Board of Directors
continued

A N

Nicholas Cadbury, Non-executive Director*

Years on the Board — Six

Committees — Audit Committee (Chairman), Nomination Committee

Skills and experience — Nicholas brings wide-ranging and international financial and general management experience to the Group gained from working in consumer-facing businesses, particularly in the retail, leisure and hospitality sectors. He also has extensive commercial and operational knowledge and skills in relation to strategy and IT development. This broader commercial perspective adds breadth to Board discussions and enables Nicholas to provide effective challenge as Chairman of the Audit Committee. Nicholas was appointed Chief Financial Officer of International Airline Group (IAG) in March 2022. Prior to this, Nicholas was Group Finance Director of Whitbread PLC, a position he held from November 2012 until March 2022. Before that, he was Chief Financial Officer of Premier Farnell PLC and Chief Finance Officer of Dixons Plc. Nicholas originally qualified as an accountant with Price Waterhouse.

Other current appointments — Chief Financial Officer, International Airline Group (IAG).

A

Madeleine Cosgrave, Non-executive Director*

Years on the Board — Four

Committees — Audit Committee

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

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

Other current appointments — Independent Member of CBRE IM EMEA Investment Committee. Senior Advisor to ICG Real Estate.

N R

Christophe Evain, Non-executive Director*

Years on the Board — Four

Committees — Nomination Committee, Remuneration Committee (Chairman)

Skills and experience — Christophe has extensive investment experience in private equity, debt and other alternative asset classes. As the former CEO of a UK listed company, he also has management and leadership strengths, having successfully led the transformation of Intermediate Capital Group PLC (ICG) from a principal investment business into a diversified alternative asset management group with €34bn assets under management. Christophe's broad experience, both as a business leader and an investor, is a valuable asset to the Board. Having started his career in banking, holding various positions at NatWest and Banque de Gestion Privée, he joined ICG in 1994 as an investment professional, became CEO in 2010 and stepped down from that position in 2017. During this time he held various investment and management roles, founded the Group's businesses in Paris, the Asia-Pacific region and North America, and was instrumental in adding various additional businesses, including a UK property lending business.

Other current appointments — Chairman, Bridges Fund Management. Non-executive Director, Quilvest Capital Partners.

***Independent as per the UK Corporate Governance Code.**

Miles Roberts, Non-executive Director*

Years on the Board — Less than one (Appointed to the Board 19 September 2022)

Committees — Audit Committee

Skills and experience — Miles is currently Group Chief Executive of DS Smith Plc, the international packaging group, and has held this position since 2010. Prior to this, he was Chief Executive at McBride plc from 2005 to 2010. Miles brings a wide level of Board experience, together with specific experience of large, long-term capital projects, alongside a particular focus on sustainability. Miles is a qualified chartered accountant.

Other current appointments — Chief Executive, DS Smith Plc.

Manjiry Tamhane, Non-executive Director*

Years on the Board — Two

Committees — Remuneration Committee

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

Other current appointments — Chief Executive Officer, Gain Theory, a subsidiary of WPP plc. Advisory Board member, Saracens Women's Rugby.

The role of our Non-executive Directors

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

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

Other Directors on the Board during the year

Colette O'Shea stepped down as an Executive Director on 30 September 2022 having joined the Board in 2018, and stepped down from her role as Chief Operating Officer in March 2023 after a transitional period.

Company Secretary appointment

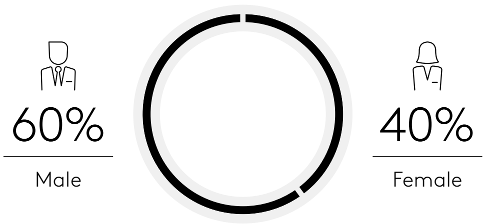
Marina Thomas was appointed as Company Secretary with effect from 31 October 2022. Marina provides advice and support to the Board, its Committees and the Chairman, is responsible for corporate governance across the Group as well as being responsible for the health and safety function. The appointment and removal of the Company Secretary is a matter for the Board.

***Independent as per the UK Corporate Governance Code.**

Board of Directors
continued

Current gender diversity of Board
(All directors)

Chart 31



Mark Allan,
Chief Executive, Executive Director

Years on the Board — Three

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

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

Other current appointments — Mark is Vice President of the British Property Federation.

Management committees — Chairman of the Group's Executive Leadership Team. Mark is invited to attend the Audit, Remuneration and Nomination Committees at the invitation of the Chairs.

Vanessa Simms,
Chief Financial Officer, Executive Director

Years on the Board — Two

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

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

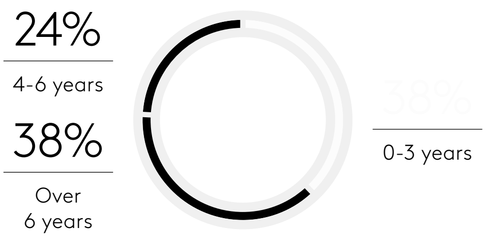
Prior to joining Landsec in June 2021, Vanessa was CFO of Grainger plc, a role she held since February 2016, and immediately prior to joining Grainger held a number of senior positions within The Unite Group plc, including Deputy Chief Financial Officer. Prior to that Vanessa was UK finance director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

Other current appointments — Audit Chair and a Non-executive Director at Drax Group Plc.

Management committees — A member of the Group's Executive Leadership Team. Vanessa attends Audit Committee meetings at the invitation of the Committee Chairman.

Current Board tenure
(Non-executive Directors including Chairman)

Chart 32



Our governance structure

Board of Directors

Responsible for the long-term success of the Group

Provides leadership and direction to the Group on its culture, values and ethics

Sets strategy and oversees its implementation

Agrees risk appetite and is responsible for risk oversight

Responsible for corporate governance

Responsible for the overall financial performance of the Group

Appointment of executive directors

Approves property and investment decisions and other commitments above £150m

Board committees*

Audit Committee

Responsible for oversight of the Group's financial and narrative reporting processes

Responsible for the integrity of financial statements and internal control

Supports the Board in risk identification and management

Ensures transparency and financial governance

Remuneration Committee

Recommends to the Board the Executive Remuneration Policy

Determines remuneration packages of the Executive Directors and the Executive Leadership Team

Oversight of remuneration practices for all employees

Nomination Committee

Reviews structure, size and composition of the Board and its Committees

Oversees succession planning of Directors and the Executive Leadership Team

Leads Board appointment processes

Recommends appointments to the Board

CEO

Leads the Group

Articulates vision, values and purpose

Develops and implements strategy

Responsible for overall performance of the business

Manages the Executive Leadership Team

Executive Leadership Team

Monitor performance and organisational health

Develop and oversee the Group's people and culture strategy

Oversight of sustainability and data strategies, risk and compliance

Management committees

Workplace and Lifestyle Boards

Approve property investment decisions £10m to £150m

Develop and oversee the delivery of strategic plans

Focus on external perspectives and trends

Assess and manage strategic risks

Business Unit (Workplace, Retail, Mixed-Use) executive committees

Develop and execute business plans

Assess and manage operational risks

Deliver financial performance

Talent development

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

Our governance structure
continued

How we make decisions

Decisions that can only be made by the Board, together with the terms of reference for our Committees, can be found on the corporate governance section of our website.

Decision making on investments, commercial agreements, including the acquisition, disposal and development of assets, is delegated according to financial values.

Our Delegation of Authorities framework sets out levels of authority for decision making throughout the business.

During the year, in light of the changing environment a review of the organisation structure was undertaken to ensure Landsec was well positioned for the future. The result was the identification of a number of differentiators and a change to the internal operating model.

The governance for this model is focused around the two different business areas primarily based on Landsec's customers' needs. Workplace covers office activity (currently mainly Central London but could expand in the future to other regions) and Lifestyle which covers retail and the mixed-use business.

Under the new operating model the Board continues to oversee governance and assurance, supported by the Executive Leadership Team, which is responsible for Group strategy and co-ordination alongside the Workplace and Lifestyle Boards who are responsible for strategic planning.

The Workplace and Lifestyle Boards are supported by executive committees which are responsible for developing and executing business plans, managing operational matters day to day and delivering financial performance.

Managing Directors
Up to £10m

Executive Leadership Team
£10m-£150m (Non-property)

Workplace and Lifestyle Boards
£10m-£150m (Property)

Board
Over £150m

Conflicts of interest and external appointments

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

Directors' conflicts of interest (which extend beyond third-party directorships and include close family) are reviewed by the Nomination Committee annually, with new conflicts arising between meetings dealt with at the time between the Chairman and the Company Secretary.

During the year, Madeleine Cosgrave declared two appointments, which were ultimately not deemed to be of concern from a time commitment or conflicts perspective (senior advisor to ICG Real Estate and independent member of the CBRE IM EMEA Investment Committee).

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

We appreciate that other proxy bodies and institutional investors impose more stringent guidelines than ISS and that each individual's portfolio of appointments must be considered on a case-by-case basis, which the Board duly does before approving any appointments and then, on an annual basis, assesses whether each member of the Board is able to continue contributing effectively.

Sir Ian Cheshire is currently Chair of Channel 4, Spire Healthcare Group Plc, UK investment trust Menhaden Resource Efficiency Plc and serves as Non-executive Director at BT Group Plc. He is stepping down from the Chair position (remaining as Non-executive Director) at Menhaden Resource Efficiency Plc on 16 May 2023 and will retire from BT Group Plc at its AGM in July 2023 to ensure he has sufficient capacity to act as Chair of Landsec.

The Board was not asked to approve any additional external appointments for any of our Directors during the year.

Potential conflicts of interest and how we have managed them

Director	Potential conflict situation	Nomination Committee decision and mitigating action taken
Ian Cheshire (Non-executive Director)	Decisions on investing in Landsec securities conflicting with role on Landsec Board.	As Menhaden Resource Efficiency invests primarily in US and European markets, investing in businesses and opportunities delivering or benefitting from the efficient use of energy and resources, investment in Land Securities Group PLC securities is unlikely and in any event Sir Ian Cheshire does not participate directly in investment decisions at Menhaden and has agreed to never participate in investment decisions concerning the shares of Land Securities Group PLC at Menhaden.

Induction

Our induction plan is delivered over the first year of appointment. The aim is to enable a new Director to assume their responsibilities as quickly as possible and feel able to contribute to business and strategy discussions, with sufficient knowledge to provide effective challenge.

An induction plan was put in place for Miles Roberts upon joining as a Non-executive Director in September 2022. The aim of his induction was to support his understanding of Landsec's business and financial position, strategy, culture, risks and opportunities, Board governance and dynamics. The plan assisted him to form relationships with the Chairman, the Board, the Executive Leadership Team and key external advisers, in addition to a number of site visits. Sir Ian Cheshire is currently undertaking a similar induction plan.

— More information on their inductions can be found on **page 85.**

Board diversity

As at the date of this report and throughout this financial year we have complied with the Listing Rules requirements relating to diversity: (i) at least 40% of the Board are women (also meeting the FTSE Women Leaders target); (ii) at least one of the senior board positions are women (both Chair and CFO); and (iii) at least one individual on the Board is from a minority ethnic background (also meeting the Parker Review target). The Board and new Chair are aware that on the retirement of Cressida Hogg, our gender diversity will dip below 40%, and this will be taken into account in our near term succession planning. See table 33 below.

Training and development

Directors received regular updates in their Board papers, facilitating greater awareness and understanding of the Group's business and in particular the emerging strategy.

The Board also received presentations on the flexible office market and the future of office assets acquired as part of the U+I Group and MediaCity acquisitions.

In June 2022, the Board had a deep dive into the Southwark area of London, where Landsec has assembled a pipeline of c.1m sq ft. In addition, the Board received a teach-in session on embodied carbon from the Landsec sustainability team which included case studies on The Forge, Red Lion Court, Timber Square and Liberty of Southwark and discussed the implications for n2 whilst the Board visited the development.

In December 2022, the Board received a detailed briefing on embodied carbon in development and Landsec's objective to reduce embodied carbon. The Board also received a briefing and site visit of the n2 development on the same day.

In February 2023, the Board held its strategy away day at our Myo offices at Dashwood House in London with a tour of 21 Moorfields, a complex development nearing completion that showcased Landsec's deep development expertise during the life of the project.

Finally, the Board were also provided with a market disclosure briefing to reinforce their knowledge of the Market Abuse Regulation including recent developments and case studies.

Board diversity[1]

Table 33

	Number of Board members[2]	Percentage of the Board[2]	Number of senior positions on the Board (CEO, CFO, SID and Chair)[2]	Number in Executive Leadership Team[3]	Percentage of Executive Leadership Team[3]
Gender diversity					
Men	6	60%	2	6	67%
Women	4	40%	2	3	33%
Not specified/prefer not to say	–	–	–	–	–
Ethnic diversity					
White British or other White (including minority-white groups)	9	90%	4	9	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	10%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	-

1. Data disclosed as at the date of this report. The data is collected from individuals when joining the Company. Individuals are asked to select from a series of options on both gender and ethnic diversity. Gender and ethnicity data is shared with the Executive Leadership Team and the Board regularly.
2. Board numbers for gender diversity will change after the date of this report owing to the retirement of Cressida Hogg.
3. Executive Leadership Team numbers for diversity will change after the date of this report owing to the appointment of a new ELT member in June 2023 (see page 73).

Executive Leadership Team

Our Executive Leadership Team is made up of our Executive Directors and the Managing Directors set out on this page. It is chaired by our CEO.

— Biographies for our Executive Directors can be found on page 68.

Remco Simon,
Chief Strategy & Investment Officer

Role — Remco has responsibility for the Group's strategic planning, capital allocation and capital markets activity.

Skills and experience — He has over 15 years' prior experience in international real estate capital markets. Before joining Landsec, Remco was Managing Director at St. Modwen, with responsibility for strategy, investment and capital markets, and worked as director of equity research at BofA Merrill Lynch and Kempen & Co. He holds a MSc in management and a BSc in construction engineering.

Kate Seller,
Chief People Officer

Role — Kate is responsible for helping the business to achieve our people and cultural strategic goals.

Skills and experience — Kate has over 25 years of multi sector international HR experience, including an early career spent in retail, then ten years at Experian where she held a variety of global HR roles, including HR Director for Experian Asia Pacific based in Singapore. More recently she held the role of Group People Director at HomeServe plc, a founder-led FTSE 250.

Mike Hood,
CEO of U+I

Role — Mike leads U+I, Landsec's regeneration business and is responsible for driving forward the portfolio of transformative mixed-use regeneration projects across the UK.

Skills and experience — Prior to joining U+I in 2020, Mike was Managing Director at Capital & Counties Properties PLC (Capco), where he led the 77 acre/£10bn Earls Court project and subsequent sale and spearheaded major, award-winning heritage and restoration projects for Capco's prestigious Covent Garden estate. Mike trained in the UK and Holland as an architect.

Marcus Geddes,
Managing Director, Central London

Role — Marcus has responsibility for the performance of our Central London portfolio and executing Group investment acquisitions and disposals.

Skills and experience — Marcus Geddes is a qualified chartered surveyor with over 20 years' experience in the central London market. A Cambridge Land Economy graduate, he qualified and spent 13 years at Savills before joining Landsec in 2011.

Bruce Findlay,
Managing Director, Retail

Role — Bruce helps to define the overall direction of the retail assets, ensuring our retail destinations remain relevant for both retailers and consumers in order to provide a sustainable retail model.

Skills and experience — Bruce has over 25 years of consumer brand experience where he's developed his operational leadership and strategic management skills. Prior to joining Landsec, Bruce was Chief Commercial Officer of Furla and prior to that as the VP Global Retail for Diesel, where he led the brand's Direct to Consumer business through its transformation from a traditional wholesale manufacturer to a modern omni-channel retailer.

Chris Hogwood,
Managing Director, Corporate Affairs & Sustainability

Role — Chris leads the Corporate Affairs and Sustainability teams at Landsec.

Skills and experience —
Chris joined from Portland Communications where he was a Senior Partner, leading its local engagement and real estate specialism as well as jointly leading the agency's flagship corporate practice. He has worked in leading communications agencies for the last ten years and before that worked in London local government.

Marina Thomas,
Head of Governance and Company Secretary

Role — Marina has responsibility for governance and the Company secretary and health and safety functions at Landsec.

Skills and experience — Marina has over 20 years' experience in governance, across aerospace and defence and financial services. Prior to joining Landsec, Marina was Group Company Secretary and EVP of Ethics and Communications at Meggitt PLC.

Chief Data and Technology Officer
Joining Landsec in June 2023

Role — Nisha will lead the data and technology teams, overseeing digital and data transformation programmes across the business.

Skills and experience — Most recently, Chief Technology Officer for Hiscox Re & ILS, part of the Hiscox insurance group, Nisha has over 20 years of technology leadership experience, with expertise across data, engineering and operations. Nisha has been featured as a Top 100 CIO in the UK, recognised for delivering digital business transformation through complex change programmes.

The Board in action

Decisions of the Board this year have been considered in the context of a challenging macro-economic environment and whilst considering the changes, risks and opportunities that such an environment can bring.

Board meetings

Board members attend eight scheduled meetings a year and meet as required for additional discussions.

All members of the Board attended all Board and Committee meetings during their tenure and membership, with the exception of Christophe Evain who missed the Board, Nomination and Remuneration Committee meetings held in March 2023 due to a family bereavement.

If the Board needs to make decisions in between meetings, it can do so by unanimous approval by email but will only do so in such situations where the matter has been discussed at previous meetings so that Directors are fully appraised, have had the opportunity to ask questions and are therefore in a position to make a fully informed decision.

The Board met for four dinners throughout the year at which a number of matters were discussed including the macro-economic climate, areas of risk, culture and talent retention. These opportunities allow the Board to develop and solidify relationships and further discuss matters impacting the business in an informal manner without the inevitable time restrictions of Board and Committee meetings.

The Non-executive Directors also met without the Executive Directors being present.

Execution of strategy

This year, the Board has continued to consider the Group's strategy and the execution of strategy, particularly in the context of the uncertain macro-economic and political environments. In addition, the alignment of culture and the internal governance framework and strategy has been a focus of the Board. All of Landsec's stakeholder interests remain at the heart of strategy decisions especially in uncertain climates.

— There is further information about the Board and our stakeholders on **pages 76-79** and the Board and our Culture on **pages 80-81**

The Board considered a number of strategic areas during the year, which included reviews of the retail strategy, the residential strategy and the alignment with urban mixed-use. In addition, the Board considered the future of the office and flex office. More details on the strategic (and other matters) considered by the Board can be found on page 75. As part of these strategic reviews the Board had a tour and deep dive review of our developments in the Southwark area of London.

In addition, the Board benefited from a session with some of the sustainability team on embodied carbon followed by a tour of the n2 development site, which brought to life some of the matters that had been discussed in the session.

The June meeting of the Board took place in Southwark and allowed the Board to benefit from a walking tour of the area led by the Executive Directors and members of the Central London office team.

The Board were initially given a presentation on why the Southbank was considered an important area and how in particular the Southwark area fitted into this growing part of London.

During the tour the Board were able to see our four existing (or potential) development sites in the area – Timber Square, The Forge, Liberty of Southwark and Red Lion Court, and the thriving neighbourhoods in which they are located.

The tour allowed the Board to ask questions on the area, its heritage, development progress, and sustainability credentials. The Board welcomed the additional insight into the developments, the location and the impact on Landsec's growth strategy.

Board discussions during the year

	Topics	Outcomes
Strategy	• Update of the strategic plan • Consideration of the retail strategy • Update on the residential strategy • Urban mixed-use business review • The future of office and the flex office market • Optimum capital recycling and capital allocation	• Capital Markets Day held in Southwark • Approval of sale of 21 Moorfields, One New Street Square and 32-50 Strand • Purchase of additional 50% stake in St David's
Financial	• Macroeconomic environment consideration • Budget and five-year plan • Key business targets • Dividend consideration • Going concern and viability statement • Investor relations • Portfolio valuation • Source of funding and gearing levels	• Preliminary Results • Annual Report and Accounts • Half-year Report • Dividend payments • Launch of new Green bond • Annual Tax Strategy • U+I post investment appraisal
Operational	• The impact on the business of the inflationary environment • Development pipeline and pre-let activity • Market and sector trends • Investment and sales	• Board's heightened focus on the impact of cost increases for the business, customers and employees • Board's continued focus on the use of data and technology throughout the business to make informed decisions on customer and market trends and to provide the best service to customers • Flexible retail and office models • Recognition of the increasing importance of customers' changing needs • Monitoring pre-let activity
People and organisation	• Succession planning • Talent • Diversity and inclusion • Culture • Sustainability • Gender pay • Health and safety • Fire safety • Data strategy and governance • Internal operating model and governance • Employee engagement	• Appointment of additional Non-executive Director and a new Chair • Importance of diversity reinforced at Board level and throughout the business • New diversity and inclusion strategy • Revised internal operating model and its governance framework to support cultural change • Embodied carbon update for the Board • Gender Pay Gap Report • Updated sustainability strategy and targets • Health and safety updates provided at every Board meeting with particular focus on the new fire safety legislation and ensuring that Landsec's residential portfolio is in compliance • Driving cultural change embedded in Board discussions
Governance	• Risk identification, management and internal control • Cyber security and technology • Meeting reports from Chairs of Audit, Remuneration and Nomination Committees • Modern slavery • Board and Committee effectiveness • Legal and litigation updates	• Risk appetite and tolerance ranges for each principal risk • Internal Board and Committee evaluation • Annual General Meeting • Approval of Modern Slavery Statement • Progression of technology transformation programme

The Board and our stakeholders

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

This is our Section 172 Statement.

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

— An introduction to our stakeholders can be found in our Strategic Report on **page 11**

Stakeholders and Board decision making

Our stakeholders' interests and priorities continue to change, and affect the way we work, shop and engage with each
ther. Effective communication with our
keholders is critical to keeping pace with
volving needs, which is so important
ng-term success. The Board's
t with stakeholders is both
anagement reporting up
takeholder engagement,
hich is embedded
s.

Our customers

We have made good progress with growing our customer relationships which has been a key feature of our strategy for two years. The Board receives regular updates on our customers.

During the year, the Board received a detailed briefing on our retail, office and mixed-use strategies including customer insights, as well as regular updates on customers as part of the business update at every meeting. This has helped to understand the changing requirements of office customers since the pandemic, including changing space requirements and the increased demand for 'healthy buildings'. As a business we have listened to office occupiers regarding their needs, resulting in us providing greater flexibility of office leases.

The Board reviewed the retail strategy update in September. The Reimagine Retail change programme has been implemented and is based on three main strategies: the future asset, brand partners and guest experience. We have developed clear plans for each of our assets to make sure they deliver the physical experience, which continues to attract the right visitors for brands.

Each location will see a more distinct identity, more closely representing the narrative of the area in which it is located, although there are some key themes that reach across all locations. The Board noted the good progress that had been made in recognising and understanding consumer behaviour and its impact on investment decisions, the importance of improving data insights and direct relationship management, but also ensuring that downside scenarios were considered.

The Board also received a residential strategy update from the Chief Strategy and Investment Officer and Head of Lifestyle Investment. The Board supported the view that residential should be part of our strategy.

Our communities

To understand in more detail some of the communities our assets are located within, the Board visited certain assets during the year, including Southwark. The Board received a presentation on the Southwark area which highlighted the rich culture and heritage of this community, along with the good transport links, young population and amenities.

The assets owned by Landsec in the area were highlighted, including Red Lion Court, the Forge, the Liberty of Southwark and Timber Square. This was then followed by a walking tour of the area. Our Capital Markets Day event in September also focused on Southwark and provided investors with an operational update and tour of the area.

The Board visited the n2 development in December to see first hand one of our sites under construction.

The Board had a tour of 21 Moorfields as part of their strategy day in February which was held at our Myo flexible office space in Dashwood House. The Board were impressed with the engineering challenges overcome at 21 Moorfields and thought the business should be proud of their achievement with this complex development.

— You can read more about our community support on **page 44**

Our partners

The Board received updates during the year on fire safety. The political and legislative landscape had evolved since the last review, including the introduction of the Developers' Pledge that required developers to rectify or fund remediation of critical fire safety works in certain circumstances. Landsec committed to the pledge in July 2022 and signed the associated contract in March 2023.

The Board were updated by our Managing Director of Corporate Affairs during the year on local and national Government issues impacting the business. The Board also discussed the output of Landsec's local and national Government engagement.

In January 2023 the Board approved the sale of One New Street Square, EC4 to Chinachem Group, a property developer based in Hong Kong.

The total consideration for the sale amounts to £349.5m. The sale price compares to a September 2022 valuation of £362.8m and crystallises a total return on capital averaging 10% per annum since Landsec's acquisition of the site in June 2005 and subsequent redevelopment in 2016.

One New Street Square is fully let to Deloitte, with a 14-year unexpired lease term remaining and a current annual net rent of £16.8m. With limited opportunities to add further value, the disposal was in line with Landsec's strategy to recycle capital out of mature London offices.

The Board considered the sale to be in line with the strategic review conducted in late 2020, when Landsec announced its intention to sell c.£2.5bn of mature London offices over the medium term. With the inclusion of One New Street Square, the Company has now sold £2.1bn of offices, representing an average yield of 4.4%.

The disposal proceeds will initially be used to repay debt and, on a pro-forma basis, would reduce Landsec's long-term value from 31.1% to 28.9% based on September 2022 valuations. Its strong balance sheet provides Landsec with significant optionality for future reinvestment in higher-return opportunities which are expected to emerge as markets continue to adjust to a new reality.

The Board and our stakeholders
continued

Our employees

Employee Forum meetings were held monthly throughout the year, with four quarterly meetings held which Mark Allan, CEO, attends to answer any questions and get an indication of topical issues of importance to employees.

The Employee Forum sends out a list of summary topics for employees to vote on at the start of every financial year. The Employee Forum will then report back to constituents on topics throughout the year.

Christophe Evain met with the Employee Forum separately to answer questions on executive remuneration.

We continued with our employee engagement sessions with two Non-executive Directors meeting a small group of employees from the Lifestyle area of the business. A range of matters were discussed including culture change, communications and business strategy. Manjiry Tamhane also joined a session of our Women's Network. The feedback from those sessions is passed back into the boardroom.

The Board also received a full briefing on the employee engagement survey which was undertaken in Summer 2022 which also gave them a good insight into employee sentiment. Read more about our engagement survey results on page 34.

During the year there have been a number of drop in lunches held with members of our Executive Leadership Team, including our CEO and CFO.

We are also planning to hold another 'Meet the NEDs' event for employees immediately after our Annual General Meeting in July and further engagement events with smaller groups of employees from the other areas of our business in September and December. This will be a great opportunity for the Board to engage further with employees.

Themes raised at the employee engagement events included

- the cost of living
- the reorganisation and changes to the internal operating model
- office environment and culture
- retention of talent
- diversity and inclusion
- managing change
- change communications
- employee wellbeing and benefits
- U&I integration
- business strategy
- career development

Feedback from employee engagement events

"We met with Christophe on behalf of the Employee Forum to discuss Executive Remuneration and raise queries on behalf of the business. It was really great to meet Christophe and we really valued the open discussions we had with him. We were given a clear insight into Board life and dealing with shareholders, he elaborated on his role and discussed the recent recruitment process for our new Chairman which was really interesting."

"I thoroughly enjoy the monthly ELT lunch sessions, they are great opportunities to have conversations and build relationships with our leadership team. To me, it shows how committed our Executive team are to listen to and engage with colleagues across the business."

"I was lucky enough to meet Sir Ian Cheshire to discuss the Employee Forum's role and how it represents Landsec employees. We had a really open and wide-ranging conversation where Ian wanted to hear all about Landsec, the culture and what employees really cared about. We discussed the cost of living crisis, our focus on improving diversity and employee satisfaction drivers in a post-covid world – all issues that Ian is clearly engaged with and keen to help drive forward. We look forward to working with him and the wider Board more closely to make Landsec the best possible place to work."

Our investors

We want to create sustainable value for our three types of investors: institutional, private and debt.

It is important to us that our investors understand our strategy and our equity story so they can support the execution of our strategy and our capital recycling.

Institutional investors

Institutional investors

Our Executive Directors once again held meetings with investors representing more than half the share register by value.

We were delighted to return to a full programme of in-person investor events during the last year. Whilst some investor meetings were conducted online for the sake of convenience, the vast majority of our investor engagement has been face-to-face.

In September 2022, we held a Capital Markets Day in Southwark in London for institutional investors. This event provided an overview of the Southwark region and detail on the existing and potential development schemes Landsec has in this area of London. In addition, we explained our plans to reduce the embodied carbon within our developments through a combination of efficient use of materials, design and construction methods. The event also included a tour of Southwark to view our four major committed/potential development sites.

We engaged with investors throughout the year on all aspects of environmental, social and governance matters. In February 2023, we conducted a sustainability roadshow in the Netherlands, meeting with fund managers and sustainability analysts from major institutional investors.

Industry conferences

Industry conferences provide Executive Directors with a chance to meet a large number of investors on a formal and informal basis. Conferences attended this year included the UBS Global Property conference in London, the Kempen conference in Amsterdam, the Bank of America conference in New York, the Citi conference in Florida, Barclays' real estate conference in London and Morgan Stanley's real estate conference in London. All conferences were in-person events.

Institutional investors

1,371 — **98.9%** of shares

Private investors

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

2022 Annual General Meeting

We continued to hold our AGM as a hybrid meeting in 2022. We invited shareholders to ask questions and vote on the resolutions online or they could join the meeting physically.

All resolutions put to the meeting received overwhelming support of investors. The results of the voting at all general meetings are published on our website: **landsec.com/investors/regulatory-news**.

Five-year private investor plan

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

Private investors queries

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

Private investors

7,593 — **1.1%** of shares

Debt investors

Credit side institutional investors and analysts

In March 2023, as part of the marketing process for the Green bond issuance, we held a series of debt investor meetings. A combination of the physical and virtual meetings, including a Group lunch and a recorded presentation, was well received by the investors and allowed us to provide a comprehensive update on our strategy as well as to present the recently updated Green Financing Framework.

Banks

Regular dialogue is maintained with our key relationship banks, including regular meetings and calls with our treasury team.

Credit rating agencies

During the year, business and financial updates were provided by our treasury team and senior managers to Standard & Poor's, Fitch Ratings and Moody's. Further information for our debt investors can be found on our website: **landsec.com/investors**.

No. of listed bonds

12

No. of equity investors

8,964

The Board and our culture

This year has seen the Board focus on supporting management to design and embed a more agile, efficient culture, with less internal complexity and more external and customer focus.

A year of progress

In previous years we have outlined how an appropriate governance framework and an environment of trust, respect and accountability were all fundamental to our culture, and that the Board played an important role in monitoring and assessing our culture and the governance framework. This year we have made significant progress on a journey that had already commenced, but which has now been considered in detail by the Board and is being embedded throughout the Group. The key components of that journey are outlined here.

In order to ensure that our growth strategy was not hindered by legacy ways of working, a cultural change programme was initiated during the year which resulted in a change to the operating model and a new internal governance framework led by the Board and supported by the Executive Leadership Team.

— More detail on this revised framework can be found on **pages 69-70**

Embedding cultural change through a new operating model

The new operating model and governance structure ultimately flows up to the Board and is designed to facilitate and encourage clear reporting, decision making, empowerment, accountability, employee input and stakeholder feedback, and enable a focus on our customers, leading to growth.

The Board have been regularly updated and inputted as this programme has evolved and are now supporting management in embedding this across the organisation through organisational design, business planning, leadership effectiveness and behaviours, reward and incentivisation and diversity and inclusion. More details on each of these areas are set out on the opposite page.

In shaping this framework, feedback from an externally facilitated employee engagement survey undertaken during the year was also taken into account. The Board were appraised of the key themes arising from the survey and challenged management as to how they address the areas where the need for improvement was identified. Positive changes are already underway and employee engagement surveys will be undertaken on a regular basis, which will assist in allowing the Board to assess progress.

In addition, as the Board have greatly benefited from first hand engagement with employees at Non-executive Director engagement sessions, similar meetings are continuing and a further series is planned throughout the coming year.

— Further information on employee engagement can be found on **page 34**

Metrics which are provided to the Board to allow them to consider certain cultural themes are shown on the next page.

Embedding cultural change

Organisational design
- Decision-making framework focusing on two key business areas – workplace and lifestyle-flowing up to the Board
- Flatter organisation with increased spans of control
- Newly created roles and leadership changes

Business planning
- A business plan drafted for each area of the business linked to the overall strategic plan of the Group as approved by the Board
- Business planning process coordinated and consistent across the business
- Clear financial and non-financial objectives and targets owned by each business plan area and linked to remuneration

Leadership effectiveness and behaviours
- Leadership-first approach to embedding cultural change, starting with the Board
- Enabling leaders to role model the required behaviours
- A fully refreshed leadership programme

Reward and incentivisation
- Refreshed performance management
- Updated salary philosophy
- Agile incentives

Diversity and inclusion
- Updated diversity and inclusion strategy as approved by the Board
- Creating more diversity within our decision making
- Embedding a diversity and inclusion focus into the business planning process

— **Pages 35-36** contain more information on our approach to diversity and inclusion

Cultural metrics – FY2023

Purpose and meaning
We give our employees a sense of purpose as to why Landsec exists with a focus on our role in wider society. Our purpose – sustainable places, connecting communities, realising potential – reflects our role in wider society and consideration of all our stakeholders continues to be more important than ever and has been at the forefront of Board discussions and central to our culture.

£8.7m
Value of social contribution

100%
Employees that are requested to have energy and carbon reduction objectives

Ethics and fairness
We behave ethically and treat all our stakeholders fairly. Our employees are critical to our business and we continue to nurture talent and development and to assess our gender pay gaps to build a balanced, diverse workforce for the long term.

0
Equal pay claims

4
Grievances raised

4
Diversity network groups

2
Whistleblowing incidents

Transparency and openness
We share information openly and discuss our challenges and mistakes. The importance of effective communication and transparency is crucial to our culture. We continue to hold town halls and hold Non-executive Director engagement sessions to offer a means of direct, informal engagement between our Board and our workforce. We have encouraged our workforce to reassess priorities and to feel empowered to challenge expectations placed upon them in terms of what and how we deliver.

4
Town hall meetings

67
Company-wide events

1
Independent employee engagement survey

77%
Employee engagement average score

16
Employee forum meetings

35
Exit interviews completed

Collaboration and growth
We collaborate, innovate and collectively contribute to Landsec's growth. Our culture promotes personal development and growth and we encourage internal moves and promotion from within our business. Succession planning and promotion of our talent at all levels within the business is identified as an area of improvement.

13.8%
Roles filled by internal candidates

35
People promoted in the last year

41
People on female development programme

Introduction from the Chairman of the Nomination Committee

Committee members
- Cressida Hogg (Chairman)
- Edward Bonham Carter
- Nicholas Cadbury
- Christophe Evain
- Sir Ian Cheshire (from 23 March 2023)

Highlights
- Appointment of new Non-executive Director
- Appointment of Chair designate
- Internal Board evaluation

Key responsibilities
- Skills matrix and composition of the Board and Committees
- Succession planning
- Board appointment process
- Corporate governance

Number of meetings and attendance
- Four scheduled meetings
- Additional meeting regarding recruitment
- All members of the Committee attended all meetings during their membership with the exception of Christophe Evain who was unable to attend one meeting due to a family bereavement

Dear shareholder

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

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

Board and Committee changes

Following a comprehensive selection process, in January we announced the appointment of Sir Ian Cheshire as Non-executive Director and Chair Designate. Sir Ian joined the Board at the end of March and will succeed me as Chair on 16 May. On behalf of the Board, I am pleased to be welcoming someone of Sir Ian Cheshire's calibre as Chair.

We also appointed Miles Roberts as Non-executive Director in September 2022. Miles, who originally trained as a structural engineer, brings significant experience as a serving chief executive and has held a number of non-executive roles. You can read about the Committee's appointment process for both Sir Ian and Miles on page 84.

Colette O'Shea stepped down from the Board in September and as Chief Operating Officer in March. Colette joined Landsec in 2003 and was appointed to the Board in 2018. The Committee is extremely grateful to Colette for her significant contribution to the Board and the business during her time at Landsec.

Board evolution

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

The process for Board appointments is led by the Nomination Committee which makes recommendations to the Board for its approval. It is the Nomination Committee's responsibility to keep Board composition under review, including reviewing director independence and tenure. During the year the Committee reviewed the composition and skills of the Board, and developed an ongoing plan for Board succession, taking into account recent and likely future Board changes.

The Board is mindful that Edward Bonham Carter has been a Director in excess of nine years and so the Committee reviewed his independence and role and was completely satisfied that Edward continues to bring independent judgement to the Board. As such, the Nomination Committee was satisfied that Edward can continue to fulfill the role of Senior Independent Director.

The Committee also has responsibility for oversight of Executive Leadership Team and senior management succession. This is also discussed by the Board as a whole, with a focus on diversity and inclusion and developing and maintaining the internal talent pipeline.

Diversity

The Board believes that diversity at Board level sets the tone for diversity throughout the business. We promote diversity in the broadest sense, not just gender or ethnicity but also experience, skills, professional background and tenure. The Nomination Committee monitors our talent pipeline to ensure we have a diverse pool of talent being developed at all levels of the business. Maintaining a diverse workforce is as important as diverse recruitment and we continue to assess and promote this. During the year, we have refreshed the overall diversity and inclusion strategy for the Group, including setting new targets.

I am pleased to report that during this financial year we met the Listing Rule requirements targets for diversity. 40% of our Board members are women, our Chair and CFO positions have been held by women, and we have one member of the Board from an ethnic minority background. The Committee is aware that as a result of the change of Chair in May 2023, the Board's gender diversity will dip below 40%, and this will be taken into consideration in Board composition and succession planning.

I am pleased to report that following the recruitment of Marina Thomas as Head of Governance and Company Secretary and Kate Seller as Chief People Officer during the year, one third of the Executive Leadership Team are women (which will increase to 40% when our new Chief Data & Technology Officer joins us in June 2023). We acknowledge that ongoing work is needed to increase diversity of our Executive Leadership Team and its direct reports whilst ensuring that appointments and succession plans are based on merit and objective criteria and the Committee, and the Board will continue to monitor progress.

— You can read more about diversity and inclusion at Landsec in our People and Culture section on **pages 35-38**

Internal Board evaluation

This year our Board evaluation was carried out internally with the Committee's effectiveness assessed as part of the internal review. The Committee was satisfied with its own effectiveness as a whole and pleased with the outcome of the Non-executive succession planning and processes, including the Chair selection process, which had been a main focus during the year. With a new Chair and Executive Leadership Team in place it is appropriate to reset the Committee's priorities to focus more on wider Board succession, while continuing to cover all areas of the Committee's remit including ongoing management succession planning.

— Further details on the internal Board evaluation can be found on **pages 86-87**

Corporate governance

During the year, the Committee has overseen the corporate governance agenda on behalf of the Board. I am pleased to confirm that Landsec has complied with and applied all of the principles of the 2018 UK Corporate Governance Code for the financial year ended 31 March 2023. The Code is published by the Financial Reporting Council and is available from frc.org.uk.

Cressida Hogg

Cressida Hogg
Chairman, Nomination Committee

Report of the Nomination Committee

Executive Director changes

During the year, Colette O'Shea stepped down from the Board on 30 September 2022 and as Chief Operating Officer on 31 March 2023.

Non-executive Director changes

Cressida Hogg will step down as Chairman on 16 May 2023, having served over five years as Chairman and nine years on the Board.

As the Chairman succession process began, it was agreed that Edward Bonham Carter would lead the process as Senior Independent Director, joined by the other members of the Committee, excluding Cressida Hogg (the Chairman, Succession Committee). Hedley May, an independent executive search firm and with no connection to Landsec, was appointed to conduct the search for a Chairman with experience in retail and customer-focused businesses. A diverse shortlist of candidates was put forward by Hedley May and the candidates met with members of the Chairman Succession Committee and the CEO, CFO and the other Non-executive Directors. The Chairman Succession Committee concluded that Sir Ian Cheshire would be an excellent addition to the Board bringing a wealth of experience across customer-focused businesses in executive and non-executive positions in listed companies.

In 2022, the Nomination Committee appointed Russell Reynolds, an independent executive search firm with no connection to Landsec to conduct a search for a Non-executive Director. Members of the Committee and the CEO met with a shortlist of candidates put forward by Russell Reynolds. The Committee concluded that Miles Roberts with his experience as a serving chief executive and in non-executive roles would be a positive addition to the Board.

Diversity

The Board's policy on diversity establishes the importance of diversity in the broadest sense, not just gender or ethnicity but also experience, skills, professional background, tenure and also other differentials between directors such as cognitive and personal strengths. The Board believes that diversity is crucial to creating a high-performing, effective Board, to provide a breadth of perspective and debate that aids decision making and which supports and directs the business more effectively.

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

Diversity at Board level sets the tone for diversity throughout the business. The Nomination Committee monitors our talent pipeline to ensure we have a diverse succession pool of talent being developed and maintained at all levels of the business. Maintaining a diverse workforce is as important as diverse recruitment and we continue to assess this.

Diversity is also addressed at the Remuneration Committee, particularly in the context of gender pay gap, and discussed at the main Board in light of its increased focus on the promotion and maintenance of diversity at all levels of talent throughout our business.

— Further information on diversity at Landsec can be found on **pages 35-38**

Independence and re-election to the Board

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

The Committee will always discuss the additional commitments of all directors (including the Chairman) before recommending their approval to the Board. It also considers potential conflict issues as part of that assessment. The Committee is mindful that Edward Bonham Carter has been a director of the Board in excess of nine years and has reviewed his independence and role and is completely satisfied that Edward continues to bring independent judgement to the Board. As such the Committee is satisfied that Edward can continue to fulfill the role of Senior Independent Director. The Committee is confident that each of the Non-executive Directors remains independent and will be in a position to discharge their duties and responsibilities in the coming year. From a governance perspective, the Board as a whole is independent.

Sir Ian Cheshire and Miles Roberts are standing for initial election by shareholders at the AGM, with all other Directors standing for re-election at the AGM in July 2023 with the support of the Board (with the exception of Cressida Hogg who is stepping down from the Board on 16 May 2023).

Internal evaluation of the effectiveness of the Nomination Committee

Following a busy few years of Executive and Non-executive appointments, the internal review of the performance of the Nomination Committee included a review of the Chair succession process and considering the Committee's priority for the year ahead to include role profile planning for future non-executive recruitment and continued detailed reporting back to the main Board.

Board induction

Miles Roberts' induction

Miles Roberts' induction focused on gaining insight into Landsec's purpose, strategic priorities, key performance drivers and a market overview with Mark Allan. In addition, Miles met with Vanessa Simms who provided an overview of Landsec's financial position and our five-year plan, budget and in-depth financial review.

Miles met with members of the Executive Leadership Team to gain a deeper understanding of their areas of the business and get an understanding of the individual priorities and challenges that they face. Another key focus was meetings with the Managing Director of People and Corporate Services for a deep dive into our people and culture.

Additionally, Miles spent time with other Non-executive Directors, including those that he had not met as part of the selection process.

On 19 September 2022, Miles became a member of the Audit Committee. As part of his induction, Miles spent time with our Audit Committee Chairman, our Group Financial Controller and Director of Risk and Assurance, who provided Miles with information as to the role of the Committee.

Asset visits

Miles was able to visit the following assets during the year: Bluewater, O2 Finchley Road and the Landsec Victoria portfolio. Miles also visited Dashwood House as part of the Board Strategy day in February.

Sir Ian Cheshire's induction

To date Sir Ian Cheshire's induction plan has included (i) a series of handover meetings with the Chair focused on strategy, forward looking agenda and Board processes; (ii) meeting Non-executive Directors and Executive Directors including Chairs of both the Audit and Remuneration Committees and the Company Secretary; (iii) meeting Landsec's auditors and brokers; (iv) meeting senior leaders of the retail business and a site visit to Gunwharf Quays; (v) meeting the Chief People Officer and MD, Corporate Affairs; and (vi) meeting with our Employee Forum to understand current employee sentiment.

Induction focus for the year ahead

The next phase of Sir Ian's induction will mainly focus on getting more insight into our portfolio and will include office and mixed-use visits scheduled to various assets and developments. Sir Ian will be joined on these asset tours by senior leaders of the business areas.

Board evaluation

Board evaluation process 2022/23

In line with year two of our three-year cycle, we carried out this year's review of the Board's effectiveness internally via questionnaire, having conducted a detailed external evaluation last year. Our Board evaluation provides the Board and its Committees with an opportunity to reflect on effectiveness and performance.

Board evaluation cycle

Year 1

Independent, externally facilitated review

- Performance review against targets set for 2022/23
- An external evaluation carried out by the advisory firm No 4
- Areas of focus identified for 2023/24

Year 2

Internal review focused on Year 1 issues raised and any new issues arising.

The process for internal review is determined on a year-by-year basis.

Year 3

Year 2 progress reviewed internally, and areas of focus identified ahead of external evaluation the following year.

Progress against objectives set for 2022/23

Our objectives 2022/23

Succession planning
Continue to evolve the Board to meet the needs of the business and to work effectively with management.

A key part of this is Board and Executive Leadership Team succession. The Board would like more visibility of the talent coming up through the business and how diverse talent is being maintained and developed.

Execution of strategy
Execution of strategy and evolving and adapting the strategy to reflect the changing external environment and investor needs.

Culture
Accelerating the pace of change and of the turnaround for the business, looking both shorter and longer term. The Board would like more agenda time on culture and business transformation.

Data strategy and governance
Continued focus and drive on Landsec becoming a data-driven business. The Board needs to monitor and support Landsec on this journey.

Conclusions of evaluation

The overall conclusion of the Board evaluation this year is that the Landsec Board and its Committees continue to operate in a collaborative and open way and work effectively.

The priorities for the incoming Chair include strategic development and capital allocation, cultural and organisational change and succession planning. A priority for the Board as a whole is to provide support to the new Chair. The Board agenda and topics have the right focus on key areas, however there were some preferences for more time to be allowed for discussions during meetings or informally.

The Board felt it added value in developing and implementing strategy and supporting the disposal programme, with the Board feeling they are appropriately agile to adjust to the changing environment.

Nomination Committee evaluation

The Committee looked at its own effectiveness. Overall, the Committee was satisfied with its own effectiveness and that of the Non-executive Director and Chair succession processes. The Committee will keep Board succession planning and diversity as a key area of focus.

Our performance 2022/23

The composition of the Board was considered appropriate with good progress made during the year with the recruitment of two Directors to the Board, including the Chair Designate.

Members of the Executive Leadership Team and their direct line reports have spent time over the year on asset visits and providing presentations to the Board. However, the Board have requested continued increased visibility of the Executive Leadership Team and senior leaders in the year ahead.

Progress has been made against the strategic objectives of the Company and regular reporting to the Board in this area was noted.

During the year, the Board has spent more time focused on culture and business transformation including regular updates on organisational and digital transformation programmes, as well as sessions with the leadership team on engagement and diversity and inclusion. The Board have noted that the pace of change continues to accelerate across the business.

The Board has monitored progress with data and technology through sessions with the executives during the year and was pleased to note significant improvements in progress with our technology strategy, as well as the appointment of a Chief Data and Technology Officer who will join the Executive Leadership Team in June 2023.

Output of 2022/23 Board evaluation: areas of focus for the year ahead

Strategic development

Continued progress with strategic developments. The Board would like to continue to build on their understanding of customer needs through enhanced access to customer data as part of the strategy process.

Capital allocation

Continued focus on capital allocation and investment.

Culture and organisational change

Progress already made on culture change within the business should continue, monitored by the Board through sessions with the executive and engagement survey results.

Succession planning

An area of focus for the Board is succession planning and talent development.

Support to new Chair

A key focus for the Board is in supporting the new Chair to develop relationships across the Board.

Board papers and Executive Leadership Team

Continued improvement of Board papers with a focus to move towards more executive summaries to allow more time for debate at Board meetings.

The Board would like to focus on more exposure to the Executive Leadership Team and other senior leaders.

Introduction from the Chairman of the Audit Committee

Committee members
- Nicholas Cadbury (Chairman)
- Madeleine Cosgrave
- Christophe Evain (until 19 September 2022)
- Miles Roberts (from 19 September 2022)

Highlights
- Integrity of reporting process
- Rigorous assessment of risk management and internal controls
- Cyber and information security
- Accounting treatment of significant acquisitions/disposals
- Preparation for the new governance regime
- Consideration of fire safety provision
- Appointment of third-party advisers
- Financial systems transformation

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

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

Dear shareholder

During the financial year the Committee has continued to fulfil its oversight responsibilities on the financial statements, the integrity of the reporting process and the Company's system of internal controls and risk management, the audit and valuation processes and the procedures for ensuring compliance with laws, regulations and ethical codes of practice.

Risk focus

Risk management is a primary responsibility of the Committee on behalf of the Board and is consistently monitored throughout the year. Information security and cyber threat remains a key operational risk and the Committee has had regular oversight of the significant work undertaken to mitigate against this risk and will continue to consider updates and monitor progress of the programme to improve cyber resilience.

The macroeconomic outlook is currently the most significant risk. The risk management strategy in place to mitigate against this risk includes the regular monitoring of key risk indicators and scenario-based modelling of plausible economic trajectories. No emerging risks have been identified through the risk management process.

Climate reporting

The Committee has updates from the sustainability team on how Landsec is implementing the requirements of the Task Force on Climate-related Financial Disclosure (TCFD), the evolving reporting landscape for climate risks and our approach to climate risk identification, assessment and strategy.

We have continued to make disclosures that are consistent with the TCFD recommendations and will continue to monitor these. Our TCFD disclosures can be found on pages 47 to 53.

Fire safety remediation

Following the introduction of the Building Safety Act 2022, the Committee has been updated on work to assess our liability for fire remediation works on residential buildings developed by Group over the last 30 years. The Committee has regularly considered, alongside the external auditor, the level of the provision required, how the provision is determined and the associated disclosures.

Financial statements

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

I am pleased to say that the Financial Reporting Council (FRC) included some disclosures from our 2022 Annual Report in its publication "What Makes a Good Annual Report and Accounts", as they were considered examples of best practice.

Asset valuation

The valuation of our assets is an important constituent of our financial results and measurement of our performance. For a number of years CBRE has been the principal valuer of our entire portfolio, however in order to increase market insight and future flexibility, Jones Lang LaSalle Limited (JLL) has been appointed to value a large proportion of Landsec's retail portfolio with effect from 31 March 2023. CBRE will continue to value the office portfolio and some of the retail portfolio. Both CBRE and JLL are industry-leading agencies with extensive expertise and appropriate knowledge who provide us with an external valuation of our portfolio twice a year, in accordance with the relevant industry standards.

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

Acquisitions and disposals

During the year, Landsec progressed with its strategy to accelerate growth through recycling capital into higher return opportunities through a number of significant disposals of 32-50 Strand, 21 Moorfields and One New Street Square, and securing 100% ownership of St David's shopping centre in Cardiff via the acquisition of the remaining 50% interest. The Committee considered the accounting treatment and disclosures of these material transactions and concluded that they were appropriate.

Provisions for bad debt

The Committee has continued to closely monitor the cash collections of rents across the whole portfolio. The rent collection statistics are strong and although there remains bad debt provisions in respect of some occupiers who have been or may be unable to satisfy their rent obligations, the provisions have decreased from last year. Continual monitoring of the provisions is undertaken by the Committee particularly in light of the uncertain macro-environment.

Internal audit

Until mid-summer 2022, the internal audit function was an in-house team which sat within the Risk and Assurance team and although this was operating effectively, it was considered an appropriate time to appoint an external third party which would increase flexibility over audits and improve the quality of the audits as a result of access to current best practice and subject matter expertise. Following a tender process, KPMG were selected as the preferred provider and since their appointment have undertaken stakeholder interviews to understand Landsec's key risks, reviewed the internal audit plan and agreed an internal audit charter. They have completed audits on Turnover Rents, Car Park Income and Investment Appraisal. Eleven further audits are planned for the year ended 31 March 2024 and will include, amongst others, Treasury and Cash Management, U+I Post integration, Risk Management and ESG.

Fair, balanced and understandable

The Committee considered the Company's 2023 Annual Report in the round and concluded and recommended to the Board that, taken as a whole the 2023 Annual Report is fair, balanced and understandable.

Going concern and viability statement

We continue to focus on the appropriateness of adopting the going concern assumption in preparing the financial statements for the year ended 31 March 2023 particularly in light of the uncertain macroeconomic environment. The going concern statement is set out on pages 60 and 61, along with the viability statement and the rationale behind the chosen five-year time horizon.

Audit tender

As highlighted last year, we were required to tender our audit as EY were approaching being in office for ten years having performed their first audit for Landsec for the year end 31 March 2014. A competitive and thorough tender process was undertaken during the year and following in depth consideration, the Committee and the Board concluded that EY remained the appropriate auditor for Landsec. EY would ensure continued independence through a change in partner with effect from July 2022. The appointment is subject to shareholder approval at the 2023 Annual General Meeting.

UK Corporate Governance Code/ Financial Reporting Council (FRC) Guidance on Audit Committees

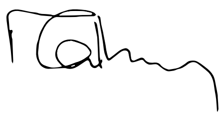
The Committee considered its compliance with the 2018 UK Corporate Governance Code and the FRC Guidance on Audit Committees and continues to believe that we have addressed both the spirit and the requirements of each. In addition, the Committee has been regularly monitoring the potential changes to the new corporate governance regime and preparing for its implementation, including reviewing a draft audit and assurance policy.

Committee effectiveness

During the first half of the year the Committee requested that a specific effectiveness survey was undertaken to supplement and support the Board and Committee annual evaluations. This in-depth review was undertaken by internal audit and concluded that the Committee is operating well and should maintain many of its existing practices. The internal Board evaluation was undertaken later in the year, which also highlighted the high standards of the Committee.

The Committee welcomed Miles Roberts who joined as a member of the Committee in September 2022, replacing Christophe Evain. Myself and the Committee would like to thank Christophe for his valued contributions.

I continue to appreciate the valuable input from the other members of the Audit Committee, management and the key advisers EY, KPMG, CBRE and JLL and would like to thank them for their support during the year.



Nicholas Cadbury
Chairman, Audit Committee

Report of the Audit Committee

The Audit Committee continued to focus this year on risk assessment and management, internal controls and financial reporting processes, together with additional focus on the requirements of changes to fire safety regulations and legislation.

Audit Committee meetings

Regular attendance at meetings to support the Committee

- Chairman of the Board
- Chief Executive
- Chief Financial Officer
- Company Secretary
- Director of Risk and Assurance
- Members of senior finance team
- Representatives of the external auditor
- Representatives of the third party internal auditor

Property valuation presentations

- All Directors are invited to attend meetings when CBRE and JLL property valuation presentations are made

Committee private sessions

- CBRE valuation team
- JLL valuation team
- EY external audit team
- KPMG internal audit team

Structure and operations

The Audit Committee's structure and operations are governed by terms of reference, which are reviewed annually and approved by the Board. These were last approved in March 2023. The terms of reference are available on our website: **landsec.com/aboutcorporate-governance/board-committees**.

To maintain effective communication between all relevant parties, and in support of its activities, the Chairman of the Board, Chief Executive, Chief Financial Officer, Company Secretary, Director of Risk and Assurance, the partner and representatives of our external auditor, EY, the partner and representatives of our internal auditor, KPMG and other members of the senior finance team regularly attend Committee meetings.

All directors are invited to attend meetings when the Group's external valuers, CBRE, and JLL, present their full year and half-year property valuation.

The Committee has private and informal sessions with the EY audit team and the CBRE and JLL valuation teams to ensure that open lines of communication exist, in case they wish to raise any concerns outside of formal meetings.

The Committee members are all independent Non-executive Directors and collectively have a broad range of financial, commercial and property sector expertise that enables them to provide oversight of both financial and risk matters, and to advise the Board accordingly. The Board has determined that Nicholas Cadbury, as Chairman of the Committee, has recent and relevant financial experience for the purposes of satisfying the UK Corporate Governance Code. Details of the experience of all members of the Committee can be found on pages 66 and 67.

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

Risk management

The Board is responsible for the Group's risk management framework and risk appetite and is supported by the Committee through its monitoring and reviewing of the effectiveness of risk management and internal control processes during the year.

An overview of Landsec's approach to risk management, its risk management framework and governance, risk appetite, management and assurance of risks and principal risks and uncertainties are described on pages 54-59. The risk management framework includes the Board's strategic overview, the Executive Leadership Team's detailed review of the business risks, controls and mitigation strategies, and the assessment of the effectiveness of the risk management and internal controls system by the Audit Committee. A risk waterfall uses indicators to highlight whether each risk is within our appetite. This allows the Committee to consider whether principal risks are changing and whether the risk appetite remains appropriate. In response to changes in Landsec's organisational structure, the risk management framework has been redefined in order to ensure clarity on roles and responsibilities at all levels and to embed risk management within the business.

Primary responsibility for the operation of the Company's internal control and risk management systems, which extend to include financial, operational and compliance controls (and accord with the FRC's 2014 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'), has been delegated to management.

These systems have been designed to manage, rather than eliminate, the risk of failure to achieve the Group's business goals and can provide only reasonable, not absolute, assurance against material misstatement or loss.

Risk assurance and internal control

Under the overall supervision of the Committee, there are several sub-committees and working groups that give assurance over risks being managed within the business. The Group has a Director of Risk and Assurance (with a direct reporting line to the Audit Committee Chairman) who provides regular oversight of risk matters, evaluates emerging risks and monitors compliance to ensure that any mitigating actions are properly managed and completed. During the year the Committee benefited from regular updates from the technology team who provided detailed information on the progress of the projects to improve information security, cyber threat and processes to assist with financial controls. In addition, the EY team now includes a partner with expertise on technology and cyber.

Internal audits are carried out in accordance with an agreed annual assurance plan and reviewed by the Committee throughout the year. This plan was previously undertaken by the in-house internal audit team and is now the responsibility of KPMG who were appointed as internal auditor during the year following a tender process. It was considered appropriate to appoint a third party in order to increase flexibility over the audits and improve the quality of the audits due to access to current best practice and subject matter expertise.

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

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

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

Additionally, the Committee discusses on a quarterly basis:

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

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

Report of the Audit Committee
continued

External auditor
EY are Landsec's external auditor and are engaged to conduct a statutory audit and express an opinion on the Company's and the Group's financial statements.

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

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

Audit plan
EY presented its proposed audit plan (reviewed by senior management and the Director of Risk and Assurance), to the Committee for discussion. The objective was to ensure that the focus of its work remained aligned to the Group's structure and strategy.

The Committee is keen to ensure that its auditor feels able to challenge management and is afforded all the access it requires to report on matters that may not be part of the statutory audit but which, in the opinion of the auditor, should be brought to the attention of the Audit Committee. These matters may be financial or non-financial and may be based on fact or opinion (including any concern over culture or behaviour). An example may be the use or adequacy of any controls used by the Company to detect any fraud or improper behaviour.

EY is afforded such access through attendance at each Committee meeting, supported by other meetings held during the year with the Committee or the Committee Chairman without management being present and the knowledge that it can raise any matter of concern to the Committee Chairman at any time without going through management. These regular discussions were useful to the Committee but no matters of concern emerged.

Independence and objectivity
The Committee is responsible for monitoring and reviewing the objectivity and independence of the external auditor. In undertaking its annual assessment, the Committee took into account the UK Ethical Independence Standards introduced by the FRC in December 2019 and effective from 15 March 2020.

The Committee reviewed:

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

No Committee member has any connection with the current auditor.

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

Effectiveness of the external audit
Following the issue of our Annual Report each year, the Director of Risk and Assurance conducts a performance evaluation and effectiveness review of the external audit. This is conducted against structured guidelines in consultation with the Executive Directors and members of the senior finance team and members of the Audit Committee to whom they report. The Committee Chairman met privately with the audit engagement partner before the Committee meeting to consider the results of the effectiveness review. The Committee's preliminary view is that EY has continued to perform its audit services effectively and to a high standard, and this is consistent with performance each year since appointment in 2013. Areas identified for development will be shared with EY for inclusion in its audit and service delivery plans going forward.

Audit tendering
EY was first appointed to the office of auditor in respect of the 2013/14 financial year.

Under current regulations, we were required to re-tender the audit by no later than the 2023/24 financial year and therefore a competitive audit tender process was undertaken during the year which concluded that EY remained the appropriate auditor for Landsec, as recommended by the Audit Committee and approved by the Board. The evaluation criteria used during the tender process included the capability and competence of the audit partner, team and firm, the audit approach and service, cultural fit, quality of deliverables and presentation, and fees. EY were selected because the proposed team would provide a mix of continuity and embedded knowledge with the comfort of independence via a new partner, their ability to provide a partner with technology expertise embedded within the team, a strong commitment on audit approach and service, and a driven and enthusiastic outlook.

The decision on the appointment was made by the Board without any influence by a third party, and without any contractual term of the kind mentioned in Article 16(6) of the Audit Regulation being imposed on the Company.

EY will be appointed for the 31 March 2024 financial year at this year's Annual General Meeting, subject to shareholder approval.

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

Audit fee

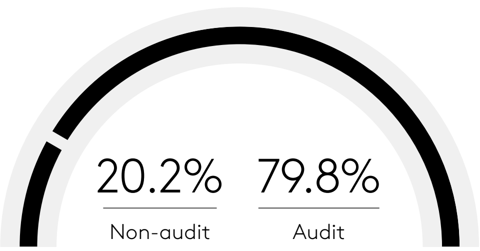
The audit fees payable to EY for 2022/23 (including the audit of the Group's joint ventures) are £1.8m (2021/22: £1.8m). This fee takes into account a reduction in the number of Group subsidiaries that will be audited as they have taken advantage of the exemption from having accounts audited under s479A-479C of the Companies Act 2006.

Non-audit services

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

Chart 34

Audit vs. non-audit fees 2022/23 (including the audit of the Group's joint ventures)



22.5% non-audit fees as a ratio to Group audit fee (excluding the audit of the Group's joint ventures).

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

Table 35

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

*50% of the prior year audit fee

All approvals are noted at the Audit Committee.

EY was engaged during the year to provide non-audit services to the Group relating to the Company's half-yearly review, the assurance statement on sustainability, non-statutory audit of the Security Group, work in relation to the update of the bond programme documentation and the issuance of the Green bond. It was decided that it would be in the interest of the Company to use EY for these services, recognising that the use of audit firms for non-audit work should generally be kept to a minimum. Total fees for non-audit services, amounted to £359,000. Details of the fees charged by EY during the year can be found in note 8 to the financial statements.

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

External valuations and valuers

The valuation of the Group's property portfolio, including properties held within the development programme and in joint arrangements, is undertaken by external valuers. The Group provides input, such as source data, and support to the valuation process. CBRE has been the Company's principal valuer since 2015 and Jones Lang LaSalle Limited (JLL) was appointed as joint valuer to undertake the valuation of a large part of the retail portfolio whilst CBRE will retain the valuation of the office portfolio and some of the retail portfolio. This change was implemented to increase market insight and future flexibility, and therefore the overall quality of the valuations.

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

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

Additionally, CBRE and JLL met with EY and exchanged information independently of management. EY has experienced chartered surveyors on its team who consider the valuer's qualifications and assess and challenge the valuation approach, assumptions and judgements made by them. Their audit procedures are targeted at addressing the risks in respect of the valuations and the potential for any undue management influence in arriving at them. This year 41 properties (comprising 78% of the portfolio) were identified for substantive review by its valuation experts primarily on the basis of their value, type, risk profile, commitments to ESG and location. The Committee reviewed the auditor's findings.

An internal evaluation of the valuers' performance and effectiveness will be conducted after the year-end results are finalised, with the results reported to the Committee.

Report of the Audit Committee
continued

The Committee considered the independence of the valuers and has noted that CBRE and JLL check for conflicts of interest and seek approval for non-valuation activity and this process has been effective during the year. CBRE and JLL have also confirmed that their valuation departments operate separately from other advisory activity, and their valuation remuneration is not linked to other non-valuation work that they undertake.

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

Significant financial matters
The Committee reviewed four significant financial matters in connection with the financial statements, namely the valuation of the Group's property portfolio, revenue recognition, fire safety remediation provisions and significant acquisitions and disposals. Further details are set out in the table on page 95.

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

In addition, the Committee considered, and made onward recommendations to the Board, as appropriate, in respect of other key matters including impairment of trade receivables, including lease incentive balances, development contracts, pensions buy-in, maintenance of the Group's REIT status, financial systems transformation (including controls, processes and system upgrades and improvements), going concern, and other specific areas of individual property and audit focus.

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

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

We report on alternative performance measures on page 199. The Committee debated and discussed these measures and agreed that they were appropriate for the business.

Fair, balanced and understandable
The Committee applied the same due diligence approach adopted in previous years in order to assess whether the Annual Report is fair, balanced and understandable, one of the key UK Corporate Governance Code requirements. The Committee received assurance from the verification process carried out on the content of the Annual Report by the Executive Leadership Team to ensure consistent reporting and the existence of appropriate links between key messages and relevant sections of the Annual Report. Particular attention has been given this year to the consistency of the narrative disclosures around climate risks, our strategy and the financial statements.

Taking the above into account, together with the views expressed by EY, the Committee recommended, and in turn the Board confirmed, that the 2023 Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

Whistleblowing policy
The Audit Committee provides a regular whistleblowing update to the Board, which has overall responsibility for whistleblowing. The Audit Committee reviews the Group's Speak up policy which allows employees and third parties to report concerns about suspected impropriety or wrongdoing (whether financial or otherwise) on a confidential basis, and anonymously if preferred. This includes an independent third-party reporting facility comprising a telephone hotline and an alternative online process. Any matters reported are investigated by the Company Secretary, Chief People Officer and the Director of Risk and Assurance and escalated to the Committee, as appropriate. During the year two whistleblowing incidents were reported. One matter was investigated and no concerns or action were required following conclusion of the investigation. The second matter, which was reported close to the year-end is being fully investigated.

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

Significant financial matters

Significant financial matters – what is the risk?	How the Committee addressed the matters
Valuation of the Group's property portfolio (including investment properties, investment properties held in joint ventures) The valuation of the Group's property portfolio is a major determinant of the Group's performance and drives an element of the variable remuneration for senior management. Although the portfolio valuation is conducted by an external valuer, the nature of the valuation estimates is inherently subjective and requires significant judgements to be made by management and the valuer. Significant assumptions and judgements made by the valuer in determining valuations may include the appropriate yield (based on recent market evidence), changes to market rents (ERVs), what will occur at the end of each lease, the level of non-recoverable costs and alternative uses. Development valuations also include assumptions around costs to complete the development, the level of letting at completion, incentives, lease terms and the length of time space remains void.	The Audit Committee adopts a formal approach by which the valuation process, methodology, assumptions and outcomes are reviewed and robustly challenged. This includes separate review and scrutiny by management, the Committee Chairman and the Committee itself. The Group uses CBRE and JLL, both leading firms in the UK property market, as its principal valuers. It also involves EY as the external auditor which is assisted by its own specialist team of chartered surveyors who are familiar with the valuation approach and the UK property market. EY met with the valuers separately from management and its remit extends to confirming that no undue influence has been exerted by management in relation to the valuers arriving at their valuations. CBRE and JLL submit their valuation reports to the Committee as part of the half-yearly (CBRE only as JLL were not yet appointed as principal valuer) and full year results process. Both valuers were asked to attend and present their reports to the Board and to highlight any significant judgements made or disagreements which existed between them and management. CBRE and JLL proposed changes to the values of our properties and developments during the year, which were discussed by the Committee in detail and accepted. Based on the degree of oversight and challenge applied to the valuation process, the Committee concluded that the valuations had each been conducted appropriately, objectively and in accordance with the valuer's professional standards.
Revenue recognition (including the timing of revenue recognition and the treatment of lease incentives) Certain transactions require management to make judgements as to whether and to what extent they should be recognised as revenue in the year. Market expectations and EPRA earnings targets may place pressure on management to distort revenue recognition. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations, including through incorrect treatment of lease incentives.	The Committee and EY considered the main areas of judgement exercised by management in accounting for matters related to revenue recognition, including timing and treatment of rents, incentives, surrender premiums and other property-related revenue. In its assessment, the Committee considered all relevant facts, challenged the recoverability of occupier incentives, the options that management had in terms of accounting treatment and the appropriateness of the judgements made by management. These matters had themselves been the subject of prior discussion between EY and management. The Committee, having considered the views of EY, concurred with the judgements made by management and was satisfied that the revenue reported for the year had been appropriately recognised.
Completeness of provisions for fire safety remediation works Following the Grenfell Tower disaster, a series of new fire safety regulations were introduced which impact the Group's residential portfolio. Additionally, the Building Safety Act was enacted on 28 April 2022, with the related leaseholder protections coming into force on 28 June 2022. These require companies to assess whether their properties are safe to use and perform remedial building works where they are not, including properties which are no longer owned. Management have therefore undertaken a review of which properties, in both the current portfolio and previously owned, are impacted by this legislation and which require remediation works. There is a risk that management do not identify all properties where fire remediation works are required.	The Committee has been briefed throughout the year on the changes to the regulations and legislation, and management have provided detail on the process for identifying properties that are in scope for remediation assessment and the amount of any provisions required. The Audit Committee has discussed the fire remediation works provisions in detail at its meetings throughout the year and has heard from EY on their procedures for understanding the completeness of management's review. The Committee has concluded that the procedures for identifying in scope properties, the assessment of fire remediation works and the level of the provision is appropriate.
Significant acquisitions and disposals Certain transactions require management to make judgements on accounting treatment, including how a profit or loss is recognised and calculated, and how a contract is interpreted. There is a risk that profits and losses on disposals are overstated or understated respectively, or asset ownership is incorrectly recorded.	The Audit Committee has considered the accounting treatment of a number of complex sale and acquisition contracts during the year, particularly those for 21 Moorfields, One New Street Square and the remaining interest of St David's. These transactions and the proposed accounting treatment were explained by management and the Committee thoroughly reviewed the appropriate treatment. The Committee was satisfied, based on its review and having considered the views of EY, that the accounting treatment was appropriate.

The above description of the significant financial matters should be read in conjunction with the Independent Auditor's Report on pages 121 to 128 and the significant accounting policies disclosed in the notes to the financial statements.

Directors' Remuneration Report – Chairman's Annual Statement

Committee members
- Christophe Evain (Committee Chair)
- Edward Bonham Carter
- Cressida Hogg
- Manjiry Tamhane
- Sir Ian Cheshire (from 23 March 2023)

Highlights
- Operating the Approved Policy
- Workforce engagement

Key responsibilities
- Reviewing the link between reward and the Group's purpose and strategy
- Oversight of reward matters across the Group
- Maintaining a strong connection between returns to shareholders and reward for Executives

Number of meetings and attendance
- Three scheduled and one unscheduled meeting
- Full attendance from members at all scheduled meetings except for the March meeting which Christophe Evain could not attend owing to a family bereavement

Dear shareholder

I am pleased to present, on behalf of the Board, the Directors' Remuneration Report for the year ended 31 March 2023.

This year, the Executive Team has delivered strong operational results and continued to pro-actively execute the strategy, despite increased macroeconomic uncertainty. Our performance has been underpinned by a strong balance sheet, creating significant optionality for future growth.

Directors' Remuneration Policy

We have continued to operate under the Remuneration Policy approved by shareholders at our 2021 AGM. The Committee believes that the Policy provides strong alignment with our ambitious strategy whilst following best practice in corporate governance and providing an appropriate level of flexibility. We are next due to put forward an updated Policy for approval at the 2024 AGM and the Committee will start the process to review the Policy this summer.

Performance for the 2022/23 financial year

During the course of the year, executive management has continued to drive the business strategy forward. In Central London we delivered continued strong leasing results as well as the disposal of £1.4bn of mature offices. In retail we delivered strong leasing momentum via our differentiated brand focused platform capitalising on the 'flight to prime', with 6.9% year on year sales growth. In mixed-use we have secured planning consent for our major Finchley Road project and signed a drawdown agreement for the first phase of land at Mayfield, progressing preparations for our 11m sq ft pipeline. Despite the general macro challenges, our performance highlights the high quality of the Landsec platform and portfolio and strong progress on executing strategy since late 2020, creating balance sheet resilience and optionality for future growth.

We are a purpose-led business and aim to create value for all stakeholders. Our strategy for the coming year continues to focus on shaping Central London offices, major retail destinations and mixed-use urban neighbourhoods.

For the year ended 31 March 2023, whilst asset values decreased by 7.7% in aggregate owing to wider economic conditions, EPRA earnings were up 10.7% and net debt has reduced by £0.9bn, reducing LTV by 2.7% to 31.7% in line with our LTV target range of 25% to 40% and net debt/EBITDA from 9.7x to 7.0x. Our current development pipeline is 60% pre-let or under offer. In Central London, £48m of lettings were completed or in solicitors' hands, 5% ahead of valuers' assumptions, and occupancy up 110bps to 95.9%. In Major retail destinations, £38m of lettings were completed or in solicitors' hands, 9% ahead of ERV with occupancy up 110bps to 94.3%. These results are clearly reflected in the variable pay awarded to the Executive Directors.

Annual bonus performance

The performance of the Executive Team has been both focused and decisive, with progress made in all areas of the strategic plan that was set out at the start of the year. This performance was achieved despite increased macroeconomic uncertainties including inflation tensions owing to geopolitical issues and the energy crisis leading to increased interest rates. Significant achievements include completing on key transactions at attractive prices including the sale of 21 Moorfields and One New Street Square. We further strengthened our sector-leading balance sheet with the issue of our inaugural £400m Green bond in challenging bond market conditions. We also carried out an organisational restructure enabling us to hold overhead costs stable year on year despite rising inflation. This leaves the Group well placed to pursue growth opportunities. The acquisition of the remaining 50% of the St David's shopping centre in Cardiff at an implied property yield of 9.7% demonstrates management focus on decisive capital allocation, reinvesting capital back into the business at attractive returns to generate growth. The Committee has carefully considered the performance against the targets, business outcomes and the wider stakeholder context and believes that it is appropriate for the Executive Directors to receive annual bonuses for 2022/23. The assessment against the targets resulted in overall bonus outcomes of 50% of maximum (equating to 75.04% of salary), which is considered to be appropriate in the context of the performance of the business.

Long-Term Incentive Plan performance

Vesting of the 2020 LTIP in 2023 was determined by performance against two equally weighted measures of Total Property Return (TPR) and Total Shareholder Return (TSR) relative to FTSE 350 real estate companies. Performance under the TPR measure was below threshold while TSR was between threshold and maximum over the three years to 31 March 2023. As such, and after consideration of the value of the shares expected to vest, 37.69% of the 2020 LTIP awards will vest.

In addition, the 2021 buyout award granted to Vanessa Simms was determined by performance measured against the same targets as the 2021 LTIP award, albeit over two years to 31 March 2023. Performance against the Total Accounting Return (TAR) measure (now called Total Return on Equity (TRE)) was below threshold, TSR was upper quartile and ESG (reduction in carbon emissions) was above maximum over the two years to 31 March 2023. As such, 60% of the 2021 buyout award will vest.

Executive Director change

Colette O'Shea left the Board on 30 September 2022 and stepped down from her role as Chief Operating Officer with effect from 31 March 2023 after a transitional period.

Discretion

No positive discretion was exercised in the year ended 31 March 2023. Negative discretion has been used to reduce the value of an unbudgeted surrender premium received from EPRA earnings prior to calculating the annual bonus outcome. This was recommended by management and agreed by the Committee given that the surrender premium was unbudgeted and was not therefore factored into the original earnings targets.

Executive remuneration 2023/24

1. Base salary

From 1 June 2023, Executive Director salaries will increase by 4%. The payrise across the wider workforce was 6.75% (5% of which was accelerated and paid from 1 January 2023 to assist employees with the cost of living crisis). This was in addition to a one-off award of £1,000 paid to all employees earning below £40,000 p.a.

2. Pension and benefits

Consistent with the UK Corporate Governance Code, Executive Director pension contributions are aligned to the wider workforce at 10.5% of salary. No changes will be made to benefit provision other than a switch from a car to a travel allowance for Vanessa Simms.

3. Annual bonus

For the year ending 31 March 2024, Executive Directors will be eligible for an annual bonus of up to 150% of salary. Our bonus scheme, which remains aligned to our strategy, combines stretching targets for earnings, Total Return on Equity (TRE) (previously known as Total Accounting Return (TAR)) and ESG for the year ending 31 March 2024. Personal objectives will continue to apply for a minority of the award.

4. Long-Term Incentive Plan

We intend to grant awards under the LTIP in June 2023 which will be subject to performance conditions measured over a three-year performance period. Performance targets will continue to be based on TRE (previously known as TAR), relative TSR, and carbon reduction. Any awards which vest will be subject to a two-year post-vesting holding period.

Remuneration across the Company

The Committee oversees all remuneration policies and practices across the organisation, and is regularly briefed by the Chief People Officer in this regard. The Committee takes account of the interests of all internal and external stakeholders when making any decisions on remuneration matters. During the year ended 31 March 2023, we continued to grant LTIP awards below the Executive Leadership Team, more closely aligning those who execute our strategy on a daily basis with the interests of our shareholders.

Employee voice

In April 2023, I took the opportunity to meet with members of our Employee Forum (which represents the wider Landsec workforce). This is an important activity and I was pleased to answer a number of questions posed by the forum on pay ratios, pay structures, LTIPs, base salary and investor views on remuneration.

Effectiveness

During the year the Committee reviewed its own effectiveness and the effectiveness of FIT as advisers to the Committee. Overall, the Committee was satisfied with the effectiveness of both. Follow-up actions included streamlining Committee processes and ensuring proactive responses to issues and advice.

Conclusion

Despite increased macroeconomic uncertainty, Landsec's Executive Team continue to lead the business to deliver strong operational results and active execution on strategy. I am grateful for the engagement and support provided by our shareholders and welcome your feedback.

Christophe Evain
Chair, Remuneration Committee

Remuneration at a glance

Our at a glance summary sets out clearly and transparently the total remuneration paid to our Executive Directors in 2022/23.

We aim to align the total remuneration for our Executive Directors to our business strategy through a combination of fixed pay, bonus and long-term incentives, underpinned by stretching performance targets.

Remuneration structure

Remuneration principles – supporting long-term success and sustainable value

- We will materially differentiate reward according to performance.
- Performance targets will be relevant, stretching, and aligned to our business strategy.
- Rewards will be compatible with the Group's risk policies and systems, with malus and clawback applied to all forms of variable pay.
- We will provide a balance between attracting, retaining and motivating talented people as well as supporting equal opportunity and diversity of talent.
- Our framework will ensure that levels of performance-related pay are appropriate to each level of the organisation.
- Remuneration outcomes will be clear and explainable, avoiding paying more than the Committee considers necessary.

Fixed pay
— To read more go to **page 114**

- Base salary
- Benefits
- Pension

Annual bonus
— To read more go to **page 115**

Long-term incentive
— To read more go to **page 115**

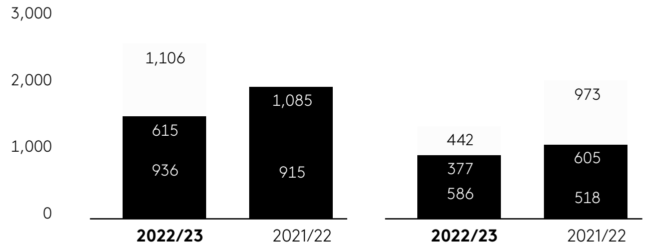
2022/23 in numbers

Performance	Remuneration across the Group	Chief Executive remuneration
£393m EPRA earnings* (2022: £355m)	£65m Total pay bill (2022: £66m)	£2,657,730 Single figure (2022: £1,999,930)
Upper quartile Relative TSR (2022: Above median)	15.3%** Change in average salary (2022: 8.4%)	37.69% LTIP vesting (2022: 0%)
-16.2% Annual TSR (2022: 19.1%)	99.3% Employees received an annual increase (2022: 82.6%)	50% Annual bonus percentage of max (2022: 90.4%)
53.1p EPRA EPS (2022: 48.0p)	94.8% Employees paid a bonus (2022: 88.4%)	32.9% Change in total remuneration (2022: –31.5%)

* EPRA earnings of £376.5m (adjusted to remove a material surrender premium) used for annual bonus payout purposes.
**Includes promotions and role changes.

Summary of CEO and CFO total remuneration (£000)

Table 36



	Mark Allan Chief Executive 2022/23	Mark Allan Chief Executive 2021/22	Vanessa Simms Chief Financial Officer 2022/23	Vanessa Simms Chief Financial Officer 2021/22
Base salary	**820**	800	**502**	446
Benefits	**30**	31	**31**	25
Pension allowance	**86**	84	**53**	47
Annual bonus paid in cash	**410**	400	**251**	223
Annual bonus deferred into shares	**205**	685	**126**	382
LTIP	**1,106**	–	**–**	–
Other (LTIP CFO Buyout)	**–**	–	**442**	973
Total remuneration	**2,657**	2,000	**1,405**	2,096

Summary of Annual Bonus and Long-Term Incentive Plan outcomes

		Weighting	Outturn	% of weighting achieved
Annual bonus	EPRA earnings	30%	18%	
	EPRA NTA (Total Return on Equity)	30%	0%	
	ESG	20%	15%	
	Personal	20%	17%	
	Total bonus	**100%**	**50%**	
Long-term incentive (CEO)[1]	Three-year relative TSR	50%	37.69%	
	Three-year ungeared TPR	50%	0%	
	Total LTIP	**100%**	**37.69%**	
Long-term incentive (CFO buyout)[2]	Three-year relative TSR	40%	40%	
	TAR	40%	0%	
	ESG	20%	20%	
	Total	**100%**	**60%**	

— To read more on our strategy, go to **pages 14-15 and 17-19**

1. 2020 LTIP vesting in 2023 (CEO).
2. 2021 buyout award vesting in 2023 (CFO).

Annual Report on Remuneration

The Annual Report on Remuneration describes how the Directors' Remuneration Policy has been applied in the financial year ended 31 March 2023 and how the policy will operate in the financial year ending 31 March 2024.

In this section

Key

Fixed pay

Annual bonus

Long-term incentive

During the course of 2022/23, the Remuneration Committee was engaged in a number of key matters, including:

- reviewing remuneration levels for employees and Executive Directors
- setting and subsequently reviewing the outcomes for corporate, business unit and personal targets under the annual bonus scheme for Executive Directors and Executive Leadership Team (ELT) members
- reviewing and determining the outturns against the performance conditions, and subsequent vesting outcome, of awards granted under the Long-Term Incentive Plan (LTIP) in 2020 and 2021 buyout award
- reviewing the variable pay arrangements below Executive Director level
- determining the annual level of LTIP grants to Executive Directors and ELT members
- monitoring Directors' compliance with the Company's share ownership policy
- monitoring developments in stakeholder sentiment on executive pay and corporate governance
- overseeing the calculation and publishing of the Group's gender pay gap report and voluntary publishing of the Group's ethnicity pay gap report
- reviewing and approving the exit terms for Colette O'Shea.

Unless otherwise stated, narrative and tables are unaudited.

1. Remuneration outcomes for Directors during the year

In this section, we explain the pay outcomes for Directors in relation to the financial year ended 31 March 2023. Tables 37 and 38 show the payments we have made or expect to make and tables 39 to 47 give more detail on how we have measured the performance outcomes with respect to the annual bonus and LTIP/buyout awards.

1.1 Directors' emoluments (Audited)

The basis of disclosure in the table below is on an 'accruals' basis. This means that the annual bonus column includes the amount that will be awarded in June 2023 in connection with performance achieved in the financial year ended 31 March 2023.

Single figure of remuneration for each Executive Director (£000) Table 37

		Base salary[1]	Benefits[2]	Pension allowance[3]	Annual bonus paid in cash[4]	Annual bonus deferred into shares[4]	LTIPs[5]	Other[6]	Total	Total fixed pay	Total variable pay
Executive Directors											
Mark Allan	**2022/23**	**820**	**30**	**86**	**410**	**205**	**1,106**	**–**	**2,657**	**936**	**1,721**
	2021/22	800	31	84	400	685	–	–	2,000	915	1,085
Vanessa Simms[6]	**2022/23**	**502**	**31**	**53**	**251**	**126**	**–**	**442**	**1,405**	**586**	**819**
	2021/22	446	25	47	223	382	–	973	2,096	518	1,578
Former Directors											
Colette O'Shea[7]	**2022/23**	**245**	**9**	**26**	**184**	**–**	**553**	**–**	**1,017**	**280**	**737**
	2021/22	480	18	50	240	389	–	–	1,178	548	629
Martin Greenslade[8]	2021/22	88	4	18	65	106	–	–	281	110	171

1. Base salary earned during the year ended 31 March 2023 (with prior year comparatives).
2. The benefits consist of a car/travel allowance, private medical insurance, income protection and life assurance premiums.
3. The pension amount for Mark Allan, Vanessa Simms and Colette O'Shea was a cash allowance of 10.5% of base salary.
4. Further details of the bonus awards are set out in section 1.3 below.
5. Further details of the 2020 LTIP vesting are set out in section 1.4 below.
6. Vanessa Simms joined Landsec's Board as CFO designate on 4 May 2021, taking up the post of CFO on 1 June 21. The 'Other' column relates to the estimated vesting value of the 2021 buyout award granted to Vanessa Simms based on two years of performance to 31 March 2023 (see section 1.4 for further details). The prior year number related to the acquisition of 91,281 shares in the Company following the exercise of options granted under a recruitment Deferred Share Bonus Plan and LTIP award and a replacement bonus of £288,852 relating to Vanessa Simms' recruitment, as set out in last year's Annual Report on Remuneration.
7. Colette O'Shea left the Board on 30 September 2022. See section 1.2 below.
8. Martin Greenslade left the Board on 31 May 2021.
9. In addition to the above, Vanessa Simms and Colette O'Shea participated in the Sharesave at the maximum monthly savings limit (£500).

Single figure of remuneration for each Non-executive Director (£000) Table 38

		Fees[1]	Benefits	Pension allowance	Annual bonus	LTIPs	Total	Total fixed pay	Total variable pay
Non-executive Directors									
Cressida Hogg	**2022/23**	**375**	**–**	**–**	**–**	**–**	**375**	**375**	**–**
	2021/22	375	–	–	–	–	375	375	–
Edward Bonham Carter	**2022/23**	**85**	**–**	**–**	**–**	**–**	**85**	**85**	**–**
	2021/22	85	–	–	–	–	85	85	–
Nicholas Cadbury	**2022/23**	**90**	**–**	**–**	**–**	**–**	**90**	**90**	**–**
	2021/22	90	–	–	–	–	90	90	–
Sir Ian Cheshire[2]	**2022/23**	**10**	**–**	**–**	**–**	**–**	**10**	**10**	–
Madeleine Cosgrave	**2022/23**	**70**	**–**	**–**	**–**	**–**	**70**	**70**	**–**
	2021/22	70	–	–	–	–	70	70	–
Christophe Evain[3]	**2022/23**	**90**	**–**	**–**	**–**	**–**	**90**	**90**	**–**
	2021/22	90	3	–	–	–	93	93	–
Miles Roberts[4]	**2022/23**	**38**	**–**	**–**	**–**	**–**	**38**	**38**	
Manjiry Tamhane	**2022/23**	**70**	**–**	**–**	**–**	**–**	**70**	**70**	**–**
	2021/22	70	–	–	–	–	70	70	–

1. Fees paid to Directors during the year ended 31 March 2023 (with prior year comparatives).
2. Sir Ian Cheshire was appointed to the Board on 23 March 2023.
3. Christophe Evain, who is based in France, received national insurance contribution support in 2021/22, which was treated as a benefit in kind.
4. Miles Roberts was appointed to the Board on 19 September 2022.

Annual Report on Remuneration continued

1.2 Payments to former directors

As announced on 9 September 2022, following almost 20 years at Landsec, Colette O'Shea ceased to be a director of the Company on 30 September 2022 and stepped down from her role as Chief Operating Officer with effect from 31 March 2023 after a transitional period. In respect of her remuneration arrangements, she:

- received £281,906 in respect of her salary and normal benefits between 1 October 2022 and 31 March 2023 after leaving the Board. She will continue to be an employee until the end of her 12-month notice period on 8 September 2023 and will continue to receive her salary and normal benefits during the remainder of her employment
- was eligible to receive an annual bonus in respect of the 2023 financial year to reflect her time served as Chief Operating Officer, subject to the satisfaction of the relevant performance criteria and determined on the normal timetable in line with the shareholder approved Remuneration Policy
- will not be eligible to receive an annual bonus in respect of the 2024 financial year
- was treated as a good leaver in respect of her outstanding:
  - deferred bonus awards, which will continue and vest on the normal vesting dates
  - LTIP awards which will vest on their normal vesting dates, subject to the satisfaction of applicable performance conditions and time pro-rating. A two year post-vesting holding period will apply as normal. To the extent that awards vest, dividend equivalents may be credited where applicable
  - options under the Company's Sharesave plan, which will be exercisable (to the extent of her savings as at the date of exercise) within six months after she ceases to be an employee
- will receive a statutory redundancy payment of £15,417 calculated in accordance with applicable legislation and will be paid in lieu of any accrued holiday that cannot be taken. She will also receive a contribution of up to £14,500 (excluding VAT) in respect of legal fees and up to £70,000 (excluding VAT) in respect of outplacement support
- will comply with the Company's post-cessation shareholding requirements.

Other than the amounts disclosed above, Colette will not be eligible for any remuneration payments or payments for loss of office.

1.3 Annual bonus outturn

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

Annual bonus performance summary for 2022/23 Table 39

Measure	Weighting	Description	Performance outcome					
			Threshold	Target	Maximum	Actual	Outturn (% of targets)	Outturn (% of max)
EPRA earnings (£m)	30%	EPRA earnings targets	£360.8m	£372.0m	£394.3m	£376.5m[1]	60.1%	18.03%
TAR (now called TRE) (pence per share)	30%	Total Return on Equity targets	6.0%	8.5%	11.0%	-8.3%	0%	0%
ESG	20%	Milestone targets relating to Energy and Developments (10% each)	25% 3 targets met	50% 4 targets met	100% 5 targets met	See tables 40 and 41	75%	15%
Personal objectives	20%	Individual goals set at the beginning of the year	0%	50%	100%	See table 42	85%	17%
Total annual bonus	100%							**50.03%**

1. Negative discretion was exercised to reduce the value of unbudgeted surrender premium from the EPRA earnings result, as recommended by management and agreed by the Committee. The EPRA earnings before adjustment were £393m.

ESG – Energy (10%)

Table 40

Target	Detail	Committee assessment	Outturn (% of max)
Energy reduction	4% like-for-like energy reduction compared with 2019/20	Achieved 16.6% energy intensity reduction through various factors including energy efficiency measures and improved energy management. Excluding impact of occupancy levels, we have achieved 13% energy intensity reduction.	Achieved
EPC	100% relevant portfolio has a valid EPC rating E or above, compliant with 2023 MEES regulation	100% compliance with MEES regulation achieved.	Achieved
ASHP	Concept design is completed for five assets, with at least two assets (proof of concepts) progressing with developed and technical design (stage 3 and 4)	Concept design completed for four assets with detailed technical design progressed for two assets and additional feasibility studies completed for two further assets.	Achieved
Customer engagement	Progress customer engagement programme, engaging total 20 customers (follow-up with 15 customers included in the 2021/22 programme and engage ten new customers)	25 customers have been engaged, with 11 collaborating on an ongoing basis and seven completing their audit processes.	Achieved
SBTi net zero commitment	Update our science-based target and net zero commitment in line with Science Based Targets initiative Net-Zero Standard	Near term and net zero targets were updated and approved by SBTi on 3 February 2023. Our near-term target is to reduce emissions by 47% from a 2019/20 baseline by 2030 and achieve net zero by 2040 from the same baseline year.	Achieved
Total		Five out of five outcomes achieved	**100%**

Based on number of outcomes achieved: Threshold (25%): at least three outcomes are achieved/Target (50%): at least four outcomes are achieved/Maximum (100%): all five outcomes are achieved.

ESG – Developments (10%)

Table 41

Target	Detail	Committee assessment	Outturn (% of max)
Embodied carbon reduction	All new developments not already on site (design stage) to target average 40% lower embodied carbon than typical buildings	New developments have not met 40% lower embodied carbon targets than typical buildings. This has been largely caused by the limited availability of low carbon steel.	Not achieved
NABERS UK/ Energy	All new developments to target: NABERS 5 stars or above for offices/45kWh/m^2 energy intensity for residential	Target considered to be met in respect of NABERS/Energy intensity performance across all new developments.	Achieved
ASHP/all electric	All new developments to be all electric in operation	All of our developments are now being designed as all-electric as standard.	Achieved
Refurbishments	All large scale refurbishments to undertake whole life carbon assessment to enable us to develop a baseline for an embodied carbon target for refurbishments	Whole life carbon assessments completed for all large scale refurbishments and now embedded as standard.	Achieved
BREEAM/WELL or other relevant certification	All new developments in design stage to target BREEAM outstanding and/or WELL Core Gold or above for offices/BREEAM excellent or above for retail/Home Quality Mark or equivalent for residential	All new developments met or exceeded their target certifications.	Achieved
Total		Four out of five outcomes achieved	**50%**

Based on number of outcomes achieved: Threshold (25%): at least three outcomes are achieved/Target (50%): at least four outcomes are achieved/Maximum (100%): all five outcomes are achieved.

Annual Report on Remuneration continued

Personal objectives (20%) Table 42

Target	Detail	Committee assessment
Business performance and strategy delivery	Progress development pipeline and maintain portfolio recycling programme (CEO only)	Major disposals were successfully executed (including the disposal of £1.4bn of mature offices). The London development pipeline was progressed, while preserving optionality and 100% of St David's in Cardiff was secured. Combined, this activity accounted for c.46% of all investment activity in the City and c.24% of central London overall across the year, resulting in one of the strongest balance sheets in the sector and the retention of Landsec's strong investment grade rating.
	Deliver refreshed strategic plan in year (CEO only)	Following effective Board and Senior Leader engagement, the strategy was refreshed successfully in the context of the current/expected market conditions, our future office proposition, a longer-term view of the future of retail, the residential strategy and the acceleration of growth.
	Deliver cost challenge (Shared)	New business planning cycle and streamlined organisation design launched, resulting in a reduction to overhead costs despite inflationary pressures.
	Deliver updated Green Financing Framework (CFO only)	Following the publication of Landsec's refreshed Green Financing Framework, Landsec launched its first Green bond to enhance Landsec's financial capacity and flexibility and leave it well placed to continue to deliver against the strategy.
Organisation and culture	Refresh D&I strategy with greater focus on leadership (Shared)	While steps were taken to refresh Landsec's D&I strategy, with greater focus on leadership accountability and data driven action, there is still progress to be made in respect of delivering the D&I strategy. As such, this target was considered to be partially met.
	Maintain momentum in data and digital modernisation strategy delivery (Shared)	The CEO and CFO sponsored the core business systems change programme, ensuring that it remained on track with important decisions being made in a timely manner.
	Accelerate cyber security programme (CFO only)	During 2022/23, the CFO championed a detailed review of cyber security, the conclusions of which led to substantial and rapid improvements.

The personal objectives were considered by the Committee to have been largely met. On assessment, they delivered an outcome of 17% out of 20% against the CEO's personal and shared targets and 17% out of 20% against the CFO's personal and shared targets. These results (i.e. 85% of maximum against both sets of targets) are consistent with the strong operational performance delivered in 2022/23.

Total Annual bonus achievement Table 43

Director	EPRA earnings (30%)	EPRA NTA (Total Return on Equity) (30%)	ESG – Energy (10%)	ESG – Developments (10%)	Personal (20%)	Total % of max (% of salary)	Total £'k
Mark Allan					85% of max	50% (75.04% of salary)	£615
Vanessa Simms	60.1% of max	0% of max	100% of max	50% of max	85% of max	50% (75.04% of salary)	£377
Colette O'Shea					85% of max	50% (75.04% of salary)	£184

1.4 Long-Term Incentive Plan outturns

The table below summarises how we have assessed performance in respect of the 2020 LTIP awards granted on 24 July 2020 (held by Mark Allan and Colette O'Shea) over the three years to 31 March 2023.

Table 44

Measure	Weighting	Description	Performance outcome				Outturn (% of max)
Total Shareholder Return (TSR)[1]	50%	TSR relative to the FTSE 350 Real Estate Index, weighted by market capitalisation, measured over the three-year performance period.	**Threshold (10%)** Index	**Target (25%)** Index +1.13% p.a.	**Maximum (50%)** Index +3% p.a.	**Actual** Index +2.1% p.a.	75.38%
Ungeared Total Property Return (TPR)[2]	50%	The Group's ungeared TPR relative to an MSCI benchmark comprising all March-valued properties[3], measured over a three-year period.	**Threshold (10%)** Benchmark	**Target (25%)** Benchmark +0.4% p.a.	**Maximum (50%)** Benchmark +1.0% p.a.	**Actual** Below benchmark	0%
Total	**100%**		**20%**	**50%**	**100%**		**37.69%**

1. Index excludes Landsec.
2. The outturn is adjusted to take account of the performance of trading properties.
3. Excluding Landsec.

The value of these awards shown in the single figure table for Mark Allan and Colette O'Shea are as follows:

Table 45

	Shares granted[1]	Number of shares that will lapse	Number of shares that will vest	Estimated value of shares vesting[2]	Impact of share price at vesting[3]
Mark Allan	438,596	273,289	165,307	£1,106k	£202k
Colette O'Shea	219,298	136,644	82,653	£553k	£101k

1. LTIP award granted on 24 July 2020.
2. Based on a 3 month average share price to 31 March 2023 of £6.69. Excludes the value of dividend equivalents which only accrue post vesting during the two year holding period.
3. The difference between the value of the shares under awards vesting (£6.69 per share) and the value of the shares at grant (£5.47 per share).

The Committee reviewed the estimated LTIP vesting values set out above (this is the first LTIP vesting since 2017) and concluded that the vesting values do not represent unjustified windfall gains, noting Landsec's:

- strong operational performance over the three years to 31 March 2023
- proactive execution of the strategy (which includes a number of material asset disposals), notwithstanding the challenging market conditions
- balance sheet strength (one of the strongest in the sector)
- strong relative share price performance over the three years to 31 March 2023.

In addition, Vanessa Simms was granted a buyout award on 18 May 2021 in respect of LTIP awards forfeited from her previous employer. The table below summarises how we have assessed performance in respect of this 2021 buyout award over the two years to 31 March 2023.

Table 46

Measure	Weighting	Description	Performance outcome			Outturn (% of max)
Total Shareholder Return (TSR)	40%	TSR relative to the constituents of the FTSE 350 Real Estate Index, measured over a two-year period, from 1 April 2021	**Threshold (20%)** Median	**Maximum (100%)** Upper Quartile	**Actual** Upper Quartile (ranking 3/24 as at year end)	100%
Total Accounting Return (TAR), now called TRE	40%	Growth in EPRA NTA per share over the performance period as adjusted for dividends in line with overall five-year strategic plan	**Threshold (20%)** 4% p.a.	**Maximum (100%)** 10% p.a.	**Actual** Below threshold	0%
ESG[1]	20%	Reduction of carbon emissions over the performance period	**Threshold (20%)** 9.8%	**Maximum (100%)** 12.9%	**Actual** Above maximum (23% reduction to year end)	100%
Total	**100%**					**60%**

1. Original 3-year targets of 15% to 20% pro-rated to reflect 2-year performance. Carbon emissions were reduced by 23% from a 2019/20 baseline. In assessing the performance target, benefits from asset sales and lower utilisation have been neutralised.

Annual Report on Remuneration continued

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

Table 47

	Shares granted	Number of shares that will lapse	Number of shares that will vest	Estimated value of shares vesting[2]	Impact of share price at vesting[3]
Vanessa Simms	110,160	44,064	66,096	£442k	£95k

1. Buyout award granted on 4 May 2021.
2. In addition, dividend equivalents accrue between the grant date and the end of the two-year holding period or date of exercise if earlier.
3. The difference between the value of the shares under awards vesting (£6.69) and the value of the shares at the announcement date as used to determine the buyout value (£5.26).

2. Directors' interests

2.1 Total shareholding (Audited)

Details of the Directors' interests, including those of their immediate families and connected persons, in the issued share capital of the Company at the beginning and end of the year, together with their required shareholding, are set out in the table below.

Executive Directors are expected to meet the minimum shareholding requirements within five years of appointment to the Board. Where the minimum level is not met, or where the value of shareholding falls below the required level due to movements in the share price, the Executive Director is expected to retain 100% of the shares acquired, net of tax, under any share plan awarded by the Company.

Non-executive Directors are expected to meet the minimum shareholding requirements within three years of appointment to the Board. The shareholding requirements are considered met once the Non-executive Director has obtained the required holding value and, provided those shares are retained, no adjustment is required due to movements in the share price.

Directors' shares

Table 48

Name	Salary/ base fee at 31 March 2023 (£)	Minimum shareholding requirements (% of salary/ base fee)[5]	Required holding value (£)	Holding (ordinary shares) 1 April 2022	Holding (ordinary shares) 31 March 2023	Deferred bonus shares under holding period	Value of holding (£)[1]	Met requirement or building in line with policy
Mark Allan	824,000	300%	2,472,000	214,531	229,203	66,555	1,837,249	Building
Vanessa Simms	504,700	200%	1,009,400	48,292	51,400	34,542	533,872	Building
Colette O'Shea[2]	494,400	200%	988,800	107,730	107,730	38,598	908,990	Building
Cressida Hogg	375,000	100%	375,000	41,375	41,375	–	257,022	Met[5]
Edward Bonham Carter	70,000	100%	70,000	9,375	9,375	–	58,238	Met[5]
Nicholas Cadbury	70,000	100%	70,000	7,481	7,481	–	46,472	Met[5]
Sir Ian Cheshire[3]	375,000	100%	375,000	–	–	–	–	Building
Madeleine Cosgrave	70,000	100%	70,000	10,535	10,535	–	65,443	Met[5]
Christophe Evain	70,000	100%	70,000	8,000	8,000	–	49,696	Met[5]
Miles Roberts[4]	70,000	100%	70,000	–	–	–	–	Building
Manjiry Tamhane	70,000	100%	70,000	4,473	4,473	–	27,786	Building

1. Using the closing share price of 621.2p on 31 March 2023 and including any deferred bonus shares, net of the notional tax and employee NIC.
2. Colette O'Shea retired from the Board on 30 September 2022 and is required to hold shares equivalent to 200% of the value of her salary for two years post-cessation.
3. Sir Ian Cheshire was appointed to the Board on 23 March 2023.
4. Miles Roberts was appointed to the Board on 19 September 2022.
5. Once the minimum shareholding requirement has been met, the number of shares is frozen with subsequent share price movements disregarded.

2.2 Outstanding share awards held by Executive Directors (Audited)

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

Outstanding share awards and those which vested during the year Table 49

		Award date	Market price at award date (p)	Options awarded	Options vested	Market price at date of vesting (p)	Vesting date
Mark Allan	LTIP shares	12/05/2020[1]	913.8	113,753	0	n/a	01/06/2022
		24/07/2020[1]	547.2	438,596			24/07/2023
		25/06/2021	695.4	345,125			25/06/2024
		24/06/2022	694.3	356,042			24/06/2025
	Deferred shares	25/06/2021	695.4	26,959			25/06/2024
		24/06/2022	694.3	57,611			24/06/2023
		24/06/2022	694.3	41,008			24/06/2024
Vanessa Simms	Buyout shares	18/05/2021[2]	526.2	110,160			25/06/2023
	LTIP shares	25/06/2021	695.4	211,389			25/06/2024
		24/06/2022	694.3	218,075			24/06/2025
	Deferred shares	04/05/2021	526.2	5,431	5,431	615.6p	12/12/2022
		25/05/2021	713.4	10,122			25/05/2024
		24/06/2022	694.3	32,165			24/06/2023
		24/06/2022	694.3	22,895			24/06/2024
Colette O'Shea[6]	LTIP shares	25/06/2019[3]	819.6	134,211	0	n/a	25/06/2022
		24/07/2020[1]	547.2	219,298			24/07/2023
		25/06/2021[4]	695.4	172,562			25/06/2024
		24/06/2022[5]	694.3	178,021			24/06/2025
	Deferred shares	25/06/2021	695.4	16,773			25/06/2024
		24/06/2022	694.3	34,567			24/06/2023
		24/06/2022	694.3	21,493			24/06/2024

1. See section 1.4 in respect of the vesting of the 2020 LTIP awards over three-year performance to 31 March 2023. No time pro-rating was applied to Colette O'Shea's 2020 LTIP award given that the performance period was completed before cessation.
2. See section 1.4 in respect of the vesting of Vanessa Simms' buyout award in respect of two-year performance to 31 March 2023.
3. As set out in last year's Directors' Remuneration Report, awards lapsed in full as a result of below threshold performance against the targets measured over the three years to 31 March 2022.
4. Subject to performance conditions and time pro-rating. The maximum number of shares which can vest is 139,008.
5. Subject to performance conditions and time pro-rating. The maximum number of shares which can vest is 84,065.
6. Colette O'Shea retired from the Board on 30 September 2022 and will remain an employee until 8 September 2023.

2.3 Share awards granted in the year ended 31 March 2023

Awards were granted under the LTIP in June 2022, subject to three performance conditions measured over a three-year performance period, as set out below. No awards will vest if the threshold performance targets are not met. In the performance period from 1 April 2022 to 31 March 2025, the performance conditions are 40% TSR relative to the FTSE 350 Real Estate Super Sector, 40% Total Accounting Return performance based on the percentage change in EPRA Net Tangible Assets per share over the performance period and 20% ESG performance, measuring the reduction in carbon emissions. Full details of the performance targets are set out on page 121 of the 2022 Annual Report. Awards may normally be exercised between 24 June 2025 and 23 June 2032 and a two-year post-vesting holding period applies.

Table 50

	Number of awards	Share price (p)[1]	Face value
Mark Allan	356,042	694.3	£2,472,000
Vanessa Simms	218,075	694.3	£1,514,100
Colette O'Shea	178,021	694.3	£1,236,000

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

Annual Report on Remuneration continued

Awards were granted under the Deferred Share Bonus Plan in June 2022. Awards may normally be exercised between 24 June 2023 and 23 June 2027.

Table 51

	Number of awards	Vesting date	Number of awards	Vesting date	Share price (p)[1]	Total face value
Mark Allan	57,611	24/06/2023	41,008	24/06/2024	694.3	£684,712
Vanessa Simms	32,165	24/06/2023	22,895	24/06/2024	694.3	£382,282
Colette O'Shea[2]	34,567	24/06/2023	21,493	24/06/2024	694.3	£389,225

1. Face value of awards has been determined based on the closing share price on the trading day immediately prior to the date of grant.
2. Colette O'Shea retired from the Board on 30 September 2022. Her award will continue to vest on the normal vesting date.

2.4 Directors' options over ordinary shares (Audited)

The options over shares set out below relate to the Land Securities Group PLC Sharesave scheme (Sharesave). The Sharesave is open to all qualifying employees (including Executive Directors) and under HMRC rules does not include performance conditions.

Outstanding grants and those which were exercised during the year

Table 52

	Number of options at 1 April 2022	Exercise price per share[2] (p)	Number of options granted in year to 31 March 2023	Number options exercised/ lapsed[1]	Market price at exercise (p)	Number of options at 31 March 2023	Exercisable dates
Colette O'Shea[3]	1,734	519	–	–	–	1,734	08/2023-02/2024
	1,541	584	–	–	–	1,541	09/2023-03/2024[1]
Total	**3,275**		**–**	**–**	**–**	**3,275**	
Vanessa Simms	3,082	584	–	–	–	3,082	08/2024-02/2025
Total	**3,082**	**584**	**-**	**-**	**-**	**3,082**	

1. Sharesave awards may be exercised within six months of cessation for awards held by Colette O'Shea.
2. The exercise price for the Sharesave awards was determined based on a three-day average mid-market share price prior to the invitation date of the scheme, discounted by 20%.
3. Colette O'Shea retired from the Board on 30 September 2022.

2.5 External appointments for Executive Directors

Executive Directors are permitted to hold one external directorship subject to prior approval by the Board and are permitted to retain any fees paid. Vanessa Simms holds the positions of Non-executive Director and Audit Committee Chair of Drax Group plc and received fees of £70,382 in respect of the 2022/23 financial year.

2.6 Directors' Service Contracts and Letters of Appointment

Dates of appointment for Directors

Table 53

Name	Date of appointment	Date of contract/Letter of Appointment
Executive Directors		
Mark Allan	14 April 2020	21 November 2019
Vanessa Simms	4 May 2021	27 October 2020
Non-executive Directors		
Cressida Hogg	12 July 2018	14 May 2018
Edward Bonham Carter	1 January 2014	13 May 2015
Nicholas Cadbury	1 January 2017	16 January 2023
Sir Ian Cheshire	23 March 2023	19 January 2023
Madeleine Cosgrave	1 January 2019	22 November 2018
Christophe Evain	1 April 2019	14 March 2019
Miles Roberts	19 September 2022	1 August 2022
Manjiry Tamhane	1 March 2021	29 January 2021

3. Application of Policy for 2023/24

3.1 Executive Directors' base salaries

Executive Directors

Table 54

Name	Current salary (£000)	New salary[1] (£000)	Percentage increase
Mark Allan	824	857	4
Vanessa Simms	505	525	4

1. From 1 June 2023.

From 1 June 2023, Executive Director salaries will increase by 4%. The payrise across the wider workforce was 6.75% (5% of which was accelerated and paid from 1 January 2023 to assist employees with the cost-of-living crisis).

3.2 Non-executive Directors' fees

The fees for Non-executive Directors and Chairman for 2023/24 are presented below. Base fees for Non-executive Directors will increase from 1 June 2023 by 3%. In line with the Committee's Terms of Reference, no individual was involved in the decisions relating to their own remuneration.

Non-executive Directors' fees

Table 55

	Current Base fee (£000)	New Base fee[1] (£000)	Percentage increase
Chairman	375	375	0%
Non-executive Director	70	72	3%
Additional fees			
Audit Committee Chairman	20	20	0%
Remuneration Committee Chairman	20	20	0%
Senior Independent Director	15	15	0%

1. From 1 June 2023.

3.3 Performance targets for the coming year

Performance metrics and weightings in respect of the annual bonus, which will continue to be capped at 150% of salary, are set out below. To reflect the importance of delivering growth in like-for-like earnings in line with Landsec's strategic aims notwithstanding the challenging market conditions, the EPRA earnings measure will be split equally between the existing EPRA earnings measured against budget and a like-for-like EPRA earnings growth measure in respect of the year ending 31 March 2024. Challenging sliding scale targets will operate and the Remuneration Committee will retain discretion to ensure any payouts against the targets reflect the underlying performance of the Company. Performance targets are considered to be commercially sensitive although will be disclosed in full, together with the performance and the resulting bonus awards, in next year's Directors' Remuneration Report.

Annual bonus 2023/24: Performance criteria

Table 56

Measure	Weighting	Description
EPRA earnings	30%	EPRA earnings targets – split 50/50 between Actual and Like-for-Like performance.
TRE (previously called TAR)	30%	Delivery of EPRA NTA targets (adjusted for dividends) through pro-active asset management.
ESG	20%	A milestones approach as per the approach adopted in 2022/23 based on energy efficiency and embodied carbon reduction.
Personal objectives	20%	A mix of individual goals set at the beginning of the year.
Total annual bonus	**100%**	

LTIP 2023-2026: Performance criteria

Table 57

Measure	Weighting	Description	Performance range[1]	
TSR	40%	TSR relative to the constituents of the FTSE 350 Real Estate Index, measured over a three-year period, from 1 April 2023.	**Threshold (8%)** Median	**Maximum (40%)** Upper quartile
TRE (previously called TAR)	40%	Growth in EPRA NTA per share over the three-year performance period as adjusted for dividends.	**Threshold (0%)** 2% p.a.	**Maximum (40%)** 10% p.a.
ESG	20%	Reduction of carbon emissions over the three-year performance period.	**Threshold (4%)** 25.4%	**Maximum (20%)** 31.0%
Total LTIP	**100%**			

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

Annual Report on Remuneration continued

The approach for the 2023 LTIP awards reflects both Landsec's focus on delivering returns to shareholders combined with our approach to sustainability and our ambition to be a net zero carbon business. Relative TSR is based on an unweighted, median to upper quartile vesting schedule and TRE (previously called TAR) targets deliver a close alignment to strategy and a clear line of sight for management. The widening of the TRE targets from the prior year awards reflects elevated volatility levels in the market. The 2% to 10% p.a. TRE target range compares with a 4% to 10% p.a. range set for the 2021 LTIPs and a 6% to 11% p.a. range set for the 2022 LTIPs. However, reflecting the lower threshold for the 2023 LTIP award, the level of vesting for this part of the award has been reduced from the 20% normally operated to 0%, with a pro-rata vesting between threshold and maximum.

The 2023 LTIP award will be set at up to 300% of salary for the CEO and CFO.

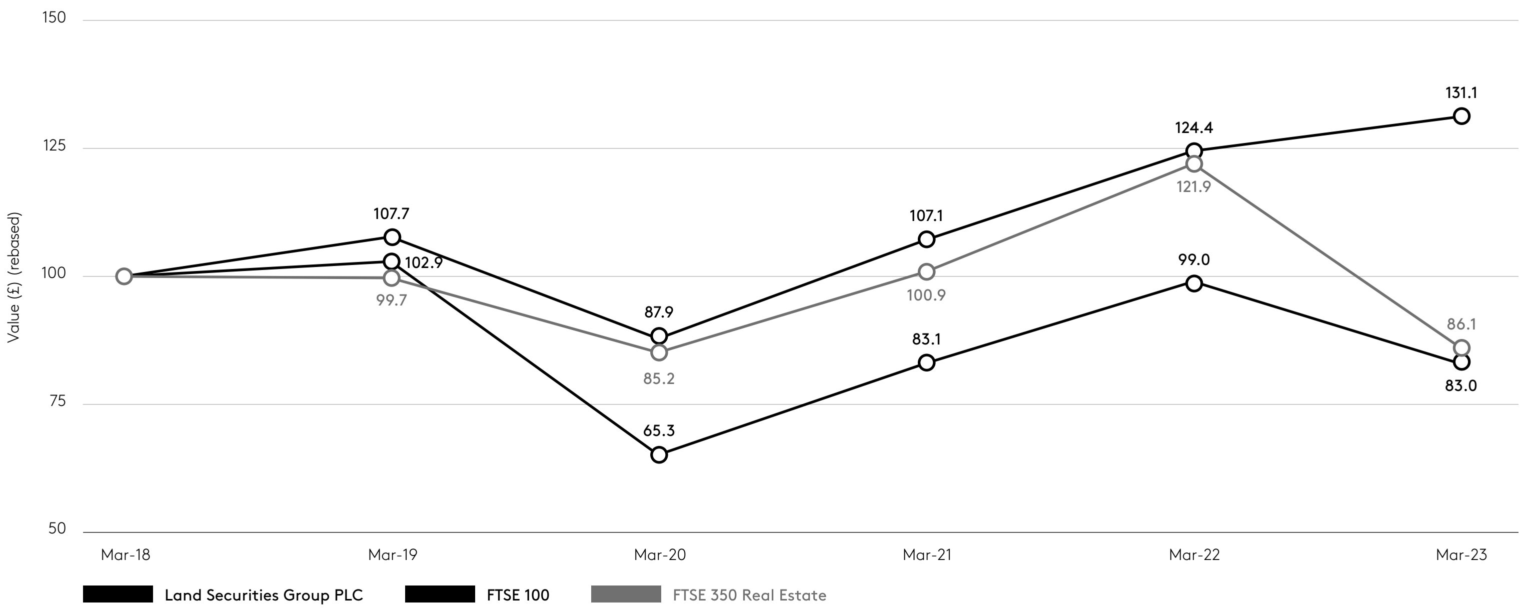
4. Total Shareholder Return and Chief Executive pay

The following graphs illustrate the performance of the Company measured by TSR (share price growth plus dividends paid) against a 'broad equity market index'. In addition to the ten-year period required by the disclosure regulations, a five-year period has also been presented to demonstrate Landsec's performance more recently. As the Company is a constituent of the FTSE 350 Real Estate Index, this is considered to be the most appropriate benchmark for the purposes of the graphs. An additional line to illustrate the Company's performance compared with the FTSE 100 Index over the previous five and ten years is also included.

This graph shows the value, by 31 March 2023, of £100 invested in Landsec on 31 March 2018, compared with the value of £100 invested in the FTSE 100 and FTSE 350 Real Estate Indices on the same date.

Total Shareholder Return

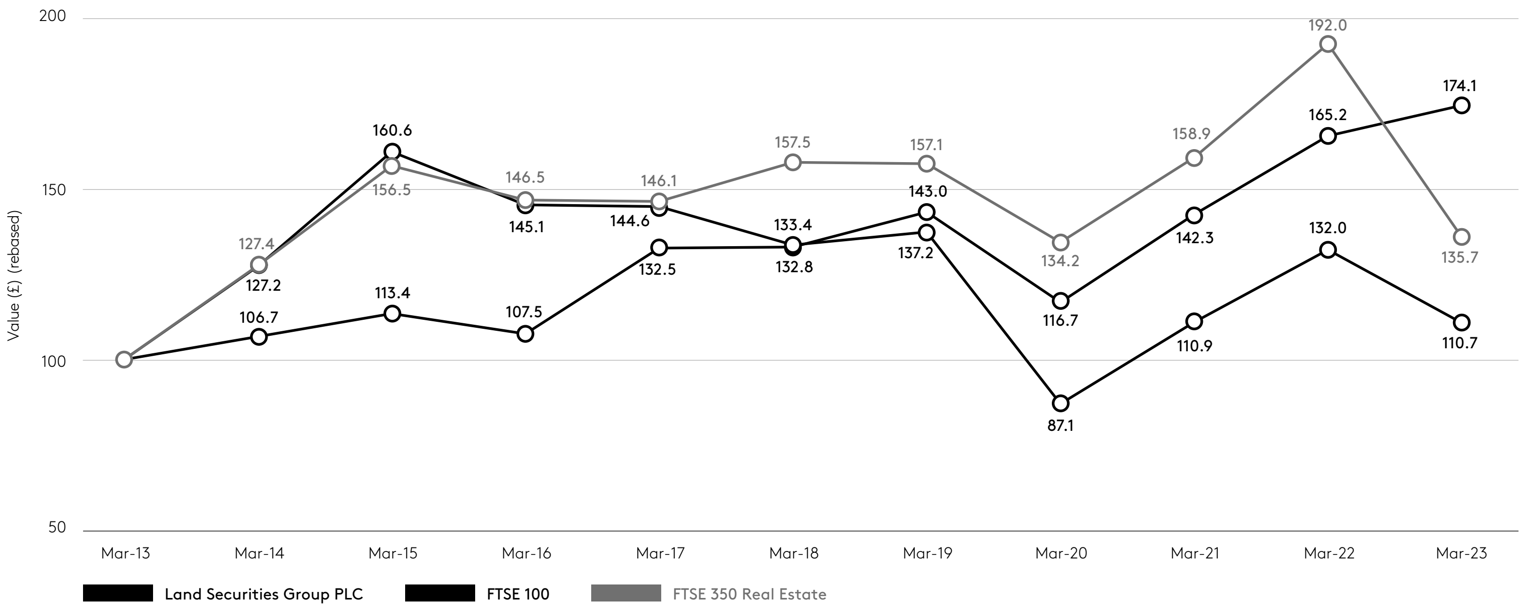
Chart 58



This graph shows the value, by 31 March 2023, of £100 invested in Landsec on 31 March 2013, compared with the value of £100 invested in the FTSE 100 and FTSE 350 Real Estate Indices on the same date.

Total Shareholder Return

Chart 59



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

Chief Executive remuneration over ten years

Table 60

Year	Chief Executive	Single figure of total remuneration (£000)	Annual bonus payment (% of maximum)	Long-term incentive vesting (% of maximum)
2023	Mark Allan	2,657	50.0	37.7
2022	Mark Allan	2,000	90.4	0.0
2021	Mark Allan	2,920[1]	16.2	n/a
2020	Robert Noel	1,569	43.8	0.0
2019	Robert Noel	1,624	50.5	0.0
2018	Robert Noel	1,693	58.8	0.0
2017	Robert Noel	2,692	58.8	50.0
2016	Robert Noel	2,011	67.5	13.1
2015	Robert Noel	4,776	94.5	84.7
2014	Robert Noel	2,274	71.0	62.5

1. Includes £1,692,042 in relation to buyout awards made on appointment.

5. The context of pay at Landsec

5.1 Pay across the Group

a. Senior management

For the year under review, performance-related pay for our 37 most senior employees (excluding the Executive Directors) ranged from 27% to 72% of salary (2022: 33% to 87%), equating to 45% to 60% of the maximum potential. The average bonus was 33.9% of salary (2022: 51.4%), equating to 49% of the maximum potential.

b. All other employees

Executive Directors' base salaries were increased by 3% in 2022, which was below the workforce average increase of 5%. From 1 June 2023, Executive Director salaries will increase by 4%. The pay rise across the wider workforce was 6.75% (5% of which was accelerated and paid from 1 January 2023 to assist employees with the cost of living crisis).

In addition, in autumn 2022, we made a one-off payment of £1,000 to employees earning below £40,000.

As at 31 March 2023, the ratio of the base salary of the Chief Executive to the average base salary across the Group (excluding Executive Directors) was 10:1 (£82,948: £824,000).

Annual Report on Remuneration continued

c. Percentage change in remuneration between Directors and employees

The table below shows the year on year percentage change in salary, benefits and annual bonus earned for all current Directors compared to all employees. As noted above, 5% of the employee pay rise for 2023/24 was accelerated and paid in 2022/23, but this acceleration did not apply to Directors or members of the Executive Leadership Team. This will impact comparative numbers in both years.

Table 61

	2020/21			2021/22			2022/23		
	Salary/fee change (%)	Benefits change (%)	Bonus change (%)	Salary/fee change (%)	Benefits change (%)	Bonus change (%)	Salary/fee change (%)	Benefits change (%)	Bonus change (%)
Executive Directors									
Mark Allan	n/a	n/a	n/a	9%	-75%	479%	**3%**	**-3%**	**-43%**
Vanessa Simms[1]	n/a	n/a	n/a	n/a	n/a	n/a	**13%**	**24%**	**-38%**
Colette O'Shea[2]	3%	-3%	-65%	5%	0%	389%	**-49%**	**-50%**	**-71%**
Non-executive Directors									
Cressida Hogg	-5%	n/a	n/a	5%	n/a	n/a	**0%**	**n/a**	**n/a**
Edward Bonham Carter	-15%	n/a	n/a	3%	n/a	n/a	**0%**	**n/a**	**n/a**
Nicholas Cadbury	-5%	n/a	n/a	5%	n/a	n/a	**0%**	**n/a**	**n/a**
Sir Ian Cheshire[3]							**n/a**	**n/a**	**n/a**
Madeleine Cosgrave	-5%	n/a	n/a	5%	n/a	n/a	**n/a**	**n/a**	**n/a**
Christophe Evain	16%	n/a	n/a	7%	100%	n/a	**0%**	**n/a**	**n/a**
Miles Roberts[4]							**0%**	**n/a**	**n/a**
Manjiry Tamhane	n/a	n/a	n/a	n/a	n/a	n/a	**0%**	**n/a**	**n/a**
Average employee	7%	6%	-49%	-1%	2%	219%	**15%**	**-24%**	**-12**

1. Vanessa Simms joined the Board during 2021/22.
2. Colette O'Shea stepped down from the Board on 30 September 2022 therefore comparing part-year (FY22/23) with full year prior.
3. Sir Ian Cheshire was appointed on 23 March 2023.
4. Miles Roberts was appointed on 19 September 2022.

d. CEO pay ratio

The tables below show how pay for the CEO compares to employees at the lower, median and upper quartiles (calculated on a full-time equivalent basis). The ratios have been calculated in accordance with Option A of The Companies (Miscellaneous Reporting) Regulations 2018, which uses the total pay and benefits for all employees, and is the same methodology that is used to calculate the CEO's single figure of remuneration table on page 101. Figures are calculated by reference to 31 March 2023 using actual pay data from April 2022 to March 2023. Excluded from our analysis are joiners, leavers and long-term absentees from the Company during the year. As the CEO has a larger proportion of his total remuneration linked to business performance than other employees in the UK workforce, the ratio has increased versus last year primarily as a result of the partial vesting of the 2020 LTIP (the 2019 LTIP did not vest last year) more than offsetting the reduced bonus award for the year ended 31 March 2023. Given the alignment of incentive arrangements cascaded below Board level, the Remuneration Committee believes the pay ratios are consistent with the pay, reward and progression policies for the Group's UK employees taken as a whole.

Table 62

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022/23	Option A	49:1	30:1	18:1
2021/22	Option A	40:1	25:1	16:1
2020/21	Option A	22:1	14:1	10:1
2019/20	Option A	36:1	23:1	15:1

	CEO pay	P25 pay	P50 pay	P75 pay
Salary	£820,000	£43,811	£64,851	£104,813
Total pay	£2,657,730	£54,032	£87,925	£145,648

e. Total pay and benefits

Table 63

		Lower quartile (25th percentile)		Median		Upper quartile (75th percentile)	
Year	Method	Total Pay and Benefits	Total Salary	Total Pay and Benefits	Total Salary	Total Pay and Benefits	Total Salary
2022/23	A	£54,032	£43,811	£87,925	£64,851	£145,648	£104,813
2021/22	A	£50,620	£38,038	£79,746	£58,083	£122,832	£77,600
2020/21	A	£45,752	£39,000	£73,212	£55,776	£105,848	£77,000
2019/20	A	£44,140	£29,785	£69,393	£58,565	£104,438	£79,203

5.2 The relative importance of spend on pay

The table below shows the total spend on pay for all Landsec employees, compared with our returns to shareholders in the form of dividends.

Table 64

	March 2023 (£m)	March 2022 (£m)	% change
Spend on pay[1]	65	66	-1.5
Dividend paid[2]	288	274	5.1

1. Including base salaries for all employees, bonus and share-based payments.
2. Dividend paid represents dividends declared for the year. See note 11 to the financial statements.

6. Dilution

Awards granted under the Company's long-term incentive arrangements (LTIP, Deferred Share Bonus Plan, Restricted Share Plan and the ESOP) are satisfied through the funding of an Employee Benefit Trust (administered by an external trustee) which acquires existing Land Securities Group PLC shares in the market. The Employee Benefit Trust held 781,456 ordinary shares (2022: 888,400) and 3,049,943 treasury shares (2022: 3,049,943) at 31 March 2023.

The exercise of share options under the Land Securities Group PLC Sharesave, which is open to all employees who have completed more than one month's service with the Group, can be satisfied by the allotment of newly issued shares. At 31 March 2023, the total number of shares which could be allotted under this Scheme was 565,439 shares (2022: 635,473), which represents less than 0.08% (2022: 0.09%) of the issued share capital of the Company.

7. Remuneration Committee meetings

The Committee met for three scheduled meetings and one unscheduled meeting over the course of the year. All members attended all the scheduled meetings with the exception of one meeting which Christophe Evain could not attend owing to a family bereavement. The Committee meetings were normally also attended by the Chief Executive, the Chief People Officer and Company Secretary who acted as the Committee's Secretary.

The Committee received advice on remuneration and ancillary share plan matters from FIT Remuneration Consultants LLP. FIT is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct, which requires their advice to be impartial. The Committee is satisfied that the advice it receives is independent and objective. Aside from some support in benchmarking remuneration for roles below the Board, FIT has no other connection with the Group. For the financial year under review, FIT received fees of £75,676 (FY2022: £66,610) in connection with advice provided to the Committee.

8. Shareholder voting

Table 65

	% of votes For	% of votes Against	Number of votes withheld[1]
Directors' Remuneration Policy (2021 AGM)	96.4	3.6	286,920
Annual Report on Remuneration (2022 AGM)	89.9	10.1	152,910

1. A vote withheld is not a vote in law.

The Committee engaged with a single major shareholder in relation to the 2022 vote against on the Annual Report on Remuneration. It has been agreed that feedback received from that shareholder would be taken into consideration during the Remuneration Policy review in 2023/24.

The Directors' Remuneration Report was approved by the Board on 15 May 2023 and signed on its behalf by:

Christophe Evain
Chairman, Remuneration

Directors' Remuneration Policy Summary

A summary of our Directors' Remuneration Policy is set out below. The policy, which was approved by shareholders at the 2021 AGM, will be reviewed during FY2024 in advance of seeking shareholder approval for a new policy at the 2024 AGM. The full policy can be found in the 2021 Annual Report.

1. Executive Directors

Base salary	
Purpose and link to strategy	• To aid the recruitment, retention and motivation of high-performing Executive Directors • To reflect the value of their experience, skills and knowledge, and importance to the business
Operation	Normally reviewed annually, with effect from 1 June, and reflects: • Increases throughout the rest of the business • Market benchmarking exercises undertaken periodically to ensure salaries are set at around the median of the market competitive level for people in comparable roles with similar levels of experience, performance and contribution • Changes in the scope of an Executive Director's role
Opportunity	The maximum annual salary increase will not normally exceed the average increase across the rest of the workforce. Higher increases will be exceptional, and may be made in specific circumstances, including: • Where there is an increase in responsibilities or scope of the role • To apply salary progression for a newly appointed Executive Director • Where the Executive Director's salary has fallen below the market positioning
Performance measures	• Individual and Company performance is taken into account when determining appropriate salary increases
Benefits	
Purpose and link to strategy	• To provide protection and market competitive benefits to aid recruitment and retention of high-performing Executive Directors
Operation	Typical benefits include, but are not limited to: • Car allowance • Private medical insurance • Life assurance • Ill health income protection • Holiday and sick pay • Eligibility to participate in all-employee share incentive plans • Professional advice in connection with their directorship • Travel, subsistence and accommodation as necessary • Occasional gifts, for example appropriate long service or leaving gifts
Opportunity	• The value of benefits may vary from year to year depending on the cost to the Company
Performance measures	• n/a
Pension	
Purpose and link to strategy	• To help recruit and retain high performing Executive Directors • To reward continued contribution to the business by enabling Executive Directors to build retirement benefits
Operation	• Participation into a defined contribution pension scheme or cash equivalent
Opportunity	• 10.5% of salary, in line with the maximum employer contribution for all employees in the Company's Group Personal Pension Plan
Performance measures	• n/a

Annual bonus	
Purpose and link to strategy	• Incentivise Executive Directors and senior management to achieve specific, predetermined goals during a one-year period, or less • Reward financial and individual performance linked to the Company's strategy • Deferred proportion of bonus, awarded in shares, provides a retention element and additional alignment of interest with shareholders
Operation	• The annual bonus operates by reference to financial and personal performance measures normally set and assessed over one year • Any bonus payment is determined by the Committee after the year end, based on performance against challenging targets which are reviewed annually • The achievement of on-target performance should normally result in a payment of up to 50% of the maximum opportunity • Bonuses up to 50% of salary are normally paid in cash. Any amounts in excess of 50% of salary are deferred into shares for one year. Any amounts in excess of 100% of salary are deferred into shares for two years • Deferred shares are potentially forfeitable if the individual leaves prior to the share release date • Dividend equivalents may be awarded on deferred shares between grant and vesting to the extent that awards vest • Bonus payments are not pensionable • Malus and clawback provisions apply • The level of payout at threshold performance for each performance measure is set annually, but will typically be no more than 25% of maximum • The Committee retains discretion to amend the payout level (up or down) where it considers it to be appropriate, but not so as to exceed the maximum bonus potential and will fully disclose the exercise of any discretion in the Annual Report on Remuneration that follows such exercise of discretion
Opportunity	• 150% of salary
Performance measures	• The performance measures applied may be financial, non-financial, or individual, and in such proportions as the Remuneration Committee considers appropriate, although individual measures will form a minority of the potential • Performance measures will be aligned to the Company's strategy. The Committee reserves the right to change measures (and their weightings) for each financial year to ensure the metrics chosen are appropriate means of assessing the performance of the Executive Directors • Once set, performance measures and targets will generally remain unchanged for the year; exceptionally targets may be adjusted by the Committee to take account of significant transactions such as acquisitions and/or disposals or in other exceptional circumstances such as timing of transactions that have a material impact on the business plan

Long-term incentive	
Purpose and link to strategy	• Incentivises value creation over the long term • Rewards execution of our strategy • Aligns the long-term interests of Executive Directors and shareholders • Promotes retention
Operation	• The Committee may make an annual award of shares under the LTIP • Vesting is determined on the basis of the Group's achievements against stretching performance targets, normally over a three-year period and continued employment • The Committee reviews the measures, their relative weightings and targets prior to each award • For each measure, no awards vest for performance below threshold • Up to 20% of an award may vest for threshold performance • Each measure is capped at 100% vesting, which represents a stretching target • Executive Directors are required to hold vested awards (net of tax/NI where relevant) for a further two years (including post-cessation) following the three-year vesting period expiry • Dividend equivalents may be awarded between grant and the expiry of any holding period to the extent that the award vests Malus and clawback provisions apply
Opportunity	• 300% of salary
Performance measures	• The performance measures applied may be financial, non-financial, corporate or strategic and in such proportions as the Remuneration Committee considers appropriate • The measures may be based on a mixture of relative and absolute financial performance as well as one or more measures to recognise the Company's broader strategic ESG commitment

Notes to Policy table:

Performance measures and target setting

Full details of the performance conditions and targets applying for each award will be disclosed in the relevant Annual Report on Remuneration. Where targets are considered to be too sensitive to disclose in advance for commercial reasons, full disclosure of the original targets, and the extent to which they have been achieved, will be provided on a retrospective basis at the end of the relevant performance period.

Directors' Remuneration Policy Summary continued

2. Non-executive Directors

Base fee	
Purpose and link to strategy	• To aid the recruitment, retention and motivation of Non-executive Directors of appropriate calibre and experience • To reflect the time commitment given by Non-executive Directors to the business
Operation	• The Chairman is paid a single fee for all Board duties and the other Non-executive Directors receive a basic Board fee, with supplementary fees payable for additional responsibilities • Non-executive Director fees are reviewed (but not necessarily changed) annually by the Board, having regard to independent advice and published surveys • The Chairman's fee is reviewed (but not necessarily changed) annually by the Remuneration Committee without the Chairman present
Opportunity	• Any increases reflect relevant benchmark data for Non-executive Directors in companies of a similar size and complexity, and the time commitment required
Additional fees	
Purpose and link to strategy	• To reflect the additional time commitment required from Non-executive Directors in chairing various Board sub-committees or becoming the Board's Senior Independent Director. Occasionally awarded to a Non-executive Director who completes a specific additional piece of work on behalf of the Board
Operation	• Reviewed (but not necessarily changed) annually by the Board, having regard to independent advice and published surveys
Opportunity	• The opportunity depends on which, if any, additional roles are assumed by an individual Non-executive Director over the course of their tenure • Any increases reflect relevant benchmark data for Non-executive Directors in companies of a similar size and complexity, and the time commitment required
Other incentives and benefits	
Operation	• Non-executive Directors do not receive any other remuneration or benefits beyond the fees noted above • Expenses in relation to Company business will be reimbursed (including any tax thereon, where applicable) • If deemed necessary, and in the performance of their duties, Non-executive Directors may take independent professional advice at the Company's expense
Opportunity	• n/a

Directors' Report

The Directors present their report for the year ended 31 March 2023.

Additional disclosures

Other information that is relevant to this report, and which is also incorporated by reference, including information required in accordance with the Companies Act 2006 and Listing Rule 9.8.4R, can be located as follows:

Table 66

UK Corporate Governance Code

The Company has complied throughout the year with all relevant provisions of the 2018 UK Corporate Governance Code (the Code). The Code can be found on the FRC's website: **frc.org.uk**.

Company status

Land Securities Group PLC is a public limited liability company incorporated under UK law. It has a premium listing on the London Stock Exchange main market for listed securities (LSE:LAND) and is a constituent member of the FTSE 100 Index.

Landsec is a Real Estate Investment Trust (REIT). It is expected that the Company, which has no branches, will continue to operate as the holding company of the Group.

Dividends

The results for the year are set out in the financial statements on pages 129-186.

The Company has paid three interim dividends to shareholders for the year under review. The first interim dividend of 8.6 pence was paid to shareholders in October 2022, a second interim dividend of 9 pence was paid to shareholders in January 2023; and third interim dividend of 9 pence per share was paid to shareholders in April 2023. A final dividend of 12 pence per share is being put to shareholders for approval at the AGM in July.

Table 67

	1st Interim 2022/23	2nd Interim 2022/23	3rd Interim 2022/23	Final 2022/23 (proposed)
Property Income Distribution (PID)/ Non-PID	8.6 pence (PID)	9 pence (PID)	9 pence (PID)	12 pence (PID)
Record date	26 August 2022	25 November 2022	24 February 2023	16 June 2023
Payment date	7 October 2022	3 January 2023	6 April 2023	21 July 2023

A Dividend Reinvestment Plan (DRIP) election is currently available in respect of all dividends paid by Landsec.

Events after the reporting period

The following matters are disclosed in note 41 to the Financial Statements as events occurring after the reporting period. Since 31 March 2023, the Group sold or exchanged contracts to sell certain interests in trading properties acquired as part of U+I Group PLC in the previous financial year. No other significant events occurred after the reporting period but before the financial statements were authorised for issue. See note 41.

Directors

The names and biographical details of the current Directors and the Board Committees of which they are members are set out on pages 65-68.

All the Directors proposed for election and re-election held office throughout the year. The Service Agreements of the Executive Directors and the Letters of Appointment of the Non-executive Directors are available for inspection at Landsec's registered office.

A summary of these documents is also included in the Directors' Remuneration Policy on pages 114-116.

Appointment and removal of Directors

The appointment and replacement of Directors is governed by Landsec's Articles of Association (Articles), the Code, the Companies Act 2006 (Act) and related legislation.

The Board may appoint a Director either to fill a vacancy or as an addition to the Board so long as the total number of Directors does not exceed the limit prescribed in the Articles. An appointed Director must retire and seek election to office at the next Landsec AGM. In addition to any power of removal conferred by the Act, Landsec may by ordinary resolution remove any Director before the expiry of their period of office and may, subject to the Articles, by ordinary resolution appoint another person who is willing to act as a Director in their place. In line with the Code it is the Board's policy that all Directors are required to stand for re-election at each AGM.

Directors' powers

The Board manages the business of Landsec under the powers set out in the Articles. These powers include the Directors' ability to issue or buy back shares.