

LAND SECURITIES PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

LAND SECURITIES PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors of Land Securities PLC (the 'Company') present their Strategic Report and the audited financial statements for the year ended 31 March 2023.

Results for the year

The results are set out in the Statement of Comprehensive Income on page 8.

Review of the business

The Company has continued its business of investment holding. No changes in the Company's principal activity are anticipated in the foreseeable future.

Key performance indicators

The directors of the Land Securities Group PLC and its subsidiaries ('the Group') manage the Group's operations on a group basis. For this reason, Company's directors believe that an analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group is discussed in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated, and which does not form part of this report.

Principal risks and uncertainties

The principal risk facing the Company is that poor performance of the Group's investment properties might have a material impact on the investments held in subsidiary undertakings in the financial statements. The Company's performance during the year indicates a satisfactory performance of the investments held, considering the impact of the wider macro-economic environment. Looking forward, the directors will continue to closely monitor the impact of the wider macro-economic environment and other changes in the operating environment on the performance of the investment properties.

Financial risk management

The Company's debt financing exposes it to a variety of financial risks that include the effects of changes in liquidity and interest rates.

The Company faces interest rate risk as the unsecured external borrowings have floating interest rates. Management periodically reviews the amount of interest within the Company in order to monitor the effect of interest rate change.

There is no material difference between the book value and the fair value of the Company's financial instruments.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Group's Annual Report, which does not form part of this report.

Section 172(1) statement

The Company's ultimate parent company is Land Securities Group PLC which indirectly holds 100% of the ordinary share capital of the Company (refer note 18). The Company's framework in respect of requirements under section 172(1) of the Companies Act is applied through the Land Securities Group's processes and policies, which place stakeholders at the forefront of the directors' decision making. Details of the Group's framework with respect to interests of customers, communities, employees, partners, suppliers and investors can be found in the consolidated financial statements of Land Securities Group PLC for the year ended 31 March 2023, available on the Group's website, www.landsec.com.

At a Company level, the directors take the interests of stakeholders, namely the Group as the Company's customer and investor and the community in which the Company operates, into account when making relevant decisions, ensuring regular and clear lines of communication between the Company and the Group. The relevance of each stakeholder group may increase or decrease by reference to the issue in question, so the directors seek to understand the needs and priorities of each group during its discussions. This, together with the combination of the consideration of long-term consequences of decisions and the maintenance of the Group's reputation for high standards of business conduct, is integral to the way the directors operate. The Company Secretary plays a key role in ensuring that stakeholders' interests are fully considered and addressed during the course of the directors' discussions.

Registered Office
100 Victoria Street
London
SW1E 5JL

LAND SECURITIES PLC

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

This report was approved by the Board and signed on its behalf by:

M Smout, for and on behalf of LS Company Secretaries Limited
Company Secretary

Date: 15 September 2023

Registered and domiciled in England and Wales

Registered number: 00551412

LAND SECURITIES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors of Land Securities PLC (the 'Company') present their report and the audited financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' engagement statement

Details of how directors have engaged with key stakeholders of the Company have been disclosed in the Section 172(1) statement in the Strategic Report.

Principal activity

The Company has continued its business of investment holding. No changes in the Company's principal activity are anticipated in the foreseeable future.

Review of the business and future developments are disclosed in the Strategic Report.

Going concern

The directors have determined that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Land Securities Group PLC (together with its subsidiaries referred to as the 'Group'). The directors' going concern assessment covers the period to 30 September 2024 and confirmation has been received that Land Securities Group PLC will support the Company until this date, so long as the Company remains a subsidiary of Land Securities Group PLC. If the Company was sold within the next 12 months from 30 September 2023, confirmation has been received that Land Securities Group PLC would ensure the Company remains in a position to continue as a going concern at the point of sale. The Company's ability to meet its future liabilities is therefore dependent on the financial performance, position and liquidity of the Group as a whole. At the Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Stress testing has been carried out to ensure the Group has sufficient cash resources to continue in operation for the period to 30 September 2024. This stress testing modelled a scenario with materially reduced levels of cash receipts over the next 12 months. Based on these considerations, together with available market information and the directors' knowledge and experience of the Company, the directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

Results for the year and dividend

Results for the year are disclosed in the Strategic Report.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: £Nil) in addition to the interim dividend of £500,000,000 (2022: £Nil) paid on 28 September 2022, making a total dividend for the year of £500,000,000 (2022: £Nil).

Directors

The directors who held office during the year and up to the date of this report unless otherwise stated were:

L L Sellars
R C Futter (resigned 5 August 2022)
E A Gillbe (appointed 9 May 2023)
M C Allan
J S Gillard (resigned 15 June 2022)
V K Simms
C Mairs (appointed 11 May 2022)
M R Worthington (appointed 11 May 2022)

LAND SECURITIES PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

D E Stanley (appointed 5 August 2022, resigned 13 December 2022)

Indemnity

The Company has made qualifying third party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

Financial risk management

The financial risk management objectives and policies are disclosed in the Strategic Report.

Statement of disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Registered Office
100 Victoria Street
London
SW1E 5JL

This report was approved by the Board and signed on its behalf by:

M Smout, for and on behalf of LS Company Secretaries Limited
Company Secretary

Date: 15 September 2023

Registered and domiciled in England and Wales
Registered number: 00551412

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND SECURITIES PLC

Opinion

We have audited the financial statements of Land Securities PLC (the 'Company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 30 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND SECURITIES PLC (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant tax regulations in the United Kingdom, including the UK REIT regulations.
- We understood how the Company is complying with those frameworks through enquiry with the Company and by identifying the Company's policies and procedures regarding compliance with laws and regulations. We also identified those members of the Company who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by reviewing the Land Securities Group risk register and through enquiry with the Company's Management during the planning and execution phases of the audit. Where the risk was considered to be higher we performed audit procedures to address each identified fraud risk, specifically the risk over impairment of investment in subsidiary undertakings.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - Enquiry of Management, and when appropriate, those charged with governance of the Company regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
 - Reading minutes of meetings of those charged with governance;
 - Obtaining and reading correspondence from legal and regulatory bodies, including HMRC; and
 - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND SECURITIES PLC (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Graeme Downes (Senior statutory auditor)

For and on behalf of
Ernst & Young LLP, Statutory Auditor

London

19 September 2023

LAND SECURITIES PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £000	2022 £000
Dividend income	4	-	1,000,000
Gross profit		-	1,000,000
Administrative expense		-	(21)
Impairment of investment in subsidiary undertakings	9	(314,773)	-
Reversal of impairment of investment in subsidiary undertakings	9	-	386,184
Operating (loss)/profit		(314,773)	1,386,163
Interest income	6	63,896	47,630
Interest expense	6	(24,112)	(7,646)
(Loss)/profit before tax		(274,989)	1,426,147
Taxation	7	(6,615)	(7,593)
(Loss)/profit and total comprehensive (loss)/income for the financial year		(281,604)	1,418,554

There were no recognised gains or losses for 2023 or 2022 other than those included in the Statement of Comprehensive Income.

All amounts are derived from continuing activities.

LAND SECURITIES PLC
REGISTERED NUMBER: 00551412

BALANCE SHEET
AS AT 31 MARCH 2023

	Notes	2023 £000	2022 £000
Non-current assets			
Held to maturity investments	8	2,212,289	2,270,946
Investments in subsidiary undertakings	9	4,580,463	4,895,236
		<u>6,792,752</u>	<u>7,166,182</u>
Current assets			
Trade and other receivables	10	7,984	7,132
Amounts due from Group undertakings	12	256,323	690,632
Cash and cash equivalents	13	-	67
		<u>264,307</u>	<u>697,831</u>
Current liabilities			
Trade and other payables	14	(15,152)	(8,537)
Amounts owed to Group undertakings	15	(115,482)	(4,991)
Bank overdraft	16	(43,167)	-
Borrowings	17	(312,376)	(497,999)
		<u>(486,177)</u>	<u>(511,527)</u>
Net assets		<u><u>6,570,882</u></u>	<u><u>7,352,486</u></u>
Capital and reserves			
Share capital	18	530,791	530,791
Share premium		357,157	357,157
Capital redemption reserve		35,991	35,991
Retained earnings		5,646,943	6,428,547
Total equity		<u><u>6,570,882</u></u>	<u><u>7,352,486</u></u>

The financial statements on pages 8 to 19 were approved by the Board of Directors and were signed on its behalf by:

E A Gillbe
Director

Date: 15 September 2023

LAND SECURITIES PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 1 April 2021	530,791	357,157	35,991	5,009,993	5,933,932
Total comprehensive income for the financial year	-	-	-	1,418,554	1,418,554
At 31 March 2022	530,791	357,157	35,991	6,428,547	7,352,486
Total comprehensive loss for the financial year	-	-	-	(281,604)	(281,604)
Dividends	-	-	-	(500,000)	(500,000)
At 31 March 2023	530,791	357,157	35,991	5,646,943	6,570,882

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The financial statements are prepared under the historical cost convention.

Land Securities Plc (the 'Company') is a private company limited by shares and is incorporated, domiciled and registered in England and Wales (Registered number: 00551412). The nature of the Company's operations is set out in the Strategic Report on page 1. The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from the Company's registered office at 100 Victoria Street, London, SW1E 5JL.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2023. The financial statements are prepared in Pounds Sterling (£) and are rounded to the nearest thousand pounds (£000).

1.2 Group accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary of Land Securities Group PLC, a Company incorporated in England and Wales whose consolidated financial statements are publicly available.

1.3 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 36B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The equivalent disclosures relating to IFRS 7, IFRS 13 & IAS 36 are included in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated.

1.4 Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost in the Company's Balance Sheet, less any provision for impairment in value (see 1.12).

1.5 Held to maturity investments

Held to maturity investments are recognised when the Company has both a positive intention to hold the investment to maturity and has the financial resources to do so. They are recognised initially at cost and subsequently at amortised cost using the effective interest method.

Held to maturity investments held by the Company are Medium Term Notes (MTNs) that are secured on assets of Land Securities Group PLC.

1.6 Other Investments

Other investments are financial assets held at fair value. Changes to fair value are recorded within Other Comprehensive Income.

LAND SECURITIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.7 Trade and other receivables

Trade and other receivables are recognised initially at fair value, subsequently at amortised cost and, where relevant, adjusted for the time value of money and are presented in the balance sheet net of allowances for doubtful receivables. The Company assesses on a forward-looking basis, the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit losses, the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate.

Trade and other receivables are written off once all avenues to recover the balances are exhausted and the lease has ended. Receivables written off are no longer subject to any enforcement activity.

1.8 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer.

1.9 Provisions

A provision is recognised in the Balance Sheet when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.10 Share capital

Ordinary shares are classified as equity.

1.11 Going concern

The directors have determined that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Land Securities Group PLC (together with its subsidiaries referred to as the 'Group'). The directors' going concern assessment covers the period to 30 September 2024 and confirmation has been received that Land Securities Group PLC will support the Company until at least this date, so long as the Company remains a subsidiary of Land Securities Group PLC. If the Company was sold within the next 12 months from 30 September 2023, confirmation has been received that Land Securities Group PLC would ensure the Company remains in a position to continue as a going concern at the point of sale. The Company's ability to meet its future liabilities is therefore dependent on the financial performance, position and liquidity of the Group as a whole. At the Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Stress testing has been carried out to ensure the Group has sufficient cash resources to continue in operation for the period to 30 September 2024. This stress testing modelled a scenario with materially reduced levels of cash receipts over the next 12 months. Based on these considerations, together with available market information and the directors' knowledge and experience of the Company, the directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

1.12 Impairment

The carrying amounts of the Company's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. Accounting policies (continued)

1.13 Income taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the Balance Sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

1.14 Intercompany loans

Amounts due from Group undertakings

Amounts due from Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts due from Group undertakings are stated at amortised cost and, where relevant, adjusted for the time value of money. The Company assesses on a forward-looking basis, the expected credit losses associated with its amounts due from Group undertakings. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

Amounts owed to Group undertakings

Amounts owed to Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts owed to Group undertakings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Statement of Comprehensive Income over the period of the loan, using the effective interest method.

1.15 Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Statement of Comprehensive Income account over the period of the borrowings, using the effective interest method.

1.16 Trade and other payables

Trade and other payables with no stated interest rate and payable within one year are recorded at transaction price. Trade and other payables after one year are discounted based on the amortised cost method using the effective interest rate.

1.17 Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Dividend income is recognised when the Company's right to receive payment is established.

2. Changes in accounting policies and standards

The accounting policies used in these financial statements are consistent with those applied in the last annual financial statements, as amended where relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year. There have been no new accounting standards, amendments or interpretations during the year that have a material impact on the financial statements of the Company.

Amendments to accounting standards

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Company, none of which are expected to have a material impact on the financial statements of the Company.

LAND SECURITIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. Significant accounting judgements and estimates

The Company's significant accounting policies are stated in note 1 above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These estimates involve assumptions or judgements in respect of future events. Actual results may differ from these estimates.

Estimates

a) Trade and other receivables

The Company is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this by assessing on a forward-looking basis, the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. In determining the expected credit losses, the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate. These assessments are made on a customer by customer basis.

The Company's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments, in particular, the assessment of expected insolvency filings or company voluntary arrangements, likely deferrals of payments due and rent concessions. As a result, the value of the provisions for impairment of the Company's trade receivables are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate.

b) Amounts due from Group undertakings

The Company is required to estimate the impairment of amounts due from Group undertakings. It does this by assessing on a forward-looking basis, the expected credit losses associated with its amounts due from Group undertakings. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

c) Impairment of investment in subsidiary undertakings

The Company is required to judge when there is sufficient objective evidence to require the impairment of investments in subsidiaries. It does this by assessing the net asset value of each subsidiary undertaking as at year end. A provision for impairment is made if the net asset value of the subsidiary undertaking is lower than the carrying amount of the investment recorded by the Company.

4. Dividend income

	2023 £000	2022 £000
Dividend income	-	1,000,000
	<u>-</u>	<u>1,000,000</u>

5. Management and administrative expenses

(a) Management services

The Company had no employees during the year (2022: None). Management services were provided to the Company throughout the year by Land Securities Properties Limited, a fellow subsidiary undertaking, charges for which amount to **£Nil** (2022: **£Nil**).

(b) Directors' remuneration

The Group's directors' emoluments are borne by Land Securities Properties Limited. The directors of the Company received no emoluments from Land Securities Properties Limited for their services to the Company (2022: **£Nil**).

(c) Auditor remuneration

The Group auditor's remuneration is borne by Land Securities Properties Limited. The proportion of the remuneration which relates to the Company amounts to **£3,090** (2022: **£2,630**). No non-audit services were provided to the Company during the year (2022: None).

LAND SECURITIES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

6. Net interest income

	2023	2022
	£000	£000
Interest expense		
Short term borrowings	(24,112)	(7,646)
	<u>(24,112)</u>	<u>(7,646)</u>
Interest income		
Interest receivable on short term borrowings	-	1,534
Interest receivable on loan investments	43,831	45,396
Interest on amounts due from Group undertakings	20,065	700
	<u>63,896</u>	<u>47,630</u>
Net interest income	<u><u>39,784</u></u>	<u><u>39,984</u></u>

Interest receivable from the Group's MTNs of **£102,488,000** (2022: £102,971,000) has been offset by the amortisation of premiums incurred purchasing the Group's MTNs. The amortisation, calculated using the effective interest method, amounted to **£58,657,000** (2022: £57,575,000). See note 8 for further details.

7. Income tax

	2023	2022
	£000	£000
Corporation tax		
Income tax on (loss)/profit for the year	6,615	7,593
	<u>6,615</u>	<u>7,593</u>
Total income tax charge in the Statement of Comprehensive Income	<u><u>6,615</u></u>	<u><u>7,593</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK of **19%** (2022 - 19%) as set out below:

	2023	2022
	£000	£000
(Loss)/profit before tax	<u>(274,989)</u>	<u>1,426,147</u>
(Loss)/profit before tax multiplied by UK corporation tax rate	(52,248)	270,968
Effects of:		
Adjustments in respect of prior years	(943)	-
Non-taxable income	59,806	(263,375)
Total tax charge for the year	<u><u>6,615</u></u>	<u><u>7,593</u></u>

Land Securities Group PLC is a Real Estate Investment Trust (REIT). As a result the Company does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

LAND SECURITIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8. Held to maturity Investments

	At 1 April					At 31 March
	2022	Purchases	Premium	Amortisation	Disposal	2023
	£000	£000	£000	£000	£000	£000
A10 - 4.875% MTN due in 2025	304,413	-	-	(9,478)	-	294,935
A4 - 5.391% MTN due in 2026	206,808	-	-	(6,814)	-	199,994
A5 - 5.391% MTN due in 2027	575,751	-	-	(17,812)	-	557,939
A6 - 5.376% MTN due in 2029	297,325	-	-	(7,881)	-	289,444
A7 - 5.396% MTN due in 2032	310,104	-	-	(7,387)	-	302,717
A11 - 5.125% MTN due in 2036	576,545	-	-	(9,285)	-	567,260
	<u>2,270,946</u>	<u>-</u>	<u>-</u>	<u>(58,657)</u>	<u>-</u>	<u>2,212,289</u>

Held to maturity investments are recognised when the Company has both a positive intention to hold the investment to maturity and has the financial resources to do so. They are recognised initially at cost and subsequently at amortised cost using the effective interest method. Held to maturity investments held by the Company are MTNs that are secured on the assets of Land Securities Group PLC.

During the year, the Company has purchased no additional MTNs (2022: £Nil) on behalf of Land Securities Group PLC and its subsidiaries.

The table above summarises the movements in the current financial year, which solely relate to amortisation.

9. Investment in subsidiary undertakings

	2023 £000	2022 £000
At the beginning of the year	4,895,236	4,319,052
Acquisitions	-	190,000
(Impairment)/reversal of impairment	(314,773)	386,184
At 31 March	<u>4,580,463</u>	<u>4,895,236</u>

During the year, the Company received **£Nil** (2022: £1,000m) of dividend income from its investment in subsidiary undertakings.

The total cost of investment in subsidiary undertakings is **£5,441,943,000** (2022: £5,441,943,000). The total provision for impairment of investment in subsidiary undertakings is **£861,480,000** (2022: £546,707,000).

The directors believe that the carrying value of the investment is supported by the fair value of the subsidiary undertakings.

The subsidiary undertakings of the Company are:

Name	Class of shares owned	Holding percentage	Principal country of incorporation	Nature of business
Land Securities (Finance) Limited	£1 Ordinary shares	99.99%	England	Financing
Land Securities Portfolio Management Limited	£1 Ordinary shares	100%	England	Investment holding
LS Property Finance Company Limited	£1 Ordinary shares	100%	England	Financing
Land Securities Capital Markets PLC	£1 Ordinary shares	99.99%	England	Financing
LS London Holdings One Limited	£1 Ordinary shares	100%	England	Investment holding
LS New Street Square Investments Limited	£1 Ordinary shares	100%	England	Dormant
LS Development Holdings Limited	£1 Ordinary shares	100%	England	Investment holding

All subsidiary undertakings are registered at 100 Victoria Street, London, SW1E 5JL.

LAND SECURITIES PLC

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FOR THE YEAR ENDED 31 MARCH 2023**

10. Trade and other receivables

	2023	2022
	£000	£000
Accrued income	7,131	7,132
Prepayments	828	-
Social security and other taxes	25	-
	<u>7,984</u>	<u>7,132</u>
Total trade and other receivables	7,984	7,132

11. Other investments

The Company holds a 0.0001% share in Ravenset Properties Limited and 0.000001% share in LS Thanet Limited.

The Company is not deemed to control Ravenset Properties Limited and LS Thanet Limited as its powers of control are limited.

The directors believe that the carrying value of the investments are supported by their underlying net assets.

12. Amounts due from Group undertakings

	2023	2022
	£000	£000
Amounts due from Group undertakings - fellow subsidiary	256,323	690,632
	<u>256,323</u>	<u>690,632</u>
Total amounts due from Group undertakings	256,323	690,632

The unsecured amounts due from Group undertakings are repayable on demand with no fixed repayment date. Interest is charged at 4.3% per annum (2022: 3.7%).

13. Cash and cash equivalents

	2023	2022
	£000	£000
Cash and cash equivalents	-	67
	<u>-</u>	<u>67</u>
Total cash and cash equivalents	-	67

14. Trade and other payables

	2023	2022
	£000	£000
Current tax liabilities	15,152	8,537
	<u>15,152</u>	<u>8,537</u>
Total trade and other payables	15,152	8,537

LAND SECURITIES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Amounts owed to Group undertakings

	2023	2022
	£000	£000
Amounts owed to Group undertakings - fellow subsidiaries	115,482	4,991
Total amounts owed to Group undertakings	115,482	4,991

The unsecured amounts owed to Group undertakings are repayable on demand with no fixed repayment date. Interest is charged at 4.3% per annum (2022: 3.7%)

16. Bank overdraft

	2023	2022
	£000	£000
Bank overdraft	43,167	-
Total bank overdraft	43,167	-

17. Borrowings - Commercial Papers

	Nominal/notional value		Fair value		Book value	
	2023	2022	2023	2022	2023	2022
	£000	£000	£000	£000	£000	£000
Commercial paper						
Sterling	-	140,000	-	140,000	-	140,000
Euro	167,039	216,939	167,039	216,939	167,039	216,939
US Dollar	145,337	141,060	145,337	141,060	145,337	141,060
	312,376	497,999	312,376	497,999	312,376	497,999

18. Share capital

	Authorised and issued		Allotted and fully paid	
	2023	2022	2023	2022
	Number	Number	£000	£000
Ordinary shares of £1.00 each	530,791,385	530,791,385	530,791	530,791
Deferred ordinary shares of £1.00 each	1	1	-	-
	530,791,386	530,791,386	530,791	530,791

The deferred ordinary share carries no rights to attend or vote at a general meeting of the Company. It is also not entitled to receive a dividend. However, if a dividend declared on the ordinary shares is an amount in excess of £1,000.00 per share, the deferred ordinary share is then entitled to receive a fixed dividend of £0.01. The likelihood of this occurring is remote. On winding up the holder of the deferred share is entitled to repayment of the amount paid up on the share after the paid up ordinary share capital has been paid. The share does not have the right to participate in the assets of the Company on winding up.

19. Contingencies

The Company has contingent liabilities in respect of legal claims, guarantees, and warranties arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

LAND SECURITIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20. Parent company

The immediate parent company is Land Securities Intermediate Limited.

The ultimate parent company and controlling party at 31 March 2023 was Land Securities Group PLC, which is registered in England and Wales. This is the largest parent company of the Group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 2023 for Land Securities Group PLC can be obtained from the Company Secretary at the registered office of the ultimate parent company, 100 Victoria Street, London, SW1E 5JL, and from the Group's website at www.landsec.com. This is the largest and smallest Group to include these accounts in its consolidated financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.