17 May 2022

LAND SECURITIES GROUP PLC ("Landsec")

Results for the year ended 31 March 2022

Landsec delivers strong operational and financial performance and clear strategic progress

Mark Allan, Chief Executive of Landsec, commented:

"Landsec has delivered strong operational and financial results despite the turbulence within the UK economy. The actions we have taken, driven by our strategic focus on three distinct areas have resulted in record leasing in our London office portfolio, a return to growth in our major retail destinations and clear, substantive progress in growing our mixed-use urban neighbourhood portfolio. We continue to recycle capital out of mature assets, whilst our pipeline now offers the opportunity to invest £3bn in sustainable London offices and mixed-use development over the next five years at attractive returns.

Landsec is in a strong position, financially and operationally, and we expect delivering on our strategy to drive material growth in income and, on average, a mid to high single digit annual return on equity over time.

This position affords us many opportunities, not least the ability to lead change, which is why today we have raised the bar for ourselves and our industry by setting out ambitious targets to reduce embodied carbon through development as well as clear plans to enhance social mobility both in our industry and through the places where we invest.

With the expertise we have within the business and the momentum built, I am confident that we are on the right path and will be able to navigate the wider macro uncertainties facing the economy today."

Financial highlights

	2022	2021		2022	2021
EPRA earnings (£m)[1][2]	355	251	Profit/(loss) before tax (£m)	875	(1,393)
EPRA EPS (pence)[1][2]	48.0	33.9	Basic EPS (pence)	117.4	(188.2)
EPRA NTA per share (pence)[1]	1,063	985	Net assets per share (pence)	1,070	975
Total accounting return (%)	10.5	(15.9)	Dividend per share (pence)	37.0	27.0
Group LTV ratio (%)[1][2]	34.4	32.2	Net debt (£m)	4,160	3,486

- Total accounting return up to 10.5%, driven by strong operational performance and strategic actions
- EPRA EPS[1][2] up 42% to 48.0p, reflecting growth in LFL income and normalising trading conditions
- EPRA NTA per share[1] up 8% to 1,063p, with a portfolio valuation surplus of 3.6%
- Profit before tax up to £875m (2021: £1,393m loss), driven by growth in earnings and values
- Total dividend up 37.0% to 37.0p per share (2021: 27.0p), supported by strong recovery in earnings
- Group LTV[1][2] up slightly to 34.4% (2021: 32.2%), due to investment in future growth opportunities
- Weighted average maturity of debt at 9.1 years (2021: 11.5 years), providing strong financial base

Operational highlights: clear strategic progress paves way for future growth

Strong London office leasing, positive operational performance and valuation growth in retail and marked growth in mixed-use urban pipeline, underpinned by successful capital recycling and strong balance sheet, paves way to deliver continued EPS growth and mid-to-high single digit total return over time.

Central London: strong leasing result and unlocked further growth opportunities

- Delivered record leasing, with £63m of office lettings on average 4% ahead of valuers' assumptions, and office occupancy at a high 95.3%, demonstrating strong demand for high-quality space
- Capitalised on strong investment demand, with £0.4bn of disposals at an average yield of 4.1% and 13% premium vs Mar-21 book value, underpinning 3.7% capital value growth for the year (H2: 2.9%)
- On track to deliver £1.2bn committed pipeline between October this year and June 2023, with 97% of costs locked in and 56% already pre-let
- Unlocked 507,000 sq ft of potential new schemes at New Street Square and in Southwark via two innovative deals, growing potential future pipeline to 1.8m sq ft, with flexibility to start up to three new projects totalling c. £1bn of development cost and attractive 6.4% yield on cost in next twelve months

Major retail destinations: growing operational momentum supporting return to valuation growth

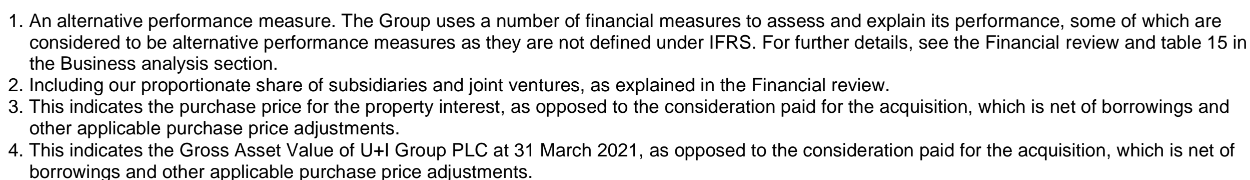
- Restructured and strengthened retail team to focus on strengthening brand and guest relationships and building on opportunity to create best-in-class portfolio of major UK retail destinations
- New operating model already driving results, with occupancy up 170bps to 93.2%, LFL retail sales 1.1% ahead of 2019/20 levels and £29m of lettings signed or in solicitors' hands, on average 2% ahead of ERV, resulting in 1.7% capital value growth in the second half of the year (FY: -0.1%)
- Acquired additional 18.75% stake in Bluewater for £126m[3], capitalising on opportunity to invest in one of the UK's leading retail destinations at attractive 8.15% initial yield

Mixed-use urban neighbourhoods: expanded pipeline to accelerate near-term growth

- Grown mixed-use pipeline by c. 50% to c. £4bn total development cost via two key acquisitions, with planned investment of c. £1.5bn over the next five years expected to deliver a return of c. £350m
- Acquired U+I for £269m[4], providing access to five mixed-use projects in London, Manchester and Cambridge, with the potential to invest c. £400-600m in the next five years, and already sold or exchanged contracts to sell £61m of non-core assets, 10% above book value
- Acquired 75% stake in MediaCity, Greater Manchester for £426m[3], providing combination of long-term income at attractive 5.8% yield and £400m+ mixed-use development potential
- On track to start on site with first phases of Mayfield, Manchester later this year and MediaCity and, subject to planning, our 1,800-home scheme at Finchley Road, London in 2023

Underpinning our strategy: capital discipline and leading the way in sustainability

- Recognised £170m uplift in value of subscale assets (12.9%), capturing recovery in values as anticipated, ahead of disposal in medium term to maintain ongoing focus on capital discipline
- Maintained strong balance sheet, with only 18% of drawn debt maturing in the next three years and LTV of 34.4%. Further capital recycling in the year ahead expected to keep LTV below the mid 30's level, with £1.1bn of assets sold since late 2020; on track vs target to sell c. £4bn in medium term
- Set out £135m net zero transition investment plan to meet science-based target to reduce carbon emissions by 70% vs 2014 baseline and to stay ahead of minimum EPC 'B' rating requirement by 2030, with 44% of our office portfolio already at this level vs 15% for the wider UK office market



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 15 in the Business analysis section.
2. Including our proportionate share of subsidiaries and joint ventures, as explained in the Financial review.
3. This indicates the purchase price for the property interest, as opposed to the consideration paid for the acquisition, which is net of borrowings and other applicable purchase price adjustments.
4. This indicates the Gross Asset Value of U+I Group PLC at 31 March 2021, as opposed to the consideration paid for the acquisition, which is net of borrowings and other applicable purchase price adjustments.

A live video webcast of the presentation will be available at 9.00am BST. A downloadable copy of the webcast will then be available by the end of the day.

We will also be offering an audio conference call line, details are available in the link below. Due to the large volume of callers expected, we recommend that you dial into the call 10-15 minutes before the start of the presentation.

Please note that there will be an interactive Q&A facility on both the webcast and conference call line.

Webcast link: https://webcast.landsec.com/2022-full-year-results
Call title: Landsec Full Year Results Announcement

Forward-looking statements

These preliminary results, the latest 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, strategies, 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 preliminary results, the latest Annual Report or Landsec's website, or made subsequently, which are attributable to the Company or any other member of the Group, or persons acting on their behalf, are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date it is made. Except as required by its legal or statutory obligations, the Company does not intend to update any forward-looking statements.

Nothing contained in these preliminary results, the latest Annual Report or Landsec's website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

Chief Executive's statement

Strong operational and financial performance. Delivering on strategy.

Our performance during the financial year to March 2022 has been positive, as our proactive approach to asset management and strategic decisions have started to bear fruit. At the start of the year, the UK was still in lockdown, with non-essential retail and hospitality closed and most office-based staff working from home. However, we have seen momentum build significantly across our estate since restrictions were lifted, as people seize on the attractions of spending time together in stimulating, inspiring places.

This is reflected in our operational results, with strong leasing in London and a recovery in occupancy and sales in retail, and in our financial results, with a total accounting return for the year of 10.5%. EPRA EPS was up 42% to 48.0 pence, driven by 4.1% growth in like-for-like gross rental income and the reduction in bad debt expense related to Covid we recognised in the prior year. We are proposing a dividend of 13.0 pence per share for the final quarter, bringing the total dividend for the year to 37.0 pence per share.

We saw a 3.6% valuation uplift on our portfolio for the year. This reflects our strong leasing activity in both retail and London offices, with the latter driving 2.5% growth in ERVs; a number of major lease regears in London, highlighting the continued demand for high-quality office space; and upside from our profitable development activity and strategic investment decisions. Positively, virtually every part of our portfolio witnessed valuation growth in the second half of the year, with retail values up 1.7%, leaving them effectively flat for the full year. With Central London values up 3.7% for the year, this gave rise to a 7.9% increase in EPRA NTA to 1,063 pence per share.

At the same time, we have made strong progress against our strategic objectives. We invested £821m in the acquisition of a 75% stake in MediaCity, U+I Group PLC and a further stake in Bluewater, providing us with a mix of attractive income returns and future development upside. This was balanced by the sale of £445m of mature or non-core assets, including the £195m disposal of 32-50 Strand post the year-end. With clear visibility on expected future returns, we anticipate further capital recycling in the year ahead, as we start to invest in the higher return opportunities in our significant pipeline. Whilst our net investment increased LTV slightly to 34.4%, we expect this to reduce slightly to around last year's level in 2023.

Table 1: Highlights

	Mar 2022	Mar 2021	Change %
EPRA earnings (£m)(1)	**355**	251	**41**
Profit/(loss) before tax (£m)	**875**	(1,393)	
Total accounting return (%)	**11**	(16)	
Basic earnings/(loss) per share (pence)	**117**	(188)	
EPRA earnings per share (pence)(1)	**48**	34	**42**
Dividend per share (pence)	**37**	27	**37**
Combined portfolio (£m)(1)	**12,017**	10,791	**11**
IFRS net assets (£m)	**7,991**	7,212	**11**
EPRA Net Tangible Assets per share (pence)	**1,063**	985	**8**
Adjusted net debt (£m)(1)	**4,179**	3,489	**20**
Group LTV ratio (%)(1)	**34**	32	**7**
Proportion of portfolio rated EPC 'B' or higher (%)	**36**	24	
Embodied carbon reduction development pipeline (%)	**21**		
Energy intensity reduction vs 2020 (%)	**18**		

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

Our strategy

Our strategy is focused on three key areas – Central London offices, major retail destinations and mixed-use urban neighbourhoods. Although the proportions of use differ, there is increasingly more that unites these areas than divides them, as the lines between where people work, live and spend their leisure time blur. What really binds these three areas together is the importance of a sense of place.

This is evident in Central London, where 15% of our portfolio comprises non-office space. It is this wide variety of restaurants, bars and shops in or next to our offices which create the vibrant places that makes people want to spend time here. Across major retail destinations, we expect c. 25% of space will not be retail in the future, as we will introduce more diverse food offerings, leisure and inner-city office space. Similarly, for mixed-use urban neighbourhoods, it is the blend of office, residential, restaurants, bars, shops and green space which creates the attraction of a place and ensures its enduring success.

Our strategy is grounded in our purpose; Sustainable places. Connecting communities. Realising potential. We have a sustainable or attainable competitive advantage in each of our three areas of focus which will help us create long-term value for all our stakeholders. With our achievements over the past year, we now have a significant pipeline of opportunities in each area and clear visibility on the potential returns on offer and risks associated with these and our existing portfolio.

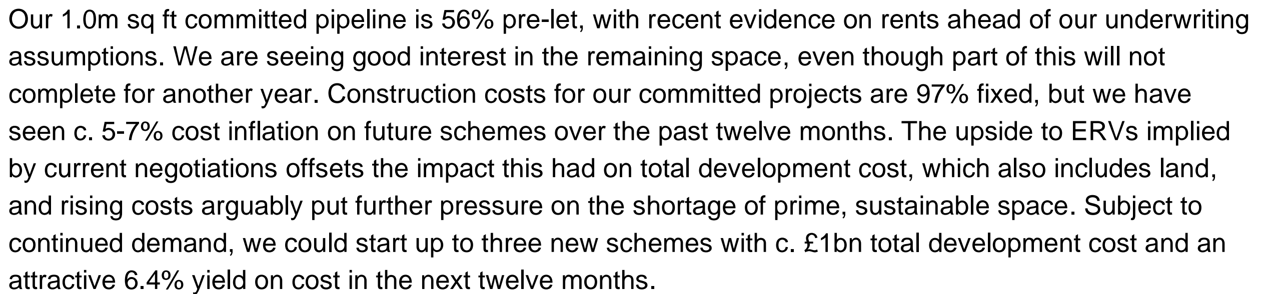
Our focus is to deliver on the opportunities we have created. In doing so, we continue to be guided by three things; delivering sustainably, delivering for our customers and being disciplined with our capital. Since September 2020, we have sold £1.1bn of assets and over the coming years we plan to recycle a further c. £3bn of mature, low-yielding London offices and assets in sectors where we have limited scale, such as retail parks or hotels. As we reinvest our capital into our pipeline and selective retail acquisition opportunities, we expect delivering on our strategy to drive a meaningful increase in earnings and, on average, a mid to high single digit total return over time, whilst keeping LTV below the mid 30% level.

Central London – high-quality portfolio and unlocking of value via development driving returns

Central London makes up 65% of our overall portfolio by value. Of this, 56% is located in the West End, with the remainder in the City and Southwark. The quality of our investment portfolio is high; 49% of our assets have been developed over the past ten years, compared to c. 20% for the overall market, and 44% of our completed London offices has an EPC rating of ‘B’ or higher vs 15% for the market. This is a key competitive advantage, as customers increasingly focus on flexibility, the best quality space which offers the right amenities to attract talent, and buildings which have the right sustainability credentials.

This is borne out by our record leasing activity, with £63m of leases completed with new and existing office customers, on average 4% above valuers’ assumptions, and a further £6m in solicitors’ hands, 13% ahead of valuers’ assumptions. We are also seeing strong interest in our Myo flexible offer, which we now plan to grow from 72,000 to c. 500,000 sq ft in the next five years. Vacancy for the overall London office market is elevated at 9.0%, but most of this is second-hand, so vacancy in our portfolio is only 4.7%. Office utilisation has continued to grow, especially mid-week, as London is becoming noticeably busier.

In line with our view this time last year that prime rents would remain resilient and yields could tighten, ERVs for our Central London offices rose 2.5% and equivalent yields fell 4bps to 4.6%, driven by our successful lettings including a number of major lease regears. Central London retail and other values softened in the first half of the year, but this fully recovered in the second half, as the return to the city gathered pace. Including development, overall capital value growth in London was 3.7%. Over the next twelve months, we expect office ERVs to grow by a low to mid single digit percentage and the continued weight of capital to keep yields broadly stable, assuming bond yields do not rise materially from here.



Our 1.0m sq ft committed pipeline is 56% pre-let, with recent evidence on rents ahead of our underwriting assumptions. We are seeing good interest in the remaining space, even though part of this will not complete for another year. Construction costs for our committed projects are 97% fixed, but we have seen c. 5-7% cost inflation on future schemes over the past twelve months. The upside to ERVs implied by current negotiations offsets the impact this had on total development cost, which also includes land, and rising costs arguably put further pressure on the shortage of prime, sustainable space. Subject to continued demand, we could start up to three new schemes with c. £1bn total development cost and an attractive 6.4% yield on cost in the next twelve months.

Investor competition for development sites remains high, so we are pleased to have been able to unlock two new development opportunities totalling 507,000 sq ft off-market, one via the acquisition of U+I and the other via a major lease-regear with Deloitte at New Street Square, taking our total future pipeline to 1.8m sq ft. We sold Harbour Exchange during the period and exchanged contracts shortly after the year-end to sell 32-50 Strand, with combined proceeds of £392m reflecting a 4.1% yield and 13% premium to the March 2021 book value. As investment demand remains strong, we expect to recycle more capital in the year ahead, in line with our plans to reduce our Central London weighting to 55-60% over time.

Major retail destinations – improved operational performance driving growth in best locations

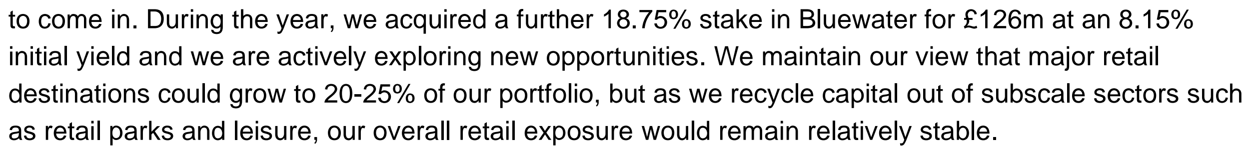
Major retail destinations make up 16% of our portfolio, c. 60/40% split between prime shopping centres and outlets. The pandemic accelerated the pre-existing trend of retail sales moving online, which combined with lockdowns has had a marked impact on our portfolio. However, our performance over the past year has made us increasingly confident that the prospects for prime retail destinations are positive, with a growing polarisation between our assets and those facing structural obsolescence.

We maintain our view there is c. 25% excess retail space across the UK, but most of this is secondary where vacancy remains high. Inflation is putting further pressure on low-margin stores, which could lead brands to accelerate the rationalisation of the tail-end of their portfolios. Conversely, prime destinations are getting stronger, with occupancy in our portfolio up 170bps to 93.2% over the year. For many leading brands, online and physical channels are now viewed as firmly inter-connected, so we have seen existing brands upsize, new brands opening stores as they move from nearby locations to benefit from higher footfall, and digital native brands opening physical stores to grow customer connectivity and experience.

During the year, we restructured and strengthened our retail team to focus more on growing our brand relationships and enhancing guest experience and less on asset management, investing in new capability and experience from a range of global retailers to complement our existing property skills. The feedback from brand partners on this has been positive and as retail continues to become more operational, we believe this differentiated approach will allow us to deliver genuine added value in the future.

Our proactive approach to leasing during the pandemic, prioritising occupancy and supporting customers, is now yielding results. We signalled a year ago that after a material decline over the previous five years, prime retail rents were approaching sustainable levels. Our results over the past year have confirmed this, as the £29m of rent signed during the year or currently in solicitors' hands is on average 2% above ERV. While lease terms are generally shorter and there is more turnover-linkage than a few years ago, incentives are down too. We expect occupancy to grow further, so despite some selective over-renting, we expect like-for-like income to be broadly stable this year, before returning to growth in the medium term. Meanwhile, like-for-like retail sales in our portfolio are now 1% above the 2019/20 pre-Covid level.

This positive performance supported a return to capital value growth, with values up 1.7% in the second half, leaving them effectively flat for the year as a whole at -0.1%. With confidence in the sustainability of income growing, we think yields of c. 7-8% for prime shopping centres look attractive and may well start



to come in. During the year, we acquired a further 18.75% stake in Bluewater for £126m at an 8.15% initial yield and we are actively exploring new opportunities. We maintain our view that major retail destinations could grow to 20-25% of our portfolio, but as we recycle capital out of subscale sectors such as retail parks and leisure, our overall retail exposure would remain relatively stable.

Mixed-use urban neighbourhoods – clear visibility to grow to 20-25% of portfolio

At our strategic review in late 2020 we set out that we saw an opportunity to materially grow our exposure to mixed-use urban neighbourhoods. Many parts of today's built environment need remodelling to make sure they are fit for changing consumer expectations on how we live, work and spend our leisure time and the growing demands on sustainability. The latter has been a strong focus for Landsec for years, evidenced by the fact that we were the first commercial real estate business in the world to set a science-based carbon reduction target in 2016. Combined with our extensive experience in creating thriving urban places in Central London and for example Oxford and Leeds via some of our major retail destinations, we are well positioned to deliver on the opportunity to reshape urban neighbourhoods in a sustainable way.

Over the past year we have made significant progress on these mixed-use ambitions. We have grown mixed-use urban neighbourhoods to 7% of our portfolio, up from 3% a year ago and have now created a pipeline of profitable development opportunities, deliverable in the near term. With potential capex of c. £1.5bn, this could see mixed-use grow to 20-25% of our portfolio in the next five years.

This marked acceleration in potential growth has been driven by our acquisitions of MediaCity and U+I in late 2021. Both MediaCity in Greater Manchester and the key U+I projects in London and Manchester already have planning consent, so this provides us with a clear opportunity to invest c. £800m-£900m in a combination of residential, work and leisure space across these schemes in the next five years. The integration of the U+I team also adds strong placemaking skills to our business.

Combined with our existing mixed-use opportunities in Glasgow and in Lewisham and Finchley Road in London, where we have made good progress in terms of planning during the year, we therefore now have an attractive pipeline of mixed-use projects. These provide us with the ability to adapt and, due to their diversified nature, geographical spread and flexible phasing of capex, offer a balanced risk profile.

Contrary to large individual developments which are by nature binary, this means our mixed-use business should start to deliver reasonably repetitive development returns in the coming years, whilst limiting our speculative risk. Capital values were -2.8%, as some of our future projects are still being valued based on their existing retail use and we are shortening leases to create future flexibility. Overall, we expect ungeared development IRRs to be in the low teens, with attractive longer-term income return and rental growth potential as we grow our mixed-use portfolio. We envisage starting on-site with the first phase of Mayfield, Manchester later this year and at MediaCity and, subject to planning, Finchley Road next year.

Creating a more agile, customer-focused and efficient culture

Our positive performance and strategic progress over the year reflect the capability and commitment of our people, who have continued to deliver despite the challenging operating environment during the first part of the year in particular. Changing the culture of our business is key to getting the most out of the substantial talent within Landsec and successfully delivering on our strategy in the long term. Whilst our progress to date means we have already become more agile, more customer focused and better placed to respond to changes in external market conditions, there is more to do to ensure we deliver on potential opportunities in an efficient and effective way.

Building on our leading position on sustainability

Sustainability has been at the heart of Landsec for years and has become a key decision driver for many of our customers. To guide our sustainability initiatives, we recently launched our new Build Well, Live Well, Act Well framework, which creates a clear link with our purpose - Sustainable places. Connecting communities. Realising potential - and sets ambitious targets on how we operate. For example, we have now set a target to reduce embodied carbon for our office developments by 50% by 2030, to below 500kgCO_2e/sqm, as part of our Build Well ambitions; to focus our efforts on improving social mobility by supporting 30,000 people towards the world of work by 2030 as part of our Live Well programme; and to link the remuneration of our people to our sustainability targets as part of our Act Well framework.

To ensure we remain at the forefront of everything the sector is doing to tackle the climate crisis, we were the first UK REIT to publish a net zero transition investment plan last year. This will see us invest £135m in our existing portfolio by 2030, e.g. in optimising building management systems, installing air source heat pumps and increasing renewable capacity. This will ensure we deliver our 70% reduction in carbon emissions by 2030 vs the 2013/14 baseline and stay ahead of the Minimum Energy Efficiency Standards Regulation, which require an EPC 'B' certification by 2030, as well as other regulatory requirements.

During the year, we achieved a 20.7% reduction in embodied carbon across our development pipeline, reflecting amongst others the use of steel with a greater recycled content at 21 Moorfields. We saw a 17.5% reduction in energy intensity compared to 2020, although this partly reflects the lower utilisation of space, especially during the first part of the year. In London, 44% of our office portfolio is already rated EPC 'B' or higher vs c. 15% for the wider UK office market, which given the growing occupier focus on sustainability, underpins the good demand and positive rental value growth we are seeing.

Outlook

The recent surge in geopolitical risk has the potential to upend decades of relative international stability and increasing globalisation, which is adding further disruption to global supply chains already affected by the pandemic. It also is putting significant upward pressure on energy costs in the short term, and potentially in the long term through an accelerated energy transition. This clearly creates uncertainty around the economic outlook, with gilt yields having risen to the highest level in six years and UK inflation at its highest level in 30 years – something which will be felt by many in the months ahead.

Whilst we are alive to the risks this creates, we look forward to the future with confidence. In London, we offer high-quality, sustainable office space in places people want to visit and office yields are well above other key European cities, offering some cushion against rising interest rates; in retail, improved demand for space is supporting income and valuation growth; and in mixed-use we now have an attractive pipeline of opportunities. Across Central London and mixed-use, we now have the opportunity to invest c. £2.8bn in capex over the next five years which could deliver c. 20% profit on total development cost, although we have flexibility about any future commitments. Meanwhile, with an LTV of 34.4% and only 18% of our drawn debt maturing in the next three years, our capital base remains strong.

Despite the macro economic challenges, we therefore remain confident that delivering on our strategy will allow us to deliver, on average, a mid to high single digit annual return on equity over time. Our strategy of recycling capital out of mature London offices and subscale sectors into our London and mixed-use pipeline has the potential to deliver c. £120m growth in rental income over time, whilst keeping our LTV at the low 30% level. We expect the impact of this on EPS growth to be relatively balanced over the coming years, as we balance new investment with disposals. For the current year, making some allowance for our planned capital recycling, we expect continued operational performance to drive EPRA EPS growth in the low to mid single digit percent range, supporting further growth in dividends.

Operating and portfolio review

Overview

The value of our portfolio increased to £12.0bn during the year, marking a 3.6% increase adjusted for investments and disposals, and is made up of the following categories:

- Central London (65%): our high-quality office (85%) and retail and other commercial space (15%), located in the West End (56%), City (39%) and Southwark (5%). Of our investment assets, 49% has been developed in the last ten years, compared to c. 20% for the overall London office market.
- Major retail destinations (16%): our investments in six shopping centres and five retail outlets, with the seven largest assets comprising 82% of the overall retail portfolio value, most of which are amongst the highest selling locations for retailers in the UK.
- Mixed-use urban neighbourhoods (7%): our investments in mixed-use assets and, principally, future development opportunities focused on five key sites in London, Manchester and Glasgow, some of which still have a short-term use as retail ahead of their medium-term redevelopment.
- Subscale (12%): assets in sectors where we have limited scale and which we will therefore divest over time, with a broadly equal split between retail parks, hotels and leisure assets.

We expect our weighting towards Central London to reduce to 55-60% over time, as we plan to continue to sell mature assets and focus investment on the opportunities in our development pipeline. We expect mixed-use urban neighbourhoods to grow to 20-25% of our portfolio, as we build out our current pipeline. We envisage major retail destinations could grow to 20-25% as well, although this would leave our overall retail exposure largely stable, as we plan to trade out of subscale retail park and leisure assets over time.

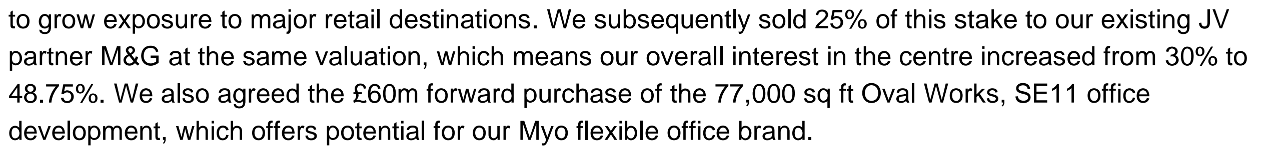
Investment activity

We have made good progress on our objective to reposition our portfolio towards future growth. At the time of our Strategic Review in late 2020, we said we intended to sell c. £4bn of mature London office assets and assets in sectors which were sub-scale over the next six years. To date, we have sold £1.1bn of assets, which means we are well on track vs this target. Whilst our initial focus in late 2020 and early 2021 had been on disposals, over the past year we switched our attention to acquisitions.

Our largest deal this year was the acquisition of a 75% stake in MediaCity in Salford, Greater Manchester for £426m, Europe's largest purpose built tech and media hub. The existing estate covers 1.7m sq ft of offices, studios, residential, leisure and retail space and is 96% let with a 10-year WAULT. It provides an attractive 5.8% initial yield and over half of the income is RPI-linked. There is consent to develop a further 1.7m sq ft of residential and commercial space, so we expect to invest a further £400m+ in developing this over the medium term.

Our second major acquisition was of U+I plc, which we acquired for £269m (including £83m of net debt). This provides us with access to five large development projects in London, Manchester and Cambridge. Three of these already have consent, the largest of which is Mayfield; a 24-acre site next to Piccadilly station in Manchester with the potential to deliver 2.5m sq ft of residential and commercial space. We plan to sell c. £190-210m of U+I's non-core assets over the next two years, leaving an attractive in-price for the core projects of c. £60-75m, and we have already sold or exchanged contracts to sell £61m of non-core assets, 10% above book value.

Aside from these two urban mixed-use opportunities deals, we also acquired an additional 25% stake in Bluewater shopping centre for £168m, reflecting an attractive 8.15% initial yield, in line with our strategy



to grow exposure to major retail destinations. We subsequently sold 25% of this stake to our existing JV partner M&G at the same valuation, which means our overall interest in the centre increased from 30% to 48.75%. We also agreed the £60m forward purchase of the 77,000 sq ft Oval Works, SE11 office development, which offers potential for our Myo flexible office brand.

In terms of disposals, we sold Harbour Exchange, E14 for £197m, reflecting a 11% premium to the March 2021 book value and a 3.99% initial yield. This was a mature asset that offered little further upside, being a fully let 1980's building with a WAULT of 19.7 years. We also sold two small retail parks for a combined £53m, representing a 15% premium to book value. Shortly after the year-end, we exchanged contracts to sell 32-50 Strand, WC2 for £195m, representing a 15% premium to the March 2021 book value and a 4.2% yield, which following a regear with the sole office occupier in August, was relatively mature as well.

Looking ahead, we expect to make further progress on our portfolio repositioning over the next twelve months. We are in active discussions on further disposals in Central London and we continue to monitor the best timing to monetise our subscale assets, as values continue to grow, as expected. The significant potential in our development pipeline means we will be selective in terms of acquisitions, although we could see some potential attractive opportunities emerging in retail.

Portfolio valuation

Investment volumes in our key sectors increased materially over the year. Transaction volumes in London offices doubled to £14.3bn, close to the long-term average and following a dearth of investment during the pandemic, retail investment increased to the highest level since 2017. Initially this was mostly focused on retail parks and supermarkets, but recently demand has started to spread to shopping centres. Against this backdrop our portfolio increased in value by 3.6% over the year, including a 2.9% increase in the second half of the year with positive valuation growth across virtually all segments in the second half. Our current portfolio valuation fully reflects the costs required to achieve an EPC rating of 'B' by 2030.

Our Central London portfolio value was up 3.7%. Office ERVs were up 2.5%, including 4.0% growth in West End ERVs driven by our strong letting activity in Victoria. Yields compressed slightly, principally driven by a number of significant lease-regears, in particular with our second-largest tenant Deloitte, who re-geared the lease of their global HQ at New Street Square, EC4 for 15 years, in a deal which also saw us free up a 170,000 sq ft 1970's building for future development. Our development activity contributed positively to the valuation, principally due to 21 Moorfields, EC2 which is fully pre-let and set to complete later this year. Central London retail and other values softened during the first half, but this fully recovered in the second half of the year with a 5.3% increase as footfall and leasing activity started to recover.

Our retail portfolio was up 1.7% in the second half of the year, leaving it virtually flat for the full year. Shopping centre values increased 2.5% in the second half, leaving them down 1.3% for the year as a whole, whilst outlets were up 1.6% for the year. Rental values were down 0.9% for the year and up 0.4% in the second half, supported by the our strong leasing activity, on average 2% ahead of ERV. Yields compressed slightly in the second half, broadly offsetting a minor softening in the first half.

The value of our completed mixed-use assets at MediaCity increased 2.0%, but the value of our overall mixed-use urban neighbourhoods portfolio reduced 2.8%, as future development assets were down 6.5%. The majority of these are still valued based on their existing retail use and as we prepare these assets for redevelopment, we are deliberately moving income to shorter lease terms to create future flexibility. This weighs on valuations in the short term, but does not reflect any potential future development upside.
This time last year we said we expected the value of our subscale assets to recover from the impact of the pandemic and that we therefore did not plan to sell these in the short term. This decision has clearly

been vindicated, as the value of our subscale assets increased by £170m. Hotel values were up 3.5%, as occupancy improved post the end of lockdown restrictions, whilst leisure assets were up 7.4%, partly reflecting two significant lease regears. Meanwhile, retail park values increased a marked 31.9%, with 187bps of yield compression, driven by a strong recovery in investment demand.

Looking ahead, there remains a significant amount of capital targeting investment in London offices, with yields offering a premium compared to other key European markets. Assuming bond yields do not rise materially from here, we therefore expect this weight of capital to keep yields broadly stable over the next twelve months and we anticipate ERVs to grow by a low to mid single digit percentage. Despite the headwinds to consumers of rising inflation, we expect that the growing recognition that income has stabilised post the pandemic will increase investor demand for retail and could drive shopping centre yields down from their current all-time highs. We expect to see further growth in the value of subscale assets, driven by further operational improvement in hotels and strong investor demand for retail parks.

Table 2: Valuation analysis

	Market value 31 March 2022	Surplus/ (deficit)	FY valuation movement	H2 valuation movement	LFL rental value change[1][2]	Net initial yield[2]	Equivalent yield[2]	Movement in LFL equivalent yield[2]
	£m	£m	%	%	%	%	%	bps
West End offices	3,013	86	3.0	2.6	4.0	4.2	4.6	-2
City offices	1,928	100	5.6	5.0	0.4	3.6	4.6	-8
Retail and other	1,131	16	1.5	5.3	-	4.4	4.7	15
Developments	1,709	65	4.0	-0.4	n/a	0.5	4.3	n/a
Total Central London	**7,781**	**267**	**3.7**	**2.9**	**2.0**	**3.3**	**4.5**	**-1**
Shopping centres	1,141	(15)	-1.3	2.5	-2.4	7.7	7.4	3
Outlets	743	12	1.6	0.6	1.4	5.8	6.7	-10
Total Major retail	**1,884**	**(3)**	**-0.1**	**1.7**	**-0.9**	**7.0**	**7.1**	-3
Completed investment	409	8	2.0	2.0	n/a	5.1	5.7	n/a
Developments	486	**(33)**	-6.5	-3.9	n/a	5.5	5.3	n/a
Total Mixed-use urban	**895**	**(25)**	**-2.8**	**-1.3**	**n/a**	**5.3**	**5.5**	**n/a**
Leisure	569	41	7.4	3.6	0.3	6.7	7.1	-40
Hotels	422	14	3.5	3.6	1.2	4.2	5.5	-1
Retail parks	466	115	31.9	14.8	0.8	5.7	5.7	-187
Total Subscale sectors	**1,457**	**170**	**12.9**	**6.9**	**0.7**	**5.6**	**6.2**	**-70**
Total Combined Portfolio	**12,017**	**409**	**3.6**	**2.9**	**1.0**	**4.3**	**5.2**	**-11**

1. Rental value change excludes units materially altered during the period.
2. Excluding developments

Leasing and operational performance

Occupational demand improved markedly across our main markets over the past year. In Central London, office take-up increased to 10.6m sq ft, which was up 135% vs the prior year. Demand continued to build during the period, with activity in Q1 22 in line with the 10-year first quarter average, and space under offer is at 3.9m sq ft ahead of the 3.3m sq ft 10-year average. Overall market vacancy remains elevated at 9.0%, although 83% of this is second-hand space, much of which does not necessarily fit today’s customer and sustainability requirements, and most of this is concentrated in the City, with West End vacancy at a more modest 4.6%. Following the end of lockdown restrictions, demand for retail space in prime locations has grown, although there remains a surplus of secondary space in the wider market. With this as a backdrop, we have delivered a record year in terms of leasing volumes.

Central London

In Central London, we signed 21 office lettings or renewals totalling a record £63m of rent, demonstrating strong demand for space. This includes a deal with Deloitte at New Street Square, who agreed a new 15 year lease on 478,000 sq ft of space via a lease restructuring that saw us get access to Hill House, a 170,000 sq ft 1970s building, creating a future redevelopment opportunity and a significant value uplift across the overall New Street Square estate. Other major lettings included a 100,000 sq ft regear with Bain & Company at the Strand, a 97,000 sq ft lease renewal with Wellington Management at 80 Victoria Street, and a 77,000 sq ft lease renewal with consultancy firm Alix Partners at 6 New Street Square.

On a net effective basis, office lettings were 4% ahead of valuers' assumptions and we have a further £6m of deals in solicitors' hands, 13% above valuers' estimates. Vacancy in our office portfolio remains well below the market average at 4.7%, reflecting the high quality of our assets. This is slightly higher than the 3.3% this time last year, partly due to the completion of Dashwood House, EC2, which added c. 40 bps and a slight increase in vacancy in our City assets.

Leasing in Central London retail and other picked up as footfall started to recover, with people returning to the office and tourism growing. The increase in vacancy during the year was principally driven by two lease surrenders we agreed at Piccadilly Lights, W1 as we are working on new opportunities for this prime space in conjunction with our adjacent Lucent development.

Looking ahead, we continue to see good demand for high quality office space across the three products we offer, Blank Canvas, Customised and Myo, with current negotiations on rents on average ahead of ERV. Our flexible offerings, Customised and Myo, now cover 104,000 sq ft across three locations. Our fully serviced offer Myo comprises 72,000 sq ft of this and is 98% let at 123 Victoria Street and 64% at Dashwood, which opened during the year and remains in lease-up stage. We intend to open a further four Myo locations over the next two years, growing this to c. 237,000 sq ft.

Retail

Our proactive approach to leasing in the prior year, prioritising occupancy over protecting ERV, means we reached a clear turning point in terms of occupancy and income during 2022 for our retail portfolio. We completed 228 lettings totalling £20m – similar to 2019/20 – on average 2% ahead of ERV and have a further £9m of lettings in solicitors' hands, on average 3% ahead of ERV. Lease terms are often shorter than a few years ago and c. 30% of our leases now have a turnover element, although overall turnover rent only makes up 11% of our retail income. Incentives have reduced as well and the growing insight in turnover provides valuable data, supporting our view that rents are broadly at sustainable levels.

For many leading brands, online and physical channels are now seen as fully inter-connected. This does not mean brands will not rationalise store footprints, as we think this could even be accelerated further with inflation putting pressure on marginal stores. This focuses demand on prime locations, creating further polarisation between winning destinations and those at risk of obsolescence. Although market vacancy is set to remain high, our occupancy was up 170bps to 93.2% and is expected to grow further.

We have further grown our relationships with existing customers, with several of them opening new stores in other locations, such as Zara at One New Change and St David's in Cardiff, Mango at Bluewater, and Decathlon at Trinity Leeds and Southside. We also worked with existing brands to increase their space in our centres, such as Laings/Patek Philippe at St David's, H&M at Trinity and Nike at Gunwharf Quays, and, in a flight to prime, we have attracted several new brands to our assets from nearby locations, such as Nespresso and Space NK at Trinity. We signed several digital-native brands to open physical stores, such as Crep Collection Club at Bluewater and Kick Game at Trinity, and we continue to grow our food and leisure offer, for example with the debut of the Formula 1 simulator experience at One New Change, Hangloose Adventure, The Real Greek and The Big Easy at Bluewater, and The Ivy Asia at St. David's.

Footfall was 19.6% below pre-Covid levels vs -18.5% for the UK average, but the average basket size increased. As such, like-for-like retail sales were 6.8% ahead of 2019/20 levels for outlets and down only 1.5% for shopping centres. Units in administration reduced materially to 0.5%, from 5.4% a year ago, and we have only seen two retailers entering into CVA/restructuring plans, covering £0.7m of annual rent.

This recovery in shopping centre sales to close to pre-pandemic levels is stark compared to rents which are c. 40% lower and values which are down c. 65% from their peak. Whilst we are mindful that the pent-up demand post lockdown could moderate and rising inflation clearly provides a near-term headwind, this provides confidence in the sustainability of income and valuations for prime destinations.

Looking forward, we expect occupancy will continue to grow this year and despite some historical over-renting, we expect like-for-like income to be stable this year, before returning to growth in the medium term. We will continue to invest in repositioning space to add more leisure, food and work space, for example in Oxford and Leeds where we are working up plans to add new flexible office space.

Mixed-use urban neighbourhoods

The completed investment assets in our mixed-use portfolio solely comprise our investment in MediaCity, which we acquired in late 2021, but this element of our portfolio will grow materially in the coming years. The existing assets at MediaCity are 96% let and over half of the income is linked to RPI with caps and collars at 2-5%, guaranteeing future income growth. Our mixed-use development assets include our shopping centres in London and Glasgow but as these are held for future development, the existing income is managed on a short-term basis to maximise our flexibility to obtain access for development.

Subscale sectors

The operational performance of our subscale sectors improved strongly, driving a significant increase in valuation, ahead of our planned disposal in the medium term. Our Hotels which are all let to Accor are fully operational and occupancy recovered to 67% of pre-pandemic levels and reached 92% for the month of March. Across our Leisure assets, we completed 66 lettings, on average 4% ahead of ERV and we signed a number of major regears, for example with SnoZone in Yorkshire for 20 years. Retail parks have seen footfall recover fully to pre-pandemic levels and we signed 28 lettings, which supported an increase in occupancy to 96.5%.

Table 3: Operational performance analysis

	Annualised rental income £m	Estimated rental value £m	LFL Occupancy [1] %	LFL occupancy change [1] ppt	WAULT[1] years
West End offices	135	147	98.2	-0.8	6.9
City offices	76	101	91.3	-2.3	5.9
Retail and other	47	54	94.2	-2.2	7.4
Developments	10	112	n/a	n/a	n/a
Total Central London	**268**	**414**	**95.1**	**-1.5**	**6.6**
Shopping centres	108	101	92.8	3.0	4.4
Outlets	56	61	93.8	-0.4	3.0
Total Major retail	**164**	**162**	**93.2**	**1.7**	**3.9**
Completed investment	24	24	n/a	n/a	10.1
Developments	29	32	n/a	n/a	n/a
Total Mixed-use urban	**53**	**56**	**n/a**	**n/a**	**10.1**
Leisure	49	51	96.5	2.7	10.4
Hotels	16	25	n/a	n/a	9.4
Retail parks	29	29	96.5	1.5	4.4
Total Subscale sectors	**94**	**105**	**97.4**	**1.5**	**8.1**
Total Combined Portfolio	**579**	**737**	**95.0**	**-0.1**	**6.2**

1. Excluding developments

Investing in sustainability, people and culture

During 2021, we were the first UK property company to announce a fully costed net zero carbon transition plan. This will see us invest £135m of capex in our existing portfolio by 2030 to enable us to deliver our science based target and meet the Minimum Energy Efficiency Standard of EPC 'B' by 2030. Currently, 44% of our office portfolio is already rated 'B' or higher, which compared to 15% for the overall office market highlights the quality of our assets. Our plan also aligns our portfolio with the Carbon Risk Real Estate Monitor energy intensity pathway for commercial buildings under a 1.5 degree global warming scenario.

We are on track to complete The Forge, SE1, which according to the UK's Green Building Council will be the UK's first net zero office development, later this year. As part of our Build Well framework, we target to reduce embodied carbon by 50% vs a typical development by 2030, to below 500kgCO_2e/sqm for offices. This will require us to work closely with our supply chain to change ways of working, focusing, for example, on low carbon materials; smart designs with modern methods of construction; and standardised materials that can be reused at end of life, but also on the retention of existing structures. Our plans for Portland House, SW1 and Timber Square, SE1 reflect this, as our reworked designs retain more of the existing buildings. We will also work with our supply chain to improve social mobility where we invest.

As we invest in building a sustainable business, we are also investing in building a more agile, customer focused culture. An example of this is the restructuring of our retail team, where we brought in experience and capabilities from international retailer backgrounds to focus more on growing brand relationships and customer experience. The ongoing integration of U+I is also focused on ensuring we preserve the unique placemaking and design capability of the team and we have made a number of leadership changes in our own team during the year. Changing the culture of our business is key to getting the most out of the substantial talent within Landsec and successfully delivering on our strategy in the long term, and whilst we have made good progress to date, we will continue to invest in this, as there is more to do.

Development pipeline

Central London

We have continued to make good progress on our committed development pipeline, despite wider market challenges from supply chain disruption and labour shortages. We have seen a small 3% increase in cost as a result during the year and a few months of delay in terms of completions. However, as 97% of costs are now fixed and based on current levels of interest, we expect higher income will make up for the small increase in cost. As such, we expect this pipeline to deliver an attractive profit on cost of over 20%.

Our fully pre-let scheme at 21 Moorfields is set to complete this autumn. We are seeing good demand across our speculative pipeline, even though completion of some of these projects is still more than one year out. Part of this space is earmarked for our Myo flexible office product, but 12% of the remaining ERV is already pre-let and we are in active negotiations on a further 16%, ahead of expected ERVs. We anticipate to see further progress in leasing over the next six months.

Table 4: Committed development pipeline

Property	Sector	Size sq ft '000	Estimated completion date	Net income/ ERV £m	Market value £m	Capital expenditure to complete £m	Market value + future TDC £m	Gross yield on MV + future TDC %
21 Moorfields, EC2	Office	564	Oct 2022	38	733	116	849	4.5
The Forge, SE1	Office/retail	140	Dec 2022	10	115	42	158	6.3
Lucent, W1	Office/retail/residential	144	Mar 2023	14	159	62	222	6.3
n2, SW1	Office	167	Jun 2023	14	104	105	209	6.7
Total		**1,015**		**76**	**1,111**	**325**	**1,437**	

After adding Old Broad Street, EC2 to our future pipeline in late 2020, we managed to unlock two further potential development opportunities over the last twelve months, bringing our total future pipeline to 1.8m sq ft, or c. 35% of our current London office portfolio. The acquisition of U+I provided us with Liberty of Southwark, SE1 a 200,000 sq ft consented scheme two minutes walk from Borough Market and London Bridge Station, while our lease regear with Deloitte at New Street Square unlocked the opportunity to redevelop the adjacent Hill House, EC4. Given the continued strong investor competition for development sites, we are pleased to have been able to expand our potential pipeline in this 'off-market' way. This will remain an objective, as we maintain capital discipline in a competitive market.

At Portland House we have reworked our plans to a redevelopment of the existing space, reducing the size of the overall scheme but maintaining more of the existing structure, which materially reduces the targeted embodied carbon of the scheme to below 400kgCO_2e/sqm. This also mitigates the risk of further cost inflation, as a much greater proportion of the total development cost is made up of the existing building. Combined with Timber Square and Liberty of Southwark, we therefore now have the flexibility to start up to three new projects this year. Whilst expected development costs are up due to higher construction costs, the impact of this has been offset by growth in ERVs. The expected yield on cost therefore remains stable at 6.3%, providing an attractive c. 20% profit on cost. Assuming demand and inflation remain around current levels, we could therefore start up to three new projects this year.

Table 5: Future Central London development pipeline

Property	Sector	Proposed sq ft '000	Indicative TDC £m	Indicative ERV £m	Gross yield on TDC %	Potential start date	Planning status
Near-term							
Timber Square, SE1	Office	380	400	26	6.5	H2 2022	Consented
Liberty of Southwark, SE1	Office/resi	200	240	13	6.1[(1)]	H2 2022	Consented
Portland House, SW1	Office	295	400	25	6.3	H2 2022	Consented
Red Lion Court, SE1	Office	235	320	20	6.2	H2 2023	Planning application
Total near-term		**1,110**	**1,360**	**84**	**6.3**		
Longer-term							
Nova Place, SW1	Office	40				2023	Design
Hill House, EC4	Office	310				2024	Design
Old Broad Street, EC2	Office	290				2025	Design
Total longer-term		**640**					
Total future pipeline		**1,750**					

1. Gross yield on cost adjusted for residential TDC

Mixed-use urban neighbourhoods

During 2021, we have made considerable progress on our strategy to grow our mixed-use opportunities. Our acquisitions of MediaCity and U+I virtually doubled our mixed-use pipeline to 9.0m sq ft and as both came with existing planning consents, they also significantly accelerated the potential delivery compared to our existing schemes, which are at earlier planning stages. We continue to closely monitor cost inflation, which has a higher impact outside of London than in the capital due to the difference in land values but importantly, the growth outlook for Manchester in particular is strong and the multi-phased nature of our schemes provides optionality. Overall we continue to expect mixed-use London projects to deliver a low double digit IRR and our projects elsewhere to deliver an IRR in the low to mid teens.

The U+I scheme at Mayfield, next to Piccadilly station in Manchester, is a 24-acre site with planning for 1,500 homes, 1.5m sq ft of office space and 120,000 sq ft of retail/leisure space. The site is held in a 50/50 JV between us and Transport for Greater Manchester, Manchester City Council and LCR. During

the year, we completed the creation of a new 6.5-acre park and we plan to start on site with the first phase of 316,000 sq ft of offices late this year.

The next phase of MediaCity comprises a 15-acre site, with consent for c.1,200 new homes and 637,000 sq ft office and commercial space. The site is held in a 75/25 JV between us and Peel, who developed the first phase of this successful scheme. In the summer, we plan to submit a revised planning application for a 330,000 sq ft office building, nearly tripling the potential space of this building. With a total cost of c. £100-110m and a yield on cost of c. 7.5%, we aim to start on site with this project in Q2 2023. We also anticipate submitting a revised outline planning application for the entire remaining site later this year.

At Finchley Road, NW3 we submitted a planning application for a new pedestrianised, sustainable neighbourhood of c. 1,800 homes and 180,000 sq ft of retail, leisure and other space. 35% of homes are affordable and public open space makes up 50% of this 14-acre site. We have made good progress on our vacant possession strategy and, subject to planning, we aim to start the first phase in late 2023.

We also published our masterplan for Buchanan Galleries, adjacent to Queen Street station in Glasgow. Our plans for this 9-acre site comprise c. 300 homes and 1.4m sq ft of retail, office, cultural and community space. We are in constructive dialogue with the Council and the Scottish Government, who are both supportive of our plans, and we have further progressed our VP strategy during the year, building flexibility for a potential start on site in 2024.

In Lewisham, SE13 we started public consultation on the proposed redevelopment of this 13-acre site, with potential for c. 2,200 homes and c. 275,000 sq ft of retail, leisure and office space. We acquired a 46,000 sq ft site on the high street as part of our site assembly strategy and are working closely with the Council on activating the existing 1970's shopping centre for the local community in the near term.

This pipeline of projects provides an attractive balance of income, development upside and medium term growth potential. The ability to phase investments across various projects means we have the opportunity to create a relatively repetitive stream of development returns over the coming years, whilst retaining flexibility to adapt to changes in demand. Meanwhile, the flexibility to stage capex, mixed-use nature and geographic spread of the pipeline all add to its balanced risk-profile. We see the potential to invest c. £1.5bn across these schemes over the next five years, which with a targeted profit on cost of c. 20% provides us with a clear trajectory to grow urban mixed-use to c. 20-25% of our overall portfolio.

Table 6: Mixed-use urban neighbourhoods development pipeline

Property	Landsec share %	Proposed sq ft '000	Earliest start on site	Number of blocks	Estimated first/total scheme completion	Indicative TDC £m	Target yield on cost %	Planning status
Mayfield, Manchester	50	2,500	2022	18	2025/2032	750-900	6.5-7.0	Consented
MediaCity, Greater Manchester	75	1,900	2023	8	2025/2030	500-600	6.5-7.0	Consented
Finchley Road, NW3	100	1,400	2023	10	2026/2033	900-1,100	5.5-6.0	Application
Buchanan Galleries, Glasgow	100	1,400	2024	11	2027/2031	550-700	6.5-7.0	Design
Lewisham, SE13	100	1,800	2024	14	2028/2037	1,000-1,200	5.5-6.0	Design
Total future pipeline		**9,000**				**3,700-4,500**		

Financial review

Overview

Our financial performance for the year has been positive, reflecting a strong recovery from the pandemic. Our total accounting return was 10.5% driven by the growth in value of our portfolio we delivered and a material increase in EPRA earnings. The latter was up 41% vs last year to £355m, primarily driven by £17m growth in gross rental income and a reduction in bad and doubtful debts as trading conditions normalised post the disruption of the Covid-19 pandemic. Rent collection has normalised and for the March quarter currently stands at 96%, largely in line with pre-pandemic levels, and we have continued to collect current and historical arrears. As a result, EPRA EPS increased 42% to 48.0 pence per share.

Net profit before tax increased to £875m compared to a loss of £1,393m in the prior year. Alongside our operational performance which supported the increase in EPRA earnings, this was primarily driven by a £409m value uplift of our Combined Portfolio, boosted by our profitable capital recycling, development and leasing activity. After the dividends we paid during the year, EPRA NTA per share increased 7.9% during the year to 1,063 pence. Adjusted net debt increased from £3.5bn to £4.2bn due to our investment in future growth opportunities, so as a result our LTV increased slightly from 32.2% to 34.4%. As we plan to recycle further capital in the year ahead, we expect our LTV to remain below the mid 30% level. Our financial position therefore remains strong, with an average debt maturity of 9.1 years and only 18% of our drawn borrowings mature in the next three years.

Reflecting our positive financial performance, we are proposing a final dividend of 13.0 pence per share, to be paid on 22 July 2022 to shareholders registered at the close of business on 17 June 2022. 100% of this will be paid as Property Income Distribution. Combined with the quarterly dividends paid for the first three quarters, this would bring the total dividend for the year to 37.0 pence per share, up 37.0%. This is in line with our policy that dividends annually are covered 1.2 to 1.3 times by EPRA earnings.

Presentation of financial information

The condensed consolidated preliminary financial information is prepared under IFRS where the Group's interests in joint ventures are shown collectively in the income statement and balance sheet, and all subsidiaries are consolidated at 100%. Internally, management reviews the 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 £12.0bn, is an example of this approach, reflecting the economic interest we have in our properties regardless of our ownership structure.

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

Measures presented on a proportionate basis are alternative performance measures as they are not defined under IFRS. This presentation provides additional information to stakeholders on the activities and performance of the Group, as it aggregates the results of all the Group's property interests which under IFRS are required to be presented across a number of line items in the statutory financial statements. For further details see table 15 in the Business analysis section.

Income statement

Our financial performance for the year reflects our strong operational performance and the normalising of trading conditions as we emerged from the pandemic. The wider retail sector was heavily impacted by lockdowns in the prior year, but over the past twelve months there has been a material recovery in net rental income across our major retail destinations; mixed-use, where some of our future projects have an existing retail use; and subscale sectors, which include our retail parks, leisure and hotels. This reflects the improvement in occupancy we have delivered and a sharp reduction in bad and doubtful debt provisions. Net rental income in Central London was down driven by the disposal of several mature London office assets, as we continue to recycle capital into higher-return opportunities.

Table 7: Income statement [1]

		Year ended 31 March 2022					Year ended 31 March 2021					
	Table	Central London £m	Major retail £m	Mixed-use urban £m	Subscale sectors £m	Total £m	Central London £m	Major retail £m	Mixed-use urban £m	Subscale sectors £m	Total £m	Change £m
Gross rental income [2]		**289**	**161**	**43**	**93**	**586**	306	157	26	80	569	17
Net service charge expense		**(1)**	**(6)**	**(2)**	**(3)**	**(12)**	-	(3)	-	(2)	(5)	(7)
Net direct property expenditure		**(29)**	**(26)**	**(9)**	**(12)**	**(76)**	(9)	(13)	(4)	(6)	(32)	(44)
Movement in bad and doubtful debts provisions		**(1)**	**13**	**2**	**(2)**	**12**	(17)	(69)	(10)	(31)	(127)	139
Segment net rental income	3	**258**	**142**	**34**	**76**	**510**	280	72	12	41	405	105
Net administrative expenses						**(84)**					(80)	(4)
EPRA earnings before interest						**426**					325	101
Net finance expense						**(71)**					(74)	3
EPRA earnings						**355**					251	104
Capital/other items												
Valuation surplus/(deficit)						**409**					(1,646)	2,055
Gain on modification of finance leases						**6**					-	6
Profit on disposals						**118**					4	114
Impairment charges						**(12)**					(4)	(8)
Fair value movement on interest rate swaps						**16**					(1)	17
Other net finance expense						**(15)**					(2)	(13)
Other						**(8)**					5	(13)
Profit before tax attributable to shareholders of the parent						**869**					(1,393)	2,262
Non-controlling interests						**6**					-	6
Profit before tax						**875**					(1,393)	2,268

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.
2. Includes finance lease interest, after rents payable.

Net rental income

Net rental income increased £105m to £510m during the year. Like-for-like gross rental income increased £20m, or 4.1%, and the net impact of our investment activity was down £4m, but the main driver was the reduction in bad and doubtful debt charges as trading conditions normalised post the disruption of lockdowns in the prior year. Variable rent, which includes income from hotels, Piccadilly Lights, parking and retail turnover rent, increased £47m as Covid-restrictions reduced during the year and we expect this will continue to grow in the year ahead. Insolvencies and CVAs were minimal during the year, hence 94% of the £11m reduction in income from this relates to the previous year. We received £7m of surrender premiums during the period, which we expect to reduce towards a normal level in the year ahead.

Occupancy for our retail portfolio increased over the past twelve months, but the higher average vacancy vs the prior year still had a negative impact on costs for the year. We expect this drag to reduce in the year ahead, reflecting our leasing success over the last twelve months and our expectation that

occupancy will continue to grow from here. Like-for-like net direct property costs increased £36m, which reflects that our assets are fully operational again, having been closed or utilised at very low levels due to lockdown restrictions for a major part of the prior year. This saved c. £10m of cost in the prior year, which reversed over the past year, and the prior year also benefited from the one-off release of a £4m provision. Higher void costs due to the increase in vacancy during the prior year added c. £8m to direct property expenses, and was the main driver for the c. £7m increase in net service charge costs over the past twelve months. We also saw an £8m increase in letting fees due to the increase in our leasing activity. Overall, this meant our gross to net rent ratio for the year was 87.0%, but as void and letting costs reduce as occupancy normalises, we expect this to grow to c. 90% over the next two years.

Table 8: Net rental income[1]

	£m
Net rental income for the year ended 31 March 2021	**405**
Gross rental income like-for-like movement in the period:	
Increase in variable and turnover-based rents	**47**
Surrender premiums received	**7**
Impact of CVAs and administrations	**(11)**
Increase in voids	**(16)**
Other movements	**(7)**
Total like-for-like gross rental income	**20**
Like-for-like net direct property expenditure	**(36)**
Like-for-like movement in bad and doubtful debts provisions	**125**
Acquisitions since 1 April 2021	**16**
Disposals since 1 April 2021	**(20)**
Net rental income for the year ended 31 March 2022	**510**

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

Rent collection

In line with a normalisation in trading conditions, rent collection has effectively returned to normal levels, as we have now collected 96% of the rent due on the March quarter day, compared to 81% this time last year. The customer support fund we launched at the start of the pandemic has further enhanced the relationship with our customers, with £56m allocated to customers over the past two years. We have made good progress on arrears and have collected the majority of the £87m unprovided balance as of 31 March 2021, leaving only £13m of this outstanding, all of which is currently under discussion following the end of the rent moratorium.

Table 9: Rent collections 25 March 2022 quarter[1][2]

	Gross amounts due 25 March £m	Monthly payment terms agreed £m	Net amounts due 25 March £m	Amounts received to date £m	Amounts received to date %	Amounts received March 21 %
Offices	55	1	**54**	**54**	**100**	98
Rest of central London	8	-	**8**	**7**	**88**	63
Major retail	16	1	**15**	**14**	**93**	58
Mixed-use urban	13	-	**13**	**12**	**92**	40
Subscale sectors	14	1	**13**	**12**	**92**	50
	106	**3**	**103**	**99**	**96**	81

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.
2. All amounts are shown gross of VAT. Where an amount billed remains uncollected and is subsequently written off, the VAT component will be recovered by the Group.

Net administrative expenses

Net administrative expenses increased by £4m to £84m, largely driven by the U+I acquisition and one-off business change activity during the year. Looking ahead, wage inflation will impact staff costs and over the next two years we expect to incur c. £5m p.a. of IT and data related cost reflecting an investment in upgrading our systems and data capability, which due to updated IFRIC accounting guidance will now be expensed instead of capitalised. However, we are focused on making sure our cost base is right so despite the additional costs of wage inflation and IT, we expect overall administrative expenses to be broadly stable over the next twelve months and to reduce slightly in the year after.

Our EPRA cost ratio for the past twelve months improved to 26.4%, although this number is still impacted by costs related to the disruption caused by Covid-19 during this period and the prior year. In total, we estimate this added c. 3% to 4% to the EPRA cost ratio for the year. Through a combination of income growth, a normalisation of our gross to net rent margin and a reduction in administrative expenses, we therefore still expect this to reduce towards 20% over the next 2-3 years in a phased manner.

Net finance expenses

Net interest costs reduced £3m to £71m, principally reflecting a reduction in average gross borrowings compared to the prior year. Although we expect borrowings to reduce over the next twelve months from the current level due to further capital recycling, we expect net interest costs to increase slightly this year due to the higher opening level of borrowings and the recent increase in variable rates, which impacts the 30% of our borrowings which is not fixed or hedged. We anticipate the ratio of variable rate borrowings to reduce in the year ahead, as we expect borrowings to reduce based on continued capital recycling.

Non-cash finance income, which includes the fair value movements on derivatives, caps and hedging and which is not included in EPRA earnings, increased from a net expense of £1m in the prior year to a net income of £16m in the current year. This is predominantly due to the fair value movements of our interest-rate swaps as a result of the increase in interest rates over the past year.

Valuation of investment properties and profit on disposals

The independent external valuation of our Combined Portfolio showed a £409m value surplus. Aside from the strong recovery in value of assets in our subscale sectors, which we said we would only dispose of in the medium term, the majority of this surplus was driven by our actions, reflecting profit on developments, several major lease regears in London, and growth in London office ERVs, reflecting the positive leasing evidence we created. We also recognised £6m upside from the regear of two long leases in our leisure assets, which are treated as tenant finance leases in our financial statements. Virtually all Covid-19 related allowances in the valuation which were introduced during 2020 have now been reversed, contributing £63m to the valuation surplus for the year.

We recognised a £107m profit on disposals of investment property, principally related to the sale of two retail parks for £53m and the £197m sale of Harbour Exchange. On average, these disposals were 12% ahead of their March 2021 book value, but as Harbour Exchange was treated as a finance lease in our balance sheet, the IFRS profit on sale related to this was £92m. As our March 2021 EPRA NTA included the fair value of this finance lease, the impact on NTA and our total accounting return from this disposal was £23m. We exchanged contracts to sell 32-50 Strand for £195m shortly after the year-end, 15% above the March 2021 book value, with part of this premium already reflected in the March 2022 valuation.

IFRS profit after tax

Substantially all our activity during the year was covered by UK REIT legalisation, which means our tax charge for the year remained minimal. Driven by the increase in EPRA earnings and positive revaluation result, IFRS profit after tax for the year was £875m, compared to a loss of £1,393m in the prior period.

Total accounting return

EPRA Net Tangible Assets, which principally reflects the value of our Combined Portfolio less adjusted net debt, increased to £7,888m, or 1,063 on a per share basis, marking an 7.9% increase on the prior year, including a 5.0% increase in the second half. Including dividends paid during the year, this means our total accounting return for the period increased to 10.5%.

Table 10: Balance sheet(1)

	31 March 2022 **£m**	31 March 2021 £m
Combined Portfolio	**12,017**	10,791
Adjusted net debt	**(4,179)**	(3,489)
Other net assets/(liabilities)	**50**	(2)
EPRA Net Tangible Assets	**7,888**	7,300
Shortfall/(excess) of fair value over net investment in finance leases book value	**6**	(93)
Other intangible asset	**2**	2
Fair value of interest-rate swaps	**21**	3
Net assets, excluding amounts due to non-controlling interests	**7,917**	7,212
Net assets per share	**1,070p**	975p
EPRA Net Tangible Assets per share (diluted)	**1,063p**	985p
Total accounting return	**10.5%**	-15.9%

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

Table 11: Movement in EPRA Net Tangible Assets(1)

	£m	**Diluted per share pence**
EPRA Net Tangible Assets at 31 March 2021	7,300	985
EPRA earnings	355	47
Like-for-like valuation movement	356	48
Development valuation movement	31	4
Impact of acquisitions/disposals	22	3
Total valuation surplus	409	55
Dividends	(181)	(25)
Other	5	1
EPRA Net Tangible Assets at 31 March 2022	**7,888**	**1,063**

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

Net debt and LTV

Adjusted net debt, which includes our share of JV borrowings, had been largely stable during the first half of the year but increased to £4,179m in the second half, principally driven by our £821m investment in the acquisitions of MediaCity, U+I and Bluewater, offset in part by the £197m sale of Harbour Exchange. Capital expenditure on our Combined Portfolio was £350m, reflecting our London office development programme, the preparation of future developments and the investment in our current portfolio. We expect capex investment to grow, reflecting our substantial pipeline and our net zero investment plan.

The other key elements behind the increase in net debt are set out in our statement of cash flows and note 9 to the financial statements, with the main movements in adjusted net debt shown below. A reconciliation between net debt and adjusted net debt is shown in note 13 of the financial statements.

As a result of the increase in borrowings, our Group LTV which includes our share of JVs, increased slightly to 34.4%. This remains well within the range of 25% to 40% we target and in line with the low 30% level we said we expected for the foreseeable future. As we plan to continue to recycle further capital, we expect adjusted net debt to reduce this year and LTV to remain below the mid 30's. As a result of the transaction activity during the year, which saw disposals of assets from the Security Group and the acquisitions of MediaCity and U+I financed by Security Group debt with the assets remaining outside Security Group, the Security Group LTV has increased to 36.4%.

Table 12: Net debt and LTV

	31 March 2022	31 March 2021
Net debt	**£4,254m**	£3,509m
Adjusted net debt[1]	**£4,179m**	£3,489m
Group LTV[1]	**34.4%**	32.2%
Security Group LTV	**36.4%**	32.7%

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

Table 13: Movement in adjusted net debt[1]

	£m
Adjusted net debt at 31 March 2021	**3,489**
Adjusted net cash inflow from operating activities	**(401)**
Dividends paid	**190**
Capital expenditure	**350**
Acquisitions	**958**
Disposals	**(272)**
Adjustment for non-wholly owned subsidiaries	**(68)**
Other	**(67)**
Adjusted net debt at 31 March 2022	**4,179**

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

Financing

Our £4,430m of gross borrowings are diversified across a range of sources, including £2,341m Medium Term Notes, £1.6bn syndicated and bilateral bank loans and £499m of commercial paper. Our MTN and bank loans form part of our Security Group, which provide security on a floating pool of assets currently valued at £10.6bn. This provides flexibility to include or exclude assets and an attractive cost of funding, with our MTN currently rated AA and AA- with a stable outlook respectively by S&P and Fitch.

To maintain capital discipline, we seek to balance investments in our pipeline or acquisitions with the disposal of assets which are mature or in sectors where we have limited scale. This strategy allows us to grow income and our overall return on capital, whilst keeping net debt broadly stable over time. Our strong financial position provides ample flexibility to manage any short-term differences between the timing of disposals and investment, as evidenced over the last few months.

We had £1.6bn of undrawn facilities at the start of last year, which allowed us to move quickly on the acquisitions of MediaCity, U+I and Bluewater in November and December. This temporarily increased floating debt as a proportion of net debt to 30%, but as we expect borrowings to reduce over the coming

year as we recycle further capital, we expect the percentage of floating debt to reduce towards c. 20% again.

We did not issue any new debt during the year, although we assumed some existing facilities through our acquisitions of MediaCity and U+I, part of which we repaid. This, alongside the increased utilisation of our revolving credit facilities meant that our average maturity of debt reduced to 9.1 years. Our average cost of debt for the year was 2.4%, which we expect to increase slightly in the year ahead. The fact that only 18% of our borrowings mature in the next three years provides us with a strong financial base and mitigates our interest rate risk, whilst we retain £1.1bn of headroom based on our existing facilities, providing ample flexibility with respect to progressing developments.

Table 14: Available facilities[1]

	31 March 2022 £m	31 March 2021 £m
Medium Term Notes	**2,341**	2,340
Drawn bank debt	**1,519**	209
Outstanding commercial paper	**499**	906
Cash and cash equivalents	**(157)**	(31)
Available undrawn facilities	**1,119**	1,631
Total committed credit facilities	**2,980**	2,715
Weighted average maturity of debt	**9.1 years**	11.5 years
Percentage of borrowings fixed or hedged	**70%**	81%
Weighted average cost of debt	**2.4%**	2.3%

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

Principal risks and uncertainties

The Group has identified certain principal risks and uncertainties that could prevent it from achieving its strategic objectives and has assessed how these risks are mitigated through a combination of internal controls, risk management and the purchase of insurance cover. The Board undertakes a bi-annual assessment of the principal risks, taking account of those that would threaten our business model, future performance, solvency or liquidity as well as the Group's strategic objectives.

The Group's approach to the management and mitigation of these risks will be included in the 2022 Annual Report.

The table below shows the change in the risk profile of our principal risks between 1 April 2021 and 31 March 2022. Given the planned increases in our development pipeline, especially following the acquisition of U+I and Media City, it was deemed appropriate to include a risk relating to the Development Strategy amongst our principal risks.

There have been a number of changes to our principal risks since the half year update, which have largely impacted our strategic risks and were most commonly driven by COVID and its ongoing impact on behaviours and the wider economy. Also, following years of fairly benign inflation, the combination of a decade of loose monetary policy across the globe, even further stimulus to keep economies afloat during the pandemic, continued disruption of global supply chains and recent geopolitical tensions driving a surge in energy and commodity prices has created a perfect storm for inflation.

Risk description	Change in year
Retail and hospitality occupier market	⇩
Changes in consumer behaviours leading to a change in demand for retail or hospitality space and the consequent impact on income and asset values.	This risk has now slightly reduced following the significant reductions in valuations and the impact of the pandemic experienced in the past two years. We completed 228 lettings totalling £20m –similar to 2019/20 – on average 2% ahead of ERV, which has contributed to the reduction in the vacancy levels. Despite a more positive outlook, the business faces macroeconomic headwinds such as inflation, consumer spending, challenges on staffing and disruption in the global supply chain. We are also aware of the potential for future pandemic related impacts on retail.
Office occupier market	⇔
Changes in office use leading to a long-term change in demand for office space and the consequent impact on income and asset values	There remains some uncertainty as organisations review their office space requirements to reflect the change towards hybrid work patterns. However, we have seen increased confidence from overseas investors who are looking past the pandemic and are showing an increased readiness to invest in prime offices and the net position for Grade A office space is positive.

	Equally we have seen some regearing and upsizing by occupiers and we are engaging with tenants in new space. Our assets are supported by the continued differentiation of our product offerings aligned to customer needs, including our flexible office products. Balancing the remaining uncertainty with recent positive market signals has led us to hold the risk constant.
Macroeconomic outlook	⬄
Changes in the macro-economic environment results in a reduction in demand for space or deferral of decisions by occupiers. Development projects may be started in a positive market, but be completed in a recession due to the length of build projects.	The UK economy has been recovering at a rapid rate, fuelled by the reopening of many sectors, but significant risks to recovery remain, most notably inflation at a 30 year high and the war in Ukraine. Surging bills are creating an inflation squeeze for households, with consumer confidence in the UK down to a near all-time low in March as a result. Still, there is c. £170bn of excess savings from the pandemic (7% of GDP) and employment is strong, which should absorb part of the pressure on spending. Future economic impact of Covid cannot be ruled out. — Downside factors that will impact recovery and growth include: — High inflation — Interest rate rises — Pressure on household spending, business costs and tax rises — Supply chain disruption Considering the recovery in the past twelve months and the future outlook, our overall view is that the risk has remained stable.
Capital allocation	⬄
Capital allocated to specific assets, sectors or locations does not yield the expected returns i.e. we are not effective in placing capital or recycling. Specifically: — Urban mixed-use neighbourhood developments do not yield expected returns. — Development of assets with the expectation of demand, which does meet expectations — Retaining assets with low yields which should be recycled.	We have a clear view of the scale of the opportunity in each sector and relative returns achievable across Central London, major retail destinations and urban mixed-use neighbourhoods. The acquisition of U+I and Media City brings experience of delivering urban mixed-use neighbourhood developments. We have reviewed our capital plan following the pandemic and remain focused on recycling capital out of mature retail and office assets into growth sectors. Landsec embraces a robust, systematic approach to capital allocation, providing us with the flexibility in our balance sheet to expedite and progress existing developments if required. Recycling capital from assets which do not offer opportunities for us to add value remains a core part of our strategy. Overall, our view is that the risk has remained constant over the year.

Development strategy	*New risk*
We may be unable to generate expected returns as a result of changes in the occupier market for a given asset during the course of the development, or cost/time overruns on the scheme.	Our development programme has increased significantly and therefore, the risk associated with our future development programme is greater now and this is a key driver of value creation for the business. Our mixed use urban neighbourhoods' strategy is currently in the early stages which allows sufficient time to address the challenges.
Climate Change	⇩
Climate change risk has two elements: 1) Transition – Our commitment to reduce Landsec's carbon footprint by 2030 is not met in time or achieved at a significantly higher cost than expected leading to regulatory, reputational and commercial impact. 2) Physical - Failure to mitigate physical impact on Landsec assets from climate change	The transitional risks of climate change have reduced since the half year as we have fully costed and committed to invest £135m to achieve our science-based net zero target by 2030. The fund will be used to finance a series of initiatives over the next nine years to reduce our carbon footprint and drive innovation and best practice across the wider industry. This will include initiatives like optimising our building management systems, replacing gas-fired boilers with electric systems like Air Source Heat Pumps, and investing in renewable energy.
People & Skills	⇧
Inability to attract, retain and develop the right people and skills to drive and deliver our strategic objectives, grow enterprise value and meet shareholder expectations	The risk has increased as we are now in the execution phase of our new strategy and share price and enterprise value have increased over the past six months, As a result, succession planning becomes even more relevant as the unplanned exit of key individuals could have a more significant impact. The risk has also increased due to a combination of voluntary and forced attrition due to ongoing transformation programmes. Further, a buoyant employment market post pandemic has highlighted a skills gap in certain sectors and pushed up salary levels that have affected retention levels. Changes in our management team and the acquisition of U+I has helped to bring new skills and capabilities into our business.
Major Health, Safety and Security Incident	⇔
Failure to identify, mitigate and/or react effectively to a major health, safety or security incident, leading to: — Serious injury, illness or loss of life — Criminal/civil proceedings — Loss of stakeholder confidence	The likelihood of a major health, safety or security incident was briefly elevated during the year as a result of the acquisitions of U+I and Media City properties, which temporarily increased uncertainty over these recently acquired assets. We have since reduced the likelihood of the risk as we have now fully evaluated the assets and established risk-prioritised integration plans.

— Delays to building projects and access restrictions to our properties resulting in loss of income — Inadequate response to regulatory changes — Reputational impact	
Information Security and Cyber Threat	⇔
Data loss or disruption to business processes, corporate systems or building management systems resulting in a negative reputational, operational, regulatory or financial impact	The risk has remained stable however, we have continued to develop and invest in the maturity of our mitigation controls as a result of an increasing number of attempted cyber-attacks from actors with rapidly improving tools and processes. This includes cyber security frameworks for our property and corporate environments to drive a structured risk reduction programme.

Statement of Directors’ Responsibilities

The Annual Report 2022 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 the requirements of the Companies Act 2006. Under the Financial Conduct Authority’s Disclosure Guidance and Transparency Rules, group financial statements are required to be prepared in accordance with UK adopted international accounting standards (IFRSs and IFRICs). Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit and loss of the Group and the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- in respect of the group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 (and UK adopted international accounting standards) have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements of UK adopted international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s and Company’s financial position and performance; and
- prepare the Group’s and Company’s financial statements on a going concern basis, unless it is inappropriate to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company, and to enable them to ensure that the Annual Report complies with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors’ responsibility statement under the Disclosure and Transparency Rules

Each of the Directors, whose names and functions appear below, confirm to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (and UK adopted international accounting standards) give a true and fair view of the assets, liabilities, financial position, performance and cash flows of the Company and Group as a whole; and
- the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties faced by the Group and Company.

Directors’ statement under the UK Corporate Governance Code

Each of the Directors confirm that to the best of their knowledge the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s and Company’s position, performance, business model and strategy.

A copy of the financial statements of the Group is placed on the Company’s website. The Directors are responsible for the maintenance and integrity of statutory and audited information on the Company’s website at landsec.com. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of Land Securities Group PLC as at the date of this announcement are as set out below:

- Cressida Hogg, Chairman*
- Mark Allan, Chief Executive
- Vanessa Simms, Chief Financial Officer
- Colette O’Shea, Chief Operating Officer
- Edward Bonham Carter, Senior Independent Director*
- Nicholas Cadbury*
- Madeleine Cosgrave*
- Christophe Evain*
- Manjiry Tamhane*

*Non-executive Directors

The Statement of Directors’ Responsibilities was approved by the Board of Directors on 16 May 2022 and is signed on its behalf by:

Mark Allan	**Vanessa Simms**
Chief Executive	**Chief Financial Officer**

Financial statements

Income statement	Notes	Year ended 31 March 2022 EPRA earnings £m	Capital and other items[(1)] £m	Total £m	Year ended 31 March 2021 EPRA earnings £m	Capital and other items[(1)] £m	Total £m
Revenue	5	**647**	**32**	**679**	631	4	635
Costs – movement in bad and doubtful debts provisions	6	**13**	**-**	**13**	(110)	-	(110)
Costs – other	6	**(273)**	**(48)**	**(321)**	(218)	(5)	(223)
		387	**(16)**	**371**	303	(1)	302
Share of post-tax profit/(loss) from joint ventures	12	**29**	**4**	**33**	8	(200)	(192)
Profit on disposal of investment properties		**-**	**107**	**107**	-	8	8
Profit on disposal of investment in joint ventures		**-**	**2**	**2**	-	-	-
Net surplus/(deficit) on revaluation of investment properties	10	**-**	**416**	**416**	-	(1,448)	(1,448)
Gain on modification of finance lease		**-**	**6**	**6**	-	-	-
Operating profit/(loss)		**416**	**519**	**935**	311	(1,641)	(1,330)
Finance income	7	**9**	**16**	**25**	15	1	16
Finance expense	7	**(70)**	**(15)**	**(85)**	(75)	(4)	(79)
Profit/(loss) before tax		**355**	**520**	**875**	251	(1,644)	(1,393)
Taxation				**-**			-
Profit/(loss) for the year				**875**			(1,393)
Attributable to:							
Shareholders of the parent				**869**			(1,393)
Non-controlling interests				**6**			-
				875			(1,393)
Profit/(loss) per share attributable to shareholders of the parent:							
Basic earnings/(loss) per share	4			**117.4p**			(188.2)p
Diluted earnings/(loss) per share	4			**117.1p**			(188.2)p

1. All revenue and costs are classified within the ‘EPRA earnings’ column of the income statement, with the exception of proceeds from, and costs of, the sale of trading properties, income from and costs associated with long-term development contracts, amortisation and impairment of intangibles and costs attributable to business acquisitions, which are presented in the ‘Capital and other items’ column.

Statement of comprehensive income	Year ended 31 March 2022 Total £m	Year ended 31 March 2021 Total £m
Profit/(loss) for the year	**875**	(1,393)
Items that may be subsequently reclassified to the income statement:		
Movement in cash flow hedges	**(1)**	-
Items that will not be subsequently reclassified to the income statement:		
Movement in the fair value of other investments	**(3)**	(3)
Net re-measurement gain/(loss) on defined benefit pension scheme	**22**	(12)
Deferred tax (charge)/credit on re-measurement above	**(5)**	2
Other comprehensive income/(loss) for the year	**13**	(13)
Total comprehensive income/(loss) for the year	**888**	(1,406)
Attributable to:		
Shareholders of the parent	**882**	(1,406)
Non-controlling interests	**6**	-
	888	(1,406)

Balance sheet	Notes	**2022** **£m**	2021 £m
Non-current assets			
Investment properties	10	**11,207**	9,607
Intangible assets		**8**	8
Net investment in finance leases		**70**	152
Investments in joint ventures	12	**700**	625
Investments in associates		**4**	-
Trade and other receivables		**177**	170
Other non-current assets		**61**	22
Total non-current assets		**12,227**	10,584
Current assets			
Trading properties	11	**145**	36
Trade and other receivables		**368**	354
Monies held in restricted accounts and deposits	15	**22**	10
Cash and cash equivalents	16	**128**	-
Other current assets		**5**	6
Total current assets		**668**	406
Total assets		**12,895**	10,990
Current liabilities			
Borrowings	14	**(541)**	(906)
Trade and other payables		**(320)**	(252)
Other current liabilities		**(11)**	(7)
Total current liabilities		**(872)**	(1,165)
Non-current liabilities			
Borrowings	14	**(4,012)**	(2,610)
Trade and other payables		**(8)**	(1)
Other non-current liabilities		**(12)**	(2)
Total non-current liabilities		**(4,032)**	(2,613)
Total liabilities		**(4,904)**	(3,778)
Net assets		**7,991**	7,212
Equity			
Capital and reserves attributable to shareholders			
Ordinary shares		**80**	80
Share premium		**317**	317
Other reserves		**9**	28
Merger reserve		**-**	-
Retained earnings		**7,511**	6,787
Equity attributable to shareholders of the parent		**7,917**	7,212
Equity attributable to non-controlling interests		**74**	-
Total equity		**7,991**	7,212

The financial statements on pages 30 to 54 were approved by the Board of Directors on 16 May 2022 and were signed on its behalf by:

M C Allan **V K Simms**

Directors

Statement of changes in equity	Attributable to shareholders of the parent						
	Ordinary shares	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2020	80	317	27	8,326	8,750	-	8,750
Total comprehensive loss for the financial year	-	-	-	(1,406)	(1,406)	-	(1,406)
Transactions with shareholders of the parent:							
Share-based payments	-	-	4	-	4	-	4
Dividends paid to shareholders of the parent	-	-	-	(133)	(133)	-	(133)
Acquisition of own shares	-	-	(3)	-	(3)	-	(3)
Total transactions with shareholders of the parent	-	-	1	(133)	(132)	-	(132)
At 31 March 2021	80	317	28	6,787	7,212	-	7,212
Total comprehensive income for the financial year	**-**	**-**	**-**	**882**	**882**	**6**	**888**
Transactions with shareholders of the parent:							
Share-based payments	**-**	**-**	**2**	**2**	**4**	**-**	**4**
Dividends paid to shareholders of the parent	**-**	**-**	**-**	**(181)**	**(181)**	**-**	**(181)**
Transfer of treasury shares	**-**	**-**	**(21)**	**21**	**-**	**-**	**-**
Total transactions with shareholders of the parent	**-**	**-**	**(19)**	**(158)**	**(177)**	**-**	**(177)**
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	**-**	**68**	**68**
At 31 March 2022	**80**	**317**	**9**	**7,511**	**7,917**	**74**	**7,991**

Statement of cash flows	Notes	Year ended 31 March **2022** £m	2021 £m
Cash flows from operating activities			
Net cash generated from operations	9	**448**	322
Interest received		**23**	4
Interest paid		**(84)**	(83)
Rents paid		**(8)**	(9)
Capital expenditure on trading properties		**(5)**	(1)
Disposal of trading properties		**8**	-
Other operating cash flows		**(1)**	-
Net cash inflow from operating activities	9	**381**	233
Cash flows from investing activities			
Investment property development expenditure		**(302)**	(177)
Other investment property related expenditure		**(42)**	(41)
Acquisition of investment properties		**(147)**	(99)
Disposal of investment properties		**265**	631
Acquisition of subsidiaries		**(399)**	-
Deferred consideration received		**-**	10
Cash distributions from joint ventures	12	**22**	16
Other investing cash flows		**-**	(6)
Net cash (outflow)/inflow from investing activities		**(603)**	334
Cash flows from financing activities			
Proceeds from new borrowings (net of finance fees)	14	**1,053**	-
Repayment of bank debt	14	**(489)**	(1,755)
Redemption of medium term notes	14	**-**	(12)
Premium paid on redemption of medium term notes	14	**-**	(3)
Net cash outflow from derivative financial instruments		**(3)**	(12)
Dividends paid to shareholders of the parent	8	**(190)**	(127)
Decrease/(increase) in monies held in restricted accounts and deposits		**(12)**	(1)
Other financing cash flows		**(9)**	(2)
Net cash inflow/(outflow) from financing activities		**350**	(1,912)
Increase/(decrease) in cash and cash equivalents for the year		**128**	(1,345)
Cash and cash equivalents at the beginning of the year		**-**	1,345
Cash and cash equivalents at the end of the year	16	**128**	-

Notes to the financial statements

1. Basis of preparation and consolidation

Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with UK adopted international accounting standards (IFRSs and IFRICs), as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared in Pounds Sterling (rounded to the nearest one million), which is the presentation currency of the Group (Land Securities Group PLC and all its subsidiary undertakings), and under the historical cost convention as modified by the revaluation of investment property, financial assets at fair value through 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 16 May 2022, 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 2021 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 2022 is based on, and consistent with, the financial information in the Group's audited financial statements for the year ended 31 March 2021. 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. While 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 2021 can be found on the website at landsec.com/investors.

Going concern

While the impact of Covid-19 has reduced in the year to 31 March 2022, we are still in a period of recovery and therefore the Directors have continued to place additional focus on the appropriateness of adopting the going concern assumption in preparing the financial statements for the year ended 31 March 2022. The Group's going concern assessment considers changes in the Group's principal risks (see pages 24-27) and is dependent on a number of factors, including our financial performance and continued access to borrowing facilities. Access to our borrowing facilities is dependent on our ability to continue to operate the Group's secured debt structure within its financial covenants, which are described in note 14.

In order to satisfy themselves that the Group has adequate resources to continue as a going concern for the foreseeable future, the Directors have reviewed a cash flow model which considers the impact of pessimistic assumptions on the Group's operating environment (the 'Viability scenario'). This model reflects unfavourable macro-economic conditions, a continuation of difficulties experienced collecting rent and service charge from our customers and removes uncommitted acquisitions, disposals and developments. We also assume that we are unable to raise any new finance over this period.

The Group's key metrics from the Viability scenario as at the end of the going concern assessment period, which covers the 16 months to 30 September 2023, are shown below alongside the actual position at 31 March 2022.

Key metrics	**31 March 2022**	Viability scenario 30 September 2023
Security Group LTV	**36.4%**	38.9%
Adjusted net debt	**£4,179m**	£4,363m
EPRA net tangible assets	**£7,888m**	£7,266m
Available financial headroom	**£1.1bn**	£1.2bn

In our Viability scenario, the Group has sufficient cash reserves, with our Security Group LTV ratio remaining less than 65% and interest cover above 1.45x, for a period of at least 16 months from the date of authorisation of these financial statements. The value of our assets would need to fall from 31 March 2022 values by at least 55% for LTV to reach 65%. The Directors consider the likelihood of this occurring over the going concern assessment period to be remote.

The Security Group requires earnings of at least £155m in the year ending 31 March 2023 for interest cover to remain above 1.45x in the Viability scenario, which would ensure compliance through to the end of the going concern assessment period. Security Group earnings are well above the level required to meet the interest cover covenant. Therefore, the Directors do not anticipate a reduction in Security Group earnings over the period ending 30 September 2023 to a level that would result in a breach of the interest cover covenant.

The Directors have also considered a reverse stress-test scenario which assumes no further rent will be received, to determine when our available cash resources would be exhausted. Even under this extreme scenario, 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 these financial statements for the year ended 31 March 2022.

1. Basis of preparation and consolidation continued

Basis of consolidation and presentation of results

The consolidated financial statements for the year ended 31 March 2022 incorporate the financial statements of the Company and all its subsidiary undertakings. Subsidiary undertakings are those entities controlled by the Company. Control exists where an entity is exposed to variable returns and has the ability to affect those returns through its power over the investee.

The results of subsidiaries and joint ventures acquired or disposed of during the year are included from the effective date of acquisition or to the effective date of disposal. Accounting policies of subsidiaries and joint ventures which differ from Group accounting policies are adjusted on consolidation.

Where instruments in a subsidiary held by third parties are redeemable at the option of the holder, these interests are classified as a financial liability, called the redemption liability. The liability is carried at fair value; the value is reassessed at the balance sheet date and movements are recognised in the income statement.

Where equity in a subsidiary is not attributable, directly or indirectly, to the shareholders of the parent, this is classified as a non-controlling interest. Total comprehensive income or loss and the total equity of the Group are attributed to the shareholders of the parent and to the non-controlling interests according to their respective ownership percentages.

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.

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 **£12.0bn**, 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.

EPRA earnings is the Group's measure of the underlying pre-tax profit of the property rental business. EPRA earnings has replaced revenue profit as the Group's primary measure of underlying performance in the year ended 31 March 2022 to align with industry standard. Adjusted earnings, adjusted basic earnings per share and adjusted diluted earnings per share are also no longer reported. There were no differences between these measures at 31 March 2022 and 2021. EPRA earnings excludes all items of a capital nature, such as valuation movements and profits and losses on the disposal of investment properties, as well as exceptional items. The Group believes that EPRA earnings provides additional understanding of the Group's operational performance to shareholders and other stakeholder groups. A full definition of EPRA earnings is given in the Glossary. The components of EPRA earnings are presented on a proportionate basis in note 3. EPRA earnings is an alternative performance measure.

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, none of which have had a significant impact on the Group or Company's income statement or balance sheet.

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 all in the UK and are managed across four operating segments, being Central London, Major retail destinations (Major retail), Mixed-use urban neighbourhoods (Mixed-use urban) and Subscale sectors.

The Central London segment includes all assets geographically located within central London. Major retail destinations, which was previously referred to as Regional retail, includes all regional shopping centres and shops outside London and our outlets. The Mixed-use urban segment, which was previously referred to as Urban opportunities, includes those assets where we see the most potential for capital investment. There has been no change to the classification of these segments other than the change of name during the year to 31 March 2022. Subscale sectors mainly includes assets that will not be a focus for capital investment and consists of leisure and hotel assets and retail parks.

Management has determined the Group's operating segments based on the information reviewed by Senior Management to make strategic decisions. The chief operating decision maker is the Executive Leadership Team (ELT), comprising the Executive Directors and the Managing Directors. The information presented to ELT includes reports from all functions of the business as well as strategy, financial planning, succession planning, organisational development and Group-wide policies.

The Group's primary measure of underlying profit before tax is EPRA earnings. However, Segment net rental income is the lowest level to which the profit arising from the ongoing operations of the Group is analysed between the four segments. The administrative costs, which are predominantly staff costs for centralised functions, are all treated as administrative expenses and are not allocated to individual segments.

The Group manages its financing structure, with the exception of joint ventures, on a pooled basis. Individual joint ventures may have specific financing arrangements in place. Debt facilities and finance expenses, including those of joint ventures, are managed centrally and are therefore not attributed to a particular segment. Unallocated income and expenses are items incurred centrally which are not directly attributable to one of the segments.

All items in the segmental information note are presented on a proportionate basis. A reconciliation from the Group income statement to the information presented in the segmental information note is included in table 26.

3. Segmental information continued

EPRA earnings	2022 Central London £m	2022 Major retail £m	2022 Mixed-use urban £m	2022 Subscale sectors £m	2022 Total £m	2021 Central London £m	2021 Major retail £m	2021 Mixed-use urban £m	2021 Subscale sectors £m	2021 Total £m
Rental income	287	167	43	89	586	300	162	26	81	569
Finance lease interest	6	-	-	2	8	9	-	-	-	9
Gross rental income (before rents payable)	293	167	43	91	594	309	162	26	81	578
Rents payable[1]	(4)	(6)	-	2	(8)	(3)	(5)	-	(1)	(9)
Gross rental income (after rents payable)	289	161	43	93	586	306	157	26	80	569
Service charge income	40	39	7	-	86	39	35	5	-	79
Service charge expense	(41)	(45)	(9)	(3)	(98)	(39)	(38)	(5)	(2)	(84)
Net service charge expense	(1)	(6)	(2)	(3)	(12)	-	(3)	-	(2)	(5)
Other property related income	13	11	2	2	28	18	10	1	3	32
Direct property expenditure	(42)	(37)	(11)	(14)	(104)	(27)	(23)	(5)	(9)	(64)
Movement in bad and doubtful debts provisions	(1)	13	2	(2)	12	(17)	(69)	(10)	(31)	(127)
Segment net rental income	258	142	34	76	510	280	72	12	41	405
Other income					3					2
Administrative expense					(82)					(77)
Depreciation					(5)					(5)
EPRA earnings before interest					426					325
Finance income					9					15
Finance expense					(70)					(75)
Joint venture finance expense					(10)					(14)
EPRA earnings attributable to shareholders of the parent					355					251

1. Included within rents payable is lease interest payable of £2m (2021: £2m) for the Central London segment and £2m (2021: £1m) for the Subscale segment.

Reconciliation of EPRA earnings to profit/(loss) before tax	2022 Total £m	2021 Total £m
EPRA earnings attributable to shareholders of the parent	355	251
Capital and other items		
Valuation and profit on disposals		
Net surplus/(deficit) on revaluation of investment properties	409	(1,646)
Gain on modification of finance leases	6	-
Movement in impairment charge on trading properties	(6)	-
Profit on disposal of investment properties	115	5
Profit on disposal of investment in joint ventures	2	-
Profit/(loss) on disposal of trading properties	1	(1)
	527	(1,642)
Net finance income/(expense) (excluded from EPRA earnings)		
Fair value movement on interest-rate swaps	16	(1)
Premium on redemption of medium term notes (MTNs)	-	(3)
Other net finance (expense)/income	(15)	1
	1	(3)
Exceptional items		
Impairment of intangible asset	-	(4)
Impairment of goodwill	(6)	-
	(6)	(4)
Other		
Gain on settlement of liability	-	4
Business combination costs	(8)	-
Other	-	1
	(8)	5
Profit/(loss) before tax attributable to shareholders of the parent	869	(1,393)
Profit before tax attributable to non-controlling interests	6	-
Profit/(loss) before tax[1]	875	(1,393)

1. Refer to Table 26 for a reconciliation of the Group income statement to the segmental information presented above.

4. Performance measures

In the tables below, we present earnings per share and net assets per share attributable to shareholders of the parent, calculated in accordance with IFRS, together with certain measures defined by the European Public Real Estate Association (EPRA), which have been included to assist comparison between European property companies. Three of the Group's key financial performance measures are EPRA earnings per share, EPRA Net Tangible Assets per share and total accounting return, which was previously referred to as total business return. There has been no change to the calculation of this measure other than the change of name during the year to 31 March 2022.

EPRA earnings, which is a tax adjusted measure of underlying earnings, is the basis for the calculation of EPRA earnings per share. We believe EPRA earnings and EPRA earnings per share provide further insight into the results of the Group's operational performance to stakeholders as they focus on the rental income performance of the business and exclude Capital and other items which can vary significantly from year to year.

Earnings per share		Year ended 31 March 2022		Year ended 31 March 2021
	Profit for the year £m	EPRA earnings £m	Loss for the year £m	EPRA earnings £m
Profit/(loss) attributable to shareholders of the parent	**869**	**869**	(1,393)	(1,393)
Valuation and profit on disposals	**-**	**(527)**	-	1,642
Net finance (income)/expense (excluded from EPRA earnings)	**-**	**(1)**	-	3
Exceptional items	**-**	**6**	-	4
Other	**-**	**8**	-	(5)
Profit/(loss) used in per share calculation	**869**	**355**	(1,393)	251
	IFRS	**EPRA**	IFRS	EPRA
Basic earnings/(loss) per share	**117.4p**	**48.0p**	(188.2)p	33.9p
Diluted earnings/(loss) per share[1]	**117.1p**	**47.8p**	(188.2)p	33.9p

1. In the year ended 31 March 2021, 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 2022			31 March 2021
	Net assets £m	EPRA NDV £m	EPRA NTA £m	Net assets £m	EPRA NDV £m	EPRA NTA £m
Net assets attributable to shareholders of the parent	**7,917**	**7,917**	**7,917**	7,212	7,212	7,212
(Shortfall)/excess of fair value over net investment in finance leases book value	**-**	**(6)**	**(6)**	-	93	93
Deferred tax liability on intangible asset	**-**	**-**	**1**	-	-	1
Goodwill on deferred tax liability	**-**	**(1)**	**(1)**	-	(1)	(1)
Other intangible asset	**-**	**-**	**(2)**	-	-	(2)
Fair value of interest-rate swaps	**-**	**-**	**(21)**	-	-	(3)
Excess of fair value of debt over book value (note 14)	**-**	**(107)**	**-**	-	(244)	-
Net assets used in per share calculation	**7,917**	**7,803**	**7,888**	7,212	7,060	7,300
	IFRS	**EPRA NDV**	**EPRA NTA**	IFRS	EPRA NDV	EPRA NTA
Net assets per share	**1,070p**	**n/a**	**n/a**	975p	n/a	n/a
Diluted net assets per share	**1,067p**	**1,052p**	**1,063p**	973p	953p	985p

Number of shares		2022		2021
	Weighted average million	31 March million	Weighted average million	31 March million
Ordinary shares	**751**	**751**	751	751
Treasury shares	**(7)**	**(7)**	(10)	(10)
Own shares	**(4)**	**(4)**	(1)	(1)
Number of shares – basic	**740**	**740**	740	740
Dilutive effect of share options	**2**	**2**	1	1
Number of shares – diluted	**742**	**742**	741	741

Total accounting 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 accounting return based on EPRA NTA	Year ended 31 March 2022 pence	Year ended 31 March 2021 pence
Increase/(decrease) in EPRA NTA per share	**78**	(207)
Dividend paid per share in the year (note 8)	**25**	18
Total return (a)	**103**	(189)
EPRA NTA per share at the beginning of the year (b)	**985**	1,192
Total accounting return (a/b)	**10.5%**	-15.9%

5. Revenue

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

		2022				2021
	EPRA earnings	**Capital and other items**	**Total**	EPRA earnings	Capital and other items	Total
	£m	**£m**	**£m**	£m	£m	£m
Rental income (excluding adjustment for lease incentives)	**552**	**3[(1)]**	**555**	548	-	548
Adjustment for lease incentives	**(18)**	**-**	**(18)**	(29)	-	(29)
Rental income	**534**	**3**	**537**	519	-	519
Service charge income	**77**	**1[(1)]**	**78**	70	-	70
Trading property sales proceeds	**-**	**27**	**27**	-	-	-
Other property related income	**25**	**-**	**25**	31	-	31
Finance lease interest	**8**	**-**	**8**	9	-	9
Long-term development contract income	**-**	**1**	**1**	-	-	-
Gain on settlement of liability	**-**	**-**	**-**	-	4	4
Other income	**3**	**-**	**3**	2	-	2
Revenue per the income statement	**647**	**32**	**679**	631	4	635

1. The Group acquired a 75% interest in MediaCity on 2 November 2021. This represents the 25% interest in MediaCity which is not owned by the Group, but which is consolidated in the Group numbers.

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

				2022				2021
	Group	**Joint ventures**	**Adjustment for non-wholly owned subsidiaries[(1)]**	**Total**	Group	Joint ventures	Adjustment for non-wholly owned subsidiaries[(1)]	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Rental income	**537**	**52**	**(3)**	**586**	519	50	-	569
Service charge income	**78**	**9**	**(1)**	**86**	70	9	-	79
Trading property sales proceeds	**27**	**15**	**-**	**42**	-	4	-	4
Other property related income	**25**	**3**	**-**	**28**	31	1	-	32
Finance lease interest	**8**	**-**	**-**	**8**	9	-	-	9
Long-term development contract income	**1**	**-**	**-**	**1**	-	1	-	1
Gain on settlement of liability	**-**	**-**	**-**	**-**	4	-	-	4
Other income	**3**	**-**	**-**	**3**	2	2	-	4
Revenue in the segmental information note	**679**	**79**	**(4)**	**754**	635	67	-	702

1. The Group acquired a 75% interest in MediaCity on 2 November 2021. This represents the 25% interest in MediaCity which is not owned by the Group, but which is consolidated in the Group numbers.

6. Costs

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

			2022			2021
	EPRA earnings £m	**Capital and other items £m**	**Total £m**	EPRA earnings £m	Capital and other items £m	Total £m
Rents payable	**6**	**-**	**6**	7	-	7
Service charge expense	**88**	**2[(1)]**	**90**	75	-	75
Direct property expenditure	**94**	**-**	**94**	56	-	56
Administrative expenses	**85**	**-**	**85**	80	-	80
Impairment of trading properties	**-**	**6**	**6**	-	-	-
Cost of trading property disposals	**-**	**25**	**25**	-	-	-
Long-term development contract expenditure	**-**	**1**	**1**	-	-	-
Amortisation of other intangible asset	**-**	**-**	**-**	-	1	1
Impairment of intangible asset	**-**	**-**	**-**	-	4	4
Impairment of goodwill	**-**	**6**	**6**	-	-	-
Business combination costs	**-**	**8**	**8**	-	-	-
Costs – other per the income statement	**273**	**48**	**321**	218	5	223
Movement in bad and doubtful debts expense – rent	**(9)**	**-**	**(9)**	98	-	98
Movement in bad and doubtful debts expense – service charge	**(4)**	**-**	**(4)**	12	-	12
Total costs per the income statement	**260**	**48**	**308**	328	5	333

1. The Group acquired a 75% interest in MediaCity on 2 November 2021. This represents the 25% interest in MediaCity which is not owned by the Group, but which is consolidated in the Group numbers.

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

				2022				2021
	Group £m	**Joint ventures £m**	**Adjustment for non-wholly owned subsidiaries[(1)] £m**	**Total £m**	Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries[(1)] £m	Total £m
Rents payable	**6**	**2**	**-**	**8**	7	2	-	9
Service charge expense	**90**	**10**	**(2)**	**98**	75	9	-	84
Direct property expenditure	**94**	**10**	**-**	**104**	56	8	-	64
Administrative expenses	**85**	**2**	**-**	**87**	80	2	-	82
Impairment of trading properties	**6**	**-**	**-**	**6**	-	-	-	-
Cost of trading property disposals	**25**	**16**	**-**	**41**	-	5	-	5
Long-term development contract expenditure	**1**	**-**	**-**	**1**	-	1	-	1
Amortisation of other intangible asset	**-**	**-**	**-**	**-**	1	-	-	1
Impairment of intangible asset	**-**	**-**	**-**	**-**	4	-	-	4
Impairment of goodwill	**6**	**-**	**-**	**6**	-	-	-	-
Business combination costs	**8**	**-**	**-**	**8**	-	-	-	-
Movement in bad and doubtful debts expense – rent	**(9)**	**2**	**-**	**(7)**	98	15	-	113
Movement in bad and doubtful debts expense – service charge	**(4)**	**(1)**	**-**	**(5)**	12	2	-	14
Costs in the segmental information note	**308**	**41**	**(2)**	**347**	333	44	-	377

1. The Group acquired a 75% interest in MediaCity on 2 November 2021. This represents the 25% interest in MediaCity which is not owned by the Group, but which is consolidated in the Group numbers.

7. Net finance expense

			2022			2021
	EPRA earnings	**Capital and other items**	**Total**	EPRA earnings	Capital and other items	Total
	£m	**£m**	**£m**	£m	£m	£m
Finance income						
Interest receivable from joint ventures	**9**	**-**	**9**	15	-	15
Fair value movement on interest-rate swaps	**-**	**16**	**16**	-	-	-
Fair value movement on other derivatives	**-**	**-**	**-**	-	1	1
	9	**16**	**25**	15	1	16
Finance expense						
Bond and debenture debt	**(67)**	**-**	**(67)**	(68)	-	(68)
Bank and other short-term borrowings	**(19)**	**-**	**(19)**	(17)	-	(17)
Fair value movement on interest-rate swaps	**-**	**-**	**-**	-	(1)	(1)
Premium on redemption of medium term notes	**-**	**-**	**-**	-	(3)	(3)
Other interest payable	**(1)**	**(15)**	**(16)**	(1)	-	(1)
	(87)	**(15)**	**(102)**	(86)	(4)	(90)
Interest capitalised in relation to properties under development	**17**	**-**	**17**	11	-	11
	(70)	**(15)**	**(85)**	(75)	(4)	(79)
Net finance (expense)/income	**(61)**	**1**	**(60)**	(60)	(3)	(63)
Joint venture net finance expense	**(10)**			(14)		
Net finance expense included in EPRA earnings	**(71)**			(74)		

Lease interest payable of **£4m** (2021: £3m) is included within rents payable as detailed in note 3.

8. Dividends

Dividends paid					Year ended 31 March	
		Pence per share			2022	2021
	Payment date	PID	Non-PID	Total	£m	£m
For the year ended 31 March 2020:						
Third interim	-	-	-	-		-
Final	-	-	-	-		-
For the year ended 31 March 2021:						
First interim	-	-	-	-		-
Second interim	4 January 2021	12.00	-	12.00		89
Third interim	30 March 2021	6.00	-	6.00		44
Final	**23 July 2021**	**9.00**	**-**	**9.00**	**66**	
For the year ended 31 March 2022:						
First interim	**8 October 2021**	**7.00**	**-**	**7.00**	**52**	
Second interim	**4 January 2022**	**8.50**	**-**	**8.50**	**63**	
Gross dividends					**181**	133
Dividends in the statement of changes in equity					**181**	133
Timing difference on payment of withholding tax					**9**	(6)
Dividends in the statement of cash flows					**190**	127

The third quarterly interim dividend of **8.5p** per ordinary share, or **£63m** in total (2021: 6.0p or £44m in total), was paid on 7 April 2022 as a Property Income Distribution (PID). The Board has recommended a final dividend for the year ended 31 March 2022 of **13.0p** per ordinary share (2021: 9.0p) to be paid as a PID. This final dividend will result in a further estimated distribution of **£96m** (2021: actual distribution of £66m). Subject to shareholders' approval at the Annual General Meeting, the final dividend will be paid on 22 July 2022 to shareholders registered at the close of business on 17 June 2022.

The total dividend paid and recommended in respect of the year ended 31 March 2022 is **37.0p** per ordinary share (2021: 27.0p) resulting in a total estimated distribution of **£274m** (2021: actual distribution of £199m).

The first quarterly dividend for the year ending 31 March 2023 will be paid in October 2022 and will be announced in due course.

A Dividend Reinvestment Plan (DRIP) has been available in respect of all dividends paid during the year. The last day for DRIP elections for the final dividend is close of business on 1 July 2022.

9. Net cash generated from operations

Reconciliation of operating profit/(loss) to net cash generated from operations	2022 £m	2021 £m
Operating profit/(loss)	**935**	(1,330)
Adjustments for:		
Net (surplus)/deficit on revaluation of investment properties	**(416)**	1,448
Gain on modification of finance leases	**(6)**	-
Profit on disposal of trading properties	**(2)**	-
Profit on disposal of investment properties	**(107)**	(8)
Profit on disposal of investment in joint ventures	**(2)**	-
Share of (profit)/loss from joint ventures and associates	**(33)**	192
Share-based payment charge	**4**	4
Impairment of intangible asset	**-**	4
Impairment of goodwill	**6**	-
(Reversal)/impairment of investment in subsidiary	**-**	-
Rents payable	**8**	7
Depreciation	**5**	5
Other	**7**	6
	399	328
Changes in working capital:		
Decrease in receivables	**28**	8
Increase/(decrease) in payables and provisions	**21**	(14)
Net cash generated from operations	**448**	322

Reconciliation to adjusted net cash inflow from operating activities	2022 £m	2021 £m
Net cash inflow from operating activities	**381**	233
Joint ventures net cash inflow from operating activities	**23**	19
Trading property disposals	**(8)**	(4)
Trading property capital expenditure	**5**	1
Adjusted net cash inflow from operating activities[(1)]	**401**	249

1. Includes cash inflows relating to the interest in MediaCity which is not owned by the Group, but which is consolidated in the Group numbers.

10. Investment properties

	2022 £m	2021 £m
Net book value at the beginning of the year	**9,607**	11,297
Acquired through acquisition of group of subsidiaries	**619**	-
Acquisitions of investment properties	**247**	115
Capital expenditure	**343**	221
Capitalised interest	**17**	11
Net movement in head leases capitalised[1]	**62**	1
Disposals	**(98)**	(579)
Net surplus/(deficit) on revaluation of investment properties	**416**	(1,448)
Transfers to trading properties	**(6)**	(11)
Net book value at the end of the year	**11,207**	9,607

1. See note 14 for details of the amounts payable under head leases and note 3 for details of the rents payable in the income statement.

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

	2022				2021			
	Group (excl. joint ventures) £m	**Joint ventures[1] £m**	**Adjustment for non-wholly owned subsidiaries[2] £m**	**Combined Portfolio £m**	Group (excl. joint ventures) £m	Joint ventures[1] £m	Adjustment for non-wholly owned subsidiaries[2] £m	Combined Portfolio £m
Market value	**11,362**	**800**	**(145)**	**12,017**	10,025	766	-	10,791
Less: properties treated as finance leases	**(66)**	**-**	**-**	**(66)**	(249)	-	-	(249)
Plus: head leases capitalised	**123**	**9**	**-**	**132**	61	9	-	70
Less: tenant lease incentives	**(212)**	**(38)**	**-**	**(250)**	(230)	(40)	-	(270)
Net book value	**11,207**	**771**	**(145)**	**11,833**	9,607	735	-	10,342
Net surplus/(deficit) on revaluation of investment properties	**416**	**(3)**	**(4)**	**409**	(1,448)	(198)	-	(1,646)

1. Refer to note 12 for a breakdown of this amount by entity.
2. The Group acquired a 75% interest in MediaCity on 2 November 2021. This represents the 25% interest in MediaCity which is not owned by the Group, but which is consolidated in the Group numbers The Group acquired a 75% interest in MediaCity on 2 November 2021. This represents the 25% interest in MediaCity which is not owned by the Group, but which is consolidated in the Group numbers.

The net book value of leasehold properties where head leases have been capitalised is **£2,908m** (2021: £2,484m).

Investment properties include capitalised interest of **£249m** (2021: £232m). The average rate of interest capitalisation for the year is **2.5%** (2021: 2.6%). The gross historical cost of investment properties is **£8,604m** (2021: £7,554m).

11. Trading properties

	Development land and infrastructure £m	**Residential £m**	**Total £m**
At 1 April 2020	24	-	24
Transfer from investment properties	-	11	11
Capital expenditure	-	1	1
At 31 March 2021	24	12	36
Transfer from investment properties	**-**	**6**	**6**
Acquisitions	**128**	**-**	**128**
Capital expenditure	**1**	**5**	**6**
Disposals	**(25)**	**-**	**(25)**
Impairment provision	**-**	**(6)**	**(6)**
At 31 March 2022	**128**	**17**	**145**

The cumulative impairment provision at 31 March 2022 in respect of Development land and infrastructure was **£nil** (2021: £nil) and in respect of Residential was **£6m** (2021: £nil).

12. Joint arrangements

The Group's principal joint arrangements are described below:

Joint ventures	Percentage owned & voting rights[1]	Business segment	Year end date[2]	Joint venture partner
Held at 31 March 2022				
Nova, Victoria[3]	50%	Central London	31 March	Suntec Real Estate Investment Trust
Southside Limited Partnership	50%	Major retail	31 March	Invesco Real Estate European Fund
St. David's Limited Partnership	50%	Major retail	31 March[4]	Intu Properties plc[5]
Westgate Oxford Alliance Limited Partnership	50%	Major retail, Subscale sectors	31 March	The Crown Estate Commissioners
Harvest[6][7]	50%	Subscale sectors	31 March	J Sainsbury plc
The Ebbsfleet Limited Partnership[7]	50%	Subscale sectors	31 March	Ebbsfleet Property Limited
West India Quay Unit Trust[7]	50%	Subscale sectors	31 March	Schroder UK Real Estate Fund
Mayfield[7][8][9]	50%	Mixed-use urban	31 March	LCR Limited, Manchester City Council, Transport for Greater Manchester
Wind Farms[7][8][10]	50%	Subscale sectors	31 March	Stephen John Radford
Curzon Park Limited[7][8]	50%	Subscale sectors	31 March	Derwent Developments (Curzon) Limited
Plus X Holdings Limited[7][8]	50%	Subscale sectors	31 March	Paul David Rostas, Matthew Edmund Hunter
Landmark Court Partnership Limited[7][8]	51%	Central London	31 March	TTL Landmark Court Properties Limited

Joint operation	Ownership interest	Business segment	Year end date[2]	Joint operation partners
Held at 31 March 2022				
Bluewater, Kent	48.75%[11]	Major retail	31 March	M&G Real Estate and GIC Royal London Asset Management Aberdeen Standard Investments

1. Investments under joint arrangements are not always represented by an equal percentage holding by each partner. In a number of joint ventures that are not considered principal joint ventures and therefore not included in the table above, the Group holds a majority shareholding but has joint control and therefore the arrangement is accounted for as a joint venture.
2. 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.
3. Nova, Victoria includes the Nova Limited Partnership, Nova Residential Limited Partnership, Nova GP Limited, Nova Business Manager Limited, Nova Residential (GP) Limited, Nova Residential Intermediate Limited, Nova Estate Management Company Limited, Nova Nominee 1 Limited and Nova Nominee 2 Limited. On 19 June 2020, the Group acquired Nova's interests in n2 and Nova Place from the joint venture. On 18 December 2020, the Canada Pension Plan Investment Fund sold their interest in Nova, Victoria to Suntec Real Estate Investment Trust, but retained an interest in Victoria Circle Developer Limited which is included in Other in subsequent tables from that date.
4. On 22 September 2021, the year end date for St. David's Limited Partnership was changed from 31 December to 31 March.
5. Intu Properties plc went into administration in June 2020 and its subsidiary, our joint venture partner Intu the Hayes Limited, was subsequently placed in receivership by its secured creditors in November 2020.
6. Harvest includes Harvest 2 Limited Partnership, Harvest Development Management Limited, Harvest 2 Selly Oak Limited, Harvest 2 GP Limited and Harvest GP Limited.
7. Included within Other in subsequent tables.
8. On 14 December 2021, the Group acquired its interests in these joint venture arrangements as part of the acquisition of U+I Group PLC.
9. Mayfield includes Mayfield Development Partnership LP and Mayfield Development (General Partner) Limited.
10. Wind Farms includes DS Renewables LLP, Hendy Wind Farm Limited and Rhoscrowther Wind Farm Limited.
11. On 21 December 2021, the Group acquired an additional 25% interest in Bluewater from Lendlease Retail LP. On 31 March 2022, the Group sold a 6.25% interest in Bluewater to M&G Real Estate and GIC.

All of the Group's joint arrangements listed above have their principal place of business in the United Kingdom. All of the Group's principal joint arrangements own and operate investment property, with the exception of The Ebbsfleet Limited Partnership which is a holding company and Harvest which is engaged in long-term development contracts. The activities of all the Group's principal joint arrangements are therefore strategically important to the business activities of the Group.

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

12. Joint arrangements continued

Joint ventures

Year ended 31 March 2022

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]	45	11	33	37	6	132	64
Gross rental income (after rents payable)	36	10	25	26	6	103	52
Net rental income	29	11	17	25	-	82	41
EPRA earnings before interest	29	10	15	24	(1)	77	39
Finance expense	(13)	(6)	-	-	-	(19)	(10)
Net finance expense	(13)	(6)	-	-	-	(19)	(10)
EPRA earnings	16	4	15	24	(1)	58	29
Capital and other items							
Net surplus/(deficit) on revaluation of investment properties	16	(1)	(20)	(2)	-	(7)	(3)
Profit on disposal of investment properties	-	-	-	-	12	12	8
Loss on disposal of trading properties	-	-	-	-	(2)	(2)	(1)
Profit/(loss) before tax	32	3	(5)	22	9	61	33
Post-tax profit/(loss)	32	3	(5)	22	9	61	33
Total comprehensive income/(loss)	32	3	(5)	22	9	61	33
Group share of profit/(loss) before tax	16	2	(3)	11	7	33	
Group share of post-tax profit/(loss)	16	2	(3)	11	7	33	
Group share of total comprehensive income/(loss)	16	2	(3)	11	7	33	

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 2021

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]	53	11	30	32	8	134	67
Gross rental income (after rents payable)	35	10	23	24	4	96	48
Net rental income	32	4	6	6	1	49	24
EPRA earnings before interest	28	4	5	5	1	43	22
Finance expense	(22)	(6)	-	-	-	(28)	(14)
Net finance expense	(22)	(6)	-	-	-	(28)	(14)
EPRA earnings	6	(2)	5	5	1	15	8
Capital and other items							
Net deficit on revaluation of investment properties	(23)	(61)	(179)	(122)	(11)	(396)	(198)
Loss on disposal of investment properties	(5)	-	-	-	-	(5)	(3)
Loss on disposal of trading properties	(1)	-	-	-	-	(1)	(1)
Other income	-	-	-	-	4	4	2
Loss before tax	(23)	(63)	(174)	(117)	(6)	(383)	(192)
Post-tax loss	(23)	(63)	(174)	(117)	(6)	(383)	(192)
Total comprehensive loss	(23)	(63)	(174)	(117)	(6)	(383)	(192)
Group share of loss before tax	(12)	(32)	(87)	(58)	(3)	(192)	
Group share of post-tax loss	(12)	(32)	(87)	(58)	(3)	(192)	
Group share of total comprehensive loss	(12)	(32)	(87)	(58)	(3)	(192)	

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 — 31 March 2022

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]	815	133	235	236	132	1,551	771
Non-current assets	815	133	235	236	132	1,551	771
Cash and cash equivalents	27	4	10	12	10	63	31
Other current assets	63	7	13	14	53	150	105
Current assets	90	11	23	26	63	213	136
Total assets	905	144	258	262	195	1,764	907
Trade and other payables and provisions	(22)	(10)	(9)	(10)	(12)	(63)	(44)
Current liabilities	(22)	(10)	(9)	(10)	(12)	(63)	(44)
Non-current liabilities	(139)	(145)	(22)	(3)	(131)	(440)	(168)
Non-current liabilities	(139)	(145)	(22)	(3)	(131)	(440)	(168)
Total liabilities	(161)	(155)	(31)	(13)	(143)	(503)	(212)
Net assets	744	(11)	227	249	52	1,261	695
Market value of investment properties[1]	870	133	226	247	124	1,600	800
Net cash/(debt)[2]	27	2	(6)	12	4	39	19

Joint ventures — 31 March 2021

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]	799	132	248	235	56	1,470	735
Non-current assets	799	132	248	235	56	1,470	735
Cash and cash equivalents	34	2	13	8	5	62	31
Other current assets	67	6	14	17	7	111	55
Current assets	101	8	27	25	12	173	86
Total assets	900	140	275	260	68	1,643	821
Trade and other payables and provisions	(21)	(10)	(11)	(10)	(4)	(56)	(28)
Current liabilities	(21)	(10)	(11)	(10)	(4)	(56)	(28)
Non-current liabilities	(177)	(144)	(16)	-	-	(337)	(168)
Non-current liabilities	(177)	(144)	(16)	-	-	(337)	(168)
Total liabilities	(198)	(154)	(27)	(10)	(4)	(393)	(196)
Net assets	702	(14)	248	250	64	1,250	625
Market value of investment properties[1]	859	132	238	245	57	1,531	766
Net cash/(debt)[2]	34	2	(3)	8	5	46	23

1. The difference between the book value and the market value of investment properties is the amount recognised in respect of lease incentives, head leases capitalised and properties treated as finance leases, where applicable.
2. Excludes funding provided by the Group and its joint venture partners.

12. Joint arrangements continued

Joint ventures

Net investment	Nova, Victoria Group share £m	Southside Limited Partnership Group share £m	St. David's Limited Partnership Group share £m	Westgate Oxford Alliance Partnership Group share £m	Other Group share £m	Total Group share £m
At 1 April 2020	365	25	211	187	36	824
Total comprehensive loss	(12)	(32)	(87)	(58)	(3)	(192)
Non-cash contributions	9	-	-	-	-	9
Cash distributions	(11)	-	-	(4)	(1)	(16)
At 31 March 2021	351	(7)	124	125	32	625
Total comprehensive income/(loss)	**16**	**2**	**(3)**	**11**	**7**	**33**
Acquisitions	**-**	**-**	**-**	**-**	**54**	**54**
Non-cash contributions	**5**	**-**	**-**	**-**	**-**	**5**
Cash distributions	**-**	**-**	**(8)**	**(11)**	**(3)**	**(22)**
At 31 March 2022	**372**	**(5)**	**113**	**125**	**90**	**695**
Comprised of:						
Non-current assets	**372**	**-**	**113**	**125**	**90**	**700**
Non-current liabilities	**-**	**(5)**	**-**	**-**	**-**	**(5)**

13. Capital structure

	2022				2021			
	Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries[3] £m	Combined £m	Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries[3] £m	Combined £m
Property portfolio								
Market value of investment properties	**11,362**	**800**	**(145)**	**12,017**	10,025	766	-	10,791
Trading properties and long-term contracts	**145**	**1**	**-**	**146**	36	-	-	36
Total property portfolio (a)	**11,507**	**801**	**(145)**	**12,163**	10,061	766	-	10,827
Net debt								
Borrowings[2]	**4,430**	**3**	**(73)**	**4,360**	3,516	8	-	3,524
Monies held in restricted accounts and deposits	**(22)**	**-**	**3**	**(19)**	(10)	-	-	(10)
Cash and cash equivalents	**(128)**	**(31)**	**2**	**(157)**	-	(31)	-	(31)
Fair value of interest-rate swaps	**(21)**	**-**	**2**	**(19)**	(3)	-	-	(3)
Fair value of foreign exchange swaps and forwards	**(5)**	**-**	**-**	**(5)**	6	-	-	6
Net debt (b)	**4,254**	**(28)**	**(66)**	**4,160**	3,509	(23)	-	3,486
Less: Fair value of interest-rate swaps	**21**	**-**	**(2)**	**19**	3	-	-	3
Adjusted net debt (c)	**4,275**	**(28)**	**(68)**	**4,179**	3,512	(23)	-	3,489
Adjusted total equity								
Total equity (d)	**7,991**	**-**	**(74)**	**7,917**	7,212	-	-	7,212
Fair value of interest-rate swaps	**(21)**	**-**	**2**	**(19)**	(3)	-	-	(3)
Adjusted total equity (e)	**7,970**	**-**	**(72)**	**7,898**	7,209	-	-	7,209
Gearing (b/d)	**53.2%**			**52.5%**	48.7%			48.3%
Adjusted gearing (c/e)	**53.6%**			**52.9%**	48.7%			48.4%
Group LTV (c/a)	**37.2%**			**34.4%**	34.9%			32.2%
Security Group LTV	**36.4%**				32.7%			
Weighted average cost of debt[1]	**2.1%**			**2.4%**	1.9%			2.3%

1. The weighted average cost of debt is now calculated based on historical average rates for the period, rather than spot rates. The weighted average cost of debt for 31 March 2021 has been restated to reflect this change in methodology.
2. Borrowings used in the net debt and adjusted net debt calculated for gearing, adjusted gearing, Group LTV and weighted average cost of debt is now calculated for the year ended 31 March 2022 excluding amounts payable under head leases. The respective borrowings figures at 31 March 2021 using the updated calculation methodology would have been £3,455m for both Group and Combined.
3. The Group acquired a 75% interest in MediaCity on 2 November 2021. This represents the 25% interest in MediaCity which is not owned by the Group, but which is consolidated in the Group numbers.

14. Borrowings

	Secured/ unsecured	Fixed/ floating	Effective interest rate %	2022 Nominal/ notional value £m	2022 Fair value £m	2022 Book value £m	2021 Nominal/ notional value £m	2021 Fair value £m	2021 Book value £m
Current borrowings									
Commercial paper									
Sterling	Unsecured	Floating	SONIA + margin(1)	**140**	**140**	**140**	84	84	84
Euro	Unsecured	Floating	SONIA + margin(1)	**217**	**217**	**217**	640	640	640
US Dollar	Unsecured	Floating	SONIA + margin(1)	**142**	**142**	**142**	182	182	182
Euro loan note	Unsecured	Fixed	4.8	**30**	**30**	**30**	-	-	-
Syndicated and bilateral bank debt	Secured	Floating	SONIA + margin(1)	**2**	**2**	**2**	-	-	-
Syndicated and bilateral bank debt	Secured	Floating	Euribor + margin	**10**	**10**	**10**	-	-	-
Total current borrowings				**541**	**541**	**541**	906	906	906
Non-current borrowings									
Medium term notes (MTN)									
A10 4.875% MTN due 2025	Secured	Fixed	5.0	**10**	**10**	**10**	10	11	10
A12 1.974% MTN due 2026	Secured	Fixed	2.0	**400**	**399**	**399**	400	410	399
A4 5.391% MTN due 2026	Secured	Fixed	5.4	**17**	**18**	**17**	17	19	17
A5 5.391% MTN due 2027	Secured	Fixed	5.4	**87**	**93**	**87**	87	100	86
A16 2.375% MTN due 2027	Secured	Fixed	2.5	**350**	**351**	**348**	350	367	348
A6 5.376% MTN due 2029	Secured	Fixed	5.4	**65**	**74**	**65**	65	80	65
A13 2.399% MTN due 2031	Secured	Fixed	2.4	**300**	**299**	**299**	300	314	299
A7 5.396% MTN due 2032	Secured	Fixed	5.4	**77**	**107**	**77**	77	107	77
A11 5.125% MTN due 2036	Secured	Fixed	5.1	**50**	**68**	**50**	50	68	50
A14 2.625% MTN due 2039	Secured	Fixed	2.6	**500**	**491**	**494**	500	524	494
A15 2.750% MTN due 2059	Secured	Fixed	2.7	**500**	**497**	**495**	500	540	495
				2,356	**2,407**	**2,341**	2,356	2,540	2,340
Syndicated and bilateral bank debt	Secured	Floating	SONIA + margin(1)	**1,546**	**1,546**	**1,546**	209	209	209
Syndicated and bilateral bank debt	Secured	Floating	Euribor + margin	**2**	**2**	**2**	-	-	-
Amounts payable under head leases	Unsecured	Fixed	4.1	**123**	**164**	**123**	61	105	61
Total non-current borrowings				**4,027**	**4,119**	**4,012**	2,626	2,854	2,610
Total borrowings				**4,568**	**4,660**	**4,553**	3,532	3,760	3,516

1. During the year ended 31 March 2022, the reference rate on UK based syndicated and bilateral bank debt transitioned from LIBOR to an equivalent SONIA + credit adjustment spread. All relevant references to LIBOR in the terms and conditions of MTNs have also been replaced with an equivalent SONIA + credit adjustment spread.

Reconciliation of the movement in borrowings	2022 £m	2021 £m
At the beginning of the year	**3,516**	5,332
Bank debt assumed through acquisition of subsidiaries	**403**	-
Proceeds from new borrowings	**1,053**	-
Repayment of bank debt	**(489)**	(1,755)
Repayment of MTNs	**-**	-
Redemption of MTNs	**-**	(12)
Foreign exchange movement on non-Sterling borrowings	**8**	(51)
Movement in amounts payable under head leases	**62**	-
Other	**-**	2
At 31 March	**4,553**	3,516

14. Borrowings continued

Reconciliation of movements in liabilities arising from financing activities

2022	At the beginning of the year	Cash flows	Non-cash changes: Foreign exchange movements	Non-cash changes: Other changes in fair values	Non-cash changes: Other changes	At the end of the year
	£m	£m	£m	£m	£m	£m
Borrowings	**3,516**	**564**	**8**	**-**	**465**	**4,553**
Derivative financial instruments	**3**	**(3)**	**(8)**	**(12)**	**(6)**	**(26)**
	3,519	**561**	**-**	**(12)**	**459**	**4,527**

2021	At the beginning of the year	Cash flows	Foreign exchange movements	Other changes in fair values	Other changes	At the end of the year
Borrowings	5,332	(1,767)	(51)	-	2	3,516
Derivative financial instruments	(36)	(12)	51	-	-	3
	5,296	(1,779)	-	-	2	3,519

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 **£11.2bn** at 31 March 2022 (31 March 2021: £10.6bn). The secured debt structure has a tiered operating covenant regime which gives the Group substantial flexibility when the loan-to-value and interest cover in the Security Group are less than 65% and more than 1.45x respectively. If these limits are exceeded, the operating environment becomes more restrictive with provisions to encourage a reduction in gearing. The interest rate of each MTN is fixed until the expected maturity, being two years before the legal maturity date of the MTN. The interest rate for the last two years may either become floating on a SONIA basis plus an increased margin (relative to that at the time of issue), or subject to a fixed coupon uplift, depending on the terms and conditions of the specific notes.

The effective interest rate is based on the coupon paid and includes the amortisation of issue costs. The MTNs are listed on the Irish Stock Exchange and their fair values are based on their respective market prices.

During the year, the Group purchased **£nil** (2021: £12m) of MTNs for a total premium of **£nil** (2021: £3m). Details of the purchases and associated premium by series are as follows:

MTN purchases		2022 Purchases	2022 Premium	2021 Purchases	2021 Premium
		£m	£m	£m	£m
A5	5.391% MTN due 2027	**-**	**-**	8	2
A7	5.396% MTN due 2032	**-**	**-**	4	1
		-	**-**	12	3

At 31 March 2022, the Group's committed facilities totalled **£3,022m** (31 March 2021: £2,715m).

Syndicated and bilateral bank debt	Maturity as at 31 March 2022	Authorised 2022	Authorised 2021	Drawn 2022	Drawn 2021	Undrawn 2022	Undrawn 2021
		£m	£m	£m	£m	£m	£m
Syndicated debt	**2022**	**12**	-	**12**	-	**-**	-
Syndicated debt	**2024-27**	**2,785**	2,490	**1,393**	209	**1,392**	2,281
Bilateral debt	**2026**	**225**	225	**155**	-	**70**	225
		3,022	2,715	**1,560**	209	**1,462**	2,506

All syndicated and bilateral facilities are committed and secured on the assets of the Security Group, with the exception of facilities secured on the assets at MediaCity and assets acquired as part of the business combination with U+I Group PLC. During the year ended 31 March 2022, the amounts drawn under the Group's facilities increased by **£1,351m**.

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 undrawn facilities, net of commercial paper, at 31 March 2022 was **£1,091m** (31 March 2021: £1,600m).

15. Monies held in restricted accounts and deposits

	2022 £m	2021 £m
Cash at bank and in hand	**10**	3
Short-term deposits	**12**	7
	22	10

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.

	2022 £m	2021 £m
Counterparties with external credit ratings		
A+	**16**	7
A	**5**	2
A-	**1**	-
BBB+	**-**	1
	22	10

16. Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	**128**	-
	128	-

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.

	2022 £m	2021 £m
Counterparties with external credit ratings		
A+	**114**	-
A	**13**	-
BBB+	**1**	
	128	-

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.

	2022			2021		
	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	**134**	**(6)**	**128**	49	(49)	-
	134	**(6)**	**128**	49	(49)	-

17. Acquisition of subsidiaries

Business acquisition

The Group has accounted for the purchase of 100% of the share capital of U+I Group PLC for a cash consideration of **£191m** on 14 December 2021 in accordance with IFRS 3 'Business Combinations'. The Group incurred **£8m** of business combination costs in connection with the transaction. Goodwill of **£6m** arose on the transaction, as a result of the difference between the fair value of the net assets acquired and the consideration paid, which was based on a price per share recognising the access to a significant pipeline of mixed-use development schemes gained by the acquisition, and the expected synergies and enhancement of the Group's existing development capabilities by adding additional skills and experience to the Group. The Group has considered whether the goodwill is recoverable, and has concluded that it is not. The Group's longer term plans for the developments and the potential synergies with the Group's existing holdings are at an early stage, making the recoverable amount uncertain at this time. **£6m** of goodwill has therefore been written off to the income statement in the year.

The fair value of the assets and liabilities recognised at the date of acquisition is set out in the table below. As at 31 March 2022, the Group remains in the measurement period for the recognition of assets and liabilities on acquisition of U+I Group PLC. The values provided in the table below are therefore provisional and could be subject to adjustment until the measurement period ends in December 2022:

	U+I Group PLC £m
Assets	
Investment property	98
Investments in joint ventures and associates	58
Trading property	128
Trade receivables and other assets	62
Cash	36
Total assets	**382**
Liabilities	
Borrowings	(110)
Trade payables and other liabilities	(87)
Total liabilities	**(197)**
Net assets	**185**
Fair value of consideration paid	191
Goodwill recognised	6
Goodwill impairment	(6)
Business combination costs	(8)
Total loss on business combination recognised in the income statement	**(14)**

Pro forma information

Since the date of acquisition, U+I Group PLC has contributed the following to the revenue and profit before tax of the Group for the year:

	U+I Group PLC £m
Revenue	3
Loss before tax	(14)

If the acquisition had been made on 1 April 2021, the Group's revenue would have been higher by £9m and profit before tax would have been lower by £32m.

The pro forma information is provided for illustrative purposes only and is not necessarily indicative of the results of the combined Group that would have occurred had the purchases actually been made at the beginning of the financial year, or indicative of future results of the combined Group.

17. Acquisition of subsidiaries continued

Acquisition of group of assets and liabilities

The Group has accounted for the purchase of a 75% interest in Peel Holdings (Media) Limited ("MediaCity") for a cash consideration of **£209m** on 2 November 2021 as an acquisition of a group of assets and liabilities, having met the concentration test in accordance with IFRS 3 'Business Combinations'. The Group incurred **£3m** of acquisition costs in connection with the transaction, which were capitalised during the year. The Group recognised the amounts attributable to non-controlling interests at acquisition based on the proportionate share of the fair values of the net assets of MediaCity at 2 November 2021.

The fair value of the assets and liabilities recognised at the date of acquisition is set out in the table below:

	MediaCity £m
Assets	
Investment property, including head leases capitalised	563
Trade and other receivables	4
Cash	23
Total assets	**590**
Liabilities	
Borrowings	(403)
Trade payables and other liabilities	(20)
Total liabilities	**(423)**
Net assets	**167**
Repayment of loan notes	110
Non-controlling interest	(68)
Fair value of consideration paid	**209**

Pro forma information

Since the date of acquisition, MediaCity has contributed the following to the revenue and profit before tax of the Group, including amounts attributable to non-controlling interest, for the year:

	MediaCity £m
Revenue	13
Profit before tax	24

If the acquisition had been made on 1 April 2021, the Group's revenue and profit before tax, including amounts attributable to non-controlling interest, would have been higher by £21m and £14m respectively.

The information is provided for illustrative purposes only and is not necessarily indicative of the results of the combined Group that would have occurred had the purchases actually been made at the beginning of the financial year, or indicative of future results of the combined Group.

18. Events after the reporting period

On 11 May 2022, contracts were exchanged to sell the wholly owned subsidiary, LS City & West End Limited, which holds the Group's interests in 32-50 Strand, for a headline price of £195m.

Since 31 March 2022, the Group sold or exchanged contracts to sell certain interests in joint venture arrangements and trading properties, all acquired as part of the U+I Group PLC on 14 December 2021.

The Building Safety Act 2022 was enacted on 28 April 2022, for which work is underway to assess the potential impact on the Group.

Alternative performance measures

Table 15: Alternative performance measures

The Group has applied the European Securities and Markets Authority (ESMA) 'Guidelines on Alternative Performance Measures' in these results. In the context of these results, an alternative performance measure (APM) is a financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

The table below summarises the APMs included in these results and where the reconciliations of these measures can be found. The definitions of APMs are included in the Glossary.

Alternative performance measure	Nearest IFRS measure	Reconciliation
EPRA earnings	Profit/loss before tax	Note 3
EPRA earnings per share	Basic earnings/loss per share	Note 4
EPRA diluted earnings per share	Diluted earnings/loss 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 accounting return	n/a	Note 4
Adjusted net cash inflow from operating activities	Net cash inflow from operating activities	Note 9
Combined Portfolio	Investment properties	Note 10
Adjusted net debt	Borrowings	Note 13
Group LTV	n/a	Note 13

EPRA disclosures

Table 16: EPRA net asset measures

EPRA net asset measures			31 March 2022
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
Net assets attributable to shareholders	**7,917**	**7,917**	**7,917**
Shortfall of fair value over net investment in finance lease book value	**(6)**	**(6)**	**(6)**
Deferred tax liability on intangible asset	**1**	**1**	**-**
Goodwill on deferred tax liability	**(1)**	**(1)**	**(1)**
Other intangible asset	**-**	**(2)**	**-**
Fair value of interest-rate swaps	**(21)**	**(21)**	**-**
Excess of fair value of debt over book value (note 14)	**-**	**-**	**(107)**
Purchasers' costs[(1)]	**698**	**-**	**-**
Net assets used in per share calculation	**8,588**	**7,888**	**7,803**

	EPRA NRV	EPRA NTA	EPRA NDV
Diluted net assets per share	**1,157p**	**1,063p**	**1,052p**

			31 March 2021
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
Net assets attributable to shareholders	7,212	7,212	7,212
Excess of fair value over net investment in finance lease book value	93	93	93
Deferred tax liability on intangible asset	1	1	-
Goodwill on deferred tax liability	(1)	(1)	(1)
Other intangible asset	-	(2)	-
Fair value of interest-rate swaps	(3)	(3)	-
Excess of fair value of debt over book value (note 14)	-	-	(244)
Purchasers' costs[(1)]	628	-	-
Net assets used in per share calculation	7,930	7,300	7,060

	EPRA NRV	EPRA NTA	EPRA NDV
Diluted net assets per share	1,070p	985p	953p

1. EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers' costs. Purchasers' costs are added back when calculating EPRA NRV.

Table 17: EPRA performance measures

Measure	Definition for EPRA measure	Notes	31 March 2022 Landsec measure	31 March 2022 EPRA measure
EPRA earnings	Recurring earnings from core operational activity	4	**£355m**	**£355m**
EPRA earnings per share	EPRA earnings per weighted number of ordinary shares	4	**48.0p**	**48.0p**
EPRA diluted earnings per share	EPRA diluted earnings per weighted number of ordinary shares	4	**47.8p**	**47.8p**
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	**£7,888m**	**£7,888m**
EPRA Net Tangible Assets per share	Diluted Net Tangible Assets per share	4	**1,063p**	**1,063p**
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	**£7,803m**	**£7,803m**
EPRA net disposal value per share	Diluted net disposal value per share	4	**1,052p**	**1,052p**
		Table		
Voids/vacancy rate	ERV of vacant space as a % of ERV of Combined Portfolio excluding the development programme[1]	18	**5.1%**	**5.1%**
Cost ratio[2]	Total costs as a percentage of gross rental income (including direct vacancy costs)[2]		**27.8%**	**26.4%**
	Total costs as a percentage of gross rental income (excluding direct vacancy costs)[2]		**n/a**	**22.1%**

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. The EPRA cost ratio is calculated based on gross rental income after rents payable and excluding costs recovered through rents but not separately invoiced of £7m, 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. Provisions for bad and doubtful debts have been excluded from our cost ratio.

Table 18: 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.

	31 March 2022 £m
ERV of vacant properties	**29**
ERV of Combined Portfolio excluding properties under development	**568**
EPRA vacancy rate (%)	**5.1**

Table 19: Change in net rental income from the like-for-like portfolio

	2022	2021	Change	
	£m	£m	£m	%
Central London	**245**	241	**4**	**2**
Major retail	**133**	63	**70**	**111**
Subscale sectors	**74**	38	**36**	**95**
	452	342	**110**	**32**

Table 20: Acquisitions, disposals and capital expenditure

Investment properties	Group (excl. joint ventures) £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries[1] £m	Year ended 31 March 2022 Combined Portfolio £m	Year ended 31 March 2021 Combined Portfolio £m
Net book value at the beginning of the year	**9,607**	**735**	**-**	**10,342**	12,243
Acquisitions	866	32	(141)	**757**	115
Capital expenditure	343	7	-	**350**	223
Capitalised interest	17	-	-	**17**	11
Net movement in head leases capitalised	62	-	-	**62**	1
Disposals	(98)	-	-	**(98)**	(594)
Net surplus/(deficit) on revaluation of investment properties	416	(3)	(4)	**409**	(1,646)
Transfer to trading properties	(6)	-	-	**(6)**	(11)
Net book value at the end of the year	**11,207**	**771**	**(145)**	**11,833**	10,342
Profit on disposal of investment properties	**107**	**8**	**-**	**115**	5

Trading properties	£m	£m	£m	£m	£m
Net book value at the beginning of the year	**36**	**-**	**-**	**36**	27
Acquisitions	128	17	-	**145**	-
Transfer from investment properties	6	-	-	**6**	11
Capital expenditure	6	-	-	**6**	1
Disposals	(25)	(16)	-	**(41)**	(3)
Movement in impairment	(6)	-	-	**(6)**	-
Net book value at the end of the year	**145**	**1**	**-**	**146**	36
Profit/(loss) on disposal of trading properties	**2**	**(1)**	**-**	**1**	(1)

1. The Group acquired a 75% interest in MediaCity on 2 November 2021. This represents the 25% interest in MediaCity which is not owned by the Group, but which is consolidated in the Group numbers.

Acquisitions, development and other capital expenditure	Investment properties[1] £m	Trading properties £m	Combined Portfolio £m	Combined Portfolio £m
Acquisitions[2]	757	145	**902**	115
Development capital expenditure[3]	305	5	**310**	183
Other capital expenditure	45	1	**46**	41
Capitalised interest	17	-	**17**	11
Acquisitions, development and other capital expenditure	**1,124**	**151**	**1,275**	350

Disposals	£m	£m
Net book value – investment property disposals	**98**	594
Net book value – trading property disposals	**41**	3
Net book value – other net assets	**8**	43
Profit on disposal – investment properties	**115**	5
Profit/(loss) on disposal – trading properties	**1**	(1)
Total disposal proceeds	**263**	644

1. See EPRA analysis of capital expenditure table 21 for further details.
2. Properties acquired in the year.
3. Development capital expenditure for investment properties comprises expenditure on the future development pipeline and completed developments.

Table 21: EPRA analysis of capital expenditure

Year ended 31 March 2022

	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	Adjustment for non-wholly owned subsidiaries[4] £m	Total capital expenditure – Group £m
Central London											
West End offices	**-**	**-**	(1)	4	-	**3**	**-**	**3**	**-**	**-**	**3**
City offices	**-**	**-**	-	15	-	**15**	**-**	**15**	**-**	**-**	**17**
Retail and other	**-**	**-**	(1)	1	-	**-**	**-**	**-**	**-**	**-**	**-**
Developments	**70**	**290**	-	-	-	**-**	**17**	**377**	**-**	**-**	**375**
Total Central London	**70**	**290**	**(2)**	**20**	**-**	**18**	**17**	**395**	**-**	**-**	**395**
Major retail											
Shopping centres	**175**	**-**	(1)	7	1	**7**	**-**	**182**	**5**	**-**	**177**
Outlets	**-**	**-**	-	8	-	**8**	**-**	**8**	**-**	**-**	**8**
Total Major retail	**175**	**-**	**(1)**	**15**	**1**	**15**	**-**	**190**	**5**	**-**	**185**
Mixed-use urban											
Completed investment	**399**	**-**	-	2	-	**2**	**-**	**401**	**-**	**(132)**	**533**
Developments	**100**	**15**	-	-	-	**-**	**-**	**115**	**22**	**(9)**	**102**
Total Mixed-use urban	**499**	**15**	**-**	**2**	**-**	**2**	**-**	**516**	**22**	**(141)**	**635**
Subscale sectors											
Leisure	**13**	**-**	3	3	1	**7**	**-**	**20**	**12**	**-**	**8**
Hotels	**-**	**-**	-	1	-	**1**	**-**	**1**	**-**	**-**	**1**
Retail parks	**-**	**-**	-	2	-	**2**	**-**	**2**	**-**	**-**	**2**
Total Subscale sectors	**13**	**-**	**3**	**6**	**1**	**10**	**-**	**23**	**12**	**-**	**11**
Total capital expenditure	**757**	**305**	**-**	**43**	**2**	**45**	**17**	**1,124**	**39**	**(141)**	**1,226**
Timing difference between accrual and cash basis								(627)	(33)	141	(735)
Total capital expenditure on a cash basis[5]								**497**	**6**	**-**	**491**

1. Investment properties acquired in the year.
2. Expenditure on the future development pipeline and completed developments.
3. Capital expenditure where the lettable area increases by at least 10%.
4. The Group acquired a 75% interest in MediaCity on 2 November 2021. This represents the 25% interest in MediaCity which is not owned by the Group, but which is consolidated in the Group numbers.
5. Includes interest paid of **£17m**.

Table 22: Top 12 occupiers at 31 March 2022

	% of Group rent[1]
Central Government	5.8%
Deloitte	5.4%
Accor	2.8%
Cineworld	1.9%
Boots	1.7%
Taylor Wessing	1.4%
Peel	1.3%
BBC	1.3%
Sainsbury’s	1.1%
M&S	1.1%
H&M	1.1%
Next	1.0%
	25.9%

1. On a proportionate basis.

Table 23: Committed and future development pipeline and trading property development schemes at 31 March 2022

Central London

Property	Description of use	Ownership interest %	Size sq ft	Letting status %	Market value £m	Net income/ ERV £m	Estimated completion date	Total development costs to date £m	Forecast total development cost £m
Committed development pipeline									
21 Moorfields, EC2	Office	100	564,000	100	733	38	Oct 2022	478	594
The Forge, SE1	Office	100	139,000	-	115	10	Dec 2022	107	150
	Retail		1,000						
Lucent, W1	Office	100	111,000	-	159	14	Mar 2023	186	248
	Retail		30,000						
	Residential		3,000						
n2, SW1	Office	100	167,000	-	104	14	Jun 2023	103	207

Property	Description of use	Ownership interest %	Proposed sq ft	Potential start date
Future development pipeline				
Timber Square, SE1	Office	100	380,000	2022
Liberty of Southwark, SE1	Office/ Residential	100	200,000	2022
Portland House, SW1	Office	100	295,000	2022
Red Lion Court, SE1	Office	100	235,000	2023

Property	Description of use	Ownership interest %	Size sq ft	Number of units	Sales exchanged by unit %	Estimated completion date	Total development costs to date £m	Forecast total development cost £m
Trading property development schemes								
Wardour Street, W1[1]	Residential	100	5,000	8	100	May 2022	10	11
Castle Lane, SW1	Residential	100	52,000	89	99	Jan 2024	14	47

1. Affordable housing component of the Lucent development.

Mixed-use urban

Property	Ownership interest %	Proposed sq ft	Potential start date
Future development pipeline			
Mayfield, Manchester	50	2,500,000	2022
MediaCity, Greater Manchester	75	1,900,000	2023
Finchley Road, NW3	100	1,379,000	2023
Buchanan Galleries, Glasgow	100	1,420,000	2024
Lewisham, SE13	100	1,800,000	2024

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 2022. Trading property development schemes are excluded from the future development pipeline.

Total development cost

Refer to the Glossary for definition. Of the properties in the future development pipeline at 31 March 2022, 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 2022 on unlet units, both after rents payable.

Table 24: Combined Portfolio analysis
Total portfolio analysis

	Market value[1]		Valuation movement[1]		Rental income[1]		Annualised rental income[2]		Net estimated rental value[3]	
	31 March 2022	31 March 2021	**Surplus/ (deficit)**	**Surplus/ (deficit)**	**31 March 2022**	31 March 2021	**31 March 2022**	31 March 2021	**31 March 2022**	31 March 2021
	£m	£m	**£m**	**%**	**£m**	£m	**£m**	£m	**£m**	£m
Central London										
West End offices	**3,013**	2,932	**86**	**3.0%**	**138**	139	**135**	137	**147**	141
City offices	**1,928**	1,821	**100**	**5.6%**	**75**	95	**76**	76	**101**	101
Retail and other	**1,131**	1,290	**16**	**1.5%**	**70**	64	**47**	58	**54**	61
Developments[6]	**1,709**	1,304	**65**	**4.0%**	**10**	11	**10**	15	**112**	94
Total Central London	**7,781**	7,347	**267**	**3.7%**	**293**	309	**268**	286	**414**	397
Major retail										
Shopping centres	**1,141**	1,041	**(15)**	**-1.3%**	**111**	115	**108**	98	**101**	95
Outlets	**743**	722	**12**	**1.6%**	**56**	47	**56**	39	**61**	61
Total Major retail	**1,884**	1,763	**(3)**	**-0.1%**	**167**	162	**164**	137	**162**	156
Mixed-use urban										
Completed investment	**409**	-	**8**	**2.0%**	**10**	-	**24**	-	**24**	-
Developments[6]	**486**	372	**(33)**	**-6.5%**	**33**	26	**29**	25	**32**	27
Mixed-use urban	**895**	372	**(25)**	**-2.8%**	**43**	26	**53**	25	**56**	27
Subscale sectors										
Leisure	**569**	506	**41**	**7.4%**	**46**	43	**49**	41	**51**	42
Hotels	**422**	406	**14**	**3.5%**	**16**	4	**16**	4	**25**	25
Retail parks	**466**	397	**115**	**31.9%**	**29**	34	**29**	33	**29**	32
Total Subscale sectors	**1,457**	1,309	**170**	**12.9%**	**91**	81	**94**	78	**105**	99
Combined Portfolio	**12,017**	10,791	**409**	**3.6%**	**594**	578	**579**	526	**737**	679
Properties treated as finance leases					**(8)**	(9)				
Combined Portfolio	**12,017**	10,791	**409**	**3.6%**	**586**	569				
Represented by:										
Investment portfolio	**11,217**	10,025	**412**	**3.9%**	**534**	519	**531**	481	**687**	629
Share of joint ventures	**800**	766	**(3)**	**-0.4%**	**52**	50	**48**	45	**50**	50
Combined Portfolio	**12,017**	10,791	**409**	**3.6%**	**586**	569	**579**	526	**737**	679

Total portfolio analysis

	Net initial yield[4]		Equivalent yield[5]	
	31 March 2022	Movement in like-for-like[7]	**31 March 2022**	Movement in like-for-like[7]
	%	bps	**%**	bps
Central London				
West End offices	**4.2%**	(47)	**4.6%**	(2)
City offices	**3.6%**	(34)	**4.6%**	(8)
Retail and other	**4.4%**	72	**4.7%**	15
Developments[6]	**0.5%**	n/a	**4.3%**	n/a
Total Central London	**3.3%**	(21)	**4.5%**	(1)
Major retail				
Shopping centres	**7.7%**	34	**7.4%**	3
Outlets	**5.8%**	49	**6.7%**	(10)
Total Major retail	**7.0%**	38	**7.1%**	(3)
Mixed-use urban				
Completed investment	**5.1%**	n/a	**5.7%**	n/a
Development[6]	**5.5%**	n/a	**5.3%**	n/a
Total Mixed-use urban	**5.3%**	n/a	**5.5%**	n/a
Subscale sectors				
Leisure	**6.7%**	(11)	**7.1%**	(40)
Hotels	**4.2%**	85	**5.5%**	(1)
Retail parks	**5.7%**	(176)	**5.7%**	(187)
Total Subscale sectors	**5.6%**	(23)	**6.2%**	(70)
Combined Portfolio	**4.3%**	(10)	**5.2%**	(11)
Represented by:				
Investment portfolio	**4.2%**	n/a	**5.2%**	n/a
Share of joint ventures	**5.1%**	n/a	**5.6%**	n/a
Combined Portfolio	**4.3%**	n/a	**5.2%**	n/a

Notes:

1. Refer to Glossary for definition.
2. Annualised rental income is annual 'rental income' (as defined in the Glossary) at the balance sheet date, except that car park and commercialisation income are included on a net basis (after deduction for operational outgoings). Annualised rental income includes temporary lettings.
3. Net estimated rental value is gross estimated rental value, as defined in the Glossary, after deducting expected rent payable.
4. 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. Future developments are excluded from the calculation of equivalent yield on the Combined Portfolio.
6. Comprises the development pipeline – refer to Glossary for definition.
7. The like-for-like portfolio – refer to Glossary for definition.

Table 25: Lease lengths

	Weighted average unexpired lease term at 31 March 2022	
	Like-for-like portfolio	Like-for-like portfolio, completed developments and acquisitions
	Mean[1]	Mean[1]
	Years	Years
Central London		
West End offices	6.9	6.9
City offices	5.9	5.9
Retail and other	7.4	7.4
Total Central London	**6.6**	**6.6**
Major retail		
Shopping centres	4.4	4.4
Outlets	3.0	3.0
Total Major retail	**3.9**	**3.9**
Mixed-use urban	**n/a**	**10.1**
Subscale sectors		
Leisure	10.4	10.4
Hotels	9.4	9.4
Retail parks	4.4	4.4
Total Subscale sectors	**8.1**	**8.1**
Combined Portfolio	**6.1**	**6.2**

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 26: 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).

Year ended 31 March 2022	Group income statement £m	Joint ventures[1] £m	Adjustment for non-wholly owned subsidiaries [2] £m	Total £m	EPRA earnings £m	Capital and other items £m
Rental income	537	52	(3)	586	586	-
Finance lease interest	8	-	-	8	8	-
Gross rental income (before rents payable)	**545**	**52**	**(3)**	**594**	**594**	-
Rents payable	(6)	(2)	-	(8)	(8)	-
Gross rental income (after rents payable)	**539**	**50**	**(3)**	**586**	**586**	-
Service charge income	78	9	(1)	86	86	-
Service charge expense	(90)	(10)	2	(98)	(98)	-
Net service charge expense	(12)	(1)	1	(12)	(12)	-
Other property related income	25	3	-	28	28	-
Direct property expenditure	(94)	(10)	-	(104)	(104)	-
Movement in bad and doubtful debt provisions	13	(1)	-	12	12	-
Segment net rental income	**471**	**41**	**(2)**	**510**	**510**	-
Other income	3	-	-	3	3	-
Administrative expenses	(80)	(2)	-	(82)	(82)	-
Depreciation	(5)	-	-	(5)	(5)	-
EPRA earnings before interest[3]	**389**	**39**	**(2)**	**426**	**426**	-
Share of post-tax profit from joint ventures	33	(33)	-	**-**	-	-
Net surplus/(deficit) on revaluation of investment properties	416	(3)	(4)	**409**	-	409
Profit on disposal of investment properties	107	8	-	**115**	-	115
Profit on disposal of joint ventures	2	-	-	**2**	-	2
Profit/(loss) on disposal of trading properties	2	(1)	-	**1**	-	1
Gain on modification of finance lease	6	-	-	**6**	-	6
Movement in impairment charge on trading properties	(6)	-	-	**(6)**	-	(6)
Impairment of goodwill	(6)	-	-	**(6)**	-	(6)
Business combination costs	(8)	-	-	**(8)**	-	(8)
Operating profit/(loss)	**935**	**10**	**(6)**	**939**	**426**	**513**
Finance income	25	-	-	25	9	16
Finance expense	(85)	(10)	-	(95)	(80)	(15)
Profit/(loss) before tax	**875**	**-**	**(6)**	**869**	**355**	**514**
Taxation	-	-	-	-		
Profit/(loss) for the year	**875**	**-**	**(6)**	**869**		

1. Reallocation of the share of post-tax loss from joint ventures reported in the Group income statement to the individual line items reported in the segmental information note.
2. Removal of the non-wholly owned share of results of the Group's subsidiaries. The non-wholly owned subsidiaries are consolidated at 100% in the Group's income statement, but only the Group's share is included in EPRA earnings reported in the segmental information note.
3. The non-owned element of non-wholly owned subsidiaries is presented in the 'Capital and other items' column in the income statement. To reconcile EPRA earnings before interest in the income statement to the above table, EPRA earnings before interest in the Group income statement and Adjustment for non-wholly owned subsidiaries columns should be combined.

Table 26: Reconciliation of segmental information note to statutory reporting continued

Year ended 31 March 2021

	Group income statement £m	Joint ventures[1] £m	Adjustment for non-wholly owned subsidiaries[2] £m	Total £m	EPRA earnings £m	Capital and other items £m
Rental income	519	50	-	569	569	-
Finance lease interest	9	-	-	9	9	-
Gross rental income (before rents payable)	**528**	**50**	-	**578**	**578**	-
Rents payable	(7)	(2)	-	(9)	(9)	-
Gross rental income (after rents payable)	**521**	**48**	-	**569**	**569**	-
Service charge income	70	9	-	79	79	-
Service charge expense	(75)	(9)	-	(84)	(84)	-
Net service charge expense	(5)	-	-	(5)	(5)	-
Other property related income	31	1	-	32	32	-
Direct property expenditure	(56)	(8)	-	(64)	(64)	-
Movement in bad and doubtful debt provisions	(110)	(17)	-	(127)	(127)	-
Segment net rental income	**381**	**24**	-	**405**	**405**	-
Other income	2	-	-	2	2	-
Administrative expenses	(75)	(2)	-	(77)	(77)	-
Depreciation	(5)	-	-	(5)	(5)	-
EPRA earnings before interest	**303**	**22**	-	**325**	**325**	-
Share of post-tax loss from joint ventures	(192)	192	-	-	-	-
Net deficit on revaluation of investment properties	(1,448)	(198)	-	(1,646)	-	(1,646)
Profit/(loss) on disposal of investment properties	8	(3)	-	5	-	5
Loss on disposal of trading properties	-	(1)	-	(1)	-	(1)
Exceptional items	(4)	-	-	(4)	-	(4)
Other	3	2	-	5	-	5
Operating (loss)/profit	**(1,330)**	**14**	-	**(1,316)**	**325**	**(1,641)**
Finance income	16	-	-	16	15	1
Finance expense	(79)	(14)	-	(93)	(89)	(4)
Loss before tax	**(1,393)**	**-**	-	**(1,393)**	**251**	**(1,644)**
Taxation	-	-	-	-		
Loss for the year	**(1,393)**	**-**	-	**(1,393)**		

1. Reallocation of the share of post-tax loss from joint ventures reported in the Group income statement to the individual line items reported in the segmental information note.
2. Removal of the non-wholly owned share of results of the Group's subsidiaries. The non-wholly owned subsidiaries are consolidated at 100% in the Group's income statement, but only the Group's share is included in EPRA earnings reported in the segmental information note.

Table 27: Property Income Distribution (PID) calculation

	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Profit/(loss) before tax per income statement	**875**	(1,393)
Accounting profit on residual operations	**(62)**	(47)
Prior year adjustment	**-**	28
Profit/(loss) attributable to tax-exempt operations	**813**	(1,412)
Adjustments		
Capital allowances	**(36)**	(45)
Capitalised interest	**(15)**	(7)
Revaluation (gain)/deficit	**(409)**	1,646
Tax exempt disposals	**(117)**	(6)
Capital expenditure	**4**	9
Other tax adjustments	**(28)**	(3)
Goodwill amortisation and impairment	**9**	5
Estimated tax-exempt income for the year	**221**	187
PID thereon (90%)	**199**	168

As a REIT, our income and capital gains from qualifying activities are exempt from corporation tax. 90% of this income must be distributed as a Property Income Distribution and is taxed at the shareholder level to give a similar tax position to direct property ownership. Non-qualifying activities, such as sales of trading properties, are subject to corporation tax. This year, there was no net tax charge (2021: £nil).

The table above provides a reconciliation of the Group's loss before tax to its estimated tax exempt income, 90% of which the Company is required to distribute as a PID to comply with REIT regulations.

The Company has 12 months after the year end to make the minimum distribution. Accordingly, PID dividends paid in the year may relate to the distribution requirements of previous periods. The table below sets out the dividend allocation for the years ended 31 March 2022 and 31 March 2021:

	PID allocation			**Ordinary dividend**	**Total dividend**
	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m	Pre-31 March 2021 £m	£m	£m
Dividends paid in year to 31 March 2021	-	54	79	-	133
Dividends paid in year to 31 March 2022	67	114	-	-	181
Minimum PID to be paid by 31 March 2023	132	-	n/a	n/a	n/a
Total PID required	**199**	168			

The Group has met all the REIT requirements, including the payment by 31 March 2022 of the minimum Property Income Distribution (PID) for the year ended 31 March 2021. The forecast minimum PID for the year ended 31 March 2022 is £199m, which must be paid by 31 March 2023. The Group has already made PID dividends relating to 31 March 2022 of £67m, leaving £132m to be paid in the coming year.

Our latest tax strategy can be found on our corporate website. In the year, the total taxes we incurred and collected were £154m (2021: £69m), of which £57m (2021: £25m) 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.

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.

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.

5. Dividends

The Board has recommended a final dividend for the year ended 31 March 2022 of **13p** per ordinary share to be paid as Property Income Distribution (PID). Subject to shareholders' approval at the Annual General Meeting, the final dividend will be paid on 22 July 2022 to shareholders registered at the close of business on 17 June 2022. The last date for Dividend Reinvestment Plan (DRIP) elections will be 1 July 2022. The total dividend paid and payable in respect of the year ended 31 March 2022 is **37p** (2021: 27p).

The first quarterly dividend for the year ending 31 March 2023 will be paid in October 2022 and will be announced in due course.

6. Dividend related services

Dividend payments to UK shareholders – Dividend mandates
Dividends are no longer paid by cheque. Shareholders whose dividends have previously been 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)
Dividends are no longer paid by cheque. Shareholders 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 https://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 UK.

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

	2022
Financial year end	31 March
Preliminary results announcement	17 May
Half-yearly results announcement	15 November

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 net cash inflow from operating activities
Net cash inflow from operating activities including the Group's share of our joint ventures' net cash inflow from operating activities.

Adjusted net debt
Net debt excluding cumulative fair value movements on interest-rate swaps and amounts payable under head leases. It generally includes the net debt of subsidiaries and joint ventures on a proportionate basis.

Book value
The amount at which assets and liabilities are reported in the financial statements.

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 2020.

Development pipeline
The development programme together with future 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 earnings
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.

EPRA earnings per share
Earnings per share based on EPRA earnings after related tax.

EPRA net disposal value (NDV) per share
Diluted net assets per share adjusted to remove the impact of goodwill arising as a result of deferred tax, and to include the difference between the fair value and the book value of the net investment in tenant finance leases and fixed interest rate debt.

EPRA net initial yield
EPRA net initial yield is defined within EPRA's Best Practice Recommendations as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. It is consistent with the net initial yield calculated by the Group's external valuer.

EPRA Net Reinstatement Value (NRV) per share
Diluted net assets per share adjusted to remove the cumulative fair value movements on interest-rate swaps and similar instruments, the carrying value of deferred tax on intangible assets and to include the difference between the fair value and the book value of the net investment in tenant finance leases and add back purchasers' costs.

EPRA Net Tangible Assets (NTA) per share
Diluted net assets per share adjusted to remove the cumulative fair value movements on interest-rate swaps and similar instruments, the carrying value of goodwill arising as a result of deferred tax and other intangible assets, deferred tax on intangible assets and to include the difference between the fair value and the book value of the net investment in tenant finance leases.

Equivalent yield
Calculated by the Group's external valuer, equivalent yield is the internal rate of return from an investment property, based on the gross outlays for the purchase of a property (including purchase costs), reflecting reversions to current market rent and such items as voids and non-recoverable expenditure but ignoring future changes in capital value. The calculation assumes rent is received annually in arrears.

ERV – Gross estimated rental value
The estimated market rental value of lettable space as determined biannually by the Group's external valuer. For investment properties in the development programme, which have not yet reached practical completion, the ERV represents management's view of market rents.

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.

F&B
Food and beverage.

Gearing
Total borrowings, including bank overdrafts, less short-term deposits, corporate bonds and cash, at book value, plus cumulative fair value movements on financial derivatives as a percentage of total equity. For adjusted gearing, see note 21.

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

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 EPRA earnings before interest, divided by net interest (excluding the mark-to-market movement on interest-rate swaps, foreign exchange swaps, capitalised interest and interest on the pension scheme assets and liabilities). The calculation excludes joint ventures.

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 period, or a cash contribution to fit-out or similar costs. For accounting purposes, the value of the incentive is spread over the non-cancellable life of the lease.

Like-for-like portfolio
The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2020 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).

Net assets per share
Equity attributable to owners divided by the number of ordinary shares in issue at the end of the year. 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 cash rent
Passing cash rent is passing rent excluding units that are in a rent free period at the reporting date.

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.

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-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.

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

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.

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 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.

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.

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.

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.

SONIA
The Sterling Overnight Index Average reflects the average overnight interest rate paid by banks for unsecured sterling transactions with a range of institutional investors. It is calculated based on actual transactions and is often used as a reference rate in bank facilities.

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

Total accounting 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. This measure was previously referred to as total business return. There has been no change to the calculation of the measure other than the change of name during the year to 31 March 2022.

Total cost ratio
Total cost ratio represents all costs included within EPRA earnings, other than rents payable, financing costs and provisions for bad and doubtful debts, expressed as a percentage of gross rental income before rents payable adjusted for costs recovered through rents but not separately invoiced.

Total development cost (TDC)
Total development cost refers to the book value of the site at the commencement of the project, the estimated capital expenditure required to develop the scheme from the start of the financial year in which the property is added to our development programme, together with capitalised interest, being the Group's borrowing costs associated with direct expenditure on the property under development. Interest is also capitalised on the purchase cost of land or property where it is acquired specifically for redevelopment. The TDC for trading property development schemes excludes any estimated tax on disposal.

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.

Vacancy rates
Vacancy rates are expressed as a percentage of ERV and represent all unlet space, including vacant properties where refurbishment work is being carried out and vacancy in respect of pre-development properties, unless the scale of refurbishment is such that the property is not deemed lettable. The screen at Piccadilly Lights, W1 is excluded from the vacancy rate calculation as it will always carry advertising although the number and duration of our agreements with advertisers will vary.

Valuation surplus/deficit
The valuation surplus/deficit represents the increase or decrease in the market value of the Combined Portfolio, adjusted for net investment and the effect of accounting for lease incentives under IFRS 16 (previously SIC-15). The market value of the Combined Portfolio is determined by the Group's external valuer.

Voids
Voids are expressed as a percentage of ERV and represent all unlet space, including voids where refurbishment work is being carried out and voids in respect of pre-development properties. Temporary lettings for a period of one year or less are also treated as voids. The screen at Piccadilly Lights, W1 is excluded from the void calculation as it will always carry advertising although the number and duration of our agreements with advertisers will vary. Commercialisation lettings are also excluded from the void calculation.

Weighted average 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.