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Independent auditors' report to the members of The British Land Company PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- The British Land Company PLC'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 of the Company's affairs as at 31 March 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 Accounts 2022 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2022; the Consolidated Income Statement and 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.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for 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 Group 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, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach
Overview

Audit scope	<ul style="list-style-type: none"> – We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. The Group financial statements are prepared on a consolidated basis, and the audit team carries out an audit over the consolidated Group balances in support of the Group audit opinion. – In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the financial statements. Management concluded that there was no material impact on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. We particularly considered how climate change risks would impact the assumptions made in the valuation of investment properties as explained in our key audit matter below. We also considered the consistency of the disclosures in relation to climate change made within the Annual Report, the financial statements and the knowledge obtained from our audit. We assessed the consideration of the cost of delivering the Group's climate change and sustainability strategy within the going concern and viability forecasts.
Key audit matters	<ul style="list-style-type: none"> – Valuation of investment and development properties, either held directly or through joint ventures (Group). – Recoverability of tenant debtors and incentives (Group). – Accounting for Canada Water partial disposal and joint venture arrangement (Group). – Taxation (Group). – Valuation of investments and loans to subsidiaries and joint ventures (Company).
Materiality	<ul style="list-style-type: none"> – Overall Group materiality: £98.4 million (2021: £88.8 million) based on 1% of total assets. – Specific Group materiality: £12.6 million (2021: £14.1 million), based on 5% of the Group's underlying profit before tax. – Overall Company materiality: £88.5 million (2021: £79.9 million) based on 1% of total assets. – Performance materiality: £73.8 million (2021: £66.6 million) (Group) and £66.4 million (2021: £59.9 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Accounting for Canada Water partial disposal and joint venture arrangement is a new key audit matter this year. Covid-19, which was a key audit matter last year, is no longer included because we have assessed the impact of the pandemic on key judgements or estimates within the Group and Company financial statements through other key audit matters included within this report. Otherwise, the key audit matters below are consistent with last year.

Valuation of investment and development properties, either held directly or through joint ventures (Group)

Refer to the Report of the Audit Committee, Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements), Note 10 (Property) and Note 11 (Joint ventures).

The Group owns either directly or through joint ventures a portfolio of property consisting of Campuses, Retail & Fulfilment and Developments. The total property portfolio valuation for the Group was £6,944 million (2021: £6,247 million) and for the Group's share of joint ventures and funds was £3,545 million (2021: £3,067 million) as at 31 March 2022. The valuations were carried out by third party valuers CBRE, Jones Lang LaSalle, Cushman & Wakefield and Knight Frank (the "Valuers"). The Valuers were engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of International Accounting Standard 40 'Investment Property'.

In determining the valuation of a property, the Valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium.

The valuation of the Group's property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.

Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this area.

Assessing the Valuers' expertise and objectivity

We assessed the Valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the Group and the Valuers. We found no evidence to suggest that the objectivity of the Valuers was compromised.

Assumptions and estimates used by the Valuers

We read the valuation reports for the properties and confirmed that the valuation approach for each was in accordance with RICS standards. We obtained details of each property held by the Group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the investment yields used by the Valuers with the range of expected yields and the year on year capital movement to our expected range. We also considered the reasonableness of other assumptions that were not so readily comparable with published benchmarks, such as estimated rental value. For developments valued using the residual valuation method, we obtained the development appraisal and assessed the reasonableness of the Valuers' key assumptions. This included comparing the yield to comparable market benchmarks, comparing the costs to complete estimates to development plans and contracts, and considering the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as estimated rental value and developers' profit. We held discussions with each of the Valuers and challenged their approach to the valuations, the key assumptions and their rationale behind the more significant valuation movements during the year. Where assumptions were outside the expected range or showed unexpected movements based on our knowledge, we undertook further investigations, held further discussions with the Valuers and obtained evidence to support explanations received. We also challenged the Valuers as to the extent to which recent market transactions and expected rental values which they made use of in deriving their valuations took into account the impact of climate change. The valuation commentaries provided by the Valuers and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment and development properties, either held directly or through joint ventures (Group) (continued)</p>	<p><i>Information and standing data</i></p> <p>We performed testing on the standing data in the Group's information systems concerning the valuation process. We carried out procedures, on a sample basis, to satisfy ourselves of the accuracy of the property information supplied to the Valuers by management. For operating properties, we agreed tenancy information to supporting evidence on a sample basis. For developments, we confirmed that the supporting information for construction contracts and budgets, which was supplied to the Valuers, was also consistent with the Group's records for example by inspecting original construction contracts. For developments, capitalised expenditure was tested on a sample basis to invoices, and budgeted costs to complete compared with supporting evidence. We agreed the amounts per the valuation reports to the accounting records and the financial statements.</p> <p>We have no issues to report in respect of this work.</p>
<p>Recoverability of tenant debtors and incentives (Group)</p> <p>Refer to the Report of the Audit Committee, Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements), Note 10 (Property) and Note 13 (Debtors). The total value of trade debtors recognised within the Group is £53 million (2021: £82 million) and within joint ventures is £17 million (2021: £27 million) at 31 March 2022, against which an Expected Credit Loss ('ECL') provision of £47 million (2021: £57 million) and £13 million (2021: £15 million) respectively has been recognised.</p> <p>Total tenant incentives across the Group is £169 million (2021: £149 million) and across joint ventures was £100 million at 31 March 2022 (2021: £79 million), against which an ECL provision of £23 million (2021: £23 million) and £9 million (2021: £6 million) has been recognised.</p> <p>Covid-19 and the resulting economic and social disruption brought unforeseen challenges to London and the wider global economy; impacting the Group and in general the overall risk profile. Whilst conditions improved in 2021/2022 as a result of the vaccine programme, there remains a risk of tenants defaulting or tenant failure, particularly in respect to the leisure, retail and hospitality sectors. The level of arrears is higher than pre the pandemic and, although lower than the prior year, a significant proportion of the arrears relates to debtors that are greater than six months old. The effects of the pandemic are likely to continue to be experienced for some time, and therefore the estimation of the ECL provision against tenant debtors and incentives remains highly subjective and contains significant estimation uncertainty.</p> <p>The Directors have applied the ECL model under IFRS 9 Financial Instruments and utilised a matrix methodology to determine the provision. The key assumptions have been the tenants' risk rating and the related expected loss rate for each risk rating and ageing combination. Tenant risk ratings have been determined by the Directors, taking into consideration information available surrounding a tenant's credit rating, financial position and historical default rates. Consideration has also been given to the current impact of Covid-19 and its potential future impact on the tenant's business along with industry trends.</p>	<p>We have evaluated the methodology utilised by the Directors in determining the ECL provisions as at 31 March 2022. We are satisfied the approach is compliant with the requirements of IFRS 9 'Financial Instruments' We obtained and checked the mathematical accuracy, and completeness, of the data used to calculate the provision balances.</p> <p>Given the complexity and the manual nature of the ECL model, we used an independent application to check the integrity of the spreadsheet used to calculate the provision.</p> <p>On a sample basis, we performed detailed testing over the underlying data and information used in the ECL analysis including but not limited to verifying: the tenant's year end outstanding debtor balance; the tenant's year end unamortised lease incentive balance; the tenant's credit histories and current trading performance; the ageing of the balances; the level of cash collections during the year; and the forward looking macroeconomic environment amongst other factors.</p> <p>We assessed the significant assumptions adopted by management in the provision for ECL on tenant debtors and incentives against supporting evidence. For a sample we assessed the appropriateness of the most significant assumptions being: the categorisation of tenants into different risk ratings and the provisioning percentages applied to each of these risk categories by agreeing to supporting documents.</p> <p>We reviewed the disclosures made in relation to the ECL provision and the sensitivity of the provision to the underlying probability of default applied.</p> <p>We have no matters to report in respect of this work.</p>

Recoverability of tenant debtors and incentives (Group) (continued)

The expected loss rate has also taken into consideration the ageing profile of the debtors and the historical cash collected over the pandemic period.

The same key assumptions are applied in the ECL model for tenant incentives, without the consideration of the ageing profile and historical cash collections which are not relevant for tenant incentive balances. On the basis that the estimation of an ECL provision against the tenant debtors and incentives balances has been highly subjective and contains significant estimation uncertainty, we have identified this as a key audit matter.

Accounting for Canada Water partial disposal and joint venture arrangement (Group)

Refer to the Report of the Audit Committee and Note 1 (Basis of preparation, significant accounting policies and accounting judgements), Note 10 (Property) and Note 11 (Joint ventures).

During the reporting period, the Group disposed of 50% of its share in the Canada Water Masterplan (the 'Masterplan') to AustralianSuper for £580m. The carrying value of BL's share prior to the transaction was £474m and the disposal resulted in a gain of £106m. IAS 28 requires the Group to only recognise the proportion of the gain from unrelated investors' interests, and therefore a gain on disposal of £44m (after £8 million of transaction costs) has been recognised at the Group level.

The Group formed a joint venture arrangement with AustralianSuper. Management has classified the arrangement as a joint venture that is equity accounted on the basis that both parties have joint control of the entity. The Group has recognised the investment in joint venture initially at 50% of the carrying value at the date of the transaction (£238m) and then recognised a £46m valuation gain through picking up a 50% share of total comprehensive income of the joint venture (representing the valuation movement to 31 March 2022). Therefore the total gain going through the Income Statement is £90m of which £44m is classified in the profit on disposal of investment properties line item and £46m is classified in the joint ventures line item. This warranted additional audit focus due to the size and nature of the transaction.

We understood the nature of the transaction and assessed the proposed accounting treatment in relation to the Group's accounting policies and relevant IFRSs. For the disposal, we obtained and reviewed the key supporting documentation such as Sale and Purchase Agreement and completion statements. Consideration received or paid was agreed to bank statements. For the joint venture arrangement, we read the underlying contracts and agreed the accounting treatment of the joint venture arrangement was in accordance with IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements', and IFRS 12 'Disclosures of interests in other entities and checked that the degree of control or influence held by the Group is appropriate to recognise a joint venture arrangement.

We have no matters to report in respect of this work.

Key audit matter	How our audit addressed the key audit matter
<p>Taxation (Group)</p> <p>Refer to the Report of the Audit Committee, the Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements) and Note 7 (Taxation).</p> <p>The UK Real Estate Investment Trust (REIT) regime grants companies tax-exempt status provided they meet the rules within the regime. The rules are complex, and the tax-exempt status has a significant impact on the financial statements. The complexity of the rules creates a risk of an inadvertent breach and the Group's profit becoming subject to tax.</p> <p>The Group's status as a REIT underpins its business model and shareholder returns. For this reason, it warrants special audit focus.</p> <p>The obligations of the REIT regime include requirements to comply with balance of business, dividend and income cover tests. The Broadgate joint venture is also structured as a REIT and as such, REIT compliance is also of relevance for this joint venture in addition to the overall Group.</p> <p>Tax provisions are in place to account for the risk of challenge of certain of the Group's tax positions. Given the subjective nature of these provisions, additional audit focus was placed on tax provisions.</p>	<p>We confirmed our understanding of management's approach to ensuring compliance with the REIT regime rules and we involved our internal taxation specialists to verify the accuracy of the application of the rules.</p> <p>We obtained management's calculations and supporting documentation, verified the inputs to their calculations and re-performed the Group's and Broadgate's annual REIT compliance tests.</p> <p>We used our knowledge of tax circumstances and, by reading relevant correspondence between the Group and Her Majesty's Revenue & Customs and the Group's external tax advisors, we are satisfied that the assumptions and judgements used by the Group in determining the tax provisions are reasonable.</p> <p>We have no issues to report in respect of this work.</p>
<p>Valuation of investments and loans to subsidiaries and joint ventures (Company)</p> <p>Refer to the Notes to the financial statements – Note A Accounting policies (Critical accounting judgements and key sources of estimation uncertainty) and D (Investments in subsidiaries and joint ventures, loans to subsidiaries and other investments). The Company has investments and loans to subsidiaries of £33,140 million (2021: £33,142 million) and investments in joint ventures of £116 million (2021: £106 million) as at 31 March 2022. This is following the recognition of a £32 million (2021: £34 million) provision for impairment on investments in subsidiaries, a write back of impairment of £221 million (2021: provision £756 million) recognised on loans to subsidiaries, and a £22 million (2021: £333 million) provision for impairment on investments in joint ventures in the year. The Company's accounting policy for investments and loans is to hold them at cost less any impairment. Impairment of the loans is calculated in accordance with IFRS 9, where expected credit losses are considered to be the excess of the Company's interest in a subsidiary or joint venture over the subsidiary or joint venture's fair value. Investments in subsidiaries and joint ventures are assessed for impairment in line with IAS 36.</p> <p>Given the inherent judgement and complexity in assessing both the carrying value of a subsidiary or joint venture company, and the expected credit loss of intercompany receivables, this was identified as a key audit matter.</p>	<p>We obtained the Directors' impairment assessment for the recoverability of investments and loans held in subsidiaries and joint ventures as at 31 March 2022.</p> <p>We assessed the accounting policy for investments and loans in subsidiaries and joint ventures to ensure they were compliant with FRS 101 "Reduced Disclosure Framework". We verified that the methodology used by the Directors in arriving at the carrying value of each subsidiary, and the expected credit loss 'simplified approach' provision for intercompany receivables, was compliant with FRS 101.</p> <p>We identified the key judgement within the requirement for impairment of both the investments and loans to subsidiaries and investments in joint ventures to be the underlying valuation of investment property held by the subsidiaries and joint ventures. For details of our procedures over investment property valuations please refer to the related Group key audit matter above.</p> <p>We have no issues to report in respect of this work.</p>

Valuation of investments and loans to subsidiaries and joint ventures (Company) (continued)

The primary determinant and key judgement within both the fair value of each subsidiary and joint venture company and the ECL of amounts owed is the value of the investment property held by each investee. As such it was over this area that we applied the most focus and audit effort.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate. The Group owns and invests in a number of investment and development properties in two segments, Campuses and Retail & Fulfilment, across the United Kingdom. These are held within a variety of subsidiaries and joint ventures with the Group financial statements being a consolidation of these entities, the Company and the Group's joint ventures. The Broadgate Joint Venture was subject to a full scope audit, while the Meadowhall and Canada Water Joint Ventures were scoped in for specific account balances. All work was carried out by the Group audit team with additional procedures performed at the Group level (including audit procedures over the consolidation and consolidation adjustments) to ensure sufficient coverage and appropriate audit evidence for our opinion on the Group financial statements as a whole.

The Group operates a common IT environment, processes and controls across all reportable segments. In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

In respect of the audit of the Company, the Group audit team performed a full scope statutory audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	<i>Financial statements – Group</i>	<i>Financial statements – Company</i>
Overall materiality	£98.4 million (2021: £88.8 million).	£88.5 million (2021: £79.9 million).
How we determined it	1% of total assets.	1% of total assets.
Rationale for benchmark applied	A key determinant of the Group's value is property investments. Due to this, the key area of focus in the audit is the valuation of investment and development properties, either held directly or through joint ventures. On this basis, and consistent with the prior year, we set an overall Group materiality level based on total assets.	The Company's main activity is the investments in and loans to subsidiaries and joint ventures. Given this, and consistent with the prior year, we set an overall Company materiality level based on total assets. For purposes of the Group audit, we capped the overall materiality for the Company to be 90% of the Group overall materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £12m – £50m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

In addition, we set a specific materiality level of £12.6 million (2021: £14.1 million) for items within the underlying column of the Income Statement. For 2022, this is based on 5% of the Group's underlying profit before tax. For 2021, this was based on 5% of the three year average profit after tax. The benchmark for 2021 was determined on the basis that the measure used to calculate specific materiality had fluctuated over the prior three years due to Covid-19. In arriving at this judgement, we had regard to the fact that the underlying pre-tax profit is a secondary financial indicator of the Group (refer to Note 2 of the financial statements where the term is defined in full).

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £73.8 million (2021: £66.6 million) for the Group financial statements and £66.4 million (2021: £59.9 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £4.9 million (Group audit) (2021: £4.4 million) and £4.4 million (Company audit) (2021: £4.0 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

In addition we agreed with the Audit Committee that we would report to them misstatements identified during our Group audit above £1.0 million (2020: £1.0 million) for misstatements related to underlying profit within the financial statements, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Corroborated key assumptions (eg liquidity forecasts and financing arrangements) to underlying documentation and ensured this was consistent with our audit work in these areas;
- Considered management's forecasting accuracy by comparing how the forecasts made at the half year compare to the actual performance in the second half of the year;
- Understood and assessed the appropriateness of the key assumptions used both in the base case and in the severe but plausible downside scenario, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Tested the integrity of the underlying formulas and calculations within the going concern and cash flow models;
- Considered the appropriateness of the mitigating actions available to management in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the Group's control and are achievable; and
- Reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

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.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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 and additional disclosures, 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 and additional disclosures

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report and additional disclosures for the year ended 31 March 2022 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 and additional disclosures.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, 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 compliance with the Real Estate Investment Trust (REIT) status section 1158 of the Corporation Tax Act 2010 and the UK regulatory principles, such as those governed by the Financial Conduct Authority, 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 inappropriate journal entries to increase revenue, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment and development properties and the expected credit loss provisions in respect of tenant debtors and incentives (see related key audit matters above). Audit procedures performed by the engagement team included:

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management and internal audit;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Reviewing the Group's litigation register in so far as it related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Risk Committee and the Audit Committee;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses;
- Challenging assumptions and judgements made by management in their significant areas of estimation; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, posted by unexpected users and posted on unexpected days.

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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.

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 obtained 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 Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 18 July 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 March 2015 to 31 March 2022.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Sandra Dowling (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

17 May 2022

Consolidated Income Statement

For the year ended 31 March 2022

	Note	2022			2021		
		Underlying ¹ £m	Capital and other £m	Total £m	Underlying ¹ £m	Capital and other £m	Total £m
Revenue	3	430	(20)	410	468	–	468
Costs²	3	(120)	(9)	(129)	(180)	–	(180)
Joint ventures (see also below) ³	11	310	(29)	281	288	–	288
Administrative expenses		86	158	244	52	(409)	(357)
Valuation movement	4	(88)	–	(88)	(74)	–	(74)
Valuation movement	4	–	471	471	–	(888)	(888)
Profit on disposal of investment properties and investments		–	45	45	–	28	28
Net financing costs							
financing income	6	–	67	67	–	15	15
financing charges	6	(55)	(7)	(62)	(62)	(3)	(65)
		(55)	60	5	(62)	12	(50)
Profit (loss) on ordinary activities before taxation		253	705	958	204	(1,257)	(1,053)
Taxation	7	4	(2)	2	(26)	(4)	(30)
Profit (loss) for the year after taxation		257	703	960	178	(1,261)	(1,083)
Attributable to non-controlling interests		2	–	2	3	(55)	(52)
Attributable to shareholders of the Company		255	703	958	175	(1,206)	(1,031)
Earnings per share:							
basic	2			103.3p			(111.2)p
diluted	2			103.0p			(111.2)p

All results derive from continuing operations.

	Note	2022			2021		
		Underlying ¹ £m	Capital and other £m	Total £m	Underlying ¹ £m	Capital and other £m	Total £m
Results of joint ventures accounted for using the equity method							
Underlying Profit		86	–	86	52	–	52
Valuation movement ⁴	4	–	162	162	–	(409)	(409)
Capital financing costs		–	(4)	(4)	–	–	–
Loss on disposal of investment properties, trading properties and investments		–	–	–	–	(1)	(1)
Taxation	7	–	–	–	–	1	1
	11	86	158	244	52	(409)	(357)

1. See definition in Note 2 and a reconciliation between Underlying Profit and IFRS profit in Note 21.

2. Included within 'Costs' is a credit relating to provisions for impairment of tenant debtors, accrued income and tenant incentives and contracted rent increases of £6m (2020/21: charge of £60m). This is disclosed in further detail in Note 10 and Note 13.

3. Included within 'Joint ventures' is a charge relating to provision for impairment of equity investments and loans to joint ventures of £22m (2020/21: £144m), disclosed in further detail in Note 11.

4. Included within the 'Valuation movement' of £162m is a net valuation movement of £110m and the realisation of gain on disposal of assets into joint ventures of £52m, disclosed in further detail in Note 11.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	2022 £m	2021 £m
Profit (loss) for the year after taxation	960	(1,083)
Other comprehensive income (expense):		
Items that will not be reclassified subsequently to profit or loss:		
Net actuarial loss on pension scheme	-	(13)
Valuation movement on owner-occupied properties	-	(1)
	-	(14)
Items that may be reclassified subsequently to profit or loss:		
Gains on cash flow hedges		
- Group	-	2
- Joint ventures	1	1
	1	3
Reclassification of foreign exchange differences on disposal of subsidiary net investment to the income statement	(12)	-
Deferred tax on items of other comprehensive income	-	6
Other comprehensive expense for the year	(11)	(5)
Total comprehensive income (expense) for the year	949	(1,088)
Attributable to non-controlling interests	2	(52)
Attributable to shareholders of the Company	947	(1,036)

Consolidated Balance Sheet

As at 31 March 2022

	Note	2022 £m	2021 £m
ASSETS			
Non-current assets			
Investment and development properties	10	7,032	6,326
Owner-occupied properties	10	–	2
		7,032	6,328
Other non-current assets			
Investments in joint ventures	11	2,511	2,120
Other investments	12	41	20
Property, plant and equipment		27	30
Interest rate and currency derivative assets	17	97	135
Debtors		–	6
		9,708	8,639
Current assets			
Trading properties	10	18	26
Debtors	13	39	56
Corporation tax		3	–
Cash and short term deposits	17	74	154
		134	236
Total assets		9,842	8,875
LIABILITIES			
Current liabilities			
Short term borrowings and overdrafts	17	(189)	(161)
Creditors	14	(245)	(219)
Corporation tax		–	(7)
		(434)	(387)
Non-current liabilities			
Debentures and loans	17	(2,427)	(2,249)
Other non-current liabilities ¹	15	(152)	(128)
Interest rate and currency derivative liabilities	17	(96)	(128)
		(2,675)	(2,505)
Total liabilities		(3,109)	(2,892)
Net assets		6,733	5,983
EQUITY			
Share capital		234	234
Share premium		1,307	1,307
Merger reserve		213	213
Other reserves		5	16
Retained earnings		4,959	4,154
Equity attributable to shareholders of the Company		6,718	5,924
Non-controlling interests		15	59
Total equity		6,733	5,983
EPRA Net Tangible Assets per share²	2	727p	648p

1. See footnote 1 in Note 3.

2. See definition in Note 2.

Tim Score

Chairman

Bhavesh Mistry

Chief Financial Officer

The financial statements on pages 170-220 were approved by the Board of Directors and signed on its behalf on 17 May 2022.
Company number 621920.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Rental income received from tenants		358	320
Fees and other income received		30	38
Operating expenses paid to suppliers and employees		(140)	(125)
Indirect taxes paid in respect of operating activities		-	(15)
Sale of trading properties		8	-
Cash generated from operations		256	218
Interest paid		(62)	(70)
Corporation taxation payments		(6)	(33)
Distributions and other receivables from joint ventures	11	57	34
Net cash inflow from operating activities		245	149
Cash flows from investing activities			
Development and other capital expenditure		(259)	(172)
Purchase of investment properties		(596)	(52)
Sale of investment properties		187	1,073
Sale of investment properties to Canada Water Joint Venture		290	-
Purchase of investments		(14)	(5)
Sale of investments		-	108
Indirect taxes paid in respect of investing activities		(5)	(2)
Loan repayments from joint ventures		133	40
Investment in and loans to joint ventures		(121)	(84)
Capital distributions from joint ventures		-	4
Net cash (outflow) inflow from investing activities		(385)	910
Cash flows from financing activities			
Dividends paid	19	(155)	(76)
Dividends paid to non-controlling interests		(6)	(1)
Capital payments in respect of interest rate derivatives		(7)	(10)
Purchase of non-controlling interests in Hercules Unit Trust		(38)	-
Decrease in lease liabilities		(4)	(7)
Decrease in bank and other borrowings		(213)	(1,218)
Drawdowns on bank and other borrowings		483	214
Net cash inflow (outflow) from financing activities		60	(1,098)
Net decrease in cash and cash equivalents		(80)	(39)
Cash and cash equivalents at 1 April		154	193
Cash and cash equivalents at 31 March		74	154
Cash and cash equivalents consists of:			
Cash and short term deposits	17	74	154

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital £m	Share premium £m	Hedging and translation reserve ¹ £m	Re-valuation reserve £m	Merger reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 April 2021	234	1,307	14	2	213	4,154	5,924	59	5,983
Profit for the year after taxation	-	-	-	-	-	958	958	2	960
Gains on cash flow hedges – joint ventures	-	-	-	1	-	-	1	-	1
Reclassification of foreign exchange differences on disposal of subsidiary net investment	-	-	(12)	-	-	-	(12)	-	(12)
Other comprehensive income	-	-	(12)	1	-	-	(11)	-	(11)
Total comprehensive (expense) income for the year	-	-	(12)	1	-	958	947	2	949
Fair value of share and share option awards	-	-	-	-	-	2	2	-	2
Purchase of the units from non-controlling interests ²	-	-	-	-	-	2	2	(40)	(38)
Dividends payable in year (16.96p per share)	-	-	-	-	-	(157)	(157)	-	(157)
Dividends payable by subsidiaries	-	-	-	-	-	-	-	(6)	(6)
Balance at 31 March 2022	234	1,307	2	3	213	4,959	6,718	15	6,733
Balance at 1 April 2020	234	1,307	12	26	213	5,243	7,035	112	7,147
Loss for the year after taxation	-	-	-	-	-	(1,031)	(1,031)	(52)	(1,083)
Revaluation of owner-occupied property	-	-	-	(1)	-	-	(1)	-	(1)
Gains on cash flow hedges – Group	-	-	2	-	-	-	2	-	2
Gains on cash flow hedges – joint ventures	-	-	-	1	-	-	1	-	1
Reserves transfer on disposal of owner-occupied property	-	-	-	(30)	-	30	-	-	-
Net actuarial loss on pension scheme	-	-	-	-	-	(13)	(13)	-	(13)
Deferred tax on items of other comprehensive income	-	-	-	6	-	-	6	-	6
Other comprehensive income	-	-	2	(24)	-	17	(5)	-	(5)
Total comprehensive income (expense) for the year	-	-	2	(24)	-	(1,014)	(1,036)	(52)	(1,088)
Fair value of share and share option awards	-	-	-	-	-	3	3	-	3
Dividends payable in year (8.40p per share)	-	-	-	-	-	(78)	(78)	-	(78)
Dividends payable by subsidiaries	-	-	-	-	-	-	-	(1)	(1)
Balance at 31 March 2021	234	1,307	14	2	213	4,154	5,924	59	5,983

- The balance at the beginning of the current year includes £15m in relation to translation and (£1m) in relation to hedging (2020/21: £15m and (£3m)). Opening and closing balances in relation to hedging relate to continuing hedges only.
- On 5 July 2021, the Group completed the acquisition of the remaining 21.9% units of Hercules Unit Trust that the Group did not already own for a consideration of £38m. Whilst the transaction was completed on 5 July 2021, the Group obtained the risks and rewards of ownership of the 21.9% of Hercules Unit Trust on 1 April 2021 and therefore, the change in ownership percentage and resulting non-controlling interests were reflected at this date in the financial statements. The book value of the net assets purchased at 1 April 2021 were £40m and consequently £40m has been transferred from non-controlling interests to shareholders equity.

Notes to the Accounts

1 Basis of preparation, significant accounting policies and accounting judgements

The financial statements for the year ended 31 March 2022 have been prepared on the historical cost basis, except for the revaluation of properties, investments classified as fair value through profit or loss and derivatives. The financial statements are prepared in accordance with UK-adopted International Accounting Standards and the applicable legal requirements of the Companies Act 2006 ('IFRS').

On 31 December 2020 EU-adopted IFRS was brought into UK law and became UK-adopted International Accounting Standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The consolidated financial statements have transitioned to UK-adopted International Accounting Standards for the year ended 31 March 2022. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the year reported as a result of the change in framework.

In the current financial year the Group has adopted a number of minor amendments to standards effective in the year, none of which have had a material impact on the Group.

These amendments include IFRS 16 'Leases' – Covid-19-Related Rent Concessions, and amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. These amendments include amendments to IAS 1 'Presentation of Financial Statements' on classification of liabilities, a number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17, IAS 37, IAS 1, IAS 8, IAS 12, IFRS 10 and IAS 28 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16. The above amendments are not expected to have a significant impact on the Group's results.

Going concern

The financial statements are prepared on a going concern basis. The balance sheet shows that the Group is in a net current liability position, predominantly due to short term borrowings and overdrafts of £189m and other creditors of £245m. The Group has access to £1.3bn of undrawn facilities and cash, which provides the Directors with a reasonable expectation that the Group will be able to meet these current liabilities as they fall due. In making this assessment the Directors took into account forecast cash flows and covenant compliance, including stress testing through the impact of sensitivities as part of a 'severe downside scenario'. Before factoring in any income receivable, the undrawn facilities and cash would also be sufficient to cover forecast capital expenditure, property operating costs, administrative expenses, maturing debt and interest over the next 12 months from the approval date of these financial statements.

Having assessed the Principal risks, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements.

Accordingly, they believe the going concern basis is an appropriate one. See the full assessment of preparation on a going concern basis in the corporate governance section on page 109.

Subsidiaries, joint ventures and associates

The consolidated accounts include the accounts of The British Land Company PLC ('British Land') and all subsidiaries (entities controlled by British Land). Control is assumed where British Land is exposed, or has the rights, to variable returns from its involvement with investees and has the ability to affect those returns through its power over those investees.

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

Business combinations are accounted for under the acquisition method. Any excess of the purchase price of business combinations over the fair value of the assets, liabilities and contingent liabilities acquired and resulting deferred tax thereon is recognised as goodwill. Any negative goodwill is credited to the income statement in the period of acquisition.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Joint ventures and associates are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share (investor's share) of the net assets of its joint ventures and associates. The consolidated income statement incorporates the Group's share of joint ventures and associate profits after tax. Their profits include revaluation movements on investment properties. Where joint ventures and associates generate losses after tax, these are recognised initially against the Group's equity investment. If the Group's equity investment is nil, these are subsequently then recognised against other long term interests, principally long term loans.

Distributions and other receivables from joint ventures and associates are classed as cash flows from operating activities, except where they relate to a cash flow arising from a capital transaction, such as a property or investment disposal. In this case they are classed as cash flows from investing activities.

Properties

Properties are externally valued at the balance sheet date. Investment and owner-occupied properties are recorded at valuation whereas trading properties are stated at the lower of cost and net realisable value.

Any surplus or deficit arising on revaluing investment properties is recognised in the capital and other column of the income statement.

Any surplus arising on revaluing owner-occupied properties above cost is recognised in other comprehensive income, and any deficit arising in revaluation below cost for owner-occupied and trading properties is recognised in the capital and other column of the income statement. On disposal of an owner-occupied property, any surplus is transferred directly to retained earnings.

Notes to the Accounts continued

1 Basis of preparation, significant accounting policies and accounting judgements continued

The cost of properties in the course of development includes attributable interest and other associated outgoings including attributable development personnel costs. Interest is calculated on the development expenditure by reference to specific borrowings, where relevant, and otherwise on the weighted average interest rate of British Land Company PLC borrowings. Interest is not capitalised where no development activity is taking place. A property ceases to be treated as a development property on practical completion.

Investment property disposals are recognised on completion. Profits and losses arising are recognised through the capital and other column of the income statement. The profit on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period. Where properties are disposed into a joint venture owned by the Group, the subsequent profit or loss recognised in the capital and other column of the income statement is limited to the extent of the unrelated party's interest.

Trading properties are initially recognised at the lower of cost and net realisable value. Trading property disposals are recognised in line with the Group's revenue accounting policies.

Where investment properties are appropriated to trading properties, they are transferred at market value. If properties held for trading are appropriated to investment properties, they are transferred at book value. Transfers to or from an investment property occur when, and only when, there is evidence of change in use.

Where a right-of-use asset meets the definition of investment property under IFRS 16, the right-of-use asset will initially be calculated as the present value of minimum lease payments under the lease and subsequently measured under the fair value model, based on discounted cash flows of net rental income earned under the lease.

The Group leases out investment properties under operating leases with rents generally payable monthly or quarterly. The Group is exposed to changes in the residual value of properties at the end of current lease agreements, and mitigates this risk by actively managing its tenant mix in order to maximise the weighted average lease term, minimise vacancies across the portfolio and maximise exposure to tenants with strong financial characteristics. The Group also grants lease incentives to encourage high-quality tenants to remain in properties for longer lease terms. Lease incentives, such as rent-free periods and cash contributions to tenant fit-out, and contracted rent increases are recognised as part of the investment property balance. The Group calculates the expected credit loss for lease incentives and contracted rent increases based on lifetime expected credit losses under the IFRS 9 simplified approach.

Surrender premia payable relating to investment properties are recognised in the income statement, through the Underlying column, except where the surrender premia payable is deemed to be unusual or significant by virtue of their size or nature, where they are recognised through the capital and other column.

Surrender premia payable relating to development properties are capitalised as a property addition providing they are a directly attributable and necessary development expense.

Financial assets and liabilities

Debtors and creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. On initial recognition the Group calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Other investments include investments classified as amortised cost and investments classified as fair value through profit or loss. Loans and receivables classified as amortised cost are measured using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate. Investments classified as fair value through profit or loss are initially recorded at fair value and are subsequently externally valued on the same basis at the balance sheet date. Any surplus or deficit arising on revaluing investments classified as fair value through profit or loss is recognised in the capital and other column of the income statement.

The lease liability associated with investment property which is held under a lease, is initially calculated as the present value of the minimum lease payments. The lease liability is subsequently measured at amortised cost, unwinding as finance lease interest accrues and lease payments are made.

Debt instruments are stated at their fair value on issue. Finance charges including premia payable on settlement or redemption and direct issue costs are spread over the period to maturity, using the effective interest method. Exceptional finance charges incurred due to early redemption (including premia) are recognised in the income statement when they occur.

As defined by IFRS 9, cash flow and fair value hedges are initially recognised at fair value at the date the derivative contracts are entered into, and subsequently remeasured at fair value. Changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges are recognised directly through other comprehensive income as a movement in the hedging and translation reserve. Changes in the fair value of derivatives that are designated and qualify as effective fair value hedges are recorded in the capital and other column of the income statement, along with any changes in the fair value of the hedged item that is attributable to the hedged risk. Any ineffective portion of all derivatives is recognised in the capital and other column of the income statement. Changes in the fair value of derivatives that are not in a designated hedging relationship under IFRS 9 are recorded directly in the capital and other column of the income statement. These derivatives are carried at fair value on the balance sheet.

Cash equivalents are limited to instruments with a maturity of less than three months.

1 Basis of preparation, significant accounting policies and accounting judgements continued

Revenue

Revenue comprises rental income and surrender premia, service charge income, management and performance fees and proceeds from the sale of trading properties.

Rental income and surrender premia are recognised in accordance with IFRS 16 'Leases'.

For leases where a single payment is received to cover both rent and service charge, the service charge component is separated out and reported as service charge income.

Rental income, including fixed rental uplifts, from investment property leased out under an operating lease is recognised as revenue on a straight-line basis over the lease term. Lease incentives, such as rent-free periods and cash contributions to tenant fit-out, are recognised on the same straight-line basis being an integral part of the net consideration for the use of the investment property. Any rent adjustments based on open market estimated rental values are recognised, based on management estimates, from the rent review date in relation to unsettled rent reviews. Contingent rents, being those lease payments that are not fixed at the inception of the lease, including for example turnover rents, are recognised in the period in which they are earned.

Lease modifications are defined as a change in the scope of a lease, or the consideration of a lease, that was not part of the original terms and conditions of the lease. Modifications to operating leases the Group holds as a lessor are accounted for from the effective date of the modification. Modifications take into account any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. The revised remaining consideration under the modified lease is then recognised in rental income on a straight-line basis over the remaining lease term.

Concessions granted to tenants where rent has been reduced or waived for a specified period are accounted for as lease modifications. Concessions granted to tenants which allow the deferral of rent payments to the Group are not accounted for as lease modifications on the basis there is no change to the consideration or scope of the lease.

Surrender premia for the early termination of a lease are recognised as revenue when the amounts become contractually due, net of dilapidations and non-recoverable outgoings relating to the lease concerned.

The Group applies the five-step-model as required by IFRS 15 in recognising its service charge income, management and performance fees and proceeds from the sale of trading properties.

Service charge income is recognised as revenue in the period to which it relates.

Management fees are recognised as revenue in the period to which they relate and relate predominantly to the provision of asset management, property management, development management and administration services to joint ventures. Performance fees are recognised at the end of the performance

period when the performance obligations are met, the fee amount can be estimated reliably and it is highly probable that the fee will be received. Performance fees are based on property valuations compared to external benchmarks at the end of the reporting period.

Proceeds from the sale of trading properties are recognised when control has been transferred to the purchaser. This generally occurs on completion. Proceeds from the sale of trading properties are recognised as revenue in the capital and other column of the income statement. All other revenue described above is recognised in the underlying column of the income statement.

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable in the future, or which may be used to offset against taxable profits in the future, on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes on an undiscounted basis. On business combinations, the deferred tax effect of fair value adjustments is incorporated in the consolidated balance sheet.

Deferred tax assets and liabilities are netted off against each other in the consolidated balance sheet when they relate to income taxes levied by the same tax authority on different taxable entities which intend to either settle current tax assets and liabilities on a net basis.

Employee costs

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares or options that will eventually vest. For all schemes except the Group's Long Term Incentive Plan and Save As You Earn schemes, the fair value of awards are equal to the market value at grant date. For options and performance shares granted under the Long Term Incentive Plan, the fair values are determined by Monte Carlo and Black-Scholes models. A Black-Scholes model is used for the Save As You Earn schemes.

Defined benefit pension scheme assets are measured using fair values. Pension scheme liabilities are measured using the projected unit credit method and discounted at the rate of return of a high-quality corporate bond of equivalent term to the scheme liabilities. The net surplus (where recoverable by the Group) or deficit is recognised in full in the consolidated balance sheet. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan. The current service cost and gains and losses on settlement and curtailments are charged to Underlying Profit.

Notes to the Accounts continued

1 Basis of preparation, significant accounting policies and accounting judgements continued

Actuarial gains and losses are recognised in full in the period in which they occur and are presented in the consolidated statement of comprehensive income.

Contributions to the Group's defined contribution schemes are expensed on the basis of the contracted annual contribution.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. A grant that relates to an investment or development property is deducted from the cost of the relevant property, thereby increasing the gain recognised on disposal or revaluation of the property. A grant that relates to an expense item is recognised as income on a systematic basis over the period(s) that the related costs are expensed.

Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make critical accounting judgements and assess key sources of estimation uncertainty that affect the financial statements.

The general risk environment in which the Group operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the UK economy from the pandemic, including related challenges in parts of the UK retail market and macroeconomic headwinds through rising inflation. Despite this the general risk environment is considered to have improved during the year, with the lifting of lockdown restrictions resulting in improvement in activity across the Group's segments, rents stabilising, improved rental collection rates and footfall and sales in retail parks returning close to, and in some cases above, pre-pandemic levels.

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Directors do not consider the conflict at this stage to have had a material impact on the Group's financial statements owing to the nature of the Group's UK focused operations and limited exposure to Ukrainian and Russian businesses. Additionally, our valuers consider there to be no current evident impact of the conflict on the UK property sector. The Directors and our valuers are closely monitoring the conflict for any future developments that may change the risk environment in which the Group operates.

Key sources of estimation uncertainty

Valuation of investment, development, trading and owner-occupied properties: The Group uses external professional valuers to determine the relevant amounts. The primary source of evidence for property valuations should be recent, comparable market transactions on an arm's length basis. However, the valuation of the Group's property portfolio are inherently subjective, as they are based upon valuer assumptions and estimations that form part of the key unobservable inputs of the valuation, which may prove to be inaccurate. Further details on the valuers assumptions, estimates

and associated key unobservable inputs sensitivity disclosures, have been provided in Note 10.

Impairment provisioning of lease debtors (including accrued income) and lease incentives, which are presented within investment properties: The impact of and emergence from Covid-19 has given rise to an increase in lease debtors due from tenants along with higher loss rates, however these are continuing to decrease as the impact of the pandemic recedes. Consequently, for the year ended 31 March 2022 the impairment provisions calculated using the expected credit loss model under IFRS 9 against these balances are lower than in the prior year.

The key assumptions within the expected credit loss model include the tenants' credit risk rating and the related loss rates assumed for each risk rating depending on the historical experience collection rate and the ageing profile. Tenant risk ratings are determined by management, taking into consideration information available surrounding a tenant's credit rating, financial position and historical loss rates. Tenants are classified as being in Administration or CVA, high, medium or low risk based on this information. The assigned loss rates for these risk categories are reviewed at each balance sheet date and are based on historical experience collection rates and future expectations of collection rates. The same key assumptions are applied in the expected credit loss model for tenant incentives, without the consideration of the ageing profile which is not relevant for these balances. The loss rates attributed to each credit risk rating for tenant incentives tends to be lower than that attributed to lease debtors on the basis that the associated credit risk on these balances, which relate to the tenant's future lease liabilities, is lower than that associated to tenant debtors outstanding as a result of Covid-19.

Sensitivity disclosures have been provided relating to lease debtors in Note 13 and lease incentives in Note 10.

Other sources of estimation uncertainty that are not key include the valuation of interest rate derivatives, the determination of share-based payments, the actuarial assumptions used in calculating the Group's retirement benefit obligations and taxation provisions.

Critical accounting judgements

The Directors do not consider there to be any critical accounting judgements in the preparation of the Group's financial statements.

The following items are ongoing areas of accounting judgement, however, the Directors do not consider these accounting judgements to be critical and significant accounting judgement has not been required for any of these items in the current financial year.

REIT status: British Land is a Real Estate Investment Trust ('REIT') and does not pay tax on its property income or gains on property sales, provided that at least 90% of the Group's property income is distributed as a dividend to shareholders, which becomes taxable in their hands. In addition, the Group has to meet certain conditions such as ensuring the property rental business represents more than 75% of total profits and assets. Any potential or proposed changes to the REIT legislation are monitored and discussed with

1 Basis of preparation, significant accounting policies and accounting judgements continued

HMRC. It is management's intention that the Group will continue as a REIT for the foreseeable future.

Accounting for joint ventures: In accordance with IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', and IFRS 12 'Disclosure of Interests in Other Entities' an assessment is required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the financial statement treatment is appropriate. The assessment undertaken by management includes consideration of the structure, legal form, contractual terms and other facts and circumstances relating to the relevant entity. This assessment is updated annually and there have been no changes in the judgement reached in relation to the degree of control the Group exercises within the current or prior year. An assessment was performed in respect of the Canada Water Joint Venture transaction that occurred in the year ended 31 March 2022 (see Note 11). Group shares in joint ventures resulting from this process are disclosed in Note 11 to the financial statements.

Joint ventures are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share of the net assets of its joint ventures and associates. The consolidated income statement incorporates the Group's share of joint venture and associate profits after tax.

Accounting for transactions: Property transactions are complex in nature and can be material to the financial statements. Judgements made in relation to transactions include whether an acquisition is a business combination or an asset; whether held for sale criteria have been met for transactions not yet completed; accounting for transaction costs and contingent consideration; and application of the concept of linked accounting. Management consider each transaction separately in order to determine the most appropriate accounting treatment, and, when considered necessary, seek independent advice. In this regard, management have considered the accounting of the Canada Water Joint Venture transaction in the year ended 31 March 2022 (see Note 11).

Consideration of climate change

In preparing the financial statements, the impact of climate change has been considered, particularly in the context of the Task Force on Climate-related Financial Disclosures ('TCFD') included within the Sustainability section of the Strategic Report and the Group's stated target of net zero carbon emissions by 2030 under the 2030 Sustainability Vision. Whilst noting the Group's commitment to sustainability, there has not been a material impact on the financial reporting judgements and estimates arising from our considerations, which include physical climate and transitional risk assessments conducted by the Group. This is consistent with our assessment that climate change is not expected to have a material impact on the cashflows of the Group, including those included within the going concern and viability assessments in the medium term.

Notwithstanding this, the following should be noted, which is relevant to understanding the impact of climate change on the financial statements:

- As part of the Group's 2030 Sustainability Vision, under which the Group's transition vehicle commits the expenditure of £60 per tonne of embodied carbon within developments, the Group committed £16m in the year to 31 March 2022 (31 March 2021: £9m), with £1m in the year to 31 March 2022 (31 March 2021: £nil) spent on qualifying activities to mitigate the impact of climate change on the standing portfolio, such as electrification of buildings, improved insulation, and LED lights. As at 31 March 2022, £15m remained committed to future mitigation capital expenditure (31 March 2021: £9m) (see Note 22 for further details).
- As part of the valuation process, the Group has discussed the impact of sustainability and Environmental, Social and Governance factors with the external valuers who value the investment and development properties of the Group. The physical climate and transitional risk analysis conducted by the Group has been shared with, and discussed with, the valuers as part of the six-monthly valuation process (see Note 10 for further details). As such, the impact of sustainability and Environmental, Social and Governance factors is considered as part of the valuation process, to the extent possible market participants would, and is included within the derived valuation as at the balance sheet date. The Group ensures that to the fullest extent possible, the four valuers are materially consistent in their application of the consideration of these factors on the property valuations.
- The Group has purchased carbon credits in the year to offset the embodied carbon impact of developments – making our developments carbon neutral. The costs of purchasing these credits were capitalised as part of the cost of the development.

Notes to the Accounts continued

2 Performance measures

Earnings per share

The Group measures financial performance with reference to underlying earnings per share, the European Public Real Estate Association ('EPRA') earnings per share and IFRS earnings per share. The relevant earnings and weighted average number of shares (including dilution adjustments) for each performance measure are shown below, and a reconciliation between these is shown within the supplementary disclosures (Table B).

EPRA earnings per share is calculated using EPRA earnings, which is the IFRS profit after taxation attributable to shareholders of the Company excluding investment and development property revaluations, gains/losses on investing and trading property disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation.

Underlying earnings per share is calculated using Underlying Profit adjusted for underlying taxation (see Note 7), with the dilutive measure being the primary disclosure measure used. Underlying Profit is the pre-tax EPRA earnings measure, with additional Company adjustments for items which are considered to be unusual and/or significant by virtue of their size and nature. In the current year to 31 March 2022, a £29m surrender premium payment and a £12m reclassification of foreign exchange differences were excluded from the calculation of Underlying Profit (see Note 3 and Note 6, respectively, for further details). There was no tax effect of these Company adjusted items. No Company adjustments were made in the prior year to 31 March 2021.

	2022			2021		
	Relevant earnings £m	Relevant number of shares million	Earnings per share pence	Relevant earnings £m	Relevant number of shares million	Earnings per share pence
Earnings per share						
Underlying						
Underlying basic	255	927	27.5	175	927	18.9
Underlying diluted	255	930	27.4	175	930	18.8
EPRA						
EPRA basic	238	927	25.7	175	927	18.9
EPRA diluted	238	930	25.6	175	930	18.8
IFRS						
Basic	958	927	103.3	(1,031)	927	(111.2)
Diluted	958	930	103.0	(1,031)	927	(111.2)

Net asset value

The Group measures financial position with reference to EPRA Net Tangible Assets ('NTA'), Net Reinvestment Value ('NRV') and Net Disposal Value ('NDV'). The net assets and number of shares for each performance measure is shown below. A reconciliation between IFRS net assets and the three EPRA net asset valuation metrics, and the relevant number of shares for each performance measure, is shown within the supplementary disclosures (Table B). EPRA NTA is a measure that is based on IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the carrying value of intangibles, the mark-to-market on the convertible bonds, as well as deferred taxation on property and derivative valuations. The metric includes the valuation surplus on trading properties and is adjusted for the dilutive impact of share options.

	2022			2021		
	Relevant net assets £m	Relevant number of shares million	Net asset value per share pence	Relevant net assets £m	Relevant number of shares million	Net asset value per share pence
Net asset value per share						
EPRA						
EPRA NTA	6,771	932	727	6,050	933	648
EPRA NRV	7,403	932	794	6,599	933	707
EPRA NDV	6,542	932	702	5,678	933	609
IFRS						
Basic	6,733	927	726	5,983	927	645
Diluted	6,733	932	722	5,983	933	641

Total accounting return

The Group also measures financial performance with reference to total accounting return. This is calculated as the movement in EPRA NTA per share and dividend paid in the year as a percentage of the EPRA NTA per share at the start of the year.

	2022			2021		
	Increase in NTA per share pence	Dividend per share paid pence	Total accounting return	Decrease in NTA per share pence	Dividend per share paid pence	Total accounting return
Total accounting return	79	16.96	14.8%	(125)	8.40	(15.1%)

3 Revenue and costs

	2022			2021		
	Underlying £m	Capital and other £m	Total £m	Underlying £m	Capital and other £m	Total £m
Rent receivable	332	–	332	370	–	370
Spreading of tenant incentives and contracted rent increases	5	–	5	7	–	7
Surrender premia ¹	1	(29)	(28)	–	–	–
Gross rental income	338	(29)	309	377	–	377
Trading property sales proceeds	–	9	9	–	–	–
Service charge income	62	–	62	64	–	64
Management and performance fees (from joint ventures)	9	–	9	7	–	7
Other fees and commissions	21	–	21	20	–	20
Revenue	430	(20)	410	468	–	468
Trading property cost of sales	–	(9)	(9)	–	–	–
Service charge expenses	(55)	–	(55)	(59)	–	(59)
Property operating expenses	(54)	–	(54)	(45)	–	(45)
Release (provisions) for impairment of trade debtors and accrued income	7	–	7	(52)	–	(52)
Provisions for impairment of tenant incentives and contracted rent increases	(1)	–	(1)	(8)	–	(8)
Other fees and commissions expenses	(17)	–	(17)	(16)	–	(16)
Costs	(120)	(9)	(129)	(180)	–	(180)
	310	(29)	281	288	–	288

1. On 31 August 2021, the Group undertook a leasing transaction with two unrelated parties in relation to one of its investment properties. The transaction was commercially beneficial and resulted in an overall increase in the net assets of the Group. It involved a £29m payment to one party for the surrender of an agreement for lease, with a subsequent premium of £29m received for the grant of a new agreement for lease for the same property with another party meaning the transaction was cash neutral. In line with the requirements of IFRS 16, and due to the unrelated parties in the transaction, the Group is required to account for the elements of the transaction separately, and as such an associated £29m surrender premium payment was recognised in full through the income statement in the year. Owing to the unusual and significant size and nature of the payment and in line with the Group's accounting policies the payment has been included within the Capital and other column of the income statement. The £29m surrender premium received was initially recognised as deferred income on the balance sheet, with the remeasured amount as at 31 March 2022 principally within other non-current liabilities (see Note 15).

The cash element of net rental income (gross rental income less property operating expenses) recognised during the year ended 31 March 2022 from properties which were not subject to a security interest was £232m (2020/21: £202m). Property operating expenses relating to investment properties that did not generate any rental income were £nil (2020/21: £nil). Contingent rents of £6m (2020/21: £5m) that contain a variable lease payment were recognised in the year.

Further detail on the provision for impairment of trade debtors, accrued income, tenant incentives and contracted rent increases is disclosed in Note 10 and Note 13.

4 Valuation movements on property

	2022 £m	2021 £m
Consolidated income statement		
Revaluation of properties	471	(886)
Revaluation of owner-occupied properties	–	(2)
Revaluation of properties held by joint ventures accounted for using the equity method ¹	162	(409)
	633	(1,297)
Consolidated statement of comprehensive income		
Revaluation of owner-occupied properties	–	(1)
	633	(1,298)

1. Comprises net valuation movement of £110m and realisation of gain on disposal of assets into joint ventures of £52m, disclosed in further detail in Note 11.

Notes to the Accounts continued

5 Auditors' remuneration

PricewaterhouseCoopers LLP

	2022 £m	2021 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	0.5	0.5
Fees payable to the Company's auditors for the audit of the Company's subsidiaries, pursuant to legislation	0.1	0.1
Total audit fees	0.6	0.6
Audit-related assurance services	0.2	0.2
Total audit and audit-related assurance services	0.8	0.8
Other fees		
Other services	-	-
Total	0.8	0.8

6 Net financing costs

	2022 £m	2021 £m
Underlying		
Financing charges		
Facilities and overdrafts	(20)	(22)
Derivatives	29	31
Other loans	(68)	(74)
Obligations under head leases	(3)	(4)
	(62)	(69)
Development interest capitalised	7	7
	(55)	(62)
Financing income		
Deposits, securities and liquid investments	-	-
	-	-
Net financing charges – Underlying	(55)	(62)
Capital and other		
Financing charges		
Valuation movement on fair value hedge accounted derivatives ¹	(67)	(83)
Valuation movement on fair value hedge accounted debt ¹	61	83
Fair value movement on convertible bonds	-	(3)
Valuation movement on non-hedge accounted derivatives	(1)	-
	(7)	(3)
Financing income		
Reclassification of foreign exchange differences on disposal of subsidiary net investment from equity ²	12	-
Valuation movement on non-hedge accounted derivatives	55	15
	67	15
Net financing charges – Capital and other	60	12
Net financing costs		
Total financing income	67	15
Total financing charges	(62)	(65)
Net financing costs	5	(50)

1. The difference between valuation movement on designated fair value hedge accounted derivatives (hedging instruments) and the valuation movement on fair value hedge accounted debt (hedged item) represents hedge ineffectiveness for the year of £6m (2020/21: £nil).

2. £12m has been reclassified from the hedging and translation reserve to the income statement in the year ended 31 March 2022, relating to cumulative foreign exchange gains on disposal of the net investment in a foreign subsidiary.

Interest payable on unsecured bank loans and related interest rate derivatives was £13m (2020/21: £11m). Interest on development expenditure is capitalised at the Group's weighted average interest rate of 2.4% (2020/21: 2.2%). The weighted average interest rate on a proportionately consolidated basis at 31 March 2022 was 2.9% (2020/21: 2.9%).

7 Taxation

	2022 £m	2021 £m
Taxation income (expense)		
Current taxation		
Underlying Profit		
Current period UK corporation taxation (2021/22: 19%; 2020/21: 19%)	(2)	(2)
Underlying Profit adjustments in respect of prior periods ^{1,2}	6	(24)
Total current Underlying Profit taxation income (expense)	4	(26)
Capital and other profit		
Current period UK corporation taxation (2021/22: 19%; 2020/21: 19%)	-	-
Capital and other profit adjustments in respect of prior periods	(2)	1
Total current Capital and other profit taxation income	(2)	1
Total current taxation income (expense)	2	(25)
Deferred taxation on revaluations and derivatives	-	(5)
Group total taxation income (expense)	2	(30)
Attributable to joint ventures ³	-	1
Total taxation income (expense)	2	(29)
Taxation reconciliation		
Profit (loss) on ordinary activities before taxation	958	(1,053)
Less: (profit) loss attributable to joint ventures	(244)	358
Group profit (loss) on ordinary activities before taxation	714	(695)
Taxation on (profit) loss on ordinary activities at UK corporation taxation rate of 19% (2020/21: 19%)	(136)	132
Effects of:		
- REIT exempt income and gains	126	(134)
- Taxation losses	9	-
- Deferred taxation on revaluations and derivatives	-	(5)
- Adjustments in respect of prior years	3	(23)
Group total taxation income (expense)	2	(30)

1. The credit in the current year includes £4m as an adjustment to the tax due in respect of the suspension on the dividend in 2020/21 and other credits relating to prior periods of £2m relating to tax provisions in respect of historic taxation matters and points of uncertainty.

2. The charge in the prior year includes the £28m corporation tax charge in relation to the year ended 31 March 2020 of the agreed payment with HMRC for temporarily suspending the dividend due to Covid-19, offset by other credits in respect of prior periods of £4m relating to tax provisions in respect of historic taxation matters and points of uncertainty.

3. A current taxation income of Enil (2020/21: £1m) and a deferred taxation credit of Enil (2020/21: Enil) arose on profits attributable to joint ventures.

Taxation income attributable to Underlying Profit for the year ended 31 March 2022 was £4m (2020/21: £26m expense). Taxation expense attributable to Capital and other profit was £2m (2020/21: £1m income). Corporation tax receivable as at 31 March 2022 was £3m (2020/21: £7m payable) as shown on the balance sheet.

A REIT is required to pay Property Income Distributions ('PIDs') of at least 90% of the taxable profits from its UK property rental business within 12 months of the end of each accounting period.

Notes to the Accounts continued

8 Staff costs

Staff costs (including Directors)	2022 £m	2021 £m
Wages and salaries	59	53
Social security costs	8	7
Pension costs	5	3
Equity-settled share-based payments	7	3
	79	66

The average monthly number of employees of the Company during the year was 344 (2020/21: 326). The average monthly number of Group employees, including those employed directly at the Group's properties and their costs recharged to tenants, was 636 (2020/21: 634). The average monthly number of employees of the Company within each category of persons employed was as follows: Campuses: 36; Retail & Fulfilment: 29; Developments: 41; Storey: 9; Support Functions: 229. The average monthly number of employees of the Group within each category of persons employed was as follows: Campuses: 36; Retail & Fulfilment: 29; Developments: 41; Storey: 9; Support Functions: 229; Property Management: 292.

The Executive Directors and Non-Executive Directors are the key management personnel. Their emoluments are disclosed in the Remuneration Report on pages 127-153.

Staff costs

The Group's equity-settled share-based payments comprise the following:

Scheme	Fair value measure
Long Term Incentive Plan ('LTIP')	Monte Carlo model simulation and Black-Scholes option valuation models
Restricted Share Plan ('RSP')	Market value at grant date
Save As You Earn schemes ('SAVE')	Black-Scholes option valuation model

The Group expenses an estimate of how many shares are likely to vest based on the market price at the date of grant, taking account of expected performance against the relevant performance targets and service periods, which are discussed in further detail in the Remuneration Report.

During the year and the prior year the Group granted performance shares under its Long Term Incentive Plan scheme. Performance conditions are measured over a three-year period and are a weighted blend of Total Shareholder Return ('TSR'), Total Property Return ('TPR') and Total Accounting Return ('TAR') (see Directors' Remuneration Report for details). For non-market-based performance conditions, the Group uses a Black-Scholes option valuation method to obtain fair values. For market-based performance conditions, a Monte Carlo model is used as this provides a more accurate fair value for these performance conditions. The key inputs used to obtain fair values for LTIP awards are shown below.

	22 June 2021		1 September 2021		22 June 2020	
	Awards with holding period	Awards with no holding period	Awards with holding period	Awards with no holding period	Awards with holding period	Awards with no holding period
Share price	£5.17	£5.17	£5.20	£5.42	£4.09	£4.09
Exercise price	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Expected volatility	36.6%	36.6%	37.0%	37.4%	28.3%	28.3%
Expected term (years)	3	3	3	3	3	3
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk free interest rate	0.2%	0.2%	0.1%	0.2%	0.0%	0.0%
Fair value – TSR Tranche FTSE 350	£2.36	£2.88	£2.75	£2.79	£1.01	£1.18
Fair value – TSR Tranche FTSE 100	£2.42	£2.95	£3.01	£3.20	£1.30	£1.51
Fair value – TPR and TAR Tranches	£4.24	£5.17	£4.26	£5.42	£3.51	£4.09

Movements in shares and options are given in Note 20.

9 Pensions

The British Land Group of Companies Pension Scheme ('the scheme') is the principal defined benefit pension scheme in the Group. The assets of the scheme are held in a trustee-administered fund and kept separate from those of the Company. It is not contracted out of SERPS (State Earnings-Related Pension Scheme), it is not planned to admit new employees to the scheme and during the prior year the scheme was closed to future accrual, effective 1 September 2020. Active members were therefore moved to deferred status in the prior year with future pension contributions payable to the Defined Contribution Pension Schemes of the Group.

The Group has two other small defined benefit pension schemes. There are also two Defined Contribution Pension Schemes. Contributions to these schemes are at a flat rate of salary and are paid by the Company.

The total net pension cost charged for the year was £5m (2020/21: £3m), of which £5m (2020/21: £5m) relates to defined contribution plans, £nil (2020/21: £1m) relates to the current service cost of the defined benefit schemes and £nil (2020/21: credit of £3m) relates to a curtailment gain, presented as a past service cost, as a result of the closure of the defined benefit schemes to future accrual in the prior year.

The last full actuarial valuation of the scheme was performed by the scheme actuary, First Actuarial LLP, as at 31 March 2018. The employer does not expect to make any payments during the year to 31 March 2023. The major assumptions used for the actuarial valuation were:

	2022 % pa	2021 % pa	2020 % pa	2019 % pa	2018 % pa
Discount rate	2.7	2.0	2.3	2.4	2.6
Salary inflation	–	–	3.9	4.8	4.9
Pensions increase	3.7	3.4	2.5	3.3	3.3
Price inflation	3.9	3.5	2.5	3.4	3.4

The assumptions are that a member currently aged 60 will live on average for a further 28.0 years if they are male and for a further 29.7 years if they are female. For a member who retires in 2040 at age 60, the assumptions are that they will live on average for a further 29.4 years after retirement if they are male and for a further 31.1 years after retirement if they are female.

Composition of scheme assets

	2022 £m	2021 £m
Equities	37	68
Diversified growth funds	20	42
Other assets	121	68
Total scheme assets	178	178

88.8% of the scheme assets are quoted in an active market. All unquoted scheme assets sit within equities.

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Present value of defined scheme obligations	(125)	(152)	(131)	(147)	(147)
Fair value of scheme assets	178	178	161	160	152
Irrecoverable surplus ¹	(53)	(26)	(30)	(13)	(5)
Amount recognised in the balance sheet	–	–	–	–	–

1. The net defined benefit asset must be measured at the lower of the surplus in the defined benefit schemes and the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the schemes or reductions to future contributions to the schemes. The asset ceiling of the Group's defined benefit schemes is £nil (2020/21: £nil), therefore the surplus in the defined benefit schemes of £53m (2020/21: £26m) is irrecoverable.

The sensitivities of the defined benefit obligation in relation to the major actuarial assumptions used to measure scheme liabilities are as follows:

Assumption	Change in assumption	Increase (decrease) in defined scheme obligations	
		2022 £m	2021 £m
Discount rate	+0.5%	(8)	(14)
Salary inflation	+0.5%	–	–
RPI inflation	+0.5%	7	12
Assumed life expectancy	+1 year	4	6

Notes to the Accounts continued

9 Pensions continued

History of experience gains and losses

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Total actuarial (loss) gain recognised in the consolidated statement of comprehensive income ^{1,2}	-	(13)	-	-	9
Percentage of present value on scheme liabilities	-	(8.6%)	(0.3%)	0.1%	6.1%

1. Movements stated after adjusting for irrecoverability of any surplus.

2. Cumulative loss recognised in the statement of comprehensive income is £53m (2020/21: £53m).

Movements in the present value of defined benefit obligations were as follows:

	2022 £m	2021 £m
At 1 April	(152)	(131)
Current service cost	-	(1)
Curtailed gain	-	3
Interest cost	(3)	(4)
Actuarial gain (loss)		
Gain (loss) from change in financial assumptions	15	(26)
Gain on scheme liabilities arising from experience	-	1
Benefits paid	15	6
At 31 March	(125)	(152)

Movements in the fair value of the scheme assets were as follows:

	2022 £m	2021 £m
At 1 April	178	161
Interest income on scheme assets	3	4
Contributions by employer	-	10
Actuarial gain	12	9
Benefits paid	(15)	(6)
At 31 March	178	178

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant portion of growth assets (equities and diversified growth funds) which, although expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk

The majority of the scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also decrease the surplus.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

10 Property

Property reconciliation for the year ended 31 March 2022

	Campuses Level 3 £m	Retail & Fulfilment Level 3 £m	Developments Level 3 £m	Investment and development properties Level 3 £m	Trading Properties £m	Owner- Occupied Level 3 £m	Total £m
Carrying value at 1 April 2021	3,465	2,139	722	6,326	26	2	6,354
Additions							
– property purchases	110	486	–	596	–	–	596
– development expenditure ¹	64	3	124	191	–	–	191
– capitalised interest and staff costs	2	–	6	8	–	–	8
– capital expenditure on asset management initiatives	5	13	–	18	–	–	18
– right-of-use assets	4	–	–	4	–	–	4
	185	502	130	817	–	–	817
Disposals	(501)	(104)	–	(605)	(8)	(2)	(615)
Reclassifications	181	–	(181)	–	–	–	–
Revaluations included in income statement	126	311	34	471	–	–	471
Movement in tenant incentives and contracted rent uplift balances	21	2	–	23	–	–	23
Carrying value at 31 March 2022	3,477	2,850	705	7,032	18	–	7,050
Lease liabilities (Notes 14 and 15) ²							(105)
Less valuation surplus on right-of-use assets ³							(9)
Valuation surplus on trading properties							8
Group property portfolio valuation at 31 March 2022							6,944
Non-controlling interests							(15)
Group property portfolio valuation at 31 March 2022 attributable to shareholders							6,929

1. Development expenditure includes government grants received for the development of affordable and social housing of £4m.

2. The £26m difference between lease liabilities of £105m and £131m per Notes 14 and 15 relates to a £26m lease liability where the right-of-use asset is classified as property, plant and equipment.

3. Relates to properties held under leasing agreements. The fair value of right-of-use assets is determined by calculating the present value of net rental cash flows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair values are determined by management, and are therefore not included in the Group property portfolio valuation of £6,944m above.

Additions include capital expenditure in response to climate change, in line with our Sustainability Strategy to reduce both the embodied carbon in our developments and the operational carbon across the Group's standing property portfolio. For further details, refer to the Sustainability section of the Strategic Report on pages 38-59.

The Group entered into a Joint Venture agreement with AustralianSuper on 7 March 2022 in relation to the Canada Water Campus, resulting in the Group disposing of £474m of investment and development properties and a resulting gain in the Capital and other column of the consolidated income statement of £44m.

As further explained in Note 21, from 1 April 2021, the Group now reports under two operating segments, Campuses and Retail & Fulfilment, in addition to Development properties which are disclosed separately due to the differing basis of valuation as discussed in further detail within this note. Within this note, the comparative figures have therefore been restated in the relevant disclosures.

Notes to the Accounts continued

10 Property continued

Property reconciliation for the year ended 31 March 2021

	Restated Campuses Level 3 £m	Restated Retail & Fulfilment Level 3 £m	Developments Level 3 £m	Investment and development properties Level 3 £m	Trading Properties £m	Owner- Occupied Level 3 £m	Total £m
Carrying value at 1 April 2020	4,341	3,188	659	8,188	20	68	8,276
Additions							
– property purchases	–	52	–	52	–	–	52
– development expenditure	22	3	76	101	–	3	104
– capitalised interest and staff costs	4	–	7	11	–	–	11
– capital expenditure on asset management initiatives	9	19	6	34	–	–	34
– right-of-use assets	2	–	–	2	–	–	2
	37	74	89	200	–	3	203
Disposals	(699)	(421)	(10)	(1,130)	–	(66)	(1,196)
Right-of-use assets disposals	(36)	–	–	(36)	–	–	(36)
Reclassifications	16	–	(22)	(6)	6	–	–
Revaluations included in income statement	(189)	(703)	6	(886)	–	(2)	(888)
Revaluations included in OCI	–	–	–	–	–	(1)	(1)
Movement in tenant incentives and contracted rent uplift balances	(5)	1	–	(4)	–	–	(4)
Carrying value at 31 March 2021	3,465	2,139	722	6,326	26	2	6,354
Lease liabilities (Notes 14 and 15) ¹							(108)
Less valuation surplus on right-of-use assets ²							(8)
Valuation surplus on trading properties							9
Group property portfolio valuation at 31 March 2021							6,247
Non-controlling interests							(137)
Group property portfolio valuation at 31 March 2021 attributable to shareholders							6,110

1. The £25m difference between lease liabilities of £108m and £133m per Notes 14 and 15 relates to the £25m lease liability where the right-of-use asset is classified as property, plant and equipment.

2. Relates to properties held under leasing agreements. The fair value of right-of-use assets is determined by calculating the present value of net rental cash flows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair values are determined by management, and are therefore not included in the Group property portfolio valuation of £6,247m above.

Property valuation

The different valuation method levels are defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These levels are specified in accordance with IFRS 13 'Fair Value Measurement'. Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons, and consistent with EPRA's guidance, we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. The inputs to the valuations are defined as 'unobservable' by IFRS 13. These key unobservable inputs are net equivalent yield and estimated rental values for investment and owner-occupied properties, and costs to complete for development properties. Further analysis and sensitivity disclosures of these key unobservable inputs have been included on the following pages. There were no transfers between levels in the year.

The Group's total property portfolio was valued by external valuers on the basis of fair value, in accordance with the RICS Valuation – Global Standards 2022, published by The Royal Institution of Chartered Surveyors.

10 Property continued

The general risk environment in which the Group operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the UK economy from the pandemic, including related challenges in parts of the UK retail market and macroeconomic headwinds through rising inflation. Despite this the general risk environment is considered to have improved during the year, with the lifting of lockdown restrictions resulting in improvement in activity across the Group's segments, rents stabilising, improved rental collection rates and footfall and sales in retail parks returning close to, and in some cases above, pre-pandemic levels.

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Directors do not consider the conflict at this stage to have had a material impact on the Group's financial statements, owing to the nature of the Group's UK focused operations and limited exposure to Ukrainian and Russian businesses. Additionally, our valuers consider there to be no current evident impact of the conflict on the UK property sector. The Directors and our valuers are closely monitoring the conflict for any future developments that may change the risk environment in which the Group operates.

In preparing their valuations during the pandemic lockdown periods in 2020/21, our valuers had considered the impact of concessions agreed with tenants at the relevant balance sheet date, which mainly related to rent deferrals and rent-free periods, on valuations, primarily of retail assets. With the lifting of lockdown restrictions during 2021/22, the number of concessions agreed with tenants has decreased and following the cessation of the general moratorium on commercial evictions and restrictions on commercial rent arrears recovery on 25 March 2022, the valuers have assumed that rental income will be received, unless there are specific concession agreements in place. The valuers have also given consideration to occupiers in higher risk sectors, and those assumed to be at risk of default, in determining the appropriate yields to apply.

The information provided to the valuers, and the assumptions and valuation models used by the valuers, are reviewed by the property portfolio team, the Head of Real Estate and the Chief Financial Officer. The valuers meet with the external auditors and also present directly to the Audit Committee at the interim and year-end review of results. Further details of the Audit Committee's responsibilities in relation to valuations can be found in the Report of the Audit Committee on pages 120-126.

Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

In the case of ongoing developments, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above, with a deduction for all costs necessary to complete the development, including a notional finance cost, together with a further allowance for remaining risk. Properties held for development are generally valued by adopting the higher of the residual method of valuation, allowing for all associated risks, or the investment method of valuation for the existing asset.

The valuers of the Group's property portfolio have a working knowledge of the various ways that sustainability and Environmental, Social and Governance factors can impact value and have considered these, and how market participants are reflecting these in their pricing, in arriving at their Opinion of Value and resulting valuations as at the balance sheet date. These may be:

- physical risks;
- transition risk related to policy or legislation to achieve sustainability and Environmental, Social and Governance targets; and
- risks reflecting the views and needs of market participants.

The Group has shared recently conducted physical climate and transitional risk assessments with the valuers which they have reviewed and taken into consideration to the extent that current market participants would.

Valuers observe, assess and monitor evidence from market activities, including market (investor) sentiment on issues such as longer-term obsolescence and, where known, future Environmental, Social and Governance related risks and issues which may include, for example, the market's approach to capital expenditure required to maintain the utility of the asset. In the absence of reliable benchmarking data and indices for estimating costs, specialist advice on cost management may be required which is usually agreed with the valuer in the terms of engagement and without which reasonable estimates/assumptions may be needed to properly reflect market expectations in arriving at the Opinion of Value.

Notes to the Accounts continued

10 Property continued

Copies of the valuation certificates of Knight Frank LLP, CBRE, Jones Lang LaSalle and Cushman & Wakefield can be found at britishland.com/reports.

A breakdown of valuations split between the Group and its share of joint ventures is shown below:

	2022			2021		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Knight Frank LLP	1,387	37	1,424	1,375	40	1,415
CBRE	1,906	448	2,354	1,642	124	1,766
Jones Lang LaSalle	3,330	638	3,968	849	506	1,355
Cushman & Wakefield	321	2,415	2,736	2,381	2,378	4,759
Total property portfolio valuation	6,944	3,538	10,482	6,247	3,048	9,295
Non-controlling interests	(15)	–	(15)	(137)	(26)	(163)
Total property portfolio valuation attributable to shareholders¹	6,929	3,538	10,467	6,110	3,022	9,132

1. The total property portfolio valuation for joint ventures is £3,538m, compared to the total investment and trading properties of £3,545 disclosed in Note 11. The £3,545m includes £12m of trading properties and excludes £19m of headleases, both at Group share.

Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2022

Investment	Fair value at 31 March 2022 £m	Valuation technique	ERV per sq ft			Equivalent yield			Costs to complete per sq ft		
			Min £	Max £	Average £	Min %	Max %	Average %	Min £	Max £	Average £
Campuses	3,419	Investment methodology	9	159	56	3	7	4	–	234	24
Retail & Fulfilment	2,794	Investment methodology	2	30	17	2	13	6	–	36	7
Developments	705	Residual methodology	27	88	75	4	5	4	214	812	391
Total	6,918										
Trading properties at fair value	26										
Group property portfolio valuation	6,944										

Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2021

Investment	Restated Fair value at 31 March 2021 £m	Valuation technique	ERV per sq ft			Equivalent yield			Costs to complete per sq ft		
			Min £	Max £	Average £	Min %	Max %	Average %	Min £	Max £	Average £
Campuses ¹	3,005	Investment methodology	2	176	58	4	6	5	–	475	97
Retail & Fulfilment	2,080	Investment methodology	2	32	17	5	14	8	–	46	10
Developments	1,127	Residual methodology	65	62	77	4	14	6	2	89	48
Total	6,212										
Trading properties at fair value	35										
Group property portfolio valuation	6,247										

1. Includes owner-occupied.

10 Property continued

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio for the year ended 31 March 2022

	Fair value at 31 March 2022 £m	Impact on valuations		Impact on valuations		Impact on valuations	
		+5% ERV £m	-5% ERV £m	-25bps NEY £m	+25bps NEY £m	-5% costs £m	+5% costs £m
Campuses ¹	3,445	137	(136)	231	(206)	3	(3)
Retail & Fulfilment	2,794	115	(114)	144	(127)	2	(2)
Developments	705	59	(59)	85	(76)	39	(38)
Group property portfolio valuation	6,944	311	(309)	460	(409)	44	(43)

1. Includes trading properties at fair value.

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio for the year ended 31 March 2021

	Restated Fair value at 31 March 2021 £m	Impact on valuations		Impact on valuations		Impact on valuations	
		+5% ERV £m	-5% ERV £m	-25bps NEY £m	+25bps NEY £m	-5% costs £m	+5% costs £m
Campuses ¹	3,051	130	(151)	199	(177)	7	(7)
Retail & Fulfilment	2,080	79	(78)	73	(69)	-	-
Developments	1,116	105	(107)	153	(137)	96	(98)
Group property portfolio valuation	6,247	314	(336)	425	(383)	103	(105)

1. Includes trading properties at fair value.

All other factors being equal:

- a higher equivalent yield or discount rate would lead to a decrease in the valuation of an asset;
- an increase in the current or estimated future rental stream would have the effect of increasing the capital value; and
- an increase in the costs to complete would lead to a decrease in the valuation of an asset.

However, there are interrelationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.

Provisions for impairment of tenant incentives and contracted rent increases

A provision of £23m (31 March 2021: £23m) has been made for impairment of tenant incentives and contracted rent uplift balances (contracted rents). The charge to the income statement in relation to write-offs and provisions for impairment for tenant incentives and contracted rents was £1m (2020/21: £8m) (see Note 3). The Directors consider that the carrying amount of tenant incentives is approximate to their fair value.

The tables below summarise tenant incentives and contracted rent increase balances and associated expected credit losses grouped by credit risk ratings. The split between Campuses and Retail & Fulfilment has been disclosed on the basis that Campuses balances have a lower assumed credit risk as a result of the impact of Covid-19 in comparison to Retail & Fulfilment tenants and relate to the significant majority of tenant incentive balances at year end with an immaterial provision for impairment applied.

Credit risk	2022									
	Campuses			Retail & Fulfilment			Total			
	Tenant incentives ¹ £m	Provision £m	Net tenant incentives £m	Tenant incentives ¹ £m	Provision £m	Net tenant incentives £m	Tenant incentives ¹ £m	Provision £m	Net tenant incentives £m	Percentage provided ³
CVA ² / Administration	-	-	-	4	(4)	-	4	(4)	-	100%
High	1	(1)	-	19	(17)	2	20	(18)	2	90%
Medium	1	-	1	9	(1)	8	10	(1)	9	10%
Low	84	-	84	51	-	51	135	-	135	-
Total Group	86	(1)	85	83	(22)	61	169	(23)	146	14%
Joint ventures	77	(3)	74	23	(6)	17	100	(9)	91	9%
Total	163	(4)	159	106	(28)	78	269	(32)	237	12%

1. The tenant incentives balance includes contracted rent increases.

2. Company Voluntary Arrangements.

3. The percentage provided is calculated using the unrounded tenant incentive and provision balance.

Notes to the Accounts continued

10 Property continued

	2021									
	Campuses			Retail & Fulfilment			Total			
	Restated Tenant incentives ¹ £m	Restated Provision £m	Restated Net £m	Restated Tenant incentives ¹ £m	Restated Provision £m	Restated Net £m	Tenant incentives ¹ £m	Provision £m	Net £m	Percentage provided ³
Credit risk										
CVA ² / Administration	–	–	–	4	(4)	–	4	(4)	–	100%
High	1	(1)	–	22	(17)	5	23	(18)	5	79%
Medium	1	–	1	8	(1)	7	9	(1)	8	15%
Low	63	–	63	50	–	50	113	–	113	–
Total Group	65	(1)	64	84	(22)	62	149	(23)	126	15%
Joint ventures	65	(3)	62	14	(3)	11	79	(6)	73	8%
Total	130	(4)	126	98	(25)	73	228	(29)	199	13%

1. The tenant incentives balance includes contracted rent increases.

2. Company Voluntary Arrangements.

3. The percentage provided is calculated using the unrounded tenant incentive and provision balance.

The tenant incentive balance does not relate to amounts billed and therefore there is no concept of being past due. The expected credit losses are determined in line with the provisioning approach detailed in Note 1, with the key assumptions being the absolute probability of loss assumed for each credit risk rating and a tenant's assigned credit risk rating. A 10% increase/decrease in the loss rates assumed for each credit risk rating would result in a £2m increase/decrease to provisions for impairment of tenant incentives (2020/21: £2m). This sensitivity analysis has been performed on medium and high risk tenants and tenants in CVA or Administration only as the significant estimation uncertainty is wholly related to these.

A 10% increase/decrease in the percentage share of high and low risk Retail & Fulfilment tenants' incentives only, i.e. assuming 10% of tenant incentives move from medium to high risk and 10% of tenant incentives move from low to medium risk and vice versa, would result in a £2m increase/decrease in provisions for impairment of tenant incentives (2020/21: £5m). A movement in the share of Campuses tenant incentives within each credit risk rating has not been considered as management believes there is less uncertainty associated to the assumption on Campuses tenants' credit risk ratings. A 10% increase or decrease represents management's assessment of the reasonable possible change in loss rates and movement in the percentage share of tenant incentives within each credit risk rating.

The table below shows the movement in provisions for impairment of tenant incentives during the year ended 31 March 2022 on a Group and on a proportionally consolidated basis.

	Group £m	Proportionally consolidated £m
Movement in provisions for impairment of tenant incentives		
Provisions for impairment of tenant incentives as at 31 March 2021 ¹	23	29
Increase in provisions for impairment of tenant incentives due to acquisition on 1 April 2021 ¹	–	2
Provisions for impairment of tenant incentives as at 1 April 2021 ¹	23	31
Write-offs of tenant incentives	(1)	(4)
Movement in provisions for impairment of tenant incentives	1	5
Total provision movement recognised in income statement	1	5
Provisions for impairment of tenant incentives as at 31 March 2022	23	32

1. The provisions for impairment of tenant incentives as at 1 April 2021 on a proportionately consolidated basis is £2m higher than the proportionately consolidated provision recognised as at 31 March 2021. This is as a result of the acquisition of the remaining 21.9% units of Hercules Unit Trust on 1 April 2021.

Additional property disclosures – including covenant information

At 31 March 2022, the Group property portfolio valuation of £6,944m (2020/21: £6,247m) comprises freeholds of £3,755m (2020/21: £3,127m); virtual freeholds of £1,171m (2020/21: £1,055m); long leaseholds of £1,782m (2020/21: £1,945m); and short leaseholds of £236m (2020/21: £120m). The historical cost of properties was £5,020m (2020/21: £4,812m).

Cumulative interest capitalised against investment, development and trading properties amounts to £111m (2020/21: £104m).

Properties valued at £1,266m (2020/21: £1,017m) were subject to a security interest and other properties of non-recourse companies amounted to £649m (2020/21: £575m), totalling £1,915m (2020/21: £1,592m).

10 Property continued

Included within the property valuation is £3m (2020/21: £7m) in respect of accrued contracted rental uplift income and £166m (2020/21: £142m) in respect of other tenant incentives. The balance arises through the IFRS treatment of leases containing such arrangements, which requires the recognition of rental income on a straight-line basis over the lease term, with the difference between this and the cash receipt changing the carrying value of the property against which revaluations are measured.

11 Joint ventures

Summary movement for the year of the investments in joint ventures

	Equity £m	Loans £m	Total £m
At 1 April 2021	1,459	661	2,120
Additions	252	57	309
Disposals	(34)	(70)	(104)
Share of profit on ordinary activities after taxation ¹	264	(20)	244
Distributions and dividends:			
– Capital	–	–	–
– Revenue	(59)	–	(59)
Hedging and exchange movements	1	–	1
At 31 March 2022	1,883	628	2,511

1. The share of profit on ordinary activities after taxation comprises equity accounted profits of £266m and IFRS 9 impairment charges against equity investments and loans of £22m, relating to MSC Property Intermediate Holdings Limited (loan impairment of £17m), WOSC Partners Limited Partnership (loan impairment of £3m) and The Southgate Limited Partnership (equity impairment of £2m). In accordance with IFRS 9, management has assessed the recoverability of loans to joint ventures and assessed the carrying value of investments in joint ventures against the net asset value. Amounts due are expected to be recovered by a joint venture selling its properties and investments and settling financial assets, net of financial liabilities. The net asset value of a joint venture is considered to be a reasonable approximation of the available assets that could be realised to recover the amounts due and the requirement to recognise expected credit losses.

The Group entered into a new Joint Venture agreement with AustralianSuper on 7 March 2022 in relation to the Canada Water Campus. The Group has recognised a share of the joint venture's loss of £6m in addition to the realisation of the gain on disposal of assets into the joint venture of £52m. Therefore the Group has recognised a share of total comprehensive income of £46m and share of net assets less shareholders loans of £294m in relation to this new joint venture in the year.

Notes to the Accounts continued

11 Joint ventures continued

The summarised income statements and balance sheets below and on the following page show 100% of the results, assets and liabilities of joint ventures. Where necessary, these have been restated to the Group's accounting policies.

Joint ventures' summary financial statements for the year ended 31 March 2022

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd ⁵	WOSC Partners Limited Partnership ⁵	BL West End Offices Limited
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	Norges Bank Investment Management	Allianz SE
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	West End Offices	West End Offices
Group share	50%	50%	25%	25%

Summarised income statements

Revenue ⁴	228	75	10	26
Costs	(76)	(16)	(4)	(7)
	152	59	6	19
Administrative expenses	(1)	-	-	-
Net interest payable	(62)	(27)	-	(5)
Underlying Profit	89	32	6	14
Net valuation movement	220	(20)	(15)	4
Capital financing (costs) income	(13)	-	-	9
Profit (loss) on disposal of investment properties and investments	-	-	-	-
Profit (loss) on ordinary activities before taxation	296	12	(9)	27
Taxation	-	-	-	-
Profit (loss) on ordinary activities after taxation	296	12	(9)	27
Other comprehensive income	-	3	-	-
Total comprehensive income (expense)	296	15	(9)	27
Realisation of gain on disposal of assets into joint ventures	-	-	-	-
British Land share of total comprehensive income (expense)	148	6	(2)	7
British Land share of distributions payable	34	2	-	4

Summarised balance sheets

Investment and trading properties	4,829	760	149	525
Other non-current assets	30	-	-	9
Current assets	17	8	3	3
Cash and deposits	126	34	4	7
Gross assets	5,002	802	156	544
Current liabilities	(89)	(45)	(4)	(11)
Bank and securitised debt	(1,570)	(517)	-	(159)
Loans from joint venture partners	(845)	(523)	(211)	(15)
Other non-current liabilities	-	(12)	(4)	(11)
Gross liabilities	(2,504)	(1,097)	(219)	(196)
Net assets (liabilities)	2,498	(295)	(63)	348
British Land share of net assets less shareholder loans	1,249	-	-	87

1. USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership.
2. Hercules Unit Trust joint ventures includes 50% of the results of Deepdale Co-Ownership Trust, Fort Kinnaird Limited Partnership and Valentine Co-Ownership Trust and 41.25% of Birstall Co-Ownership Trust. The balance sheet shows 50% of the assets of these joint ventures.
3. Included in the column headed 'Other joint ventures' are contributions from the following: BL Goodman Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust, BL Sainsbury's Superstores Limited and Reading Gate Retail Park Co-Ownership. The Reading Gate Retail Park Co-Ownership was acquired during the year ended 31 March 2022, with the Group acquiring a 50% share from Reassure Limited, and The National Farmers Union Mutual Insurance Society Limited owning the remaining 50% share.
4. Revenue includes gross rental income at 100% share of £290m (2020/21: £262m).
5. In accordance with the Group's accounting policies detailed in Note 1, the Group recognises a nil equity investment in joint ventures in a net liability position at period end.
6. The Group entered into a new Joint Venture agreement with AustralianSuper on 7 March 2022 in relation to the Canada Water Campus. The transaction value of the assets transferred by the Group on formation of the joint venture at 100% was £580m. On disposal of the assets into the joint venture and in accordance with IAS 28, the Group recognised a gain of £44m (net of transaction costs of £9m) representing the gain realised to the extent of AustralianSuper's interest in the joint venture. At the disposal date, the remaining gain of £52m relating to the Group's interest in the joint venture was unrealised and included within the Group's investment in the joint venture which was based on the carrying value of the assets transferred at the disposal date. As the assets transferred relate to investment property measured at fair value, this gain was subsequently realised and recognised when the joint venture remeasured these assets to fair value at 31 March 2022. The Group has also recognised its share of the joint venture's loss of £6m compared to the joint venture's total loss of £12m, from 7 March 2022 to 31 March 2022.
7. Total Group share of £245m comprises of the Group's share of total comprehensive income of £193m and the realisation of gain on disposal of assets into joint ventures of £52m.

BL CW Upper Limited Partnership ⁶	The SouthGate Limited Partnership	USS joint ventures ¹	Hercules Unit Trust joint ventures ²	Other joint ventures ³	Total 2022	Total Group share 2022 ⁷
		Universities Superannuation Scheme Group PLC				
AustralianSuper	Aviva Investors	Shopping Centres	Shopping Centres	Retail Parks		
Canada Water Campus	Shopping Centres			Various		
50%	50%	50%				
1	13	12	26	2	393	189
(1)	(3)	(2)	(5)	–	(114)	(55)
–	10	10	21	2	279	134
–	–	–	–	–	(1)	(1)
–	(1)	–	–	–	(95)	(47)
–	9	10	21	2	183	86
(12)	(7)	9	23	15	217	110
–	–	–	–	–	(4)	(4)
–	–	–	–	–	–	–
(12)	2	19	44	17	396	192
–	–	–	–	–	–	–
(12)	2	19	44	17	396	192
–	–	–	–	–	3	1
(12)	2	19	44	17	399	193
52	–	–	–	–	52	52
46	1	10	22	8	245	
–	3	4	12	–	59	
565	139	140	261	83	7,451	3,545
–	–	–	–	–	39	17
6	2	–	1	1	41	31
39	8	7	12	3	240	117
610	149	147	274	87	7,771	3,710
(23)	(6)	(6)	(6)	–	(190)	(93)
–	–	–	–	–	(2,246)	(1,083)
–	–	(31)	–	(71)	(1,696)	(792)
–	(28)	–	–	–	(55)	(23)
(23)	(34)	(37)	(6)	(71)	(4,187)	(1,991)
587	115	110	268	16	3,584	1,719
294	58	55	133	7	1,883	

The borrowings of joint ventures and their subsidiaries are non-recourse to the Group. All joint ventures are incorporated in the United Kingdom, with the exception of Broadgate REIT Limited, the Eden Walk Shopping Centre Unit Trust and the Hercules Unit Trust joint ventures which are incorporated in Jersey.

These financial statements include the results and financial position of the Group's interest in the Fareham Property Partnership, the BL Goodman Limited Partnership and the Gibraltar Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnership (Accounts) Regulations 2008 not to attach the partnership accounts to these financial statements.

Notes to the Accounts continued

11 Joint ventures continued

The summarised income statements and balance sheets below and on the following page show 100% of the results, assets and liabilities of joint ventures. Where necessary, these have been restated to the Group's accounting policies.

Joint ventures' summary financial statements for the year ended 31 March 2021

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd ⁵	WOSC Partners Limited Partnership ⁵
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	Norges Bank Investment Management
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	West End Offices
Group share	50%	50%	25%
Summarised income statements			
	£m	£m	£m
Revenue ⁴	216	85	12
Costs	(79)	(49)	(6)
	137	36	6
Administrative expenses	-	-	-
Net interest payable	(61)	(29)	-
Underlying Profit (loss)	76	7	6
Net valuation movement	(172)	(421)	(57)
Capital financing costs	-	-	-
Profit (loss) on disposal of investment properties and investments	-	-	-
Loss on ordinary activities before taxation	(96)	(414)	(51)
Taxation	-	-	-
Loss on ordinary activities after taxation	(96)	(414)	(51)
Other comprehensive income	-	3	-
Total comprehensive expense	(96)	(411)	(51)
British Land share of total comprehensive expense	(48)	(205)	(13)
British Land share of distributions payable	22	1	-
Summarised balance sheets			
Investment and trading properties	4,501	779	163
Current assets	13	17	4
Cash and deposits	160	20	5
Gross assets	4,674	816	172
Current liabilities	(94)	(37)	(3)
Bank and securitised debt	(1,306)	(552)	-
Loans from joint venture partners	(988)	(472)	(218)
Other non-current liabilities	-	(17)	(4)
Gross liabilities	(2,388)	(1,078)	(225)
Net assets (liabilities)	2,286	(262)	(53)
British Land share of net assets (liabilities) less shareholder loans	1,143	-	-

1. USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership.

2. Hercules Unit Trust joint ventures includes 50% of the results of Deepdale Co-Ownership Trust, Fort Kinnaird Limited Partnership and Valentine Co-Ownership Trust and 41.25% of Birstall Co-Ownership Trust. The balance sheet shows 50% of the assets of these joint ventures.

3. Included in the column headed 'Other joint ventures' are contributions from the following: BL Goodman Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust and BL Sainsbury's Superstores Limited.

4. Revenue includes gross rental income at 100% share of £262m (2020/21: £284m).

5. In accordance with the Group's accounting policies detailed in Note 1, the Group recognises a nil equity investment in joint ventures in a net liability position at period end.

6. During the year ended 31 March 2021 the Group entered into a joint arrangement with Allianz SE, the new joint venture holds properties which were previously wholly owned by the Group.

BL West End Offices Limited ⁶	The SouthGate Limited Partnership	USS joint ventures ¹	Hercules Unit Trust joint ventures ²	Other joint ventures ³	Total 2021	Total Group share 2021
Allianz SE	Aviva Investors	Universities Superannuation Scheme Group PLC				
West End Offices	Shopping Centres	Shopping Centres	Retail Parks			
25%	50%	50%	Various			
£m	£m	£m	£m	£m	£m	£m
6	10	12	30	-	371	182
(1)	(10)	(10)	(14)	-	(169)	(85)
5	-	2	16	-	202	97
-	-	-	-	-	-	-
(1)	(1)	-	(1)	(1)	(94)	(45)
4	(1)	2	15	(1)	108	52
(26)	(62)	(57)	(65)	-	(860)	(409)
-	-	-	-	-	-	-
8	-	-	(7)	-	1	(1)
(14)	(63)	(55)	(57)	(1)	(751)	(358)
-	-	-	-	3	3	1
(14)	(63)	(55)	(57)	2	(748)	(357)
-	-	-	-	-	3	1
(14)	(63)	(55)	(57)	2	(745)	(356)
(3)	(32)	(27)	(29)	1	(356)	
-	-	3	8	4	38	
520	144	131	236	-	6,474	3,067
4	3	1	1	1	44	22
6	5	5	12	1	214	104
530	152	137	249	2	6,732	3,193
(9)	(4)	(5)	(9)	-	(161)	(78)
(158)	-	-	-	-	(2,016)	(968)
(15)	-	(31)	-	(3)	(1,727)	(805)
(11)	(28)	-	-	-	(60)	(27)
(193)	(32)	(36)	(9)	(3)	(3,964)	(1,878)
337	120	101	240	(1)	2,768	1,315
84	60	50	122	-	1,459	

The borrowings of joint ventures and their subsidiaries are non-recourse to the Group. All joint ventures are incorporated in the United Kingdom, with the exception of Broadgate REIT Limited, the Eden Walk Shopping Centre Unit Trust and the Hercules Unit Trust joint ventures which are incorporated in Jersey.

These financial statements include the results and financial position of the Group's interest in the Fareham Property Partnership, the BL Goodman Limited Partnership and the Gibraltar Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnership (Accounts) Regulations 2008 not to attach the partnership accounts to these financial statements.

Notes to the Accounts continued

11 Joint ventures continued

Operating cash flows of joint ventures (Group share)

	2022 £m	2021 £m
Rental income received from tenants	153	119
Operating expenses paid to suppliers and employees	(28)	(26)
Cash generated from operations	125	93
Interest paid	(44)	(47)
Interest received	–	–
UK corporation tax received (paid)	2	(2)
Cash inflow from operating activities	83	44
Cash inflow from operating activities deployed as:		
Surplus cash retained within joint ventures	26	10
Revenue distributions per consolidated statement of cash flows	57	34
Revenue distributions split between controlling and non-controlling interests		
Attributable to non-controlling interests	–	2
Attributable to shareholders of the Company	57	32

12 Other investments

	2022				2021			
	Fair value through profit or loss £m	Amortised cost £m	Intangible assets £m	Total £m	Fair value through profit or loss £m	Amortised cost £m	Intangible assets £m	Total £m
At 1 April	6	2	12	20	111	3	11	125
Additions	14	2	2	18	3	–	5	8
Transfers / disposals	–	–	–	–	(109)	(1)	–	(110)
Revaluation	8	–	–	8	1	–	–	1
Amortisation	–	–	(5)	(5)	–	–	(4)	(4)
At 31 March	28	4	9	41	6	2	12	20

The amount included in the fair value through profit or loss relates to private equity/venture capital investments of £28m (2020/21: £6m) which are categorised as Level 3 in the fair value hierarchy. The fair values of private equity/venture capital investments are determined by the Directors.

13 Debtors

	2022 £m	2021 £m
Trade and other debtors	24	38
Prepayments and accrued income	11	14
Rental deposits	4	4
	39	56

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £47m (2020/21: £57m). Accrued income is shown after deducting a provision for impairment of £1m (2020/21: £5m). The provision for impairment is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9 as set out in Note 1.

The credit to the income statement for the year in relation to provisions for impairment of trade debtors and accrued income was £7m (2020/21: £52m charge), as disclosed in Note 3. Within this credit, £8m (2020/21: £9m) represents a charge for provisions for impairment made against receivable balances related to billed rental income due on 25 March rent quarter day. Rental income is recognised on a straight-line basis over the lease term in accordance with IFRS 16. The majority of rental income relating to 25 March rent quarter day has, therefore, not yet been recognised in the income statement in the current year and is instead recognised as deferred income, within current liabilities as at 31 March 2022. As the rent due on 25 March has been billed to the tenant, however, the Group is required to provide for expected credit losses at the balance sheet date in accordance with IFRS 9. This creates a mismatch in the period between the recognition of rental income and the impairment of the associated rent receivable.

The decrease in provisions for impairment of trade debtors and accrued income of £15m (2020/21: £48m increase) is equal to the release to the income statement of £7m (2020/21: £52m charge), less write-offs of trade debtors of £8m (2020/21: £4m).

For the year ended 31 March 2022, the Group has made amendments in the expected credit loss model that calculates the provision for tenant debtors. As the UK economy emerges from the impact of the Covid-19 pandemic, the amended model places greater emphasis on the historical experience collection rate, in addition to the ageing profile and tenant risk ratings. This amendment has led to a release in the tenant debtor provision of £7m.

The Directors consider that the carrying amount of trade and other debtors is approximate to their fair value. Further details about the Group's credit risk management practices are disclosed in Note 17.

The tables below summarise the ageing profile for tenant debtors and associated expected credit losses, grouped by credit risk rating. The expected credit losses are determined in line with the provisioning approach detailed in Note 1. The majority of outstanding tenant debtors relate to tenants in the Retail & Fulfilment sector.

Provisions for impairment of tenant debtors

Credit risk	31 March 2022															Percentage provided ¹
	Tenant debtors					Provision					Net tenant debtor					
	< 90 days £m	90 – 182 days £m	183 – 365 days £m	> 365 days £m	Total £m	< 90 days £m	90 – 182 days £m	183 – 365 days £m	> 365 days £m	Total £m	< 90 days £m	90 – 182 days £m	183 – 365 days £m	> 365 days £m	Total £m	
CVA/ Administration	2	2	5	17	26	(2)	(2)	(5)	(17)	(26)	-	-	-	-	-	100%
High	3	1	1	2	7	(2)	(1)	(1)	(2)	(6)	1	-	-	-	1	86%
Medium	1	-	1	3	5	-	-	(1)	(3)	(4)	1	-	-	-	1	80%
Low	5	2	3	5	15	(2)	(1)	(3)	(5)	(11)	3	1	-	-	4	73%
Total Group	11	5	10	27	53	(6)	(4)	(10)	(27)	(47)	5	1	-	-	6	88%
Joint ventures	7	2	2	6	17	(3)	(2)	(2)	(6)	(13)	4	-	-	-	4	76%
Total	18	7	12	33	70	(9)	(6)	(12)	(33)	(60)	9	1	-	-	10	86%

1. The percentage provided is calculated using the unrounded tenant debtor and provision balance.

Notes to the Accounts continued

13 Debtors continued

Credit risk	31 March 2021															Percentage provided ¹
	Tenant debtors					Provision					Net tenant debtor					
	< 90 days	90 – 182 days	183 – 365 days	> 365 days	Total	< 90 days	90 – 182 days	183 – 365 days	> 365 days	Total	< 90 days	90 – 182 days	183 – 365 days	> 365 days	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	Total
CVA/																
Administration	6	7	14	6	33	(6)	(7)	(14)	(6)	(33)	–	–	–	–	–	100%
High	8	4	4	1	17	(4)	(4)	(4)	(1)	(13)	4	–	–	–	4	75%
Medium	4	2	2	–	8	(1)	(1)	(2)	–	(4)	3	1	–	–	4	47%
Low	15	4	4	1	24	(1)	(1)	(4)	(1)	(7)	14	3	–	–	17	28%
Total Group	33	17	24	8	82	(12)	(13)	(24)	(8)	(57)	21	4	–	–	25	69%
Joint ventures	12	3	7	5	27	(2)	(1)	(7)	(5)	(15)	10	2	–	–	12	56%
Total	45	20	31	13	109	(14)	(14)	(31)	(13)	(72)	31	6	–	–	37	66%

1. The percentage provided is calculated using the unrounded tenant debtor and provision balance.

Provisions for impairment of accrued income

Accrued income relates to concessions offered to tenants in the form of the deferral of rental payments. Rental income relating to the year ended 31 March 2022, which has not yet been invoiced, is recognised on an accruals basis in accordance with the underlying lease. The gross accrued income as at 31 March 2022 was £2m (2020/21: £9m) with a provision of £1m (2020/21: £5m) leaving a net accrued income balance of £1m (2020/21: £4m). The percentage of gross accrued income provided for is 57% (2020/21: 60%).

The table below summarises the movement in provisioning for impairment of tenant debtors and accrued income during the year ended 31 March 2022.

	Group £m	Proportionally consolidated £m
Movement in provisions for impairment of tenant debtors and accrued income		
Provisions for impairment of tenant debtors and accrued income as at 31 March 2021 ¹	62	78
Increase in provisions for impairment of tenant debtors and accrued income due to acquisition on 1 April 2021 ¹	–	5
Provisions for impairment of tenant debtors and accrued income as at 1 April 2021 ¹	62	83
Write-offs of tenant debtors	(8)	(9)
Movement in provisions for impairment of tenant debtors	(6)	(12)
Movement in provisions for impairment of accrued income	(1)	(1)
Total provision movement recognised in income statement	(7)	(13)
Provisions for impairment of tenant debtors and accrued income as at 31 March 2022	47	61

1. The provisions for impairment of tenant debtors and accrued income as at 1 April 2021 on a proportionately consolidated basis is £5m higher than the proportionately consolidated provision recognised as at 31 March 2021. This is as a result of the acquisition of the remaining 21.9% units of Hercules Unit Trust on 1 April 2021.

13 Debtors continued

The impact of Covid-19 has given rise to an increase in trade debtors due from tenants as a result of delays in receiving payment, however this has decreased for the year ended 31 March 2022, as the UK economy emerges from the pandemic. Provisioning for impairment of trade debtors is considered to be a key source of estimation uncertainty at the balance sheet date and, as a result, we include sensitivity tables, below, to illustrate the impact of changes in assumptions on provisions for impairment of trade debtors and accrued income recognised at the balance sheet date.

The key assumptions within the expected credit loss model include the loss rates assumed for each credit risk rating, ageing combination, historic experience collection rates and a tenant's assigned credit risk ratings. The sensitivity table, below, illustrates the impact on provisions as a result of firstly, changing the absolute loss rate percentages for each ageing and credit risk category and secondly, the impact of changing the percentage share of high and low risk debtors for Retail & Fulfilment tenants only, i.e. assuming 10% of debtors move from medium to high risk and 10% of debtors move from low to medium risk and vice versa. A 10% increase or decrease represents management's assessment of the reasonable possible change in loss rates.

	Provision at 31 March 2022 £m	Impact on provisions		Impact on provisions	
		10% Increase in loss rates ¹ £m	10% Decrease in loss rates ¹ £m	10% Increase in % share of high risk tenant debtors ² £m	10% Decrease in % share of high risk tenant debtors ² £m
Provisions for impairment of tenant debtors	46	1	(1)	2	(2)
Provisions for impairment of accrued income	1	-	-	-	-
Group total provision for impairment of tenant debtors and accrued income	47	1	(1)	2	(2)

	Provision at 31 March 2021 £m	Impact on provisions		Impact on provisions	
		10% Increase in loss rates ¹ £m	10% Decrease in loss rates ¹ £m	10% Increase in % share of high risk tenant debtors ² £m	10% Decrease in % share of high risk tenant debtors ² £m
Provisions for impairment of tenant debtors	57	1	(6)	5	(5)
Provisions for impairment of accrued income	5	-	(1)	1	(1)
Group total provision for impairment of tenant debtors and accrued income	62	1	(7)	6	(6)

1. This sensitivity analysis has been performed on high and low risk tenants and tenants in CVA or Administration only as the significant estimation uncertainty is wholly related to these.
2. This sensitivity analysis has been performed on Retail & Fulfilment tenants only. A movement in the share of Campuses tenant debtors within each credit risk rating has not been considered as management believes there is less uncertainty associated to the assumption on Campuses tenants' credit risk ratings.

14 Creditors

	2022 £m	2021 £m
Trade creditors	74	55
Accruals	70	68
Deferred income	66	62
Other taxation and social security	25	25
Lease liabilities	6	5
Rental deposits due to tenants	4	4
	245	219

Trade creditors are interest-free and have settlement dates within one year. The Directors consider that the carrying amount of trade and other creditors is approximate to their fair value.

15 Other non-current liabilities

	2022 £m	2021 £m
Lease liabilities	125	128
Deferred income	27	-
	152	128

Notes to the Accounts continued

16 Deferred tax

The movement on deferred tax is as shown below:

Deferred tax assets year ended 31 March 2022

	1 April 2021 £m	Debited to income £m	Credited to equity £m	31 March 2022 £m
Temporary differences	-	-	-	-

Deferred tax liabilities year ended 31 March 2022

	£m	£m	£m	£m
Property and investment revaluations	-	-	-	-
Net deferred tax liabilities	-	-	-	-

Deferred tax assets year ended 31 March 2021

	1 April 2020 £m	Debited to income £m	Credited to equity £m	31 March 2021 £m
Temporary differences	5	(5)	-	-
	5	(5)	-	-

Deferred tax liabilities year ended 31 March 2021

	£m	£m	£m	£m
Property and investment revaluations	(6)	-	6	-
	(6)	-	6	-
Net deferred tax assets (liabilities)	(1)	(5)	6	-

The following corporation tax rates have been substantively enacted; 19% effective from 1 April 2017 and 25% effective 1 April 2023. The deferred tax assets and liabilities have been calculated at the tax rate effective in the period that the tax is expected to crystallise.

The Group has recognised a deferred tax asset calculated at 19% (2020/21: 19%) of £nil (2020/21: £nil) in respect of capital losses from previous years available for offset against future capital profit. Further unrecognised deferred tax assets in respect of capital losses of £137m (2020/21: £137m) exist at 31 March 2022.

The Group has recognised deferred tax assets on derivative revaluations to the extent that future matching taxable profits are expected to arise of £nil (2020/21: £nil). At 31 March 2022 the Group had an unrecognised deferred tax asset calculated at 19% (2020/21: 19%) of £47m (2020/21: £45m) in respect of UK revenue tax losses from previous years.

Under the REIT regime development properties which are sold within three years of completion do not benefit from tax exemption. At 31 March 2022 the value of such properties is £1,429m (2020/21: £801m) and if these properties were to be sold and no tax exemption was available the tax arising would be £21m (2020/21: £0.3m).

17 Net debt

	Footnote	2022 £m	2021 £m
Secured on the assets of the Group			
5.264% First Mortgage Debenture Bonds 2035		347	361
5.0055% First Mortgage Amortising Debentures 2035		88	89
5.357% First Mortgage Debenture Bonds 2028		227	241
Bank loans	1	347	358
		1,009	1,049
Unsecured			
4.635% Senior US Dollar Notes 2021	2	–	157
4.766% Senior US Dollar Notes 2023	2	101	102
5.003% Senior US Dollar Notes 2026	2	66	67
3.81% Senior Notes 2026		102	111
3.97% Senior Notes 2026		103	112
2.375% Sterling Unsecured Bond 2029		298	298
4.16% Senior US Dollar Notes 2025	2	77	77
2.67% Senior Notes 2025		37	37
2.75% Senior Notes 2026		37	37
Floating Rate Senior Notes 2028		80	80
Floating Rate Senior Notes 2034		102	102
Facilities and overdrafts		604	181
		1,607	1,361
Gross debt	3	2,616	2,410
Interest rate and currency derivative liabilities		96	128
Interest rate and currency derivative assets		(97)	(135)
Cash and short term deposits	4,5	(74)	(154)
Total net debt		2,541	2,249
Net debt attributable to non-controlling interests		1	(70)
Net debt attributable to shareholders of the Company		2,542	2,179
Total net debt			
		2,541	2,249
Amounts payable under leases (Notes 14 and 15)		131	133
Total net debt (including lease liabilities)		2,672	2,382
Net debt attributable to non-controlling interests (including lease liabilities)	4	1	(75)
Net debt attributable to shareholders of the Company (including lease liabilities)		2,673	2,307
1. These are non-recourse borrowings with no recourse for repayment to other companies or assets in the Group.			
		2022 £m	2021 £m
Hercules Unit Trust		347	358
		347	358

2. Principal and interest on these borrowings were fully hedged into Sterling at a floating rate at the time of issue.

3. The principal amount of gross debt at 31 March 2022 was £2,562m (2020/21: £2,291m). Included in this is the principal amount of secured borrowings and other borrowings of non-recourse companies of £985m.

4. Included in cash and short term deposits is the cash and short term deposits of Hercules Unit Trust, of which £1m is the proportion not beneficially owned by the Group.

5. Cash and deposits not subject to a security interest amount to £64m (2020/21: £145m).

Notes to the Accounts continued

17 Net debt continued

Maturity analysis of net debt

	2022 £m	2021 £m
Repayable: within one year and on demand	189	161
Between: one and two years	279	169
two and five years	854	846
five and ten years	659	738
ten and fifteen years	485	496
fifteen and twenty years	150	–
	2,427	2,249
Gross debt	2,616	2,410
Interest rate and currency derivatives	(1)	(7)
Cash and short term deposits	(74)	(154)
Net debt	2,541	2,249

Fair value and book value of net debt

	2022			2021		
	Fair value £m	Book value £m	Difference £m	Fair value £m	Book value £m	Difference £m
Debentures and unsecured bonds	1,745	1,665	80	1,978	1,871	107
Bank debt and other floating rate debt	955	951	4	546	539	7
Gross debt	2,700	2,616	84	2,524	2,410	114
Interest rate and currency derivative liabilities	96	96	–	128	128	–
Interest rate and currency derivative assets	(97)	(97)	–	(135)	(135)	–
Cash and short term deposits	(74)	(74)	–	(154)	(154)	–
Net debt	2,625	2,541	84	2,363	2,249	114
Net debt attributable to non-controlling interests	1	1	–	(70)	(70)	–
Net debt attributable to shareholders of the Company	2,626	2,542	84	2,293	2,179	114

The fair values of debentures and unsecured bonds have been established by obtaining quoted market prices from brokers. The bank debt and other floating rate debt has been valued assuming it could be renegotiated at contracted margins. The derivatives have been valued by calculating the present value of expected future cash flows, using appropriate market discount rates, by an independent treasury adviser.

Short term debtors and creditors and other investments have been excluded from the disclosures on the basis that the fair value is equivalent to the book value. The fair value hierarchy level of debt held at amortised cost is Level 2 (as defined in Note 10).

17 Net debt continued

Loan to Value (LTV)

LTV is the ratio of principal value of gross debt less cash, short term deposits and liquid investments to the aggregate value of properties and investments, excluding non-controlling interests.

Group LTV

	2022 £m	2021 £m
Group LTV	26.2%	25.1%
Principal amount of gross debt	2,562	2,291
Less debt attributable to non-controlling interests	-	(79)
Less cash and short term deposits (balance sheet)	(74)	(154)
Plus cash attributable to non-controlling interests	1	8
Total net debt for LTV calculation	2,489	2,066
Group property portfolio valuation (Note 10)	6,944	6,247
Investments in joint ventures (Note 11)	2,511	2,120
Other investments and property, plant and equipment (balance sheet) ¹	46	26
Less property and investments attributable to non-controlling interests	(15)	(163)
Total assets for LTV calculation	9,486	8,230

1. The £22m difference between other investments and plant, property and equipment per the balance sheet totalling £68m, relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.

Proportionally consolidated LTV

	2022 £m	2021 £m
Proportionally consolidated LTV	32.9%	32.0%
Principal amount of gross debt	3,648	3,262
Less debt attributable to non-controlling interests	-	(79)
Less cash and short term deposits	(191)	(258)
Plus cash attributable to non-controlling interests	1	10
Total net debt for proportional LTV calculation	3,458	2,935
Group property portfolio valuation (Note 10)	6,944	6,247
Share of property of joint ventures (Note 10)	3,538	3,048
Other investments and property, plant and equipment (balance sheet) ¹	46	26
Less property attributable to non-controlling interests	(15)	(163)
Total assets for proportional LTV calculation	10,513	9,158

1. The £22m difference between other investments and plant, property and equipment per the balance sheet totalling £68m, relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.

Notes to the Accounts continued

17 Net debt continued

British Land Unsecured Financial Covenants

The two financial covenants applicable to the Group unsecured debt are shown below:

	2022 £m	2021 £m
Net Borrowings not to exceed 175% of Adjusted Capital and Reserves	36%	33%
Principal amount of gross debt	2,562	2,291
Less the relevant proportion of borrowings of the partly owned subsidiary/non-controlling interests	–	(79)
Less cash and deposits (balance sheet)	(74)	(154)
Plus the relevant proportion of cash and deposits of the partly owned subsidiary/non-controlling interests	1	8
Net Borrowings	2,489	2,066
Share capital and reserves (balance sheet)	6,733	5,983
Trading property surpluses (EPRA Table A)	8	9
Exceptional refinancing charges (see below)	174	188
Fair value adjustments of financial instruments (EPRA Table A)	46	115
Less reserves attributable to non-controlling interests (balance sheet)	(15)	(59)
Adjusted Capital and Reserves	6,946	6,236

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants, there is an adjustment of £174m (2020/21: £188m) to reflect the cumulative net amortised exceptional items relating to the refinancing's in the years ended 31 March 2005, 2006 and 2007.

	2022 £m	2021 £m
Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets	30%	25%
Principal amount of gross debt	2,562	2,291
Less cash and deposits not subject to a security interest	(64)	(139)
Less principal amount of secured and non-recourse borrowings	(985)	(998)
Net Unsecured Borrowings	1,513	1,154
Group property portfolio valuation (Note 10)	6,944	6,247
Investments in joint ventures and funds (Note 11)	2,511	2,120
Other investments and property, plant and equipment (balance sheet) ¹	46	26
Less investments in joint ventures	(2,511)	(2,120)
Less encumbered assets (Note 10)	(1,915)	(1,592)
Unencumbered Assets	5,075	4,681

1. The £22m difference between other investments and plant, property and equipment per the balance sheet totalling £68m, relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.

17 Net debt continued

Reconciliation of movement in Group net debt for the year ended 31 March 2022

	2021 £m	Cash flows £m	Transfers ³ £m	Foreign exchange £m	Fair value £m	Arrangement costs amortisation £m	2022 £m
Short term borrowings	161	(159)	189	–	(4)	2	189
Long term borrowings	2,249	429	(189)	17	(76)	(3)	2,427
Derivatives ¹	(7)	7	–	(17)	16	–	(1)
Total liabilities from financing activities ⁴	2,403	277	–	–	(64)	(1)	2,615
Cash and cash equivalents	(154)	80	–	–	–	–	(74)
Net debt	2,249	357	–	–	(64)	(1)	2,541

Reconciliation of movement in Group net debt for the year ended 31 March 2021

	2020 £m	Cash flows £m	Transfers ³ £m	Foreign exchange £m	Fair value £m	Arrangement costs amortisation £m	2021 £m
Short term borrowings	637	(637)	161	–	(2)	2	161
Long term borrowings	2,865	(367)	(161)	(44)	(46)	2	2,249
Derivatives ²	(62)	14	–	44	(3)	–	(7)
Total liabilities from financing activities ⁵	3,440	(990)	–	–	(51)	4	2,403
Cash and cash equivalents	(193)	39	–	–	–	–	(154)
Net debt	3,247	(951)	–	–	(51)	4	2,249

1. Cash flows on derivatives include £15m of net receipts on derivative interest.

2. Cash flows on derivatives include £24m of net receipts on derivative interest.

3. Transfers comprises debt maturing from long term to short term borrowings.

4. Cash flows of £277m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £8m, decrease in bank and other borrowings of £213m and drawdowns on bank and other borrowings of £483m shown in the consolidated statement of cash flows, along with £15m of net receipts on derivative interest.

5. Cash flows of £990m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £10m, decrease in bank and other borrowings of £1,218m and drawdowns on bank and other borrowings of £214m shown in the consolidated statement of cash flows, along with £24m of net receipts on derivative interest.

Fair value hierarchy

The table below provides an analysis of financial instruments carried at fair value, by the valuation method. The fair value hierarchy levels are defined in Note 10.

	2022				2021			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Interest rate and currency derivative assets	–	(97)	–	(97)	–	(135)	–	(135)
Other investments – fair value through profit or loss (Note 12)	–	–	(28)	(28)	–	–	(6)	(6)
Assets	–	(97)	(28)	(125)	–	(135)	(6)	(141)
Interest rate and currency derivative liabilities	–	96	–	96	–	128	–	128
Liabilities	–	96	–	96	–	128	–	128
Total	–	(1)	(28)	(29)	–	(7)	(6)	(13)

Notes to the Accounts continued

17 Net debt continued

Categories of financial instruments

	2022 £m	2021 £m
Financial assets		
Amortised cost		
Cash and short term deposits	74	154
Trade and other debtors (Note 13)	28	42
Other investments (Note 12)	4	2
Fair value through profit or loss		
Derivatives in designated fair value hedge accounting relationships ^{1,2}	59	126
Derivatives not in designated hedge accounting relationships	38	9
Other investments (Note 12)	28	6
	231	339
Financial liabilities		
Amortised cost		
Creditors (Note 14)	(157)	(141)
Gross debt	(2,616)	(2,410)
Lease liabilities (Notes 14 and 15)	(131)	(133)
Fair value through profit or loss		
Derivatives not in designated accounting relationships	(96)	(128)
	(3,000)	(2,812)
Total	(2,769)	(2,473)

1. Derivative assets and liabilities in designated hedge accounting relationships sit within the derivative assets and derivative liabilities balances of the consolidated balance sheet.
2. The fair value of derivative assets in designated hedge accounting relationships represents the accumulated amount of fair value hedge adjustments on hedged items.

Gains and losses on financial instruments, as classed above, are disclosed in Note 6 (net financing costs), Note 13 (debtors), the consolidated income statement and the consolidated statement of comprehensive income. The Directors consider that the carrying amounts of other investments are approximate to their fair value, and that the carrying amounts are recoverable.

Capital risk management

The capital structure of the Group consists of net debt and equity attributable to the equity holders of The British Land Company PLC, comprising issued capital, reserves and retained earnings. Risks relating to capital structure are addressed within Managing risk in delivering our strategy on pages 84-96. The Group's objectives, policies and processes for managing debt are set out in the Financial policies and principles on pages 81-83.

Interest rate risk management

The Group has transitioned its existing LIBOR based debt and derivatives to SONIA. The transition and the associated costs have not had a material impact upon the Group.

The Group uses interest rate swaps and caps to hedge exposure to the variability in cash flows on floating rate debt, such as revolving bank facilities, caused by movements in market rates of interest. The Group's objectives and processes for managing interest rate risk are set out in the Financial policies and principles on pages 81-83.

At 31 March 2022, the fair value of these derivatives is a net liability of £45m (2020/21: £124m). Interest rate swaps with a fair value of £nil have been designated as cash flow hedges under IFRS 9.

The ineffectiveness recognised in the income statement on cash flow hedges in the year ended 31 March 2022 was £nil (2020/21: £nil).

17 Net debt continued

The cash flows occur and are charged to profit and loss until the maturity of the hedged debt. The table below summarises variable rate debt hedged at 31 March.

Variable rate debt hedged

	2022 £m	2021 £m
Outstanding: at one year	800	875
at two years	550	1,050
at five years	600	250
at ten years	250	250

Fair value hedged debt

The Group uses interest rate swaps to hedge exposure on fixed rate financial liabilities caused by movements in market rates of interest.

At 31 March 2022, the fair value of these derivatives is a net asset of £38m (2020/21: £132m). Interest rate swaps with a fair value asset of £59m have been designated as fair value hedges under IFRS 9 (2020/21: asset of £126m).

The cross currency swaps of the 2023/2025/2026 US Private Placements fully hedge the foreign exchange exposure at an average floating rate of 159 basis points above SONIA. These have been designated as fair value hedges of the US Private Placements.

Interest rate profile – including effect of derivatives

	2022 £m	2021 £m
Fixed or capped rate	2,541	2,249
	2,541	2,249

All the debt is effectively Sterling denominated except for £15m of USD debt of which £15m is at a variable rate (2020/21: £6m).

At 31 March 2022 the weighted average interest rate of the Sterling fixed rate debt is 4.2% (2020/21: 4.2%). The weighted average period for which the rate is fixed is 8.3 years (2020/21: 9.2 years).

Proportionally consolidated net debt at fixed or capped rates of interest

	2022	2021
Spot basis	100%	100%
Average over next five-year forecast period	79%	78%

Sensitivity table – market rate movements

	2022		2021	
	Increase	Decrease	Increase	Decrease
Movement in interest rates (bps) ¹	67	(67)	78	(78)
Impact on underlying annual profit (£m)	(4)	9	(9)	10
Movement in medium and long term swap rates (bps) ²	139	(139)	161	(161)
Impact on cash flow hedge and non-hedge accounted derivative valuations (£m)	75	(72)	74	(60)

1. The movement used for sensitivity analysis represents the largest annual change in SONIA over the last 10 years. The 2020/21 comparative used the largest annual change in the three-month Sterling LIBOR over the last 10 years.

2. This movement used for sensitivity analysis represents the largest annual change in the seven-year Sterling swap rate over the last 10 years.

Notes to the Accounts continued

17 Net debt continued

Foreign currency risk management

The Group's policy is to have no material unhedged net assets or liabilities denominated in foreign currencies. The currency risk on overseas investments may be hedged via foreign currency denominated borrowings and derivatives. The Group has adopted net investment hedging in accordance with IFRS 9 and therefore the portion of the gain or loss on any hedging instrument that is determined to be an effective hedge is recognised directly in equity. The ineffective portion of the gain or loss on any hedging instrument is recognised immediately in the income statement.

The table below shows the carrying amounts of the Group's foreign currency denominated assets and liabilities. Provided contingent tax on overseas investments is not expected to occur it will be ignored for hedging purposes. Based on the 31 March 2022 position a 27% appreciation (largest annual change over the last 10 years) in the USD relative to Sterling would result in a £nil change (2020/21: £nil) in reported profits.

	Assets		Liabilities	
	2022 £m	2021 £m	2022 £m	2021 £m
USD denominated	20	8	20	6

Credit risk management

The Group's approach to credit risk management of counterparties is referred to in Financial policies and principles on pages 81-83 and the risks addressed within Managing risk in delivering our strategy on pages 84-96. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Banks and financial institutions:

Cash and short term deposits at 31 March 2022 amounted to £74m (2020/21: £154m). Cash and short term deposits were placed with financial institutions with BBB+ or better credit ratings.

At 31 March 2022, the fair value of all interest rate derivative assets was £97m (2020/21: £135m).

At 31 March 2022, prior to taking into account any offset arrangements, the largest combined credit exposure to a single counterparty arising from money market deposits, liquid investments and derivatives was £43m (2020/21: £67m). This represents 0.4% (2020/21: 0.8%) of gross assets.

The deposit exposures are with UK banks and UK branches of international banks.

Trade debtors:

Trade debtors are presented net of provisions for impairment for expected credit losses. Expected credit losses are calculated on initial recognition of trade debtors and subsequently in accordance with IFRS 9, taking into account historic and forward-looking information. See Note 13 for further details and credit risk related disclosures.

Lease incentives:

Lease incentives are included within the investment property balance and provisions for impairment for expected credit losses for lease incentives are recognised within trade debtors. Expected credit losses are calculated on initial recognition of tenant incentives and subsequently in accordance with IFRS 9, taking into account historic and forward-looking information. See Note 10 for further details and credit risk related disclosures.

Liquidity risk management

The Group's approach to liquidity risk management is discussed in Financial policies and principles on pages 81-83, and the risks addressed within Managing risk in delivering our strategy on pages 84-96.

The following table presents a maturity profile of the contracted undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal flows. Where the interest payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates implied by yield curves at the reporting date. For derivative financial instruments that settle on a net basis (e.g. interest rate swaps) the undiscounted net cash flows are shown and for derivatives that require gross settlement (e.g. cross currency swaps) the undiscounted gross cash flows are presented. Where payment obligations are in foreign currencies, the spot exchange rate ruling at the balance sheet date is used. Trade creditors and amounts owed to joint ventures, which are repayable within one year, have been excluded from the analysis.

The Group expects to meet its financial liabilities through the various available liquidity sources, including a secure rental income profile, asset sales, undrawn committed borrowing facilities and, in the longer term, debt refinancing's.

17 Net debt continued

Liquidity risk management continued

The future aggregate minimum rentals receivable under non-cancellable operating leases are shown in the table on the following page. Income from joint ventures is not included on the following page. Additional liquidity will arise from letting space in properties under construction as well as from distributions received from joint ventures.

	2022				Total £m
	Within one year £m	Following year £m	Three to five years £m	Over five years £m	
Debt ¹	191	282	830	1,288	2,591
Interest on debt	89	87	195	227	598
Derivative payments	11	102	167	77	357
Lease liability payments	9	10	29	325	373
Total payments	300	481	1,221	1,917	3,919
Derivative receipts	(29)	(136)	(165)	(5)	(335)
Net payment	271	345	1,056	1,912	3,584
Operating leases with tenants	282	239	490	470	1,481
Liquidity surplus (deficit)	11	(106)	(566)	(1,442)	(2,103)
Cumulative liquidity surplus (deficit)	11	(95)	(661)	(2,103)	

	2021				Total £m
	Within one year £m	Following year £m	Three to five years £m	Over five years £m	
Debt ¹	161	171	785	1,213	2,330
Interest on debt	76	73	189	270	608
Derivative payments	148	15	199	145	507
Head lease payments	8	9	29	329	375
Total payments	393	268	1,202	1,957	3,820
Derivative receipts	(191)	(25)	(221)	(74)	(511)
Net payment	202	243	981	1,883	3,309
Operating leases with tenants	290	241	505	555	1,591
Liquidity surplus (deficit)	88	(2)	(476)	(1,328)	(1,718)
Cumulative liquidity surplus (deficit)	88	86	(390)	(1,718)	

1. Gross debt of £2,616m (2020/21: £2,410m) represents the total of £2,591m (2020/21: £2,330m), less unamortised issue costs of £9m (2020/21: £10m), plus fair value adjustments to debt of £34m (2020/21: £90m).

Any short term liquidity gap between the net payments required and the rentals receivable can be met through other liquidity sources available to the Group, such as committed undrawn borrowing facilities. The Group currently holds cash and short term deposits of £74m of which £64m is not subject to a security interest (see footnote 5 to net debt table on page 203). Further liquidity can be achieved through sales of property assets or investments and financing activity.

The Group's property portfolio is valued externally at £6,944m and the share of joint ventures' property is valued at £3,538m. The committed undrawn borrowing facilities available to the Group are a further source of liquidity. The maturity profile of committed undrawn borrowing facilities is shown below.

Maturity of committed undrawn borrowing facilities

	2022 £m	2021 £m
Maturity date: over five years	70	347
between four and five years	401	1,049
between three and four years	406	294
Total facilities available for more than three years	877	1,690
Between two and three years	360	–
Between one and two years	50	–
Within one year	–	–
Total	1,287	1,690

The undrawn facilities are comprised of British Land undrawn facilities of £1,287m.

Notes to the Accounts continued

18 Leasing

Operating leases with tenants

The Group leases out all of its investment properties under operating leases with a weighted average lease length of six years (2020/21: five years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2022 £m	2021 £m
Less than one year	282	290
Between one and two years	239	241
Between three and five years	490	505
Between six and ten years	349	392
Between eleven and fifteen years	74	110
Between sixteen and twenty years	30	33
After twenty years	17	20
Total	1,481	1,591

Lease commitments

The Group's leasehold investment properties are typically under non-renewable leases without significant restrictions. Lease liabilities are payable in line with the disclosure below and no contingent rents were payable in either period. The lease payments mainly relate to head leases where the Group does not own the freehold of a property.

	2022			2021		
	Minimum lease payments £m	Interest £m	Principal £m	Minimum lease payments £m	Interest £m	Principal £m
British Land Group						
Less than one year	9	3	6	8	3	5
Between one and two years	10	3	7	9	3	6
Between two and five years	29	8	21	29	9	20
More than five years	325	228	97	329	227	102
Total	373	242	131	375	242	133
Less future finance charges	(242)			(242)		
Present value of lease obligations	131			133		

19 Dividends

The Final dividend payment for the six-month period ended 31 March 2022 will be 11.60p. Payment will be made on 29 July 2022 to shareholders on the register at close of business on 24 June 2022. The Final dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

PID dividends are paid, as required by REIT legislation, after deduction of withholding tax at the basic rate (currently 20%), where appropriate. Certain classes of shareholders may be able to elect to receive dividends gross. Please refer to our website britishland.com/dividends for details.

Payment date	Dividend	Pence per share	2022 £m	2021 £m
Current year dividends				
29.07.2022	2022 Final	11.60		
07.01.2022	2022 Interim	10.32	95	
		21.92		
Prior year dividends				
06.08.2021	2021 Final	6.64	62	
19.02.2021	2021 Interim	8.40		78
		15.04		
Dividends in consolidated statement of changes in equity			157	78
Dividends settled in shares			-	-
Dividends settled in cash			157	78
Timing difference relating to payment of withholding tax			(2)	(2)
Dividends in cash flow statement			155	(76)

20 Share capital and reserves

	2022	2021
Number of ordinary shares in issue at 1 April	937,981,992	937,938,097
Share issues	127,441	43,895
At 31 March	938,109,433	937,981,992

Of the issued 25p ordinary shares, 7,376 shares were held in the ESOP trust (2020/21: 7,376), 11,266,245 shares were held as treasury shares (2020/21: 11,266,245) and 926,835,812 shares were in free issue (2020/21: 926,709,543). No treasury shares were acquired by the ESOP trust during the year. All issued shares are fully paid.

Hedging and translation reserve

The hedging and translation reserve comprises the effective portion of the cumulative net change in the fair value of cash flow and foreign currency hedging instruments, as well as all foreign exchange differences arising from the translation of the financial statements of foreign operations. The foreign exchange differences also include the translation of the liabilities that hedge the Company's net investment in a foreign subsidiary. £12m has been reclassified from the hedging and translation reserve to the income statement in the year ended 31 March 2022, relating to cumulative foreign exchange gains on disposal of the net investment in a foreign subsidiary.

Revaluation reserve

The revaluation reserve relates to owner-occupied properties and investments in joint ventures. £30m was transferred from the revaluation reserve to retained earnings in the year ended 31 March 2021, relating to the disposal of owner-occupied properties. There were no transfers for the year ended 31 March 2022.

Merger reserve

This comprises the premium on the share placing in March 2013. No share premium is recorded in the Company's financial statements, through the operation of the merger relief provisions of the Companies Act 2006.

Notes to the Accounts continued

20 Share capital and reserves continued

At 31 March 2022, options over 1,450,784 ordinary shares were outstanding under employee share option plans. The options had a weighted average life of 2.7 years. Details of outstanding share options and shares awarded to employees including Executive Directors are set out below and on the following page:

Date of grant	At 31 March 2021	Granted	Vested but not exercised	Exercised/ Vested	Lapsed	At 31 March 2022	Exercise price (pence)	Exercise dates	
								From	To
Share options Sharesave Scheme									
20.06.16	5,230	-	-	-	(5,230)	-	608.00	01.09.21	01.03.22
21.06.17	13,049	-	-	-	(2,362)	10,687	508.00	01.09.21	01.03.23
29.06.18	23,426	-	-	-	(23,426)	-	549.00	01.09.21	01.03.22
29.06.18	23,001	-	-	-	(1,639)	21,362	549.00	01.09.23	01.03.24
18.06.19	120,621	-	-	(1,172)	(18,187)	101,262	435.00	01.09.22	01.03.23
18.06.19	19,580	-	-	(3,103)	(7,239)	9,238	435.00	01.09.24	01.03.25
07.07.20	469,065	-	-	(2,559)	(58,291)	408,215	336.00	01.09.23	01.03.24
07.07.20	350,147	-	-	(1,785)	(24,106)	324,256	336.00	01.09.25	01.03.26
06.07.21	-	114,643	-	-	(10,211)	104,432	414.00	01.09.24	01.03.25
06.07.21	-	93,964	-	-	(7,100)	86,864	414.00	01.09.26	01.03.27
	1,024,119	208,607	-	(8,619)	(157,791)	1,066,316			
Long Term Incentive Plan – options vested, not exercised									
28.06.11	791,304	-	-	-	(791,304)	-	575.00	28.06.14	28.06.21
19.12.11	47,509	-	-	-	(47,509)	-	451.00	19.12.14	19.12.21
14.09.12	785,719	-	-	-	(743,494)	42,225	538.00	14.09.15	14.09.22
20.12.12	33,095	-	-	-	-	33,095	563.00	20.12.15	20.12.22
05.08.13	108,588	-	-	-	-	108,588	601.00	05.08.16	05.08.23
05.12.13	116,618	-	-	-	-	116,618	600.00	05.12.16	05.12.23
	1,882,833	-	-	-	(1,582,307)	300,526			
Long Term Incentive Plan – unvested options									
26.06.18	83,942	-	-	-	-	83,942	682.20	25.06.21	25.06.28
	83,942	-	-	-	-	83,942			
Total	2,990,894	208,607	-	(8,619)	(1,740,098)	1,450,784			
Weighted average exercise price of options (pence)	495	414	-	385	540	430			

20 Share capital and reserves continued

Date of grant	At 31 March 2021	Granted	Exercised/ Vested	Lapsed	At 31 March 2022	Share price at grant date (pence)	Vesting date
Performance Shares Long Term Incentive Plan							
26.06.18	752,366	-	-	(752,366)	-	681.40	25.06.21
23.07.19	825,295	3,515	-	-	828,810	535.60	23.07.22
22.06.20	849,790	4,137	-	-	853,927	408.90	22.06.23
22.06.21	-	888,644	-	-	888,644	516.80	22.06.24
02.08.21	-	238,945	-	-	238,945	519.60	02.08.24
01.09.21	-	41,294	-	-	41,294	542.00	01.09.24
19.07.21	-	60,944	(60,944)	-	-	482.50	09.10.21
19.07.21	-	19,612	-	-	19,612	482.50	13.05.22
19.07.21	-	9,403	-	-	9,403	482.50	21.05.22
19.07.21	-	44,273	-	-	44,273	482.50	12.05.23
19.07.21	-	28,209	-	-	28,209	482.50	12.05.24
19.07.21	-	9,403	-	-	9,403	482.50	12.05.25
19.07.21	-	6,057	(4,015)	(2,042)	-	482.50	21.05.22
19.07.21	-	124,948	-	-	123,948	482.50	03.07.23
19.07.21	-	121,787	-	-	121,787	482.50	02.08.24
	2,427,451	1,601,171	(64,959)	(754,408)	3,209,255		
Restricted Share Plan							
26.06.18	551,813	-	(551,813)	-	-	681.40	25.06.21
19.06.19	739,300	-	-	(34,374)	704,926	538.00	19.06.22
22.06.20	842,062	-	-	(51,242)	790,820	412.40	22.06.23
22.06.21	-	947,935	-	(56,832)	891,103	516.80	22.06.24
	2,133,175	947,935	(551,813)	(142,448)	2,386,849		
Total	4,560,626	2,549,106	(616,772)	(896,856)	5,596,104		
Weighted average price of shares (pence)	531	512	660	650	489		

21 Segment information

The Group allocates resources to investment and asset management according to the sectors it expects to perform over the medium term. The Group previously reported under three operating segments, being Offices, Retail and Canada Water. From 1 April 2021, the Group changed its reporting, to report under two operating segments, Campuses and Retail & Fulfilment. The Campuses sector includes the former segments of Offices and Canada Water in addition to residential properties. These changes are in line with our revised strategy and how Management now reviews the performance of the business. Due to the changes in the segments, the comparative figures have been restated in the below segmental disclosures.

The relevant gross rental income, net rental income, operating result and property assets, being the measures of segment revenue, segment result and segment assets used by the management of the business, are set out on the following page. Management reviews the performance of the business principally on a proportionally consolidated basis, which includes the Group's share of joint ventures on a line-by-line basis and excludes non-controlling interests in the Group's subsidiaries. The chief operating decision maker for the purpose of segment information is the Executive Committee.

Gross rental income is derived from the rental of buildings. Operating result is the net of net rental income, fee income and administrative expenses. No customer exceeded 10% of the Group's revenues in either year.

Notes to the Accounts continued

21 Segment information continued

Segment result

	Campuses		Retail & Fulfilment		Unallocated		Total	
	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m
Gross rental income								
British Land Group	143	166	193	195	-	-	336	361
Share of joint ventures	91	86	56	56	-	-	147	142
Total	234	252	249	251	-	-	483	503
Net rental income								
British Land Group	117	139	176	126	-	-	293	265
Share of joint ventures	77	69	52	28	-	-	129	97
Total	194	208	228	154	-	-	422	362
Operating result								
British Land Group	120	134	171	121	(60)	(48)	231	207
Share of joint ventures	73	69	51	28	(2)	-	122	97
Total	193	203	222	149	(62)	(48)	353	304
Reconciliation to Underlying Profit							2022 £m	2021 £m
Operating result							353	304
Net financing costs							(102)	(103)
Underlying Profit							251	201
Reconciliation to profit (loss) on ordinary activities before taxation								
Underlying Profit							251	201
Capital and other							705	(1,257)
Underlying Profit attributable to non-controlling interests							2	3
Total profit (loss) on ordinary activities before taxation							958	(1,053)
Reconciliation to Group revenue								
Gross rental income per operating segment result							483	503
Less share of gross rental income of joint ventures							(147)	(142)
Plus share of gross rental income attributable to non-controlling interests							2	16
Gross rental income (Note 3)							338	377
Trading property sales proceeds							9	-
Service charge income							62	64
Management and performance fees (from joint ventures)							9	7
Other fees and commissions							21	20
Surrender premium payable							(29)	-
Revenue (consolidated income statement)							410	468

A reconciliation between net financing costs in the consolidated income statement and net financing costs of £102m (2020/21: £103m) in the segmental disclosures above can be found within Table A in the supplementary disclosures. Of the total revenues above, £nil (2020/21: £nil) was derived from outside the UK.

21 Segment information continued

Segment assets

	Campuses		Retail & Fulfilment		Total	
	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m
Property assets						
British Land Group	4,150	4,130	2,788	1,988	6,938	6,118
Share of joint ventures	2,826	2,418	712	604	3,538	3,022
Total	6,976	6,548	3,500	2,592	10,476	9,140

Reconciliation to net assets

	2022 £m	2021 £m
British Land Group		
Property assets	10,476	9,140
Other non-current assets	69	51
Non-current assets	10,545	9,191
Other net current liabilities	(316)	(203)
Adjusted net debt	(3,458)	(2,938)
Other non-current liabilities	–	–
EPRA NTA (diluted)	6,771	6,050
Non-controlling interests	15	59
EPRA adjustments	(53)	(126)
Net assets	6,733	5,983

22 Capital commitments

The aggregate capital commitments to purchase, construct or develop investment property, for repairs, maintenance or enhancements, or for the purchase of investments which are contracted for but not provided, are set out below:

	2022 £m	2021 £m
British Land and subsidiaries	222	282
Share of joint ventures	332	51
	554	333

As part of the Group's 2030 Sustainability Vision published in 2020, the Group committed to a target of net zero carbon emissions by 2030, through offsetting any remaining emissions which have not been mitigated from that date. As part of this, the Group announced a transition vehicle, funded at a rate of £60 per tonne of embodied carbon generated through its development programme. In relation to the transition vehicle commitment, as at 31 March 2022, the Group has committed to spend £15m (31 March 2021: £9m) on carbon mitigation activities on its standing portfolio.

23 Related party transactions

Details of transactions with joint ventures are given in Notes 3, 6 and 11. During the year the Group recognised joint venture management fees of £9m (2020/21: £7m). Directors are the key management personnel and have the authority and responsibility for planning, directing and controlling the activities of the entity. Details of Directors' remuneration are given in the Remuneration Report on pages 127-153. Details of transactions with The British Land Group of Companies Pension Scheme, and other smaller pension schemes, are given in Note 9.

24 Contingent liabilities

Group and joint ventures

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

Notes to the Accounts continued

25 Subsidiaries with material non-controlling interests

On 5 July 2021, the Group completed the acquisition of the remaining 21.9% units of Hercules Unit Trust that the Group did not already own for a consideration of £38m. Whilst the transaction was completed on 5 July 2021, the Group obtained the risks and rewards of ownership of the 21.9% of Hercules Unit Trust on 1 April 2021 and therefore the change in ownership percentage and resulting non-controlling interests were reflected at this date in the financial statements. The book value of the net assets purchased at 1 April 2021 was £40m and consequently £40m has been transferred from non-controlling interests to shareholders equity.

As a result, the remaining non-controlling interests in Group subsidiaries, relating to 12.5% of Speke Unit Trust, is no longer material to the Group and therefore no further disclosure is included with respect to the ongoing non-controlling interests, with the comparative information below setting out the summarised financial information for the consolidated results of the Hercules Unit Trust. The information below is the amount before intercompany eliminations.

Summarised income statement for the year ended 31 March

	Hercules Unit Trust	
	2022 £m	2021 £m
Loss on ordinary activities after taxation	-	(214)
Attributable to non-controlling interests	-	(52)
Attributable to the shareholders of the Company	-	(162)

Summarised balance sheet as at 31 March

	Hercules Unit Trust	
	2022 £m	2021 £m
Total assets	-	627
Total liabilities	-	(402)
Net assets	-	225
Non-controlling interests	-	(59)
Equity attributable to shareholders of the Company	-	166

Summarised cash flows

	Hercules Unit Trust	
	2022 £m	2021 £m
Net increase in cash and cash equivalents	-	10
Cash and cash equivalents at 1 April	-	29
Cash and cash equivalents at 31 March	-	39

26 Subsequent events

In April 2022, post year end, the Group exchanged contracts on the sale of a 75% interest in the majority of the Paddington Central campus to GIC, forming a new joint venture with an ownership split 75:25 for GIC and British Land, respectively. Completion is unconditional and will occur within three months of the exchange date. The total consideration of £694m is marginally below the associated investment property carrying value as at 31 March 2022, but not materially so.

On completion, two investment properties on the campus, 3 Kingdom Street and 5 Kingdom Street, will remain outside the joint venture but will be subject to two different option agreements.

Firstly, upon completion the joint venture will be granted an unconditional option to acquire 3 Kingdom Street at the prevailing market rate, which expires five years from the completion date.

A second unconditional option to acquire the 5 Kingdom Street development site will also be granted on completion, via a separate 50:50 joint venture with GIC, for a consideration of £68.5m, which expires six months from the completion date. This amount includes elements of contingent consideration and so the expected gain or loss on sale is subject to future events.

27 Audit exemptions taken for subsidiaries

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act.

Name	Companies House reg number	Name	Companies House reg number
17-19 Bedford Street Limited	07398971	BL Whiteley Limited	11253224
18-20 Craven Hill Gardens Limited	07667839	BL Whiteley Retail Limited	11254281
20 Brock Street Limited	07401697	BLD (A) Limited	00467242
Adamant Investment Corporation Limited	00225149	BLD (Ebury Gate) Limited	03863852
B.L. Holdings Limited	00000529	BLD (SJ) Investments Limited	04484750
Bayeast Property Co Limited	00635800	BLD (SJ) Limited	02924321
BF Propco (No 1) Limited	05270158	BLSSP (PHC 5) Limited	04104061
BF Propco (No 19) Limited	05270113	BLU Property Management Limited	01020347
BF Propco (No 3) Limited	05270196	BLU Securities Limited	03323061
BF Propco (No 4) Limited	05270137	British Land (Joint Ventures) Limited	04682740
BF Propco (No 5) Limited	05270219	British Land City Offices Limited	03946069
BF Properties (No 5) Limited	05270039	British Land Department Stores Limited	05312262
BL Aldgate Development Limited	05070564	British Land Developments Limited	00490611
BL Bluebutton 2014 Limited	09048771	British Land Fund Management Limited	04450726
BL Broadgate Fragment 1 Limited	09400407	British Land Hercules Limited	02783381
BL Broadgate Fragment 2 Limited	09400541	British Land In Town Retail Limited	03325066
BL Broadgate Fragment 3 Limited	09400411	British Land Industrial Limited	00643370
BL Broadgate Fragment 4 Limited	09400409	British Land Investment Management Limited	04088640
BL Broadgate Fragment 5 Limited	09400413	British Land Offices (Non-City) Limited	02740378
BL Broadgate Fragment 6 Limited	09400414	British Land Offices Limited	02725156
BL Chess Limited	08548399	British Land Property Advisers Limited	02793828
BL City Offices Holding Company Limited	06002147	British Land Superstores (Non Securitised) Number 2 Limited	06514283
BL Department Stores Holding Company Limited	06002135	Broadgate (PHC 8) Limited	03707220
BL Eden Walk Limited	10620935	Broadgate City Limited	01769078
BL European Holdings Limited	03044033	Broadgate Square Limited	01797326
BL Euston Tower Holding Company Limited	11612398	BVP Developments Limited	03534586
BL Goodman (LP) Limited	05056902	Canada Water Offices Limited	10182462
BL HC PH CRG LLP	OC338244	Cavendish Geared Limited	02779045
BL HC PH LLP	OC317199	Clarges Estate Property Management Co Limited	08418875
BL HC Property Holdings Limited	06894046	Comgenic Limited	04425658
BL High Street and Shopping Centres Holding Limited	06002148	Derby Investment Holdings Limited	00040492
BL Holdings 2010 Limited	07353966	Drake Circus Leisure Limited	09190208
BL Innovation Properties 2 Limited	05070554	Four Broadgate Limited	01881634
BL Innovation Properties Limited	12293278	Hempel Hotels Limited	02728455
BL Intermediate Holding Company 2 Limited	12462158	Insistmetal 2 Limited	04181514
BL Logistics Investment 3 Limited	05189368	Linestair Limited	05656174
BL Newport Limited	04967720	Meadowbank Retail Park Edinburgh Limited	05489809
BL Office (Non-City) Holding Company Limited	06002133	Meadowhall Centre (1999) Limited	02261117
BL Office Holding Company Limited	05995028	Meadowhall Centre Limited	03918066
BL Osnaburgh St Residential Limited	06874523	Moorage (Property Developments) Limited	01185513
BL Paddington Holding Company 2 Limited	11863746	Osnaburgh Street Limited	05886735
BL Paddington Property 3 Limited	11863747	Paddington Central II (GP) Limited	05092409
BL Piccadilly Residential Limited	08707494	PC Canal Limited	09712919
BL Residual Holding Company Limited	05995030	Pillar Projects Limited	02444288
BL Retail Holding Company Limited	05995033	Pillar Property Group Limited	02570618
BL Retail Indirect Investments Limited	12288466	Plymouth Retail Limited	10368557
BL Retail Properties 2 Limited	13349753	Project Sunrise Properties Limited	02043282
BL Retail Properties 3 Limited	04869976	Reboline Limited	03702408
BL Retail Property Holdings Limited	13215871	Regent's Place Holding 2 Limited	11864307
BL Retail Warehousing Holding Company Limited	06002154	Regents Place Management Company Limited	07136724
BL Shoreditch Development Limited	05326670	Regents Place Residential Limited	11241644
BL Universal Limited	00324647	Shopping Centres Limited	02230056
BL West End Investments Limited	07793483		

Notes to the Accounts continued

27 Audit exemptions taken for subsidiaries continued

Name	Companies House reg number
Shoreditch Support Limited	02360815
Six Broadgate Limited	01881641
Surrey Quays Limited	05294243
TBL (Lisnagelvin) Limited	03853983
TBL (Maidstone) Limited	03854615
TBL Properties Limited	03863190
Teesside Leisure Park Limited	02672136
Topside Street Limited	11253428
Union Property Holdings (London) Limited	00423829
United Kingdom Property Company Limited	00266486
Vintners' Place Limited	02149495
Wardrobe Holdings Limited	06049158

The following partnerships are exempt from the requirements to prepare, publish and have audited individual accounts by virtue of regulation 7 of The Partnerships (Accounts) Regulations 2008. The results of these partnerships are consolidated within these Group accounts.

Name	Name
BL Chess No. 1 Limited Partnership	Paddington Central I LP
BL Lancaster Limited Partnership	Paddington Central II LP
BL Shoreditch Limited Partnership	Paddington Kiosk LP
BL West End Offices LP	Power Court Luton Limited Partnership
Hereford Shopping Centre Limited Partnership	The Aldgate Place Limited Partnership
Paddington Block A LP	The Hercules Property Limited Partnership
Paddington Block B LP	

Company Balance Sheet

As at 31 March 2022

	Note	2022 £m	2021 £m
Fixed assets			
Investments and loans to subsidiaries	D	33,140	33,142
Investments in joint ventures	D	116	106
Other investments	D	34	41
Interest rate and currency derivative assets	E	96	135
		33,386	33,424
Current assets			
Debtors	G	12	5
Cash and short term deposits	E	29	89
		41	94
Current liabilities			
Short term borrowings and overdrafts	E	(20)	(161)
Creditors	H	(85)	(70)
Amounts due to subsidiaries		(26,513)	(27,376)
		(26,618)	(27,607)
Net current liabilities		(26,577)	(27,513)
Total assets less current liabilities		6,809	5,911
Non-current liabilities			
Debentures and loans	E	(2,249)	(1,891)
Lease liabilities		(25)	(25)
Interest rate and currency derivative liabilities	E	(96)	(128)
		(2,370)	(2,044)
Net assets		4,439	3,867
Equity			
Called up share capital	I	234	234
Share premium		1,307	1,307
Other reserves		(5)	(5)
Merger reserve		213	213
Retained earnings		2,690	2,118
Total equity		4,439	3,867

The profit after taxation for the year ended 31 March 2022 for the Company was £726m (year ended 31 March 2021: £113m loss).

Tim Score

Chairman

Bhavesh Mistry

Chief Financial Officer

The financial statements on pages 221-232 were approved by the Board of Directors and signed on its behalf on 17 May 2022.

Company number 621920.

Company Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital £m	Share premium £m	Other reserves £m	Merger reserve £m	Profit and loss account £m	Total equity £m
Balance at 1 April 2021	234	1,307	(5)	213	2,118	3,867
Dividend paid	-	-	-	-	(157)	(157)
Fair value of share and share option awards	-	-	-	-	3	3
Profit for the year after taxation	-	-	-	-	726	726
Balance at 31 March 2022	234	1,307	(5)	213	2,690	4,439
Balance at 1 April 2020	234	1,307	(5)	213	2,319	4,068
Dividend paid	-	-	-	-	(78)	(78)
Fair value of share and share option awards	-	-	-	-	3	3
Net actuarial loss on pension schemes	-	-	-	-	(13)	(13)
Loss for the year after taxation	-	-	-	-	(113)	(113)
Balance at 31 March 2021	234	1,307	(5)	213	2,118	3,867

The value of distributable reserves within the profit and loss account is £1,399m (2020/21: £818m) (unaudited). An explanation of how distributable reserves are determined, and any limitations, is set out on page 223 of Note A, within the Distributable reserves section.

Notes to the Accounts

(A) Accounting policies

The financial statements for the year ended 31 March 2022 have been prepared on the historical cost basis, except for the revaluation of derivatives which are measured at fair value. These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

The financial statements apply the recognition, measurement and presentation requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but make amendments where necessary in order to comply with the Act and take advantage of the FRS 101 exemptions. Instances in which advantages of the FRS 101 disclosure exemptions have been taken are set out below.

The Company has taken advantage of the exemption under S.408 Companies Act 2006, to prepare an individual profit and loss account where Group accounts are prepared.

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

- (a) the requirements of IAS 1 to provide a balance sheet at the beginning of the period in the event of a prior period adjustment
- (b) the requirements of IAS 1 to provide a statement of cash flows for the period
- (c) the requirements of IAS 1 to provide a statement of compliance with IFRS
- (d) the requirements of IAS 1 to disclose information on the management of capital
- (e) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose new IFRSs that have been issued but are not yet effective
- (f) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- (g) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' to disclose key management personnel compensation
- (h) the requirements of IFRS 7 to disclose financial instruments
- (i) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement' to disclose information of fair value valuation techniques and inputs

New standards effective for the current accounting period do not have a material impact on the financial statements of the Company. The accounting policies used are otherwise consistent with those contained in the Company's financial statements for the year ended 31 March 2022.

Notes to the Accounts continued

(A) Accounting policies continued

Going concern

The financial statements are prepared on a going concern basis. The balance sheet shows that the Company is in a net current liability position. This results from loans due to subsidiaries of £26,513m which are repayable on demand and therefore classified as current liabilities. These liabilities are not due to external counterparties and there is no expectation or intention that these loans will be repaid within the next 12 months. The net current liability position also results from the £20m of facilities that are reaching maturity within the next 12 months. The Company has access to £1.3bn of undrawn facilities and cash, which provides the Directors with comfort that the Company will be able to meet these current liabilities as they fall due. As a consequence of this, the Directors feel that the Company is well placed to manage its business risks successfully despite the current economic climate. Accordingly, they believe the going concern basis is an appropriate one. See the full assessment of preparation on a going concern basis in the corporate governance section on page 109.

Investments and loans

Investments in and loans to subsidiaries and joint ventures are stated at cost less any impairment. Impairment of loans is calculated in accordance with IFRS 9. Impairment of investments is calculated in accordance with IAS 36. Further detail is provided below.

Critical accounting judgements and key sources of estimation uncertainty

The key source of estimation uncertainty relates to the Company's investments in and loans to subsidiaries and joint ventures. In estimating the requirement for impairment of investments, management make assumptions and judgements on the value of these investments using inherently subjective underlying asset valuations, supported by independent valuers with reference to investment properties held by the subsidiary or joint ventures which are held at fair value. The assumptions and inputs used in determining the fair value are disclosed in Note 10 of the consolidated financial statements.

In accordance with IFRS 9, management has assessed the recoverability of amounts due to the Company from its subsidiaries and joint ventures. Amounts due to the Company from subsidiaries and joint ventures are recovered through the sale of properties and investments held by subsidiaries and joint ventures and through settling financial assets, net of financial liabilities, that the subsidiaries and joint ventures hold with counterparties other than the Company. This is essentially equal to the net asset value of the subsidiary or joint venture and therefore the net asset value of the subsidiary or joint venture is considered to be a reasonable approximation of the available assets that could be realised to recover the amounts due and the requirement to recognise expected credit losses. As a result, the expected credit loss is considered to be equal to the excess of the Company's interest in a subsidiary or joint venture in excess of the subsidiary or joint venture's fair value.

At 31 March 2022, the Company has recognised a £167m impairment reversal (2020/21: £1,123m impairment) in the Company's financial statements, in relation to investment in joint ventures and subsidiaries and intercompany loans. The impairment reversal arises predominantly as a result of the increase in the value of the investment property held by each subsidiary and joint venture.

The Directors do not consider there to be any critical accounting judgements in the preparation of the Company's financial statements.

Distributable reserves

Included in the retained earnings the Company had distributable reserves of £1,399m as at 31 March 2022 (2020/21: £818m) (unaudited). When making a distribution to shareholders, the Directors determine profits available for distribution by reference to "Guidance on realised and distributable profits under the Companies Act 2006" issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017.

The profits of the Company have been received predominantly in the form of interest income, gains on disposal of investments, management and administration fee income and dividends from subsidiaries. The availability of distributable reserves in the Company is dependent on those dividends meeting the definition of qualifying consideration within the guidance and on available cash resources of the Group and other accessible sources of funds. Additionally, the Company does not recognise internally generated gains in the current and prior years from intra-Group sales of investments or investment properties as distributable until they are realised, usually through onward sale to external third parties. The distributable reserves are therefore subject to any future restrictions or limitations at the time such distribution is made.

(B) Dividends

Details of dividends paid and proposed are included in Note 19 of the consolidated financial statements.

(C) Employee information

Employee costs include wages and salaries of £38m (2020/21: £35m), social security costs of £6m (2020/21: £5m) and pension costs of £4m (2020/21: £1m). Details of the Executive Directors' remuneration are disclosed in the Remuneration Report on pages 127-153. Details of the number of employees of the Company are disclosed in Note 8 of the consolidated financial statements.

Audit fees in relation to the parent Company only were £0.5m (2020/21: £0.5m).

(D) Investments in subsidiaries and joint ventures, loans to subsidiaries and other investments

	Shares in subsidiaries £m	Loans to subsidiaries £m	Investments in joint ventures £m	Other investments £m	Total £m
At 1 April 2021	18,822	14,320	106	41	33,289
Additions	480	2,009	32	2	2,523
Disposals	–	(2,680)	–	(3)	(2,683)
Amortisation	–	–	–	(6)	(6)
(Provision for) reversal of impairment	(32)	221	(22)	–	167
As at 31 March 2022	19,270	13,870	116	34	33,290

The historical cost of shares in subsidiaries is £19,570m (2020/21: £19,090m). The historical cost of investments in joint ventures is £471m (2020/21: £439m) net of provision for impairment of £356m (2020/21: £333m) and includes £116m (2020/21: £106m) of loans to joint ventures by the Company. Results of the joint ventures are set out in Note 11 of the consolidated financial statements. The historical cost of other investments is £71m (2020/21: £71m).

(E) Net debt

	2022 £m	2021 £m
Secured on the assets of the Company		
5.264% First Mortgage Debenture Bonds 2035	347	361
5.0055% First Mortgage Amortising Debentures 2035	88	89
5.357% First Mortgage Debenture Bonds 2028	227	241
	662	691
Unsecured		
4.635% Senior US Dollar Notes 2021 ¹	–	157
4.766% Senior US Dollar Notes 2023 ¹	101	102
5.003% Senior US Dollar Notes 2026 ¹	66	67
3.81% Senior Notes 2026	102	111
3.97% Senior Notes 2026	103	112
2.375% Sterling Unsecured Bond 2029	298	298
4.16% Senior US Dollar Notes 2025 ¹	77	77
2.67% Senior Notes 2025	37	37
2.75% Senior Notes 2026	37	37
Floating Rate Senior Notes 2028	80	80
Floating Rate Senior Notes 2034	102	102
Facilities and overdrafts	604	181
	1,607	1,361
Gross debt	2,269	2,052
Interest rate and currency derivative liabilities	96	128
Interest rate and currency derivative assets	(96)	(135)
Cash and short term deposits	(29)	(89)
Net debt	2,240	1,956

1. Principal and interest on these borrowings were fully hedged into Sterling at a floating rate at the time of issue.

Notes to the Accounts continued

(E) Net debt continued

Maturity analysis of net debt

	2022 £m	2021 £m
Repayable within one year and on demand	20	161
between: one and two years	101	–
two and five years	854	657
five and ten years	659	738
ten and fifteen years	485	496
fifteen and twenty years	150	–
	2,249	1,891
Gross debt	2,269	2,052
Interest rate and currency derivatives	–	(7)
Cash and short term deposits	(29)	(89)
Net debt	2,240	1,956

(F) Pension

The British Land Group of Companies Pension Scheme and the Defined Contribution Pension Scheme are the principal pension schemes of the Company and details are set out in Note 9 of the consolidated financial statements.

(G) Debtors

	2022 £m	2021 £m
Trade and other debtors	6	2
Prepayments and accrued income	1	3
Corporation tax	5	–
	12	5

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £2m (2020/21: £2m). The provision for impairment is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9.

(H) Creditors

	2022 £m	2021 £m
Trade creditors	20	15
Corporation tax	–	3
Other taxation and social security	23	15
Accruals and deferred income	42	37
	85	70

(I) Share capital

	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2021	234	937,981,992
Share issues	–	127,441
At 31 March 2022	234	938,109,433
	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2020	234	937,938,097
Share issues	–	43,895
At 31 March 2021	234	937,981,992

(J) Contingent liabilities, capital commitments and related party transactions

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

At 31 March 2022, the Company has £nil of capital commitments (2020/21: £nil).

Related party transactions are the same for the Company as for the Group. For details refer to Note 23 of the consolidated financial statements.

(K) Disclosures relating to subsidiary undertakings

The Company's subsidiaries and other related undertakings at 31 March 2022 are listed on the next page. All Group entities are included in the consolidated financial results.

Unless otherwise stated, the Company holds 100% of the voting rights and beneficial interests in the shares of the following subsidiaries, partnerships, associates and joint ventures. Unless otherwise stated, the subsidiaries and related undertakings are registered in the United Kingdom.

The share capital of each of the companies, where applicable, comprises ordinary shares unless otherwise stated.

The Company holds the majority of its assets in UK companies, although some are held in overseas companies. In recent years we have reduced the number of overseas companies in the Group.

Unless noted otherwise as per the following key, the registered address of each company is York House, 45 Seymour Street, London W1H 7LX.

1. 47 Esplanade, St Helier, Jersey JE1 0BD.
2. 44 Esplanade, St Helier, Jersey JE1 0BD.
3. 540 Herengracht, 1017CG, Amsterdam, Netherlands.
4. St Helen's, 1 Undershaft, London EC3P 3DQ.

* Companies with an active proposal to be struck off the register.

¹ Since 31 March 2022 British Land has announced the unconditional exchange on the sale of a 75% interest in the majority of our Paddington Central assets. The companies involved will be classified as joint venture companies due to the management control provisions in place.

Notes to the Accounts continued

(K) Disclosures relating to subsidiary undertakings continued

Direct holdings

Company Name	UK/Overseas Tax Resident Status
BL Bluebutton 2014 Limited	UK Tax Resident
BL Davidson Limited	UK Tax Resident
BL European Fund Management LLP	UK Tax Resident
BL Guaranteeco Limited	UK Tax Resident
BL Intermediate Holding Company Limited	UK Tax Resident
BL Intermediate Holding Company 2 Limited	UK Tax Resident
BL Shoreditch Development Limited	UK Tax Resident
BLSSP (Funding) Limited	UK Tax Resident
Bluebutton Property Management UK Limited (50% interest)	UK Tax Resident
Boldswitch (No 1) Limited	UK Tax Resident
Boldswitch Limited	UK Tax Resident
British Land City	UK Tax Resident
British Land City 2005 Limited	UK Tax Resident
British Land Company Secretarial Limited	UK Tax Resident
British Land Properties Limited	UK Tax Resident
British Land Real Estate Limited	UK Tax Resident
British Land Securities Limited	UK Tax Resident
Broadgate (Funding) PLC	UK Tax Resident
Broadgate Estates Insurance Mediation Services Limited	UK Tax Resident
Hyfleet Limited	UK Tax Resident
Kingsmere Productions Limited	UK Tax Resident
Linestair Limited	UK Tax Resident
London and Henley Holdings Limited	UK Tax Resident
Meadowhall Pensions Scheme Trustee Limited	UK Tax Resident
MSC Property Intermediate Holdings Limited (50% interest)	UK Tax Resident
Regis Property Holdings Limited	UK Tax Resident
The British Land Corporation Limited	UK Tax Resident

Indirect holdings

Company Name	UK/Overseas Tax Resident Status
1 & 4 & 7 Triton Limited	UK Tax Resident
10 Brock Street Limited	UK Tax Resident
10 Triton Street Limited	UK Tax Resident
17-19 Bedford Street Limited	UK Tax Resident
18-20 Craven Hill Gardens Limited	UK Tax Resident
20 Brock Street Limited	UK Tax Resident
20 Triton Street Limited	UK Tax Resident
338 Euston Road Limited	UK Tax Resident
350 Euston Road Limited	UK Tax Resident
39 Victoria Street Limited	UK Tax Resident
Adamant Investment Corporation Limited	UK Tax Resident
Aldgate Place (GP) Limited	UK Tax Resident
Aldgate Land One Limited	UK Tax Resident
Aldgate Land Two Limited	UK Tax Resident
Apartmentpower Limited	UK Tax Resident
Ashband Limited	UK Tax Resident
B.L. Holdings Limited	UK Tax Resident
B.L.C.T. (12697) Limited (Jersey) ¹	UK Tax Resident
Barnclass Limited	UK Tax Resident
Barndrill Limited	UK Tax Resident
Bayeast Property Co Limited	UK Tax Resident
BF Propco (No 1) Limited*	UK Tax Resident
BF Propco (No 19) Limited*	UK Tax Resident
BF Propco (No 3) Limited	UK Tax Resident
BF Propco (No 4) Limited*	UK Tax Resident
BF Propco (No 5) Limited	UK Tax Resident
BF Properties (No 4) Limited	UK Tax Resident
BF Properties (No 5) Limited	UK Tax Resident
Birstall Co-Ownership Trust (Member interest) (41.25% interest)	UK Tax Resident
BL 5KS Holdings Limited	UK Tax Resident
BL (SP) Cannon Street Limited	UK Tax Resident
BL Aldgate Development Limited	UK Tax Resident
BL Aldgate Investment Limited	UK Tax Resident
BL Bradford Forster Limited	UK Tax Resident
BL Broadgate Fragment 1 Limited	UK Tax Resident
BL Broadgate Fragment 2 Limited	UK Tax Resident
BL Broadgate Fragment 3 Limited	UK Tax Resident
BL Broadgate Fragment 4 Limited	UK Tax Resident
BL Broadgate Fragment 5 Limited	UK Tax Resident
BL Broadgate Fragment 6 Limited	UK Tax Resident
BL Broadway Investment Limited	UK Tax Resident
BL Chess Limited	UK Tax Resident
BL City Offices Holding Company Limited	UK Tax Resident
BL CW Upper GP Company Limited (50% interest)	UK Tax Resident
BL CW Upper Limited Partnership (Partnership interest) (50% interest)	UK Tax Resident
BL Department Stores Holding Company Limited	UK Tax Resident
BL Doncaster Wheatley Limited	UK Tax Resident
BL Drummond Properties Limited	UK Tax Resident
BL Ealing Limited	UK Tax Resident
BL Ealing Holding Company Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status	Company Name	UK/Overseas Tax Resident Status
BL Eden Walk Limited	UK Tax Resident	BL Retail Investment Holdings Limited	UK Tax Resident
BL European Holdings Limited	UK Tax Resident	BL Retail Properties Limited	UK Tax Resident
BL Euston Tower Holding Company Limited	UK Tax Resident	BL Retail Properties 2 Limited	UK Tax Resident
BL Fixed Uplift Fund Limited Partnership (Partnership interest)	UK Tax Resident	BL Retail Properties 3 Limited	UK Tax Resident
BL Fixed Uplift General Partner Limited	UK Tax Resident	BL Retail Property Holdings Limited	UK Tax Resident
BL Fixed Uplift Nominee 1 Limited	UK Tax Resident	BL Retail Warehousing Holding Company Limited	UK Tax Resident
BL Fixed Uplift Nominee 2 Limited	UK Tax Resident	BL Sainsbury Superstores Limited (50% interest)	UK Tax Resident
BL Goodman (General Partner) Limited (50% interest)	UK Tax Resident	BL Shoreditch General Partner Limited	UK Tax Resident
BL Goodman Limited Partnership (50% interest)	UK Tax Resident	BL Shoreditch Limited Partnership (Partnership interest)	UK Tax Resident
BL Goodman (LP) Limited	UK Tax Resident	BL Shoreditch No. 1 Limited	UK Tax Resident
BL HB Investments Limited	UK Tax Resident	BL Shoreditch No. 2 Limited	UK Tax Resident
BL HC (DSCH) Limited	UK Tax Resident	BL Superstores Holding Company Limited	UK Tax Resident
BL HC (DSCLI) Limited	UK Tax Resident	BL Triton Building Residential Limited	UK Tax Resident
BL HC Dollview Limited	UK Tax Resident	BL Tunbridge Wells Limited	UK Tax Resident
BL HC Hampshire PH LLP (Member interest)	UK Tax Resident	BL Unitholder No. 1 (J) Limited (Jersey) ¹	Overseas Tax Resident
BL HC Health And Fitness Holdings Limited	UK Tax Resident	BL Unitholder No. 2 (J) Limited (Jersey) ¹	Overseas Tax Resident
BL HC Invic Leisure Limited	UK Tax Resident	BL Universal Limited	UK Tax Resident
BL HC PH CRG LLP (Member interest)	UK Tax Resident	BL West (Watling House) Limited	UK Tax Resident
BL HC PH LLP (Member interest)	UK Tax Resident	BL West End Investments Limited	UK Tax Resident
BL HC PH No 1 LLP (Member interest)	UK Tax Resident	BL West End Offices Limited Partnership	UK Tax Resident
BL HC PH No 2 LLP (Member interest)	UK Tax Resident	BL West End Offices Limited (25% interest)	UK Tax Resident
BL HC PH No 3 LLP (Member interest)	UK Tax Resident	BL Whiteley Limited	UK Tax Resident
BL HC Property Holdings Limited	UK Tax Resident	BL Whiteley Retail Limited	UK Tax Resident
BL Health Clubs PH No 1 Limited	UK Tax Resident	BL Woolwich Limited	UK Tax Resident
BL Health Clubs PH No 2 Limited	UK Tax Resident	BL Woolwich Nominee 1 Limited	UK Tax Resident
BL High Street and Shopping Centres Holding Company Limited	UK Tax Resident	BL Woolwich Nominee 2 Limited	UK Tax Resident
BL Holdings 2010 Limited	UK Tax Resident	Blackglen Limited*	UK Tax Resident
BL Lancaster Investments Limited	UK Tax Resident	Blackwall (1)	UK Tax Resident
BL Lancaster Limited Partnership (Partnership interest)	UK Tax Resident	Blaxmill (Twenty-nine) Limited	UK Tax Resident
BL Leisure and Industrial Holding Company Limited	UK Tax Resident	BLD (A) Limited	UK Tax Resident
BL Logistics Investment Limited	UK Tax Resident	BLD (Ebury Gate) Limited	UK Tax Resident
BL Logistics Investment 2 Limited	UK Tax Resident	BLD (SJ) Investments Limited*	UK Tax Resident
BL Logistics Investment 3 Limited	UK Tax Resident	BLD (SJ) Limited	UK Tax Resident
BL Meadowhall Holdings Limited	UK Tax Resident	BLD Properties Limited*	UK Tax Resident
BL Meadowhall Limited	UK Tax Resident	BLD Property Holdings Limited	UK Tax Resident
BL Newport Limited	UK Tax Resident	BLSSP (PHC 5) Limited	UK Tax Resident
BL Office Properties 1 Limited	UK Tax Resident	BLU Estates Limited	UK Tax Resident
BL Office Properties 2 Limited	UK Tax Resident	BLU Property Management Limited	UK Tax Resident
BL Offices GP Limited	UK Tax Resident	BLU Securities Limited	UK Tax Resident
BL Office (Non-City) Holding Company Limited	UK Tax Resident	British Land (Joint Ventures) Limited	UK Tax Resident
BL Office Holding Company Limited	UK Tax Resident	British Land Acquisitions Limited	UK Tax Resident
BL Osnaburgh St Residential Ltd	UK Tax Resident	British Land Aqua Partnership (2) Limited	UK Tax Resident
BL Paddington Holding Company 1 Limited	UK Tax Resident	British Land Aqua Partnership Limited	UK Tax Resident
BL Paddington Holding Company 2 Limited	UK Tax Resident	British Land City Offices Limited	UK Tax Resident
BL Paddington Property 1 Limited	UK Tax Resident	British Land Construction Limited	UK Tax Resident
BL Paddington Property 2 Limited	UK Tax Resident	British Land Department Stores Limited	UK Tax Resident
BL Paddington Property 3 Limited	UK Tax Resident	British Land Developments Limited*	UK Tax Resident
BL Paddington Property 4 Limited	UK Tax Resident	British Land Fund Management Limited	UK Tax Resident
BL Piccadilly Residential Limited	UK Tax Resident	British Land Hercules Limited	UK Tax Resident
BL Residual Holding Company Limited	UK Tax Resident	British Land In Town Retail Limited	UK Tax Resident
BL Retail Holding Company Limited	UK Tax Resident	British Land Industrial Limited	UK Tax Resident
BL Retail Indirect Investments Limited	UK Tax Resident	British Land Investment Management Limited	UK Tax Resident
		British Land Offices (Non-City) Limited	UK Tax Resident

Notes to the Accounts *continued*

Company Name	UK/Overseas Tax Resident Status	Company Name	UK/Overseas Tax Resident Status
British Land Offices (Non-City) No. 2 Limited	UK Tax Resident	Four Broadgate Limited*	UK Tax Resident
British Land Offices Limited	UK Tax Resident	FRP Group Limited	UK Tax Resident
British Land Offices No.1 Limited	UK Tax Resident	Garamead Properties Limited	UK Tax Resident
British Land Property Advisers Limited	UK Tax Resident	Gibraltar General Partner Limited	UK Tax Resident
British Land Property Management Limited	UK Tax Resident	(50% interest)	
Broadgate (PHC 8) Limited*	UK Tax Resident	Gibraltar Nominees Limited (50% interest)	UK Tax Resident
Broadgate Adjoining Properties Limited	UK Tax Resident	Giltbrook Retail Park Nottingham Limited	UK Tax Resident
Broadgate City Limited	UK Tax Resident	Glenway Limited	UK Tax Resident
Broadgate Court Investments Limited	UK Tax Resident	Hempel Holdings Limited	UK Tax Resident
Broadgate Estates Limited	UK Tax Resident	Hempel Hotels Limited	UK Tax Resident
Broadgate Estates People Management Limited	UK Tax Resident	Hercules Property UK Holdings Limited	UK Tax Resident
Broadgate Investment Holdings Limited	UK Tax Resident	Hercules Property UK Limited	UK Tax Resident
Broadgate Properties Limited	UK Tax Resident	Hercules Unit Trust (Jersey) (Units) ¹	Overseas Tax Resident
Broadgate REIT Limited (50% interest) ²	UK Tax Resident	Hereford Old Market Limited	UK Tax Resident
Broadgate Square Limited*	UK Tax Resident	Hereford Shopping Centre GP Limited	UK Tax Resident
Broughton Retail Park Limited (Jersey) ¹	Overseas Tax Resident	Hereford Shopping Centre Limited Partnership	UK Tax Resident
Broughton Unit Trust (Units) ¹	Overseas Tax Resident	HUT Investments Limited (Jersey) ¹	Overseas Tax Resident
Brunswick Park Limited	UK Tax Resident	Industrial Real Estate Limited	UK Tax Resident
BVP Developments Limited	UK Tax Resident	Insistmetal 2 Limited	UK Tax Resident
Canada Water Offices Limited	UK Tax Resident	Ivorydell Limited	UK Tax Resident
Casegood Enterprises	UK Tax Resident	Ivorydell Subsidiary Limited	UK Tax Resident
Caseplane Limited	UK Tax Resident	Jetbloom Limited	UK Tax Resident
Cavendish Geared II Limited	UK Tax Resident	Lancaster General Partner Limited	UK Tax Resident
Cavendish Geared Limited	UK Tax Resident	London and Henley (UK) Limited	UK Tax Resident
Cheshine Properties Limited	UK Tax Resident	London and Henley Limited	UK Tax Resident
Chester Limited ¹	UK Tax Resident	Lonebridge UK Limited	UK Tax Resident
Chrisilu Nominees Limited	UK Tax Resident	Longford Street Residential Limited	UK Tax Resident
City of London Office Unit Trust (Jersey) (Units) (35.94% interest) ¹	Overseas Tax Resident	Ludgate Investment Holdings Limited	UK Tax Resident
City Residential Holdings Limited	UK Tax Resident	Ludgate West Limited	UK Tax Resident
Clarges Estate Property Management Co Limited	UK Tax Resident	Mayfair Properties	UK Tax Resident
Comgenic Limited	UK Tax Resident	Mayflower Retail Park Basildon Limited	UK Tax Resident
Cornish Residential Properties Trading Limited	UK Tax Resident	Meadowbank Retail Park Edinburgh Limited*	UK Tax Resident
Crescent West Properties	UK Tax Resident	Meadowhall Centre (1999) Limited	UK Tax Resident
Deepdale Co-Ownership Trust (50% interest)	UK Tax Resident	Meadowhall Centre Limited	UK Tax Resident
Derby Investment Holdings Limited	UK Tax Resident	Meadowhall Centre Pension Scheme	UK Tax Resident
Drake Circus Centre Limited	UK Tax Resident	Trustees Limited	
Drake Circus Leisure Limited	UK Tax Resident	Meadowhall Estates (UK) Limited	UK Tax Resident
Drake Property Holdings Limited	UK Tax Resident	Meadowhall Group (MLP) Limited	UK Tax Resident
Drake Property Nominee (No. 1) Limited	UK Tax Resident	Meadowhall Holdings Limited	UK Tax Resident
Drake Property Nominee (No. 2) Limited	UK Tax Resident	Meadowhall Opportunities Nominee 1 Limited	UK Tax Resident
Eden Walk Shopping Centre General Partner Limited (50% interest)	UK Tax Resident	Meadowhall Opportunities Nominee 2 Limited	UK Tax Resident
Eden Walk Shopping Centre Unit Trust ² (50% interest) (Jersey) (Units) ²	Overseas Tax Resident	Mercari	UK Tax Resident
Elementvirtue Limited	UK Tax Resident	Mercari Holdings Limited	UK Tax Resident
Elk Mill Oldham Limited	UK Tax Resident	Minhill Investments Limited	UK Tax Resident
Euston Tower Limited	UK Tax Resident	Moorage (Property Developments) Limited	UK Tax Resident
Exchange House Holdings Limited	UK Tax Resident	Nugent Shopping Park Limited	UK Tax Resident
Finsbury Square BV ³	Overseas Tax Resident	One Hundred Ludgate Hill	UK Tax Resident
Fort Kinnaird GP Limited (50% interest)	UK Tax Resident	One Sheldon Square Limited (Jersey) ¹	Overseas Tax Resident
Fort Kinnaird Limited Partnership (50% interest)	UK Tax Resident	Orbital Shopping Park Swindon Limited	UK Tax Resident
Fort Kinnaird Nominee Limited (50% interest)	UK Tax Resident	Osnaburgh Street Limited	UK Tax Resident
		Paddington 2KS Holding Unit Trust (Jersey) (Units) ¹	UK Tax Resident
		Paddington 3KS Investments Limited	UK Tax Resident
		Paddington 5KS Developments Limited	UK Tax Resident
		Paddington 5KS GP Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status	Company Name	UK/Overseas Tax Resident Status
Paddington 5KS Holdings Limited	UK Tax Resident	Power Court Luton Limited Partnership (Partnership interest)	UK Tax Resident
Paddington 5KS Nominee 1 Limited	UK Tax Resident	Power Court Nominee Limited	UK Tax Resident
Paddington 5KS Nominee 2 Limited	UK Tax Resident	Project Sunrise Investments Limited	UK Tax Resident
Paddington Block A (GP) Ltd [†]	UK Tax Resident	Project Sunrise Limited	UK Tax Resident
Paddington Block A LP (Partnership interest) [†]	UK Tax Resident	Project Sunrise Properties Limited	UK Tax Resident
Paddington Block B (GP) Ltd [†]	UK Tax Resident	Reading Gate Retail Park Co-Ownership (Member interest) (50% interest)	UK Tax Resident
Paddington Block B LP (Partnership interest) [†]	UK Tax Resident	Reboline Limited*	UK Tax Resident
Paddington Central I (GP) Limited [†]	UK Tax Resident	Regent's Place Holding 1 Limited	UK Tax Resident
Paddington Central I LP (Partnership interest) [†]	UK Tax Resident	Regent's Place Holding 2 Limited	UK Tax Resident
Paddington Central I Unit Trust (Jersey) (Units) [†]	Overseas Tax Resident	Regent's Place Holding Company Limited	UK Tax Resident
Paddington Central II (GP) Limited [†]	UK Tax Resident	Regents Place Management Company Limited (89.9%)	UK Tax Resident
Paddington Central II LP (Partnership interest) [†]	UK Tax Resident	Regents Place Residential Limited	UK Tax Resident
Paddington Central II Unit Trust (Jersey) (Units) [†]	Overseas Tax Resident	Rigphone Limited	UK Tax Resident
Paddington Central IV Unit Trust (Jersey) (Units) [†]	Overseas Tax Resident	Rohawk Properties Limited	UK Tax Resident
Paddington Gateway GP Limited [†]	UK Tax Resident	Salmax Properties	UK Tax Resident
Paddington Gateway Unit Trust (Jersey) (Units) [†]	UK Tax Resident	Seymour Street Homes Limited	UK Tax Resident
Paddington Gateway Nominee 1 Limited [†]	UK Tax Resident	Shopping Centres Limited*	UK Tax Resident
Paddington Gateway Nominee 2 Limited [†]	UK Tax Resident	Shoreditch Support Limited	UK Tax Resident
Paddington GP Holdings Limited [†]	UK Tax Resident	Six Broadgate Limited*	UK Tax Resident
Paddington GP Secured Holdings Limited [†]	UK Tax Resident	Southgate General Partner Limited (50% interest) [‡]	UK Tax Resident
Paddington Investments Holdings Limited (Jersey) [†]	UK Tax Resident	Southgate Property Unit Trust (Jersey) (Units) (50% interest) ¹	Overseas Tax Resident
Paddington Kiosk (GP) Ltd [†]	UK Tax Resident	Speke Unit Trust (87.5% interest) (Jersey) (Units) ²	Overseas Tax Resident
Paddington Kiosk LP (Partnership interest) [†]	UK Tax Resident	St. Stephens Shopping Centre Limited	UK Tax Resident
Paddington Property Investment 5KS GP Limited	UK Tax Resident	Stockton Retail Park Limited	UK Tax Resident
Paddington Property Investment GP Limited	UK Tax Resident	Storey London Offices Limited	UK Tax Resident
PaddingtonCentral Management Company Limited (88.9% interest) [†]	UK Tax Resident	Storey Offices Limited	UK Tax Resident
Parwick Holdings Limited	UK Tax Resident	Storey Spaces Limited	UK Tax Resident
Parwick Investments Limited	UK Tax Resident	Surrey Quays Limited	UK Tax Resident
PC Canal Limited [†]	UK Tax Resident	TBL (Bromley) Limited	UK Tax Resident
PC Lease Nominee Ltd [†]	UK Tax Resident	TBL (Lisnagelvin) Limited*	UK Tax Resident
PC Partnership Nominee Ltd [†]	UK Tax Resident	TBL (Maidstone) Limited*	UK Tax Resident
Piccadilly Residential Limited	UK Tax Resident	TBL Holdings Limited	UK Tax Resident
Pillar (Cricklewood) Limited	UK Tax Resident	TBL Properties Limited	UK Tax Resident
Pillar (Dartford) Limited	UK Tax Resident	Teesside Leisure Park Limited (51% interest)	UK Tax Resident
Pillar (Fulham) Limited	UK Tax Resident	The Aldgate Place Limited Partnership (Partnership interest)	UK Tax Resident
Pillar Broadway Limited	UK Tax Resident	The Dartford Partnership (Member interest) (50% interest)	UK Tax Resident
Pillar City Limited	UK Tax Resident	The Gibraltar Limited Partnership (Partnership interest) (50% interest)	UK Tax Resident
Pillar Dartford No.1 Limited	UK Tax Resident	The Hercules Property Limited Partnership (Partnership)	UK Tax Resident
Pillar Denton Limited	UK Tax Resident	The Leadenhall Development Company Limited (50% interest)	UK Tax Resident
Pillar Developments Limited	UK Tax Resident	The Liverpool Exchange Company Limited	UK Tax Resident
Pillar Europe Management Limited	UK Tax Resident	The Mary Street Estate Limited	UK Tax Resident
Pillar Fort Limited	UK Tax Resident	The Retail and Warehouse Company Limited*	UK Tax Resident
Pillar Gallions Reach Limited	UK Tax Resident	The Whiteley Co-Ownership (Member interest) (50% interest)	UK Tax Resident
Pillar Glasgow 1 Limited	UK Tax Resident	Thurrock Retail Park Unit Trust ¹	Overseas Tax Resident
Pillar Hercules No.2 Limited	UK Tax Resident	Tollgate Centre Colchester Limited	UK Tax Resident
Pillar Nugent Limited	UK Tax Resident		
Pillar Projects Limited	UK Tax Resident		
Pillar Property Group Limited	UK Tax Resident		
PillarStore Limited	UK Tax Resident		
Plymouth Retail Limited	UK Tax Resident		
Power Court GP Limited	UK Tax Resident		

Notes to the Accounts continued

Company Name	UK/Overseas Tax Resident Status
Topside Street Limited	UK Tax Resident
Tweed Premier 4 Limited	UK Tax Resident
Union Property Corporation Limited	UK Tax Resident
Union Property Holdings (London) Limited	UK Tax Resident
United Kingdom Property Company Limited	UK Tax Resident
Valentine Co-ownership Trust (Member interest) (50% interest)	UK Tax Resident
Valentine Unit Trust (Jersey) (Units) ¹	Overseas Tax Resident
Vintners' Place Limited	UK Tax Resident
Wates City of London Properties Limited	UK Tax Resident
Westbourne Terrace Partnership (Partnership interest)	UK Tax Resident
Whiteley Shopping Centre Unit Trust (Jersey) (Units) ¹	Overseas Tax Resident
WK Holdings Limited	UK Tax Resident
WOSC GP Limited (25% interest)	UK Tax Resident
WOSC Partners LP (Partnership interest) (25% interest)	UK Tax Resident

Supplementary disclosures

Unaudited unless otherwise stated

Table A: Summary income statement and balance sheet (Unaudited)

Summary income statement based on proportional consolidation for the year ended 31 March 2022

The following pro forma information is unaudited and does not form part of the consolidated primary statements or the notes thereto. It presents the results of the Group, with its share of the results of joint ventures included on a line-by-line basis and excluding non-controlling interests.

	Year ended 31 March 2022				Year ended 31 March 2021			
	Group £m	Joint ventures £m	Less non- controlling interests £m	Proportionally consolidated £m	Group £m	Joint ventures £m	Less non- controlling interests £m	Proportionally consolidated £m
Gross rental income¹	345	147	(2)	490	382	142	(16)	508
Property operating expenses	(48)	(13)	-	(61)	(105)	(45)	9	(141)
Net rental income	297	134	(2)	429	277	97	(7)	367
Administrative expenses	(88)	(1)	-	(89)	(74)	-	-	(74)
Net fees and other income	13	-	-	13	11	-	-	11
Ungeared income return	222	133	(2)	353	214	97	(7)	304
Net financing costs	(55)	(47)	-	(102)	(62)	(45)	4	(103)
Underlying Profit	167	86	(2)	251	152	52	(3)	201
Underlying taxation	4	-	-	4	(26)	-	-	(26)
Underlying Profit after taxation	171	86	(2)	255	126	52	(3)	175
Valuation movement (see Note 4)				633				(1,298)
Other capital and taxation (net) ²				59				87
Result attributable to shareholders of the Company				947				(1,036)

1. Group gross rental income includes £7m (2020/21: £5m) of all-inclusive rents relating to service charge income and excludes the £29m (2020/21: £nil) surrender premium payable within the Capital and other column of the income statement.
2. Includes other comprehensive income, movement in dilution of share options and the movement in items excluded for EPRA NTA.

Summary balance sheet based on proportional consolidation as at 31 March 2022

The following pro forma information is unaudited and does not form part of the consolidated primary statements or the notes thereto. It presents the composition of the EPRA NTA of the Group, with its share of the net assets of the joint ventures included on a line-by-line basis, and excluding non-controlling interests, and assuming full dilution.

	Group £m	Share of joint ventures £m	Less non- controlling interests £m	Share options £m	Mark-to- market on derivatives and related debt adjustments £m	Lease liabilities £m	Valuation surplus on trading properties £m	Intangibles £m	EPRA NTA 31 March 2022 £m	Restated EPRA NTA 31 March 2021 ² £m
Campuses properties	4,191	2,829	-	-	-	(52)	8	-	6,976	6,548
Retail & Fulfilment properties	2,859	728	(15)	-	-	(72)	-	-	3,500	2,592
Total properties ¹	7,050	3,557	(15)	-	-	(124)	8	-	10,476	9,140
Investments in joint ventures	2,511	(2,511)	-	-	-	-	-	-	-	-
Other investments	41	16	-	-	-	-	-	(9)	48	38
Other net (liabilities) assets	(328)	(100)	1	8	-	124	-	-	(295)	(190)
Net debt	(2,541)	(962)	(1)	-	46	-	-	-	(3,458)	(2,938)
Net assets	6,733	-	(15)	8	46	-	8	(9)	6,771	6,050
EPRA NTA per share (Note 2)									727p	648p

1. Included within the total property value of £10,476m (31 March 2020/21: £9,140m) are right-of-use assets net of lease liabilities of £9m (31 March 2020/21: £8m), which in substance, relate to properties held under leasing agreements. The fair values of right-of-use assets are determined by calculating the present value of net rental cash flows over the term of the lease agreements.
2. As explained in Note 21, from 1 April 2021, the Group now reports under two operating segments, Campuses and Retail & Fulfilment. Within this table, the comparative figures have been restated in the relevant disclosures.

Supplementary disclosures continued

Unaudited unless otherwise stated

Table A continued

EPRA Net Tangible Assets movement

	Year ended 31 March 2022		Year ended 31 March 2021	
	£m	Pence per share	£m	Pence per share
Opening EPRA NTA	6,050	648	7,202	773
Income return	255	27	175	19
Capital return	623	69	(1,249)	(136)
Dividend paid	(157)	(17)	(78)	(8)
Closing EPRA NTA	6,771	727	6,050	648

Table B: EPRA Performance measures

EPRA Performance measures summary table

	2022		2021	
	£m	Pence per share	£m	Pence per share
EPRA Earnings – basic	238	25.7	175	18.9
– diluted	238	25.6	175	18.8
EPRA Net Initial Yield		4.3%		4.6%
EPRA 'topped-up' Net Initial Yield		4.9%		5.2%
EPRA Vacancy Rate		6.3%		8.3%

	2022		2021	
	Net assets £m	Net asset value per share (pence)	Net assets £m	Net asset value per share (pence)
EPRA NTA	6,771	727	6,050	648
EPRA NRV	7,403	794	6,599	707
EPRA NDV	6,542	702	5,678	609

Calculation and reconciliation of Underlying/EPRA/IFRS Earnings and Underlying/EPRA/IFRS Earnings per share (Audited)

	2022 £m	2021 £m
Profit (loss) attributable to the shareholders of the Company	958	(1,031)
Exclude:		
Group – current taxation	(2)	25
Group – deferred taxation	–	5
Joint ventures – taxation	–	(1)
Group – valuation movement	(471)	888
Group – profit on disposal of investment properties and investments	(45)	(28)
Group – capital and other surrender premia payable (see Note 3)	29	–
Joint ventures – net valuation movement (including result on disposals) (see Note 4)	(162)	410
Joint ventures – capital financing costs	4	–
Changes in fair value of financial instruments and associated close-out costs	(60)	(12)
Non-controlling interests in respect of the above	–	(55)
Underlying Profit	251	201
Group – underlying current taxation	4	(26)
Underlying Earnings – basic and diluted	255	175
Group – capital and other surrender premia payable (see Note 3)	(29)	–
Group – reclassification of foreign exchange differences (see Note 6)	12	–
EPRA Earnings – basic and diluted	238	175
Profit (loss) attributable to the shareholders of the Company	958	(1,031)
IFRS Earnings – basic and diluted	958	(1,031)

Table B continued

	2022 Number million	2021 Number million
Weighted average number of shares	938	938
Adjustment for treasury shares	(11)	(11)
IFRS/EPRA/Underlying Weighted average number of shares (basic)	927	927
Dilutive effect of share options	–	–
Dilutive effect of ESOP shares	3	3
EPRA/Underlying Weighted average number of shares (diluted)	930	930
Remove anti-dilutive effect	–	(3)
IFRS Weighted average number of shares (diluted)	930	927

Net assets per share (Audited)

	2022		2021	
	£m	Pence per share	£m	Pence per share
Balance sheet net assets	6,733		5,983	
Deferred tax arising on revaluation movements	–		–	
Mark-to-market on derivatives and related debt adjustments	46		115	
Dilution effect of share options	8		14	
Surplus on trading properties	8		9	
Intangible assets	(9)		(12)	
Less non-controlling interests	(15)		(59)	
EPRA NTA	6,771	727	6,050	648
Intangible assets	9		12	
Purchasers' costs	623		537	
EPRA NRV	7,403	794	6,599	707
Deferred tax arising on revaluation movements	(2)		(1)	
Purchasers' costs	(623)		(537)	
Mark-to-market on derivatives and related debt adjustments	(46)		(115)	
Mark-to-market on debt	(190)		(268)	
EPRA NDV	6,542	702	5,678	609

EPRA NTA is considered to be the most relevant measure for the Group and is now the primary measure of net assets. EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Due to the Group's REIT status, deferred tax is only provided at each balance sheet date on properties outside the REIT regime. As a result deferred taxes are excluded from EPRA NTA for properties within the REIT regime. For properties outside of the REIT regime, deferred tax is included to the extent that it is expected to crystallise, based on the Group's track record and tax structuring. EPRA NRV reflects what would be needed to recreate the Group through the investment markets based on its current capital and financing structure. EPRA NDV reflects shareholders' value which would be recoverable under a disposal scenario, with deferred tax and financial instruments recognised at the full extent of their liability.

	2022 Number million	2021 Number million
Number of shares at year end	938	938
Adjustment for treasury shares	(11)	(11)
IFRS/EPRA number of shares (basic)	927	927
Dilutive effect of share options	3	3
Dilutive effect of ESOP shares	2	3
IFRS/EPRA number of shares (diluted)	932	933

Supplementary disclosures continued

Unaudited unless otherwise stated

Table B continued

EPRA Net Initial Yield and 'topped-up' Net Initial Yield (Unaudited)

	2022 £m	2021 £m
Investment property – wholly owned	6,929	6,118
Investment property – share of joint ventures	3,538	3,022
Less developments, residential and land	(1,168)	(1,224)
Completed property portfolio	9,299	7,916
Allowance for estimated purchasers' costs	672	648
Gross up completed property portfolio valuation (A)	9,971	8,564
Annualised cash passing rental income	457	425
Property outgoings	(33)	(29)
Annualised net rents (B)	424	396
Rent expiration of rent-free periods and fixed uplifts ¹	61	51
'Topped-up' net annualised rent (C)	485	447
EPRA Net Initial Yield (B/A)	4.3%	4.6%
EPRA 'topped-up' Net Initial Yield (C/A)	4.9%	5.2%
Including fixed/minimum uplifts received in lieu of rental growth	5	5
Total 'topped-up' net rents (D)	490	452
Overall 'topped-up' Net Initial Yield (D/A)	4.9%	5.3%
'Topped-up' net annualised rent	485	447
ERV vacant space	33	42
Reversions	4	12
Total ERV (E)	522	501
Net Reversionary Yield (E/A)	5.2%	5.9%

1. The weighted average period over which rent-free periods expire is one year (2020/21: one year).

EPRA Net Initial Yield (NIY) basis of calculation

EPRA NIY is calculated as the annualised net rent (on a cash flow basis), divided by the gross value of the completed property portfolio. The valuation of our completed property portfolio is determined by our external valuers as at 31 March 2022, plus an allowance for estimated purchasers' costs. Estimated purchasers' costs are determined by the relevant stamp duty liability, plus an estimate by our valuers of agent and legal fees on notional acquisition. The net rent deduction allowed for property outgoings is based on our valuers' assumptions on future recurring non-recoverable revenue expenditure.

In calculating the EPRA 'topped-up' NIY, the annualised net rent is increased by the total contracted rent from expiry of rent-free periods and future contracted rental uplifts where defined as not in lieu of growth. Overall 'topped-up' NIY is calculated by adding any other contracted future uplift to the 'topped-up' net annualised rent.

The net reversionary yield is calculated by dividing the total estimated rental value (ERV) for the completed property portfolio, as determined by our external valuers, by the gross completed property portfolio valuation.

Table B continued

The EPRA Vacancy Rate is calculated as the ERV of the unrented, lettable space as a proportion of the total rental value of the completed property portfolio.

EPRA Vacancy Rate (Unaudited)

	31 March 2022 £m	31 March 2021 £m
Annualised potential rental value of vacant premises	33	42
Annualised potential rental value for the completed property portfolio	526	507
EPRA Vacancy Rate	6.3%	8.3%

The above is stated for the UK portfolio only. A discussion of significant factors affecting vacancy rates is included within the Strategic Report (page 63).

EPRA Cost Ratios (Unaudited)

	2022 £m	2021 £m
Property operating expenses	48	96
Administrative expenses	88	74
Share of joint ventures expenses	14	45
Less: Performance and management fees (from joint ventures)	(9)	(7)
Net other fees and commissions	(4)	(4)
Ground rent costs and operating expenses de facto included in rents	(25)	(21)
EPRA Costs (including direct vacancy costs) (A)	112	183
Direct vacancy costs	(42)	(31)
EPRA Costs (excluding direct vacancy costs) (B)	70	152
Gross Rental Income less ground rent costs and operating expenses de facto included in rents	323	341
Share of joint ventures (GRI less ground rent costs)	139	142
Total Gross rental income less ground rent costs (C)	462	483
EPRA Cost Ratio (including direct vacancy costs) (A/C)	24.2%	37.9%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	15.2%	31.5%
Impairment of tenant debtors, tenant incentives and accrued income (D)	(8)	83
Adjusted EPRA Cost Ratio (including direct vacancy costs and excluding impairment of tenant debtors, accrued income, tenant incentives and contracted rent increases) (A-D)/C	26.0%	20.7%
Adjusted EPRA Cost Ratio (excluding direct vacancy costs and excluding impairment of tenant debtors, accrued income, tenant incentives and contracted rent increases) (B-D)/C	16.9%	14.3%
Overhead and operating expenses capitalised (including share of joint ventures)	7	6

In the current year, employee costs in relation to staff time on development projects have been capitalised into the base cost of relevant development assets. In addition to the standard EPRA Cost Ratios (both including and excluding direct vacancy costs), adjusted versions of these ratios have also been presented which remove the impact of the impairment of tenant debtors, tenant incentives and accrued income which are exceptional items in the current year, to show the impact of these items on the ratios.

Supplementary disclosures continued

Unaudited unless otherwise stated

Table C: Gross rental income (Audited)

	2022 £m	2021 £m
Rent receivable ¹	479	493
Spreading of tenant incentives and contracted rent increases	8	11
Surrender premia	3	4
Gross rental income	490	508

1. Group gross rental income includes £7m (2020/21: £5m) of all-inclusive rents relating to service charge income.

The current and prior year information is presented on a proportionally consolidated basis, excluding non-controlling interests.

Table D: Property related capital expenditure (Unaudited)

	Year ended 31 March 2022			Year ended 31 March 2021		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Acquisitions	596	34	630	52	–	52
Development	175	33	208	104	25	129
Investment properties						
Incremental lettable space	1	–	1	1	–	1
No incremental lettable space	12	25	37	31	28	59
Tenant incentives	21	3	24	2	5	7
Other material non-allocated types of expenditure	2	3	5	5	1	6
Capitalised interest	6	1	7	6	2	8
Total property related capital expenditure	813	99	912	201	61	262
Conversion from accrual to cash basis	42	(7)	35	34	14	48
Total property related capital expenditure on cash basis	855	92	947	235	75	310

The above is presented on a proportionally consolidated basis, excluding non-controlling interests and business combinations. The 'Other material non-allocated types of expenditure' category contains capitalised staff costs of £5m (2020/21: £6m).

OTHER INFORMATION (UNAUDITED)

Data includes Group's share of Joint Ventures

FY22 rent collection¹

Rent due between 25 March 2021 and 24 March 2022	Offices	Retail ²	Total
Received	100%	95%	97%
Rent forgiven	–	1%	1%
Outstanding	–	4%	2%
Total	100% £196m	100% £270m	100% £466m

March quarter 2022 rent collection¹

Rent due between 25 March 2022 and 10 May 2022	Offices	Retail ²	Total
Received	98%	92%	96%
Rent forgiven	–	–	–
Customer paid monthly	–	2%	1%
Outstanding	2%	6%	3%
Total	100% £44m	100% £31m	100% £75m

1. As at 10 May 2022.

2. Includes non-office customers located within our London campuses.

Purchases

Since 1 April 2021 Purchases	Sector	Price (100%) £m	Price (BL Share) £m	Annualised Net Rents £m ¹
Completed				
Hercules Unit Trust units	Retail	148	148	12
Thurrock Retail Park	Retail	82	82	5
Reading Gate Retail Park	Retail	68	34	2
Blackwater Shopping Park, Farnborough	Retail	38	38	2
B&Q, Cambridge	Retail	24	24	1
De Mandeville Retail Park	Retail	24	24	–
Hannah Close, Wembley	Logistics	157	157	4
Heritage House, Enfield	Logistics	87	87	2
Verney Road	Logistics	31	31	–
Finsbury Square car park, London	Logistics	20	20	1
Peterhouse Technology Park, Cambridge	Campuses	75	75	3
Waterside House, Guildford	Campuses	15	15	1
The Priestley Centre, Guildford	Campuses	12	12	–
Total		781	747	33

1. BL share of annualised rent topped up for rent frees.

Sales

Since 1 April 2020 Sales	Sector	Price (100%) £m	Price (BL Share) £m	Annualised Net Rents £m ¹
Completed				
Virgin Active, Chiswick	Retail	54	54	2
Woodfields Retail Park, Bury (part-sale)	Retail	36	36	2
Beaumont Leys (Fletcher Mall)	Retail	9	9	1
Virgin Active, Brighton	Retail	14	14	2
Debenhams, Plymouth	Retail	4	4	–
Wardrobe Court	Residential	70	70	–
St Anne's, Regents Place ²	Residential	6	6	–
Clarges, Mayfair	Residential	3	3	–
Canada Water (50% sale)	Campuses	580	290	1
Exchanged				
Paddington Central (75% sale) ³	Campuses	934	694	27
Total		1,710	1,180	35

1. BL share of annualised rent topped up for rent frees.

2. Exchanged prior to 1 April 2021.

3. Exchanged post year end.

Portfolio Valuation by Sector

At 31 March 2022	Group £m	Joint ventures £m	Total £m	Change% ¹		
				H1	H2	FY
West End	3,479	128	3,607	2.8	1.6	4.5
City	438	2,415	2,853	2.6	2.1	4.7
Canada Water & other Campuses	147	283	430	6.9	6.4	12.9
Residential ²	77	–	77	(0.8)	14.7	6.4
Campuses	4,141	2,826	6,967	3.0	2.4	5.4
Retail Parks	1,891	223	2,114	7.1	13.6	20.7
Shopping Centre	332	468	800	(4.2)	(2.1)	(6.1)
Urban Logistics	314	5	319	(0.9)	0.4	–
Other Retail	251	16	267	(0.4)	3.5	2.5
Retail & Fulfilment	2,788	712	3,500	2.7	7.5	9.9
Total	6,929	3,538	10,467	2.9	4.0	6.8
Standing Investments	6,224	3,099	9,323	2.2	3.5	5.5
Developments	705	439	1,144	6.3	7.8	11.7

On a proportionally consolidated basis including the Group's share of joint ventures.

1. Valuation movement during the year (after taking account of capital expenditure) of properties held at the balance sheet date, including developments (classified by end use), purchases and sales.
2. Stand-alone residential.

Gross Rental Income¹

Accounting Basis £m	12 months to 31 March 2022			Annualised as at 31 March 2022		
	Group	Joint ventures	Total	Group	Joint ventures	Total
West End	123	6	129	123	5	128
City	13	85	98	7	79	86
Canada Water & other Campuses	8	5	13	6	–	6
Residential ²	1	–	1	1	–	1
Campuses	145	96	241	137	84	221
Retail Parks	131	15	146	129	16	145
Shopping Centre	47	33	80	42	32	74
Urban Logistics	3	–	3	7	–	7
Other Retail	19	1	20	18	1	19
Retail & Fulfilment	200	49	249	196	49	245
Total	345	145	490	333	133	466

On a proportionally consolidated basis including the Group's share of joint ventures.

1. Gross rental income will differ from annualised valuation rents due to accounting adjustments for fixed & minimum contracted rental uplifts and lease incentives.
2. Stand-alone residential.

Portfolio Net Yields^{1,2}

As at 31 March 2022	EPRA net initial yield %	EPRA topped up net initial yield % ³	Overall topped up net initial yield % ⁴	Net equivalent yield %	Net equivalent yield movement bps	Net reversionary yield %	ERV Growth % ⁵
West End	3.4	4.1	4.1	4.3	(7)	4.7	0.4
City	2.9	3.8	3.8	4.3	(15)	4.7	(0.6)
Other Campuses	4.9	4.9	4.9	5.2	1	5.6	6.4
Residential	3.8	3.8	3.8	4.0	–	3.1	(11.7)
Campuses	3.2	4.0	4.0	4.3	(11)	4.7	0.0
Retail Parks	6.2	6.5	6.6	5.9	(151)	5.9	(2.0)
Shopping Centre	7.1	7.6	7.8	7.6	3	8.0	(5.2)
Urban Logistics	2.0	2.0	2.0	2.5	(75)	2.6	6.3
Other Retail	5.2	5.6	6.1	6.4	(16)	6.4	0.8
Retail & Fulfilment	6.0	6.3	6.4	6.0	(97)	6.1	(2.8)
Total	4.3	4.9	4.9	4.9	(42)	5.2	(1.2)

On a proportionally consolidated basis including the Group's share of joint ventures.

1. Including notional purchaser's costs.
2. Excluding committed developments, assets held for development and residential assets.
3. Including rent contracted from expiry of rent-free periods and fixed uplifts not in lieu of rental growth.
4. Including fixed/minimum uplifts (excluded from EPRA definition).
5. As calculated by MSCI.

Total Property Return (as calculated by MSCI)

12 months to 31 March 2022

%	Offices		Retail		Total	
	British Land	MSCI	British Land	MSCI	British Land	MSCI
Capital Return	5.8	3.2	11.6	8.8	7.4	14.9
– ERV Growth	0.1	1.4	(2.9)	(2.0)	(1.2)	3.1
– Yield Movement ¹	(11) bps	(23) bps	(97) bps	(82) bps	(42) bps	(67) bps
Income Return	2.6	3.7	7.6	5.6	4.0	4.2
Total Property Return	8.5	7.0	20.0	14.9	11.7	19.6

On a proportionally consolidated basis including the Group's share of joint ventures.

1. Net equivalent yield movement.

Top 20 Tenants by Sector

As at 31 March 2022	% of Retail & Fulfilment		% of Campuses rent
Retail & Fulfilment		Campuses	
Next	4.9	Meta (Facebook)	17.4
Walgreens (Boots)	4.8	Dentsu international	4.7
M&S	4.1	Visa	4.0
JD Sports	3.2	Herbert Smith Freehills	2.9
Currys Plc	3.1	Gazprom	2.6
J Sainsbury	2.8	Microsoft Corp	2.5
TJX (TK Maxx)	2.8	SMBC	2.2
Frasers Group	2.5	Vodafone	2.0
Asda Group	2.2	Deutsche Bank	1.9
Kingfisher	2.0	Henderson	1.7
Tesco plc	2.0	Reed Smith	1.6
DFS Furniture	1.8	TP ICAP	1.6
Hutchison Whampoa	1.8	The Interpublic Group (McCann)	1.6
TGI Friday's	1.8	Softbank Group	1.5
River Island	1.6	Mayer Brown	1.4
Homebase	1.5	Mimecast	1.3
Primark	1.5	Credit Agricole	1.2
H&M	1.4	Kingfisher	1.2
Wilkinson	1.3	Milbank LLP	1.1
Pets at Home	1.2	Monzo Bank	1.1
Total top 20	48.3	Total top 20	55.5

Major Holdings

As at 31 March 2022	BL Share %	Sq ft '000	Rent (100%) £m pa ^{1,4}	Occupancy rate % ^{2,4}	Lease length yrs ^{3,4}
Broadgate	50	4,468	189	96.7	6.4
Regent's Place	100	1,740	85	95.2	8.7
Paddington Central ⁵	100	958	47	99.6	5.2
Meadowhall, Sheffield	50	1,500	67	95.9	4.1
Glasgow Fort, Glasgow	100	510	17	94.7	5.2
Teesside, Stockton	100	569	15	95.0	2.6
Hannah Close, Wembley	100	246	3	100.0	3.4
Ealing Broadway, London	100	540	11	95.0	3.7
Drake's Circus, Plymouth	100	1,190	16	91.9	4.9
Giltbrook, Nottingham	100	198	7	100.0	4.7

1. Annualised EPRA contracted rent including 100% of joint ventures.

2. Includes accommodation under offer or subject to asset management.

3. Weighted average to first break.

4. Excludes committed and near term developments.

5. Post year end, exchanged on the sale of 75% of the majority of assets in Paddington Central.

OTHER INFORMATION (UNAUDITED) *continued*

Lease Length & Occupancy

As at 31 March 2022	Average lease length yrs		Occupancy rate %	
	To expiry	To break	EPRA Occupancy	Occupancy ^{1,2,3}
West End	7.8	7.2	95.7	96.8
City	7.4	6.5	90.2	96.2
Other Campuses	7.7	6.8	100.0	100.0
Residential	16.5	16.2	100.0	100.0
Campuses	7.7	7.0	93.5	96.7
Retail Parks	6.0	4.4	94.6	97.4
Shopping Centre	5.6	4.3	92.0	93.9
Urban Logistics	5.4	4.5	99.8	99.8
Other Retail	8.2	7.7	94.2	95.9
Retail & Fulfilment	6.0	4.6	94.0	96.3
Total	6.8	5.8	93.7	96.5

- Space allocated to Storey is shown as occupied where there is a Storey tenant in place otherwise it is shown as vacant. Total occupancy would rise from 96.7% to 97.2% if Storey space were assumed to be fully let.
- Includes accommodation under offer or subject to asset management.
- Where occupiers have entered administration or CVA but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate for Retail & Fulfilment would reduce from 96.3% to 94.5%, and total occupancy would reduce from 96.5% to 95.6%.

Portfolio Weighting

As at 31 March	2021 %	2022 %	2022 £m
West End	35.9	34.5	3,607
City	27.5	27.3	2,853
Canada Water & other Campuses	6.1	4.1	430
Residential ¹	0.6	0.7	77
Campuses	70.1	66.6	6,967
Retail Parks	17.6	20.2	2,114
Shopping Centre	8.3	7.6	800
Urban Logistics	1.2	3.0	319
Other Retail	2.8	2.6	267
Retail & Fulfilment	29.9	33.4	3,500
Total	100	100	10,467
London Weighting	77%	73%	7,604

On a proportionally consolidated basis including the Group's share of joint ventures.

- Stand-alone residential.

Annualised Rent & Estimated Rental Value (ERV)

As at 31 March 2022	Annualised rent (valuation basis) £m ¹			ERV £m	Average rent £psf	
	Group	Joint ventures	Total		Contracted ²	ERV
West End ³	114	5	119	161	63.9	69.4
City ³	7	72	79	123	53.5	56.4
Canada Water & other Campuses	6	-	6	8	27.2	34.5
Residential ⁴	1	-	1	1	41.7	30.9
Campuses	128	77	205	293	52.9	57.8
Retail Parks	133	17	150	136	22.3	19.2
Shopping Centre	39	39	78	76	23.9	22.4
Urban Logistics	7	-	7	9	11.9	15.6
Other Retail	17	1	18	19	11.0	11.2
Retail & Fulfilment	196	57	253	240	20.7	18.8
Total	324	134	458	533	29.5	29.9

On a proportionally consolidated basis including the Group's share of joint ventures and funds, excluding committed, near term and assets held for development.

- Gross rents plus, where rent reviews are outstanding, any increases to ERV (as determined by the Group's external valuers), less any ground rents payable under head leases, excludes contracted rent subject to rent free and future uplift.
- Annualised rent, plus rent subject to rent free.
- £psf metrics shown for office space only.
- Stand-alone residential.

Rent Subject to Open Market Rent Review

For year to 31 March As at 31 March 2022	2023 £m	2024 £m	2025 £m	2026 £m	2027 £m	2023-25 £m	2023-27 £m
West End	23	4	15	9	22	42	73
City	1	15	8	26	4	24	54
Canada Water & other Campuses	–	–	1	–	–	1	1
Residential	–	–	–	–	1	–	1
Campuses	24	19	24	35	27	67	129
Retail Parks	9	8	9	8	7	26	41
Shopping Centre	8	3	3	2	3	14	19
Urban Logistics	–	–	1	–	–	1	1
Other Retail	1	2	1	–	1	4	5
Retail & Fulfilment	18	13	14	10	11	45	66
Total	42	32	38	45	38	112	195

On a proportionally consolidated basis including the Group's share of joint ventures excluding committed, near term and assets held for development.

Rent Subject to Lease Break or Expiry

For year to 31 March As at 31 March 2022	2023 £m	2024 £m	2025 £m	2026 £m	2027 £m	2023-25 £m	2023-27 £m
West End	19	15	11	13	8	45	66
City	7	16	4	17	3	27	47
Other Campuses	1	2	–	–	1	3	4
Residential	–	–	–	–	–	–	–
Campuses	27	33	15	30	12	75	117
Retail Parks	23	28	19	21	18	70	109
Shopping Centre	16	12	9	12	7	37	56
Urban Logistics	–	–	2	4	–	2	6
Other Retail	4	1	1	1	1	6	8
Retail & Fulfilment	43	41	31	38	26	115	179
Total	70	74	46	68	38	190	296
% of contracted rent	13.7	14.0	8.9	13.2	7.2	36.6	57.0

On a proportionally consolidated basis including the Group's share of joint ventures.

Recently Completed and Committed Developments

As at 31 March 2022	Sector	BL Share %	100% sq ft '000	PC Calendar Year	Current Value £m	Cost to come £m ¹	ERV £m ²	Pre-let & under offer £m ⁵	Forecast IRR %
1 Triton Square	Office	100	369	Q2 2021	545	–	24.3	23.9	12
Total Recently Completed			369		545	–	24.3	23.9	
Norton Folgate	Office	100	336	Q4 2023	235	157	23.1	7.5	11
Aldgate Place, Phase 2	Residential	100	136	Q2 2024	48	86	6.0	–	10
1 Broadgate ⁵	Office	50	544	Q2 2025	147	210	20.2	13.7	12
The Priestley Centre, Guildford	Office	100	81	Q2 2023	13	19	2.8	–	22
Canada Water, Plot A1 ³	Mixed Use	50	273	Q3 2024	26	103	3.3	–	
Canada Water, Plot A2 ³	Mixed use	50	250	Q3 2024	16	60	5.0	–	11
Canada Water, Plot K1 ³	Residential	50	62	Q2 2023	2	13	–	–	Blended
Total Committed			1,682		487	648	60.4	21.2	
Other Capital Expenditure ⁴						23			

On a proportionally consolidated basis including the Group's share of joint ventures and funds (except area which is shown at 100%).

- From 31 March 2022. Cost to come excludes notional interest as interest is capitalised individually on each development at our capitalisation rate.
- Estimated headline rental value net of rent payable under head leases (excluding tenant incentives).
- The London Borough of Southwark has confirmed they will not be investing in Phase 1, but retain the right to participate in the development of subsequent plots up to a maximum of 20% with their returns pro-rated accordingly.
- Capex committed and underway within our investment portfolio relating to leasing, infrastructure and asset management.
- Pre-let & under offer excludes 114,000 sq ft of office space under option.

Near Term Development Pipeline

As at 31 March 2022	Sector	BL Share %	100% sq ft '000	Earliest Start on Site	Current Value £m	Cost to Come £m ¹	ERV £m ²	Let & Under Offer £m	Planning Status
2-3 Finsbury Avenue	Office	50	718	Q3 2022	71	433	31.0	–	Consented
5 Kingdom Street	Office	100	438	Q4 2022	122	397	33.9	–	Consented
Meadowhall RDD	Urban Logistics	50	604	Q3 2022	6	37	2.4	–	Consented
Ealing – International House	Office	100	165	Q3 2022	20	96	9.3	–	Consented
Total Near Term			1,925		219	963	76.6	–	
Other Capital Expenditure ³						167			

On a proportionally consolidated basis including the Group's share of joint ventures and funds (except area which is shown at 100%).

1. From 31 March 2022. Cost to come excludes notional interest as interest is capitalised individually on each development at our capitalisation rate.
2. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives).
3. Forecast capital commitments within our investment portfolio over the next 12 months relating to leasing and asset enhancement.

Medium Term Development Pipeline

As at 31 March 2022	Sector	BL Share %	100% Sq ft '000	Planning Status
Thurrock	Urban Logistics	100	559	Pre-submission
Enfield, Heritage House	Urban Logistics	100	431	Pre-submission
Hannah Close, Wembley	Urban Logistics	100	668	Pre-submission
Verney Road	Urban Logistics	100	166	Pre-submission
Teesside, Logistics	Urban Logistics	100	299	Pre-submission
Euston Tower	Office	100	578	Pre-submission
West One Development	Office	25	73	Pre-submission
Finsbury Square	Urban Logistics	100	47	Pre-submission
Ealing – 10-40, The Broadway	Mixed Use	100	325	Pre-submission
Gateway Building	Office	100	105	Consented
Canada Water – Future phases ¹	Mixed Use	50	4,495	Consented
Total Medium Term			7,746	

On a proportionally consolidated basis including the Group's share of joint ventures and funds (except area which is shown at 100%).

1. The London Borough of Southwark has the right to invest in up to 20% of the completed development. The ownership share of the joint venture between British Land and AustralianSuper will change over time depending on the level of contributions made, but will be no less than 80%.

EPRA best practice recommendations on sustainability reporting

We have received Gold Awards for sustainability reporting from the European Public Real Estate Association (EPRA), ten years running. For our full EPRA sustainability reporting, methodology and the 2022 DNV Assurance Statement, please see our Sustainability Accounts 2022 at britishland.com/data. Selected data has been independently assured since 2007. Selected data in the Sustainability Accounts for 2022 has been independently assured by DNV in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board.

This year, full disclosure against the EPRA Sustainability Best Practice Recommendations can be found in the 2022 Sustainability Accounts.

Governance indicators

	Annual Report and Accounts 2022
Composition of the highest governance body	Board's Executive and Non-Executive Directors pages 101-103 Tenures of Non-Executive Directors page 118
Nominating and selecting the highest governance body	Appointment process for new Directors page 117
Process for managing conflicts of interest	Board procedure for managing conflicts of interest page 106

TEN YEAR RECORD

The table below summarises the last ten years' results, cash flows and balance sheets.

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Income¹										
Gross rental income	490	508	560	576	613	643	654	618	597	567
Net rental income	429	367	478	532	576	610	620	585	562	541
Net fees and other income	13	11	13	10	15	17	17	17	15	15
Interest expense (net)	(102)	(103)	(111)	(121)	(128)	(151)	(180)	(201)	(202)	(206)
Administrative expense	(89)	(74)	(74)	(81)	(83)	(86)	(94)	(88)	(78)	(76)
Underlying Profit	251	201	306	340	380	390	363	313	297	274
Exceptional costs (not included in Underlying Profit)	-	-	-	-	-	-	-	-	-	-
Dividends paid	157	78	148	298	302	296	287	277	266	234
Summarised balance sheets¹										
Total properties at valuation ³	10,476	9,140	11,177	12,316	13,716	13,940	14,648	13,677	12,040	10,499
Net debt	(3,458)	(2,938)	(3,854)	(3,521)	(3,973)	(4,223)	(4,765)	(4,918)	(4,890)	(4,266)
Other assets and liabilities	(247)	(152)	(110)	(146)	(183)	(219)	191	276	(123)	(266)
EPRA NTA/NAV (fully diluted) ⁶	6,771	6,050	7,213	8,649	9,560	9,498	10,074	9,035	7,027	5,967
Cash flow movement – Group only										
Cash generated from operations	256	218	404	617	351	379	341	318	243	197
Other cashflows from operations	(11)	(69)	(29)	(4)	2	(16)	(47)	(33)	(24)	(7)
Net cash inflow from operating activities	245	149	375	613	353	363	294	285	219	190
Cash inflow (outflow) from capital expenditure, investments, acquisitions and disposals	(385)	910	(361)	187	346	470	230	(111)	(660)	(202)
Equity dividends paid	(155)	(76)	(295)	(298)	(304)	(295)	(235)	(228)	(159)	(203)
Cash (outflow) inflow from management of liquid resources and financing	215	(1,022)	232	(365)	(404)	(538)	(283)	20	607	213
(Decrease) increase in cash ⁵	(80)	(39)	(49)	137	(9)	-	6	(34)	7	(2)
Capital returns										
Growth in net assets ²	11.9%	(16.0)%	(16.6)%	(9.5)%	0.7%	(5.7)%	11.5%	28.6%	17.8%	10.9%
Total accounting return	14.8%	(15.1)%	(11.0)%	(3.3)%	8.9%	2.7%	14.2%	24.5%	20.0%	4.5%
Total accounting return – pre-exceptional	14.8%	(15.1)%	(11.0)%	(3.3)%	8.9%	2.7%	14.2%	24.5%	20.0%	4.5%
Per share information										
EPRA NTA/NAV per share ⁷	727p	648p	774p	905p	967p	915p	919p	829p	688p	596p
Memorandum										
Dividends declared in the year	21.92p	15.0p	16.0p	31.0p	30.1p	29.2p	28.4p	27.7p	27.0p	26.4p
Dividends paid in the year	16.96p	8.4p	31.5p	30.5p	29.6p	28.8p	28.0p	27.3p	26.7p	26.3p
Diluted earnings										
Underlying earnings per share	27.4p	18.8p	32.7p	34.9p	37.4p	37.8p	34.1p	30.6p	29.4p	30.3p
IFRS (loss) earnings per share ⁴	103.3p	(111.2)p	(110.0)p	(30.0)p	48.5p	14.7p	119.7p	167.3p	110.2p	31.5p

1. Including share of joint ventures and funds.

2. Represents movement in diluted EPRA NTA in 2022 to 2021 and movement in diluted EPRA NAV from 2020 to 2012.

3. Including surplus over book value of trading and development properties.

4. Including restatement in 2016.

5. Represents movement in cash and cash equivalents under IFRS and movements in cash under UK GAAP.

6. EPRA NTA is disclosed in 2022 to 2021 and EPRA NAV is disclosed from 2020 to 2012.

7. EPRA NTA per share is disclosed in 2022 to 2021 and EPRA NAV per share is disclosed from 2020 to 2012.

Analysis of shareholders –
31 March 2022

2021/22	Number of holdings	%	Balance as at 31 March 2022 ¹	%
1–1,000	4,219	56.91	1,666,579	0.18
1,001–5,000	1,904	25.69	4,236,102	0.45
5,001–20,000	516	6.96	5,135,995	0.55
20,001–50,000	202	2.72	6,448,442	0.69
50,001–highest	572	7.72	920,622,317	98.14
Total	7,413	100.00	938,109,435	100.00

Holder type				
Individuals	5,195	70.08	8,864,223	0.94
Nominee and institutional investors	2,218	29.92	929,245,212	99.06
Total	7,413	100.00	938,109,435	100.00

1. Excluding 11,266,245 shares held in treasury.

Registrars

British Land has appointed Equiniti Limited (Equiniti) to administer its shareholder register. Equiniti can be contacted at:

Aspect House
Spencer Road
Lancing, West Sussex BN99 6DA

Tel: 0371 384 2143 (UK callers)
Tel: +44 (0)121 415 7047 (Overseas callers)

Lines are open from 8.30am to 5.30pm Monday to Friday excluding public holidays in England and Wales.

Website: shareview.co.uk

By registering with Shareview, shareholders can:

- view their British Land shareholding online
- update their details
- elect to receive shareholder mailings electronically

Equiniti is also the Registrar for the BLD Property Holdings Limited Stock.

Share dealing facilities

By registering with Shareview, Equiniti also provides existing and prospective UK shareholders with a share dealing facility for buying and selling British Land shares online or by phone.

For more information, contact Equiniti at shareview.co.uk/dealing or call 0845 603 7037 (Monday to Friday excluding public holidays from 8.00am to 6.00pm). Existing British Land shareholders will need the reference number given on their share certificate to register. Similar share dealing facilities are provided by other brokers, banks and financial services.

Website and shareholder communications

The British Land corporate website contains a wealth of material for shareholders, including the current share price, press releases and information on dividends. The website can be accessed at britishland.com

British Land encourages its shareholders to receive shareholder communications electronically. This enables shareholders to receive information quickly and securely as well as in a more environmentally friendly and cost-effective manner. Further information can be obtained from Shareview or the Shareholder Helpline.

ShareGift

Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating their shares to charity. ShareGift is a registered charity (No. 1052686) which collects and sells unwanted shares and uses the proceeds to support a wide range of UK charities. A ShareGift donation form can be obtained from Equiniti.

Further information about ShareGift can be obtained from their website: sharegift.org

Honorary President

In recognition of his work building British Land into the industry leading company it is today, Sir John Ritblat was appointed as Honorary President on his retirement from the Board in December 2006.

Registered office

The British Land Company PLC
York House
45 Seymour Street, London W1H 7LX

Telephone: +44 (0)20 7486 4466

Registered number: 621920

Website: britishland.com

Dividends

As a REIT, British Land pays Property Income Distribution (PID) and non-Property Income Distribution (non-PID) dividends. More information on REITs and PIDs can be found in the Investors section of our website at britishland.com/dividends

British Land dividends can be paid directly into your bank or building society account instead of being despatched to you by cheque. More information about the benefits of having dividends paid directly into your bank or building society account, and the mandate form to set this up, can be found in the Investors section of our website at britishland.com/dividend-faqs

Scrip Dividend Scheme

British Land may offer shareholders the opportunity to participate in the Scrip Dividend Scheme by offering a Scrip Alternative to a particular dividend from time to time. The Scrip Dividend Scheme allows participating shareholders to receive additional shares instead of a cash dividend. For more information please visit the Investors section of our website at britishland.com/scrip-dividend-scheme

Unsolicited mail

British Land is required by law to make its share register available on request to other organisations. This may result in the receipt of unsolicited mail. To limit this, shareholders may register with the Mailing Preference Service. For more information, or to register, visit mpsonline.org.uk

Shareholders are also advised to be vigilant in regard to share fraud which includes telephone calls offering free investment advice or offers to buy and sell shares at discounted or highly inflated prices. If it sounds too good to be true, it often is. Further information can be found on the Financial Conduct Authority's website fca.org.uk/scams or by calling the FCA Consumer Helpline on 0800 111 6768.

Tax

The Group elected for REIT status on 1 January 2007, paying a £308m conversion charge to HMRC in the same year. As a consequence of the Group's REIT status, tax is not levied within the corporate group on the qualifying property rental business but is instead deducted from distributions of such income as Property Income Distributions (PID) to shareholders. Any income which does not fall within the REIT regime is subject to tax within the Group in the usual way. This includes profits on property trading activity, property-related fee income and interest income. As outlined in Note 7 to the accounts, there was a shortfall in PID payments for the year to 31 March 2020. We remained compliant with the REIT regime through the payment of additional corporation tax. We continue to pass all REIT tests, ensuring that our REIT status is maintained.

We work proactively and openly to maintain a constructive relationship with HMRC. We discuss matters in real-time with HMRC and disclose all relevant facts and circumstances, particularly where there may be tax uncertainty or the law is unclear. HMRC assigns risk ratings to all large companies. We have a low appetite for tax risk and HMRC considers us to be 'Low Risk' (a status we have held since 2007 when the rating was first introduced by HMRC).

Further information on our Tax Strategy can be found in the section Our Approach to Tax Strategy at britishland.com/governance.

Forward-looking statements

This Annual Report contains certain (and we may make other verbal or written) 'forward-looking' statements. These forward-looking statements include all matters that are not historical fact. Such statements reflect current views, intentions, expectations, forecasts and beliefs of British Land concerning, among other things, our markets, activities, projections, strategy, plans, initiatives, objectives, performance, financial condition, liquidity, growth and prospects, as well as assumptions about future events and developments. Such 'forward-looking' statements can sometimes, but not always, be identified by their reference to a date or point in the future, the future tense, or the use of 'forward-looking' terminology, including terms such as 'believes', 'considers', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'continues', 'due', 'potential', 'possible', 'plans', 'seeks', 'projects', 'budget', 'ambition', 'mission', 'objective', 'goal', 'guidance', 'trends', 'future', 'outlook', 'schedule', 'target', 'aim', 'may', 'likely to', 'will', 'would', 'could', 'should' or similar expressions or in each case their negative or other variations or comparable terminology. By their nature, forward-looking statements involve inherent known and unknown risks, assumptions and uncertainties because they relate to future events and circumstances and depend on circumstances which may or may not occur and may be beyond our ability to control, predict or estimate. Forward-looking statements should be regarded with caution as actual outcomes or results, or plans or objectives, may differ materially from those expressed in or implied by such statements. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

Important factors that could cause actual results (including the payment of dividends), performance or achievements of British Land to differ materially from any outcomes and results expressed or implied by such forward-looking statements include, among other things: (a) general business and political, social and economic conditions globally, (b) the consequences of the United Kingdom's withdrawal from the European Union, (c) industry and market trends (including demand in the property investment market and property price volatility), (d) competition, (e) the behaviour of other market participants, (f) changes in government and other regulation including in relation to the environment, landlord and tenant law, health and safety and taxation (in particular, in respect of British Land's status as a Real Estate Investment Trust), (g) inflation and consumer confidence, (h) labour relations and work stoppages, (i) natural disasters and adverse weather conditions, (j) terrorism and acts of war, (k) British Land's overall business strategy, risk appetite and investment choices in its portfolio management, (l) legal or other proceedings against or affecting British Land, (m) reliable and secure IT infrastructure, (n) changes in occupier demand and tenant default, (o) changes in financial and equity markets including interest and exchange rate fluctuations, (p) changes in accounting practices and the interpretation of accounting standards, (q) the availability and cost of finance, (r) the consequences of the Covid-19 pandemic, (s) changes in construction supplies and labour availability or cost inflation and (t) the Ukraine conflict and its impact on supply chains and the macroeconomic outlook. The Company's principal risks are described in greater detail in the section of this Annual Report headed Principal Risks on pages 88-96 (inclusive). Forward-looking statements in this Annual Report, or the British Land website or made subsequently, which are attributable to British Land or persons acting on its behalf, should therefore be construed in light of all such factors.

Information contained in this Annual Report relating to British Land or its share price or the yield on its shares are not guarantees of, and should not be relied upon as an indicator of, future performance, and nothing in this Annual Report should be construed as a profit forecast or profit estimate, or be taken as implying that the earnings of British Land for the current year or future years will necessarily match or exceed the historical or published earnings of British Land. Any forward-looking statements made by or on behalf of British Land speak only as of the date they are made. Such forward-looking statements are expressly qualified in their entirety by the factors referred to above and no representation, assurance, guarantee or warranty is given in relation to them (whether by British Land or any of its associates, Directors, officers, employees or advisers), including as to their completeness, accuracy, fairness, reliability, the basis on which they were prepared, or their achievement or reasonableness. Other than in accordance with our legal and regulatory obligations (including under the UK Financial Conduct Authority's Listing Rules, Disclosure Guidance and Transparency Rules, the UK Market Abuse Regulation, and the requirements of the Financial Conduct Authority and the London Stock Exchange), British Land does not intend or undertake any obligation to update or revise publicly forward-looking statements to reflect any changes in British Land's expectations with regard thereto or any changes in information, events, conditions, circumstances or other information on which any such statement is based. This document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of British Land since the date of this document or that the information contained herein is correct as at any time subsequent to this date.

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation, invitation or inducement, or advice, in respect of any securities or other financial instruments or any other matter.

The Annual Report has been prepared for, and only for, the members of British Land, as a body, and no other persons. British Land, its Directors, officers, employees or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.