Registered number: 10949589

LAZARI INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

COMPANY INFORMATION

DIRECTORS	L Lazari N Lazari A Lazari
COMPANY SECRETARY	N Lazari
REGISTERED NUMBER	10949589
REGISTERED OFFICE	Accurist House 44 Baker Street London W1U 7BR
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditor 40 Clarendon Road Watford WD17 1JJ

LAZARI INVESTMENTS LIMITED

CONTENTS

DIRECTORS' STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

Overview:

Lazari Investments Limited ("the Group") has weathered incoming storms well during what was an unprecedented year. The financial year to 31st March 2021 has been dominated by Covid-19, the associated lockdowns disrupting the activities of many businesses across London and exerting a substantial economic toll. Despite the significant economic and social changes presented by the pandemic, our team has adapted and collaborated well to deliver another strong operational performance supporting our occupiers and communities, successfully welcoming new clients and tenants to our newly completed sustainable developments, letting space, maintaining our financial strength and making strong progress in setting our road map to net zero carbon by 2030.

'Life isn't about waiting for the storm to pass, it's about learning how to dance in the rain' – Vivian Greene

With pre-pandemic occupier trends having accelerated, we have built on our development pipeline to deliver innovative, tech-enabled, highly specified amenity-abundant and well configured office space with a high level of sustainability credentials.

Our commitment to London remains undiminished. Recent population forecasts suggest that despite the impact of the pandemic, and the UK's exit from the EU, London's population will continue to grow, with its workforce forecast to expand from around 6 million people today to potentially 7.5 million by 2050. Such expansion will support London's occupational markets and likely require growth in the provision of office space despite a move towards hybrid working practices.

The Group is a well-established, family-owned commercial property investment business with the original Group member company now in its 45th year. The property portfolio focuses primarily in the West End of London with an enviable array of property assets spread over eight estates consisting of 132 separate buildings with 468 occupiers. At the financial year end 31st March 2021, it comprised circa 3.061 million square feet net internal area (NIA) of commercial space (2,583,766 sq ft in the West End portfolio and 477,273 sq ft in the North London portfolio) along with 135 residential units (together with 752 residential units sold off on long leaseholds) and also 1,475 car park spaces.

The Group currently comprises ten wholly owned subsidiaries: eight of the subsidiaries own individual property investment portfolios, charged to separate lenders. A further subsidiary owns further uncharged investment properties. The final subsidiary functions as a property management and servicing company on behalf of the overall Group.

The portfolio is located 94.17% in capital value terms in the West End with the remaining 5.83% in North and North West London. As at 31st March 2021, 72.72% of contracted rent was from offices, 3.43% medical, 19.11% retail, 2.83% leisure, 1.36% residential and the remaining 0.55% from car parking and telecommunications sites. In terms of tenant industry sectors, 30.15% are from the corporate and finance sector, 19.26% retail, 16.56% professional services, 15.09% TMT, 12.49% government and institutional bodies, 3.48% medical and 2.97% leisure. Tenant profiles include some of the largest corporate and well known brands both in the UK and globally.

Financial Results:

As at 31st March 2021, the Group's property portfolio has been independently valued by JLL at £3.338 billion, reflecting an underlying valuation fall of 0.21% or £6.908 million. This was against total capital expenditure of £133.650 million incorporating hard development expenditure of £124.300 million, as well as a further £5.000 million premium paid for a headlease extension at 25 Berkeley Square and a compensation payment made of £3.590 million to reset pre-let project dates at 16 Great Marlborough Street following late vacant possession of the building.

DIRECTORS' STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

Financial Results: (continued)

Despite challenging conditions, the capital investment in the portfolio has, in the circumstances, produced a robust and resilient valuation performance. The five major committed development projects increased by £113.450 million or 17.58% to £758.650 million. The remainder of the investment portfolio fell in value by £120.358 million or - 4.46% to £2.579 billion. The West End portfolio increased in value by 0.09% or £2.865 million to £3.143 billion, whereas our North London portfolio fell in value by - 4.78% or £9.773 million to £194.725 million. Overall, the office portfolio increased in value by 2.09% to £2.948 billion whereas the retail portfolio fell in value by - 14.70% to £390.225 million. A further analysis of each of the estates is set out later on within the 'property review' section of this report. The valuation was impacted by a like for like fall in net rent of 5.96% or £7.204 million per annum whereas contracted rent fell by a lesser £2.382 million or - 1.76% over the same 12 month period to 31st March 2021.

Total assets (both capital and current) have risen by 0.29% to £3.435 billion (2020 - £3.425 billion). Net assets as at 31st March 2021 stood at £1.026 billion, a fall of 9.42% (2020 - £1.134 billion) adopting our preferred definition which takes into account all of the UK GAAP Accounting Standards, including FRS102, excluding only a deferred tax provision for Capital Gains of £13.560 million and capital allowances of £5.695 million.

Rental income received (excluding surrender fees and premiums received) fell to £117.429 million from £123.939 million partly as a result of c £4.071 million (excluding VAT) of credit notes being issued. Total income fell to £119.361 million from £127.017 million. A provision for bad debts increased from £0.307 million to £1.743 million.

The Group reported underlying pre-tax profits (excluding fair value valuation movements) of £28.848 million against the previous year's figure of £40.879 million, impacted principally by the fall in rental income, increase in credit notes provided, provision for bad debts and unwinding a hedging swap (see below). A statutory loss, taking into account the fair value movement into deficit on investment properties and slight surplus on financial instruments value, was reported for the year of £101.725 million (2020 - £4.922 million).

During the course of the year, a dividend was distributed to the three shareholders, aggregating to £2.736 million.

External debt as at 31st March 2021 stood at £2.352 billion (2020 - £2.232 billion). This includes twelve subordinated loans aggregating to £687.500 million from a previous Group subsidiary, Lazari Finance Limited, which was demerged from the Group in September 2017, made to the various property-owning subsidiaries of the Group. These loans stand as external debt.

Loans from other banking institutions increased from £1.545 billion to £1.665 billion – the increase being to facilitate the capital expenditure reported in this statement. This was driven by four refinancings during the financial year, aggregating to £477.500 million. The largest of these was a new £400.000 million 10-year facility entered into with Allianz in August 2020 over a five-property freehold office portfolio, at which time a syndicated loan held with Lloyds bank, Met Life, NatWest and Deutsche Hypo (due to expire in December 2021) was redeemed early with a principal outstanding amount of £330.194 million. Break costs were incurred, aggregating to £3.833 million, to unwind a swap attached to part of the loan.

Cash reserves at the year end were £43.344 million (2020 - £32.469 million) with current assets standing at £94,797 million. In addition, there is a development facility of £25.000 million yet to be drawn on. Gearing calculated as the ratio of total third-party borrowings to total gross assets was 68.47% as at 31st March 2021. Excluding the borrowings from Lazari Finance Limited, Group gearing would have been 48.46%.

The average unexpired loan profile from banking and institutional lenders, excluding Lazari Finance Limited, is seven years (an increase from five years in 2020) with average borrowing costs reducing from 3.15% to 2.83%. The aggregated average subordinated borrowing cost from the debt owed to Lazari Finance Limited is 3.01%. At the year-end, 88.85% of our borrowings (excluding derivatives) from banking and institutional lenders were held on fixed interest rates. The borrowings from Lazari Finance Limited are fully fixed.

DIRECTORS' STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

Financial results: (continued)

Capital repayments made throughout the year were £20.286 million (2020 - £26.041 million). The reduction in capital amortization over the year was partly due to a capital repayment holiday entered into for four quarterly repayments with Barclays bank aggregating to £3.400 million between April 2020 up to and including January 2021, as well as a similar exercise carried out with Credit Suisse for four capital payment dates from August 2020 up to and including May 2021, aggregating to £2.500 million. Capital repayments in the current financial year to 31st March 2022 are due to increase to c. £27.492 million.

Interest cover as at 31st March 2021, remains at a comfortable level of 241.46% increasing to 282.48% on expiry of rent free periods excluding the debt owed to Lazari Finance Limited. Including this, interest cover reduces to 167.55%, rising to 196.01% on expiry of rent free periods. Total loan cover, including capital amortization, is 152.48% rising to 178.38% on expiry of rent free periods (excluding the debt to Lazari Finance Limited) or 119.57% rising to 139.52% including the debt owed to Lazari Finance Limited.

Market Commentary:

In the UK, the pandemic took a heavy toll on those afflicted and the wider economy. GDP fell by 9.9% in 2020, the largest fall in output for 300 years and it has fallen by a further 1.5% in the first quarter of 2021. The recent rapid progress in the vaccination programme and improvement in the public health situation has allowed for a gradual opening of the UK economy which is expected to be reflected in robust GDP growth for the remainder of the year. Oxford Economics is forecasting an increase of 7.2% for UK GDP for 2021.

Large cities are powerhouses that can help drive national economies. London generates around 24% of the UK's GDP and is the largest city in Europe. Knight Frank has recently ranked London as the global number one innovation-led city based on a number of metrics which will ensure it attracts and retains the population and wealth necessary for resilient, well-performing real estate markets.

In terms of the West End investment market, April 2020 to March 2021 volumes were £4.400 billion, 40% down on the 5-year average of £7.400 billion. Q2 and Q3 2020 were markedly down, whereas Q4 saw a significant uptick in wider Central London investment activity, with a total of £4.300 billion transacted, 30% higher than Q1 to Q3 combined. Q1 2021 was a relatively subdued quarter due to the third lockdown, however the West End market, coming out of this lockdown, is currently categorised by a shortage of investment supply and significant global equity targeting London with CBRE's prime West End yields moving in by 25 bps over the quarter.

In relation to the West End office occupational market, take up volumes in Q1 2021 reached 493,000 sq ft, the highest level since Q1 2020, though despite this increase, this was still below the 10-year quarterly average of 859,000 sq ft. The overall West End office vacancy rate rose to 7.3% by the end of the quarter, above the 10-year average of 4%, though tenant-controlled space accounts for a major part of this, of 41% in overall supply. New supply increased slightly to 0.7% but remains below the 10-year average of 0.8%. Prime rents were unchanged in all West End submarkets. This bodes well for the delivery of our current development pipeline.

Occupiers and investors are increasingly seeking highly sustainable spaces that are technically advanced, flexible and provide healthy, productive environments. Covid-19 has temporarily transformed the way that we live and work. Over the past year, working from home has been the new normal for the majority, and has ignited the question of a structural change in our working environment. We strongly support and recognise the wellbeing, productivity, creativity and collaborative strengths of working from an office and our occupiers are telling us that they are keen to return to their offices as the economy bounces back.

One has to be restrained in this assessment, however, as CBRE estimate that the average UK worker spends 4.3 days a week in the office and that this is expected to fall to 3.1 days a week post Covid-19 over the next few years. Any resulting reduction in office space, however, will likely be tempered by the need to accommodate peak occupancy and the provision of greater space per employee. Many companies are also keen to upgrade the quality of their office offering to their staff to motivate employees with the resulting productivity gains stemming from this. Given the quality of both the locational and amenity offerings in our office portfolio, we believe that we are in a strong position to benefit from these polarising trends.

DIRECTORS' STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

Management:

The entire portfolio is managed internally by a dedicated and committed team ensuring a high-quality provision of service as well as strong financial discipline. At the year end, we had seventy nine directly employed members of staff together with five consultants. Twenty four are employed at Head Office with the remaining personnel being employed in our multi-tenanted buildings. Staff are very loyal by industry standards with low turnover.

Our strong purpose and unifying values, transparency and support for both staff, clients and our supply chain is led by the three Executive Directors, and has resulted in our benefiting from well-established industry relationships with occupiers, financiers, third party professionals and local communities.

'Start with good people, lay out the rules, communicate with your employees, motivate them and reward them. If you do all these things effectively, you can't miss' – Lee Lacocca

We are proud of the response from each and every member of the Lazari Investments team and now, more than ever, we are benefiting from their expertise and experience and, across the business, they have demonstrated their commitment, loyalty and resilience in these difficult times, for which the Board are extremely grateful.

Property Review:

Contracted net rent, after the expiry of rent-free periods as at 31st March 2021, was £132,987,817 p.a. achieving an occupancy level of 92.57% based on rental value within the investment portfolio currently available to let. This year's occupancy rate has been adversely affected both by the loss of a few of our smaller tenants due to Covid-19 as well as the recent completion of some of our unlet development pipeline. Of the vacant accommodation at the year end, 24.90% was, as a proportion of rental value, firmly under offer.

The portfolio is reversionary, to the sum of £42,976,563 p.a. or 32.31% based on JLL's estimated market rental value of £175,964,190 p.a. The estimated rental value fell by 0.71% on an underlying basis against the previous year.

The West End portfolio has an average capital value of £1,216 psf excluding car parking, whereas the North London portfolio has an average capital value of £407 psf excluding residential accommodation and parking which offers significant capital enhancement potential moving forward over the longer term.

Our three largest estates in terms of capital value were also our best performing assets during the year, with the Mayfair estate increasing in value by 11.46% to £680.900 million, followed by the Wigmore Street estate increasing in value by 8.96% to £572.950 million and thereafter, the Euston estate which increased in value by 4.04% to £614.800 million. The Baker Street estate fell marginally by - 2.52% to £436.850 million, the Tottenham Court Road estate fell in value by - 9.83% to £484.300 million whereas the worst performing of the West End estates were those with a retail orientation, being the Oxford Street estate which fell in value by - 16.24% to £249.200 million and the Brunswick shopping centre in Bloomsbury which fell in value by - 19.78% to £104.400 million. The North London estate fell in value by - 4.78% to £194.725 million. These figures reflect a broad parameter of the wider investment market characteristics at the current time.

Property Review: (continued)

We exchanged contracts and completed on thirty two lettings during the year totalling 210,884 sq ft producing a rental income of £11,459,838 p.a. after expiry of rent free periods. Notable among these was 30,609 sq ft (of a total of 54,649 sq ft) let over various transactions at the newly remodelled 25 Berkeley Square, W1, 44,690 sq ft in two lettings to NHS Property Services Limited and Toscafund Asset Management LLP at the newly refurbished Ferguson House, 15 Marylebone Road, NW1 and 20,152 sq ft let to UCLH at 179a Tottenham Court Road, W1.

At the year-end, 31st March 2021, we had a further 60,966 sq ft firmly under offer and in solicitors' hands via eleven transactions, which will produce a further contracted rent of £3,713,735 p.a following completion and expiry of rent free periods.

We also carried out extensive asset management initiatives throughout the year, enhancing value. Notable transactions were a re-gear and granting of a new 128-year lease to us at 25 Berkeley Square, W1 from the freeholder, The Grosvenor Estate, following our redevelopment of this grade II listed building, a re-gear of The Office Group Property Ltd's occupation of 53,933 sq ft at 91 Wimpole Street, W1 and a re-gear of Rokos Capital Management LLP's accommodation of 28,900 sq ft at 23 Savile Row, W1.

Other income derived from various sources including rent reviews and lease renewals, dilapidations settlements, surrender payments and flat enfranchisement extensions totalled £4.132 million.

There were no acquisitions or disposals made throughout the year with the exception of a £5.000 million premium paid for the aforementioned headlease extension at 25 Berkeley Square.

An extended, dedicated team has been allocated to manage rent collection, which with our close relationships with our clients and engagement on a case-by-case basis has, in the circumstances, produced impressive results. In the 12-month period to 31st March 2021, we have collected 95.10% of rent, service charge and insurance premiums invoiced, with 3.27% being given as credit notes and the remaining 1.63% still being pursued or with payment plans in place. In respect of the payments due for the quarter 25th March to 23rd June 2021, 95.52% has been collected. These collection rates are as at 18th June 2021.

At the financial year end, rent deposits / bank guarantees were held of £20.205 million to protect against any future occupier insolvencies.

We create high quality, innovative, flexible and aesthetically pleasing office space, with wellbeing, productivity and a positive experience being at the centre of our design process, to create an optimal working environment. Sustainability and the impact on the environment is at the forefront of everything that we do.

Expenditure incurred on projects during the year was £128.650 million plus VAT through twenty five separate schemes. Notable completions included the redevelopment of 55,747 sq ft at 25 Berkeley Square in December 2020 and a refurbishment of 51,254 sq ft at Ferguson House, 15 Marylebone Road in March 2021. As well as a number of fit outs, the Group is currently undertaking four live developments on site, of which three are scheduled to complete in 2021 including the pre-letting of 145,440 sq ft at Henrietta House, Henrietta Place, W1 to CBRE and the pre-letting of 110,494 sq ft at 16 Great Marlborough Street, W1 to Diageo. Two speculative developments at The Lantern, 75 Hampstead Road, NW1 and The Met Building, 39-45 Tottenham Court Road, W1 will provide a further estimated rental value of £15,302,426 p.a. in aggregate once completed and let.

A Sustainable Future:

'The best way to predict the future is to create it' – Abraham Lincoln

We recognise there is a climate and biodiversity emergency whilst the property and construction industry have a significant role in finding holistic solutions which reduce the sector's impact. It has become clear that playing an active part in the framing and application of solutions is both an immediate moral and long term financial imperative. This is why we propose to set out a robust and mapped approach to sustainability across our existing real estate portfolio as well as future developments and investment acquisitions.

DIRECTORS' STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

A Sustainable Future: (continued)

The Sustainable Development Goals are a call for action by all countries – poor, middle income and rich – to promote prosperity whilst protecting the planet. They also need to address a range of social needs such as education, employment, health and welfare, while tackling climate change and environmental protection. Our approach to improving sustainability performance aligns with the United Nations' Sustainable Development Goals with particular focus on the six actions below where our business actitives can deliver the most impact.

1. By placing a pursuit of net zero carbon at the core of our Framework our developments will be associated with fewer emissions, which will help to combat climate change.
2. By pursuing pioneering KPIs we will spur innovation throughout the supply chain to deliver more resilient and less impactful materials.
3. By focussing on the creation of buildings which will be resilient across a broad range of future climate scenarios we will ensure that local communities benefit from our developments.
4. By ensuring that users of our assets have the best possible experience we will improve personal health outcomes whilst reducing absenteeism and staff turnover.
5. By relying on strong partnerships which are built upon a set of shared principles and resultant goals we will place people and the environment at the centre of our activities.
6. By maximising the re-use of existing structures and materials, whilst embedding circularity initiatives wherever possible, we will significantly reduce consumption over the lifecycle of our assets.

A Sustainability Framework outlining our vision and aspirations for all new developments and major refurbishments is currently being developed and will be launched by the end of 2021.

The framework will champion best sustainable practice, exemplary in-use building performance and occupier wellbeing. We will set performance KPIs in areas including whole life carbon with targets for embodied and operational energy; circular economy; climate resilience; water efficiency; biodiversity net gain; asset certification targets for BREEAM and NABERS and wellbeing; post occupancy monitoring and evaluation, and performance disclosure.

Applying this framework will enable a strong and consistent approach across the whole portfolio, underpin Sustainability Statements for future planning applications and increase tenant satisfaction. In turn these initiatives will ultimately protect and enhance our long-term investments.

At an asset level, the framework will designate roles and responsibilities across the RIBA stages and be used to track progress towards attaining targeting KPIs through regular communication with all project stakeholders. Feedback will be encouraged with a view to continually improving our activities through a process of monitoring, measuring and reviewing strategy.

With the Sustainability Framework focussing on ensuring a consistent approach to sustainable development and refurbishment, a need to improve energy performance of assets under management in our standing portfolio remains.

'Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs' – The Brundtland Commission Report

We have committed to developing a NZC Roadmap by the end of 2021 that will establish our trajectory to bring energy use across the entire portfolio in line with the Paris Accord. We will work with our asset managers and occupiers to build an accurate understanding of current energy consumption across our existing portfolio; benchmarking performance against appropriate Real Estate Environmental Benchmarks to understand optimisation opportunities and confirm any assets vulnerable to "stranding risk". Once understood, our optimal route to net zero carbon (Scope 1, 2 and 3 tenant purchased energy) will be determined and implemented. We will then implement asset improvement measures over the short to medium term.

DIRECTORS' STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

Outlook:

We are seeing a marked increase in activity across our portfolio as London is emerging from lockdown which again demonstrates that our capital city's property market has enduring global appeal for occupiers and investors alike. When this is combined with a human desire to congregate and create, London's magnetic appeal as a global, cultural and business centre, is likely to remain intact.

Whilst evolving working practices may cast a shadow over net absorption rates for office demand in the short term, it is likely that a rising working population in London in the medium term, and an accelerating need to offer a higher quality working and amenity environment within a sustainable framework, able to facilitate peak periods of staff demand, will play to the Group's strengths. We are cognisant that the office of the future will be a location in which people will want to convene, motivate, create, socialise and be mentally and physically happy in, within an environmentally friendly network rather than be forced to attend a sterile domain.

We are well placed to benefit from these changing circumstances and have a range of property assets in terms of location and building characteristics, as well as the determination and skill set to take advantage of the opportunities that will arise from this to deliver future growth.

'Have great hopes and dare to go all out for them. Have great dreams and dare to live them. Have tremendous expectations and believe in them' – Norman Vincent Peale

We look forward to the next chapter in the Group's expansion in a post-Covid world.

The statement was approved by the board on 16 July 2021 and signed on its behalf by:

L Lazari Director	**N Lazari** Director	**A Lazari** Director

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present the Strategic Report for Lazari Investments Limited group (the "group") for the year ended 31 March 2021.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A review of the results and future developments is included in the Directors' statement on pages 1 to 7.

Covid-19 and Brexit

The directors have considered the ongoing impact of Covid-19 and the exit from the European Union on the business and Group and are very aware of the implications that it has had on assets, employees, stakeholders and the going concern assessment. All material financial and operational adjustments, where needed, have been made.

OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

The loss in the year resulted in a reduction of the net assets from £1,115,156,650 to £1,008,107,250.

PRINCIPAL RISKS AND UNCERTAINTIES

(a) Financial Risk

One of the main risks faced by the group is upwards movements in interest rates. With continuously high levels of occupancy in the portfolio underpinning rent cover and low borrowing costs, interest covenants are well covered. Some 88.73% (2020 - 82.00%) of total borrowings are fixed.

Another risk is any increase in loan to value ratios. At the year end the group had gearing of only 68.46% (2020 - 64.82%). Excluding the borrowing from Lazari Finance Limited group gearing would have been 48.46% (2020 - 45.11%). The group has ample margin for the loan to value ratios to increase in the event of a future reduction in property values without breaching its debt covenants. At the year end, the group had £43.344 million (2020 - £32.469 million) of cash reserves to cover such an occurrence as well as one unencumbered property valued at £6.65 million (2020 - £6.50 million) by JLL as at 31st March 2021. While the group's current financial position is sound, the directors will continue monitoring the future debt requirements, portfolio values and debt covenants.

The LIBOR transition is not expected to have a materially significant impact on the business.

b) Tenant Default

All prospective tenants are closely scrutinised to assess their ability to meet their proposed rental commitments. Our usual yardstick is that the tenant company should provide financial statements for the last three years demonstrating that net profits after tax exceed a multiple of three times the proposed annual rent and net assets should equate to a minimum of five times the rent. As appropriate, additional security is obtained by way of a rent deposit and/or parent company or bank guarantee. At the year end, the group held £17.621 million (2020 - £17.671 million) in rent deposits.

Individual lettings are also assessed on an overall portfolio basis to ensure that we have a diverse tenant base derived from both the public and private sectors across a wide range of users.

We maintain regular contact with our tenants to ensure that we work closely with any that are facing financial difficulties. In those cases where tenant default appears to be inevitable, we either adopt a flexible approach to assist the tenant to assign or sub-let or we take prompt action to forfeit the lease and re-let the premises, using our specialist market knowledge.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

c) Letting and Refurbishment Risk

The principal risk is a deterioration in market conditions.

Sentiment and job creation expectations in the Central London office market have weakened in the short term owing to Covid-19.

The group is experienced and cautious in committing capital expenditure and often this is mitigated by way of pre-letting. The group has vast experience in refurbishments and lettings and delivers high quality schemes in strong locations which we are confident will continue to prove readily lettable.

The threat of increasing refurbishment costs is mitigated by an experienced internal development management team who work closely with the contractor and our professional team, attend all project meetings and take an active role in the competitive tendering process, appointment of contractors and account negotiations.

The group also ensures that its capital exposure is limited compared to the overall size of its balance sheet and investment portfolio.

d) Market Risk

In addition to focusing on the covenant strength of our tenants, the group has a policy of maximising the length of each tenancy in preference to securing as high an initial rent as possible. The group also adopts a proactive approach to dealing with tenants' break clauses by initiating lease restructuring negotiations, as appropriate.

The group also mitigates market risk by concentrating its activities in the West End which benefits from a diversified tenant base, global investment demand and a supply constrained market. These factors combine to limit the downside during adverse market conditions.

e) Shortage of Key Staff

Staff loyalty is encouraged by maintaining a very close relationship between the group and its staff by treating them as extended members of the family. The ownership of the business via a family structure with a succession plan now completed allows staff to take comfort in the knowledge that the group has a long-term future without the distraction of external shareholders.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

Standard payment terms for Lazari Investments Limited is 25 Days (2020 - 25 days). The company's policy is to pay its creditors within the suppliers' payment terms.

The actual average number of days taken by the company for payment of suppliers in 2021 is 10 days.

EMPLOYEE INVOLVEMENT AND COMMUNICATION

We strive to involve our people with the matters which impact on them. We value two way communication to ensure that we have ongoing dialogue with colleagues. More details are given in the statement of stakeholder engagement section in the Directors' Report.

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators used by the directors to monitor the performance:

- Group Gearing: This is currently only 68.46% (2020 - 64.82%) or 48.45% (2020 - 45.11%) excluding debt from Lazari Finance Limited.
- Interest (rent/interest) service cover: Interest cover is 243.24% (2020 - 249.13%) remaining / increasing to 284.69% (2020 - 249.13%) on expiry of rent free periods excluding the debt owed to Lazari Finance Limited. Including this, interest cover reduces to 168.57% (2020 - 175.59%) rising to 197.29% (2020 - 175.59%) on expiry of rent free periods.
- Occupancy Levels: At the year end this was 92.57% (2020 - 97.30%) by way of rental value within the investment portfolio available to let.
- Rental Income Growth: Contracted rent decreased by 1.76% (2020 - increased by 2.20%) for properties held over the full year.
- Income Profile: Our asset management initiative procures longer term income streams and strong covenants.
- Valuation Movement: Valuations are independently valued and compared against market indices. The underlying valuation decrease for the year was 0.21% (2020 - increase 1.14%).

SECTION 172(1) STATEMENT FOR LAZARI INVESTMENTS LIMITED (THE "COMPANY")

Set out below is the Company's section 172 report as required under the Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"). The Regulations require directors to report how they have considered their duties under section 172 (of the Companies Act 2006 (the "Act")) ("Section 172"), to promote the success of the Company, during the reporting period.

The Lazari Investment group of companies consists of the Company and its direct and indirect subsidiaries (the "Group"). This Section 172(1) Statement is prepared on a consolidated basis. A number of subsidiaries of the Company are also captured by the Section 172 requirements and are covered in this Section 172(1) Statement and will make disclosures within their respective financial statements, in accordance with the Regulations.

The Group recognises that the overall governance framework that Section 172 promotes is to drive the long-term success and economic viability of the company for the benefit of its shareholders and stakeholders. The Group directors are mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities, including application of their Section 172 duties under the Act.

The Group recognises the need to have appropriate levels of corporate governance across its subsidiaries. The Group maintains governance at both an enterprise wide and legal entity level, and as a result of increased regulation, the Group recognises the need to formalise and implement key standards. Decision making within the Group is undertaken by the management team, composed of the three Executive Directors (who are also the Company's statutory directors). The Board meets as a management team weekly and decisions made are always driven by the need to promote the success of the Company for the benefit of its members as a whole and whilst taking decisions they consider all of their duties under the Act, including having regard to all of the matters under Section 172 (1) a) to f). The Company's executive and statutory governance are aligned. We pride ourselves on being a value-led business, where integrity, respect and trust are all paramount in our approach. We believe foremost in transparency and accountability and always strive to uphold the highest standards of conduct and service. The Group published its first Modern Slavery Statement on 1 April 2021. This set out the steps the Group had taken to combat human slavery and human trafficking in its business and supply chain. In line with our section 172 duties, we have identified areas of improvement and are actively working towards implementing the relevant measures, including incorporating our own anti-modern slavery provisions in our third party contracts and asking that our corporate stakeholders acknowledge and agree to these, thereby maintaining our reputation for high standards of business conduct. The Group chooses a long-term strategy and view to invest with a vision for long-term prosperity. This long-term, intergenerational approach enables us to build a sustainably successful business with a positive legacy for the Lazari family.

The Group has always considered the longer-term, building a sustainable business for the Lazari family to continue and always considers the balance between the short and long term in its decision making; any decision that would be a short-term gain, but could have a negative long-term impact is generally dismissed, unless there are mitigating factors. Our directors always consider whether the decision they are about to take leads to a positive long-term increase in the value of the company for the benefit of the shareholders and the company's wider stakeholder base.

Board Composition

The Company's Board, which comprises three directors, has served on this board for a combined total of more than 70 years and collectively has a broad range of skills, knowledge and industry experience to enable the Company to meet the needs of its business and for the directors to each carry out their role and statutory duties to a high standard whilst having due regard to the Company's stakeholders.

Individually, each director is highly experienced in both property as well as finance matters, and has responsibility for overseeing a portfolio of properties and managing relationships with specific lenders.

All three directors manage substantial mixed use property investment portfolios. However, Leonidas Lazari focuses on managing the retail estate as well as implementing wider strategies. Nicholas Lazari specializes in matters relating to development opportunities as well as acting as company secretary. Lastly, Andrie Lazari has the responsibility of overseeing the general financing strategy for the group.

The Board's collective experience enables them to consider a broad range of stakeholders and non-stakeholder factors in their deliberations and decision making, whilst continuing to create value for the long-term and identify the impacts of the board's decisions on the key stakeholders, and where relevant, the likely consequences of those decisions in the long-term.

Stakeholder Relationships and Engagement

The Group considers that the stakeholder groups that are impacted by the Group, its decisions and its business activities are the key stakeholders and include the Company's employees, its tenants, supply chain partners, lenders, the local environment and communities where our Estates and buildings are situated and our shareholders.

The management team and other employees take part in direct and indirect engagement with various stakeholder groups. We recognise the importance of our stakeholders such as, without our dedicated and committed team of employees we would be unable to successfully manage our portfolio of companies or provide high quality levels of service, without our tenants we would be unable to benefit from letting or gearing opportunities within our portfolio. Our supply chain partners are critical to the success of each project and ultimately the Company's long-term success.

The impact of this engagement is detailed in the following section.

Principal Decisions

As noted above, the Board meets weekly through the management meetings. All decisions are made through the management team meetings, enabling the statutory directors to retain oversight of any decisions made on its behalf.

Where a principal decision is to be made, an assessment of the impact of that principal decision on key stakeholders will be considered, and will include matters such as how each key stakeholders' interest was considered as part of the assessment, details of any risks identified and resulting actions proposed to be taken to monitor and mitigate those risks. Consideration will also be given to any potential impacts on the Company's reputation and how that impact will be monitored.

Principal decisions, defined as those which: (i) are linked to matters of strategic importance; (ii) are commercially material matters of financial or operational importance; and (iii) impact key stakeholders include:

- dividends;
- substantial changes to the portfolio;
- significant capital expenditure; and
- matters that will substantially affect the Company's employees.

In line with the Regulations and FRC guidance, and in accordance with the approach taken during the financial year under review, having considered the Company's principal risks and uncertainties as detailed in the Strategic Report along with the business undertaken during the period under review, the following principal decisions were made in relation to the Company:

Dividends:

The Board decided to pay dividends totalling £2,736,055 in respect of the year. In making their decisions, the directors considered the opportunity cost of not paying a dividend in balancing out investments made by the shareholders, the Company's capital position, the amount of its distributable reserves, as well as its cash position, including long-term solvency of the Company. Consideration was given to the Company's business and the actual and contingent liabilities inherent in that business, and the ability of the Company to be able to pay its debts as they fell due. The Company understands the importance of delivering dividends to its shareholders. The Company is therefore committed to maintaining an appropriate balance between total cash returns to its shareholders, investment in the business, and maintaining a strong capital position.

Matters that affect the Company's employees:

At the end of the last reporting period, the business took the very difficult decision to furlough 29 employees, equating to c 35% of the entire workforce during the COVID-19 pandemic, albeit for a limited period with all those involved having returned from furlough. At the time this decision was made, consideration was given to the financial and emotional impact of this decision on those affected employees, and whether the Company would be eligible to apply for the UK government's coronavirus job retention scheme whilst continuing to ensure the continued economic stability and viability of the Company to ensure:

- the future functioning of the business;
- the safeguarding of jobs for the workforce;
- the ability of the Company to pay its liabilities as they fall due;
- the long-term value of the Company; and
- the long-term success of the Company.

Principal Decisions (Continued)

Further consideration was given to the Company's other stakeholders and the impact a reduced workforce would have on them. These considerations and the decision to furlough 29 employees enabled the Group to avoid making any redundancies during this difficult period. We maintained ongoing dialogue with the furloughed employees whilst they were on furlough to ensure they were kept up-to-date with the actions we were taking, and also to provide them with an opportunity to raise any issues or concerns they may have had during this period of furlough. The colleagues impacted by this furlough decision have now all returned to work.

COVID-19

The directors are mindful of the significant impact to the Group's stakeholders, as detailed in this statement, arising from the ongoing COVID-19 pandemic. As set out in this report, the Company operates a robust and meaningful engagement strategy with key stakeholders including employees, tenants and its supply chain partners. The Company's management has been in dialogue throughout this period with its key stakeholders which has informed the way the management team and board of directors have undertaken critical decisions in order to allow the business to be able to navigate through the crisis.

The health and safety of employees, tenants, supply chain partners and other stakeholders are of the utmost importance to the business, not only in occupied properties but also in developments and live constructions. As such, the business undertook impact assessments on all its sites to ensure that when the UK government eased lockdown restrictions, stakeholders could safely return to the sites. This included the implementation of one-way channels in multi-access routes, the introduction of heat scanners at all sites to test individuals' temperatures to ensure no-one entered a site with an elevated body temperature, a primary symptom consistent with COVID-19, and an enhanced cleaning regime was put in place. There is also a requirement to wear masks in common parts of our buildings.

Our whole team demonstrated resilience and agility in adapting to new working practices imposed by the COVID-19 restrictions.

FUTURE GOVERNANCE

Due to the unforeseen circumstances experienced during the reporting year, the Directors decided to postpone the establishment and implementation of the governance roadmap, referenced in the previous year's s172 statement, until 2021. This will be reported on in the next s172 statement.

STREAMLINED ENERGY AND CARBON REPORTING ("SECR")

The urgent need to address the global climate challenge has become increasingly apparent in recent years. As we enter into a new decade, Lazari Investments Limited, as a Group, are committed to achieve Net Zero Carbon by 2030. We are currently preparing and setting out a Sustainability Framework to outline our vision and implementation strategy, which will be launched later in 2021 (see Directors' Statement). Our aim is to develop and manage more sustainable buildings and to this effect we are focused on reducing the embodied and operational emissions across our portfolio.

Carbon Emissions for the year under review (1st April 2020-31st March 2021).

Our carbon emissions highlight a decrease of 20.9% in overall carbon per sq ft of managed space, against our baseline year of 1st April 2019-31st March 2020. Please note that total emissions are reported using the financial control boundary and the methodology used aligns with the Department for Environment, Food and Rural Affairs' (Defra) Environmental Reporting Guidelines (2019) and uses the UK Government's greenhouse gas reporting conversion factors (2020) to quantify emissions. We have used primary data from utility bills and fuel card claims, compiled on annual basis. Emission data are collated by Mitie Energy's Sustainability Team, who have overall responsibility for ensuring the calculations and methodology are correct, on our behalf. Where energy data where partially unavailable, we used data from adjacent periods to estimate data for missing periods.

The measure of units in the upper table below is TCO2e and in lower table KwH.

Emissions source	2019/20	2020/21	Change against previous year	% Change against previous year
Fuel Consumed by Company Vehicles	30	18	-12	-39.0%
Directly Purchased Gas Consumed within buildings	2,299	2,024	-275	-12.0%
Total Scope 1 (tCO2e)	**2,329**	**2,042**	**-286**	**-12.3%**
Directly Purchased Electricity Consumed within buildings	4,218	3,630	-588	-13.9%
Total Scope 2 (tCO2e)	**4,218**	**3,630**	**-588**	**-13.9%**
Total Scope 1 &2 (tCO2e)	**6,546**	**5,672**	**-875**	**-13.4%**
Intensity Metrics				
Total Gross Internal Area* (Ft2)	2,151,129	2,356,702	205,573	9.6%
Scope 1+2 emissions per unit (tCO2e/Ft2)	**0.0030**	**0.0024**	**0.0006**	**-20.9%**

* Refrigerant data has been excluded due to difficulties obtaining accurate data on landlord managed sites, this is considered immaterial.
* Like for like analysis based on 2019/20 site list and vehicle list
*Where Lazari is the bill payer

Energy Consumption by source	2019/20	2020/21	Change against previous year	% Change against previous year
Electricity	16,500,674	15,567,943	-932,730	-5.7%
Gas	12,502,262	11,006,600	-1,495,663	-12.0%
Vehicle fuel	125,183	78,305	-46,878	-37.4%
Total	**29,128,119**	**26,652,848**	**-2,475,271**	**-8.5%**

The decrease of carbon emissions is mainly attributed to our own efficiency improvements, mentioned later in this report, the National Grid decarbonisation and lastly the impact of national lockdowns imposed as a result of the Covid-19 pandemic, which led to reduced occupancy of our portfolio by our tenants, who were working from home.

In respect of Scope 3 emissions, we confirm that waste recycling is in operation in most of our buildings, whereas we are engaging with our tenants across our portfolio to implement further waste minimising initiatives.

Energy Efficiency Improvements

Sustainability is an important value benchmark for the Company. By adopting a sustainable ideology throughout our operations, we see our space letting quicker and on better terms, benefitting the business and environment. Therefore, continuing our commitment to offer high-performing, energy efficient and environmentally responsible properties, we have invested in a number or energy efficiency projects across our portfolio.

a) Existing Portfolio

Working alongside our occupiers and supply chain partners, we focus on making both commercially and environmentally responsible decisions. We invest in new technologies and implement measures solely aimed at emission reduction and energy efficiency.

Our energy efficiency initiatives during this year were driven by the Covid-19 global pandemic, which required us to alter our operating procedures for ventilation and air conditioning to our buildings. To this effect, we increased fresh air intake to 100%, with no recirculated air and enhanced the air filtration in all our buildings. Moreover, we reduced the running hours of our plant to reflect the reduced occupancy rate across our portfolio. These measures resulted in reduction of energy consumption.

In addition to these measures, we continue the rollout of our ongoing energy efficiency projects across our portfolio to include installation of LEDs and sensor lightings, boiler upgrades and building management systems (BMS) installation and optimisation, as well as the use of low carbon and low energy smart technologies. These are expected to result in additional annual energy savings.

In further detail, in relation to lighting installations we install intelligent “head ends” to monitor power usage to enable us to fine tune common parts lighting settings at energy efficient levels. The LED lighting we install in our buildings is also adjustable to suit daylight conditions and incorporate a circadian lighting design to provide glare control and colour quality.

To further reduce energy consumption, where we are undertaking new lift installations, we incorporate advanced destination controls that ensures the lifts are more efficient with less runs, which also increases their lifespans.

In respect of our mechanical and electrical equipment, we ensure that we continue to undertake periodic planned installation of new boilers, modernisation of the chillers and lifts and complete upgrades of BMS systems, wherever possible. Where air conditioning is replaced, we aim to install energy efficient cooling and heating systems, to reduce energy and carbon output by 50%, as well as heat recovery by 60%. We are also using air ionisation technology to improve air filtration, indoor air quality and ability to destroy viruses and bacteria in ventilation air.

Finally, materialising our aim to solely use renewable energy, we have entered into electricity contracts, such as with Total Gas & Power Ltd, for the supply of 100% renewable energy across our portfolio.

b) Development Pipeline

At the heart of our development and refurbishment projects, is the goal to provide for environmental performance, sustainability and wellbeing to our occupiers. Our benchmark for future developments is to achieve embodied carbon emissions of 800kg m2 as a maximum, with a stretched target of 500kg m2. We aim for a minimum Nabers UK star rating of 5, rising to 6 by 2030. Overall, our designs are based on BREAAM principles to achieve at least "Very Good" accreditation on current buildings and "Excellent" on new-builds, as well as adhering to WELL accreditation, whereby we are achieving Gold as a minimum design criteria and Platinum in relation to our extension and remodelling of Henrietta House, Henrietta Place, London W1.

In conjunction with BREEAM and Planning Requirements there is an ongoing programme to ensure our new buildings are efficient, both in terms of power to heat them up and the thermal properties to retain the heat to ensure environmental sustainability. For example, we incorporate advanced insulation with thermal and non-combustible properties as well as boilers and heating systems augmented by incorporating air/ground source heat pumps.

An exhaustive process is carried out in the evaluation of the retention and/or reuse of existing materials. Building fabric insulation is maximised to reduce thermal transmission (U Values) to minimise solar gain and the use of low carbon emitting structural and raw materials are adopted. Rooftop solar panelling is widely utilised throughout our developments to produce a minimum energy output of circa 20% of a building's energy consumption. Gas-free buildings where possible are adopted as a norm.

We also promote the collection of rain water on "blue roofs" as a water conservation tool to harvest the water and reduce the load placed onto the national infrastructure by heavy rain. This is evident in our ongoing development of The Lantern. If the installation of blue roofs is not possible, we aim to install green roofs improving biodiversity and adopting biophilic design principles. This is supplemented by utilising minimum flow rates and solenoid valves to reduce water use further, as well as the implementation of water filtration to improve water quality.

At 16 Great Marlborough Street, we are using a hybrid version of external air condensers cooling internal water served units, to allow for localised use per zone/floor, as opposed to using a central plant. This is both energy efficient and environmentally friendly.

Focusing on reducing our indirect carbon footprint, we aim to employ local tradesmen and use systems and materials manufactured and sourced locally or from within the wider UK whenever feasible, with the focus being on using environmentally friendly products, such as Hempcrete. We also aim to reuse existing materials as well as recycle waste produced by our development works, which currently is 95% recycled.

As a responsible company, our overarching aim is to further promote ESG and improve the resilience, performance and sustainability of our portfolio and materialising our aim for Net Zero Carbon by 2030, playing our part in tackling the climate emergency.

This report was approved by the board on 16 July 2021 and signed on its behalf by:

L Lazari	N Lazari	A Lazari
Director	**Director**	**Director**

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and the audited financial statements of Lazari Investments Limited (the "company") and Lazari Investments Limited Group (the "group") for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The group's principal activity is that of an investment company. The group owns an outstanding portfolio of property assets which it rents to commercial tenants. It also has a number of ancillary residential units.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £104,313,345 *(2020 - loss £12,894,854)*. A dividend of £2.73 per share (2020 - £0.48 per share) was paid during the year.

Net assets as at 31 March 2021 were £1,008,107,250 (2020 - £1,115,156,650).

CHARITABLE DONATIONS

During the year the group made charitable donations of £166,567 (2020 - £52,384). No donations were made by the company (2020 - nil).

POLITICAL DONATIONS

During the year the group made a donation of nil (2020 - £5,800) to the Conservative Party. No donations were made by the company (2020 - nil).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, and their interests in the group's issued share capital were:

	Ordinary shares of 1p each	
	31/3/21	*31/3/20*
L Lazari	**220,219**	*220,219*
N Lazari	**220,219**	*220,219*
A Lazari	**220,219**	*220,219*

The Lazari Children's Trust own the remaining 340,344 (2020 - 340,344) Ordinary shares of the company's total issued share capital of £1,001,001 Ordinary shares.

GOING CONCERN

As at the year end the group had net current assets of £20,294,881 (2020 - net current liabilities £1,096,147). The company had net current liabilities of £6,606,964 (2020 - net current liabilities £7,272,776).

A detailed review of cash flow forecasts and working capital requirements prepared by the Directors for the 12 months from the signing of the financial statements, incorporating the impact of Covid-19 and Brexit on the operations of the business and tenants, which considered severe, but plausible sensitivities have confirmed to the Directors that the company and the group has sufficient resources to meet its normal trading liabilities as and when they fall due for a period of at least one year from the date of signature of the financial statements of the company and the group for the year ended 31 March 2021.

To strengthen the cash flow and financial position of the group the following new financing has been agreed:

- At 31 March 2021 there was an undrawn loan facility of £25million from Aviva to fund capital commitments;
- Following the year end, Aviva agreed to a top up facility of £18million (£38million facility with £20million loan renewal plus £18million top up); and
- Following the year end, an agreed head of terms extended the repayment of the loan of £5million with Royal Bank of Scotland from 31 August 2021 until 31 August 2022.

CYBER SECURITY

The group engaged external consultants to assist with the objective of updating cyber security in line with best practice.

The latest wired and wireless cloud managed networking equipment was installed to address vulnerabilities in the current equipment.

FUTURE DEVELOPMENTS

Details of future developments are provided in the Directors' Statement in Outlook.

STATEMENT OF STAKEHOLDER ENGAGEMENT

Lazari Investments Limited (the "Company") aims to build and develop enduring relationships with its key stakeholder groups, including tenants, supply chain partners, lenders, the local environment and communities within which our estates and buildings are situated and our shareholders.

In accordance with the Regulations, the Company is required to disclose a statement of how the directors have engaged with key stakeholders of the Company and have taken account of their interests during the financial year.

The table below describes how the Company has had regard to the need to foster relationships with its key stakeholders, and the effect of that regard, including on the decisions taken during the reporting period:

Stakeholder Group	**Importance**	**What engagement occurred**	**What influence did this have on the Board's decisions?**
Employees	Without our dedicated and committed team, we would be unable to successfully manage our portfolio of companies or provide high quality levels of service. The multi-disciplinary skills of our team ensure we are able to rapidly respond to changing market conditions. Our employees rely on us for job satisfaction, training and career development, payment of salary and other benefits as well as job security.	We maintained ongoing dialogue with our furloughed employees to ensure they were kept up to date with the actions we were taking, and also to provide them with an opportunity to raise any issues or concerns they may have had during this period of furlough. The colleagues impacted by this furlough decision have now all returned to work.	At the end of the last reporting period, the business undertook the very difficult decision to furlough 29 employees during the COVID-19 pandemic. At the time this decision was made, consideration was given to the financial and emotional impact of this decision on those affected employees and whether the Company would be eligible to apply for the UK government's coronavirus job retention scheme whilst continuing to ensure the continued economic stability and viability of the Company to ensure: - the future functioning of the business; - the safeguarding of jobs for the workforce; - the ability of the Company to pay its liabilities as they fall due; - the long-term value of the Company; and - the long-term success of the Company.

Stakeholder Group	Importance	What engagement occurred	What influence did this have on the Board's decisions?
Employees			These considerations, the successful application for the UK government's coronavirus job retention scheme and the decision to furlough 29 employees enabled the Group to avoid making any staff redundant during this difficult period. The health and safety of our colleagues is of the upmost importance. Impact assessments were undertaken on all the Lazari Offices to ensure regulatory requirements were satisfied in respect of Covid 19. In December 2020 we introduced self-testing at our office to provide our office-based colleagues with a COVID-19 safe working environment. Those with positive results self-isolated in accordance with government guidelines. In addition, a decision was taken to improve social distancing by relocating a small number of our employees to recently vacated office accommodation, adjoining the Group's existing offices, to help meet social distancing recommendations as well as providing a more 'secure and flexible' working environment.

Stakeholder Group	Importance	What engagement occurred	What influence did this have on the Board's decisions?
Tenants	Without our tenants we would not be able to: - boost our knowledge of our occupiers evolving space requirements, spurring fresh letting and re-gearing opportunities within the portfolio - provide environmentally and socially resilient spaces by understanding our occupiers' sustainability expectations and foresee the changing needs of their workforces and work together with them to deliver the most appropriate and efficient options - bespoke solutions saving time, cost and valuable resources Our commercial and retail occupiers are focused on the impact of their workspace (in attracting and retaining their own employees through social, flexible space to improve wellbeing, and a desire to be part of their local communities) and demand a quality product. They want to partner with a landlord that is attentive to their needs and desires as occupiers and treat them fairly.	The property management and investment arm of the Lazari group regularly engage with existing and proposed new tenants through quarterly meetings and ongoing negotiations. We engage with the property management and investment arm of the Lazari group on a regular basis on matters discussed during the quarterly tenancy meetings, details of which are fed back to the Board through the weekly management meetings. The property management and finance teams at Lazari have endeavoured to foster a close partnership with the Group's tenants. As a result, a number of tenants approached Lazari, following Covid-19-related pressures on their cashflow, to agree an equitable solution involving a variety of options that reflected their individual circumstances. The objective was to support these tenants in these exceptional circumstances and allow them continue to trade when things returned to normal.	We continue to make both commercially and environmentally positive decisions, working with our occupiers to deliver properties that are fit for now, and for the future, having embarked upon an ongoing programme to upgrade both our existing stock as well as undertaking new developments, with the objective of creating flexible, modern, environmentally friendly workplaces. The regular contact with our tenants has helped us during COVID-19 to work closely with tenants that faced financial difficulties, including situations where tenant default appeared to be inevitable. We were able to adopt a flexible approach to assist the tenant to assign or sub-let the property or, where necessary, we took prompt action to forfeit the lease and re-let the premises, using our specialist market knowledge.

Stakeholder Group	Importance	What engagement occurred	What influence did this have on the Board's decisions?
Tenants		The team at Lazari tasked with managing the Brunswick Centre maintain close contact on a regular basis with all the tenants on the basis of a partnership approach to finding solutions. The majority of tenants, being from the retail and leisure sectors, were disproportionately impacted by Covid-19 restrictions on the ability to trade and were themselves closed for much of the reporting period, including the traditionally busy Christmas period. Periodic discussions have been held with the Brunswick Centre tenants, discussing the restrictions imposed and the impact this had on the holding of large events. The Group's events manager (closely liaising with the directors), in tandem with the Brunswick Centre's marketing and social media consultants, had ongoing engagement with all the tenants to discuss a variety of proactive initiatives designed to help re-invigorate the Centre by encouraging customer footfall to return as levels of Covid-19 restrictions began to be eased.	The business undertook impact assessments on all its sites during the COVID-19 pandemic to ensure that when the UK government eased lockdown restrictions, stakeholders could safely return to the sites. This included the implementation of one-way channels in multi-access routes, the introduction of heat scanners at all sites to test individuals' temperatures to ensure no-one entered a site with an elevated body temperature, a primary symptom consistent with COVID-19 and an enhanced cleaning regime has been put in place. There is also a requirement to wear masks in common parts of our buildings. COVID-19 has impacted upon both the commercial and residential tenants, as well as the respective lettings market. The Directors were adroit by quickly recognising this impact and from the outset of the pandemic, have worked with the tenants to help manage its effects. For example, we introduced the adoption of turnover linked rents in both the retail and leisure estates, allowing quarterly rents to be paid on a monthly basis and agreeing rent free concessions. One of our available retail units was used as a COVID-19 testing site mitigating the empty rates liability.

Stakeholder Group	Importance	What engagement occurred	What influence did this have on the Board's decisions?
Tenants			This strategy has helped mitigate the potential effect of voids with, on average, c. 90% of rents due being collected in the respective rental quarters thus mitigating the negative financial implications that could have been faced by the business. Also, COVID-19 related restrictions have had an adverse impact on the Central London letting market by reducing both occupier demand and the level of achievable rents for new lettings (factoring in 'incentives' etc). The Board has recognised these market changes and reflected this in their letting strategy. Lastly, as a result of COVID-19, the annual festival and events held at the Brunswick Centre have been placed on hold, largely due to government restrictions resulting from the pandemic. We hope to be able to resume our programme of events around the Christmas period, subject to restrictions permitting. We have taken the opportunity to create warm outdoor covered spaces and also areas for outdoor dining and entertainment in readiness for the phased easing of restrictions to help revitalise the Brunswick Centre. We believe this initiative should aid our tenant businesses and generally help return footfall to pre-pandemic levels.

Stakeholder Group	Importance	What engagement occurred	What influence did this have on the Board's decisions?
Supply Chain Partners	Our supply chain partners want to ensure that they are part of a fair and transparent tender process, are engaged on fair terms and conditions and paid promptly. They want to partner with a reputable company. Working well with our supply chain partners is critical to each project's success and our long-term success, as they enable us to continue to deliver high-quality product to our occupiers.	We engage with our supply chain partners in a number of ways, but predominantly when we collaborate on customer projects. Relationships with supply chain partners are principally managed by a combination of Lazari directors, Heads of Projects (for developments), Building Managers and lastly, Consultants. Engagement is undertaken through a combination of site visits/contractor liaison and calls. In relation to the impact assessments undertaken, we engaged with the main contractor of ongoing developments, including refurbishments, (who in turn engaged with the subcontractors) and with the manufacturers/ fabricators with whom we had a direct relationship. We also sought confirmation from our supply chain partners that the development sites were fully compliant with Covid 19 regulations.	We continue to make both commercially and environmentally positive decisions, working with our supply chain partners to deliver properties that are fit for now, and for a future of which we can all be proud. As noted above, the business undertook impact assessments on all its sites during the COVID-19 pandemic to ensure that when the UK government eased lockdown restrictions, stakeholders could safely return to the sites, including our supply chain partners. For continuing developments through COVID-19, and in expectation of Brexit-related supply issues, the group has worked with its main contractors to take measures to mitigate supply chain risk, by providing storage accommodation where possible for critical materials and identifying critical items to be forward ordered. For example, at the Henrietta House, W1 development, it was identified that due to the impact of Covid-19 there were resultant shortages of raw materials, such as plaster board. It was agreed with the main contractors to forward purchase raw materials and store them on site rather than experience shortages that might have an adverse impact upon the completion of the development.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Stakeholder Group	Importance	What engagement occurred	What influence did this have on the Board's decisions?
Supply Chain Partners			We have also provided "special measures" to permit projects to continue, taking into consideration social distancing for contractors on site and providing additional welfare accommodation to ensure the contractors can work within the refurbished frame of the buildings. For example, we opened up car parking where offices had closed or we had underused parking facilities to enable workers to drive to sites rather than use public transport, to ensure development projects continued.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Stakeholder Group	**Importance**	**What engagement occurred**	**What influence did this have on the Board's decisions?**
Lenders	Our lenders want to ensure that we remain able and committed to repaying our external debt when due, and that any security retains its value. We want to ensure that the financial covenants in place with our lenders are not breached and that we respect the payment terms in place.	We have meetings with our lenders to discuss our ability to meet existing lending terms, and when the need arises, our ongoing financial requirements. The management and senior team maintain a close working relationship with the lenders through the provision of detailed quarterly reports, which include management accounts, tenancy schedules, Covenant Compliance Certificates and property reports, and through calls.	Following meetings with Aviva, the board approved a drawdown on its £75m facility from Aviva by way of a refinance of the existing portfolio of properties charged to Aviva. The group's lenders have been highly supportive during the COVID-19 pandemic. Whilst all lending facilities continued to remain fully covenant compliant, two of our lenders agreed temporary capital repayment holidays (totalling £5.9m) to allow us to strengthen our cashflow. Also, two additional term loan facilities totalling c. £32m net were provided to help finance ongoing developments with the objective being to both enhance capital values and ultimately, increase rental income. The principal developments involved the extensive refurbishment of two large West End properties in Berkeley Square and Great Marlborough Street as well as a new build project called The Lantern, in Hampstead Road, NW1.

Stakeholder Group	Importance	What engagement occurred	What influence did this have on the Board's decisions?
Local Environment and Communities	We acknowledge the need to be respectful and conscientious of the environment and the local communities in which are properties are located. We are committed to improving the sustainability performance of our portfolio by offering high-performing, energy efficient and environmentally responsible properties. Our property management strategy stems from our understanding of occupiers' sustainability expectations and enables us to meet their needs for high-performing and responsible buildings whilst also investing in new technologies making our buildings more energy efficient. We are committed to reducing our carbon footprint through the use of innovative technologies as part of our ongoing development and refurbishment schemes.	Our methods of engagement are described in the sections above. Engagement with our customers, and the ongoing dialogue that supports our strategic decision making, has an impact on the local communities and environments in which we are located.	We continue to make both commercially and environmentally positive decisions, working with our occupiers and supply chain partners to deliver properties that are high-performing, energy efficient and environmentally responsible - properties that are fit for now, and for a future of which we can all be proud. Through engagement with existing and new tenants, we have recognised the need to adapt office specification and design to reflect changes in occupier requirements, many resulting from the impact of COVID-19. This has involved the provision of more communal space like meeting 'hubs', enhancement of air replacement rates to buildings to allay tenant concerns and enhance filter regimes and recognising that working from home for part of the working week may become the 'norm' for many organisations. This has facilitated the need for more flexible space and a requirement for a more spacious office layout to meet our tenants' employee expectations.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Stakeholder Group	Importance	What engagement occurred	What influence did this have on the Board's decisions?
Shareholders	The Company is part of a well-established privately owned commercial property group, with the three directors also being the ultimate controlling parties. The Lazari family is committed to, and invests in, the long-term success of the Company. The Company understands the importance of delivering dividends to its shareholders and is committed to maintaining an appropriate balance between total cash returns to its shareholders, investment in the business and maintaining a strong capital position.	The shareholders comprise the three directors and the Lazari Children's Trust. The Trustees of the trust are provided with comprehensive quarterly reports, which includes detailed financial information, and meetings between the directors and the Trustees occur on a periodic basis.	Dividends totalling £2,736,055 were declared during the reporting period.

PRINCIPAL RISKS AND UNCERTAINTIES, FUTURE DEVELOPMENTS, BUSINESS REVIEW, STREAMLINED ENERGY AND CARBON REPORTING AND FINANCIAL RISK MANAGEMENT

The directors' assessment of the company's principal risks and uncertainties, the future developments and business review, streamline energy and carbon reporting and financial risk management are set out in the Strategic Report.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 July 2021 and signed on its behalf by:

L Lazari	N Lazari	A Lazari
Director	**Director**	**Director**

Report on the audit of the financial statements

Opinion

In our opinion, Lazari Investments Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and company's affairs as at 31 March 2021 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 March 2021; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Tax Legislation, Health and Safety Regulations, General Data Protection Regulation (GDPR) and the Landlord and Tenant Acts, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate or fictitious journal entries to manipulate the financial performance or financial position of the group as well as bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- Enquiry of and discussions with management and those charged with governance, including the review of Board minutes, for any known or suspected instances of fraud, non- compliance with laws and regulation and any potential or actual litigation or claims;
- Engaging with management's property experts in order to discuss assumptions;
- We evaluated the adequacy of the independent auditor expert's work, specifically, the relevance and reasonableness of the expert's findings and conclusions; their consistency with other audit evidence obtained; the significant assumptions and methods, and the relevance and reasonableness of those assumptions and methods; and the relevance, completeness, and accuracy of source data that is significant, to the expert's work;
- Review of unusual payments from the bank statements for any evidence of fraud;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors; and
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAZARI INVESTMENTS LIMITED

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
16 July 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	**119,360,921**	*127,017,115*
Cost of sales		**(8,471,064)**	*(6,738,583)*
GROSS PROFIT		**110,889,857**	*120,278,532*
Administrative expenses		**(4,903,267)**	*(8,084,838)*
Expenses on fixed asset investments		**(131,742)**	*(87,828)*
Other operating income	6	**-**	*(3,092)*
Fair value movements - investment properties and listed investments	7	**(131,211,570)**	*(39,218,138)*
Other operating expenses	8	**(5,615,006)**	*(2,343,250)*
OPERATING (LOSS)/PROFIT	9	**(30,971,728)**	*70,541,386*
Income from investments	12	**16,494**	*17,823*
Interest receivable and similar income	13	**42,026**	*386,066*
Interest payable and similar expenses	14	**(71,450,327)**	*(69,284,295)*
Fair value movement - SWAPS		**638,650**	*(6,583,280)*
LOSS BEFORE TAXATION		**(101,724,885)**	*(4,922,300)*
Tax on loss	15	**(2,588,460)**	*(7,972,554)*
LOSS FOR THE FINANCIAL YEAR		**(104,313,345)**	*(12,894,854)*

There was no other comprehensive income for 2021 (2020:£NIL).

All amounts relate to continuing operations.

The notes on pages 45 to 72 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Note		2021 £		2020 £
FIXED ASSETS					
Intangible assets	18		**1,097,848**		*1,229,590*
Tangible assets	19		**692,712**		*768,052*
Investments	20		**967,828**		*951,255*
Investment property	21		**3,338,125,003**		*3,345,033,000*
			3,340,883,391		*3,347,981,897*
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	22	**32,196,229**		*25,614,618*	
Debtors: amounts falling due within one year	22	**19,256,309**		*19,153,870*	
Cash at bank and in hand	23	**43,344,218**		*32,469,057*	
		94,796,756		*77,237,545*	
Creditors: amounts falling due within one year	24	**(74,501,875)**		*(78,333,692)*	
NET CURRENT ASSETS/(LIABILITIES)			**20,294,881**		*(1,096,147)*
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,361,178,272**		*3,346,885,750*
Creditors: amounts falling due after more than one year	25		**(2,335,086,422)**		*(2,214,736,115)*
			1,026,091,850		*1,132,149,635*
PROVISIONS FOR LIABILITIES					
Deferred tax on capital allowances and swaps	28	**(4,424,121)**		*(1,616,459)*	
Deferred tax on capital gains on properties	28	**(13,560,479)**		*(15,376,526)*	
			(17,984,600)		*(16,992,985)*
NET ASSETS			**1,008,107,250**		*1,115,156,650*

LAZARI INVESTMENTS LIMITED
REGISTERED NUMBER:10949589

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

	Note	2021 £	*2020 £*
CAPITAL AND RESERVES			
Called up share capital	29	**10,010**	*10,010*
Retained earnings	30	**1,008,097,240**	*1,115,146,640*
TOTAL EQUITY		**1,008,107,250**	*1,115,156,650*

The financial statements on pages 36 to 72 were approved by the Board of Directors on 16 July 2021 and signed on its behalf by:

L Lazari
Director

N Lazari
Director

A Lazari
Director

The notes on pages 45 to 72 form part of these financial statements.

LAZARI INVESTMENTS LIMITED
REGISTERED NUMBER:10949589

COMPANY BALANCE SHEET
AS AT 31 MARCH 2021

	Note		2021 £		2020 £
FIXED ASSETS					
Investments	20		**887,070,806**		*1,006,590,047*
			887,070,806		*1,006,590,047*
CURRENT ASSETS					
Debtors: amounts falling due within one year	22	**23,551**		*376,842*	
Cash at bank and in hand	23	**610**		*357*	
		24,161		*377,199*	
Creditors: amounts falling due within one year	24	**(6,631,125)**		*(7,649,975)*	
NET CURRENT LIABILITIES			**(6,606,964)**		*(7,272,776)*
TOTAL ASSETS LESS CURRENT LIABILITIES			**880,463,842**		*999,317,271*
NET ASSETS			**880,463,842**		*999,317,271*

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

	Note		31 March 2021 £		31 March 2020 £
CAPITAL AND RESERVES					
Called up share capital	29		**10,010**		*10,010*
Retained earnings brought forward		**999,307,261**		*980,301,157*	
(Loss) / profit for the year		**(116,117,374)**		*19,490,757*	
Dividends: Equity capital		**(2,736,055)**		*(484,653)*	
Profit and loss account carried forward			**880,453,832**		*999,307,261*
TOTAL EQUITY			**880,463,842**		*999,317,271*

The financial statements on page 36 to 72 were approved by the Board of Directors on 16 July 2021 and were signed on its behalf by:

L Lazari
Director

N Lazari
Director

A Lazari
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2020	10,010	1,115,146,640	1,115,156,650
COMPREHENSIVE EXPENSE FOR THE YEAR			
Loss for the year	-	(104,313,345)	(104,313,345)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	-	(104,313,345)	(104,313,345)
Dividends paid: Equity capital	-	(2,736,055)	(2,736,055)
TOTAL TRANSACTIONS WITH OWNERS	-	(2,736,055)	(2,736,055)
AT 31 MARCH 2021	10,010	1,008,097,240	1,008,107,250

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2019	10,010	1,128,526,147	1,128,536,157
COMPREHENSIVE EXPENSE FOR THE YEAR			
Loss for the year	-	(12,894,854)	(12,894,854)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	-	(12,894,854)	(12,894,854)
Dividends paid: Equity capital	-	(484,653)	(484,653)
TOTAL TRANSACTIONS WITH OWNERS	-	(484,653)	(484,653)
AT 31 MARCH 2020	10,010	1,115,146,640	1,115,156,650

The notes on pages 45 to 72 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2020	10,010	999,307,261	999,317,271
COMPREHENSIVE EXPENSE FOR THE YEAR			
Loss for the year	-	(116,117,374)	(116,117,374)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	-	(116,117,374)	(116,117,374)
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS			
Dividends: Equity capital	-	(2,736,055)	(2,736,055)
TOTAL TRANSACTIONS WITH OWNERS	-	(2,736,055)	(2,736,055)
AT 31 MARCH 2021	10,010	880,453,832	880,463,842

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2019	10,010	980,301,157	980,311,167
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	19,490,757	19,490,757
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	19,490,757	19,490,757
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS			
Dividends: Equity capital	-	(484,653)	(484,653)
TOTAL TRANSACTIONS WITH OWNERS	-	(484,653)	(484,653)
AT 31 MARCH 2020	10,010	999,307,261	999,317,271

The notes on pages 45 to 72 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	**(104,313,345)**	*(12,894,854)*
ADJUSTMENTS FOR:		
Amortisation of intangible assets	**131,742**	*87,828*
Depreciation of tangible assets	**153,434**	*159,022*
Interest payable	**71,450,327**	*69,284,295*
Interest receivable and income from investments	**(58,520)**	*(403,889)*
Taxation charge	**2,588,460**	*7,972,554*
Increase in debtors	**(6,748,235)**	*(7,473,694)*
(Decrease)/increase in creditors	**(1,246,755)**	*13,377,080*
Net fair value losses recognised in P&L	**131,211,570**	*39,218,138*
Corporation tax paid	**(1,753,622)**	*(10,207,484)*
NET CASH GENERATED FROM OPERATING ACTIVITIES	**91,415,056**	*99,118,996*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of subsidiary (net of cash acquired)	**-**	*(73,926,161)*
Purchase of tangible fixed assets	**(78,094)**	*(72,945)*
Purchase of investment properties	**(124,320,146)**	*(341,306,342)*
Interest received	**42,026**	*386,066*
Income from investments	**16,494**	*17,823*
NET CASH USED IN INVESTING ACTIVITIES	**(124,339,720)**	*(414,901,559)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
CASH FLOWS FROM FINANCING ACTIVITIES		
New loans	**477,500,000**	*351,715,076*
Repayment of loans	**(358,059,603)**	*(227,015,148)*
New loans on acquisition of subsidiary	**-**	*202,823,728*
Dividends paid	**(2,736,055)**	*(484,653)*
Interest paid	**(67,401,175)**	*(69,284,295)*
Arrangement fees paid	**(5,503,342)**	*(1,765,656)*
NET CASH GENERATED FROM FINANCING ACTIVITIES	**43,799,825**	*255,989,052*
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**10,875,161**	*(59,793,511)*
Cash and cash equivalents at beginning of year	**32,469,057**	*92,262,568*
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**43,344,218**	*32,469,057*
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	**43,344,218**	*32,469,057*
	43,344,218	*32,469,057*

1. GENERAL INFORMATION

Lazari Investments Limited ('the "company") and its subsidiary undertakings (collectively the "group") is engaged in property investment, development and management.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is: Accurist House, 44 Baker Street, London, W1U 7BR.

The group and company's functional and presentational currency is pound sterling.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements of Lazari Investments Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments measured at fair value through profit or loss.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the group as a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Going concern

As at the year end the group had net current assets of £20,294,881 (2020 - net current liabilities £1,096,147). The company had net current liabilities of £6,606,964 (2020 - net current liabilities £7,272,776).

A detailed review of cash flow forecasts and working capital requirements prepared by the Directors for the 12 months from the signing of the financial statements, incorporating the impact of Covid-19 and Brexit on the operations of the business and tenants, which considered severe, but plausible sensitivities have confirmed to the Directors that the company and the group has sufficient resources to meet its normal trading liabilities as and when they fall due for a period of at least one year from the date of signature of the financial statements of the group and the company for the year ended 31 March 2021.

To strengthen the cash flow and financial position of the group the following financing has been agreed:

- At 31 March 2021 there was an undrawn loan facility of £25million from Aviva to fund capital commitments;
- Following the year end, Aviva agreed to a top up facility of £18million (£38million facility with £20million loan renewal plus £18million top up); and
- Following the year end, an agreed head of terms extended the repayment of the loan of £5million with Royal Bank of Scotland from 31 August 2021 until 31 August 2022.

2.4 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Parties Disclosures paragraph 33.7.

This information for the company is included in the group disclosures in these consolidated financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes.

Gross rental income comprises all income arising from letting commercial and residential property, and recoverable expenses, excluding value added tax, and is recognised on an accruals basis.

Rental income is recognised over the term of the lease and on a straight line basis.

Surrender fees are recognised at the point the tenant exits the lease.

Service charge income and management fees are recognised on an accruals basis as the service is provided to the tenants.

2.6 Recognition of income relating to rent free periods

Rental income relating to rent free periods given on new leases is allocated evenly over the period from the date of the lease commencement to the lease expiry date.

2.7 Intangible assets

Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life which is considered to be 10 years.

2.8 Tangible assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Tangible assets (continued)

Depreciation is provided on the following basis:

Short-term leasehold property	-	10	years straight line
Motor vehicles	-	25%	reducing balance
Fixtures and fittings	-	15%	reducing balance
Computer equipment	-	25%	reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

2.9 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.10 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2. ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments

The group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out- right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the Balance Sheet date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or income as appropriate. The group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

The company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Interest payable and similar expenses

Interest payable and similar expenses are charged to the Consolidated Statement of Comprehensive Income over the term of the loan so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2. ACCOUNTING POLICIES (CONTINUED)

2.17 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

2.18 Interest receivable and similar income

Interest receivable and similar income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.19 Borrowing costs

All borrowing costs are capitalised and amortised in the Consolidated Statement of Comprehensive Income over the life of the loan.

2. ACCOUNTING POLICIES (CONTINUED)

2.20 Financial risk management

The objective of the group's financial risk management is to manage and control the risk exposures of its operations and borrowings. The Board of Directors has overall responsibility for overseeing the management of financial risks with procedures designed to identify, monitor and manage the financial risks to which the group is exposed in place. This note presents information about the company's exposure to financial risks, its objectives, policies and processes for managing risk and the company's management of its financial resources.

Capital structure
The capital structure of the group consists of shareholders' equity and net borrowings, including cash held on deposit. Capital is managed so as to optimise the long-term success of the company and group and returns to shareholders. In order to maintain or adjust the capital structure, the company may issue new shares or raise medium/long term third party debt. Any changes will be considered in the light of the impact they have on shareholders' return on their equity. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

The company's strategy is to maintain an appropriate net debt to total equity ratio and loan-to-value ratio to ensure that asset level performance is translated into enhanced returns for shareholders whilst maintaining an appropriate risk-reward balance.

Interest rate risk
The group operates an interest rate policy designed to optimise interest rate cost and reduce volatility in reported earnings. Where the group holds floating rate debt the primary risk is that the group's cash flows will be subject to variation depending upon changes to base interest rates. The group's policy is to require interest rates to be fixed for 100% of long term debt. This is achieved through the use of interest rate swap. The revaluation of interest rate swaps is recognised in the Consolidated Statement of Comprehensive Income and Balance Sheet. Long term borrowings are recognised in the Balance Sheet at amortised cost. Had the group adopted hedge accounting policies, the impact of the revaluation of swaps would have been offset by an equivalent reduction in the carrying value of the hedged liabilities.

The group does not use hedge accounting.

Inflation risk
The group's contracts are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation, where possible, to minimise the risks of a mismatch between income and costs due to movements in inflation indexes. The group's overall cash flows are estimated to vary partially with inflation. The effects of these inflation changes do not always flow immediately through to the group's cash flows.

2. ACCOUNTING POLICIES (CONTINUED)

2.20 Financial risk management (continued)

Credit risk

Credit risk is the risk that a counterparty of the group will be unable or unwilling to meet a commitment that it has entered into with the group. Debtors are presented in the balance sheet net of allowances for doubtful debts. The group seeks to only trade with creditworthy third parties and monitors the levels of debt on a regular basis. The credit risk of debtors is considered to be low.

The credit risk on liquid funds is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group prepares and monitors cash flow forecasts on a weekly basis to ensure sufficient cash is available.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. ACCOUNTING POLICIES (CONTINUED)

2.22 Current and deferred taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a change attributable to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing differences arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.23 Share capital

Ordinary shares and deferred shares are classified as equity.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting estimates and assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Investment valuations

Properties are valued externally by a qualified chartered surveyor. Valuations are made as at the reporting date and conform to RICS Standards. Valuations are made using various assumptions and estimations which include, but are not limited to market yields, transaction prices of similar properties, tenure and tenancy details. These assumptions are approved by an independent chartered surveyor.

See note 21.

Accounting for business combinations

In accounting for business combinations judgement is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets (including useful life estimates) and liability acquired, and contingent consideration assumed involves management judgement. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgements, estimates and assumptions can materially affect the results of the operations.

Trade debtors

The group reviews trade debtors and makes judgements on the recoverability of these debtors with reference to the age of outstanding amounts, credit status of the counterparty and the status of any outstanding dispute.

Derivative financial instruments

The group holds derivative financial instruments to hedge its interest rate risk exposures. All derivatives are recognised initially at fair value. Thereafter, derivatives are measured at fair value with changes recognised in the Consolidated Statement of Comprehensive Income as part of "fair value movements". Fair value is based on price quotations from financial institutions active in the relevant market

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Rental income and surrender fees received	**117,814,372**	*125,354,574*
Service charges and management fees received	**1,546,549**	*1,662,541*
	119,360,921	*127,017,115*

All turnover arose within the United Kingdom.

5. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the company's auditors and their associates for the audit of the parent company and the group's consolidated financial statements	**77,520**	*64,000*
Fees payable to the company's auditors and their associates for other services:		
- Audit of the company's subsidiaries	**94,000**	*51,000*
- Legal advisory services	**195,476**	*119,550*
- Tax advisory services	**154,750**	*682,228*
- Other non-audit services	**44,550**	*45,000*
Fees payable to the company's auditors and their associates for the audit of the parent company and the group's consolidated financial statements and other services	**566,296**	*961,778*

6. OTHER OPERATING INCOME

	2021 £	2020 £
Loss on motor vehicle disposal	**-**	*8,000*
Credit from balances with related companies being written off	**-**	*(11,092)*
	-	*(3,092)*

7. FAIR VALUE MOVEMENTS - INVESTMENT PROPERTIES AND LISTED INVESTMENTS

	2021 £	2020 £
Investment properties	**131,228,143**	*39,112,085*
Listed investments	**(16,573)**	*106,053*
	131,211,570	*39,218,138*

8. OTHER OPERATING EXPENSES

	2021 £	2020 £
Compensation and surrender fees paid	**5,615,006**	*2,343,250*
	5,615,006	*2,343,250*

9. OPERATING (LOSS) / PROFIT

The operating (loss) / profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	**153,434**	*159,022*
Amortisation of intangible assets	**131,742**	*87,828*
Other operating lease rentals	**70,632**	*70,632*
Impairment of trade receivables	**1,742,948**	*306,862*

10. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2021 £	*2020* *£*
Wages and salaries	**4,650,603**	*7,561,688*
Social security costs	**553,750**	*945,183*
Other pension costs	**51,237**	*29,911*
	5,255,590	*8,536,782*

During the year, costs of £1,696,723 (2020 - £1,827,883) relating to caretakers and cleaners were recovered in accordance with the tenancy agreements.

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	*2020* *No.*
Administration	**22**	*20*
Caretakers and cleaners	**58**	*55*
	80	*75*

11. DIRECTORS' REMUNERATION

	2021 £	*2020* *£*
Directors emoluments	**1,748,427**	*4,907,431*
	1,748,427	*4,907,431*

The highest paid director received remuneration of £691,749 (2020 - £3,238,926).

The value of the contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to nil (2020 - nil).

12. INCOME FROM INVESTMENTS

	2021 £	*2020* *£*
Income from fixed asset investments	**16,494**	*17,823*

13. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £	*2020* *£*
Bank interest receivable	**42,026**	*386,066*

14. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £	*2020* *£*
Bank interest payable	**25,289,942**	*25,007,600*
Other financial institution interest payable	**21,762,962**	*21,451,210*
Related party interest	**20,692,299**	*20,366,072*
Finance costs amortised	**3,704,090**	*2,458,565*
Other interest payable	**1,034**	*848*
	71,450,327	*69,284,295*

15. TAX ON LOSS

	2021 £	2020 £
CORPORATION TAX		
Current tax on profits for the year	**1,598,627**	*5,712,460*
Adjustments in respect of prior period	**(1,782)**	*(136,038)*
TOTAL CURRENT TAX	**1,596,845**	*5,576,422*
DEFERRED TAX		
Origination and reversal of timing differences	**2,000,815**	*1,777,565*
SWAPs tax provision	**806,847**	*(1,321,126)*
Capital gains tax provision	**(1,816,047)**	*1,939,693*
TOTAL DEFERRED TAX	**991,615**	*2,396,132*
TAX CHARGE ON LOSS	**2,588,460**	*7,972,554*

15. TAX ON LOSS (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021 £	*2020* *£*
Loss before tax	**(101,724,885)**	*(4,922,300)*
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**(19,327,728)**	*(935,237)*
EFFECTS OF:		
Expenses not deductible for tax purposes	**491,450**	*566,934*
Fair value movement of investment properties	**23,016,188**	*8,382,800*
Capital gains	**-**	*34,580*
Adjustments in respect of prior period	**(1,782)**	*(136,038)*
Income not taxable for tax purposes	**(443,551)**	*(338,367)*
Fixed asset differences	**18,135**	*11,162*
Additional deduction for land remediation expenditure	**(34,867)**	*(134,705)*
Transfer pricing adjustments	**(837)**	*315*
Deferred tax not recognised	**(1,220,358)**	*(546,491)*
Adjust opening deferred tax rate to average rate	**-**	*1,456,379*
Other timing differences	**91,810**	*(388,778)*
TOTAL TAX CHARGE FOR THE YEAR	**2,588,460**	*7,972,554*

Deferred tax assets on capital losses have been recognised to the extent that they are expected to be able to be offset against capital gains in future periods. The key assumption supporting this conclusion is that management will have the ability to control the timing of reversal of the capital gains and losses such that the recognised losses will be able to be offset against the capital gains under UK tax rules.

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

If the tax rate of 25% had been substantively enacted by the balance sheet date, that would have increased the deferred tax liability of the group by £4,601,128.

16. DIVIDENDS

	2021 £	*2020 £*
Dividends paid	**2,736,055**	*484,653*
	2,736,055	*484,653*

During the year a dividend of £2.73 (2020 - £0.48) per share was paid to the holders of the 1,001,001 (2020 - 1,001,001) Ordinary shares.

17. PARENT COMPANY PROFIT FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £116,117,374 *(2020 - profit £19,490,757).*

18. INTANGIBLE ASSETS

Group

	Goodwill £
COST	
At 1 April 2020	**1,317,418**
At 31 March 2021	**1,317,418**
ACCUMULATED AMORTISATION	
At 1 April 2020	**87,828**
Charge for the year	**131,742**
At 31 March 2021	**219,570**
NET BOOK VALUE	
At 31 March 2021	**1,097,848**
At 31 March 2020	*1,229,590*

No intangible assets were held by the parent company.

19. TANGIBLE ASSETS

Group

	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 April 2020	679,958	389,996	41,488	81,779	1,193,221
Additions	18,990	1,615	-	57,489	78,094
At 31 March 2021	698,948	391,611	41,488	139,268	1,271,315
ACCUMULATED DEPRECIATION					
At 1 April 2020	198,525	189,988	13,216	23,440	425,169
Charge for the year	69,895	50,407	4,175	28,957	153,434
At 31 March 2021	268,420	240,395	17,391	52,397	578,603
NET BOOK VALUE					
At 31 March 2021	430,528	151,216	24,097	86,871	692,712
At 31 March 2020	*481,433*	*200,008*	*28,272*	*58,339*	*768,052*

No tangible fixed assets were owned by the parent company.

20. INVESTMENTS

Group

	Listed investments £
VALUATION	
At 1 April 2020	**951,255**
Revaluations	**16,573**
At 31 March 2021	**967,828**
NET BOOK VALUE	
At 31 March 2021	**967,828**
At 31 March 2020	*951,255*

Company

	Investments in subsidiary companies £
COST	
At 1 April 2020	**1,395,060,231**
Additions	**92,405,873**
At 31 March 2021	**1,487,466,104**
ACCUMULATED IMPAIRMENT	
At 1 April 2020	**388,470,184**
Charge for the period	**211,925,114**
At 31 March 2021	**600,395,298**
NET BOOK VALUE	
At 31 March 2021	**887,070,806**
At 31 March 2020	*1,006,590,047*

20. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following companies, which all had the same registered office as the company (See Note 1), were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Merbrook Bond Property Unit Trust	Ordinary	100 %	Property investment
Lazari Properties 1 Limited	Ordinary	100 %	Property investment
Lazari Properties 2 Limited	Ordinary	100 %	Property investment
Lazari Properties 2A Limited	Ordinary	100 %	Property investment
Lazari Properties 3 Limited	Ordinary	100 %	Property investment
Lazari Properties 4 Limited	Ordinary	100 %	Property investment
Lazari Properties 5 Limited	Ordinary	100 %	Property investment
Lazari Properties 6 Limited	Ordinary	100 %	Property investment
Lazari Properties 7 Limited	Ordinary	100 %	Property investment
Lazari Properties 8 Limited	Ordinary	100 %	Property investment
Lazari Investments Management Limited	Ordinary	100 %	Management services
Savrow Holdings SARL	Ordinary	100 %	Property investment

The directors believe that the book value of investments in subsidiaries is supported by their underlying net assets.

The registered office of the above is Accurist House, 44 Baker Street, London, W1U 7BR except for Savrow Holdings SARL whose registered office is 2c Rue Nicolas Bove, L-1253 Luxembourg. The interest is held indirectly through Lazari Properties 8 Limited.

21. INVESTMENT PROPERTY

Group

	Freehold investment property £	Long term leasehold investment property £	Short term leasehold investment property £	Total £
VALUATION				
At 1 April 2020	**3,128,803,000**	**130,680,000**	**85,550,000**	**3,345,033,000**
Additions at cost	**108,284,602**	**15,823,662**	**211,882**	**124,320,146**
Reduction on revaluation	**(126,607,602)**	**(4,158,659)**	**(461,882)**	**(131,228,143)**
AT 31 MARCH 2021	**3,110,480,000**	**142,345,003**	**85,300,000**	**3,338,125,003**

Properties were valued as at 31 March 2021 by Jones Lang LaSalle Chartered Surveyor , on an open market value for existing use basis.

The fair value of the properties is assessed on the basis of Market Value as defined by RICS Valuation - Professional Standards, January 2014 (revised April 2015).

AT 31 MARCH 2021

The historical cost of expenditure on properties held at the year end is detailed below:

	2021 £	*2020 £*
Historic cost	**3,371,952,588**	*3,247,632,442*
	3,371,952,588	*3,247,632,442*

22. DEBTORS

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
DUE AFTER MORE THAN ONE YEAR				
Rent free accrued income	**32,196,229**	*25,614,618*	-	-
	32,196,229	*25,614,618*	-	-

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
DUE WITHIN ONE YEAR				
Trade debtors	**12,960,454**	*15,249,948*	-	-
Amounts owed by group undertakings	-	-	-	*367,328*
Other debtors	**249,596**	*223,460*	**23,551**	*9,514*
Rent free accrued income	**3,864,652**	*2,543,466*	-	-
Tax recoverable	**2,181,607**	*1,136,996*	-	-
	19,256,309	*19,153,870*	**23,551**	*376,842*

Trade debtors are stated after provision for impairment of £1,830,525 (2020 - £292,478).

Included in amounts owed by group undertakings is a balance of nil (2020 - £367,328) owed by Savrow Holdings SARL which is a subsidiary of Lazari Properties 8 Limited. This was interest free, unsecured and repayable on demand.

23. CASH AT BANK AND IN HAND

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	**43,344,218**	*32,469,057*	**610**	*357*
	43,344,218	*32,469,057*	**610**	*357*

24. CREDITORS: Amounts falling due within one year

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Bank loans and overdrafts	**32,938,343**	*39,111,249*	**-**	*-*
Trade creditors	**377,703**	*744,904*	**23,575**	*1,882*
Rents received in advance	**27,067,409**	*29,277,036*	**-**	*-*
Amounts owed to group undertakings	**-**	*-*	**5,511,011**	*7,557,793*
Directors' account	**918,396**	*-*	**918,396**	*-*
Taxation and social security	**499,802**	*611,017*	**-**	*-*
Other creditors	**703,618**	*223,948*	**15,600**	*15,600*
Accruals and deferred income	**11,996,604**	*8,365,538*	**162,543**	*74,700*
	74,501,875	*78,333,692*	**6,631,125**	*7,649,975*

25. CREDITORS: Amounts falling due after more than one year

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Bank and other financial institution secured loans (See Note 26)	**1,623,232,196**	*1,511,304,402*	**-**	*-*
Other loans (See Note 26 and 33)	**685,723,200**	*674,115,550*	**-**	*-*
Other creditors	**20,279,237**	*19,217,811*	**-**	*-*
Financial instruments (after 1 yr) (See Note 27)	**5,851,789**	*10,098,352*	**-**	*-*
	2,335,086,422	*2,214,736,115*	**-**	*-*

Bank and other financial institution secured loans of £1,664,581,489 (2020 - £1,545,141,092) are secured on the group's investment properties and deeds of assignment of rental income split between greater and less than one year.

Bank and other loans are shown after allowance of borrowing costs of £10,187,750 (2020 - £8,109,891).

Included in other creditors are tenants deposits of £17.621 million (2020 - £17.671 million) and a sinking fund of £2.660 million (2020 - £1.547 million).

26. LOANS

Bank and other financial institution secured loans

The group's secured loans are made up of 20 (2020 - 22) separate loan agreements, split into 27 (2020 - 30) tranches. The terms of these loans include capital amounts repayable by quarterly instalments and capital amounts repayable at the end of the loan term. The loan terms vary between 1 and 13 years. Interest is charged on 22 (2020 - 21) tranches at fixed rates between 2.12% and 6.09% and on 5 (2020 - 9) tranches at variable rates between 1.73% and 3.25% above LIBOR.

The total amount of borrowings repayable that become due after 5 years is £1,003,645,419 (2020 - £588,572,427).

£627,997,726 (2020 - £930,081,975) is repayable between 1 to 5 years.

The numbers above exclude arrangement fees of £8,410,949 (2020 - £7,225,441).

As at the balance sheet date of 31 March 2021, the group had entered into the following interest rate swap agreements:

- A 5 year interest rate swap agreement fixing at a rate of 1.295% on a notional principal amount of £112.975 million, reducing with capital amortisation. The SWAP became effective from 4 March 2019. As at 31 March 2021 the outstanding amount of interest rate swap was £101.350 million (2020 - £103.050 million).

- A 5 year interest rate swap agreement fixing at a rate of 1.80% on a notional principal amount of £37.113 million, reducing with capital amortisation. The SWAP became effective from 12 December 2019. As at 31 March 2021 the outstanding amount of interest rate swap was £35.550 million (2020 - £36.800 million).

- A 5 year interest rate swap agreement fixing at a rate of 0.728% on a notional principal amount of £175.500 million, reducing with capital amortisation. The SWAP became effective from 1 August 2019. As at 31 March 2021 the outstanding amount of interest rate swap was £171.750 million (2020 - £175.500).

A 3 year interest rate swap agreements fixing at the rate of 1.23% on a notional principal amount of £256.950 million reducing with capital amortisation was settled in the year.

As at 31 March 2021 the total outstanding amount of interest rate swaps was £308.650 million (2020 - £565.550 million).

Other loans

Unsecured loans bearing interest of between 2.60% and 3.15% of £675,000,000 (2020 - £675,000,000) less arrangement fees of £1,776,800 (2020 - £884,450) comprise other loans and are guaranteed across the group by Lazari Investments Limited. All are repayable within 5 years. A further £12,500,000 (2020 - £12,500,000) accrues interest at 3% above LIBOR and is repayable in greater than 1 year.

27. FINANCIAL INSTRUMENTS

	Group 2021 £	*Group 2020 £*
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	14,215,186	*15,473,408*
	14,215,186	*15,473,408*
FINANCIAL LIABILITIES		
Financial liabilities measured at fair value through profit and loss	(5,851,789)	*(10,098,352)*
Financial liabilities measured at amortised cost	(2,375,250,901)	*(2,253,158,102)*
	(2,381,102,690)	*(2,263,256,454)*

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors and accruals.

Derivative financial instruments, which are measured at fair value through profit or loss, consist of interest rate swaps which are discussed in note 26.

28. DEFERRED TAX

	Swaps £	Capital Allowances £	Capital gains on properties £	Total £
At 1 April 2020	(1,918,688)	3,535,147	15,376,526	16,992,985
Movement in year	806,847	2,000,815	(1,816,047)	991,615
At 31 March 2021	(1,111,841)	5,535,962	13,560,479	17,984,600

There are no unused tax losses or unused tax credits.

See note 15 tax on loss.

The net deferred tax liability expected to reverse in 2022 is £2,066,209 (2020 - £934,772). This primarily relates to the reversal of timing differences on acquired investment properties through revaluation.

29. CALLED UP SHARE CAPITAL

Group and company

	2021 £	*2020 £*
Shares classified as equity		
Allotted, called up and fully paid		
1,001,001 *(2020 - 1,001,001)* Ordinary shares of £0.01 each	**10,010**	*10,010*

30. RESERVES

Retained earnings

The retained earnings represents the accumulated profits, losses and distributions of the company / group.

31. CAPITAL COMMITMENTS

At 31 March 2021 the group had the following capital commitments as follows:

	Group 2021 £	*Group 2020 £*
Contracted for but not provided in these financial statements	**88,319,000**	*140,031,000*
	88,319,000	*140,031,000*

The company had nil capital commitments.

At 31 March 2021 there was an undrawn loan facility of £25,000,000 (2020 - £12,891,442) to fund the capital commitments.

32. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2021 the group had future minimum lease payments under non-cancellable operating leases as follows (the company had none):

	Group 2021 £	*Group 2020 £*
Lessee		
Not later than 1 year	**90,632**	*70,632*
Later than 1 year and not later than 5 years	**362,528**	*282,528*
Later than 5 years	**7,742,781**	*4,428,975*
	8,195,941	*4,782,135*

At 31 March 2021 the group had contractual rent receivables under operating leases as follows (the prior year was restated after a review by the directors and the company had none):

	Group 2021 £	*Group 2020 restated* £*
Lessor		
Not later than 1 year	**116,085,289**	*119,687,805*
Later than 1 year and not later than 5 years	**422,940,157**	*440,440,568*
Later than 5 years	**703,988,828**	*741,870,579*
	1,243,014,274	*1,301,998,952*

*The directors have deemed it necessary to make an adjustment to the prior year disclosure of commitments under lessor operating lease commitments. The adjustment discloses future minimum lease receipts which for one property in the prior year in Lazari Properties 1 Limited which was projected to the wrong expiry date and for one property in Lazari Properties 3 Limited the rent free period was not reflected which has resulted in the comparative figure for the year ended 31 March 2020 reducing from £981,115,384 to £741,870,579 for the over 5 years disclosure. This has no impact on the reported figures in the Consolidated income statement, the Consolidated and company balance sheets or Consolidated and company Statement of changes in equity.

33. RELATED PARTY TRANSACTIONS

Group

During the year Lazari Finance Limited, a related company by virtue of family member ties between the respective shareholders, charged £20,692,299 (2020 - £20,366,207) in loan interest during the year and at the year end was owed £685,723,200 (2020 - £674,115,550), a balance included in other loans in creditors greater than one year. The loans from Lazari Finance are unsecured.

As at 31 March 2020 Mr. L Lazari owed Lazari Investment Management Limited £50,000 which was repaid in April 2020.

During the year £39,690 (2020 - £26,000) of rent was received from Savoy Assets Limited, a related company by virtue of directors and shareholders in common.

Transactions with key management personnel - See note 11 for disclosure of the directors' remuneration and key management compensation.

Other than the transactions disclosed above and in note 11, the company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

During the year, Lazari Investment Management Limited paid a £21,218 (2020 - nil) contribution to Baker Street Quarter Partnership. Mr. N Lazari is a director of this entity and the transaction was at arms length.

34. CONTROLLING PARTY

The 3 directors are the ultimate controlling parties.

35. ANALYSIS OF NET DEBT

	At 1 April 2020 £	Cash flows £	Other non-cash changes £	At 31 March 2021 £
Cash at bank and in hand	32,888,709	10,455,509	-	43,344,218
Bank overdrafts	(419,652)	(334,264)	-	(753,916)
Debt due after 1 year	(2,185,419,952)	(168,973,787)	45,438,343	(2,308,955,396)
Debt due within 1 year	(39,111,249)	51,611,249	(45,438,343)	(32,938,343)
	(2,192,062,144)	(107,241,293)	-	(2,299,303,437)