Annual results for the year ended 31 March 2020

12 May 2020

Forward-looking statements

These annual results, 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.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', '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 these annual results 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 these annual results or Landsec's website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

Annual results for the year ended 31 March 2020

12 May 2020

Resilient operational performance, strong balance sheet and decisive response to Covid-19

Chief Executive Mark Allan said:

"I join Landsec at an extraordinary time. The effects of Covid-19 are accelerating ongoing structural trends across the real estate sector, while its longer-term societal and economic consequences are yet to be determined. Landsec's strong balance sheet and resilient operational performance have enabled us to respond to immediate challenges posed by Covid-19 with speed and decisiveness. Our £80m rent relief fund has offered targeted support to occupiers, alongside broader options of rent deferrals and monthly payments, and our £500,000 of community grants is providing financial assistance to our charity partners.

"I am confident Landsec is approaching the future from a position of strength. We are prepared to be bold in our thinking as we navigate both the challenges and opportunities arising in the long term from changing market trends and will not lose sight of our wider sustainability objectives. We will continue to lead the sector on major issues such as climate change and remain committed to acting as a force for good in the communities in which we operate."

Financial results

- Revenue profit[(1)(2)] down 6.3% to £414m
- Revenue profit[(1)(2)] down 1.1% to £437m before provisions related to 2020/21 rent
- Loss before tax for the year of £837m (2019: loss of £123m)
- Adjusted diluted earnings per share[(1)(2)] down 6.4% to 55.9p
- No final dividend; full year dividend down 49.1% to 23.2p per share
- Combined Portfolio[(1)(2)] valued at £12.8bn, with a valuation deficit[(1)(2)] of £1,179m or 8.8%[(3)]
- EPRA net tangible assets per share[(1)] down 11.6% to 1,192p
- Ungeared total property return[(4)] of -4.5%
- Total business return[(1)] of -8.2%

Strong financial position

- Group LTV ratio[(1)(2)] at 30.7% (31 March 2019: 27.1%)
- Adjusted net debt[(1)(2)] of £3.9bn (31 March 2019: £3.7bn)
- Weighted average cost of debt at 1.8% (31 March 2019: 2.7%)
- Weighted average maturity of debt at 9.6 years (31 March 2019: 12.3 years)
- Cash and available facilities[(2)] of £1.2bn

Resilient operational metrics

- High occupancy with like-for-like voids[(4)] at 2.4% (31 March 2019: 2.4%)
  - Office at 1.3% (31 March 2019: 1.0%)
  - Retail at 3.9% (31 March 2019: 4.0%)
  - Specialist at 1.2% (31 March 2019: 1.5%)

- Like-for-like net rental income, before provisions related to next year's rent, down £4m or 0.7%
  - Office up £7m or 2.9%
  - Retail down £10m or 3.9%
  - Specialist down £1m or 1.2%
- Retail destinations significantly outperforming national benchmarks for footfall and sales
  - 11 months footfall down 1.2% vs benchmark down 3.7%
  - 11 months same centre sales up 0.9% (up 0.1% excluding automotive sales) vs benchmark down 3.2%

Maintaining momentum and preserving optionality in our pipeline of developments

- 0.6 million sq ft of fully committed developments in London, scalable to 2.0 million sq ft of space within 2 years:
    - On site constructing 0.6 million sq ft of fully pre-let office space at 21 Moorfields, EC2
    - On site building to grade 0.4 million sq ft of speculative office developments at Nova East, SW1; Lucent, W1 and 105 Sumner Street, SE1 with the option to progress or cease construction later in the year
    - Progressing plans to re-purpose a number of retail assets in key cities to include office and residential space.
    - Option to commence a further 0.8 million sq ft of office-led developments in London as early as this year and another 0.2 million sq ft in 2021

Decisive response to Covid-19

- £80m rent relief fund established to support occupiers, with a focus on food and beverage operators and small businesses alongside broader options of rent deferrals and monthly payments
- £500,000 of grants immediately available to existing charity partners, further supplemented by the Board of Directors waiving 20% of their base salaries or fees for an initial period of three months
- Working with customers to manage the safety and security of assets through the lockdown period and beyond
- Swiftly reduced service charge costs for occupiers

Industry leader in sustainability

- Committed to becoming a net zero carbon business by 2030, with first net zero carbon building under way at 105 Sumner Street, SE1
- Delivered a 42% reduction in carbon emissions compared with 2013/14 baseline, in line with our updated science-based target to reduce emissions by 70% by 2030
- Recognised as sector leader, ranking first in the UK and Europe among our peer group in the Global Real Estate Sustainability Benchmark (GRESB), for mixed office and retail space
- Achieved a place on the CDP climate change A-List for the third year running. Landsec is the only UK REIT to hold an A rating
- Delivered over £4.8m of social value through our community programme

Results summary

	31 March 2020	31 March 2019	Change
Revenue profit(1)(2)	£414m	£442m	Down 6.3%
Revenue profit(1)(2) before provisions related to 2020/21 rent	£437m	£442m	Down 1.1%
Valuation deficit(1)(2)	£(1,179)m	£(557)m	Down 8.8%(3)
Loss before tax	£(837)m	£(123)m	
Basic loss per share	(112.4)p	(16.1)p	
Adjusted diluted earnings per share(1)(2)	55.9p	59.7p	Down 6.4%
Dividend per share	23.2p	45.55p	Down 49.1%
Net assets per share	1,182p	1,341p	Down 11.9%
EPRA net tangible assets per share(1)	1,192p	1,348p	Down 11.6%
Group LTV ratio(1)(2)	30.7%	27.1%	

1. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRS. For further details, see the Financial review and table 17 in the Business analysis section.
2. Including our proportionate share of subsidiaries and joint ventures, as explained in the Financial review.
3. The % change for the valuation deficit represents the fall in value of the Combined Portfolio over the year, adjusted for net investment.
4. For further details, see the Business analysis section.

Chief Executive's statement

I joined Landsec on 14 April 2020 and am conscious that I have arrived at an extraordinary time. The speed and scale of the impact of Covid-19 on business and the economy are unprecedented and profound long-term consequences will play out long after the government lockdown has lifted. Some of the long-term economic and societal trends which were already disrupting the property industry are likely to accelerate, new ones are sure to emerge and major issues such as climate change will remain as significant as ever. How we choose to respond to this unique and fluid combination of challenges will define Landsec for years to come.

Landsec faces this situation from a position of strength. We have a strong balance sheet, a portfolio of properties that are amongst the highest quality for the sectors in which we operate and a team of talented, dedicated people across the business. These attributes stand us in good stead but will need to be allied to bold, ambitious thinking and a willingness to adopt new and creative approaches if we are to make the most of Landsec's undoubted potential.

Overview

Although I did not join Landsec until after the financial year had ended, looking at the results there are three distinct themes that characterise our performance:

- Operational resilience. Despite a backdrop of prolonged political uncertainty and subdued business confidence for much of the year, the Office segment performed well in terms of both occupancy levels and rental growth. And despite changing consumer habits and a challenging market environment for retailers generally, occupancy and rental income across our Retail segment also held up well.
- Structural changes in retail. Ongoing structural changes to the retail property sector, driven by the continued rise of online shopping and changing consumer behaviour, had a material negative impact on asset values. The nature of these changes, accompanied by the continued downward pressure on retail rents, means that the impact on valuations is more likely to be structural in nature than cyclical.
- Covid-19. Although the scale of the global pandemic and associated government policy response only began to become clear in the last month of our financial year, it has had a negative impact on asset valuations, necessitated higher debtor provisions and resulted in significant economic uncertainty, such that the Board concluded it was prudent to cancel the third interim dividend and is not proposing a final dividend, in common with many other listed businesses.

Outside of the themes mentioned above, the business took important action in a number of areas that leaves us well placed for the future:

- We committed to becoming a net zero carbon business by 2030. Climate change remains the defining global challenge of the next 20 years and Landsec is clear in its ambition to play a leading role in the property industry's response.
- We progressed our development programme to take advantage of anticipated supportive conditions in the London market. Importantly, this programme has been established in such a way that we retain full optionality over the scale and extent of speculative commitments for approximately the next six months, allowing us to adapt our approach to best suit post Covid-19 conditions.

— We continued to manage our financial position with prudence and flexibility in mind. As a result, we have significant balance sheet capacity that will allow us both to weather a prolonged downturn or capitalise on opportunities that arise.

Results and dividend

This year, Landsec recorded a loss before tax of £837m (2019: £123m) as underlying earnings were more than offset by a fall in the value of our assets, down 8.8% (or £1,179m). The majority of the valuation deficit is attributable to our Retail segment, which suffered a 20.5% decline over the 12 months as a result of the challenging environment and ongoing structural changes, exacerbated at the year end by the early effects of Covid-19.

Operationally, Landsec's results were resilient despite persistent uncertainties in some of our core markets. We reported revenue profit of £414m (2019: £442m), equating to adjusted diluted earnings per share of 55.9p (2019: 59.7p), with the majority of the decline (£23m) associated with provisions relating to 2020/21 rent that was invoiced in March and where recoverability is affected by Covid-19.

Our EPRA net tangible assets per share were down 11.6% at 1,192p, reflecting the loss for the year, while our loan-to-value ratio increased to 30.7% from 27.1% a year ago, largely as a result of the fall in portfolio value, but it remains at a prudent level providing plenty of balance sheet capacity.

As a result of the significant uncertainty surrounding Covid-19, the Board took the difficult decision in early April to cancel the third interim dividend. With limited change in the situation since then, the Board is also not proposing the payment of a final dividend. We recognise that this is disappointing as income is an important component of our return for shareholders and are committed to resuming dividends at an appropriate level as soon as conditions stabilise.

Covid-19 and our response

Our operational response to Covid-19 was both immediate and proactive. Our site teams continue to follow all guidelines issued by the relevant public health authorities and we are taking a stringent approach to the cleanliness and hygiene of our assets. We have worked with occupiers to allow them to access stock where safe to do so, and our frontline staff are working to keep our assets safe and secure for customers and guests.

We also acted swiftly to offer financial support to our customers and communities. In early April we established an £80m rent relief fund, targeted at our customers most in need, with a particular focus on supporting F&B customers and small and medium sized businesses. Further action will be required in the months ahead; we recognise the importance of all stakeholders working together collaboratively and are committed to playing our part.

The immediate impact of Covid-19 has been particularly significant on our Retail and Specialist segments. Only essential services like supermarkets and pharmacies remain open at our retail destinations, with four of our retail assets shut completely. Although our Office segment has seen a less pronounced immediate impact, the vast majority of our customers' employees are now working from home, with less than 10% usage of our office space. Rent collection rates in March and early April were impacted negatively across the portfolio with an average 63% collected within ten days of falling due, compared with 94% for the same period in 2019.

June rent collection rates are likely to be worse than March given that most of the negative economic impact from Covid-19 has fallen in the second quarter, notwithstanding the commendable scale and intent of the Government's economic response. The pace of subsequent recovery from hereon will vary by sector. Ongoing social distancing measures will affect certain sectors much more than others, all businesses will need time to work with their global supply chains and workforces to resume trading as normal and heightened levels of caution amongst the general public are likely to affect behaviour for many months to come. While it is too early to predict outcomes with any certainty, it seems prudent to plan for more business failures and higher vacancy rates across our portfolio, in particular leisure and retail, and we don't expect to see the economy recover to pre-Covid-19 levels before 2022 at the earliest.

Recognising that the effects of Covid-19 will be felt for some time to come, we will continue to take proactive measures to ensure that Landsec emerges from this crisis in as strong a position as possible:

- We will continue to focus on controlling operating costs, both across our business and within service charges, but are committed to doing so in a way that is sustainable and does not risk service levels in the longer term.
- We will aim to preserve balance sheet capacity and flexibility, both to ensure that we can weather a prolonged downturn but also so that we are well placed to capitalise on any opportunities that emerge over time.
- We will control capital expenditure carefully and retain optionality over our speculative development programme for as long as possible so that we can adapt our approach as the longer-term effects of Covid-19 become clearer.
- We will work proactively with our customers and partners to find solutions that derive mutual benefit at such a challenging time.

We are also mindful that Covid-19 is likely to have profound long-term effects on society and, by extension, the property sector. Understanding, anticipating and responding to these likely effects will be vital to the long-term success of Landsec and we are committed to doing so.

Leadership in sustainability

In the face of the considerable near term impact of Covid-19, it can be easy to lose sight of the very significant threat posed by climate change. Landsec has always been a sector leader in this space – we were the first real estate company in the world to commit to science-based reduction targets for CO_2 and we built on that in 2019 by committing to become net zero carbon by 2030 – and I am determined that we continue to build on this leadership position in the years ahead.

Of course, sustainability is about more than climate change and I view our commitment to the communities in which we operate as vitally important. In April, we made £500,000 of community grants available to offer immediate financial assistance to our existing charity partners, as they work to support the most disadvantaged in society at this time of crisis. £100,000 of this amount was donated to property charity LandAid to help fund their campaign to end youth homelessness. This amount was further supplemented by the Board of Directors waiving 20% of their base salaries or fees for an initial period of three months.

At our sites, we offered free parking to key workers, offered space for mobile blood banks and blood transfusion units, and Public Health England used Piccadilly Lights free of charge to display advice on health matters. Our community employment programme has now helped over 1,500 people furthest from the job market into work, including ex-offenders who have graduated from one of our three prison academies, and we know this programme will have a vital role in the months to come. We are also committed to the UN Sustainable Development Goals and the Global Compact. And we're making good progress on our commitment to generate £25m of social value by 2025.

Strategy

The arrival of a new CEO provides a good opportunity for the Board to step back and consider the long-term strategic direction of the business and we intend to do exactly this over the next few months, communicating the outcomes in the autumn.

In many ways, this is an ideal time to undertake such an exercise. There are profound structural trends already disrupting the real estate sector that present both risks and opportunities; there is the significant short-term impact of Covid-19 to be navigated and its longer-term consequences still to be determined; and there is a political backdrop which, at least before Covid-19, points to a period of improved stability after three years of sustained uncertainty although we recognise our future trading relationship with Europe is yet to be resolved.

Priorities for the year ahead

For virtually all businesses, 2020 and 2021 will be dominated by tackling the consequences of Covid-19 and it is still too early to predict what that will mean. Like all crises, the Covid-19 crisis will pass in time but its impact in the longer term, from both a societal and economic perspective, is likely to be profound. For this reason, our focus at Landsec in the year ahead will be twofold: firstly, doing everything we can to ensure Landsec emerges from Covid-19 in as strong a position as possible; and secondly, determining the long-term strategic direction for our business. We approach these challenges from a position of strength and are prepared to be bold in our thinking, determined to make the most of Landsec's undoubted potential.

Mark Allan
Chief Executive

Financial review

Overview

While the Covid-19 pandemic only manifested itself in the final month of this financial year, its impact on our financial performance has been pronounced. It has resulted in additional declines in asset values, a significant reduction in revenue profit and the Board's decision to suspend dividends.

But even before the arrival of Covid-19, conditions in parts of our market had been challenging. The political uncertainty and retailer difficulties of last year had continued into this year leading to further declines in retail values. However, once some of the political uncertainty lifted following the UK general election, occupational and investment demand for London offices increased and office values rose in the final part of our financial year. The UK lockdown in March, however, curtailed further growth and precipitated additional difficulties for our retail and leisure occupiers with asset values falling further.

The decline in the value of our assets is the main reason for the £837m loss before tax this year and an increase in our loan-to-value gearing measure to 30.7%. However, our balance sheet remains strong and our £1.2bn of cash and available facilities gives us plenty of capacity to withstand a reduction in cash flow from rents and progress our development programme.

At a time of such significant upheaval to our normal way of life, it is natural that there is a heightened degree of uncertainty. The external valuation of our portfolio at 31 March 2020 contains a material uncertainty clause from CBRE, which is in line with the RICS guidance to valuers and simply reflects the increased difficulty in determining asset values when few, if any, comparable transactions have occurred in the new trading environment. As part of the preparation of our financial statements, there has been a particular focus on our going concern assessment. Further information on our approach and the results of our assessment is included in note 1 of the financial statements.

The UK lockdown has significantly impacted the level of recent rent collections, leading to provisions for year end debtors although the rent predominantly relates to the early part of 2020/21. We expect reduced rental payments to continue into the new financial year. To assist our occupiers, we have a variety of options from monthly rents, rent deferrals and a recently established £80m rent relief fund for those most in need.

We have made a few changes to the financial information we disclose. During the year, we merged our London and Retail business units and changed our financial reporting to reflect the new structure. We have also adopted the EPRA best practice recommendations ('BPR') published in October 2019 and therefore report EPRA net tangible assets (NTA) as our primary measure of net asset value. Comparative disclosures have been adjusted to reflect this change. Further details are disclosed below.

Table 1: Highlights

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue profit[1]	**£414m**	£442m
Revenue profit[1] before provisions related to 2020/21 rent	**£437m**	£442m
Valuation deficit[1]	**£(1,179)m**	£(557)m
Loss before tax	**£(837)m**	£(123)m
Basic loss per share	**(112.4)p**	(16.1)p
Adjusted diluted earnings per share[1]	**55.9p**	59.7p
Dividend per share	**23.2p**	45.55p
	31 March 2020	31 March 2019
Combined Portfolio[1]	**£12.8bn**	£13.8bn
Net assets per share	**1,182p**	1,341p
EPRA net tangible assets per share[2]	**1,192p**	1,348p
Adjusted net debt[1]	**£3.9bn**	£3.7bn
Group LTV ratio[1]	**30.7%**	27.1%

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information below.
2. New metric presented as a result of a change in EPRA best practice recommendations. For further details see table 18 in the Business analysis section.

Revenue profit for the year to 31 March 2020 was £414m, down 6.3% from £442m primarily due to the impact of Covid-19 on the likelihood of us being able to collect a portion of our contracted rents for the first quarter of 2020/21. Adjusted diluted earnings per share were down 6.4% at 55.9p due to the reduction in revenue profit. Over the year, our assets declined in value by 8.8% or £1,179m (including our proportionate share of subsidiaries and joint ventures) compared with a £557m decline in the prior year. This decline in the value of our assets is behind our loss before tax of £837m (2019: £123m) and the reduction in our EPRA net tangible assets per share in the year, down 11.6% to 1,192p.

Presentation of financial information

Our property portfolio is a combination of properties that are wholly owned by the Group, part owned through joint arrangements and those owned by the Group but where a third party holds a non-controlling interest. Internally, management reviews 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 £12.8bn, is an example of this approach, reflecting the economic interest we have in our properties regardless of our ownership structure. We consider 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.

The same approach 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 but 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.

Measures presented on a proportionate basis are alternative performance measures as they are not defined under IFRS. Where appropriate, the measures we use are based on best practice reporting recommendations published by EPRA. In October 2019, EPRA issued new best practice recommendations for financial disclosures by listed real estate companies introducing three new measures of net asset value: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). We have adopted these guidelines in the year ended 31 March 2020 and consider EPRA NTA to be the most relevant measure for our business. EPRA NTA is now our primary measure of net asset value, replacing our previously reported EPRA net assets and EPRA net assets per share measures. Total business return is now calculated based on EPRA NTA. The prior year has been re-stated to reflect this change in metric and a comparison with the previously reported metrics has been provided on our website. For further details see tables 17 and 18 in the Business analysis section.

In previous years, our segmental reporting reflected the fact that our operations were organised into a London Portfolio and a Retail Portfolio. Earlier this financial year, we merged these two business units and have amended our reporting to reflect this. In order to maintain a detailed level of financial disclosure, our segmental reporting now reflects the predominant use class of our assets, grouped into Office, Retail and Specialist. Previously, part of our indirect costs were allocated to the London and Retail portfolios and part was unallocated. These indirect costs, which are predominantly staff costs, have now all been treated as net indirect expenses and are not allocated to individual segments. The sector breakdown within our Combined Portfolio analysis disclosure has been re-ordered to reflect the new segments but the detailed disclosure remains. The prior year has been re-stated in the new format and a reconciliation to the previous presentation has been provided on our website.

Income statement

Our income statement has two key components: the income we generate from leasing our investment properties net of associated costs (including finance expense), which we refer to as revenue profit, and items not directly related to the underlying rental business, principally valuation changes, profits or losses on the disposal of properties and finance charges related to bond repurchases, which we call Capital and other items.

We present two measures of earnings per share: the IFRS measure of basic earnings per share, which is derived from the total profit or loss for the year attributable to shareholders, and adjusted diluted earnings per share, which is based on tax-adjusted revenue profit, referred to as adjusted earnings.

Table 2: Income statement

	Table	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m
Revenue profit	3	**414**	442
Capital and other items	7	**(1,251)**	(565)
Loss before tax		**(837)**	(123)
Taxation		**5**	4
Loss attributable to shareholders		**(832)**	(119)
Basic loss per share		**(112.4)p**	(16.1)p
Adjusted diluted earnings per share		**55.9p**	59.7p

Our loss before tax was £837m, compared with £123m in the prior year, due to a greater fall in the value of our assets this year (down £1,179m compared with £557m last year) as well as a £28m reduction in revenue profit. The increased loss this year resulted in a loss per share of 112.4p, compared with loss per share of 16.1p in the previous year. Adjusted diluted earnings per share decreased by 6.4%, from 59.7p to 55.9p this year, as a result of the decrease in revenue profit from £442m to £414m. There is no difference between our adjusted diluted earnings per share and the EPRA measure.

The reasons behind the movements in revenue profit and Capital and other items are discussed in more detail below.

Revenue profit

Revenue profit is our measure of underlying pre-tax profit, presented on a proportionate basis. A full definition of revenue profit is given in the Glossary. The main components of revenue profit, including the contributions from the Office, Retail and Specialist assets, are presented in the table below.

Table 3: Revenue profit

					Year ended 31 March 2020				Year ended 31 March 2019	
	Table	**Office £m**	**Retail £m**	**Specialist £m**	**Total £m**	Office £m	Retail £m	Specialist £m	Total £m	**Change £m**
Gross rental income[1]		**265**	**300**	**98**	**663**	262	309	99	670	**(7)**
Net service charge income/(expense)		**1**	**(3)**	**(2)**	**(4)**	1	(2)	(2)	(3)	**(1)**
Net direct property expenditure		**(5)**	**(35)**	**(13)**	**(53)**	(5)	(31)	(13)	(49)	**(4)**
Provisions related to 2020/21 rent		**-**	**(19)**	**(4)**	**(23)**	-	-	-	-	**(23)**
Segment net rental income	4	**261**	**243**	**79**	**583**	258	276	84	618	**(35)**
Net indirect expenses					**(74)**				(78)	**4**
Revenue profit before interest					**509**				540	**(31)**
Net finance expense	5				**(95)**				(98)	**3**
Revenue profit					**414**				442	**(28)**

1. Includes finance lease interest, after rents payable.

Revenue profit decreased by £28m to £414m for the year ended 31 March 2020 (2019: £442m). This was the result of a £35m decrease in net rental income for the year which was partly offset by a £4m reduction in net indirect expenses and a £3m reduction in net finance expense. The decrease in net rental income was primarily driven by provisions against trade debtors at 31 March 2020 reflecting the impact of Covid-19 on cash collections. There was also a £7m decrease in gross rental income in the year, primarily in the Retail segment. The £4m increase in net direct property expenditure largely relates to higher void related costs and advisory fees. The movements are explained in more detail below.

Net rental income

Table 4: Net rental income[1]

	£m
Net rental income for the year ended 31 March 2019	**618**
Net rental income movement in the year:	
Like-for-like investment properties – provisions related to 2020/21 rent	**(23)**
Like-for-like investment properties	**(4)**
Proposed developments	**(2)**
Development programme	**(2)**
Completed developments	**-**
Acquisitions since 1 April 2018	**(1)**
Disposals since 1 April 2018	**(2)**
Non-property related income	**(1)**
	(35)
Net rental income for the year ended 31 March 2020	**583**

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

Net rental income decreased by £35m in the year ended 31 March 2020 with reductions in rental income across the portfolio. We recognised £23m of provisions in relation to next year's rent which is explained in more detail below. The remaining £4m decline in like-for-like net rental income reflects reductions in income across our retail assets of £10m, primarily as a result of CVAs and administrations leading to lower rents or voids. In our Specialist assets (£1m lower than last year), we saw similar rental pressure in leisure although this was largely offset by improved revenue from Piccadilly Lights. Also, there was a £1m reduction in the income from our hotels in the final weeks of the year as a result of lower occupancy caused by Covid-19. The declines in Retail and Specialist net rental income were partly offset by a £7m increase in net rental income from our offices as a result of lettings and rent reviews in the current and prior years. There was a £1m decline in net rental income as a result of the acquisition of a development opportunity at Lavington Street, SE1 in the prior year and a £2m reduction in net rental income following the sale of Poole Retail Park. The £2m reduction in net rental income from assets in the development programme reflects the reduction in income and higher costs at these assets. In proposed developments, there was also a £2m reduction in net rental income at Portland House, SW1, as we work towards vacant possession ahead of development. Looking ahead, Portland House was almost entirely vacated at the end of March 2020 so £11m of rental income we recognised this year will no longer be received next year.

Further information on the net rental income performance of the portfolio is given in the Portfolio review.

Net indirect expenses

Net indirect expenses represent the indirect costs of the Group including joint ventures. In total, net indirect expenses were £74m (2019: £78m). The £4m decrease is primarily the result of lower staff costs.

Net finance expense (included in revenue profit)

Table 5: Net finance expense[1]

	£m
Net finance expense for the year ended 31 March 2019	**98**
Impact of:	
Capitalised interest	**(3)**
Net finance expense for the year ended 31 March 2020	**95**

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

Our net finance expense has decreased by £3m to £95m due to an increase in interest capitalised on our developments in the year.

Recent rent collection and related provisions

In general, rent is payable in advance, often on a quarterly basis. In recent years, we have agreed with a number of occupiers for rents to be paid on a monthly basis to assist with cash flow management. £121m of rent was due on the 25 March quarter day and a further £20m of rent was due on 1 April. The table below shows the amount and percentage of this rent collected within 10 days of the due date. All of the amounts due relate to rent for the year ended March 2021 with the exception of a small element of the 25 March rents, which relate to the last few days of March 2020.

Table 6: Rent collections

	Amounts due on 25 March £m	Amounts due on 1 April £m	Total £m	Day 10 amounts received Mar 20 £m	Day 10 amounts received Mar 20 %	Day 10 amounts received Mar 19 %
Office	71	1	**72**	**64**	**89**	98
Retail	37	19	**56**	**21**	**38**	90
Specialist	13	-	**13**	**4**	**31**	86
Total	**121**	**20**	**141**	**89**	**63**	94

As a result of the unusually low level of rent receipts, particularly from Retail and Specialist occupiers, we have assessed these debtors for recoverability and provided £24m. Of this, £23m relates to rent for the next financial year (and there is a corresponding deferred income creditor on the balance sheet) but, under accounting rules, we are required to take the full charge of any debtor provision this year. The element of this charge which relates to next year but is included as part of this year's revenue profit has been referred to as 'Provisions related to 2020/21 rent'.

Capital and other items

Table 7: Capital and other items(1)

	Table	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m
Valuation and profits on disposals			
Valuation deficit	8	**(1,179)**	(557)
Loss on disposal of investment properties		**(6)**	(2)
Profit on disposal of trading properties		**7**	-
Net finance expense	9	**(68)**	(4)
Other items			
Fair value movement prior to acquisition of non-owned element of a joint venture		**-**	9
Profit from long-term development contracts		**3**	3
Other		**(3)**	-
Exceptional items		**(5)**	(14)
Capital and other items		**(1,251)**	(565)

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

An explanation of the main Capital and other items is given below.

Valuation of investment properties

Our Combined Portfolio declined in value by 8.8% or £1,179m compared with a decrease last year of £557m. A breakdown of valuation movements by category is shown in table 8.

Table 8: Valuation analysis

	Market value 31 March 2020 £m	Valuation movement %	Rental value change(1) %	Net initial yield %	Equivalent yield %	Movement in equivalent yield bps
Office	6,009	1.9	4.6	4.3	4.6	6
London retail	1,307	-15.8	-5.6	4.6	4.6	37
Regional retail	1,494	-27.5	-9.8	6.4	6.2	103
Outlets	871	-10.3	2.3	5.6	5.9	56
Retail parks	444	-25.5	-7.7	7.5	7.4	111
Leisure and hotels	1,153	-10.9	-1.9	4.3	5.8	31
Other	398	1.7	-	3.3	4.4	18
Total like-for-like portfolio	**11,676**	**-8.8**	**-1.0**	**4.8**	**5.1**	**27**
Proposed developments	218	-14.7	n/a	-	n/a	n/a
Development programme	558	3.5	n/a	-	4.3	n/a
Completed developments	169	-28.1	-11.4	6.1	6.0	113
Acquisitions	160	-9.3	n/a	2.2	4.8	n/a
Total Combined Portfolio	**12,781**	**-8.8**	**-1.2**	**4.5**	**5.1**	**25**

1. Rental value change excludes units materially altered during the year.

It has been another challenging year for retailers and casual dining operators, exacerbated at the year end by the UK lockdown. The 8.8% decline in the value of our Combined Portfolio is entirely due to a fall in the value of our retail and leisure assets with around a third of the decline attributable to the impact of Covid-19. Within the like-for-like portfolio, regional retail saw the largest reduction at 27.5% with similar results at all our centres as rental values declined by 9.8% and yields moved out 103bps. Retail parks fell in value by 25.5% as rental values declined by 7.7% and yields expanded by 111bps. Our Leisure assets declined in value by 14.0% with rental values 2.9% lower and yields moving out by 59bps, while hotels were down by 5.9% largely due to the impact of Covid-19. Our Office assets proved resilient, increasing in value by 1.9% as rental values rose by 4.6% and yields expanded slightly. The value of our other assets increased by 1.7%, primarily due to higher income expectations from Piccadilly Lights.

Outside the like-for-like portfolio, values in the development programme were up 3.5% over the year as construction risk reduced at 21 Moorfields, EC2. The 14.7% decline in the value of our proposed developments reflects the residual value of Portland House, SW1 where income has now ceased and costs of the latest redevelopment plans have increased. Our only completed development, Westgate Oxford, reduced in value by 28.1%, in line with other regional retail assets. Our acquisitions fell in value by 9.3% with Lavington Street, SE1 down 8.3% reflecting capital expenditure incurred as we work towards submitting a planning application as well as higher expected construction costs.

Profit/(loss) on disposals

Profit on disposals in the year relates to the sale of investment properties and trading properties. We made a total net profit on disposals of £1m (2019: net loss of £2m). The loss on disposal of investment properties of £6m primarily relates to the sale of Poole Retail Park. The profit on disposal of trading properties of £7m primarily relates to the sale of our freehold land holding at Ebbsfleet and residential units at Nova.

Net finance expense (included in Capital and other items)

In the year ended 31 March 2020, we incurred £68m of net finance expense which is excluded from revenue profit.

Table 9: Net finance expense(1)

	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m
Premium and fees on redemption of medium term notes (MTNs)	**59**	2
Fair value movement on interest-rate swaps	**9**	6
Other net finance income	**-**	(4)
Total	**68**	4

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

The increase over the prior year in this element of our net finance expense is due to higher costs associated with the redemption of medium term notes, and losses on our interest-rate swaps as a result of fluctuations in market interest rates in the year.

Fair value movement prior to acquisition of non-owned element of a joint venture

The £9m fair value movement in the prior year relates to a previously unrealised profit being recognised upon our acquisition of the remaining 50% interest in The Oriana Limited Partnership.

Profit from long-term development contracts

The profit from long-term development contracts in the year of £3m (2019: £3m) is from the development at Selly Oak, Birmingham which was pre-sold during the course of construction.

Exceptional items

In the year ended 31 March 2020, we have incurred £5m (2019: £14m) of impairment charges which have been classified as exceptional.

As a result of a decline in the value of Bluewater, Kent, an impairment test of the intangible asset related to the management rights for the centre was carried out. This resulted in impairment charges of £4m in the year (2019: £12m) against the intangible asset we hold in the balance sheet and £1m (2019: £2m) against the related goodwill.

Taxation

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 a tax credit of £5m (2019: £4m) being a current tax credit of £4m (2019: £nil) and a deferred tax credit of £1m (2019: £4m). The current tax credit relates to land remediation relief received and payment for losses surrendered to a joint venture company.

The Group has met the REIT requirements, including the payment by 31 March 2020 of the required Property Income Distribution (PID) for the year ended 31 March 2019. The forecast minimum PID for the year ended 31 March 2020 is £282m, which must be paid by 31 March 2021. The Group has already made PID dividends relating to 31 March 2020 of £204m, leaving £78m to be paid.

Table 10: Property Income Distributions (PID)

	PID 31 March 2020 £m	PID 31 March 2019 £m	PID Pre 31March 2019 £m	Ordinary dividend £m	Total dividend £m
Dividends paid in year ended 31 March 2019	**-**	202	147	-	349
Dividends paid in year ended 31 March 2020	**204**	138	-	-	342
Minimum PID to be paid by 31 March 2021	**78**	-	n/a	n/a	n/a
Total PID required	**282**	340			

If the minimum PID is not paid within 12 months of the end of an accounting period, tax is payable on the underpaid amount at the current corporation tax rate. Therefore, the potential tax charge if no PID is made before 31 March 2021 is £15m. It is our preference not to pay such a charge but to pay the dividends instead, which would mean a distribution by 31 March 2021 of a minimum of £78m, or 10.5p per share.

Within the REIT regulations, there are additional requirements which the Group must satisfy including interest cover and balance of business tests, either to avoid a tax charge or the loss of REIT status. While the Group is confident it will continue to satisfy the requirements for REIT status, our discussions with HMRC indicate that they are likely to make allowance for any Covid-19 related breach of these requirements by REITs.

Our latest tax strategy can be found on our corporate website. In the year, the total taxes we incurred and collected were £171m (2019: £158m), of which £47m (2019: £36m) 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.

Balance sheet

Table 11: Balance sheet

	31 March 2020 £m	31 March 2019 £m
Combined Portfolio	**12,781**	13,750
Adjusted net debt	**(3,926)**	(3,737)
Other net liabilities	**(21)**	(24)
EPRA net tangible assets	**8,834**	9,989
Excess of fair value over net investment in finance leases book value	**(90)**	(80)
Other intangible assets	**7**	11
Fair value of interest-rate swaps	**(1)**	-
Net assets	**8,750**	9,920
Net assets per share	**1,182p**	1,341p
EPRA net tangible assets per share[(1)(2)]	**1,192p**	1,348p

1. EPRA net tangible assets per share is a diluted measure.
2. New metric presented as a result of the change in EPRA best practice recommendations. For further details see table 18 in the Business analysis section.

Our net assets principally comprise the Combined Portfolio less net debt. Both IFRS net assets and EPRA net tangible assets declined over the year ended 31 March 2020 primarily due to the reduction in the value of our investment properties.

At 31 March 2020, our net assets per share were 1,182p, a decrease of 159p or 11.9% from 31 March 2019. EPRA net tangible assets per share were 1,192p, a decrease of 156p or 11.6%.

Table 12 summarises the key components of the £1,155m decrease in our EPRA net tangible assets in the year.

Table 12: Movement in EPRA net tangible assets[1]

	£m	Diluted per share pence
EPRA net tangible assets at 31 March 2019[2]	**9,989**	**1,348**
Revenue profit	**414**	**56**
Valuation deficit	**(1,179)**	**(159)**
Dividends	**(342)**	**(46)**
Redemption of MTNs	**(59)**	**(8)**
Other	**11**	**1**
EPRA net tangible assets at 31 March 2020	**8,834**	**1,192**

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.
2. New metric presented as a result of the change in EPRA best practice recommendations. For further details see table 18 in the Business analysis section.

Net debt and gearing

Table 13: Net debt and gearing

	31 March 2020	31 March 2019
Net debt	**£3,942m**	£3,747m
Adjusted net debt[1]	**£3,926m**	£3,737m
Group LTV[1]	**30.7%**	27.1%
Security Group LTV	**32.5%**	28.6%
Weighted average cost of debt[1]	**1.8%**	2.7%

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

Over the year, our net debt increased by £195m to £3,942m. The main elements behind this increase are set out in our statement of cash flows and note 14 to the financial statements.

Adjusted net debt was up £189m to £3,926m. For a reconciliation of net debt to adjusted net debt, see note 13 to the financial statements.

Table 14 sets out the main movements behind the increase in our adjusted net debt.

Table 14: Movement in adjusted net debt[1]

	£m
Adjusted net debt at 31 March 2019	**3,737**
Net cash generated from operations	**(452)**
Dividends paid	**342**
Development/other capital expenditure	**217**
Settlement of redemption liability	**36**
Acquisitions	**16**
Disposals	**(65)**
Premium on redemption of MTNs	**59**
Head lease obligations	**31**
Other	**5**
Adjusted net debt at 31 March 2020	**3,926**

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

Net cash generated from operations was £452m, partly offset by dividend payments of £342m. Capital expenditure was £217m (£215m on investment properties and £2m on trading properties), largely spent on our development programme. We settled the redemption liability in the X-Leisure unit trust for £36m by buying the remaining units we didn't own. The cost of investment properties acquired in the year was £16m. Net cash flows from disposals totalled £45m from the sale of investment properties and £20m from the sale of trading properties. The premium paid on the redemption of some of our medium term notes was £59m and a £31m increase in head lease obligations was reflected on the balance sheet in the year.

The most widely used gearing measure in our industry is loan-to-value (LTV). We focus most on Group LTV, presented on a proportionate basis, which increased from 27.1% at 31 March 2019 to 30.7% at 31 March 2020, largely due to the decline in the value of our assets. Our Security Group LTV increased from 28.6% to 32.5% for the same reason.

Financing

At 31 March 2020, our committed revolving facilities totalled £2,715m (2019: £2,715m). The pricing of our facilities which fall due in more than one year range from LIBOR +65 basis points to LIBOR +75 basis points. Borrowings under our commercial paper programme typically have a maturity of less than three months, currently carry a weighted average interest rate of LIBOR +19 basis points and are unsecured.

The total amount drawn under the bank debt was £1,944m (2019: £225m) with £977m of commercial paper in issue (2019: £934m). During March 2020, the sterling bond and commercial paper markets effectively closed to new issuance as the Covid-19 crisis worsened. To ensure that we had no liquidity issues in the first half of 2020/21 as our issued commercial paper becomes due for repayment, we drew down sufficient funds from our bank facilities to cover those redemptions and provide an additional liquidity buffer. As a result, at 31 March 2020, the Group held cash balances of £1,345m (31 March 2019: £14m). At 31 March 2020, we had £1.2bn of cash and available facilities, net of our outstanding commercial paper.

By drawing additional amounts on our shorter-term bank facilities, the weighted average maturity of our debt has declined to 9.6 years (2019: 12.3 years) at a weighted average cost of 1.8% (2019: 2.7%). The weighted average cost of net debt, which recognises the minimal interest income on cash deposits, was 2.4%.

During the year, the Group conducted tender exercises which resulted in us buying back £196m (nominal value) of medium term notes for a total premium of £59m. Further details are set out in table 15 and note 14 to the financial statements.

Table 15: Redemption of medium term notes

					Medium term note series		
	A4	A5	A6	A7	A10	A11	Total
	£m	£m	£m	£m	£m	£m	£m
Nominal value purchased	8	91	12	75	4	6	196
Premium paid	1	20	3	31	1	3	59

Changes in accounting policy

The Group adopted IFRS 16 Leases on 1 April 2019. As a result of adopting this standard, the Group now reports separately service charge income for leases where a single payment is received to cover both rent and service charge. The total payment received was previously included within rental income, but the service charge component has now been separated and reported as service charge income in the notes to the financial statements. Comparatives have been restated accordingly. In the year ended 31 March 2019, £6m was separated from rental income and reported as service charge income. There has been no net impact on profit attributable to shareholders or on the Group's balance sheet. The Group's revised accounting policies and the impact of the change in accounting policy on the consolidated financial statements is detailed in notes 2 and 17 of the financial statements.

Dividend

A third interim dividend of 11.6p per ordinary share was declared on 5 February 2020. As announced on 2 April 2020, in light of extreme market uncertainty due to Covid-19, the Board took the decision to cancel the third interim dividend that was due to be paid on 9 April 2020 and has decided not to propose a final dividend. The Board will keep this situation under regular review and intends to reinstate the payment of dividends as soon as it considers it appropriate to do so. Based on our two quarterly dividends of 11.6p per share already paid, our full year dividend will be down 49.1% at 23.2p per share (2019: 45.55p) or £172m (2019: £338m).

At 31 March 2020, the Company had distributable reserves of £3.0bn. We do not anticipate that the level of distributable reserves will limit distributions for the foreseeable future.

Martin Greenslade
Chief Financial Officer

Portfolio review

This review covers the entire financial year, including the impact of Covid-19 and our responses to it.

Highlights

- Valuation deficit of 8.8%[1]
- £39m of investment lettings
- 1.0 million sq ft of developments now on site

Actions and outcomes

Focus for 2019/20	Progress in 2019/20	Focus for 2020/21
— Maintaining like-for-like net rental income	— Like-for-like net rental income declined £4m (0.7%) before the effect of bad debt provisions relating to next year's rent	— Balance protecting like-for-like net rental income with the need to support customers facing cash flow difficulties in the wake of Covid-19
— Providing property as a service, harnessing data and technology, to improve customer experiences	— Capital allocation, asset management and leasing decisions are underpinned by improved data, research and technology including in our Retail segment where we analyse and blend multiple data sources to provide insight into the attractiveness of brands to our catchment — In our Office segment we are engaging directly with our occupiers' people to better understand their needs so that we can optimise our environment and ancillary retail and leisure offers	— Continue to reduce occupancy costs without compromising rental income by delivering further savings in service charge — Get 24.0 million sq ft of real estate re-occupied and operating — Work with our customers and partners to develop mutually beneficial solutions to the challenges of operating in the wake of Covid-19 — Work with our construction partner at 21 Moorfields, EC2 to ensure progress is as fast as possible while maintaining best practice health and safety on site
— Researching and trialling ways to build better, faster and for less	— Modern methods of construction (MMC) implemented at 105 Sumner Street, SE1 in kit-of-parts approach and automated processes — Design process embedded in development process at 25 Lavington Street, SE1 and Red Lion Court, SE1 — Hollow piling trial and Friendly Concrete used at Nova East, SW1	— Maintain our optionality over speculative developments by progressing build-to-grade works and design; tracking market indicators to take decisions about when and how to exercise our option to progress — Obtain planning permission for our speculative office schemes in Southwark at 25

Focus for 2019/20	Progress in 2019/20
— Expanding customer offerings of Myo, Fitted and Landsec Lounges	— Myo and Fitted fully let at 123 Victoria Street, SW1 and being rolled out in earliest available space at Dashwood House, EC2 — Landsec Lounge in place or under construction at four of our London properties
— Progress on time and on budget at 21 Moorfields, EC2, Lucent, W1, Nova East, SW1 and 105 Sumner Street, SE1	— Prior to the impact of Covid-19 in March 2020, 21 Moorfields was on budget, with a three-month delay in expected completion to March 2022 due to tenant modifications. Subsequently we have seen a further delay of up to two months with the eventual impact dictated by productivity which is currently around 50% but improving — Pre-Covid-19, Lucent, Nova East and 105 Sumner Street were on-site progressing build-to-grade on time and on plan. We are now introducing greater flexibility by deferring contractual commitment to the more capital intensive elements of each of these schemes
— Progress plans for the future development pipeline of 2.6 million sq ft in the existing portfolio and seek to grow the pipeline through acquisitions and partnerships	— Planning and vacant possession achieved on Portland House, SW1 — Planning submitted for 25 Lavington Street, SE1 — Continuing to progress design at Red Lion Court, SE1 and master planning for residential development of four inner London retail destinations
— Delivery of key strategic MSUs at our major shopping centres	— Polo Ralph Lauren at Braintree Village opened November 2019 — Construction underway for Zara at Bluewater, Kent and contractor selected for their letting at St David's, Cardiff

Focus for 2020/21
Lavington Street, SE1 and Red Lion Court, SE1 — Progress our master planning and design of residential-led re-purposing at our four suburban London shopping centres, widening the scope of the programme to include our regional retail portfolio — Generate £4m of social value across our community programmes, in support of our £25m corporate target by 2025 — Improve energy management in support of 2030 energy management corporate commitments — Deliver a review of the long-term strategic direction for our business, wide in our scope and bold in our thinking, taking into account the structural trends disrupting our sector, the short-term challenges of Covid-19 and its longer-term consequences

Focus for 2019/20	Progress in 2019/20
— Generating £4m of social value across our community programmes, in support of £25m corporate target by 2025	— Over £4.8m of social value generated across our community programmes
— Improving energy management in support of 2030 energy management corporate commitments	— 21 energy management initiatives approved, which will result in a 3.2% reduction in energy consumption across the portfolio against a 2013/14 baseline

Focus for 2020/21

1. On a proportionate basis.

At a glance

- Valuation deficit of 8.8%[1]
- Ungeared total property return of -4.5%
- The portfolio underperformed the MSCI Quarterly Universe (All Property) at -0.4%
- £39m of investment lettings
- Like-for-like voids: 2.4% (31 March 2019: 2.4%)

Office

- Valuation surplus of 1.1%[1]
- Ungeared total property return of 4.5%
- The portfolio outperformed the MSCI Quarterly benchmark (Central and Inner London Office) at 3.5%
- £11m of investment lettings
- Like-for-like voids: 1.3% (31 March 2019: 1.0%)

Retail

- Valuation deficit of 20.5%[1]
- Ungeared total property return of -17.3%
- The portfolio underperformed the MSCI Quarterly benchmark (All Retail) at -9.8%
- £24m of investment lettings
- Like-for-like voids: 3.9% (31 March 2019: 4.0%) and units in administration: 1.9% (31 March 2019: 0.9%)
- Footfall in our regional retail and outlets was down 1.2% but was ahead of the ShopperTrak UK national benchmark (down 3.7%)[2]
- Same centre sales, taking into account new lettings and occupier changes, were up 0.9% (up 0.1% excluding automotive sales) (BRC national benchmark for physical stores down 3.2%; including online, down 1.1%)[2]

Specialist

- Valuation deficit of 8.0%[1]
- Ungeared total property return of -3.9%
- £4m of investment lettings
- Like-for-like voids: 1.2% (31 March 2019: 1.5%) and units in administration: 0.1% (31 March 2019: 0.2%)

Overview

The London office market had continued to see strong demand for high-quality space despite political uncertainty in the lead up to the general election. A preference for new rather than second-hand space led to limited availability of new HQ stock. This lack of available supply of high-spec offices, with good transport connections and sustainability credentials, led to an increase in rental values.

The impact of Covid-19 will disrupt the market and, at this stage, the extent of any changes to short- or longer-term trends on the use of office space is uncertain. We anticipate that there is likely to be a greater emphasis on health, air quality and the flexibility of both layouts and working practices. We expect that this will only reinforce a 'flight to quality' and our portfolio is well positioned to meet these demands from occupiers. All of our office customers have been impacted by Covid-19 but the strength of our occupier base gives us confidence in the resilience of the portfolio.

1. On a proportionate basis.
2. Year-on-year for the 48 week period to 1 March 2020, reflecting the period before the impact of Covid-19.

In the very near-term, Covid-19 will slow down progress at a number of our development sites. We are keen to progress our schemes as much as we can while minimising further commitments to capital expenditure in the short term but retain the option to pause all but 21 Moorfields, EC2, which is pre-let in its entirety. We remain optimistic about the long-term prospects of London and believe the fundamentals that make the capital the favoured home for business are unchanged.

Even before we saw the impact of Covid-19, it was clear that the retail market was having another tough year as it wrestled with structural challenges, and property values fell further as a result. Although occupancy levels and rental income at our retail assets were relatively resilient, we were affected by the pressures faced by retailers that, in some cases, saw them enter CVA or administration. All our retail assets fell in value but, in particular, regional centres and retail parks saw significant valuation declines as yields moved out.

The effect of Covid-19 on the already struggling retail sector will be significant. Following government action to address the Covid-19 outbreak, most of our shopping centres, outlets and leisure assets have closed save for essential shops. Apart from the major supermarkets and some pure online players, few retailers will emerge from Covid-19 in better financial condition than before the virus arrived. Our immediate focus has been to support our customers by reducing costs, agreeing rent relief for those in most need and working to enable them to reopen as soon as conditions allow and restrictions are lifted. We also continue to progress the re-purposing of excess space at our assets, notably the residential and office opportunities offered in key cities by our retail destinations.

The like-for-like portfolio

Office

We have a high quality office portfolio in one of the greatest cities in the world. Strong demand for quality means our best-in-class office space is virtually full. As a result, we achieved 17 new lettings in the year, totalling £11m, and completed ten rent reviews totalling £23m, 7% ahead of previous rent.

Our focus in the like-for-like portfolio remains on how we improve our assets to secure rental uplifts and lease extensions. Enhancing customer service and meeting future customer needs sit at the heart of our response and, as part of this, we are investing in amenities and introducing Landsec Lounges at a number of our assets.

The high occupancy across our three office products, HQ, Fitted and Myo, reflects the continued demand for space that offers quality, convenience and flexibility. HQ customers will continue to dominate our portfolio in the short term, giving us secure, stable income. Fitted launched in 2019 on two floors at 123 Victoria Street, SW1 and both are now let at a healthy premium to market rents. Our launch of Myo exceeded expectations; the space is now fully let and includes supporting existing HQ customers with their shorter-term needs, as well as customers who are new to us. We will roll out our flexible products within the development programme and our existing portfolio as expiries allow, including at Dashwood House in 2021.

Covid-19 is impacting our office customers with over 90% of their employees now working from home. The vast majority of our customers continue to pay their rent and 89% of the rent due on 25 March 2020 and 1 April 2020 was collected within ten days compared with 98% for the same period last year. Open, collaborative conversations with our customers are key to how we manage our business, and these have been vital in recent weeks as we strive to balance protecting income with supporting customers facing cash flow issues. Under 10% of our occupier base is in sectors which we have identified as at particular risk from the impact of Covid-19 including commodities, serviced offices, construction, fashion and travel. This gives us confidence in the strength of our office occupier base and the resilience of the portfolio.

It's too early to predict the long-term impact of Covid-19 on the office market. However, the way businesses and people use workspaces will change. We anticipate a greater emphasis from customers on the need for healthy buildings with excellent air quality and higher lifting capacity. We expect our customers to operate with lower occupation densities and with more flexible working. They may require layout changes and that requires flexible buildings. We know that occupiers and their insurers demand standards of quality, safety and security of infrastructure that cannot be replicated in the home.

Our offices can respond to change. We developed the majority of our office portfolio and did so with adaptability in mind, describing them as stage sets: changeable to meet our occupiers' needs. With our strength of occupier base and high quality adaptable space, we believe the portfolio is well-placed to meet the unprecedented challenges presented by Covid-19.

Retail

Prior to the impact of Covid-19, the retail market continued to face structural changes. Changing consumer shopping habits and rising costs for retailers put pressure on rents across the sector, and negotiations with customers have been challenging. This was reflected in asset pricing, with rental values and market yield movements leading to significant declines in valuations, particularly in regional retail and retail parks.

We have been proactive in our response to the structural challenges the retail market is facing. We have been busy working to reduce service charge costs to ease pressure on retailers in the short term. And, where there is surplus space in our portfolio, we continue to progress our plans to re-purpose retail units, actively working to introduce office and residential, particularly in our key cities.

For the 48 weeks to 1 March 2020, same-centre sales at our regional destinations and outlets were up 0.9% (up 0.1% excluding automotive sales), ahead of the BRC benchmark, which was down 3.2%. Footfall was down 1.2%, but well ahead of the ShopperTrak UK national benchmark, down 3.7%.

The quality of our portfolio provided some protection against the overall impact of CVAs. Like-for-like net rental income was only down by 3.9% compared with last year, before provisions related to next year's rent. Where we were impacted by CVAs, our assets remained popular with occupiers and customers. We saw 94 units across 31 customers go into CVA or administration in the year – some of those entering administration having previously been in CVA – but of these only 29% of the stores closed as a result. Over the last three years, we have had reasonable success with stores that have closed, having now replaced over a third of the income lost from customers entering CVA or administration.

Outlets continued to be our best performer in the Retail segment, and we had a good year of letting activity, adding 33 new brands across the five outlets. Consumer research and sales data enabled us to target brands that will strengthen our line-up. At Gunwharf Quays, Portsmouth, we added retailers including Loake, Dune, Belstaff and Penhaligons, with Pho, Hubbox and The Alchemist enhancing the food and beverage offer. At Braintree Village, last year's opening of Polo Ralph Lauren continued to help the centre's performance. The brand also attracted other premium retailers to the centre including Lindt, Kate Spade and Lyle & Scott.

In regional retail, we continued to improve both tenant mix and experience. Customer data and insight informs our decisions, enabling us to find the right occupiers for customer demand, and the right unit for each occupier. At Bluewater, Kent, following Primark opening in March 2019, footfall was up 3.7% and sales at the centre were up 4.9% (excluding automotive sales) for the 48 weeks to 1 March 2020. Zara signed at St David's, Cardiff and are upsizing significantly at Bluewater. H&M also took a bigger store at Trinity Leeds. We've also introduced new types of retailer to our centres, adding cycling concept store Peloton at Bluewater and Westgate Oxford.

In London retail, the market showed similar trends to the rest of the UK, with restaurants and mid-market fashion struggling. However, we continued to see demand for space. Following the administration of Jamie's Italian, we re-let the majority of the vacated space to the Ivy. And at One New Change, a new flagship for Ivy Asia opened in the former Barbecoa unit. London retail continues to evolve and trends are accelerating. In the future, we anticipate a greater demand for service and experience-led occupiers in increasingly mixed use destinations.

Retail parks now make up 3.5% of our portfolio and we will continue to monitor our exposure to this sector. During the year we made one disposal, selling Poole Retail Park for £45m at a net initial yield to the purchaser of 8.0%.

Our Retail segment has seen a significant impact from Covid-19. The majority of our destinations are closed save for essential shops, and many of our customers are struggling. Only 38% of the rent due on 25 March 2020 and 1 April 2020 was collected within ten days compared with 90% for the same period last year. We have set up an £80m support fund to provide rent relief to those customers who are most in need of help, with a particular focus on supporting F&B customers and small and medium sized businesses. We are also working to reduce service charge costs further, while helping our customers to prepare to re-open as swiftly as possible when conditions allow.

Specialist

Prior to Covid-19, our leisure and hotel assets performed well and occupancy levels remained high. Cinemas continued to be popular, especially for blockbuster movies, and UK admissions were up 8.0% for the 11 months to the end of February compared with the same period last year. Mid-market restaurant chains continued to find the conditions challenging and we expect this trend to continue.

Our hotels provided good income, though performance across the year was variable, often affected by local or seasonal factors such as sporting or cultural events. The underlying site value of our hotels remained well ahead of book value, offering opportunities for future development.

Piccadilly Lights, W1 also performed well. We have two to three-year leases with our long-term partners Coca-Cola, Samsung and Hyundai and income from the shorter-let space continued to grow, exceeding our income expectations for the eleven months to February 2020.

Our Specialist segment has been hit hard by Covid-19. Our leisure operators along with food and beverage occupiers are currently unable to trade following government intervention and face financial difficulties as a result. Only 31% of the rent due on 25 March 2020 and 1 April 2020 was collected within ten days compared with 86% for the same period last year. Our £80m rent relief fund is designed to support these customers in particular. Many of our hotels, the majority of which are let on turnover only deals, are now closed and it remains unclear when they will reopen for business. Demand for Piccadilly Lights diminished in the early weeks of the pandemic, although we have been able to offer this space to Public Health England for essential public health messaging and remain in dialogue with customers regarding bookings on the Lights for later in the year.

Net rental income

Table 16: Net rental income[1]

	Office			Retail			Specialist			Combined Portfolio		
	31 March 2020 £m	31 March 2019 £m	Change £m	**31 March 2020 £m**	31 March 2019 £m	Change £m	**31 March 2020 £m**	31 March 2019 £m	Change £m	**31 March 2020 £m**	31 March 2019 £m	Change £m
Like-for-like investment properties	**250**	243	7	**246**	256	(10)	**83**	84	(1)	**579**	583	**(4)**
Like-for-like investment properties – provisions related to 2020/21 rent	**-**	-	-	**(19)**	-	(19)	**(4)**	-	(4)	**(23)**	-	**(23)**
Proposed developments	**10**	12	(2)	**-**	-	-	**-**	-	-	**10**	12	**(2)**
Development programme	**(1)**	-	(1)	**-**	1	(1)	**-**	-	-	**(1)**	1	**(2)**
Completed developments	**-**	-	-	**9**	9	-	**-**	-	-	**9**	9	**-**
Acquisitions since 1 April 2018	**(1)**	-	(1)	**-**	-	-	**-**	-	-	**(1)**	-	**(1)**
Sales since 1 April 2018	**-**	-	-	**2**	4	(2)	**-**	-	-	**2**	4	**(2)**
Non-property related income	**3**	3	-	**5**	6	(1)	**-**	-	-	**8**	9	**(1)**
Net rental income	**261**	258	3	**243**	276	(33)	**79**	84	(5)	**583**	618	**(35)**

1. On a proportionate basis.

Net rental income from the Combined Portfolio declined by £35m in the year ended 31 March 2020 primarily due to a £23m provision against rental income invoiced prior to 31 March but which relates to the next financial year. This was in addition to a £4m decline in net rental income from our like-for-like portfolio which was the result of difficult trading conditions in our Retail segment as well as small reductions in income at our proposed developments and from properties acquired and sold since 1 April 2018.

Net rental income from our Office assets increased by £3m to £261m. Net rental income from our like-for-like properties increased by £7m due to rent reviews and new lettings. We lost £2m at our proposed development at Portland House, SW1 as we worked towards vacant possession and £1m from acquisitions where we incurred costs to maintain flexibility at 25 Lavington Street, SE1, acquired as a development site in the prior year.

In Retail, net rental income declined by £33m to £243m, predominantly due to a £19m provision against next year's rental income which was invoiced in March 2020 but where recovery is in doubt due to Covid-19. During the year, we saw a £10m reduction in income from our like-for-like properties, primarily due to the impact of CVAs and administrations across the portfolio. We also lost £2m as a result of the sale of Poole Retail Park this year.

In Specialist, we also took a provision of £4m against next year's rental income invoiced in March 2020 but in doubt due to Covid-19. This was the main driver for a £5m decrease in net rental income to £79m.

The Development portfolio

We have over 4.0 million sq ft of development opportunities in London and are active at four schemes totalling 1.0 million sq ft, of which 56% is pre-let. We are making good progress across our London development programme but development activity has slowed due to Covid-19.

Importantly, however, the pipeline has been designed with flexibility: our speculative schemes in the development programme are all being built to grade, allowing us to call a stop to development activity at ground level if we choose to, and we have not yet committed to Portland House, SW1. This has enabled us to step down our committed total development cost by around £700m from where we had expected to be by March 2020, leaving around £340m of committed unspent development expenditure on sites currently in our development programme where we are still making good progress.

The majority of that commitment is at 21 Moorfields, EC2, our 564,000 sq ft scheme which is pre-let in its entirety. All construction contracts are agreed, and the steel framework has progressed well. A three-month delay in expected practical completion to March 2022 was due to tenant modifications and will not impact rent start date. Following the impact of Covid-19, we have experienced a further delay of up to two months. The eventual completion date will be dictated by productivity which is currently around 50% but improving. We continue to be in close dialogue with the occupier, Deutsche Bank.

Where we are making additional commitments, we are doing so to preserve optionality. At Lucent, W1, Nova East, SW1 and 105 Sumner Street, SE1, we have committed £33m to progress as quickly as possible in the current environment and secure long lead-time packages. We have also negotiated break options before entering into main construction contracts. In doing so, we have deferred until September at the earliest the remaining £251m commitment needed for the most capital intensive stages of these three schemes. This flexibility allows us to keep reviewing the occupational market we might deliver into and to decide at multiple junctures whether to continue work, pause or to cease speculative development entirely.

On the ground, at Nova East, our 166,000 sq ft scheme, we are progressing the build-to-grade works, construction of the cores and detailed design as well as placing orders for certain packages of work.

At Lucent, our 144,000 sq ft scheme in the heart of the West End, demolition is complete and, here too, we are building to grade, constructing the cores and negotiating a flexible main contract with our contractor. At 105 Sumner Street, we have planning consent for two buildings totalling 140,000 sq ft plus a new public square. We'll use our new, partly automated efficient construction methods to reduce building time and cost, and to create our first net zero carbon development. We are building to grade, progressing construction of the basement and procuring long lead time packages as we progress the detailed designs.

At Portland House, we now have planning permission to add a 14-storey extension to the existing building. Our proposed scheme will create 400,000 sq ft of new or refurbished space. We intend to incorporate HQ, Fitted and Myo, together with wellness and leisure facilities and a roof-top restaurant. We achieved vacant possession at the end of March and we are now stripping out the building and advancing the design.

The remaining development opportunities are a mix of central London office-led schemes and mixed use residential-led retail re-purposing. At Lavington Street, SE1, we have submitted planning for two buildings totalling 378,000 sq ft. We aim to deliver a scheme with high sustainability credentials, and plan to use a hybrid cross-laminated timber and steel structure to reduce the carbon footprint of the development. At Red Lion Court, SE1, the existing occupier has extended their lease to 2022. In parallel, we're progressing our plans for a redevelopment of the building, aiming to submit a planning application in Summer 2021. We also continue to progress our plans for transforming our major city retail schemes into ambitious mixed use destinations. We are now working on plans for Finchley Road, NW3, Shepherd's Bush, W12, Southside, Wandsworth, Lewisham shopping centre and Buchanan Galleries, Glasgow.

Principal risks and uncertainties

The Company has identified certain principal risks and uncertainties that could prevent the Group from achieving its strategic objectives and has assessed how these risks could best be mitigated through a combination of internal controls, risk management and the purchase of insurance cover. These risks are reviewed and updated on a regular basis and were last formally assessed by the Board in May 2020.

A description of the principal risks and uncertainties faced by the Group, together with an assessment of their impact, is set out below. The Group's approach to the management and mitigation of these risks will be included in the 2020 Annual Report. The risk of Covid-19 has very quickly elevated from being an emerging risk to impacting all of the principal risks facing our business. The speed and scale of the impact of Covid-19 has been unprecedented in recent times and fundamentally affected all aspects of our business.

Our business resilience and risk planning has been tested in recent months and the business has responded well to the challenges presented by the crisis. All levels of our organisation have been rapidly mobilised to assess, plan, respond and mitigate the myriad of risks presented to the business by the current situation.

We established six workstreams to help us co-ordinate our response to the impact of Covid-19 across our business: Customers, People, Operations, Public Affairs and Regulation, Development and Financial. Each workstream has a team leader, a dedicated team of subject matter experts in the area and an Executive Director sponsor. The workstreams have been co-ordinated by a central project management office and the Executive Committee and the workstream leads have been meeting regularly to discuss issues and concerns, and where required quickly approve decisions. The Board received weekly updates on our response to Covid-19 and briefings at their meetings so that they could make any business critical decisions quickly. In recent weeks, a seventh recovery workstream has been constituted as we plan for a relaxation of the lockdown restrictions and ensure the business is fully prepared to return to normality as quickly as we can in order to provide the best possible support to our people, customers, communities, and partners.

We demonstrate the pervasive nature of the Covid-19 impact on our business risks in the table below, showing the movement in each principal risk as a consequence of Covid-19. The table shows two changes for each risk; the change from March 2019 to December 2019 (before the impact of Covid-19) and the risk change from December 2019 to March 2020 (the quarter covering the first impact of Covid-19).

Risk description	Change in year (prior to Covid-19)	Change in year (Covid-19 impact)
Customers	⇔	⇧
— Structural changes in customer and consumer expectations leading to a change in demand for space and the consequent impact on income.	— We were already operating in a tough retail environment, with a number of company voluntary arrangements (CVAs) throughout the year, and like-for-like footfall and retail sales declining. — We were closely monitoring our retailers at risk of CVA	— The Covid-19 outbreak is a very challenging time for many businesses, and in particular, some of our retail and leisure customers. — We continue to closely monitor the cash collections of rents across the whole portfolio and we have a seen

	and looking at more flexible leasing options in retail. — The office market had remained resilient through 2019. We had elevated this risk in the prior year to reflect the deterioration in the retail market.	a material reduction in cash collections in late March 2020. This indicates a likely increase in business failures and we are monitoring any customers in financial distress. — We have established a support fund to provide up to £80m of rent relief for customers as we expect to see greater non-payment of rent as we move through 2020.
Market cyclicality	⇩	⇧
— Market and political uncertainty leading to a reduction in demand or deferral of decisions by occupiers, impacting real estate values and the ability to buy, develop, manage and sell assets at the appropriate time in the property cycle.	— This risk reduced with greater certainty over the political landscape in the UK following the general election and some valuation write-downs already taken in the retail segment. — We were continuing to plan for a range of potential Brexit trade deal outcomes. The Audit Committee has proactively reviewed and challenged our Brexit risk assessments over the year to ensure we are well prepared and able to minimise downside business consequences.	— Covid-19 has resulted in high levels of macroeconomic and market uncertainty. As a result, we have seen a greater reduction in our retail and leisure asset values. — We have refreshed our own economic outlook and modelled different scenarios to understand and plan for the potential impact of Covid-19 on our business. — We see an increased risk of an economic downturn or recession which could further impact the value of our assets, including those in London.
Disruption	⇔	⇧
— Inability to understand and mobilise effectively to changes in our competitive landscape and customer value chain.	— Consistent with our review of emerging risks impacting the business, we had seen the pace of change continue to accelerate. — While we have improved our internal capability in this area over the last year with an expanded Business Foresight team, we continue to experience ongoing structural challenges, particularly within the retail business. Therefore, the residual risk remained unchanged.	— As outlined in Customers above, the Covid-19 outbreak has been disruptive for a number of our customers, impacting their ability to trade and demand for their products. — We believe there could be a structural shift in how our customers use space going forward – for example, the retail sector has seen greater use of online business models as a result of Covid-19 and these new business

		models may require less physical retail space. In addition, as people become more comfortable and familiar with virtual interactions, the use of permanent office and physical meeting rooms may decline.
People and skills	⇧	⬄
— Inability to attract, retain, and develop the right people and skills required to deliver the business objectives in a culture and environment where employees can thrive.	— Employee uncertainty increased because we had combined the main operating functions of the London and Retail business units and had also been in the process of transitioning to a new CEO following Robert Noel's decision to retire. — This led to an increase in the people and skills risk. This is consistent with the elevated risk that we presented at the half-year.	— In response to Covid-19, the majority of our employees are now working from home. — Overall this transition has been smooth from a technology and communications point of view. We have not seen any significant impacts on employee productivity, although we are carefully monitoring employees' physical and mental well-being.
Major health, safety and security incident	⬄	⇧
— Failure to identify, mitigate and/or react effectively to a major health, safety or security incident, leading to: o Serious injury, illness or loss of life o Criminal/civil proceedings o Loss of stakeholder confidence o Delays to building projects and access restrictions to our properties resulting in loss of income o Inadequate response to regulatory changes o Reputational impact	— As outlined in our half-year announcement, we evaluated our fire management strategies across our entire property portfolio and identified some fire safety improvements. — We have now implemented these improvements, although the regulatory environment continues to evolve and tighten requirements. — Physical security risk has decreased with the threat level being changed from severe to substantial. — Overall the risk remained the same as last year.	— We have worked closely with our customers to safely and securely close all non-essential retail premises. As the government eases lockdown restrictions, and occupancy and footfall levels at our assets increase, we remain aware that there is an increased risk of a health and safety incident related to Covid-19. — Our efforts are now focused on ensuring we are well-prepared for a gradual and safe return to our properties.

Information security and cyber threat	⇔	⇧
— Data loss or disruption to the corporate systems and building management systems resulting in a negative reputational, operational, regulatory or financial impact.	— The level of this risk has not changed, reflecting that, while companies continue to be subject to an increasing number of attempted cyber-attacks, we have continued to develop and invest in the maturity of our mitigation controls.	— This risk has slightly increased following an increase in Covid-19 related phishing and fraud attempts.
Climate change	⇔	⇔
— Failure to properly identify and mitigate both physical and transition risks from climate change, leading to a negative impact on our reputation, disruption in our operations and stranded assets.	— We elevated the risk last year in response to public data demonstrating how global emissions continue to grow, increasing climate-related risks. — The residual risk is the same as we have intensified our mitigations and launched our ambition to be a net zero carbon business by 2030.	— Covid-19 has not impacted the residual level of this risk.
Investment and development strategy	⇧	⇧
— Unable to effectively execute our strategy of buying, developing and selling assets at the appropriate time in the property cycle. Specifically: ○ Investment – inappropriate sector or asset selection ○ Development – unable to deliver capex programme to agreed returns and/or occupiers reluctant to commit to take new space	— We have a large development pipeline and planned to have 1.4 million sq ft of development on site by April 2020, increasing our development exposure and therefore our risk in this area.	— This risk has increased due to the impact of programme delay from Covid-19 on our development pipeline and increased uncertainty around the future economic environment into which we will deliver our developments.

Statement of Directors’ Responsibilities

The Annual Report 2020 will contain the following statements regarding responsibility for the financial statements and business reviews included therein.

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 International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). 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;
- state that the Group and Company has complied with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements of IFRS 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 IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position, performance and cash flows of the Company; 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:

- Cressida Hogg, Chairman*
- Mark Allan, Chief Executive
- Martin Greenslade, Chief Financial Officer
- Colette O'Shea, Managing Director, Portfolio
- Edward Bonham Carter, Senior Independent Director*
- Nicholas Cadbury*
- Madeleine Cosgrave*
- Christophe Evain*
- Stacey Rauch*

*Non-executive Directors

The Statement of Directors' Responsibilities was approved by the Board of Directors on 11 May 2020 and is signed on its behalf by:

Mark Allan	**Martin Greenslade**
Chief Executive	**Chief Financial Officer**

Financial statements

Income statement	Notes	Year ended 31 March 2020 Revenue profit £m	Capital and other items £m	Total £m	Year ended 31 March 2019 Revenue profit £m	Capital and other items £m	Total £m
Revenue	5	**740**	**1**	**741**	748	9	757
Costs	6	**(269)**	**(5)**	**(274)**	(249)	(22)	(271)
		471	**(4)**	**467**	499	(13)	486
Share of post-tax profit/(loss) from joint ventures	12	**22**	**(173)**	**(151)**	22	(107)	(85)
Loss on disposal of investment properties		**-**	**(6)**	**(6)**	-	-	-
Net deficit on revaluation of investment properties	10	**-**	**(1,000)**	**(1,000)**	-	(441)	(441)
Operating profit/(loss)		**493**	**(1,183)**	**(690)**	521	(561)	(40)
Finance income	7	**17**	**1**	**18**	20	6	26
Finance expense	7	**(96)**	**(69)**	**(165)**	(99)	(10)	(109)
Profit/(loss) before tax		**414**	**(1,251)**	**(837)**	442	(565)	(123)
Taxation				**5**			4
Loss attributable to shareholders				**(832)**			(119)
Loss per share attributable to shareholders:							
Basic loss per share	4			**(112.4)p**			(16.1)p
Diluted loss per share	4			**(112.4)p**			(16.1)p

Statement of comprehensive income	Year ended 31 March 2020 Total £m	Year ended 31 March 2019 Total £m
Loss attributable to shareholders	**(832)**	(119)
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:		
Movement in the fair value of other investments	**(3)**	-
Net re-measurement gain on defined benefit pension scheme	**6**	1
Deferred tax charge on re-measurement above	**(1)**	-
Other comprehensive income attributable to shareholders	**1**	-
Total comprehensive loss attributable to shareholders	**(831)**	(119)

Balance sheet

	Notes	2020 £m	2019 £m
Non-current assets			
Investment properties	10	**11,297**	12,094
Intangible assets		**14**	20
Net investment in finance leases		**156**	159
Investments in joint ventures	12	**824**	1,031
Investments in subsidiary undertakings		**-**	-
Trade and other receivables		**178**	176
Other non-current assets		**32**	30
Total non-current assets		**12,501**	13,510
Current assets			
Trading properties	11	**24**	23
Trade and other receivables		**433**	437
Monies held in restricted accounts and deposits	15	**9**	36
Cash and cash equivalents	16	**1,345**	14
Other current assets		**48**	14
Total current assets		**1,859**	524
Total assets		**14,360**	14,034
Current liabilities			
Borrowings	14	**(977)**	(934)
Trade and other payables		**(270)**	(273)
Other current liabilities		**(2)**	(18)
Total current liabilities		**(1,249)**	(1,225)
Non-current liabilities			
Borrowings	14	**(4,355)**	(2,847)
Trade and other payables		**(1)**	(1)
Other non-current liabilities		**(5)**	(5)
Redemption liability		**-**	(36)
Total non-current liabilities		**(4,361)**	(2,889)
Total liabilities		**(5,610)**	(4,114)
Net assets		**8,750**	9,920
Equity			
Capital and reserves attributable to shareholders			
Ordinary shares		**80**	80
Share premium		**317**	317
Other reserves		**27**	26
Merger reserve		**-**	-
Retained earnings		**8,326**	9,497
Total equity		**8,750**	9,920

The financial statements on pages 35 to 54 were approved by the Board of Directors on 11 May 2020 and were signed on its behalf by:

M C Allan **M F Greenslade**

Directors

Statement of changes in equity

	Attributable to shareholders				
	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2018	80	317	26	9,963	10,386
Total comprehensive loss for the financial year	-	-	-	(119)	(119)
Transactions with shareholders:					
Share-based payments	-	-	-	2	2
Dividends paid to shareholders	-	-	-	(349)	(349)
Total transactions with shareholders	-	-	-	(347)	(347)
At 31 March 2019	80	317	26	9,497	9,920
Total comprehensive loss for the financial year	**-**	**-**	**-**	**(831)**	**(831)**
Transactions with shareholders:					
Share-based payments	**-**	**-**	**1**	**2**	**3**
Dividends paid to shareholders	**-**	**-**	**-**	**(342)**	**(342)**
Total transactions with shareholders	**-**	**-**	**1**	**(340)**	**(339)**
At 31 March 2020	**80**	**317**	**27**	**8,326**	**8,750**

Statement of cash flows

	Notes	Year ended 31 March 2020 £m	2019 £m
Cash flows from operating activities			
Net cash generated from operations	9	**504**	528
Interest received		**16**	4
Rents paid		**(12)**	(12)
Interest paid		**(108)**	(114)
Capital expenditure on trading properties		**(2)**	(2)
Disposal of trading properties		**-**	22
Other operating cash flows		**3**	(2)
Net cash inflow from operating activities		**401**	424
Cash flows from investing activities			
Investment property development expenditure		**(154)**	(54)
Other investment property related expenditure		**(47)**	(46)
Acquisition of investment properties		**(16)**	(136)
Disposal of investment properties		**45**	41
Cash contributed to joint ventures	12	**(13)**	(29)
Cash distributions from joint ventures	12	**69**	62
Other investing cash flows		**-**	(4)
Net cash outflow from investing activities		**(116)**	(166)
Cash flows from financing activities			
Proceeds from new borrowings (net of finance fees)	14	**1,701**	81
Repayment of medium term notes	14	**(47)**	-
Redemption of medium term notes	14	**(196)**	(8)
Repayment of bank debt	14	**-**	(3)
Premium paid on redemption of medium term notes	14	**(59)**	(2)
Net cash outflow from derivative financial instruments		**(1)**	(15)
Settlement of redemption liability		**(36)**	-
Dividends paid to shareholders	8	**(342)**	(338)
Decrease/(increase) in monies held in restricted accounts and deposits		**27**	(21)
Other financing cash flows		**(1)**	-
Net cash inflow/(outflow) from financing activities		**1,046**	(306)
Increase/(decrease) in cash and cash equivalents for the year		**1,331**	(48)
Cash and cash equivalents at the beginning of the year		**14**	62
Cash and cash equivalents at the end of the year	16	**1,345**	14

1. Basis of preparation and consolidation

Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards as adopted by the EU (IFRS), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. 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 other comprehensive income (without recycling), derivative financial instruments and pension assets.

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.

On 11 May 2020, the consolidated financial statements of the Group and this preliminary announcement were authorised for issue in accordance with a resolution of the Directors and will be delivered to the Registrar of Companies following the Group's Annual General Meeting. Statutory accounts for the year ended 31 March 2019 have been filed unqualified and do not contain any statement under Section 498(2) or Section 498(3) of the Companies Act 2006. The annual financial information presented in this preliminary announcement for the year ended 31 March 2020 is based on, and consistent with, the financial information in the Group's audited financial statements for the year ended 31 March 2020. The audit report on these financial statements is unqualified and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. This preliminary announcement does not constitute statutory financial statements of the Group within the meaning of Section 435 of the Companies Act 2006. Whilst the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS.

A copy of the Group's Annual Report for the year ended 31 March 2019 can be found on the website at landsec.com/investors.

Going concern

Given the significant impact of Covid-19 on the macro-economic conditions in which the Group is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2020. The Group's going concern assessment considers the Group's principal risks (see page 29) and is dependent on a number of factors, including financial performance, continued access to borrowing facilities and the ability to continue to operate the Group's secured debt structure within its financial covenants. 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 either of these limits are exceeded, the allowed operating environment becomes more restrictive with provisions coming into effect to encourage a reduction in gearing. However, it is not until the loan-to-value exceeds 100% or the interest cover ratio falls below 1.0x that a breach occurs, at which point the Group would enter a remedy period.

The going concern assessment is based on the first 12-months of the Group's viability model, which is based on a severe but plausible downside scenario including the anticipated impact of Covid-19, reflecting the following key assumptions:

— GDP growth declines significantly in the short term, with a recession in 2021 and increased rates of inflation from 1 April 2021
— Rental yields expand by up to 70bps and rental values decline by up to 10% across the Combined Portfolio, driving a further decline in capital values
— 75% reduction in rent receipts from our Retail and Specialist tenants and a 20% reduction in rent receipts from our Office tenants over a majority of the going concern assessment period
— A three month pause in committed developments, and no new developments progressing
— No asset sales
— No new financing is assumed in the assessment period, but existing facilities are assumed to remain available.

Throughout this severe but plausible downside scenario the Group has sufficient cash reserves, with the loan-to-value covenant remaining less than 65% and interest cover above 1.45x, for a period of at least 12 months from the date of authorisation of these financial statements. The Directors have also considered an extreme downside scenario, which assumes no further rent will be received, to determine when our available cash resources are exhausted. Even in this extreme downside scenario, 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 accounts for the year ended 31 March 2020.

Basis of consolidation

The consolidated financial statements for the year ended 31 March 2020 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.

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.

1. Basis of preparation and consolidation continued

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 **£12.8bn**, is an example of this approach, reflecting the economic interest we have in our properties regardless of our ownership structure. 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.

2. 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, the impact of which is outlined below.

Changes in accounting policy

The Group adopted IFRS 16 Leases on 1 April 2019. As a result of adopting this standard, the Group now reports separately service charge income for leases where a single payment is received to cover both rent and service charge. The total payment received was previously included within rental income, but the service charge component has now been separated and reported as service charge income in notes 3 and 5. In the year ended 31 March 2019, £6m was separated from rental income and reported as service charge income. There has been no net impact on profit attributable to shareholders or on the Group's balance sheet. The Group's revised accounting policies and the impact of the change in accounting policies on the financial statements is detailed in note 17.

Amendments to IFRS

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Group. The application of these new standards, amendments and interpretations are not expected to have a significant impact on the Group's income statement or balance sheet.

3. Segmental information

The Group's operations are managed across three operating segments, being Office, Retail and Specialist.

The Office segment includes all our offices, substantially all of which are located in London. The Retail segment includes all our shopping centres, outlets, retail parks and the retail units within our London office buildings. The Specialist segment includes our leisure and hotel assets, Piccadilly Lights and other specialist assets which do not fall within either of the other segments. All of the Group's operations are in the UK.

Management has determined the Group's operating segments based on the information reviewed by Senior Management to make strategic decisions. During the year, the chief operating decision maker was the Executive Committee (ExecCom), which comprised the Executive Directors, the Group General Counsel and Company Secretary, the Group HR Director and until December 2019, the Corporate Affairs and Sustainability Director. The information presented to ExecCom includes reports from all functions of the business as well as strategy, financial planning, succession planning, organisational development and Group-wide policies.

In previous years, our segmental reporting reflected that our operations were organised into a London Portfolio and a Retail Portfolio. In the year ended 31 March 2020, we merged these two business units and amended our reporting to the ExecCom to reflect this. In order to maintain a detailed level of financial disclosure, our segmental reporting now reflects the predominant use class of our assets, grouped into Office, Retail and Specialist. The comparative year has been presented in the new format and a reconciliation to the previous presentation has been provided on our website.

The Group's primary measure of underlying profit before tax is revenue profit. However, Segment net rental income is the lowest level to which the profit arising from the on-going operations of the Group is analysed between the three segments. Previously the Group reported Segment profit, which for the year ended 31 March 2019 was £56m lower than the Segment net rental income for the same year as it included indirect property costs, including depreciation, as well as the net finance costs directly incurred by our joint ventures. The indirect costs, which are predominantly staff costs, have now all been treated as indirect expenses and are not allocated to individual segments. Depreciation previously included within Group Services expenses has also been separated and reported together with the depreciation previously included in Segment profit.

The Group manages its financing structure, with the exception of joint ventures, on a pooled basis. Individual joint ventures may have specific financing arrangements in place. Since the use class of individual joint ventures may span more than one segment, debt facilities and finance expenses are not specific 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. A reconciliation from the Group income statement to the information presented in the segmental information note is included in table 32.

3. Segmental information continued

Revenue profit	Office £m	Retail £m	Specialist £m	2020 Total £m	Office £m	Retail £m	Specialist £m	2019[1] Total £m
Rental income	**261**	**310**	**98**	**669**	256	319	99	674
Finance lease interest	**9**	**-**	**-**	**9**	9	-	-	9
Gross rental income (before rents payable)	**270**	**310**	**98**	**678**	265	319	99	683
Rents payable[2]	**(5)**	**(10)**	**-**	**(15)**	(3)	(10)	-	(13)
Gross rental income (after rents payable)	**265**	**300**	**98**	**663**	262	309	99	670
Service charge income	**46**	**52**	**-**	**98**	44	51	-	95
Service charge expense	**(45)**	**(55)**	**(2)**	**(102)**	(43)	(53)	(2)	(98)
Net service charge expense	**1**	**(3)**	**(2)**	**(4)**	1	(2)	(2)	(3)
Other property related income	**16**	**15**	**2**	**33**	15	17	2	34
Direct property expenditure	**(21)**	**(50)**	**(15)**	**(86)**	(20)	(48)	(15)	(83)
Provisions related to 2020/21 rent	**-**	**(19)**	**(4)**	**(23)**	-	-	-	-
Segment net rental income	**261**	**243**	**79**	**583**	258	276	84	618
Other income				**2**				3
Indirect expense				**(72)**				(76)
Depreciation				**(4)**				(5)
Revenue profit before interest				**509**				540
Finance income				**17**				20
Finance expense				**(96)**				(99)
Joint venture finance expense				**(16)**				(19)
Revenue profit				**414**				442

1. Restated for changes in accounting policies. See note 17 for details.
2. Included within rents payable is lease interest payable of **£3m** (2019: £1m) and **£1m** (2019: £1m) for the Office and Retail segments respectively.

Reconciliation of revenue profit to loss before tax	2020 Total £m	2019 Total £m
Revenue profit	**414**	442
Capital and other items		
Valuation and profits on disposals		
Net deficit on revaluation of investment properties	**(1,179)**	(557)
Loss on disposal of investment properties	**(6)**	(2)
Profit on disposal of trading properties	**7**	-
	(1,178)	(559)
Net finance expense		
Fair value movement on interest-rate swaps	**(9)**	(6)
Premium and fees on redemption of medium term notes (MTNs)	**(59)**	(2)
Other net finance income	**-**	4
	(68)	(4)
Exceptional items		
Impairment of intangible asset	**(4)**	(12)
Impairment of goodwill	**(1)**	(2)
	(5)	(14)
Other		
Fair value movement prior to acquisition of non-owned element of a joint venture	**-**	9
Profit from long-term development contracts	**3**	3
Other	**(3)**	-
	-	12
Loss before tax	**(837)**	(123)

4. Performance measures

In the tables below, we present earnings per share and net assets per share calculated in accordance with IFRS, together with our own adjusted measure and 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 adjusted diluted earnings per share, EPRA net tangible assets per share and total business return.

During the year, EPRA issued new best practice reporting guidelines incorporating three new measures of net asset value: EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV). We have adopted these guidelines in the year ended 31 March 2020 and EPRA NTA is considered to be the most relevant measure for our business. EPRA NTA is now our primary measure of net asset value, replacing our previously reported EPRA net assets and EPRA net assets per share metrics. Total business return is now calculated based on EPRA NTA. Refer to the EPRA best practices section on page 56 for more details, including calculations of EPRA NRV, EPRA net assets and EPRA triple net assets.

Adjusted earnings, which is a tax adjusted measure of revenue profit, is the basis for the calculation of adjusted earnings per share. We believe adjusted earnings and adjusted 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 2020**			Year ended 31 March 2019		
	Loss for the year	**EPRA earnings**	**Adjusted earnings**	Loss for the year	EPRA earnings	Adjusted earnings
	£m	**£m**	**£m**	£m	£m	£m
Loss attributable to shareholders	**(832)**	**(832)**	**(832)**	(119)	(119)	(119)
Taxation	**-**	**(5)**	**(5)**	-	(4)	(4)
Valuation and profits on disposals	**-**	**1,178**	**1,178**	-	559	559
Net finance expense	**-**	**68**	**68**	-	4	4
Exceptional items	**-**	**5**	**5**	-	14	14
Other	**-**	**-**	**-**	-	(12)	(12)
(Loss)/profit used in per share calculation	**(832)**	**414**	**414**	(119)	442	442
	IFRS	**EPRA**	**Adjusted**	IFRS	EPRA	Adjusted
Basic (loss)/earnings per share	**(112.4)p**	**55.9p**	**55.9p**	(16.1)p	59.7p	59.7p
Diluted (loss)/earnings per share[(1)]	**(112.4)p**	**55.9p**	**55.9p**	(16.1)p	59.7p	59.7p

1. In the years ended 31 March 2019 and 2020, share options are excluded from the weighted average diluted number of shares when calculating IFRS diluted loss per share because they are not dilutive.

Net assets per share	**31 March 2020**			31 March 2019[(1)]		
	Net assets	**EPRA NDV**	**EPRA NTA**	Net assets	EPRA NDV	EPRA NTA
	£m	**£m**	**£m**	£m	£m	£m
Net assets attributable to shareholders	**8,750**	**8,750**	**8,750**	9,920	9,920	9,920
Excess of fair value over net investment in finance lease book value	**-**	**90**	**90**	-	80	80
Deferred tax liability on intangible asset	**-**	**-**	**1**	-	-	2
Goodwill on deferred tax liability	**-**	**(1)**	**(1)**	-	(2)	(2)
Other intangible assets	**-**	**-**	**(7)**	-	-	(11)
Fair value of interest-rate swaps	**-**	**-**	**1**	-	-	-
Excess of fair value of debt over book value (note 14)	**-**	**(274)**	**-**	-	(239)	-
Net assets used in per share calculation	**8,750**	**8,565**	**8,834**	9,920	9,759	9,989
	IFRS	**EPRA NDV**	**EPRA NTA**	IFRS	EPRA NDV	EPRA NTA
Net assets per share	**1,182p**	**n/a**	**n/a**	1,341p	n/a	n/a
Diluted net assets per share	**1,181p**	**1,156p**	**1,192p**	1,339p	1,317p	1,348p

1. New metrics presented as a result of the change in EPRA best practice recommendations. See table 18 in the Business analysis section for more details. EPRA net assets at 31 March 2019 as previously reported was £9,920m and EPRA triple net assets was £9,679m (1,339p and 1,306p per share respectively).

Number of shares	**Weighted average**	**31 March 2020**	Weighted average	31 March 2019
	million	**million**	million	million
Ordinary shares	**751**	**751**	751	751
Treasury shares	**(10)**	**(10)**	(10)	(10)
Own shares	**(1)**	**(1)**	(1)	(1)
Number of shares – basic	**740**	**740**	740	740
Dilutive effect of share options	**1**	**1**	-	1
Number of shares – diluted	**741**	**741**	740	741

4. Performance measures continued

Total business return 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 business return based on EPRA NTA	Year ended 31 March 2020	Year ended 31 March 2019(1)
	pence	pence
Decrease in EPRA NTA per share	(156)	(62)
Dividend paid per share in the year (note 8)	46	47
Total return (a)	(110)	(15)
EPRA NTA per share at the beginning of the year (b)	1,348	1,410
Total business return (a/b)	-8.2%	-1.1%

1. Restated for change in net asset metric from EPRA net assets to EPRA NTA. See table 18 in the Business analysis section for further details. Total business return at 31 March 2019 based on EPRA net assets per share as previously reported was -1.2%.

5. Revenue

All revenue is classified within the ‘Revenue profit’ column of the income statement, with the exception of proceeds from the sale of trading properties, income from long-term development contracts and the non-owned element of the Group’s subsidiaries which are presented in the ‘Capital and other items’ column.

	2020			2019(1)		
	Revenue profit	Capital and other items	Total	Revenue profit	Capital and other items	Total
	£m	£m	£m	£m	£m	£m
Rental income (excluding adjustment for lease incentives)	630	1	631	616	2	618
Adjustment for lease incentives	(20)	-	(20)	1	-	1
Rental income	610	1	611	617	2	619
Service charge income	88	-	88	86	-	86
Other property related income	31	-	31	33	-	33
Trading property sales proceeds	-	-	-	-	7	7
Finance lease interest	9	-	9	9	-	9
Other income	2	-	2	3	-	3
Revenue per the income statement	740	1	741	748	9	757

1. Restated for changes in accounting policies. See note 17 for details.

The following table reconciles revenue per the income statement to the individual components of revenue presented in note 3.

	2020				2019(1)			
	Group	Joint ventures	Adjustment for non-wholly owned subsidiaries(2)	Total	Group	Joint ventures	Adjustment for non-wholly owned subsidiaries(2)	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Rental income	611	59	(1)	669	619	57	(2)	674
Service charge income	88	10	-	98	86	9	-	95
Other property related income	31	2	-	33	33	1	-	34
Trading property sales proceeds	-	21	-	21	7	32	-	39
Finance lease interest	9	-	-	9	9	-	-	9
Long-term development contract income	-	3	-	3	-	30	-	30
Other income	2	-	-	2	3	-	-	3
Revenue in the segmental information note	741	95	(1)	835	757	129	(2)	884

1. Restated for changes in accounting policies. See note 17 for details.
2. This represents the interest in X-Leisure which we did not own, but which is consolidated in the Group numbers. In December 2019, the Group settled the redemption liability which represented this interest resulting in 100% ownership.

6. Costs

All costs are classified within the 'Revenue profit' column of the income statement, with the exception of the cost of sale of trading properties, costs arising on long-term development contracts, amortisation and impairments of intangible assets arising on business combinations and the non-owned element of the Group's subsidiaries which are presented in the 'Capital and other items' column.

	Revenue profit £m	Capital and other items £m	2020 Total £m	Revenue profit £m	Capital and other items £m	2019 Total £m
Rents payable	**13**	**-**	**13**	10	-	10
Service charge expense	**90**	**-**	**90**	88	-	88
Direct property expenditure	**72**	**-**	**72**	72	-	72
Provisions related to 2020/21 rent	**21**	**-**	**21**	-	-	-
Indirect expense	**73**	**-**	**73**	79	-	79
Cost of trading property disposals	**-**	**-**	**-**	-	7	7
Amortisation of other intangible asset	**-**	**-**	**-**	-	1	1
Impairment of intangible asset	**-**	**4**	**4**	-	12	12
Impairment of goodwill	**-**	**1**	**1**	-	2	2
Costs per the income statement	**269**	**5**	**274**	249	22	271

The following table reconciles costs per the income statement to the individual components of costs presented in note 3.

	Group £m	Joint ventures £m	2020 Total £m	Group £m	Joint ventures £m	2019 Total £m
Rents payable	**13**	**2**	**15**	10	3	13
Service charge expense	**90**	**12**	**102**	88	10	98
Direct property expenditure	**72**	**14**	**86**	72	11	83
Provisions related to 2020/21 rent	**21**	**2**	**23**	-	-	-
Indirect expense	**73**	**3**	**76**	79	2	81
Cost of trading property disposals	**-**	**14**	**14**	7	32	39
Long-term development contract expenditure	**-**	**-**	**-**	-	27	27
Amortisation of other intangible asset	**-**	**-**	**-**	1	-	1
Impairment of intangible asset	**4**	**-**	**4**	12	-	12
Impairment of goodwill	**1**	**-**	**1**	2	-	2
Costs in the segmental information note	**274**	**47**	**321**	271	85	356

7. Net finance expense

	Revenue profit £m	Capital and other items £m	2020 Total £m	Revenue profit £m	Capital and other items £m	2019 Total £m
Finance income						
Interest receivable from joint ventures	**17**	**-**	**17**	19	-	19
Fair value movement on other derivatives	**-**	**1**	**1**	-	6	6
Other	**-**	**-**	**-**	1	-	1
	17	**1**	**18**	20	6	26
Finance expense						
Bond and debenture debt	**(80)**	**-**	**(80)**	(81)	-	(81)
Bank and other short-term borrowings	**(22)**	**-**	**(22)**	(22)	-	(22)
Fair value movement on interest-rate swaps	**-**	**(9)**	**(9)**	-	(6)	(6)
Fair value movement on other derivatives	**-**	**-**	**-**	-	(1)	(1)
Redemption of medium term notes	**-**	**(59)**	**(59)**	-	(2)	(2)
Revaluation of redemption liabilities	**-**	**(1)**	**(1)**	-	(1)	(1)
Other interest payable	**(1)**	**-**	**(1)**	-	-	-
	(103)	**(69)**	**(172)**	(103)	(10)	(113)
Interest capitalised in relation to properties under development	**7**	**-**	**7**	4	-	4
	(96)	**(69)**	**(165)**	(99)	(10)	(109)
Net finance expense	**(79)**	**(68)**	**(147)**	(79)	(4)	(83)
Joint venture net finance expense	**(16)**			(19)		
Net finance expense included in revenue profit	**(95)**			(98)		

Lease interest payable of **£4m** (2019: £2m) is included within rents payable as detailed in note 3.

8. Dividends

Dividends paid					Year ended 31 March	
		Pence per share			**2020**	2019
	Payment date	PID	Non-PID	Total	£m	£m
For the year ended 31 March 2018:						
Third interim	6 April 2018	9.85	-	9.85		73
Final	27 July 2018	14.65	-	14.65		108
For the year ended 31 March 2019:						
First interim	5 October 2018	11.30	-	11.30		84
Second interim	4 January 2019	11.30	-	11.30		84
Third interim	**12 April 2019**	**11.30**	**-**	**11.30**	**84**	
Final	**25 July 2019**	**11.65**	**-**	**11.65**	**86**	
For the year ended 31 March 2020:						
First interim	**4 October 2019**	**11.60**	**-**	**11.60**	**86**	
Second interim	**3 January 2020**	**11.60**	**-**	**11.60**	**86**	
Gross dividends					**342**	349
Dividends in the statement of changes in equity					**342**	349
Timing difference on payment of withholding tax					**-**	(11)
Dividends in the statement of cash flows					**342**	338

A third interim dividend of **11.6p** per ordinary share was declared on 5 February 2020 (2019: 11.30p or £84m paid in total). As announced on 2 April 2020, in light of extreme market uncertainty due to Covid-19, the Board took the decision to cancel the third interim dividend that was due to be paid on 9 April 2020. The Board is not proposing a final dividend for the year ended 31 March 2020 (2019: 11.65p). The total dividend recommended in respect of the year ended 31 March 2020 is **23.2p** per ordinary share (2019: 45.55p) resulting in a total distribution of **£172m** (2019: £338m).

A Dividend Reinvestment Plan (DRIP) has been available in respect of all dividends paid during the year.

9. Net cash generated from operations

Reconciliation of operating loss to net cash generated from operations	**2020**	2019
	£m	£m
Operating loss	**(690)**	(40)
Adjustments for:		
Net deficit on revaluation of investment properties	**1,000**	441
Loss on disposal of investment properties	**6**	-
Share of loss from joint ventures	**151**	85
Share-based payment charge	**2**	2
Impairment of intangible asset	**4**	12
Impairment of goodwill	**1**	2
Impairment of investment in subsidiary	**-**	-
Rents payable	**13**	10
Other	**6**	10
	493	522
Changes in working capital:		
Decrease in receivables	**3**	20
Increase/(decrease) in payables and provisions	**8**	(14)
Net cash generated from operations	**504**	528

10. Investment properties

	2020 £m	2019 £m
Net book value at the beginning of the year	**12,094**	12,336
Acquisitions	**16**	136
Capital expenditure	**199**	94
Capitalised interest	**7**	5
Net movement in head leases capitalised[1]	**30**	-
Disposals	**(49)**	(36)
Net deficit on revaluation of investment properties	**(1,000)**	(441)
Net book value at the end of the year	**11,297**	12,094

1. See note 14 for details of the amounts payable under head leases and note 7 for details of the associated rents payable in the income statement.

The market value of the Group's investment properties, as determined by the Group's external valuer, differs from the net book value presented in the balance sheet due to the Group presenting tenant finance leases, capitalised head leases and lease incentives separately. The following table reconciles the net book value of the investment properties to the market value.

	2020				2019			
	Group (excl. joint ventures) £m	Joint ventures[1] £m	Adjustment for proportionate share[2] £m	Combined Portfolio £m	Group (excl. joint ventures) £m	Joint ventures[1] £m	Adjustment for proportionate share[2] £m	Combined Portfolio £m
Market value	**11,802**	**979**	**-**	**12,781**	12,637	1,149	(36)	13,750
Less: properties treated as finance leases	**(249)**	**-**	**-**	**(249)**	(239)	-	1	(238)
Plus: head leases capitalised	**60**	**9**	**-**	**69**	30	8	-	38
Less: tenant lease incentives	**(316)**	**(42)**	**-**	**(358)**	(334)	(40)	1	(373)
Net book value	**11,297**	**946**	**-**	**12,243**	12,094	1,117	(34)	13,177
Net deficit on revaluation of investment properties	**(1,000)**	**(181)**	**2**	**(1,179)**	(441)	(117)	1	(557)

1. Refer to note 12 for a breakdown of this amount by entity.
2. This represents the interest in X-Leisure which we did not own, but which is consolidated in the Group numbers. In December 2019, the Group settled the redemption liability which represented this interest resulting in 100% ownership.

The net book value of leasehold properties where head leases have been capitalised is **£2,561m** (2019: £2,110m).

Investment properties include capitalised interest of **£221m** (2019: £214m). The average rate of interest capitalisation for the year is **2.6%** (2019: 3.5%). The historical cost of investment properties is **£7,463m** (2019: £7,277m).

11. Trading properties

	Development land and infrastructure £m	Residential £m	Total £m
At 1 April 2018	21	3	24
Acquisitions	-	4	4
Capital expenditure	2	-	2
Disposals	-	(7)	(7)
31 March 2019	23	-	23
Capital expenditure	1	-	1
At 31 March 2020	**24**	**-**	**24**

There were no cumulative impairment provisions in respect of either Development land and infrastructure or Residential at 31 March 2020 and 31 March 2019.

12. Joint arrangements

The Group's principal joint arrangements are described below:

Joint ventures	Percentage owned & voting rights	Business segment	Year end date[1]	Joint venture partner
Held at 31 March 2020				
Nova, Victoria[2]	50%	Office, Retail, Specialist	31 March	Canada Pension Plan Investment Board
Southside Limited Partnership	50%	Retail	31 March	Invesco Real Estate European Fund
St. David's Limited Partnership	50%	Retail	31 December	Intu Properties plc
Westgate Oxford Alliance Limited Partnership	50%	Retail	31 March	The Crown Estate Commissioners
Harvest[3][4]	50%	Retail	31 March	J Sainsbury plc
The Ebbsfleet Limited Partnership[3][5]	50%	Specialist	31 March	Ebbsfleet Property Limited
West India Quay Unit Trust[3][6]	50%	Specialist	31 March	Schroder Exempt Property Unit Trust

Joint operation	Ownership interest	Business segment	Year end date[1]	Joint operation partners
Held at 31 March 2020				
Bluewater, Kent	30%	Retail	31 March	M&G Real Estate and GIC Lendlease Retail LP Royal London Asset Management Aberdeen Standard Investments

1. 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.
2. Nova, Victoria includes the Victoria Circle Limited Partnership, Nova Residential Limited Partnership, Victoria Circle Developer Limited, Victoria Circle GP Limited, LS Victoria Circle GP Investments Limited, LS Victoria Circle Development Management Limited, Victoria Circle Business Manager Limited, Nova Residential (GP) Limited and Nova Developer Limited.
3. Included within Other in subsequent tables.
4. Harvest includes Harvest 2 Limited Partnership, Harvest Development Management Limited, Harvest 2 Selly Oak Limited, Harvest 2 GP Limited and Harvest GP Limited.
5. On 15 October 2019, The Ebbsfleet Limited Partnership disposed of its interest in development land for **£17m**.
6. West India Quay Unit Trust is held in the X-Leisure Unit Trust (X-Leisure). Until 5 December 2019 the Group held a 95% share in X-Leisure, but settled the redemption liability on that date. The Group owned 100% of X-Leisure at 31 March 2020.

All of the Group's joint arrangements have their principal place of business in the United Kingdom. All of the Group's joint arrangements own and operate investment property, with the exception of The Ebbsfleet Limited Partnership which held development land as a trading property and Harvest which is engaged in long-term development contracts. Nova, Victoria is also engaged in the development of investment properties. The activities of all the Group's joint arrangements are therefore strategically important to the business activities of the Group.

All joint ventures are registered in England and Wales with the exception of Southside Limited Partnership and West India Quay Unit Trust which are registered in Jersey.

12. Joint arrangements continued

Joint ventures

Year ended 31 March 2020

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)]	**55**	**12**	**42**	**37**	**43**	**189**	**95**
Gross rental income (after rents payable)	**36**	**12**	**33**	**28**	**4**	**113**	**57**
Net rental income	**32**	**7**	**22**	**19**	**3**	**83**	**41**
Revenue profit before interest	**28**	**7**	**21**	**18**	**3**	**77**	**38**
Finance expense	(27)	(6)	-	-	-	(33)	(16)
Net finance expense	**(27)**	**(6)**	**-**	**-**	**-**	**(33)**	**(16)**
Revenue profit	**1**	**1**	**21**	**18**	**3**	**44**	**22**
Capital and other items							
Net deficit on revaluation of investment properties	(12)	(72)	(139)	(135)	(3)	(361)	(181)
Movement in impairment of trading properties	1	-	-	-	-	1	-
Profit on disposal of trading properties	1	-	-	-	12	13	7
Profit on long-term development contracts	-	-	-	-	5	5	3
(Loss)/profit before tax	**(9)**	**(71)**	**(118)**	**(117)**	**17**	**(298)**	**(149)**
Taxation	-	-	-	-	(3)	(3)	(2)
Post-tax (loss)/profit	**(9)**	**(71)**	**(118)**	**(117)**	**14**	**(301)**	**(151)**
Total comprehensive (loss)/income	**(9)**	**(71)**	**(118)**	**(117)**	**14**	**(301)**	**(151)**
	50%	**50%**	**50%**	**50%**	**50%**	**50%**	
Group share of (loss)/profit before tax	**(5)**	**(35)**	**(59)**	**(59)**	**9**	**(149)**	**(149)**
Group share of post-tax (loss)/profit	**(5)**	**(35)**	**(59)**	**(59)**	**7**	**(151)**	**(151)**
Group share of total comprehensive (loss)/income	**(5)**	**(35)**	**(59)**	**(59)**	**7**	**(151)**	**(151)**

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.

12. Joint arrangements continued

Joint ventures

Year ended 31 March 2019

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]	97	13	44	38	66	258	129
Gross rental income (after rents payable)	32	13	35	26	3	109	54
Net rental income	28	10	26	20	3	87	43
Revenue profit before interest	25	10	26	19	3	83	41
Finance expense	(33)	(6)	-	-	-	(39)	(19)
Net finance expense	(33)	(6)	-	-	-	(39)	(19)
Revenue (loss)/profit	(8)	4	26	19	3	44	22
Capital and other items							
Net deficit on revaluation of investment properties	(25)	(32)	(101)	(74)	(1)	(233)	(117)
Movement in impairment of trading properties	(1)	-	-	-	-	(1)	-
Loss on disposal of investment properties	-	-	-	-	(4)	(4)	(2)
Fair value movement prior to acquisition of non-owned element of a joint venture	-	-	-	-	17	17	9
(Loss)/profit on disposal of trading properties	(3)	-	-	1	3	1	-
Profit on long-term development contracts	-	-	-	-	7	7	3
(Loss)/profit before tax	(37)	(28)	(75)	(54)	25	(169)	(85)
Post-tax (loss)/profit	(37)	(28)	(75)	(54)	25	(169)	(85)
Total comprehensive (loss)/income	(37)	(28)	(75)	(54)	25	(169)	(85)
	50%	50%	50%	50%	50%	50%	
Group share of (loss)/profit before tax	(19)	(14)	(38)	(27)	13	(85)	(85)
Group share of post-tax (loss)/profit	(19)	(14)	(38)	(27)	13	(85)	(85)
Group share of total comprehensive (loss)/income	(19)	(14)	(38)	(27)	13	(85)	(85)

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.

12. Joint arrangements continued

Joint ventures 2020

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]	849	192	425	358	67	1,891	946
Non-current assets	849	192	425	358	67	1,891	946
Cash and cash equivalents	17	2	12	10	6	47	23
Other current assets	75	3	13	19	-	110	55
Current assets	92	5	25	29	6	157	78
Total assets	941	197	450	387	73	2,048	1,024
Trade and other payables and provisions	(33)	(4)	(12)	(12)	(1)	(62)	(31)
Current liabilities	(33)	(4)	(12)	(12)	(1)	(62)	(31)
Non-current liabilities	(179)	(144)	(16)	-	-	(339)	(169)
Non-current liabilities	(179)	(144)	(16)	-	-	(339)	(169)
Total liabilities	(212)	(148)	(28)	(12)	(1)	(401)	(200)
Net assets	729	49	422	375	72	1,647	824
Market value of investment properties[1]	908	193	417	372	68	1,958	979
Net cash/(debt)	17	2	(4)	10	6	31	15

Joint ventures 2019

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]	843	263	562	495	71	2,234	1,117
Non-current assets	843	263	562	495	71	2,234	1,117
Cash and cash equivalents	10	4	1	13	4	32	16
Other current assets	68	4	17	22	161	272	136
Current assets	78	8	18	35	165	304	152
Total assets	921	271	580	530	236	2,538	1,269
Trade and other payables and provisions	(26)	(6)	(11)	(13)	(85)	(141)	(70)
Current liabilities	(26)	(6)	(11)	(13)	(85)	(141)	(70)
Non-current liabilities	(178)	(142)	(16)	-	-	(336)	(168)
Non-current liabilities	(178)	(142)	(16)	-	-	(336)	(168)
Total liabilities	(204)	(148)	(27)	(13)	(85)	(477)	(238)
Net assets	717	123	553	517	151	2,061	1,031
Market value of investment properties[1]	893	265	557	511	72	2,298	1,149
Net cash/(debt)	11	4	(13)	14	4	20	10

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.

12. Joint arrangements continued

Joint ventures

Net investment	Nova, Victoria 50% £m	Southside Limited Partnership 50% £m	St. David's Limited Partnership 50% £m	Westgate Oxford Alliance Partnership 50% £m	Other 50% £m	Total Group share £m
At 1 April 2018	393	78	328	282	70	1,151
Total comprehensive (loss)/income	(19)	(14)	(38)	(27)	13	(85)
Cash contributed	13	-	-	14	2	29
Cash distributions	(28)	(3)	(13)	(11)	(7)	(62)
Disposal of investment	-	-	-	-	(2)	(2)
At 31 March 2019	359	61	277	258	76	1,031
Total comprehensive (loss)/income	**(5)**	**(35)**	**(59)**	**(59)**	**7**	**(151)**
Cash contributed	**13**	**-**	**-**	**-**	**-**	**13**
Cash distributions	**(2)**	**(1)**	**(7)**	**(12)**	**(47)**	**(69)**
At 31 March 2020	**365**	**25**	**211**	**187**	**36**	**824**

13. Capital structure

	2020				2019			
	Group £m	**Joint ventures £m**	**Adjustment for non-wholly owned subsidiaries[1] £m**	**Combined £m**	Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries[1] £m	Combined £m
Property portfolio								
Market value of investment properties	**11,802**	**979**	**-**	**12,781**	12,637	1,149	(36)	13,750
Trading properties and long-term contracts	**24**	**3**	**-**	**27**	23	18	-	41
Total property portfolio (a)	**11,826**	**982**	**-**	**12,808**	12,660	1,167	(36)	13,791
Net debt								
Borrowings	**5,332**	**8**	**-**	**5,340**	3,781	8	-	3,789
Monies held in restricted accounts and deposits	**(9)**	**-**	**-**	**(9)**	(36)	(2)	-	(38)
Cash and cash equivalents	**(1,345)**	**(23)**	**-**	**(1,368)**	(14)	(16)	-	(30)
Fair value of interest-rate swaps	**1**	**-**	**-**	**1**	-	-	-	-
Fair value of foreign exchange swaps and forwards	**(37)**	**-**	**-**	**(37)**	16	-	-	16
Net debt (b)	**3,942**	**(15)**	**-**	**3,927**	3,747	(10)	-	3,737
Less: Fair value of interest-rate swaps	**(1)**	**-**	**-**	**(1)**	-	-	-	-
Adjusted net debt (c)	**3,941**	**(15)**	**-**	**3,926**	3,747	(10)	-	3,737
Adjusted total equity								
Total equity (d)	**8,750**	**-**	**-**	**8,750**	9,920	-	-	9,920
Fair value of interest rate swaps	**1**	**-**	**-**	**1**	-	-	-	-
Adjusted total equity (e)	**8,751**	**-**	**-**	**8,751**	9,920	-	-	9,920
Gearing (b/d)	**45.1%**			**44.9%**	37.8%			37.7%
Adjusted gearing (c/e)	**45.0%**			**44.9%**	37.8%			37.7%
Group LTV (c/a)	**33.3%**			**30.7%**	29.6%			27.1%
Security Group LTV	**32.5%**				28.6%			
Weighted average cost of debt	**1.8%**			**1.8%**	2.7%			2.7%

1. This represents the interest in X-Leisure which we did not own, but which is consolidated in the Group numbers. In December 2019, the Group settled the redemption liability which represented this interest resulting in 100% ownership.

14. Borrowings

	Secured/ unsecured	Fixed/ floating	Effective interest rate %	2020 Nominal/ notional value £m	2020 Fair value £m	2020 Book value £m	2019 Nominal/ notional value £m	2019 Fair value £m	2019 Book value £m
Current borrowings									
Commercial paper									
Sterling	Unsecured	Floating	LIBOR + margin	**4**	**4**	**4**	-	-	-
Euro	Unsecured	Floating	LIBOR + margin	**796**	**796**	**796**	729	729	729
US Dollar	Unsecured	Floating	LIBOR + margin	**177**	**177**	**177**	205	205	205
Total current borrowings				**977**	**977**	**977**	934	934	934
Non-current borrowings									
Medium term notes (MTN)									
A3 5.425% MTN due 2022	Secured	Fixed	5.5	**-**	**-**	**-**	46	48	46
A10 4.875% MTN due 2025	Secured	Fixed	5.0	**10**	**11**	**10**	14	15	14
A12 1.974% MTN due 2026	Secured	Fixed	2.0	**400**	**406**	**399**	400	405	399
A4 5.391% MTN due 2026	Secured	Fixed	5.4	**17**	**20**	**17**	25	30	25
A5 5.391% MTN due 2027	Secured	Fixed	5.4	**95**	**113**	**94**	186	224	186
A6 5.376% MTN due 2029	Secured	Fixed	5.4	**65**	**84**	**65**	78	97	77
A16 2.375% MTN due 2029	Secured	Fixed	2.5	**350**	**366**	**347**	350	362	347
A13 2.399% MTN due 2031	Secured	Fixed	2.4	**300**	**314**	**299**	300	310	299
A7 5.396% MTN due 2032	Secured	Fixed	5.4	**81**	**111**	**80**	156	209	156
A11 5.125% MTN due 2036	Secured	Fixed	5.1	**50**	**71**	**50**	56	76	56
A14 2.625% MTN due 2039	Secured	Fixed	2.6	**500**	**521**	**494**	500	508	493
A15 2.750% MTN due 2059	Secured	Fixed	2.7	**500**	**542**	**495**	500	515	494
				2,368	**2,559**	**2,350**	2,611	2,799	2,592
Syndicated and bilateral bank debt	Secured	Floating	LIBOR + margin	**1,944**	**1,944**	**1,944**	225	225	225
Amounts payable under head leases	Unsecured	Fixed	4.6	**61**	**126**	**61**	30	62	30
Total non-current borrowings				**4,373**	**4,629**	**4,355**	2,866	3,086	2,847
Total borrowings				**5,350**	**5,606**	**5,332**	3,800	4,020	3,781

Reconciliation of the movement in borrowings	**2020** £m	2019 £m
At the beginning of the year	**3,781**	3,730
Proceeds from new borrowings	**1,701**	84
Repayment of MTNs	**(47)**	-
Redemption of MTNs	**(196)**	(8)
Foreign exchange movement on non-Sterling borrowings	**60**	(25)
Other	**33**	-
At the end of the year	**5,332**	3,781

Reconciliation of movements in liabilities arising from financing activities **2020**

	At the beginning of the year £m	Cash flows £m	Non-cash changes: Foreign exchange movements £m	Non-cash changes: Other changes in fair values £m	Non-cash changes: Other changes £m	At the end of the year £m
Borrowings	**3,781**	**1,458**	**60**	**-**	**33**	**5,332**
Derivative financial instruments	**16**	**1**	**(60)**	**7**	**-**	**(36)**
	3,797	**1,459**	**-**	**7**	**33**	**5,296**
						2019
Borrowings	3,730	76	(25)	-	-	3,781
Derivative financial instruments	1	(15)	25	5	-	16
	3,731	61	-	5	-	3,797

Medium term notes

The MTNs are secured on the fixed and floating pool of assets of the Security Group. The Security Group includes investment properties, development properties, the X-Leisure fund, and the Group’s investment in Westgate Oxford Alliance Limited Partnership, Nova, Victoria, St. David's Limited Partnership and Southside Limited Partnership, in total valued at **£12.1bn** at 31 March 2020 (31 March 2019: £13.2bn). 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 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 LIBOR 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.

14. Borrowings continued

The effective interest rate is based on the coupon paid and includes the amortisation of issue costs. 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 **£196m** (2019: £8m) of MTNs for a total premium of **£59m** (2019: £2m). Details of the purchases and associated premium by series are as follows:

MTN purchases	2020 Purchases £m	2020 Premium £m	2019 Purchases £m	2019 Premium £m
A10 4.875% MTN due 2025	**4**	**1**	-	-
A4 5.391% MTN due 2026	**8**	**1**	-	-
A5 5.391% MTN due 2027	**91**	**20**	-	-
A6 5.376% MTN due 2029	**12**	**3**	7	2
A7 5.396% MTN due 2032	**75**	**31**	1	-
A11 5.125% MTN due 2036	**6**	**3**	-	-
	196	**59**	8	2

Syndicated and bilateral bank debt	Maturity as at 31 March 2020	Authorised 2020 £m	Authorised 2019 £m	Drawn 2020 £m	Drawn 2019 £m	Undrawn 2020 £m	Undrawn 2019 £m
Syndicated debt	**2024-25**	**2,490**	2,490	**1,797**	100	**693**	2,390
Bilateral debt	**2023-24**	**225**	225	**147**	125	**78**	100
		2,715	2,715	**1,944**	225	**771**	2,490

At 31 March 2020, the Group's committed revolving facilities totalled **£2,715m** (31 March 2019: £2,715m).

All syndicated and bilateral facilities are committed and secured on the assets of the Security Group. During the year ended 31 March 2020, the amounts drawn under the Group's facilities increased by **£1,719m**.

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. The total amount of cash and available facilities at 31 March 2020 were **£1,139m** (2019: £1,570m).

15. Monies held in restricted accounts and deposits

	2020 £m	2019 £m
Cash at bank and in hand	**4**	29
Short-term deposits	**5**	7
	9	36

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.

	2020 £m	2019 £m
Counterparties with external credit ratings		
A+	**5**	32
A	**3**	4
BBB+	**1**	-
	9	36

16. Cash and cash equivalents

	2020 £m	2019 £m
Cash at bank and in hand	**1,345**	14
	1,345	14

As a result of the uncertainty created by Covid-19, the Group drew down on its facilities in March 2020 in order to cover the short-term commercial paper in issue at 31 March 2020 and to provide additional liquid funds.

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.

	2020 £m	2019 £m
Counterparties with external credit ratings		
A+	**1,345**	14
	1,345	14

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.

			2020			2019
	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
Assets						
Cash and cash equivalents	**1,363**	**(18)**	**1,345**	63	(49)	14
	1,363	**(18)**	**1,345**	63	(49)	14

17. Changes in accounting policies

IFRS 16 Leases

The Group has adopted IFRS 16 Leases on 1 April 2019. As a result of adopting this standard, the Group now reports separately service charge income for leases where a single payment is received to cover both rent and service charge. The total payment received was previously included within rental income, but the service charge component has now been separated and reported as service charge income in the notes to the financial statements. Comparatives have been restated accordingly. In the year ended 31 March 2019, the amount previously reported in rental income which has now been separated and reported as service charge income was £6m. There has been no net impact on the Group's income statement or balance sheet. The Group's revised accounting policies are set out below.

Accounting policies

Revenue

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. Contingent rents, being lease payments that are not fixed at the inception of a lease, for example turnover rents, are variable consideration and are recorded as income in the period 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.

Service charge income and management fees are recorded as income over time in the period 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.

Costs

Rents payable reflect amounts due under head leases. Where rents payable are variable, 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 reflected on the Group's balance sheet within investment properties and borrowings respectively.

18. Events after the reporting period

There were no significant events occurring after the reporting year, but before the financial statements were authorised for issue.

Alternative performance measures

Table 17: 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, where the definitions and reconciliations of these measures can be found and where further discussion is included. The definitions of all APMs are included in the Glossary and further discussion of these measures can be found in the Financial review.

Alternative performance measure	Nearest IFRS measure	Reconciliation
Revenue profit	Profit before tax	Note 3
Adjusted earnings	Profit attributable to shareholders	Note 4
Adjusted earnings per share	Basic earnings per share	Note 4
Adjusted diluted earnings per share	Diluted earnings per share	Note 4
EPRA net tangible assets	Net assets attributable to shareholders	Note 4
EPRA net tangible assets per share	Net assets attributable to shareholders	Note 4
Total business return	n/a	Note 4
Combined Portfolio	Investment properties	Note 10
Adjusted net debt	Borrowings	Note 13
Group LTV	n/a	Note 13

EPRA disclosures

In October 2019, the European Public Real Estate Association ('EPRA') published new best practice recommendations (BPR) for financial disclosures by public real estate companies. The Group supports this reporting standardisation approach designed to improve the quality and comparability of information for investors.

The BPR introduced three new measures of net asset value: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). The Group has adopted these new guidelines early and applies them in our 2020 Annual Report. EPRA NTA is considered to be the most relevant measure for our business and therefore now acts as our primary measure of net asset value. Total business return is now calculated based on EPRA NTA. The previously reported EPRA measures of net assets are also included below for comparative purposes.

Table 18: EPRA net asset measures

EPRA net asset measures					**31 March 2020**
	Current measures			**Previously reported measures**	
	EPRA NRV	**EPRA NTA**	**EPRA NDV**	**EPRA net assets**	**EPRA triple net assets**
	£m	**£m**	**£m**	**£m**	**£m**
Net assets attributable to shareholders	**8,750**	**8,750**	**8,750**	**8,750**	**8,750**
Excess of fair value over net investment in finance lease book value(1)	**90**	**90**	**90**	**-**	**-**
Deferred tax liability on intangible asset	**1**	**1**	**-**	**1**	**-**
Goodwill on deferred tax liability	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**
Other intangible assets	**-**	**(7)**	**-**	**-**	**-**
Fair value of interest-rate swaps	**1**	**1**	**-**	**1**	**-**
Excess of fair value of debt over book value (note 14)	**-**	**-**	**(274)**	**-**	**(274)**
Purchasers' costs(2)	**768**	**-**	**-**	**-**	**-**
Net assets used in per share calculation	**9,609**	**8,834**	**8,565**	**8,751**	**8,475**

	EPRA NRV	**EPRA NTA**	**EPRA NDV**	**EPRA net assets**	**EPRA triple net assets**
Diluted net assets per share	**1,297p**	**1,192p**	**1,156p**	**1,181p**	**1,144p**

					31 March 2019
	Current measures			Previously reported measures	
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA net assets	EPRA triple net assets
	£m	£m	£m	£m	£m
Net assets attributable to shareholders	9,920	9,920	9,920	9,920	9,920
Excess of fair value over net investment in finance lease book value(1)	80	80	80	-	-
Deferred tax liability on intangible asset	2	2	-	2	-
Goodwill on deferred tax liability	(2)	(2)	(2)	(2)	(2)
Other intangible assets	-	(11)	-	-	-
Excess of fair value of debt over book value (note 14)	-	-	(239)	-	(239)
Purchasers' costs(2)	829	-	-	-	-
Net assets used in per share calculation	10,829	9,989	9,759	9,920	9,679

	EPRA NRV	EPRA NTA	EPRA NDV	EPRA net assets	EPRA triple net assets
Diluted net assets per share	1,461p	1,348p	1,317p	1,339p	1,306p

1. While the previous definition of EPRA net assets included this adjustment, it has historically not been considered material to adjust. As the value of this difference has grown in recent years, the adjustment will now be included when calculating EPRA NTA.
2. EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers' costs. Purchasers' costs are added back when calculating EPRA NRV.

Table 19: EPRA performance measures

Measure	Definition for EPRA measure	Note	31 March 2020 Landsec measure	31 March 2020 EPRA Measure
Adjusted earnings	Recurring earnings from core operational activity	4	**£414m**	**£414m**
Adjusted earnings per share	Adjusted earnings per weighted number of ordinary shares	4	**55.9p**	**55.9p**
Adjusted diluted earnings per share	Adjusted diluted earnings per weighted number of ordinary shares	4	**55.9p**	**55.9p**
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	4	**£8,834m**	**£8,834m**
EPRA net tangible assets per share	Diluted net tangible assets per share	4	**1,192p**	**1,192p**
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	4	**£8,565m**	**£8,565m**
EPRA net disposal value per share	Diluted net disposal value per share	4	**1,156p**	**1,156p**
		Table		
Voids/vacancy rate	ERV of vacant space as a % of ERV of Combined Portfolio excluding the development programme(1)	20	**2.4%**	**2.4%**
Net initial yield (NIY)	Annualised rental income less non-recoverable costs as a % of market value plus assumed purchasers' costs(2)	22	**4.8%**	**4.7%**
Topped-up NIY	NIY adjusted for rent free periods(2)	22	**5.0%**	**4.9%**
Cost ratio	Total costs as a percentage of gross rental income (including direct vacancy costs)(3)	23	**18.6%**	**22.5%**
	Total costs as a percentage of gross rental income (excluding direct vacancy costs)(3)	23	**n/a**	**20.5%**

1. Our measure reflects voids in our like-for-like portfolio only. The EPRA measure reflects voids in the Combined Portfolio excluding only properties under development.
2. Our NIY and Topped-up NIY relate to the Combined Portfolio, excluding properties in the development programme that have not yet reached practical completion, and are calculated by our external valuer. EPRA NIY and EPRA Topped-up NIY calculations are consistent with ours but exclude only properties currently under development. Topped-up NIY reflects adjustments of **£21m** and **£21m** for rent free periods and other incentives for the Landsec measure and EPRA measure, respectively.
3. The EPRA cost ratio is calculated based on gross rental income after rents payable and excluding costs recovered through rents but not separately invoiced, whereas our measure is based on gross rental income before rents payable and costs recovered through rents but not separately invoiced. We do not calculate a cost ratio excluding direct vacancy costs as we do not consider this to be helpful.

Table 20: 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.

	2020
	£m
ERV of vacant properties	17
ERV of Combined Portfolio excluding properties under development	699
EPRA vacancy rate (%)	**2.4%**

Table 21: Change in net rental income from the like-for-like portfolio (before provisions related to 2020/21 rent)

	2020	2019	Change	
	£m	£m	£m	%
Office	**250**	243	**7**	**2.9**
Retail	**246**	256	**(10)**	**-3.9**
Specialist	**83**	84	**(1)**	**-1.2**
	579	583	**(4)**	**-0.7**

Table 22: EPRA Net initial yield (NIY) and topped up NIY

	2020
	£m
Combined Portfolio	12,781
Trading properties at market value	29
Less: Properties under development, trading properties under development and land	(583)
Like-for-like investment property portfolio, proposed and completed developments, and completed trading properties	**12,227**
Plus: Allowance for estimated purchasers' costs	735
Grossed-up completed property portfolio valuation (b)	**12,962**
Annualised cash passing rental income[1]	654
Net service charge expense[2]	(10)
Other irrecoverable property costs	(33)
Annualised net rents (a)	**611**
Plus: Rent-free periods and other lease incentives	21
Topped-up annualised net rents (c)	**632**
EPRA Net initial yield (a/b)	**4.7%**
EPRA Topped-up initial yield (c/b)	**4.9%**

1. Annualised cash passing rental income as calculated by the Group's external valuer.
2. Including costs recovered through rents but not separately invoiced.

Table 23: Cost analysis

	£m
Gross rental income (before rents payable)	**678**
Rents payable	(15)
Gross rental income (after rents payable)	**663**
Net service charge expense	(4)
Net direct property expenditure	(53)
Provisions related to 2020/21 rent	(23)
Segment net rental income	**583**
Net indirect expenses	(74)
Segment profit before finance expense	**509**
Net finance expense - Group	(79)
Net finance expense - joint ventures	(16)
Revenue profit	**414**

Direct property costs £80m

Net indirect expenses[3] £74m

Total cost ratio[2] **18.6%**

	2020 Total £m	2020 Cost ratio %[2]	2019[1] Total £m	2019[1] Cost ratio %[2]
Gross rental income (before rents payable)	**678**		683	
Costs recovered through rents but not separately invoiced	(6)		(7)	
Adjusted gross rental income	**672**		676	
Rents payable	(15)		(13)	
EPRA gross rental income	**657**		663	
Managed operations	**10**	**1.5**	10	1.5
Tenant default	**10**	**1.5**	10	1.5
Tenant default – 2020/21 rent	**23**	**3.4**	-	-
Void related costs	**13**	**1.9**	13	1.9
Other direct property costs	**19**	**2.8**	16	2.4
Development expenditure	**9**	**1.3**	12	1.8
Asset management, administration and compliance	**70**	**10.4**	69	10.2
Total (incl. direct vacancy costs)	**154**	**22.9**	130	19.2
Costs recovered through rents	(6)		(7)	
Tenant default – 2020/21 rent	(23)		-	
Adjusted total costs	**125**	**18.6**	123	18.2
Tenant default – 2020/21 rent	23		-	
EPRA costs (incl. direct vacancy costs)	**148**	**22.5**	123	18.6
Less: Direct vacancy costs	(13)		(13)	
EPRA (excl. direct vacancy costs)	**135**	**20.5**	110	16.6

1. Restated for changes in accounting policies (see note 17 of the financial statements).
2. Percentages represent costs divided by Adjusted gross rental income, except for EPRA measures which represent costs divided by EPRA gross rental income.
3. Net indirect expenses amounting to **£7m** (2019: £5m) have been capitalised as development costs and are excluded from table 23.

Table 24: Acquisitions, disposals and capital expenditure

Investment properties	Group (excl. joint ventures) £m	Joint ventures £m	Adjustment for proportionate share[1] £m	Year ended 31 March 2020 Combined Portfolio £m	Year ended 31 March 2019 Combined Portfolio £m
Net book value at the beginning of the year	**12,094**	**1,117**	**(34)**	**13,177**	13,536
Acquisitions	16	-	32	**48**	136
Capital expenditure	199	8	-	**207**	117
Capitalised interest	7	1	-	**8**	5
Net movement in head leases capitalised	30	1	-	**31**	-
Disposals	(49)	-	-	**(49)**	(60)
Net deficit on revaluation of investment properties	(1,000)	(181)	2	**(1,179)**	(557)
Net book value at the end of the year	**11,297**	**946**	-	**12,243**	13,177
Loss on disposal of investment properties	**(6)**	**-**	**-**	**(6)**	(2)

Trading properties	£m	£m	£m	£m	£m
Net book value at the beginning of the year	**23**	**18**	**-**	**41**	74
Acquisitions	-	-	-	**-**	4
Capital expenditure	1	-	-	**1**	2
Disposals	-	(15)	-	**(15)**	(39)
Net book value at the end of the year	**24**	**3**	**-**	**27**	41
Profit on disposal of trading properties	**-**	**7**	**-**	**7**	-

Acquisitions, development and other capital expenditure	Investment properties[2] £m	Trading properties £m	Combined Portfolio £m	Combined Portfolio £m
Acquisitions[3]	48	-	**48**	140
Development capital expenditure[4]	165	-	**165**	52
Other capital expenditure	42	1	**43**	67
Capitalised interest	8	-	**8**	5
Acquisitions, development and other capital expenditure	**263**	**1**	**264**	264

Disposals	£m	£m
Net book value – investment property disposals	**49**	60
Net book value – trading property disposals	**15**	39
Loss on disposal – investment properties	**(6)**	(2)
Profit on disposal – trading properties	**7**	-
Total disposal proceeds	**65**	97

1. This represents the interest in X-Leisure which we did not own, but which is consolidated in the Group numbers. In December 2019, the Group settled the redemption liability which represented this interest resulting in 100% ownership.
2. See EPRA analysis of capital expenditure table 25 for further details.
3. Properties acquired in the year.
4. Development capital expenditure for investment properties comprises expenditure on the development pipeline and completed developments.

Table 25: EPRA analysis of capital expenditure

Year ended 31 March 2020

	Acquisitions[1] £m	Development capital expenditure[2] £m	Other capital expenditure: Incremental lettable space[3] £m	Other capital expenditure: No incremental lettable space £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	Total capital expenditure – Group £m
Office										
West End	**-**	**34**	-	6	-	**6**	**1**	**41**	**9**	**32**
City	**-**	**113**	-	2	-	**2**	**7**	**122**	**-**	**122**
Mid-town	**1**	**-**	-	-	-	**-**	**-**	**1**	**-**	**1**
Southwark and other	**-**	**12**	5	-	-	**5**	**-**	**17**	**-**	**17**
Total Office	**1**	**159**	**5**	**8**	**-**	**13**	**8**	**181**	**9**	**172**
Retail										
London retail	**11**	**5**	4	4	-	**8**	**-**	**24**	**-**	**24**
Regional retail	**-**	**-**	1	3	-	**4**	**-**	**4**	**-**	**4**
Outlets	**-**	**-**	5	4	1	**10**	**-**	**10**	**-**	**10**
Retail parks	**-**	**-**	-	1	-	**1**	**-**	**1**	**-**	**1**
Total Retail	**11**	**5**	**10**	**12**	**1**	**23**	**-**	**39**	**-**	**39**
Specialist										
Leisure and hotels	**-**	**-**	-	4	2	**6**	**-**	**6**	**-**	**6**
Other	**4**	**1**	-	-	-	**-**	**-**	**5**	**-**	**5**
Total Specialist	**4**	**1**	**-**	**4**	**2**	**6**	**-**	**11**	**-**	**11**
Total capital expenditure	**16**	**165**	**15**	**24**	**3**	**42**	**8**	**231**	**9**	**222**
Conversion from accrual to cash basis								6	11	(5)
Total capital expenditure on a cash basis								**237**	**20**	**217**

1. Investment properties acquired in the year.
2. Expenditure on the development pipeline and completed developments.
3. Capital expenditure where the lettable area increases by at least 10%.

Other business analysis

Table 26 : Top 12 occupiers at 31 March 2020

	% of Group rent[1]
Central Government	5.0
Deloitte	4.7
Accor	4.0
Cineworld	1.6
Mizuho Bank	1.5
Boots	1.4
Sainsbury's	1.2
Taylor Wessing	1.2
Equinix	1.1
Next	1.0
H&M	1.0
M&S	0.9
	24.6

1. On a proportionate basis.

Table 27: Development pipeline at 31 March 2020

Property	Description of use	Ownership interest %	Size sq ft	Letting status %	Market value £m	Net income/ ERV £m	Estimated completion date[1]	Total development costs to date £m	Forecast total development cost £m
Developments approved or in progress									
21 Moorfields, EC2	Office	100	564,000	100	421	38	Mar 2022	285	576
105 Sumner Street, SE1	Office	100	139,000	-	40	10	Mar 2022	36	140
	Retail		1,000						
Nova East, SW1	Office	50	166,000	-	13	6	Jul 2022	16	101
Lucent, W1	Office	100	111,000	-	83	14	Oct 2022	100	239
	Retail		30,000						
	Residential		3,000						
Proposed developments									
Castle Lane, SW1	Residential	100	54,000	n/a	n/a	n/a	Dec 2022	n/a	n/a
Portland House, SW1	Office	100	360,000	n/a	n/a	n/a	Feb 2023	n/a	n/a
	Retail		40,000						

1. The estimated completion dates shown in this table reflect our pre-Covid-19 expectation of practical completion. It is too early to assess the impact of Covid-19 with any certainty. However, our current estimate is a delay to the completion dates shown of up to two months for schemes in the development programme and up to seven months for proposed developments.

Where the property is not 100% owned, floor areas and letting status shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 31 March 2020. Trading property development schemes are excluded from the development pipeline.

Total development cost

Refer to the Glossary for definition. Of the properties in the development pipeline at 31 March 2020, the only property on which interest was capitalised on the land cost was 21 Moorfields, EC2.

Net income/ERV

Net income/ERV represents headline annual rent on let units plus ERV at 31 March 2020 on unlet units, both after rents payable.

Table 28: Combined Portfolio value by location at 31 March 2020[1]

	Office %	Retail %	Specialist %	Total %
Central, inner and outer London	53.3	10.9	6.2	70.4
South East and East	-	12.2	2.8	15.0
Midlands	-	0.4	0.6	1.0
Wales and South West	-	2.7	0.5	3.2
North, North West, Yorkshire and Humberside	0.1	6.0	1.7	7.8
Scotland and Northern Ireland	-	1.8	0.8	2.6
Total	**53.4**	**34.0**	**12.6**	**100.0**

1. % figures calculated by reference to the Combined Portfolio value of £12.8bn.

For a full list of the Group's properties please refer to our website landsec.com.

Table 29: Combined Portfolio performance relative to MSCI Total property return – Year ended 31 March 2020

	Landsec %	MSCI %
Office	4.5	3.5 [1]
Retail	-17.3	-9.8 [2]
Specialist	-3.9	n/a [3]
Combined Portfolio	**-4.5**	**-0.4** [4]

1. MSCI Central and Inner London Office benchmark.
2. MSCI All Retail benchmark.
3. No benchmark available.
4. MSCI All Property Quarterly Universe.

Table 30: Combined Portfolio analysis
Like-for-like segmental analysis

	Market value[(1)]		Valuation movement[(1)]		Rental income[(1)]		Net estimated rental value[(2)]	
	31 March 2020 £m	31 March 2019 £m	Surplus/ (deficit) £m	Surplus/ (deficit) %	31 March 2020 £m	31 March 2019 £m	31 March 2020 £m	31 March 2019 £m
Office								
West End	**2,994**	2,944	**53**	**1.9%**	**132**	128	**144**	136
City	**1,247**	1,221	**28**	**2.4%**	**51**	49	**63**	61
Mid-town	**1,422**	1,400	**21**	**1.6%**	**60**	60	**72**	69
Southwark and other	**346**	336	**1**	**0.5%**	**15**	15	**21**	19
Total Office	**6,009**	5,901	**103**	**1.9%**	**258**	252	**300**	285
Retail								
London retail	**1,307**	1,547	**(242)**	**-15.8%**	**69**	70	**69**	73
Regional retail	**1,494**	2,058	**(562)**	**-27.5%**	**124**	130	**108**	120
Outlets	**871**	971	**(100)**	**-10.3%**	**61**	61	**62**	62
Retail parks	**444**	585	**(147)**	**-25.5%**	**38**	39	**36**	39
Total Retail	**4,116**	5,161	**(1,051)**	**-20.5%**	**292**	300	**275**	294
Specialist								
Leisure and hotels	**1,153**	1,288	**(143)**	**-10.9%**	**76**	79	**76**	78
Other	**398**	377	**7**	**1.7%**	**22**	20	**20**	18
Total Specialist	**1,551**	1,665	**(136)**	**-8.0%**	**98**	99	**96**	96
Like-for-like portfolio[(6)]	**11,676**	12,727	**(1,084)**	**-8.8%**	**648**	651	**671**	675
Proposed developments[(1)]	**218**	248	**(38)**	**-14.7%**	**12**	13	**-**	22
Development programme[(7)]	**558**	374	**19**	**3.5%**	**-**	1	**68**	40
Completed developments[(8)]	**169**	235	**(63)**	**-28.1%**	**14**	13	**11**	13
Acquisitions[(9)]	**160**	115	**(13)**	**-9.3%**	**2**	1	**4**	1
Sales[(10)]	**-**	51	**-**	**-**	**2**	4	**-**	4
Combined Portfolio	**12,781**	13,750	**(1,179)**	**-8.8%**	**678**	683	**754**	755
Properties treated as finance leases					**(9)**	(9)		
Combined Portfolio	**12,781**	13,750	**(1,179)**	**-8.8%**	**669**	674		

Total portfolio analysis

	Market value[(1)]		Valuation movement[(1)]		Rental income[(1)]		Net estimated rental value[(2)]	
	31 March 2020 £m	31 March 2019 £m	Surplus/ (deficit) £m	Surplus/ (deficit) %	31 March 2020 £m	31 March 2019 £m	31 March 2020 £m	31 March 2019 £m
Office								
West End	**3,264**	3,248	**(10)**	**-0.3%**	**144**	141	**160**	158
City	**1,668**	1,491	**61**	**3.9%**	**51**	49	**101**	100
Mid-town	**1,423**	1,400	**20**	**1.5%**	**60**	60	**72**	69
Southwark and other	**471**	446	**(1)**	**-0.4%**	**15**	15	**31**	19
Total Office	**6,826**	6,585	**70**	**1.1%**	**270**	265	**364**	346
Retail								
London retail	**1,370**	1,591	**(239)**	**-15.0%**	**70**	72	**73**	76
Regional retail	**1,663**	2,292	**(625)**	**-27.6%**	**138**	142	**120**	133
Outlets	**871**	971	**(100)**	**-10.3%**	**61**	62	**62**	62
Retail parks	**444**	636	**(147)**	**-25.5%**	**40**	43	**36**	42
Total Retail	**4,348**	5,490	**(1,111)**	**-20.5%**	**309**	319	**291**	313
Specialist								
Leisure and hotels	**1,188**	1,288	**(143)**	**-10.9%**	**77**	79	**79**	78
Other	**419**	387	**5**	**1.3%**	**22**	20	**20**	18
Total Specialist	**1,607**	1,675	**(138)**	**-8.0%**	**99**	99	**99**	96
Combined Portfolio	**12,781**	13,750	**(1,179)**	**-8.8%**	**678**	683	**754**	755
Properties treated as finance leases					**(9)**	(9)		
Combined Portfolio	**12,781**	13,750	**(1,179)**	**-8.8%**	**669**	674		
Represented by:								
Investment portfolio	**11,802**	12,603	**(998)**	**-8.1%**	**610**	617	**688**	693
Share of joint ventures	**979**	1,147	**(181)**	**-16.1%**	**59**	57	**66**	62
Combined Portfolio	**12,781**	13,750	**(1,179)**	**-8.8%**	**669**	674	**754**	755

Table 30: Combined Portfolio analysis continued
Like-for-like segmental analysis

	Gross estimated rental value[3]		Net initial yield[4]		Equivalent yield[5]		Voids (by ERV)[1]	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019
	£m	£m	**%**	%	**%**	%	**%**	%
Office								
West End	**144**	136	**4.5%**	4.0%	**4.6%**	4.5%	**0.3%**	1.5%
City	**64**	62	**4.0%**	4.2%	**4.5%**	4.5%	**4.2%**	-
Mid-town	**74**	71	**4.3%**	3.2%	**4.5%**	4.5%	**-**	-
Southwark and other	**21**	19	**4.2%**	4.1%	**5.0%**	5.2%	**2.9%**	4.8%
Total Office	**303**	288	**4.3%**	3.9%	**4.6%**	4.5%	**1.3%**	1.0%
Retail								
London retail	**69**	73	**4.6%**	4.1%	**4.6%**	4.3%	**3.0%**	2.3%
Regional retail	**116**	128	**6.4%**	4.9%	**6.2%**	5.2%	**4.3%**	5.2%
Outlets	**62**	62	**5.6%**	5.0%	**5.9%**	5.4%	**4.5%**	4.1%
Retail parks	**36**	39	**7.5%**	6.2%	**7.4%**	6.2%	**3.3%**	3.1%
Total Retail	**283**	302	**5.8%**	4.9%	**5.8%**	5.0%	**3.9%**	4.0%
Specialist								
Leisure and hotels	**77**	78	**4.3%**	5.2%	**5.8%**	5.5%	**1.4%**	1.5%
Other	**20**	18	**3.3%**	3.0%	**4.4%**	4.2%	**0.5%**	1.1%
Total Specialist	**97**	96	**4.1%**	4.7%	**5.4%**	5.2%	**1.2%**	1.5%
Like-for-like portfolio[6]	**683**	686	**4.8%**	4.4%	**5.1%**	4.8%	**2.4%**	2.4%
Proposed developments[1]	**-**	22	**-**	4.8%	**n/a**	n/a	**n/a**	n/a
Development programme[7]	**70**	43	**-**	-	**4.3%**	4.3%	**n/a**	n/a
Completed developments[8]	**12**	14	**6.1%**	3.9%	**6.0%**	4.9%	**n/a**	n/a
Acquisitions[9]	**4**	1	**2.2%**	0.7%	**4.8%**	4.5%	**n/a**	n/a
Sales[10]	**-**	4	**-**	-	**n/a**	n/a	**n/a**	n/a
Combined Portfolio	**769**	770	**4.5%**	4.2%	**5.1%**	4.8%	**n/a**	n/a

Total portfolio analysis

	Gross estimated rental value[3]		Net initial yield[4]	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£m	£m	**%**	%
Office				
West End	**161**	158	**4.1%**	4.0%
City	**105**	103	**3.0%**	3.5%
Mid-town	**74**	71	**4.3%**	3.2%
Southwark and other	**30**	19	**3.1%**	3.2%
Total Office	**370**	351	**3.8%**	3.7%
Retail				
London retail	**74**	76	**4.6%**	4.1%
Regional retail	**128**	142	**6.4%**	4.8%
Outlets	**62**	62	**5.6%**	5.0%
Retail parks	**36**	43	**7.5%**	6.2%
Total Retail	**300**	323	**5.8%**	4.8%
Specialist				
Leisure and hotels	**79**	78	**4.3%**	5.2%
Other	**20**	18	**3.3%**	3.0%
Total Specialist	**99**	96	**4.1%**	4.7%
Combined Portfolio	**769**	770	**4.5%**	4.2%
Represented by:				
Investment portfolio	**702**	707	**4.6%**	4.3%
Share of joint ventures	**67**	63	**4.4%**	3.5%
Combined Portfolio	**769**	770	**4.5%**	4.2%

Notes:

1. Refer to Glossary for definition.
2. Net estimated rental value is gross estimated rental value, as defined in the Glossary, after deducting expected rent payable.
3. Gross estimated rental value (ERV) – refer to Glossary for definition. The figure for proposed developments relates to the existing buildings and not the schemes proposed.
4. Net initial yield – refer to Glossary for definition. This calculation includes all properties including those sites with no income.
5. Equivalent yield – refer to Glossary for definition. Proposed developments are excluded from the calculation of equivalent yield on the Combined Portfolio.
6. The like-for-like portfolio – refer to Glossary for definition. Capital expenditure on refurbishments, acquisitions of head leases and similar capital expenditure has been allocated to the like-for-like portfolio in preparing this table.
7. The development programme – refer to Glossary for definition. Net initial yield figures are only calculated for properties in the development programme that have reached practical completion.
8. Completed developments – refer to Glossary for definition. Comprises Westgate Oxford.
9. Includes all properties acquired since 1 April 2018.
10. Includes all properties sold since 1 April 2018.

Table 31: Lease lengths

	Weighted average unexpired lease term at 31 March 2020	
	Like-for-like portfolio	Like-for-like portfolio, completed developments and acquisitions
	Mean(1)	Mean(1)
	Years	Years
Office		
West End	7.5	7.5
City	7.6	7.6
Mid-town	9.0	9.0
Southwark and other	10.7	10.5
Total Office	**8.1**	**8.1**
Retail		
London retail	6.5	6.5
Regional retail	4.9	5.2
Outlets	3.5	3.5
Retail parks	5.6	5.6
Total Retail	**5.1**	**5.3**
Specialist		
Leisure and hotels	11.5	11.5
Other	n/a	n/a
Total Specialist	**11.5**	**11.5**
Combined Portfolio	**7.2**	**7.3**

1. Mean is the rent weighted average of the unexpired lease term across all leases (excluding short-term leases). Term is defined as the earlier of tenant break or expiry.

Table 32: Reconciliation of segmental information note to statutory reporting

The table below reconciles the Group's income statement to the segmental information note (note 3 to the financial statements). The Group's income statement is prepared using the equity accounting method for joint ventures and includes 100% of the results of the Group's non-wholly owned subsidiaries. In contrast, the segmental information note is prepared on a proportionately consolidated basis and excludes the non-wholly owned share of the Group's subsidiaries. This is consistent with the financial information reviewed by management.

	Year ended 31 March 2020					
	Group income statement £m	Joint ventures(1) £m	Proportionate share of earnings(2) £m	Total £m	Revenue profit £m	Capital and other items £m
Rental income	611	59	(1)	669	669	-
Finance lease interest	9	-	-	9	9	-
Gross rental income (before rents payable)	**620**	**59**	**(1)**	**678**	**678**	**-**
Rents payable	(13)	(2)	-	(15)	(15)	-
Gross rental income (after rents payable)	**607**	**57**	**(1)**	**663**	**663**	**-**
Service charge income	88	10	-	98	98	-
Service charge expense	(90)	(12)	-	(102)	(102)	-
Net service charge expense	(2)	(2)	-	(4)	(4)	-
Other property related income	31	2	-	33	33	-
Direct property expenditure	(72)	(14)	-	(86)	(86)	-
Provisions related to 2020/21 rent	(21)	(2)	-	(23)	(23)	-
Segment net rental income	**543**	**41**	**(1)**	**583**	**583**	**-**
Other income	2	-	-	2	2	-
Indirect expense	(69)	(3)	-	(72)	(72)	-
Depreciation	(4)	-	-	(4)	(4)	-
Revenue profit before interest	**472**	**38**	**(1)**	**509**	**509**	**-**
Share of post-tax loss from joint ventures	(151)	151	-	-	-	-
Net deficit on revaluation of investment properties	(1,000)	(181)	2	(1,179)	-	(1,179)
Loss on disposal of investment properties	(6)	-	-	(6)	-	(6)
Profit on disposal of trading properties	-	7	-	7	-	7
Profit from long-term development contracts	-	3	-	3	-	3
Exceptional items	(5)	-	-	(5)	-	(5)
Other	-	-	(1)	(1)	-	(1)
Operating (loss)/profit	**(690)**	**18**	**-**	**(672)**	**509**	**(1,181)**
Finance income	18	-	-	18	17	1
Finance expense	(165)	(16)	-	(181)	(112)	(69)
Joint venture tax	-	(2)	-	(2)	-	(2)
(Loss)/profit before tax	**(837)**	**-**	**-**	**(837)**	**414**	**(1,251)**
Taxation	5	-	-	5		
Loss attributable to shareholders	**(832)**	**-**	**-**	**(832)**		

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 revenue profit reported in the segmental information note.

Table 32: Reconciliation of segmental information note to statutory reporting continued

Year ended 31 March 2019[1]

	Group income statement £m	Joint ventures[2] £m	Proportionate share of earnings[3] £m	Total £m	Revenue profit £m	Capital and other items £m
Rental income	619	57	(2)	674	674	-
Finance lease interest	9	-	-	9	9	-
Gross rental income (before rents payable)	**628**	**57**	**(2)**	**683**	**683**	**-**
Rents payable	(10)	(3)	-	(13)	(13)	-
Gross rental income (after rents payable)	**618**	**54**	**(2)**	**670**	**670**	**-**
Service charge income	86	9	-	95	95	-
Service charge expense	(88)	(10)	-	(98)	(98)	-
Net service charge expense	(2)	(1)	-	(3)	(3)	-
Other property related income	33	1	-	34	34	-
Direct property expenditure	(72)	(11)	-	(83)	(83)	-
Net rental income	**577**	**43**	**(2)**	**618**	**618**	**-**
Indirect property expenditure	(79)	(2)	-	(81)	(81)	-
Other income	3	-	-	3	3	-
	501	**41**	**(2)**	**540**	**540**	**-**
Share of post-tax loss from joint ventures	(85)	85	-	-	-	-
Net deficit on revaluation of investment properties	(441)	(117)	1	(557)	-	(557)
Loss on disposal of investment properties	-	(2)	-	(2)	-	(2)
Fair value movement prior to acquisition of non-owned element of a joint venture	-	9	-	9	-	9
Profit from long-term development contracts	-	3	-	3	-	3
Exceptional items	(14)	-	-	(14)	-	(14)
Other	(1)	-	1	-	-	-
Operating (loss)/profit	**(40)**	**19**	**-**	**(21)**	**540**	**(561)**
Finance income	26	-	-	26	20	6
Finance expense	(109)	(19)	-	(128)	(118)	(10)
(Loss)/profit before tax	**(123)**	**-**	**-**	**(123)**	**442**	**(565)**
Taxation	4	-	-	4		
Loss attributable to shareholders	**(119)**	**-**	**-**	**(119)**		

1. Restated for changes in accounting policies. See note 17 of the financial statements for details.
2. 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.
3. 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 revenue profit reported in the segmental information note.

Table 33: Property Income Distribution (PID) calculation

	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m
Loss before tax per income statement	**(837)**	(123)
Accounting loss/(profit) on residual operations	**5**	(20)
Accounting loss on residual operations - prior year adjustment	**-**	23
Loss attributable to tax-exempt operations	**(832)**	(120)
Adjustments		
Capital allowances	**(47)**	(57)
Capitalised interest	**(5)**	(5)
Revaluation deficit	**1,179**	557
Tax exempt disposals	**7**	(13)
Capital expenditure	**4**	(2)
Other tax adjustments	**2**	2
Goodwill amortisation	**5**	15
Estimated tax-exempt income for the year	**313**	377
PID thereon (90%)	**282**	339

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 2020 and 31 March 2019:

	PID allocation			**Ordinary dividend**	**Total dividend**
	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m	Pre-31 March 2019 £m	£m	£m
Dividends paid in year to 31 March 2019	n/a	202	147	-	349
Dividends paid in year to 31 March 2020	204	138	-	-	342
Minimum PID to be paid by 31 March 2021	78	-	n/a	n/a	n/a
Total PID required	**282**	340			

Investor information

1. Company website: landsec.com

The Group's half-yearly and annual reports to shareholders, results announcements and presentations, are available to view and download from the Company's website. The website also provides details of the Company's current share price, the latest news about the Group, its properties and operations, and details of future events and how to obtain further information.

2. Registrar: Equiniti Group PLC

Enquiries concerning shareholdings, dividends and changes in personal details should be referred to the Company's registrar, Equiniti Group PLC (Equiniti), in the first instance. They can be contacted using the details below:

Telephone:

— 0371 384 2128 (from the UK)
— +44 121 415 7049 (from outside the UK)
— Lines are ordinarily open from 08:30 to 17:30, Monday to Friday, excluding UK public holidays. Please note, due to Covid-19, the hours have reduced in line with market opening and are currently 08:00 to 16:30.

Correspondence address:

Equiniti Group PLC
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Information on how to manage your shareholding can be found at https://help.shareview.co.uk. If you are not able to find the answer to your question within the general Help information page, a personal enquiry can be sent directly through Equiniti's secure e-form on their website. Please note that you will be asked to provide your name, address, shareholder reference number and a valid e-mail address. Alternatively, shareholders can view and manage their shareholding through the Landsec share portal which is hosted by Equiniti – simply visit https://portfolio.shareview.co.uk and follow the registration instructions.

3. Shareholder enquiries

If you have an enquiry about the Company's business or about something affecting you as a shareholder (other than queries which are dealt with by the Registrar), please email Investor Relations (see details in 8. below).

4. Share dealing services: https://shareview.co.uk

The Company's shares can be traded through most banks, building societies and stockbrokers. They can also be traded through Equiniti. To use their service, shareholders should contact Equiniti: 0345 603 7037 from the UK. Lines are ordinarily open Monday to Friday 08:00 to 16:30 for dealing and until 18:00 for enquiries, excluding UK public holidays. Please note, due to Covid-19, the hours have reduced in line with market opening and are currently 08:00 to 16:30.

5. Dividends

The Board is not proposing a final dividend for the year ended 31 March 2020. The total dividend paid and payable in respect of the year ended 31 March 2020 is **23.2p** (2019: 45.55p).

6. Dividend related services

Dividend payments to UK shareholders – Dividend mandates
From October 2020, dividend payments will no longer be paid by cheque. Shareholders whose dividends are currently paid by cheque will need to have their dividends paid directly into their personal bank or building society account or alternatively participate in our Dividend Reinvestment Plan (see below) to receive dividends in the form of additional shares. To facilitate this, please contact Equiniti or complete a mandate instruction available on our website: landsec.com/investors and return it to Equiniti.

Dividend payments to overseas shareholders – Overseas Payment Service (OPS)
From October 2020, dividend payments will no longer be paid by cheque. Shareholders will need to request that their dividends be paid directly to a personal bank account overseas. For more information, please contact Equiniti or download an application form online at www.shareview.co.uk.

Dividend Reinvestment Plan (DRIP)
A DRIP is available from Equiniti. This facility provides an opportunity by which shareholders can conveniently and easily increase their holding in the Company by using their cash dividends to buy more shares. Participation in the DRIP will mean that your dividend payments will be reinvested in the Company's shares and these will be purchased on your behalf in the market on, or as soon as practical after, the dividend payment date.

You may only participate in the DRIP if you are resident in the European Economic Area, Channel Islands or Isle of Man.

For further information (including terms and conditions) and to register for any of these dividend-related services, simply visit www.shareview.co.uk.

7. Financial reporting calendar

	2020
Annual Report and AGM Notice mailed to shareholders	8 June
Annual General Meeting	9 July
Half-yearly results announcement	10 November
	2021
Financial year end	31 March
Preliminary results announcement	11 May*

* Provisional date only

8. Investor relations enquiries

For investor relations enquiries, please contact Edward Thacker, Head of Investor Relations at Landsec, by telephone on +44 (0)20 7413 9000 or by email at enquiries@landsec.com.

Glossary

Adjusted earnings per share (Adjusted EPS)
Earnings per share based on revenue profit after related tax.

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.

BREEAM
Building Research Establishment's Environmental Assessment Method.

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.

Completed developments
Completed developments consist of those properties previously included in the development programme, which have been transferred from the development programme since 1 April 2018.

Development pipeline
The development programme together with proposed developments.

Development programme
The development programme consists of committed developments (Board approved projects), projects under construction and developments which have reached practical completion within the last two years but are not yet 95% let.

Diluted figures
Reported results adjusted to include the effects of potentially dilutive shares issuable under employee share schemes.

Dividend Reinvestment Plan (DRIP)
The DRIP provides shareholders with the opportunity to use cash dividends received to purchase additional ordinary shares in the Company immediately after the relevant dividend payment date. Full details appear on the Company's website.

Earnings per share
Profit after taxation attributable to owners divided by the weighted average number of ordinary shares in issue during the year.

EPRA
European Public Real Estate Association.

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 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.

Fair value movement
An accounting adjustment to change the book value of an asset or liability to its market value (see also mark-to-market adjustment).

Finance lease
A lease that transfers substantially all the risks and rewards of ownership from the Group as lessor to the lessee.

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 13.

Gross market value
Market value plus assumed usual purchaser's costs at the reporting date.

Head lease
A lease under which the Group holds an investment property.

Interest Cover Ratio (ICR)
A calculation of a company's ability to meet its interest payments on outstanding debt. It is calculated using revenue profit 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.

Interest-rate swap
A financial instrument where two parties agree to exchange an interest rate obligation for a predetermined amount of time. These are generally used by the Group to convert floating-rate debt or investments to fixed rates.

Investment portfolio
The investment portfolio comprises the investment properties of the Group's subsidiaries on a proportionately consolidated basis where not wholly owned.

Joint venture
An arrangement in which the Group holds an interest and which is jointly controlled by the Group and one or more partners under a contractual arrangement. Decisions on the activities of the joint venture that significantly affect the joint venture's returns, including decisions on financial and operating policies and the performance and financial position of the operation, require the unanimous consent of the partners sharing control.

Lease incentives
Any incentive offered to occupiers to enter into a lease. Typically, the incentive will be an initial rent-free year, 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.

LIBOR
The London Interbank Offered Rate, the interest rate charged by one bank to another for lending money, often used as a reference rate in bank facilities.

Like-for-like portfolio
The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2018 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.

Mark-to-market adjustment
An accounting adjustment to change the book value of an asset or liability to its market value (see also fair value movement).

MSCI
Refers to the MSCI Direct Property indexes which measure the property level investment returns in the UK.

Net assets per share
Equity attributable to owners divided by the number of ordinary shares in issue at the year end. Net assets per share is also commonly known as net asset value per share (NAV per share).

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.

Over-rented
Space where the passing rent is above the ERV.

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.

Passing cash rent
Passing cash rent is passing rent excluding units that are in a rent free year at the reporting date.

Planning permission
There are two common types of planning permission: full planning permission and outline planning permission. A full planning permission results in a decision on the detailed proposals on how the site can be developed. The grant of a full planning permission will, subject to satisfaction of any conditions, mean no further engagement with the local planning authority will be required to build the consented development. An outline planning permission approves general principles of how a site can be developed. Outline planning permission is granted subject to conditions known as ‘reserved matters’. Consent must be sought and achieved for discharge of all reserved matters within a specified time-limit, normally three years from the date outline planning permission was granted, before building can begin. In both the case of full and outline planning permission, the local planning authority will 'resolve to grant permission'. At this stage, the planning permission is granted subject to agreement of legal documents, in particular the s106 agreement. On execution of the s106 agreement, the planning permission will be issued. Work can begin on satisfaction of any 'pre-commencement' planning conditions.

Pre-let
A lease signed with an occupier prior to completion of a development.

Pre-development properties
Pre-development properties are those properties within the like-for-like portfolio which are being managed to align vacant possession within a three-year horizon with a view to redevelopment.

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.

Proposed developments
Proposed developments are properties which have not yet received Board approval or are still subject to main planning conditions being satisfied, but which are more likely to proceed than not.

Qualifying activities/Qualifying assets
The ownership (activity) of property (assets) which is held to earn rental income and qualifies for tax-exempt treatment (income and capital gains) under UK REIT legislation.

Real Estate Investment Trust (REIT)
A REIT must be a publicly quoted company with at least three-quarters of its profits and assets derived from a qualifying property rental business. Income and capital gains from the property rental business are exempt from tax but the REIT is required to distribute at least 90% of those profits to shareholders. Corporation tax is payable on non-qualifying activities in the normal way.

Rental value change
Increase or decrease in the current rental value, as determined by the Group’s external valuer, over the reporting year on a like-for-like basis.

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.

Return on average capital employed
Group profit before net finance expense, plus joint venture profit before net finance expense, divided by the average capital employed (defined as shareholders’ funds plus adjusted net debt).

Return on average equity
Group profit before tax plus joint venture tax divided by the average equity shareholders’ funds.

Revenue profit
Profit before tax, excluding profits on the sale of non-current assets and trading properties, profits on long-term 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.

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.

Temporary lettings
Lettings for a period of one year or less. These are included within voids.

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 years and other lease incentives. The calculation is consistent with EPRA guidance.

Total business return
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 revenue profit, other than rents payable, financing costs and provisions related to 2020/21 rent, 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.

Total property return (TPR)
The change in market value, adjusted for net investment, plus the net rental income of our investment properties expressed as a percentage of opening market value plus the time weighted capital expenditure incurred during the year.

Total Shareholder Return (TSR)
The growth in value of a shareholding over a specified year, assuming that dividends are reinvested to purchase additional units of the stock.

Trading properties
Properties held for trading purposes and shown as current assets in the balance sheet.

Turnover rent
Rental income which is related to an occupier's turnover.

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 year 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 cost of capital (WACC)
Weighted average cost of debt and notional cost of equity, used as a benchmark to assess investment returns.

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.

Yield shift
A movement (negative or positive) in the equivalent yield of a property asset.

Zone A
A means of analysing and comparing the rental value of retail space by dividing it into zones parallel with the main frontage. The most valuable zone, Zone A, is at the front of the unit. Each successive zone is valued at half the rate of the zone in front of it.