

Our business model

To create value we buy, develop, manage and sell property, drawing on a range of financial, physical and social resources along the way.

Creating and protecting value

We aim to be a sustainable business by anticipating and responding to the changing needs of our customers, communities, partners and employees. We act early to position the Group for the conditions we see ahead and we take a long-term view of value creation. For us, it's about transforming financial, physical and social resources into financial, physical and social value for our shareholders and society.

Inputs

Core activities

Financial

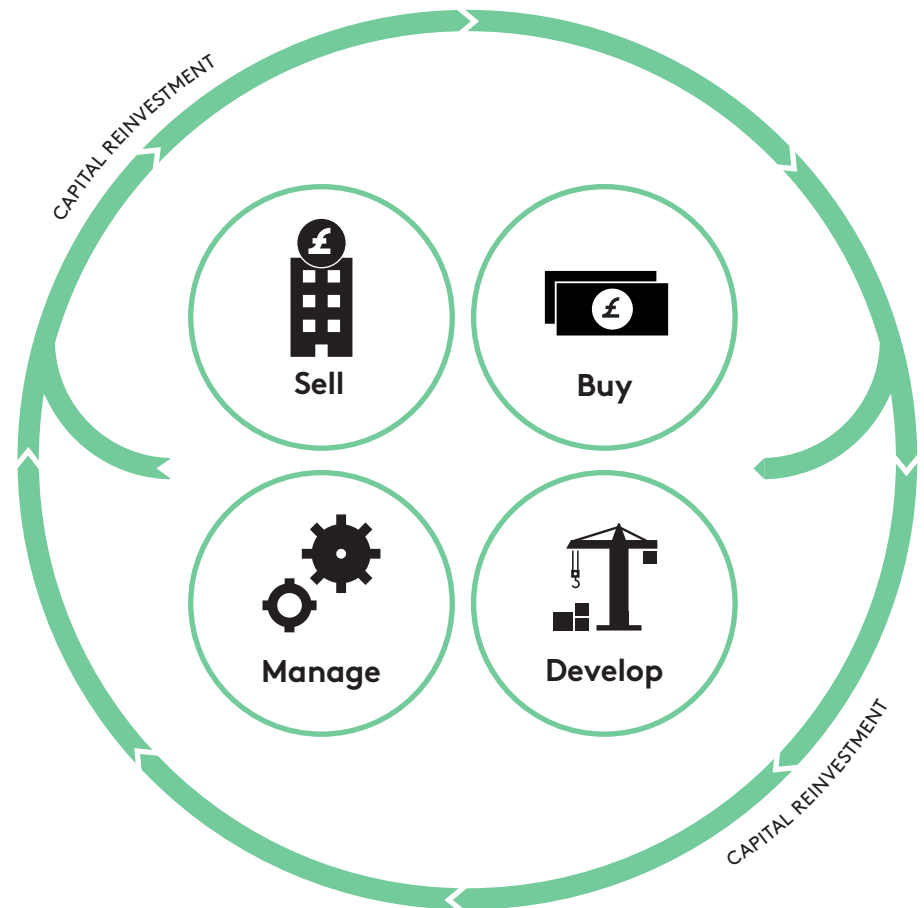
Including the different types of funds we use to invest in our business, from shareholder capital to borrowings.

Physical

Including our land and buildings, the materials and technologies we use, and the natural environment.

Social

Including the relationships we have with customers, communities and partners and the capabilities of our employees.



Outputs

Financial

Long-term growth in income and asset values, creating capacity for us to increase dividends for our shareholders.

▶ To read our Financial review
go to pages 32-39



Physical

Space that creates value for us by meeting the changing requirements of our customers and communities and a healthy environment for all.

▶ To read our Physical review
go to pages 40-44



Social

Our ability to help businesses and people to thrive – including our own employees.

▶ To read our Social review
go to pages 45-53



Our business model – creating sustainable long-term value

The way we manage the business – through the life-cycle of our assets – reflects our financial, physical and social approach and priorities.

To read our Financial review go to pages 32-39

Financial approach and track record

Profit

Growth in underlying profit ensures we can provide a sustainable and growing dividend for shareholders. Revenue profit and earnings per share are particularly helpful indications of how we're doing.

Asset value

Our asset valuations reflect the value we have created but also the investment cycle and how we're doing in relative terms to our peers. Our strategy is to act early, reshaping our portfolios so we can be resilient through the downturns and ready for opportunities to buy and develop as the cycle evolves.

Balance sheet

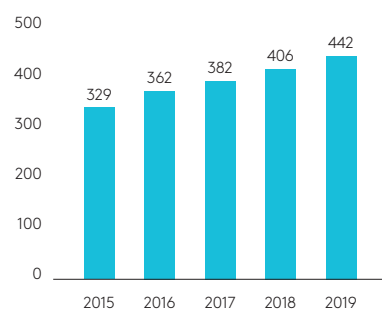
Loan-to-value (LTV) shows our debt relative to the value of our assets. At times we'll want to increase debt to multiply the impact of rising asset values, fund buying and development activity. At other times, we'll fund activity by selling assets. Our adjusted diluted net assets per share measure enables shareholders to compare the book value per share value with the share price.

Dividend

Our progressive dividend policy means we aim to increase distributions to shareholders at a sustainable rate over time. We judge the level of dividend payments carefully, paying out most of our underlying earnings, but retaining some funds so that we have flexibility around investments and disposals.

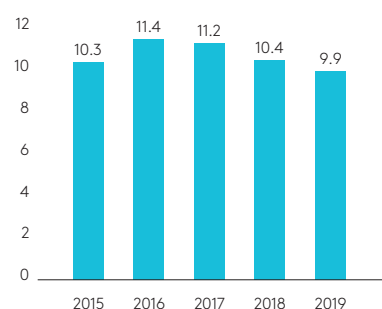
Revenue profit¹ (£m)

Chart 2



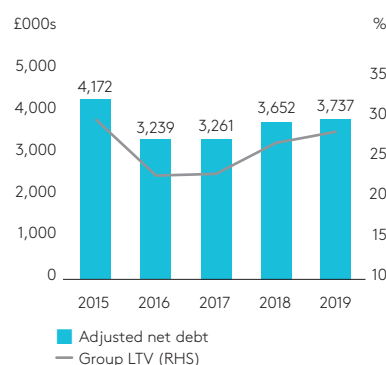
Adjusted EPRA net assets² (£bn)

Chart 3



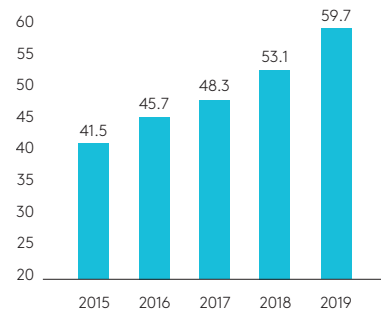
Adjusted net debt¹ and loan-to-value ratio¹

Chart 4



Adjusted diluted earnings¹ (pence per share)

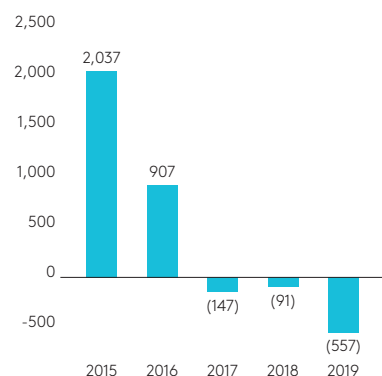
Chart 5



- Includes proportionate share of joint ventures and subsidiaries as explained in the notes to the financial statements.
- EPRA measure from 2018 onwards.
- The surplus/(deficit) represents the increase/decrease in value of the Combined Portfolio over the year, adjusted for net investment.

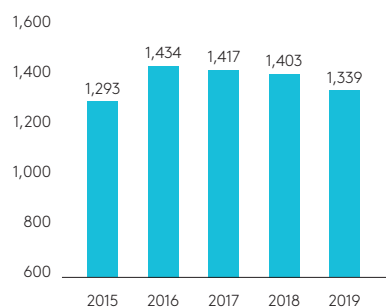
Valuation surplus/ (deficit)^{1, 3} (£m)

Chart 6



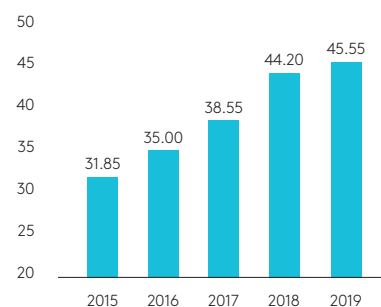
Adjusted EPRA NAV² (pence per share)

Chart 7



Dividend (pence per share)

Chart 8



To read our Physical review
go to pages 40-44

To read our Social review
go to pages 45-53

Physical approach

Portfolio quality

We constantly look to strengthen our portfolio to ensure it meets the changing needs of our customers and communities. We always bring social, economic and environmental benefits to the areas where we operate.

Natural resources

When we buy, use and re-use resources efficiently we reduce costs for our customers, our partners and us, helping to minimise our impact on the environment and enhance our resilience to our warming planet.

Climate change

We're committed to leading the transition to a low-carbon economy. This helps mitigate our current and future risk and presents significant opportunities for our customers and us.

Sustainable design and innovation

Great design increases efficiency, encourages people to spend time in our spaces and enables buildings to adapt to changing customer needs. We design with long-term value in mind.

Social approach

Customers

We design our buildings to support wellbeing and productivity. From office occupiers to brands and shoppers, we aim to provide our customers with a fabulous experience – creating value for our shareholders.

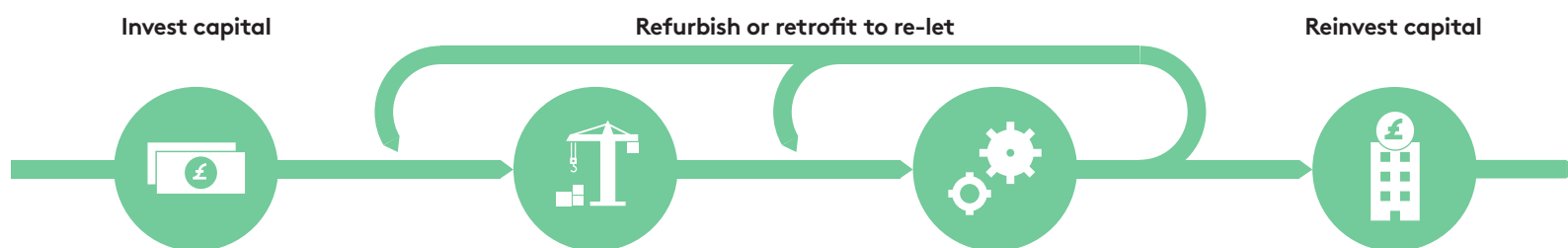
Employees

We invest to attract and develop great people who add value to our business. We take engagement, wellbeing, diversity and reward seriously and conduct regular surveys.

Communities and partners

We help those furthest from the jobs market access opportunities in our industry. We believe that everyone who works on our behalf must be treated and paid fairly and our business should reflect and support our diverse communities. We work to maintain an exceptional standard of health, safety and security in all the working environments we control and partner to help raise standards in our industry.

Investing through the life-cycle



Buy

We acquire an asset if it has the potential to meet the evolving needs of our customers and communities, can be acquired at the right price, and is likely to create financial value for us.

Our Responsible Property Investment Policy defines the standards we set for acquisitions and guides us when making buying decisions. We may acquire a poorly performing asset if we see an opportunity to improve performance through investment and better management.

Develop

We develop to create space that will appeal to customers, enhance the area and create financial value for us. This activity creates job opportunities during construction and operation.

We design for safety, wellbeing, efficiency and productivity. We look to improve public realm, connectivity and wider infrastructure. And we embed our sustainability principles in the design and delivery process.

Manage

We work with customers, communities and partners to ensure our buildings operate efficiently and to help increase local prosperity.

We redesign and refurbish space to make it more attractive, useful and valued. And we work with occupiers to manage energy, waste and water. Thinking about sustainability helps protect buildings from external risks such as price volatility, changing regulation, supply issues and premature obsolescence.

Sell

We sell an asset when we see an opportunity to deploy capital more effectively elsewhere.

Through our investment and activity, the building we sell should perform at a higher level than the building we bought – financially, physically and socially. This should make it more valuable. We always aim to build a positive legacy, leaving a place in a better state than when we arrived.

To see our Stakeholder Engagement Policy, Responsible Property Investment Policy and Sustainability Brief go to [landsec.com](https://www.landsec.com)