Tax exempt disposals	**12**	142
Capital expenditure	**6**	5
Other tax adjustments	**(27)**	(27)
Goodwill amortisation and impairment	**–**	5
Estimated tax-exempt income for the year	**201**	296
PID thereon (90%)	**181**	266

As a REIT, our income and capital gains from qualifying activities are exempt from corporation tax. 90% of this income must be distributed as a Property Income Distribution and is taxed at the shareholder level to give a similar tax position to direct property ownership. Non-qualifying activities, such as sales of trading properties, are subject to corporation tax. This year, there was no net tax charge (2023: £nil).

The table above provides a reconciliation of the Group's loss before tax to its estimated tax exempt income, 90% of which the Company is required to distribute as a PID to comply with REIT regulations.

The Company has 12 months after the year end to make the minimum distribution. Accordingly, PID dividends paid in the year may relate to the distribution requirements of previous periods. The table below sets out the dividend allocation for the years ended 31 March 2024 and 31 March 2023:

TABLE 66

	PID allocation			Ordinary dividend	Total dividend
	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	Pre-31 March 2023 £m	£m	£m
Dividends paid in year to 31 March 2023	**–**	156	134	–	290
Dividends paid in year to 31 March 2024	**181**	110	–	–	291
Minimum PID to be paid by 31 March 2025	**–**	–	n/a	n/a	–
Total PID required	**181**	266			

The Group has met all the REIT requirements, including the payment by 31 March 2024 of the minimum Property Income Distribution (PID) for the year ended 31 March 2023. The forecast minimum PID for the year ended 31 March 2024 is £181m, which must be paid by 31 March 2025. The Group has already made PID dividends relating to 31 March 2024 of £181m.

Our latest tax strategy can be found on our corporate website. In the year, the total taxes we incurred and collected were £136m (2023: £134m), of which £37m (2023: £38m) was directly borne by the Group including environmental taxes, business rates and stamp duty land tax. The Group has a low tax risk rating from HMRC.

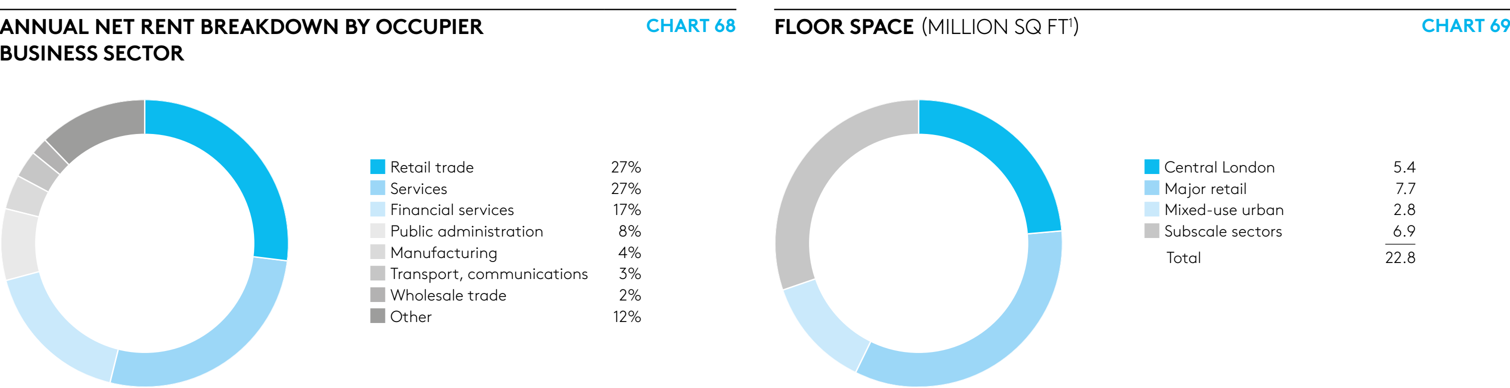
REIT BALANCE OF BUSINESS

To retain the Group's REIT status, it must meet conditions from the REIT legislation. At least 75% of the Group's assets and 75% of the Group's income must relate to qualifying activities. The results of these tests at the balance sheet date are below:

TABLE 67

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Tax-exempt business	**Residual business**	**Adjusted results**	Tax-exempt business	Residual business	Adjusted results
Profit before tax (£m)[1]	**271**	**(3)**	**268**	319	(18)	301
Balance of business – 75% profits test	**100.0%**	**0.0%**		100.0%	0.0%	
Adjusted total assets (£m)[1]	**10,063**	**606**	**10,669**	10,357	609	10,966
Balance of business – 75% assets test	**94.3%**	**5.7%**		94.4%	5.6%	

1. Calculated according to REIT rules.



1. Joint ventures are reflected at 100% values, not Group share.

SUSTAINABILITY PERFORMANCE

GREENHOUSE GAS REPORTING

In line with requirements set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, and in accordance with the Streamlined Energy and Carbon Reporting (SECR), this statement reports our GHG emissions for the financial year ending 31 March 2024.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Our streamlined energy and carbon reporting figures include energy consumption and carbon emissions associated with all properties under our operational control (i.e. absolute portfolio). Energy consumption is reported as kWh and no normalisation technique is applied. Carbon emissions are reported as tonnes of carbon dioxide equivalent (tCO_2e). We report our full greenhouse gas (GHG) emissions annually in accordance to the WRI GHG Protocol.

GHG emissions are broken down into three scopes: Scope 1, 2 and 3.

Scope 1 emissions are direct emissions from activities controlled by us that release emissions into the atmosphere, while Scope 2 emissions are indirect emissions associated with our consumption of purchased energy.

At Landsec, Scope 1 comprises emissions from natural gas purchased for common areas and shared services and refrigerant gas losses based on top-ups recorded on our compliance reporting system – Riskwise. Scope 2 emissions are from electricity, heating and cooling purchased for common areas and shared services. All material sources of Scope 1 and 2 emissions are reported. As the remaining sources (e.g. diesel used in generator testing) represent such a small proportion of total emissions, we do not report them.

Scope 2 emissions are reported using both the "location-based" and "market-based" accounting methods. Location-based emissions are reported using the UK Government's 'Greenhouse gas reporting: conversion factors 2023'. Scope 2 market-based emissions are reported using the conversion factor associated with each individual electricity, heating and cooling supply, either obtained directly from the supplier or from their official company website.

Scope 3 emissions are those that are a consequence of our business activities, but which occur at sources we do not own or control and which are not classified as Scope 2 emissions. The GHG Protocol identifies 15 categories of which 8 are directly relevant for Landsec. Our Scope 3 reporting methodology is detailed in our Sustainability Performance and Data Report on landsec.com/sustainability/reports-benchmarking.

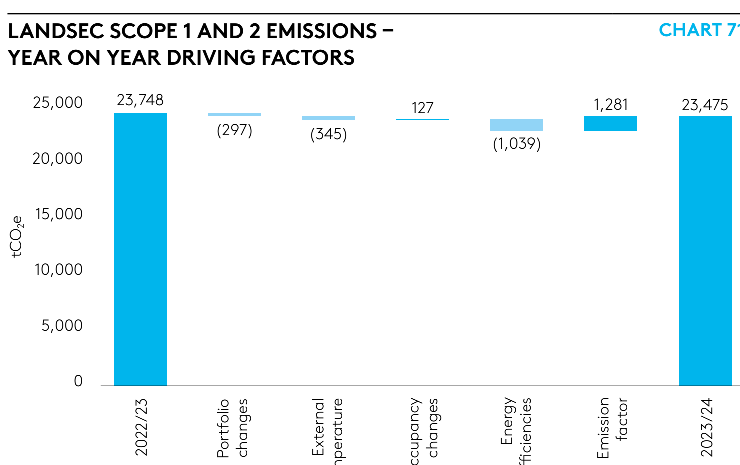
LANDSEC – SCOPE 1 AND 2 EMISSIONS TABLE 70

Emissions	Unit	2021/22	2022/23[1]	2023/24
Scope 1	tCO_2e	7,151	6,950	**5,809**
Scope 2 (location-based method)	tCO_2e	18,338	16,798	**17,667**
Scope 2 (market-based method)	tCO_2e	2,054	2,954	**2,760**
Scope 1 and 2 (location-based method)	tCO_2e	25,489	23,748	**23,476**
Scope 1 and 2 (market-based method)	tCO_2e	9,205	9,904	**8,569**

Intensity	Unit	2021/22	2022/23	2023/24
Scope 1 and 2 (location-based method)	$kgCO_2e/m^2$	14.12	12.84	**13.01**
Scope 1 and 2 (market-based method)	$kgCO_2e/m^2$	5.10	5.36	**4.75**

1. Scope 1 emissions for 2022/23 have been restated due to a change in the refrigerant gas data collection methodology. This data is now reported based on input date into the reporting system, whereas previously it was based on delivery date.

LANDSEC SCOPE 1 AND 2 EMISSIONS – YEAR ON YEAR DRIVING FACTORS CHART 71



Scope 1 and 2 GHG emissions using location-based emission factors have decreased by 1% compared with the previous reporting year. The key reduction driver comes from our energy efficiency initiatives across our assets however the impact has been offset by the change of emissions factors, particularly electricity, with a 7% increase compared with last year.

The detailed breakdown of main factors driving the change in our Scope 1 and Scope 2 can be seen in the waterfall chart 71. In terms of market-based emissions, we have seen a reduction of 13% due to an increase of assets under our operational control supplied with REGO-backed renewable electricity.

LANDSEC EMISSIONS INVENTORY TABLE 72

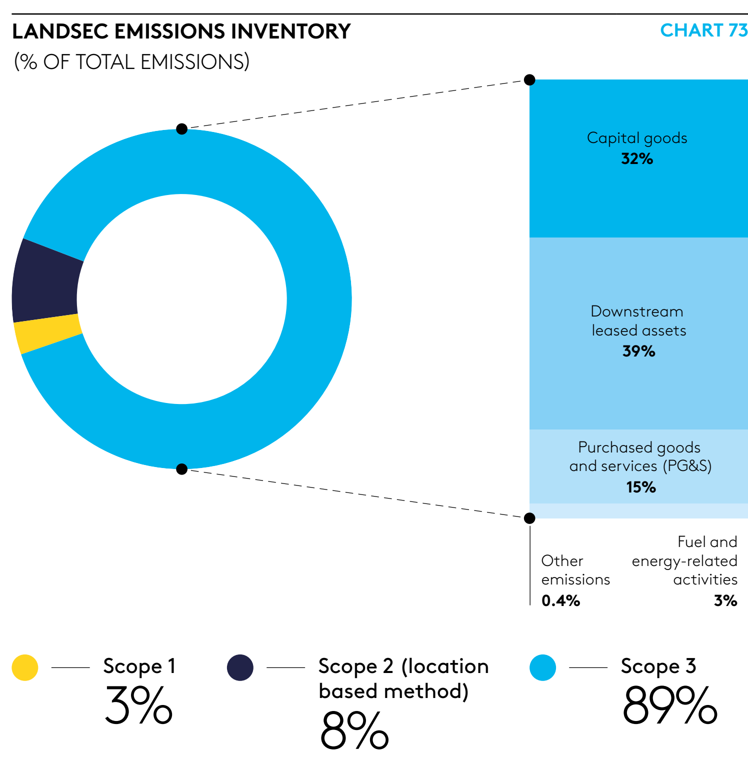
Scope 3 Category	Unit	2021/22[1]	2022/23[1]	2023/24
Purchased goods and services (PG&S)	tCO_2e	21,623	27,516	**35,354**
Capital goods	tCO_2e	49,682	52,987	**73,355**
Fuel- and energy-related activities	tCO_2e	7,765	6,792	**6,575**
Upstream transportation and distribution	tCO_2e	Under PG&S	Under PG&S	**Under PG&S**
Waste generated in operations	tCO_2e	516	625	**605**
Business travel	tCO_2e	40	135	**274**
Employee commuting	tCO_2e	159	104	**131**
Downstream leased assets	tCO_2e	89,375	87,551	**88,415**
Scope 3	tCO_2e	169,160	175,710	**204,709**
Scope 1,2 and 3 (location-based method)	tCO_2e	194,649	199,458	**228,185**
Scope 1,2 and 3 (market-based method)	tCO_2e	178,365	185,614	**213,278**

1. Capital Goods emissions for 2021/22 and 2022/23 have been restated due to previously double-counting emissions for one development project.
The following Scope 3 emissions are considered not applicable to us thus excluded from the above table: 8. Upstream leased assets; 9. Downstream transportation and distribution; 10. Processing of sold products; 11. Use of sold products; 12. End-of-life treatment of sold products; 14. Franchises and 15. Investments. Further information is detailed in our Sustainability Performance and Data Report on landsec.com/sustainability/reports-benchmarking.

SUSTAINABILITY PERFORMANCE

CONTINUED

LANDSEC EMISSIONS INVENTORY CHART 73
(% OF TOTAL EMISSIONS)



Our emissions inventory can be seen in table 72. The two largest Scope 3 categories are Capital goods and Downstream leased assets, making up over 70% of our total emissions, as shown in chart 73.

Capital goods include the emissions associated with the manufacture and transport of materials used within our development activities and portfolio projects. Downstream leased assets are those emissions associated with energy consumed by our customers within our assets.

Emissions from Capital goods have increased by 38% compared with last year due to a combination of portfolio projects, refurbishment works across our sites and inflation. Overall higher costs impact the proportion of our emissions that are estimated based on procurement spend. We continue making considerable progress in reducing upfront embodied carbon at our developments, as discussed on page 29. Our development pipeline performance which includes our target and performance of upfront embodied carbon is detailed in our Sustainability Performance and Data Report.

In relation to Downstream leased assets, we continue engaging our tenants of our FRI assets and retail brand partners to increase the share of primary tenant energy usage data (69% of our total downstream leased assets data), thereby increasing actual performance data. The small 1% increase in carbon emissions compared with last year for this category is explained by a combination of increase of actual data included in the calculation and increase in electricity emissions factor compared with last year.

LANDSEC – ENERGY CONSUMPTION TABLE 74

	Unit		2021/22	2022/23	**2023/24**
Natural Gas	kWh	for landlord shared services	34,618,470	31,202,547	**28,558,903**
		(sub)metered to tenants	17,627,638	19,526,063	**16,912,876**
		Total Natural Gas consumption	52,246,108	50,728,610	**45,471,779**
Electricity	kWh	for landlord shared services	81,414,523	82,227,618	**81,052,747**
		(sub)metered to tenants	48,120,743	51,168,404	**50,356,156**
		Total Electricity consumption	129,535,266	133,396,023	**131,408,903**
District Heating and Cooling	kWh	for landlord shared services	5,551,710	4,973,961	**5,022,348**
		(sub)metered to tenants	4,170,874	4,263,285	**3,991,868**
		Total Heating and Cooling consumption	9,722,584	9,237,246	**9,014,216**
Total Energy Consumption	kWh	for landlord shared services	121,584,703	118,404,126	**114,633,998**
		(sub)metered to tenants	69,919,255	74,957,753	**71,260,900**
		Total Energy consumption	191,503,958	193,361,879	**185,894,898**
Energy intensity	kWh/m^2		106	105	**103**

The table 74 shows the absolute energy consumption with a breakdown by landlord and tenant consumption. This year, absolute energy intensity has decreased by 1% compared with the previous year.

Despite higher occupancy rates, energy intensity has reduced due to energy efficiencies achieved through a combination of active energy management, optimisation of building controls, lighting upgrades and our Net Zero Transition Investment Plan (NZTIP). Progress against our NZTIP is discussed on pages 28-29.

ASSURANCE

Landsec's auditor, EY, has once again conducted sustainability assurance. This is part of our journey to embed sustainability across the business and enhance the integrity, quality and usefulness of the information we provide. EY performed a limited assurance engagement on selected performance data and qualitative statements in the 'People and Culture', 'Our approach to sustainability', 'Build well', 'Live well', 'Act well' and 'TCFD' sections of the Strategic Report pages 25-37; the sustainability content in the 'Additional Information' section of the Landsec 2024 Annual Report pages 170-172; and the online Sustainability Performance and Data Report 2024.

This report and the full assurance statement is available at landsec.com/sustainability/reports-benchmarking.

ALTERNATIVE PERFORMANCE MEASURES

The Group has applied the European Securities and Markets Authority (ESMA) 'Guidelines on Alternative Performance Measures' in these results. In the context of these results, an alternative performance measure (APM) is a financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

The table below summarises the APMs included in these results and where the reconciliations of these measures can be found. The definitions of APMs are included in the Glossary.

TABLE 75

Alternative performance measure	Nearest IFRS measure	Reconciliation
EPRA earnings	Profit/loss before tax	Note 4
EPRA earnings per share	Basic earnings/loss per share	Note 5
EPRA diluted earnings per share	Diluted earnings/loss per share	Note 5
EPRA Net Tangible Assets	Net assets attributable to shareholders	Note 5
EPRA Net Tangible Assets per share	Net assets attributable to shareholders	Note 5
Total return on equity	n/a	Note 5
Adjusted net cash inflow from operating activities	Net cash inflow from operating activities	Note 13
Combined Portfolio	Investment properties	Note 14
Adjusted net debt	Borrowings	Note 21
Group LTV	n/a	Note 21
EPRA LTV	n/a	Note 21

COMBINED PORTFOLIO ANALYSIS

TOTAL PORTFOLIO ANALYSIS

	Market value[1]		Valuation movement[1]		Rental income[1]		Annualised rental income[2]		Net estimated rental value[3]	
	31 March 2024 £m	31 March 2023 £m	**(Deficit)/ surplus £m**	**Surplus/ (deficit) %**	**31 March 2024 £m**	31 March 2023 £m	**31 March 2024 £m**	31 March 2023 £m	**31 March 2024 £m**	31 March 2023 £m
Central London										
West End offices	**3,109**	2,653	**(111)**	**(3.6)**	**148**	140	**160**	134	**186**	146
City offices	**1,192**	1,304	**(188)**	**(13.9)**	**68**	76	**70**	61	**93**	87
Retail and other	**991**	1,095	**(48)**	**(4.7)**	**58**	76	**43**	42	**55**	56
Developments[4]	**926**	1,190	**(102)**	**(9.9)**	**20**	21	**8**	5	**93**	57
Total Central London	**6,218**	6,242	**(449)**	**(6.9)**	**294**	313	**281**	242	**427**	346
Major retail										
Shopping centres	**1,226**	1,196	**1**	**0.1**	**131**	120	**121**	114	**122**	123
Outlets	**605**	684	**(21)**	**(3.3)**	**57**	59	**48**	56	**49**	60
Total Major retail	**1,831**	1,880	**(20)**	**(1.1)**	**188**	179	**169**	170	**171**	183
Mixed-use urban										
London	**191**	285	**(23)**	**(10.3)**	**17**	19	**11**	16	**16**	22
Major regional cities	**510**	530	**(93)**	**(15.3)**	**41**	39	**37**	36	**38**	35
Total Mixed-use urban[5]	**701**	815	**(116)**	**(14.0)**	**58**	58	**48**	52	**54**	57
Subscale sectors										
Leisure	**423**	476	**(35)**	**(8.2)**	**48**	51	**46**	51	**42**	50
Hotels	**400**	408	**2**	**0.6**	**35**	30	**35**	31	**29**	28
Retail parks	**390**	418	**(7)**	**(1.8)**	**30**	28	**27**	28	**29**	30
Total Subscale sectors	**1,213**	1,302	**(40)**	**(3.2)**	**113**	109	**108**	110	**100**	108
Combined Portfolio	**9,963**	10,239	**(625)**	**(6.0)**	**653**	659	**606**	574	**752**	694
Properties treated as finance leases	**–**	–	**–**	**–**	**(1)**	(2)				
Combined Portfolio	**9,963**	10,239	**(625)**	**(6.0)**	**652**	657				
Represented by:										
Investment portfolio	**9,347**	9,603	**(606)**	**(6.2)**	**613**	603	**569**	536	**712**	655
Share of joint ventures	**616**	636	**(19)**	**(3.2)**	**39**	54	**37**	38	**40**	39
Combined Portfolio	**9,963**	10,239	**(625)**	**(6.0)**	**652**	657	**606**	574	**752**	694

TOTAL PORTFOLIO ANALYSIS CONTINUED

TABLE 76

	Net initial yield[6]		Equivalent yield[7]	
	31 March 2024 %	Movement in like-for-like[8] bps	31 March 2024 %	Movement in like-for-like[8] bps
Central London				
West End offices	**4.2**	24	**5.3**	37
City offices	**3.9**	64	**6.0**	78
Retail and other	**4.6**	42	**4.9**	30
Developments[4]	**(0.0)**	n/a	**5.4**	n/a
Total Central London	**4.2**	39	**5.4**	46
Major retail				
Shopping centres	**8.1**	3	**8.1**	23
Outlets	**6.3**	13	**7.0**	17
Total Major retail	**7.5**	8	**7.8**	22
Mixed-use urban				
London	**4.2**	(108)	**6.6**	22
Major regional cities	**6.7**	64	**7.7**	106
Total Mixed-use urban[5]	**6.1**	21	**7.3**	85
Subscale sectors				
Leisure	**8.7**	51	**8.8**	26
Hotels	**7.3**	61	**7.2**	54
Retail parks	**6.0**	(63)	**6.8**	38
Total Subscale sectors	**7.4**	17	**7.6**	38
Combined Portfolio	**5.4**	31	**6.2**	45
Represented by:				
Investment portfolio	**5.4**	n/a	**6.2**	n/a
Share of joint ventures	**6.0**	n/a	**6.0**	n/a
Combined Portfolio	**5.4**	n/a	**6.2**	n/a

Notes:
1. Refer to Glossary for definition.
2. Annualised rental income is annual 'rental income' (as defined in the Glossary) at the balance sheet date, except that car park and commercialisation income are included on a net basis (after deduction for operational outgoings). Annualised rental income includes temporary lettings.
3. Net estimated rental value is gross estimated rental value, as defined in the Glossary, after deducting expected rent payable.
4. Comprises the development pipeline – refer to Glossary for definition.
5. The prior year data has been restated to align with the updated categories disclosed.
6. Net initial yield – refer to Glossary for definition. This calculation includes all properties including those sites with no income.
7. Equivalent yield – refer to Glossary for definition. Future developments are excluded from the calculation of equivalent yield on the Combined Portfolio.
8. The like-for-like portfolio – refer to Glossary for definition.

RECONCILIATION OF SEGMENTAL INFORMATION NOTE TO STATUTORY REPORTING

RECONCILIATION OF SEGMENTAL INFORMATION NOTE TO STATUTORY REPORTING FOR THE YEAR ENDED 31 MARCH 2023 TABLE 77

				Year ended 31 March 2023		
	Group income statement £m	Joint ventures[1] £m	Adjustment for non-wholly owned subsidiaries[2] £m	Total £m	EPRA earnings £m	Capital and other items £m
Rental income	612	53	(8)	657	657	–
Finance lease interest	2	–	–	2	2	–
Gross rental income (before rents payable)	**614**	**53**	**(8)**	**659**	**659**	**–**
Rents payable	(10)	(2)	–	(12)	(12)	–
Gross rental income (after rents payable)	**604**	**51**	**(8)**	**647**	**647**	**–**
Service charge income	91	10	(3)	98	98	–
Service charge expense	(100)	(12)	2	(110)	(110)	–
Net service charge expense	(9)	(2)	(1)	(12)	(12)	–
Other property related income	29	2	–	31	31	–
Direct property expenditure	(100)	(10)	2	(108)	(108)	–
Movement in bad and doubtful debt provision	2	1	–	3	3	–
Segment net rental income	**526**	**42**	**(7)**	**561**	**561**	**–**
Other income	3	–	–	3	3	–
Administrative expenses	(80)	(2)	–	(82)	(82)	–
Depreciation	(5)	–	–	(5)	(5)	–
EPRA earnings before interest	**444**	**40**	**(7)**	**477**	**477**	**–**
Share of post-tax loss from joint ventures	(1)	1	–	–	–	–
Profit on disposal of trading properties	1	–	–	1	–	1
Loss on disposal of investment properties[3]	(144)	–	–	(144)	–	(144)
Net deficit on revaluation of investment properties	(827)	(30)	9	(848)	–	(848)
Net development contract expenditure	(9)	–	–	(9)	–	(9)
Loss on changes in finance leases	(6)	–	–	(6)	–	(6)
Impairment of goodwill	(5)	–	–	(5)	–	(5)
Impairment of trading properties	(19)	–	–	(19)	–	(19)
Depreciation	(3)	–	–	(3)	–	(3)
Operating (loss)/profit	**(569)**	**11**	**2**	**(556)**	**477**	**(1,033)**
Finance income	34	–	1	35	11	24
Finance expense	(87)	(11)	–	(98)	(95)	(3)
(Loss)/Profit before tax	**(622)**	**–**	**3**	**(619)**	**393**	**(1,012)**
Taxation	–	–	–	–		
(Loss)/Profit for the year	**(622)**	**–**	**3**	**(619)**		

1. Reallocation of the share of post-tax loss from joint ventures reported in the Group income statement to the individual line items reported in the segmental information note.
2. Removal of the non-wholly owned share of results of the Group's subsidiaries. The non-wholly owned subsidiaries are consolidated at 100% in the Group's income statement, but only the Group's share is included in EPRA earnings reported in the segmental information note.
3. Included in the loss on disposal of investment properties is a £9m charge related to the provision for fire safety remediation works on properties no longer owned by the Group but for which the Group is responsible for remediating under the Building Safety Act 2022.

TEN YEAR SUMMARY

INCOME STATEMENT TABLE 78

Year ended and as at 31 March

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Revenue	**824**	791	679	635	741	757	830	781	936	765
Costs	**(409)**	(382)	(308)	(333)	(274)	(271)	(321)	(260)	(404)	(329)
	415	409	371	302	467	486	509	521	532	436
Share of post-tax profit/(loss) from joint ventures	**2**	(1)	33	(192)	(151)	(85)	27	69	199	326
(Loss)/profit on disposal of investment properties	**(16)**	(144)	107	8	(6)	–	1	19	75	107
Profit/(loss) on disposal of investments in joint ventures	**–**	–	2	–	–	–	66	(2)	–	3
Profit on disposal of other investments	**–**	–	–	–	–	–	–	13	–	–
Net (deficit)/surplus on revaluation of investment properties	**(628)**	(827)	416	(1,448)	(1,000)	(441)	(98)	(186)	739	1,771
(Loss)/gain on changes in finance leases	**–**	(6)	6	–	–	–	–	–	–	–
Operating (loss)/profit	**(227)**	(569)	935	(1,330)	(690)	(40)	505	434	1,545	2,643
Net finance expense	**(114)**	(53)	(60)	(63)	(147)	(83)	(548)	(268)	(185)	(207)
Net gain on business combination	**–**	–	–	–	–	–	–	–	–	2
(Loss)/profit before tax	**(341)**	(622)	875	(1,393)	(837)	(123)	(43)	166	1,360	2,438
Taxation	**–**	–	–	–	5	4	(1)	1	2	–
(Loss)/profit for the year	**(341)**	(622)	875	(1,393)	(832)	(119)	(44)	167	1,362	2,438
Net (deficit)/surplus on revaluation of investment properties[1]:										
Investment portfolio	**(628)**	(827)	416	(1,448)	(998)	(440)	(98)	(187)	736	1,768
Share of joint ventures	**(19)**	(30)	(3)	(198)	(181)	(117)	7	40	171	269
Adjustment for non-wholly owned subsidiaries[2]	**22**	9	(4)	–	–	–	–	–	–	–
Total	**(625)**	(848)	409	(1,646)	(1,179)	(557)	(91)	(147)	907	2,037
EPRA earnings	**371**	393	355	251	414	442	406	382	362	329
Results per share										
Total dividend payable in respect of the financial year	**39.6p**	38.6p	37.0p	27.0p	23.2p	45.55p	44.2p	38.55p	35.0p	31.85p
Basic (loss)/earnings per share	**(43.0)p**	(83.6)p	117.4p	(188.2)p	(112.4)p	(16.1)p	(5.8)p	21.1p	172.4p	308.6p
Diluted (loss)/earnings per share	**(43.0)p**	(83.6)p	117.1p	(188.2)p	(112.4)p	(16.1)p	(5.8)p	21.1p	171.8p	307.4p
EPRA earnings per share	**50.1p**	53.1p	48.0p	33.9p	55.9p	59.7p	53.1p	48.4p	45.9p	41.7p
EPRA diluted earnings per share	**50.1p**	53.1p	47.8p	33.9p	55.9p	59.7p	53.1p	48.3p	45.7p	41.5p
Net assets per share	**863p**	945p	1,070p	975p	1,182p	1,341p	1,404p	1,418p	1,434p	1,293p
Diluted net assets per share	**859p**	942p	1,067p	973p	1,181p	1,339p	1,404p	1,416p	1,431p	1,288p
EPRA Net Tangible Assets per share	**859p**	936p	1,063p	985p	1,192p	1,348p	1,410p	1,422p	1,433p	1,296p

1. Includes our non-wholly owned subsidiaries on a proportionate basis.
2. This represents the interest in MediaCity which we do not own but consolidate in the Group numbers.

TEN YEAR SUMMARY
CONTINUED

BALANCE SHEET TABLE 79

As at 31 March

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Investment properties	**9,330**	9,658	11,207	9,607	11,297	12,094	12,336	12,144	12,358	12,158
Intangible assets	**3**	6	8	8	14	20	34	36	38	35
Net investment in finance leases	**21**	21	70	152	156	159	162	165	183	185
Loan investments	**–**	–	–	–	–	–	–	–	–	50
Investment in joint ventures	**529**	533	700	625	824	1,031	1,151	1,734	1,668	1,434
Investment in associates	**–**	3	4	–	–	–	–	–	–	–
Trade and other receivables	**159**	146	177	170	178	176	165	123	86	53
Other non-current assets	**48**	67	61	22	32	30	49	51	44	29
Total non-current assets	**10,090**	10,434	12,227	10,584	12,501	13,510	13,897	14,253	14,377	13,944
Trading properties and long-term development contracts	**100**	118	145	36	24	23	24	122	124	222
Trade and other receivables	**383**	365	368	354	433	437	471	418	445	404
Monies held in restricted accounts and deposits	**6**	4	22	10	9	36	15	21	19	10
Cash and cash equivalents	**78**	41	128	–	1,345	14	62	30	25	14
Other current assets	**11**	4	5	6	48	14	–	–	–	–
Total current assets	**578**	532	668	406	1,859	524	572	591	613	650
Non-current assets held for sale	**–**	–	–	–	–	–	–	–	–	283
Borrowings	**(975)**	(315)	(541)	(906)	(977)	(934)	(872)	(404)	(19)	(191)
Trade and other payables	**(352)**	(306)	(320)	(252)	(270)	(273)	(294)	(302)	(289)	(367)
Provisions	**(30)**	–	–	–	–	–	–	–	–	–
Other current liabilities	**–**	(24)	(11)	(7)	(2)	(18)	(14)	(7)	(19)	(10)
Total current liabilities	**(1,357)**	(645)	(872)	(1,165)	(1,249)	(1,225)	(1,180)	(713)	(327)	(568)
Borrowings	**(2,805)**	(3,223)	(4,012)	(2,610)	(4,355)	(2,847)	(2,858)	(2,859)	(3,222)	(3,985)
Trade and other payables	**(4)**	(17)	(8)	(1)	(1)	(1)	–	(25)	(28)	(30)
Provisions	**(42)**	–	–	–	–	–	–	–	–	–
Other non-current liabilities	**(13)**	(9)	(12)	(2)	(5)	(5)	(8)	(9)	(47)	(45)
Redemption liability	**–**	–	–	–	–	(36)	(37)	(36)	(35)	(35)
Total non-current liabilities	**(2,864)**	(3,249)	(4,032)	(2,613)	(4,361)	(2,889)	(2,903)	(2,929)	(3,332)	(4,095)
Net assets	**6,447**	7,072	7,991	7,212	8,750	9,920	10,386	11,202	11,331	10,214
Net debt[1]	**(3,596)**	(3,348)	(4,254)	(3,509)	(3,942)	(3,747)	(3,654)	(3,219)	(3,229)	(4,193)
Market value of the Combined Portfolio	**9,963**	10,239	12,017	10,791	12,781	13,750	14,103	14,439	14,471	14,031
Adjusted net debt[1]	**(3,517)**	(3,287)	(4,179)	(3,489)	(3,926)	(3,737)	(3,652)	(3,261)	(3,239)	(4,172)

1. Net debt and adjusted net debt exclude amounts payable under head leases for reporting periods from, and including, the year ended 31 March 2022. Net debt and adjusted net debt for prior periods included in the table above have not been restated, but would have excluded amounts payable under head leases of £61m (2021), £30m (2020 and 2019), £31m (2018 and 2017), £14m (2016) and £17m (2015).

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 March 2024, the Company had a 100% interest, direct or indirect, in the ordinary share capital of the following subsidiaries, all of which are registered in the UK at 100 Victoria Street, London, SW1E 5JL, except for entities with a footnote indicating their country of registration and address.

Company name
B.M. COM. Lease Extension LLP
Barrack Close Limited
Beyond Green Developments (Broadland) Limited[10]
Birmingham International Park Limited
Blueco Limited[10]
Bluewater Outer Area Limited[10]
Bluewater Two Limited
Burlington House Developments Limited[2]
Castleford (UK) Limited
Cathedral (Brighton) Limited[10]
Cathedral (Bromley 2) Limited[10]
Cathedral (Bromley Esco) Limited
Cathedral (Bromley) Limited
Cathedral (Greenwich Beach) Limited
Cathedral (Preston Barracks) Limited
Cathedral (Sittingbourne) Limited[10]
Dashwood House Limited[10]
Deadhare Limited
Development Securities (Curzon Park) Limited
Development Securities (Edgware Road No.1) Limited
Development Securities (Furlong) Limited[10]
Development Securities (Greenwich) Limited[10]
Development Securities (Hammersmith) Limited
Development Securities (HDD) Limited[10]
Development Securities (Ilford) Limited[10]
Development Securities (Investment Ventures) Limited[10]
Development Securities (Investments) PLC
Development Securities (Launceston) Limited[10]
Development Securities (Nailsea) Limited
Development Securities (No. 22) Limited
Development Securities (Romford) Limited
Development Securities (Sevenoaks) Limited[3]
Development Securities (Slough) Limited
Development Securities Estates Limited
DS Investment Properties LLP
DS Jersey (Capital Partners) Limited[4]
DS Jersey (Notting Hill) Limited[4]
DS Renewables LLP[10]
DS Robswall Ireland (Residential) Limited[2]
ECC Investments Limited

Company name
Elystan Developments Limited
EPD Buckshaw Village Limited[10]
Furlong Shopping Centre Limited
Greenhithe Holdings Limited[5]
Greenhithe Investments Limited[5]
Greenwitch Limited
Gunwharf Quays Limited[10]
HDD Didcot Limited
HDD Lawley Village Limited
HDD Newton Leys Limited
Hendy Wind Farm Limited
Kent Retail Investments Limited[6]
Kingsland Shopping Centre Limited
L.& P. Estates Limited
Land Securities (Finance) Limited
Land Securities Buchanan Street Developments Limited[10]
Land Securities Capital Markets PLC
Land Securities Development Limited[10]
Land Securities Ebbsfleet Limited[10]
Land Securities Insurance Limited[9]
Land Securities Intermediate Limited
Land Securities Lakeside Limited[10]
Land Securities Management Limited[10]
Land Securities Management Services Limited
Land Securities Partnerships Limited[10]
Land Securities Pensions Trustee Limited
Land Securities PLC
Land Securities Portfolio Management Limited
Land Securities Properties Limited
Land Securities Property Holdings Limited[1]
Land Securities SPV'S Limited[10]
Land Securities Trading Limited[10]
Land Securities Trinity Limited[10]
Landsec 1 Limited[12]
Landsec 2 Limited[13]
Landsec 3 Limited[14]
Landsec 4 Limited[15]
Landsec 5 Limited[16]
Landsec 6 Limited[17]
Landsec 7 Limited[18]
Landsec 8 Limited[19]
Landsec 9 Limited[20]
Landsec 10 Limited[21]

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
CONTINUED

Company name
Landsec 11 Limited[22]
Landsec 12 Limited[23,10]
Landsec 13 Limited[24]
Landsec 14 Limited[25]
Landsec 15 Limited[26]
Landsec 16 Limited[27]
Landsec 17 Limited[28]
Landsec 18 Limited[29]
Landsec 19 Limited[30]
Landsec 20 Limited[31]
Landsec 21 Limited[32,10]
Landsec 22 Limited[33]
Landsec 23 Limited[34]
Landsec Investment Services Limited[36]
Landsec Limited
Landsec U and I Developer Limited[35,10]
Landsec Workplace Developer Limited[37,10]
LC25 Limited[10]
Leisure II (North Finchley Two) Limited[6]
Leisure II (North Finchley) Limited[6]
Leisure II (West India Quay LP) Shareholder Limited
Leisure II (West India Quay Two) Limited[6]
Leisure II (West India Quay) Limited[6]
Leisure Parks I Limited[10]
Leisure Parks II Limited[10]
LS (Jaguar) GP Investments Limited
LS 1 New Street Square Developer Limited
LS 1 Sherwood Street Developer Limited[10]
LS 1 Sherwood Street Limited[10]
LS 123 Victoria Street Limited[10]
LS 21 Moorfields Development Management Limited[10]
LS 60-78 Victoria Street Limited[10]
LS 62 Buckingham Gate Limited[10]
LS Aberdeen Limited[10]
LS Aldersgate Limited[10]
LS Banbridge Phase Two Limited
LS Bexhill Limited[10]
LS Bluewater Investments Limited[10]
LS Bracknell Limited[10]
LS Braintree Limited[10]
LS Buchanan Limited[10]
LS Canterbury Limited
LS Cardiff (GP) Investments 2 Limited

Company name
LS Cardiff (GP) Investments Limited
LS Cardiff 2 Limited[10]
LS Cardiff Holdings Limited[10]
LS Cardiff Limited[10]
LS Cardinal Limited[10]
LS Chadwell Heath Limited[10]
LS Chesterfield Limited[10]
LS City Gate House Limited
LS Company 31 Limited
LS Company 32 Limited
LS Company 33 Limited
LS Company 34 Limited
LS Company 35 Limited
LS Company 36 Limited
LS Company 37 Limited
LS Company 38 Limited
LS Company 39 Limited
LS Company Secretaries Limited
LS Development Holdings Limited[10]
LS Director Limited
LS Dundas Square Limited
LS Eastbourne Terrace Limited[10]
LS Easton Park Development Limited[10]
LS Easton Park Investments Limited[10]
LS Entertainment Venues Limited[10]
LS Ewer Street Limited[10]
LS Finchley Road Limited[10]
LS Forge Bankside Limited
LS Great North Finchley Limited[10]
LS Gunwharf Limited
LS Harrogate Limited
LS Harvest 2 Limited[10]
LS Harvest Limited
LS Hill House Developer Limited
LS Hill House Limited[10]
LS Hotels Limited[10]
LS Kings Gate Residential Limited[10]
LS Kingsmead Limited[10]
LS Leisure Parks Investments Limited[10]
LS Lewisham Limited[10]
LS Liberty of Southwark Limited
LS Liverpool Limited[10]
LS London Holdings One Limited[10]
LS London Holdings Three Limited[10]
LS Moorgate Limited[10]

Company name
LS MYO 123 Victoria Street Limited
LS MYO Dashwood House Limited
LS Myo Limited[10]
LS MYO New Street Square Limited[10]
LS MYO St Pauls Limited[39]
LS MYO The Forge Limited[38]
LS n2 Limited[10]
LS New Street Square Investments Limited
LS Nominees Holdings Limited[10]
LS Nova Development Management Limited[10]
LS Nova GP Investments Limited
LS Nova LP1 Limited[10]
LS Nova LP2 Limited[10]
LS Nova Place Limited[10]
LS Occupier Limited[10]
LS Old Broad Street Developer Limited
LS Old Broad Street Limited[10]
LS One New Change Limited[10]
LS Oval Limited[10]
LS Poole Retail Limited[10]
LS Portfolio Investments Limited[10]
LS Portland House Developer Limited[10]
LS Project 92 Limited[10]
LS Property Finance Company Limited
LS QAM Limited[10]
LS Red Lion Court Developer Limited[10]
LS Red Lion Court Limited
LS Regent Quarter Limited[43]
LS Regent Quarter Residential Limited[42,10]
LS Retail Warehouses Limited[10]
LS Rome Limited[44]
LS Shepherds Bush Limited[10]
LS Southside Limited[10]
LS Street Limited[10]
LS Taplow Limited[10]
LS Thanet Limited[10]
LS Timber Square Developer Limited[10]
LS Timber Square Limited
LS Tottenham Court Road Limited[10]
LS Victoria Properties Limited[10]
LS West India Quay Limited[10]
LS Westminster Limited
LS White Rose Limited[10]
LS Workplace Managed Services Limited[41,10]

Company name
LS Xscape Castleford Limited[10]
LS Xscape Milton Keynes Limited[10]
LS Zig Zag Limited[10]
Luneside East Limited
Mayfield Medlock Limited[10]
Mayfield Poulton Limited[10]
Mayfield Republic Limited[10]
Njord Wind Developments Limited[10]
Nova Developer Limited[10]
Oriana GP Limited
OSB (Holdco 1) Limited[10]
OSB (Holdco 2) Limited[10]
Oxford Castle Apartments Limited
Percy Place DS (Ireland) Limited[2]
Prime London Net Zero Office GP Limited[45]
Prime London Net Zero Office LP
Prime London Net Zero Office REIT Limited[46]
Public Private Partnership (H) Limited
Purplexed LLP
Ravenseft Properties Limited[10]
Retail Property Holdings Trust Limited
Rhoscrowther Wind Farm Limited[10]
Rivella Properties Bicester Limited
Rosefarm Leisure Limited
St David's (Cardiff Residential) Limited[10]
St David's (General Partner) Limited[10]
St. David's (No.1) Limited
St. David's (No.2) Limited
St. David's Limited Partnership[10]
The City of London Real Property Company Limited[10]
The Deptford Project 2 Limited
The Deptford Project Limited
The Imperial Hotel Hull Limited
The Telegraph Works Limited[10]
The X-Leisure (General Partner) Limited[10]
The X-Leisure Unit Trust[6]
Tops Shop Estates Limited
Triangle Developments Limited
Triangle London Limited
U and I (8AE) Limited[10]
U and I (Ashford) Limited
U and I (Bromley Commercial) Limited
U and I (Broombridge) Ind Limited[2]
U and I (Cambridge) Limited[10]

Company name
U and I (Development and Trading) Limited
U and I (Golf) Limited[10]
U and I (GVP) Limited[10]
U and I (Harwell) Limited[10]
U and I (Innovation Hubs) Limited[10]
U and I (Management) Ireland Limited[2]
U and I (PB) Commercial Limited[10]
U and I (Pincents Lane) Limited
U and I (White Heather) Limited[2]
U and I (WIE) Limited[10]
U and I Company Secretaries Limited
U and I Director 1 Limited
U and I Director 2 Limited
U and I Exit Limited[10]
U and I Finance Limited[47]
U and I Group Limited
U and I Investment Portfolio Limited[10]
U and I IPA Limited
U and I IPA SC Limited
U and I IPB Limited
U and I IPC Limited[10]
U and I Netherlands BV[7]
U and I Plus X TC Limited[8,10]
U and I PPP Limited[10]
Westminster Trust Limited(The)
Willett Developments Limited
X-Leisure Limited[10]
X-Leisure Management Limited
Xscape Castleford Limited[6]
Xscape Castleford No.2 Limited[6]
Xscape Milton Keynes (Jersey) No.2 Limited[6]
Xscape Milton Keynes Limited[6]

1. Subsidiary directly held by the Company, Land Securities Group PLC.
2. C/O William Fry, 2 Grand Canal Square, Dublin 2, Ireland, D02 A342.
3. C/O James Cowper Kreston The White Building, 1-4 Cumberland Place, Southampton, SO15 2NP.
4. Fifth Floor, 37 Esplanade, St. Helier, JE1 2TR, Jersey.
5. 44 Esplanade, St Helier, JE4 9WG, Jersey.
6. IFC 5, St Helier, JE1 1ST, Jersey.
7. Prins Bernhardplein 200, 1097 JB Amsterdam, PO Box 990, 1000 AZ Amsterdam, Netherlands.
8. 85 Great Portland Street, First Floor, London, England, W1W 7LT.
9. Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 4AT.
10. Exempt from the requirement of the Companies Act 2006 (the Act) relating to the audit of individual accounts by virtue of Section 479A of the Act.
11. The name of this company was changed to LS Bluewater Investments Limited on 30 September 2023.
12. The name of this company was changed to Landsec 1 Limited on 30 June 2023.
13. The name of this company was changed to Landsec 2 Limited on 5 July 2023.
14. The name of this company was changed to Landsec 3 Limited on 5 July 2023.
15. The name of this company was changed to Landsec 4 Limited on 30 June 2023.
16. The name of this company was changed to Landsec 5 Limited on 30 June 2023.
17. The name of this company was changed to Landsec 6 Limited on 30 June 2023.
18. The name of this company was changed to Landsec 7 Limited on 5 July 2023.
19. The name of this company was changed to Landsec 8 Limited on 5 July 2023.
20. The name of this company was changed to Landsec 9 Limited on 5 July 2023.
21. The name of this company was changed to Landsec 10 Limited on 5 July 2023.
22. The name of this company was changed to Landsec 11 Limited on 5 July 2023.
23. The name of this company was changed to Landsec 12 Limited on 5 July 2023.
24. The name of this company was changed to Landsec 13 Limited on 5 July 2023.
25. The name of this company was changed to Landsec 14 Limited on 5 July 2023.
26. The name of this company was changed to Landsec 15 Limited on 5 July 2023.
27. The name of this company was changed to Landsec 16 Limited on 5 July 2023.
28. The name of this company was changed to Landsec 17 Limited on 5 July 2023.
29. The name of this company was changed to Landsec 18 Limited on 5 July 2023.
30. The name of this company was changed to Landsec 19 Limited on 5 July 2023.
31. The name of this company was changed to Landsec 20 Limited on 6 July 2023.
32. The name of this company was changed to Landsec 21 Limited on 5 July 2023.
33. The name of this company was changed to Landsec 22 Limited on 5 July 2023.
34. The name of this company was changed to Landsec 23 Limited on 5 July 2023.
35. The name of this company was changed to Landsec U and I Developer Limited on 27 May 2023.
36. The name of this company was changed to Landsec Investment Services Limited on 21 June 2023.
37. The name of this company was changed to Landsec Workplace Developer Limited on 22 June 2023.
38. The name of this company was changed to LS MYO The Forge Limited on 29 August 2023.
39. The name of this company was changed to LS MYO St Pauls Limited on 21 November 2023.
40. The name of this company was changed to LS Liverpool Limited on 30 November 2023.
41. The name of this company was changed to LS Workplace Managed Services Limited on 6 May 2023.
42. The name of this company was changed to LS Regent Quarter Residential Limited on 31 January 2024.
43. The name of this company was changed to LS Regent Quarter Limited on 29 August 2023.
44. The name of this company was changed to LS Rome Limited on 21 June 2023.
45. The name of this company was changed to Prime London Net Zero Office GP Limited on 30 November 2023.
46. The name of this company was changed to Prime London Net Zero Office REIT Limited on 30 November 2023.
47. The name of this company was changed to U and I Finance Limited on 14 March 2024.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
CONTINUED

As at 31 March 2024, the Company had an interest (as shown), direct or indirect, in the ordinary share capital of the following subsidiaries, joint ventures and associates. All entities included below are registered in the UK at 100 Victoria Street, London, SW1E 5JL, except for entities with a footnote indicating their country of registration and address. Where the Group share of ordinary share capital is from 75% to 100%, these entities are subsidiaries of the Company. Where the share of ordinary share capital is from 50% to 74%, these entities are joint venture interests based on contractually agreed sharing of control with joint venture partners. All other holdings are associate interests.

Company name	Group share %
Bluewater REIT	75%
Cathedral (Movement Greenwich) LLP	53%
CDSR Burlington House Developments Limited[7]	20%
Central Research Laboratory (Hayes) Limited	50%
Circus Street Developments Limited	50%
Curzon Park Limited	50%
Ebbsfleet Investment (GP) Limited	50%
Ebbsfleet Nominee No.1 Limited	50%
Harvest 2 GP Limited	50%
Harvest 2 Limited Partnership	50%
Harvest 2 Selly Oak Limited	50%
Harvest Development Management Limited	50%
Harvest GP Limited	50%
Heart of Slough Management Company Limited	67%
Kensington & Edinburgh Estates (South Woodham Ferrers) Limited	50%
Landmark Court Partnership Limited	51%
Mayfield Development (General Partner) Limited	50%
Mayfield Development Partnership LP	50%
Minevote Public Limited Company	50%
Northpoint (No.4) Limited	42%
Northpoint CH Limited	42%
Northpoint Developments Limited	42%
Northpoint KC Limited	42%
Nova Business Manager Limited	50%
Nova Estate Management Company Limited	64%
Nova GP Limited	50%
Nova Limited Partnership	50%
Nova Nominee 1 Limited	50%
Nova Nominee 2 Limited	50%
NOVA Residential (GP) Limited	50%
NOVA Residential Intermediate Limited	50%
NOVA Residential Limited Partnership	50%
Opportunities for Sittingbourne Limited	50%
Peel Holdings (Media) Limited[3]	75%
Peel Media (Holdings) Limited[3]	75%
Peel Media (Orange) Limited[3]	75%
Peel Media Canalside Limited[3]	75%
Peel Media Development (Holdings) Limited[3]	75%

Company name	Group share %
Peel Media Development (Residential 1) Limited[3]	75%
Peel Media Development (Residential 2) Limited[3]	75%
Peel Media Development Limited[3]	75%
Peel Media Development Residential (Holdings) Limited[3]	75%
Peel Media Limited[3]	75%
Plus X Brighton Limited[4]	50%
Plus X Holdings Limited[4]	50%
Plus X Slough Limited[1]	50%
Schofield Centre Limited[4]	50%
Southside General Partner Limited	50%
Southside Limited Partnership[2]	50%
Southside Nominees No.1 Limited	50%
Southside Nominees No.2 Limited	50%
Spirit of Sittingbourne LLP	65%
Tarmac Clayform Limited[5]	50%
Tarmac Guildford Limited	50%
The Bund Limited[3]	75%
The Ebbsfleet Limited Partnership	50%
TLD (Landmark Court) Limited	99%
TLD Kidbrooke LLP	50%
Triangle London Developments LLP	50%
Victoria Circle Developer Limited	50%
West India Quay Limited	50%
West India Quay Management Company Limited	50%
Westgate Oxford Alliance GP Limited	50%
Westgate Oxford Alliance Limited Partnership	50%
Westgate Oxford Alliance Nominee No.1 Limited	50%
Westgate Oxford Alliance Nominee No.2 Limited	50%
White Lion Walk Limited[4]	50%
YC Shepherds Bush (Market) Limited	25%
YC Shepherds Bush Limited	14%

Limited by guarantee	Group share %
399 Edgware Road Management Company Limited	n/a
Development Securities (No.19) Limited	n/a
Lightbox (MediaCityUK) Management Company Limited[3]	n/a
Preston Barracks Management Company Limited	n/a
St David's Dewi Sant Merchant's Association Limited	n/a

Unit Trusts	Group share %
Regent Quarter Unit Trust	100%
Trematon Property Unit Trust	100%
West India Quay Unit Trust	50%
Xscape Castleford Property Unit Trust[6]	100%
Xscape Milton Keynes Property Unit Trust[6]	100%

1. The name of this company was changed to Plus X Slough Limited on 2 June 2023.
2. 26 New Street, St Helier, JE2 3RA, Jersey.
3. Venus Building 1 Old Park Lane, Trafford City, Manchester, England, M41 7HA.
4. 85 Great Portland Street, First Floor, London, England, W1W 7LT.
5. Ground Floor T3 Trinity Park, Bickenhall Lane, Birmingham.
6. IFC 5, St Helier, JE1 1ST, Jersey.
7. C/O William Fry, 2 Grand Canal Square, Dublin 2, Ireland, D02 A342.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR TABLE 80

	2024
Annual General Meeting[1]	11 July
Final dividend payment date[2]	26 July

1. The Annual General Meeting is scheduled to be held at 2:30pm on Thursday 11 July 2024 at 80 Victoria Street, London SW1E 5JL. For further details, please see the Notice of Meeting which can be found on the Company's website: landsec.com/agm.
2. The Board has recommended a final dividend of 12.1 pence per ordinary share, payable wholly as a Property Income Distribution, subject to shareholder approval.

SHARE REGISTER ANALYSIS AS AT 31 MARCH 2024 TABLE 81

Holding range:	Number of holders	% of holdings	Number of shares	% of shares
1–1,000	5,707	67.23	2,008,874	0.27
1,001–5,000	1,649	19.43	3,360,315	0.45
5,001–10,000	260	3.06	1,807,800	0.24
10,001–50,000	344	4.05	8,465,121	1.13
50,001–100,000	131	1.54	9,424,087	1.25
100,001–500,000	201	2.37	47,272,123	6.28
500,001–highest[1]	197	2.32	679,338,337	90.38
Total	**8,489**	**100**	**751,676,657**	**100**

SHARE REGISTER ANALYSIS AS AT 31 MARCH 2024 TABLE 82

Held by:	Number of holders	% of holders within Type	Balance	% Issued Capital
Private shareholders	7,199	84.80	7,475,231	0.99
Nominee and institutional investors[1]	1,290	15.20	744,201,426	99.01
Total	**8,489**	**100**	**751,676,657**	**100**

1. Including 6,789,236 shares held in treasury by the Company.

ORDINARY SHARES

The Company's Annual Report, results announcements and presentations are available to view and download from its website: landsec.com/investors.

The website also includes information about the latest Landsec share price and dividend information, news about the Company, its properties, and operations, and how to obtain further information.

REGISTRAR: EQUINITI

Our Registrar, Equiniti, can assist with queries regarding administration of shareholdings, such as bank account payment details, dividends, lost share certificates, change of address or personal details, and amalgamation of accounts. You can contact Equiniti at shareview.co.uk.

ELECTRONIC COMMUNICATIONS

We encourage shareholders to consider receiving their communications from the Company electronically. This will enable you to receive such communications more quickly and securely, whilst supporting Landsec's sustainability commitment by communicating in a more environmentally friendly and cost-effective manner. Registration for electronic communications is available via our website on the investor page or on shareview.co.uk.

PAYMENT OF DIVIDENDS TO UK RESIDENT SHAREHOLDERS

Dividend payments by cheque ceased from October 2020 and all shareholders are now required to have their dividends paid directly into their personal bank or building society account or alternatively sign up to our Dividend Reinvestment Plan (see below). Under this arrangement, dividend confirmations are still sent to your registered address.

Shareholders who have not already done so should contact the Registrar (Equiniti) or complete a mandate instruction available on our website landsec.com/investorsshareholders-equity-investors/dividend-information and return it to the Registrar. Alternatively, these details can be sent via their Equiniti Shareview online account, which is available on our website on the investors page under shareholders or directly at Equiniti: shareview.co.uk.

Further information on UK REITs and the forms required to be completed to apply for PIDs to be paid gross are available on the Landsec website or from the Registrar: landsec.com/investorsshareholders-equity-investors/uk-reit-regime-and-dividends.

PAYMENT OF DIVIDENDS TO NON-UK RESIDENT SHAREHOLDERS

As applicable to UK resident shareholders, dividend payments by cheque ceased from October 2020 and all shareholders are now required to have their dividends paid directly into their personal bank or building society account. Payments to overseas accounts are possible via the Equiniti Overseas Payment Service (OPS) provided by Citibank. Payments via the OPS are made a few days after the Company's dividend payment date – charges are applicable (please review the terms and conditions available online at shareview.co.uk for further information).

Shareholders who have not already done so are encouraged to contact the Registrar (Equiniti) on +44 (0)371 384 2030 for an Overseas Payment Service application form or to download the form for their given currency online at shareview.co.uk.

DIVIDEND REINVESTMENT PLAN (DRIP)

The DRIP provides shareholders with the opportunity to use cash dividends to increase their shareholding in Landsec. It is a convenient and cost-effective facility provided by Equiniti Financial Services Limited. Under the DRIP, cash dividends are automatically used to purchase shares in the market as soon as possible after the dividend payment. Any residual cash will be carried forward to the next dividend payment.

Details of the DRIP, including terms and conditions and participation election forms, are available on our website: landsec.com/investorsshareholders-equity-investors/dividend-reinvestment-plan-drip.

SHARE DEALING FACILITIES

Equiniti provides both existing and prospective UK shareholders with an easy to access and simple-to-use share dealing facility for buying and selling Landsec shares online, by telephone, or post. The online and telephone dealing service allows shareholders to trade 'real-time' at a known price that will be given to them at the time they give their instruction.

For telephone dealing, call +44 (0)345 603 7037[1] between 8.00am and 4.30pm, Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. For online dealing, access is available at Equiniti's website: shareview.co.uk/dealing. For postal dealing, call +44 (0)371 384 2030[1] to request full details and a dealing instruction form. Existing shareholders will need to provide the account/shareholder reference number shown on their share certificate. Other brokers, banks and building societies also offer similar share dealing facilities.

SHAREGIFT

Shareholders with a small number of shares, the value of which would make them uneconomic to sell, may wish to consider donating them to a charity through ShareGift, a registered charity (No. 1052686) which specialises in using such holdings for charitable benefit. A ShareGift donation form can be obtained from the Registrar. Further information about ShareGift is available at: sharegift.org or help@sharegift.org (Telephone: +44 (0)20 7930 3737) and postal address: ShareGift 6th Floor, 2 London Wall Place, London EC2Y 5AU.

CAPITAL GAINS TAX

Further details on UK tax on gains on a sale of Landsec shares can be found on our website: landsec.com/investorsshareholders-equity-investors/uk-tax-gains-sale-landsec-shares.

DATA PROTECTION

A copy of the Shareholder Privacy Notice can be found on our website: landsec.com/policies/privacy-policy/shareholders.

SHAREHOLDER SECURITY

Landsec is required by law to make its share register available on request to other organisations. This may result in the receipt of unsolicited mail. To limit this, shareholders may register with the Mailing Preference Service. For more information, or to register, visit mpsonline.org.uk. Shareholders are also advised to be vigilant in regard to share fraud which includes telephone calls offering free investment advice or offers to buy and sell shares at discounted or highly inflated prices. Further information can be found on the Financial Conduct Authority's website fca.org.uk/scams or by calling the FCA Consumer Helpline on 0800 111 6768.

KEY CONTACTS AND ADVISERS

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landsec.com

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Marina Thomas
Company Secretary
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INVESTOR RELATIONS

Edward Thacker
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For deaf and speech impaired customers, Equiniti welcome calls via Relay UK. Please see relayuk.bt.com for more information.
shareview.co.uk

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London SE1 2AF
Telephone: +44 (0)20 7951 2000
ey.com

EXTERNAL ADVISERS

Principal valuers: CBRE and JLL
Financial advisers: UBS, Robey Warshaw
Solicitors: Slaughter and May
Brokers: UBS, Deutsche Numis, Barclays

GLOSSARY

Adjusted net cash inflow from operating activities
Net cash inflow from operating activities including the Group's share of our joint ventures' net cash inflow from operating activities.

Adjusted net debt
Net debt excluding cumulative fair value movements on interest-rate swaps and amounts payable under head leases. It generally includes the net debt of subsidiaries and joint ventures on a proportionate basis.

Book value
The amount at which assets and liabilities are reported in the financial statements.

Combined Portfolio
The Combined Portfolio comprises the investment properties of the Group's subsidiaries, on a proportionately consolidated basis when not wholly owned, together with our share of investment properties held in our joint ventures.

Developments/development pipeline
Development pipeline consists of future developments, committed developments, projects under construction and developments which have reached practical completion within the last two years but are not yet 95% let.

Development gross yield on total development cost
Gross ERV, before adjustment for lease incentives, divided by total development cost. Gross ERV reflects Landsec's or the valuer's view of expected ERV at completion of the scheme.

EPRA earnings
Profit before tax, excluding profits on the sale of non-current assets and trading properties, profits on development contracts, valuation movements, fair value movements on interest-rate swaps and similar instruments used for hedging purposes, debt restructuring charges, and any other items of an exceptional nature.

EPRA loan-to-value (LTV)
Ratio of adjusted net debt, including net payables, to the sum of the net assets, including net receivables, of the Group, its subsidiaries and joint ventures, all on a proportionate basis, expressed as a percentage. The calculation includes trading properties at fair value and debt at nominal value.

EPRA net disposal value (NDV) per share
Diluted net assets per share adjusted to remove the impact of goodwill arising as a result of deferred tax, and to include the difference between the fair value and the book value of the net investment in tenant finance leases and fixed interest rate debt.

EPRA net initial yield
EPRA net initial yield is defined within EPRA's Best Practice Recommendations as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. It is consistent with the net initial yield calculated by the Group's external valuer.

EPRA Net Reinstatement Value (NRV) per share
Diluted net assets per share adjusted to remove the cumulative fair value movements on interest-rate swaps and similar instruments, the carrying value of deferred tax on intangible assets and to include the difference between the fair value and the book value of the net investment in tenant finance leases and add back purchasers' costs.

EPRA Net Tangible Assets (NTA) per share
Diluted net assets per share adjusted to remove the cumulative fair value movements on interest-rate swaps and similar instruments, the carrying value of goodwill arising as a result of deferred tax and other intangible assets, deferred tax on intangible assets and to include the difference between the fair value and the book value of the net investment in tenant finance leases.

Equivalent yield
Calculated by the Group's external valuer, equivalent yield is the internal rate of return from an investment property, based on the gross outlays for the purchase of a property (including purchase costs), reflecting reversions to current market rent and such items as voids and non-recoverable expenditure but ignoring future changes in capital value. The calculation assumes rent is received annually in arrears.

ERV – Gross estimated rental value
The estimated market rental value of lettable space as determined biannually by the Group's external valuer. For investment properties in the development programme, which have not yet reached practical completion, the ERV represents management's view of market rents.

Gearing
Total borrowings, including bank overdrafts, less short-term deposits, corporate bonds and cash, at book value, plus cumulative fair value movements on financial derivatives as a percentage of total equity. For adjusted gearing, see note 21.

Gross market value
Market value plus assumed usual purchaser's costs at the reporting date.

Interest Cover Ratio (ICR)
A calculation of a company's ability to meet its interest payments on outstanding debt. It is calculated using EPRA earnings before interest, divided by net interest (excluding the mark-to-market movement on interest-rate swaps, foreign exchange swaps, capitalised interest and interest on the pension scheme assets and liabilities). The calculation excludes joint ventures.

Investment portfolio
The investment portfolio comprises the investment properties of the Group's subsidiaries on a proportionately consolidated basis where not wholly owned.

Lease incentives
Any incentive offered to occupiers to enter into a lease. Typically, the incentive will be an initial rent-free period, or a cash contribution to fit-out or similar costs. For accounting purposes, the value of the incentive is spread over the non-cancellable life of the lease.

Like-for-like portfolio
The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2021 but excluding those which are acquired or sold since that date. Properties in the development pipeline and completed developments are also excluded.

Loan-to-value (LTV)
Group LTV is the ratio of adjusted net debt, including subsidiaries and joint ventures, to the sum of the market value of investment properties and the book value of trading properties of the Group, its subsidiaries and joint ventures, all on a proportionate basis, expressed as a percentage. For the Security Group, LTV is the ratio of net debt lent to the Security Group divided by the value of secured assets.

Market value
Market value is determined by the Group's external valuer, in accordance with the RICS Valuation Standards, as an opinion of the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing.

Net initial yield
Net initial yield is a calculation by the Group's external valuer of the yield that would be received by a purchaser, based on the Estimated Net Rental Income expressed as a percentage of the acquisition cost, being the market value plus assumed usual purchasers' costs at the reporting date. The calculation is in line with EPRA guidance. Estimated Net Rental Income is determined by the valuer and is based on the passing cash rent less rent payable at the balance sheet date, estimated non-recoverable outgoings and void costs including service charges, insurance costs and void rates.

Net rental income
Net rental income is the net operational income arising from properties, on an accruals basis, including rental income, finance lease interest, rents payable, service charge income and expense, other property related income, direct property expenditure and bad debts. Net rental income is presented on a proportionate basis.

Net zero carbon building
A building for which an overall balance has been achieved between carbon emissions produced and those taken out of the atmosphere, including via offset arrangements. This relates to operational emissions for all buildings while, for a new building, it also includes supply-chain emissions associated with its construction.

Passing rent
The estimated annual rent receivable as at the reporting date which includes estimates of turnover rent and estimates of rent to be agreed in respect of outstanding rent review or lease renewal negotiations. Passing rent may be more or less than the ERV (see over-rented, reversionary and ERV). Passing rent excludes annual rent receivable from units in administration save to the extent that rents are expected to be received. Void units at the reporting date are deemed to have no passing rent. Although temporary lets of less than 12 months are treated as void, income from temporary lets is included in passing rents.

Property Income Distribution (PID)
A PID is a distribution by a REIT to its shareholders paid out of qualifying profits. A REIT is required to distribute at least 90% of its qualifying profits as a PID to its shareholders.

GLOSSARY

CONTINUED

Rental income
Rental income is as reported in the income statement, on an accruals basis, and adjusted for the spreading of lease incentives over the term certain of the lease in accordance with IFRS 16 (previously, SIC-15). It is stated gross, prior to the deduction of ground rents and without deduction for operational outgoings on car park and commercialisation activities.

Reversionary or under-rented
Space where the passing rent is below the ERV.

Reversionary yield
The anticipated yield to which the initial yield will rise (or fall) once the rent reaches the ERV.

Security Group
Security Group is the principal funding vehicle for the Group and properties held in the Security Group are mortgaged for the benefit of lenders. It has the flexibility to raise a variety of different forms of finance.

Topped-up net initial yield
Topped-up net initial yield is a calculation by the Group's external valuer. It is calculated by making an adjustment to net initial yield in respect of the annualised cash rent foregone through unexpired rent-free periods and other lease incentives. The calculation is consistent with EPRA guidance.

Total return on equity
Dividend paid per share in the year plus the change in EPRA Net Tangible Assets per share, divided by EPRA Net Tangible Assets per share at the beginning of the year.

Total cost ratio
Total cost ratio represents all costs included within EPRA earnings, other than rents payable, financing costs and provisions for bad and doubtful debts, expressed as a percentage of gross rental income before rents payable adjusted for costs recovered through rents but not separately invoiced.

Total development cost (TDC)
Total development cost refers to the book value of the site at the commencement of the project, the estimated capital expenditure required to develop the scheme from the start of the financial year in which the property is added to our development programme, together with capitalised interest, being the Group's borrowing costs associated with direct expenditure on the property under development. Interest is also capitalised on the purchase cost of land or property where it is acquired specifically for redevelopment. The TDC for trading property development schemes excludes any estimated tax on disposal.

Trading properties
Properties held for trading purposes and shown as current assets in the balance sheet.

Vacancy rates
Vacancy rates are expressed as a percentage of ERV and represent all unlet space, including vacant properties where refurbishment work is being carried out and vacancy in respect of pre-development properties, unless the scale of refurbishment is such that the property is not deemed lettable. The screen at Piccadilly Lights, W1 is excluded from the vacancy rate calculation as it will always carry advertising although the number and duration of our agreements with advertisers will vary.

Valuation surplus/deficit
The valuation surplus/deficit represents the increase or decrease in the market value of the Combined Portfolio, adjusted for net investment and the effect of accounting for lease incentives under IFRS 16 (previously SIC-15). The market value of the Combined Portfolio is determined by the Group's external valuer.

Voids
Voids are expressed as a percentage of ERV and represent all unlet space, including voids where refurbishment work is being carried out and voids in respect of pre-development properties. Temporary lettings for a period of one year or less are also treated as voids. The screen at Piccadilly Lights, W1 is excluded from the void calculation as it will always carry advertising although the number and duration of our agreements with advertisers will vary. Commercialisation lettings are also excluded from the void calculation.

Weighted average unexpired lease term
The weighted average of the unexpired term of all leases other than short-term lettings such as car parks and advertising hoardings, temporary lettings of less than one year, residential leases and long ground leases.

CAUTIONARY STATEMENT

This Annual Report and Landsec's website may contain certain 'forward-looking statements' with respect to Land Securities Group PLC (the Company) and the Group's financial condition, results of its operations and business, and certain plans, strategy, objectives, goals and expectations with respect to these items and the economies and markets in which the Group operates. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'ambition', 'milestones', 'objectives', 'outlook', 'plan', 'probably', 'project', 'risks', 'schedule', 'seek', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal' or 'estimates' or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the political conditions, economies and markets in which the Group operates; changes in the legal, regulatory and competition frameworks in which the Group operates; changes in the markets from which the Group raises finance; the impact of legal or other proceedings against or which affect the Group; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in interest and exchange rates.

Any forward-looking statements made in this Annual Report or Landsec's website, or made subsequently, which are attributable to the Company or any other member of the Group, or persons acting on their behalf, are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date it is made. Except as required by its legal or statutory obligations, the Company does not intend to update any forward-looking statements.

Nothing contained in this Annual Report or Landsec's website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

LAND SECURITIES GROUP PLC

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Pureprint Ltd is FSC certified and ISO 14001 certified showing that it is committed to all round excellence and improving environmental performance is an important part of this strategy.

Pureprint Ltd aims to reduce at source the effect its operations have on the environment and is committed to continual improvement, prevention of pollution and compliance with any legislation or industry standards.

Pureprint Ltd is a Carbon/Neutral® Printing Company.

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