



Places People Prefer

Annual Report and Accounts 2022



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Presentation of financial information

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 relevant 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 issued by the IASB, none of which have had a material impact on the Group. The accounting policies used are otherwise consistent with those contained in the Group's previous Annual Report and Accounts for the year ended 31 March 2021. The Group's interests in joint ventures and funds are shown as a single line item on the income statement and balance sheet and all subsidiaries are consolidated at 100%.

Management considers the business principally on a proportionally consolidated basis when setting the strategy, determining annual priorities, making investment and financing decisions and reviewing performance. This includes the Group's share of joint ventures and funds on a line-by-line basis and excludes non-controlling interests in the Group's subsidiaries. The financial key performance indicators are also presented on this basis. Refer to the Financial review for a discussion of the IFRS

results. We supplement our IFRS figures with non-GAAP measures, which management uses internally. IFRS measures are labelled as such. See our supplementary disclosures which start on page 233 for reconciliations, in addition to Note 2 in the financial statements and the glossary found at britishland.com/glossary.

Integrated reporting

We integrate social and environmental information throughout this Report in line with the International Integrated Reporting Framework. This reflects how our industry-leading sustainability strategy is integrated into our business, delivering lasting value for all our stakeholders. We publish additional social and environmental data in our Sustainability Accounts found at britishland.com/data.

This Report was signed off by the Board on 17 May 2022.



Places People Prefer

Our purpose is to create and manage outstanding places which deliver positive outcomes for all our stakeholders on a long term, sustainable basis.

We do this by understanding the evolving needs of the people and the organisations who use our places, and the communities who live around them.

The deep connections we create between our customers, communities, partners and people help our places to thrive.

Visit britishland.com for more information

Financial highlights

Underlying EPS (diluted)

27.4p

2021: 18.8p

Underlying Profit

£251m

2021: £201m

EPRA NTA per share

727p

2021: 648p

Dividend per share

21.92p

2021: 15.04p

IFRS EPS

103.3p

2021: (111.2)p

IFRS profit after tax

£960m

2021: £(1,083)m

IFRS net assets

£6,733m

2021: £5,983m

Assets under management

£14.3bn

2021: £12.7bn

Operational highlights

3.9m sq ft

leasing activity

Our strongest performance in 10 years

1.7m sq ft

committed developments

Including 585,000 sq ft at Canada Water

6.8%

valuation gain across the portfolio

Driven by an uplift of 20.7% in retail parks and 11.7% in Campus developments

£1.3bn

gross development value of urban logistics pipeline

Assembled in 12 months

£2.2bn

capital activity

Including £290m from Canada Water and £694m from Paddington Central (post year end)

A

senior unsecured credit rating

With £1.1bn of financing activity during the year

Stakeholder outcomes

14.8%

total accounting return

Driven by the EPRA NTA per share uplift of 12.2%

23,949

beneficiaries from our community activities

Focused on education, employment, local business, wellbeing and connecting local people and organisations

632 kg CO₂e per sqm

average embodied carbon in office developments

Prioritising re-use of existing materials and piloting more sustainable alternatives

69%

staff engagement score

With 85% recommending British Land as a place to work

5-star

GRESB rating

Including a 5 star rating in both standing assets and developments

Reasons to invest in British Land

Focus on value creation

We focus on opportunities where we can leverage our competitive strengths in active asset management and development to create value. We identify key themes in our markets and invest behind them. To do this, we make timely decisions to recycle capital out of mature assets and into development and value accretive acquisitions.

Read about our Strategy on pages 16-27



Best in class platform

Our expertise across development and active asset management, including masterplanning, sustainability, leasing, property management and our ability to work in partnership enables us to pivot towards areas of growth in our markets and means we can unlock value from the most complex opportunities.

Read about our people on page 17 and pages 35-37

Attractive development pipeline

We have created a strong pipeline of development opportunities within our portfolio which is a key driver of value creation. The total pipeline covers 11.4m sq ft including 5m sq ft at Canada Water, a £5.6bn redevelopment scheme, and 2.8m sq ft of urban logistics opportunities with a gross development value of £1.3bn.

Read more about our developments on pages 20-21



Excellent ESG track record

Sustainability is ingrained in everything we do. Environmental considerations are an important part of our decision making process as we seek to minimise our carbon footprint. We forge strong relationships with our local communities and authorities and have a good track record of creating opportunities for local people at our places. This is an important driver of value for our business.

Read about our pipeline of developments on pages 20-21 and our decision making process on page 100

Strong balance sheet

Our leverage is low and we benefit from a diverse and flexible pool of finance. Our dividend is set as a percentage of Underlying Earnings per share; this provides further flexibility, enabling us to make timely decisions on asset disposals, providing capital to progress our strategy.

Read about our financial policies and principles on pages 81-83



Canada Water: our investment case in action

Focus on value creation

The Canada Water Masterplan will create an estimated £2bn of value for the joint venture by the time it completes in 2030. We have been planning this 53 acre redevelopment project since 2013 and this year, to accelerate its delivery, we formed a joint venture with AustralianSuper who share our vision for the Masterplan.

Read about our strategy on pages 16-27

Best in class platform

Our expertise across investment, planning, development, asset management, sustainability and financing makes us a preferred partner for institutional capital, helping us to attract AustralianSuper to the scheme. We will continue to use our platform to develop and manage the Masterplan on behalf of the joint venture.

Read about our people on pages 17 and 35-37

Image is a CGI



Attractive development pipeline

Our strong pipeline of opportunities at Canada Water will be a key driver of value creation. We are on site with Phase 1 of our Masterplan but have identified a further 4.5m sq ft of mixed use development opportunities.

Read more about our developments on pages 20-21

Excellent ESG track record

Understanding the environmental impact of our buildings is ingrained in what we do. At Canada Water, we are piloting more sustainable building materials such as Earth Friendly Concrete to minimise our carbon emissions in line with our 2030 Sustainability strategy. Our strong track record of community engagement was key to achieving planning for this scheme and we continue to support local people for example through affordable space, helping young entrepreneurs grow their business.

Read about our pipeline of developments on pages 20-21 and our decision making process on pages 100

Strong balance sheet

The sale of 50% of our interest in the Canada Water Masterplan has released capital to progress our strategy. As we prioritise development, working in partnership is an important part of our approach to managing risk as well as providing access to new opportunities.

Read about our financial policies and principles on pages 81-83

Campuses

Central London



We provide world class Campuses where people and businesses can thrive.

Our Campuses combine well connected, high quality and sustainable buildings with an attractive public realm where businesses can cluster together to drive growth and innovation.

We are delivering a fourth Campus at Canada Water and have identified opportunities to take this successful model outside London, targeting centres of innovation such as Oxford, Cambridge and well established research parks.

We create value through development and have assembled an 8.6m sq ft development pipeline across our Campuses, with 1.7m sq ft already committed.

8.6m sq ft pipeline of Campus developments



2-3 Finsbury Avenue, Broadgate



Canada Water



Priestley Centre, Surrey Research Park

Some images are CGIs

Read more about our strategy on pages 16-27

Retail & Fulfilment

Our Retail & Fulfilment portfolio focuses on formats which complement the growth of online.

A key focus is urban logistics in London. In 12 months we have assembled a development-led pipeline of opportunities with a gross development value of £1.3bn which align to our expertise in delivering complex projects in London.

This complements our retail parks business where we are the UK no. 1 owner and operator in the sector which has emerged as the preferred format for retailers.

Our portfolio of shopping centres includes well located open air schemes, as well as traditional covered centres.

Portfolio highlights

£14.3bn

managed assets

£10.5bn

owned assets

22.2m

sq ft of floor space

£458m

annualised rent

11.4m

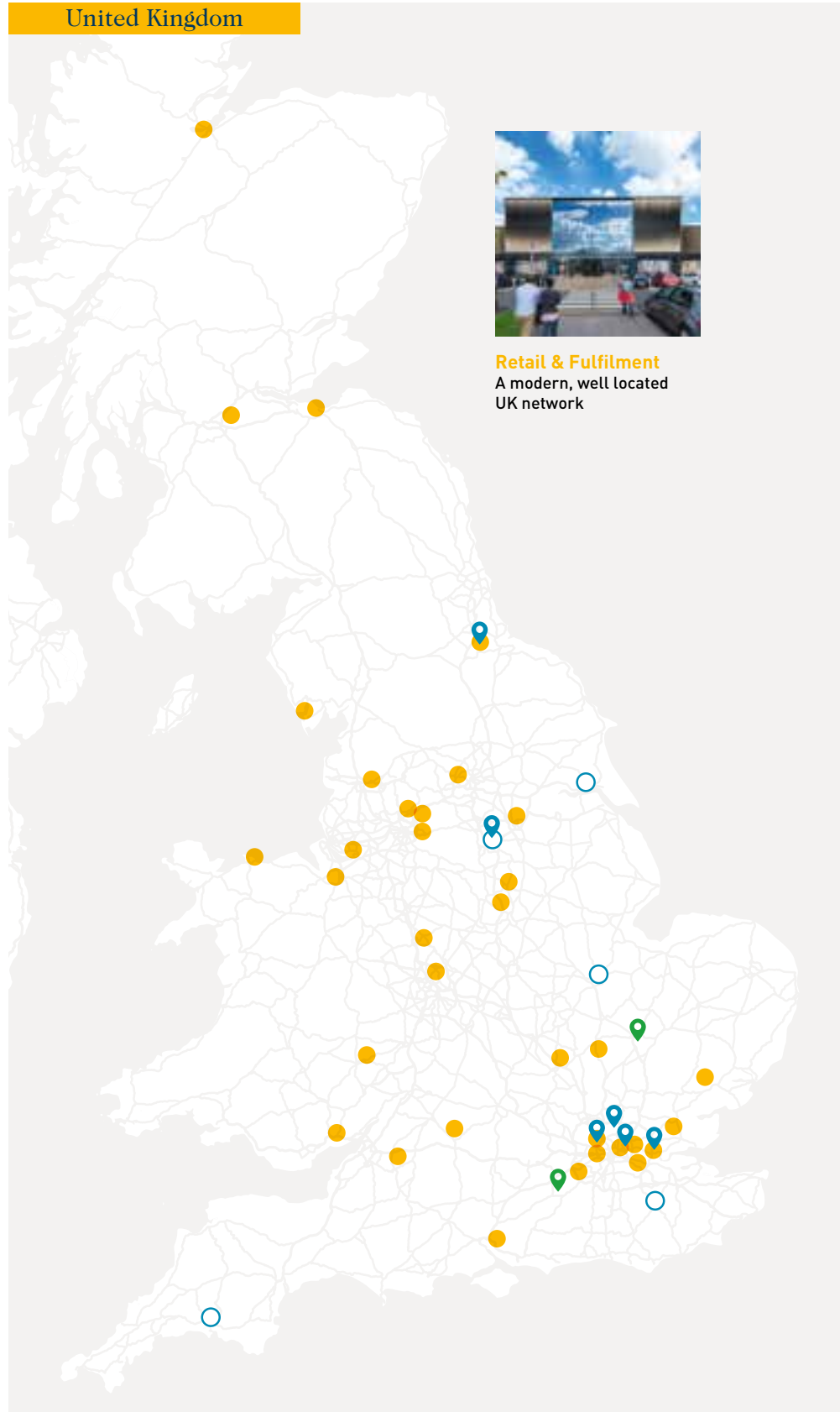
sq ft development pipeline

£1.3bn

gross development value of
Urban logistics pipeline

- Traditional covered schemes
- Open air schemes primarily retail parks
- Pipeline urban logistics
- Innovation Campuses opportunity

United Kingdom



Places People Prefer

Our purpose is to create and manage Places People Prefer

Our inputs →

People

- Breadth and depth of our expertise
- Diverse and inclusive environment
- Culture of teamwork and collaboration

Portfolio

- Well connected, high quality London Campuses
- Prime portfolio of well located retail parks
- Attractive development pipeline focused on Campuses and urban logistics in London

Relationships

- Close customer relationships
- Successful joint venture partnerships
- Strong links with local communities
- Trusted partner for local authorities
- Good relationships with key suppliers

Financial strength

- Strong balance sheet
- Diverse and flexible sources of finance
- Successful partnerships which mitigate risk

Our competitive strengths in *development* and *active asset management* →



Our values underpin everything we do:



Our business model →



Source growth & value opportunities

We focus on opportunities where we can create value through our strengths in asset management and development. We pursue value accretive acquisitions in the market and create development opportunities within our portfolio.

Actively manage & develop

We provide high quality, modern and sustainable space which we manage ourselves to respond to customers' needs. We provide the flexibility for customers to grow with us and we redevelop our space to drive incremental returns. All our developments are net zero carbon.

Recycle capital

We actively recycle capital out of mature assets and into opportunities where we can create value through development and asset management. We work with partners to mitigate financial risk and access the best opportunities and we supplement returns with management fees from joint projects.

Sustainability

Sustainability is ingrained in everything we do. Our strong track record in environmental and social sustainability drives value for our business and delivers positive outcomes for our stakeholders.

Read about our strategy on pages 16-27

Delivering value for our stakeholders

Investors

We target an average total accounting return (TAR) of 8-10% through the cycle by focusing our capital on opportunities which leverage our skill set in asset management and development to create value.

14.8% TAR

People

We create a diverse and inclusive environment which enables our people to achieve their potential. Our portfolio includes some of the most exciting opportunities in real estate, enabling us to attract the best talent in the industry.

69%

engagement score

Customers

We deliver great places that help our customers to thrive. We provide them with the flexibility to grow with us and are a trusted partner for the long term.

3.9m sq ft

leasing

Communities

We deliver places which connect local people, create opportunities and support wellbeing to make a positive local contribution.

354

supported into employment

Partners & suppliers

We develop long term relationships with suppliers, local authorities and partners to deliver projects which are successful for all stakeholders.

71%

main contractor spend within local London boroughs

Read about our stakeholders on pages 32-34



Tim Score
Chairman

Our strategy, focused on our competitive strengths, has delivered strong returns for our business

“Our platform at British Land is unique”

Dear Shareholders

One year ago, our Chief Executive, Simon Carter, set out a clear strategy to focus our business on what British Land does best – development and active asset management. Our platform at British Land is unique: we have delivered some of the highest quality and most complex developments in London and we have a full suite of operational capabilities ranging from investment to planning, development, asset management and sustainability. These are strong competitive advantages which we align to growth areas in our markets.

Strategic and operational progress

The opportunities which currently best match our strengths include delivering the best, most sustainable workspace into a market that is gravitating towards quality. Our Campus model, which combines modern, sustainable workspace with engaging places to spend time outside the office is a key advantage in this respect, underpinning a record year for leasing. Building on this approach, this year we have acquired our first Campus assets outside London, where we see a real opportunity to deliver a similar proposition in markets where supply is very constrained.

We have also targeted opportunities in urban logistics, where our ability to develop complex schemes means we can unlock value by repurposing or intensifying existing buildings which others may be unable to do. From a standing start, our urban logistics pipeline is now £1.3bn in gross development value and is focused on London.

We anticipated retail parks would become the preferred format for retailers and continued to invest in and to actively manage these assets, which have delivered 20.7% uplift over the year.

Underpinning our approach is an active programme of capital recycling. We agreed a joint venture at Canada Water with AustralianSuper, enabling us to accelerate the delivery of our Masterplan, enhancing our returns but also helping to manage the risk associated with a project of this scale. Post year end, we sold a 75% interest in the majority of our assets at Paddington Central, creating a new joint venture where we have joint control and releasing capital to target growth opportunities elsewhere. Overall, our approach has delivered a total accounting return of 14.8%.

Supporting Ukraine

To support those affected by the war in Ukraine we donated £25,000 to the Disaster Emergency Committee which included matching personal donations from our people. We also donated £5,000 to the Ukrainian Cathedral in Marylebone, close to our head office.

At Paddington Central, we pledged £30,000 funding for a scheme to support the Ukrainian Institute setting up an English Language School for refugees and have donated space to host classrooms at Storey Club. At a number of assets, we have rolled out specific QR codes to enable people to make donations to the British Red Cross easily.

Continued focus on ESG

Despite the disruptions of the pandemic, we have maintained our focus on sustainability. We delivered our second net zero carbon development at 1 Triton Square and are on site at Canada Water, which will be one of London's most sustainable redevelopment projects ever. I continue to believe that sustainability represents a real competitive advantage for our business: we ran 'whole life' carbon assessments on our developments long before that was standard practice and we are now reaping the benefit as more and more businesses want sustainable space. You can read more about this approach on pages 38-59.

On the standing portfolio, we have completed net zero asset audits at our largest assets and have a clear plan to improve efficiency building by building. On pages 49-59 we have provided full disclosure on the climate-related risks and opportunities for our business, in line with TCFD requirements and the implications of the scenario testing are being integrated within our long term strategic planning.

On the social side, our programmes have continued to focus on those who have been impacted by Covid-19. One of our strongest social contributions is connecting customers with community partners, because they have a real willingness and ability to provide support in key areas like education, employment and local business.

The community funds we launched at Broadgate and Paddington, funded and led by our customers, are testament to that. This year we also launched the New Diorama Theatre at Broadgate, with 20,000 sq ft of free space for artistic use, supporting the recovery of the arts and encouraging people to return to London post pandemic.

Our people

Our strategy is focused on our competitive strengths, so our people are critical to its success. We know that to be most effective, we need to cultivate a truly diverse and inclusive culture, so this year we launched our Diversity, Equality & Inclusion Strategy, setting out commitments to drive this agenda at British Land between now and 2030; you can read more about this on pages 35-37. I was pleased that this year we ranked 15th in the FTSE Women Leaders Review for women on boards and in leadership positions and we have exceeded the recommendations on Board diversity made by the Parker Review.

As the impact of Covid-19 has continued throughout the year, the wellbeing of our people has been our priority and we have an established framework to support this, focusing on mental health. We have been delighted to see our own office return to life. Like our occupiers, we believe that physically working together is critical to our success and we are already seeing the benefit of that.



Broadgate

We are delighted that 1 Broadgate is fully let (or placed under option), four years ahead of completion. The strong sustainability credentials of this building were a key factor in attracting occupiers JLL and Allen & Overy

Image is a CGI

Financial position

Our strong financial position has supported our strategy, enabling us to invest in opportunities which will create long term value for our business. To maintain this momentum, we are actively recycling capital out of mature assets, most recently crystallising £694m of value from the part sale of Paddington Central post year end, which reduced loan to value to 28.4% (on a pro forma basis).

Development is a key driver of returns and central to our strategy, but we take a very measured approach to new commitments. In addition to focusing on areas of strength, we increasingly work in partnership to share risk and access the best opportunities, with new joint ventures agreed at Canada Water and post year end, at Paddington. We act quickly to fix development costs and have benefited from this in the current environment, with 91% of committed development costs already fixed. Our strong relationships with contractors, built up over many years also position us well on our future commitments.

We were also pleased that our debt transaction for 100 Liverpool Street has been voted Financing Deal of the Year: UK by Real Estate Capital Europe. This was our first 'Green Loan' and an excellent precedent.

The Board

This year we strengthened our Board with two new appointments. Bhavesh Mistry joined the Board as CFO from Tesco in July 2021 and we are already benefiting from the fresh perspective he brings to our business. We were also delighted to welcome Mark Aedy to the Board in September 2021.

Nicholas Macpherson has decided not to seek re-election at the AGM in July 2022 at the conclusion of which he will stand down. Nicholas has served with distinction on the Board since 2016 and we thank him for his valuable contributions.

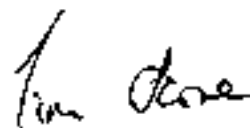
Outlook

We have made strong progress in the first year of our strategy and have clearly established the building blocks which will create value going forward.

We have laid the foundations to take our Campus model outside London with acquisitions in Cambridge and Guildford, and continue to assess similar opportunities in established hubs of innovation. We have assembled a significant pipeline in urban logistics and our expertise in complex development and asset management positions us well to build on this. In addition, our platform provides an excellent base from which to embark on new opportunities; at Canada Water, for example, we have the scope to do that, with education, healthcare and residential all exciting potential growth markets.

However, we are very aware that global events and their repercussions in our markets pose a potential challenge for us. Escalating prices impact our occupiers, consumers and our own development activity. We are taking actions to mitigate these risks and looking forward, we benefit from very strong relationships throughout our supply chain.

We have assembled some highly compelling opportunities across our business. We have the financial strength to deliver on these and the skill set to do so exceptionally well, so we look forward with confidence. On behalf of the Board, I would like to extend my thanks to the whole British Land team for the huge contribution they have made this year, which once again, has often been achieved in challenging circumstances.



Tim Score

Non-Executive Chairman

Read our Chairman's introduction to corporate governance on page 99

Peterhouse Technology Park

8.25 acre site just outside Cambridge centre comprising four buildings which are fully let to ARM for its global headquarters. Acquired for £75m.





Simon Carter
Chief Executive

Delivery against strategy driving strong performance

We have a clear strategy to exploit our competitive strengths in active management and sustainable development to drive value for our shareholders across our Campuses, Retail Parks and London Urban Logistics. Our platform makes us the partner of choice for institutional investors, enabling us to recycle capital, earn fees and crystallise returns. The success of this approach is reflected in the strength of our leasing, where our Campus model is an important differentiator, and by the exceptional performance of our Retail Parks. In Urban Logistics, we have assembled a development pipeline over the last year with a gross development value of £1.3bn focused on London where the market dynamics are very favourable. Our strategy and operational performance has delivered a total accounting return of 14.8% for the year.

Operational performance

Campus leasing activity was strong at 1.7m sq ft of lettings and renewals, 5.4% ahead of ERV. This includes letting or placing under option all the office space at our 1 Broadgate development, securing £13.7m of rent. Post year end, we were pleased to have placed a further 103,000 sq ft under offer at our Norton Folgate development, representing another £7.5m of rent. Today, businesses have high expectations for their workspace with demand focused on the best space, with an emphasis on sustainability, wellness, shared and flexible space and excellent transport connections. Our Campus model delivers against these customer demands making it the premier office portfolio across London. Campuses were up 5.4% in value, driven by our successful leasing activity and inwards yield shift of 11bps.

In Retail & Fulfilment, lettings and renewals covered 2.2m sq ft of space, including 1.5m sq ft of long term deals, overall 2.8% ahead of ERV. Retail Parks, where we are the UK number 1 owner and operator, accounted for 60% of that activity. They are the preferred format for retailers, reflecting their online channel compatibility and affordability, underpinning improved occupational demand. As a result, Retail Parks delivered 151 bps of yield compression, driving values up 20.7%. This performance is a strong endorsement of the value proposition we identified early, following which we agreed £400m of acquisitions of Retail Parks. Shopping centre values were down 6.1% although the rate of decline decelerated in the second half.

Strategy

We focus our activities on two strategic themes which play best to our skill set and where we currently see the most attractive opportunities to drive future returns:

- **Campuses** – Dynamic neighbourhoods focused on customers in growth and innovation sectors including technology, science, engineering and health; and
- **Retail & Fulfilment** – retail parks and urban logistics aligned to the growth of convenience, online and last mile fulfilment

Progress against the Priorities for our business

A year ago, we identified four clear priorities for our business. We have delivered strong progress in each area since the start of the financial year which is summarised below:

Priority	Progress in FY22
 Realising the potential of our Campuses	– New joint venture with AustralianSuper at Canada Water accelerating delivery and returns from the Masterplan – Acquired £102m of assets outside of London aligned to growth and innovation including Peterhouse Technology Park in Cambridge, The Priestley Centre and Waterside House in Guildford – Attracted innovative and growing businesses to our Campuses including lettings of 134,000 sq ft to JLL and 254,000 sq ft to Allen & Overy at 1 Broadgate and 315,000 sq ft to Meta at 1 Triton Square – Storey occupancy improved to 86%
 Progressing value accretive development	– Delivered 1 Triton Square, our second net zero development, fully let to Meta – On site with 1.7m sq ft of net zero development, with new commitments including Phase 1 of Canada Water and Phase 2 at Aldgate, our first build to rent residential development – On site at The Priestley Centre, Guildford, our first lab enabled office – 91% of costs fixed across committed developments; benefitting from excellent, long term relationships with Tier 1 contractors – 1.3m sq ft planning consents received in the year with a further 2.5m sq ft under submission (based on gross area)
 Targeting the opportunities in Retail & Fulfilment	– Assembled an urban logistics development pipeline with a gross development value of £1.3bn including acquisition of a 12.5 acre site in Wembley for £157m – £350m retail park acquisitions in the year including the remaining 22% in HUT at £148m GAV and NIY of 8% taking our ownership to 100% – Increased retail park occupancy by 270bps to 97.4%
 Active capital recycling	– Total capital activity of £2.2bn – £694m sale of 75% of majority of assets at Paddington Central post year end – £290m sale of 50% in the Canada Water Masterplan – £645m Retail & Fulfilment acquisitions – £102m additions to our Campuses portfolio – £1.1bn of financing activity in the year

Campuses

The key theme underpinning our focus on Campuses is that demand will gravitate to the best, most sustainable space. Building on our success at Broadgate, Regent's Place and Paddington Central, we are delivering a fourth Campus at Canada Water, a 53 acre development opportunity. In order to accelerate the delivery and returns of that scheme we sold 50% of our share to AustralianSuper for £290m in March 2022 creating a new joint venture with a partner who shares our vision for Canada Water. This project will be a key driver of value for our business; Phase 1 delivers an IRR for British Land of c.11% and the whole project is expected to deliver c. £2bn of value for British Land and AustralianSuper, equating to an IRR in the low teens. In April 2022, we also announced that we had exchanged on the sale of 75% of the majority of assets in Paddington Central. This has been an excellent investment for British Land, delivering a total property return of 9% per annum since acquisition. The proceeds from this transaction will be invested in value accretive development opportunities across our portfolio, as well as the other growth areas we have identified.

We continue to evolve our Campus model to align with high growth and innovation sectors. Our model is particularly attractive to businesses which like to cluster together, in sectors such as technology, science and engineering. Regent's Place, given its location in the Knowledge Quarter provides an exciting opportunity in this regard. We also see the potential to drive value by taking the Campus model outside of London. We are targeting development opportunities in innovation hubs such as the Golden Triangle and made £102m of acquisitions in Cambridge and Guildford in the year. These are opportunities which play to our Campus skills, including asset management, development, placemaking and community engagement. We are on site with our first lab enabled office at The Priestley Centre which is one of two properties we acquired on Surrey Research Park, together totalling £27m and in Cambridge, we acquired the Peterhouse Technology Park for £75m in August.

Retail & Fulfilment

In Retail, last year, we identified a value opportunity in Retail Parks reflecting attractive relative yields coupled with customer preference for this format. Our portfolio is now valued at £2.1bn

which includes acquisitions of £350m in the year (in addition to the £49m in FY21). This timely investment meant we benefitted from significant yield compression to deliver a 31.6% total property return on the retail park portfolio as a whole. We expect to make further, selective acquisitions given our competitive advantage in sourcing, underwriting and asset managing but we will maintain our discipline on returns.

In Urban Logistics, the chronic shortage of space in London is the key theme underpinning our focus on this part of the market. Demand is strong reflecting the growth of e-commerce and in particular rising consumer expectations for same day/next day delivery. This has been supplemented by new sources of demand such as "quick commerce" and "dark kitchens". Supply of the right kind of space in London is highly constrained and requires innovative solutions to increase density and repurpose space which plays well to our skill set in site assembly, planning and delivering complex developments in Central London.

In the first year of our strategy, we have established a pipeline of urban logistics development opportunities totalling £1.3bn

of gross development value which focuses on London and will deliver a sizeable platform for British Land in this exciting growth market. Hannah Close in Wembley, our most recent acquisition, is an excellent example of how even in a highly competitive market, we can leverage our skills in planning and development to intensify existing buildings through multi-storey development to create value. We also invest in repurposing opportunities including the Finsbury Square car park, centrally located in the City as well as other opportunities across our portfolio. Overall, the blended forecast IRR from acquisition for our urban logistics opportunities is c.15% which is at the top end of our target range of 10%-15%.

Capital allocation and balance sheet

A key priority for our business is to actively recycle capital. We have demonstrated our nimble and value driven approach with £1.2bn of asset sales and £747m of acquisitions. The recent Paddington Central transaction has further strengthened our balance sheet with pro forma loan to value now at 28.4%, well positioned in current markets. Our performance demonstrates that we are allocating capital smartly, with strong valuation uplifts on our developments and our Retail Parks.

We target an average total accounting return of 8-10% through the cycle. This is based on a total property return of around 7-8%, adjusted for administration costs and the positive impact of leverage. We seek to create value through active management and development. We target development IRRs of 10-15% compared to our standing investments where returns and risks are typically lower. We will remain focused on actively recycling capital and will look to crystallise value from mature and lower returning assets and reinvest into higher returning opportunities.

We maintain good long term relationships with debt providers across the markets and have completed £1.1bn of financing activity in the year. This included a five year 'Green Loan' in our Broadgate joint venture, secured on 100 Liverpool Street which was voted Financing Deal of the Year: UK by Real Estate Capital Europe for 2021.

We are pleased to be announcing a full year dividend of 21.92p, in line with our policy of setting the dividend at 80% of Underlying EPS.

Our people

We are delighted to see our people back in the office. Like so many of our customers, we continue to recognise the benefits that

hybrid working brings and to support our people with more flexible arrangements, whilst also reaping the benefits of working more collaboratively when together in the office.

I recognise the important contribution that diversity plays in delivering our strategy so was pleased that we ranked 15th in the FTSE Women Leadership Review for FTSE 100 women representation and we have exceeded the recommendations of the Parker Review on ethnic diversity at Board level. We were also pleased to be the first UK REIT to achieve Disability Smart Accreditation from the Business Disability Forum.

Bhavesh Mistry joined us as Chief Financial Officer in July 2021 and we are already benefitting from the fresh perspective he brings. We were also pleased to welcome Mark Aedy to the Board as a Non-Executive Director in September 2021. Nicholas Macpherson has decided not to seek re-election as a Non-Executive Director at the AGM in July 2022, at the conclusion of which he will stand down from the Board. Nicholas has served with distinction on the Board since joining it in 2016 and we thank him for his valuable contribution.

Outlook

We are mindful that the year ahead will be impacted by heightened macroeconomic and geo-political uncertainty. In the context of higher inflation, we are seeing investors rotate out of bonds and increase their allocations to real estate, particularly in subsectors with strong pricing power and affordable rents. We are well positioned in this respect across both Campuses and in Retail & Fulfilment. In addition, we are pleased with our financial position and that our strong momentum has continued into the new financial year.

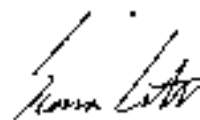
Our Campus offering provides customers in London with best-in-class space where we expect demand to remain strong, particularly from the growing, innovative businesses we are targeting. Rents typically represent a small proportion of salary costs, meaning demand is less sensitive to price and for prime London office space, vacancy remains low and new supply is constrained. Reflecting these dynamics, and continued gravitation to the best space, our central case is for rental growth on our Campuses of 1-3% with the potential for some further yield compression.

We expect the strong occupational demand for our Campus developments to continue, reflecting their market leading sustainability credentials. We target BREEAM Outstanding ratings on developments and just 1% of

available London office buildings are BREEAM Outstanding. This year construction cost inflation is likely to be between 8-10% and we are pleased to have fixed 91% of the cost on our committed development programme of 1.7m sq ft. Forecasting is difficult with elevated uncertainty, but our base case is for construction cost inflation to moderate to 4-5% over the next 18 months as commodity, transportation and energy prices continue to increase but at a lower rate and capacity in the construction industry slowly increases. The attractive IRRs we are forecasting on our development pipeline of 10-15% incorporate these levels of construction cost inflation and additional contingencies. Higher land values mean that returns from London development are more insulated to cost inflation than development in other parts of the country and we anticipate being able to achieve the modest increase in rents needed to offset any further cost inflation above our base case.

In Retail Parks, we attract a broad tenant base and space is more affordable than alternative formats, thereby making them attractive for retailers facing increased margin pressures due to rising input prices and labour costs; supply is relatively tight, with retail parks accounting for around 10% of the total retail market and vacancy falling. We expect the value play opportunity in retail parks to continue and our ability to unlock value through asset management means we are well placed to make further acquisitions whilst retaining a strong focus on returns. Overall, we expect rents to be stable with some growth for smaller, well-located parks with further yield compression likely. For shopping centres, we have seen ERV decline moderating, and yields were flat in the second half of the year. We expect that yields could compress for the best centres, given increasing investor interest delivering attractive medium term returns.

In Urban Logistics, the market in London is chronically undersupplied and demand remains strong, underpinned by the continued growth of same day delivery. We expect strong rental growth of over 5% p.a. with stable yields – a good backdrop for delivering new space via our repurposing and intensification strategy.



Simon Carter
Chief Executive

Our strategy is to create value by focusing on opportunities where we can leverage our competitive strengths in active asset management and development.

Our key focus areas:

Campuses

Our Campuses combine well connected, high quality and sustainable buildings with an attractive public realm and great amenities.

As the market gravitates towards the best space our Campus model is an important advantage.

London Campuses:

Our Campuses are an important differentiator for us.

Businesses are able to cluster together and expand and their employees benefit from the retail, leisure and open space that surrounds them.

Innovation Campuses outside London:

With our expertise in planning, development and asset management, we see a clear opportunity to take our Campus model to key hubs of innovation like Oxford and Cambridge.



Retail & Fulfilment

Our Retail & Fulfilment portfolio is focused on retail parks which complement the growth of online.

We are also building a development-led urban logistics business in London and have assembled a pipeline with a gross development value of £1.3bn.

Retail parks:

We are the market leader in UK retail parks, which have emerged as the preferred format for retailers due to their lower occupancy costs and compatibility with online.

Urban logistics:

Our strategy is to intensify and repurpose existing buildings to deliver new urban logistics space in London where supply is highly constrained, requiring innovative development-led solutions.

We have four strategic priorities for our business:

- Realising the potential of our Campuses
- Targeting the opportunities in Retail & Fulfilment
- Progressing value accretive development
- Active capital recycling

Underpinned by our long term commitment to sustainability



Elizabeth
Investment Associate: works on acquisitions and disposals across the Company's retail, office and urban logistics portfolio. Part of Peterhouse Technology Park acquisition team.



Alex
Office Leasing Director: part of the team which leased 1 Broadgate to Allen & Overy and JLL.



Nina
Estate Director, Regent's Place: responsible for operational and day-to-day property management of the Campus.



Michael
Head of Planning: responsible for British Land's planning activities across the UK, including securing planning permission for the 718,000 sq ft 2 Finsbury Avenue.



Lynn
Project Director, Norton Folgate: responsible for development design, procurement construction and management.



Hursh
Head of Capital Markets: part of the Treasury team which raises and manages finance for British Land and its joint ventures, including the £420m Green Loan for 100 Liverpool Street.



Karina
Senior Sustainability Manager: supports our project teams to reduce embodied carbon in our buildings and deliver net zero developments.



Emma
Head of Brand and Experience: responsible for creating asset brands and experiences that engage with our audiences.



Ade
Head of Employee Relations: part of the team responsible for delivering our people agenda and driving our Diversity, Equality and Inclusion strategy.

1. Investment

- Acquired £295m of urban logistic opportunities, amassing a portfolio with a GDV over £1.3bn
- £1.2bn of disposals, including majority sale of Paddington Central and 50% sale of our share of Canada Water

4. Planning

- 1.3m sq ft (gross area) of planning consents achieved including 2 Finsbury Avenue and International House, Ealing
- Further 2.5m sq ft (gross area) planning applications under submission

7. Sustainability

- Second net zero carbon development at 1 Triton Square
- 29 net zero asset audits completed at our assets
- 103 community initiatives delivered at our places

2. Leasing & asset management

- 3.9m sq ft of leasing across the portfolio, the strongest in ten years
- 1 Broadgate fully pre-let or under option on the office space to JLL and Allen & Overy

5. Development

- Completion of 1 Triton Square
- On site with 1.7m sq ft of development with new commitments to Aldgate Place and Phase 1 of Canada Water

8. Marketing

- Creating brands, messaging and experiences that inspire and engage our customers and the people who visit our places

3. Property management

- 4.4/5 customer satisfaction score
- Actively reduced service charge budgets for our customers by £30m over the Covid-19 period

6. Finance

- £1.1bn of financing activity, including Green Loan and ESG-linked RCFs
- Refinancing date extended to late 2025
- Senior unsecured credit rating of 'A'

9. People

- 69% staff engagement score, with 85% recommending British Land as a place to work
- 8.1% reduction in the ethnicity pay gap
- 8.4% reduction in the gender pay gap

Our unique Campus model

The London office market is gravitating towards exceptional space as occupiers demand more from the places where they work. As well as modern and high quality environments, they want excellent sustainability credentials and space which enhances wellbeing. They prefer places which are well connected and have a range of amenities nearby for people to enjoy outside of office.

Our Campuses are unique in delivering in all these areas, making them the premier office portfolio across London. Because we own the spaces between our buildings, we can curate an engaging public realm and our placemaking activities help to foster a sense of community amongst our occupiers and with local people. The Campus model also enables occupiers to grow with us – occupiers can upscale on or between our Campuses and we provide additional flexibility through Storey, enabling them to take additional space on a short term basis.



1 Broadgate
Image is a CGI

Attracting successful businesses

This year, we fully pre-let (or placed under option) 1 Broadgate to lawyers Allen & Overy and real estate services firm JLL, four years ahead of completion.

This will be the most energy efficient building we have ever delivered, a factor which was key to both deals and demonstrates the growing importance of sustainability to our occupiers.

Allen & Overy

“Our move to Broadgate is a really important step forward for every one of our partners, employees and clients who come to our office in London. The new office space is a step-change in terms of energy consumption and better reflects the way we want the firm to work in the future. The building will contribute to an estimated 80% reduction in our annual London office carbon emissions as well as having market-leading certifications for its environmental impact and the wellbeing of those who will call Broadgate their place of work.”

Gareth Price,
Managing Partner

**Allen & Overy have taken a minimum of
254,000 sq ft**

JLL

“Working in partnership with British Land, we have a real opportunity to achieve one of the most sustainable and technologically advanced workplaces in the UK. The campus excels in the connectivity and amenities, providing our people and clients with a vibrant, dynamic and collaborative space. 1 Broadgate will enable us to significantly push the boundaries to enhance productivity, improve wellbeing and support a wider community through British Land’s approach to managing the Broadgate campus and its Community Framework.”

Stephanie Hyde,
Chief Executive, JLL UK

**JLL have taken a minimum of
134,000 sq ft**

Replicating the Campus model

Building on our success in London, we see an opportunity to reproduce our Campus model in other hubs of innovation.

The areas in and around the Golden Triangle of London, Oxford and Cambridge are established centres of knowledge-based industries. These three cities receive more than £8bn of venture capital funding annually and account for the majority of successful businesses spun out of the universities. At the same time, supply of space is highly constrained. Alternative locations with successful research centres benefit from the same dynamics.

These themes support rental growth and create opportunities for operators with expertise in planning, asset management and sustainable development and who can demonstrate a solid track record of making a positive local impact.

Such opportunities play to our strengths, and we have demonstrated our ability to deliver in these areas across our existing London Campuses and at Canada Water.

Peterhouse Technology Park

This year we acquired the Peterhouse Technology Park in Cambridge for £75m, representing a price of £9m per acre. The buildings are fully let to ARM, one of the UK's most successful technology businesses.

This acquisition offers a number of opportunities; we are well placed to benefit from a strong rental market and two of the buildings are lab-enabled enabling us to target a broader type of occupier. Longer term the site offers attractive development opportunities.

Peterhouse Technology Park



Attractive development pipeline

We have created attractive opportunities for development across our portfolio.

Completed



▲ 1 Triton Square

Office-led redevelopment at Regent's Place, fully pre-let to Meta. Low embodied carbon at 436 kg CO₂e per sqm, with residual embodied carbon offset through certified schemes, making this our second net zero carbon development.

369,000 sq ft

Committed



The Priestley Centre ►

Refurbishment scheme within Surrey Research Park, delivering lab-enabled space.

81,000 sq ft



▲ Norton Folgate

Office-led redevelopment in Shoreditch, integrating 302,000 sq ft of office space alongside retail and residential to create a mixed use space that draws on the historic fabric of the area.

336,000 sq ft

◀ Aldgate Place, Phase 2

Build-to-rent residential-led scheme in Aldgate, delivering 159 homes with 19,000 sq ft of office space.

136,000 sq ft



▲ 1 Broadgate

Office-led redevelopment at Broadgate including 46,000 sq ft of retail connecting Finsbury Avenue Square with 100 Liverpool Street and the Broadgate Circle to create a retail, leisure and dining hub. Office space is fully pre-let or under option to JLL and Allen & Overy.

544,000 sq ft

Near term



▲ Canada Water, Phase 1 (A1, A2 & K1)

Three buildings delivering a mix of office, retail, leisure and residential with 265 homes planned across a range of tenures and affordability.

585,000 sq ft



▲ 2-3 Finsbury Avenue

Office-led redevelopment at Broadgate, including ground floor retail, a publicly accessible restaurant, café and roof terrace.

718,000 sq ft



▲ 5 Kingdom Street

Office-led redevelopment at Paddington Central, achieved planning in 2021. British Land retains a minimum 50% interest in the development following the part sale of the Campus to GIC.

438,000 sq ft

Medium term

▼ Euston Tower

Office-led redevelopment at Regent's Place, targeting life sciences and other innovation business, benefitting from its location in London's Knowledge Quarter.

578,000 sq ft



▲ Canada Water (remaining phases)

Flexible mixed use scheme with the ability to deliver between 2,000 and 4,000 new homes alongside a mix of commercial, retail and community space.

4.5m sq ft



▲ Thurrock

Opportunity to repurpose part of a retail park and intensify uses through multi-storey urban logistics development

559,000 sq ft

All images are CGIs apart from 1 Triton Square

Our proven track record in sustainable development

Sustainability has been central to the way we develop our space for more than two decades. In 2004 we launched our Sustainability Brief for Developments and we completed our first ‘whole life’ carbon assessment in 2009. This strong track record means that we are leaders in this field and today, we are well placed to meet demand which is gravitating towards more sustainable space.

This year 100 Liverpool Street, our first net zero carbon development, was named Green Building Project of the Year by BusinessGreen and received a UK Civic Trust Award for making an outstanding contribution to the quality and appearance of the built environment.



Blossom Yard & Studios
Image is a CGI

17,000 sq ft

Timber floors retained, together with original brickwork and Victorian ironware

Refurbishing, extending and creating new buildings

At Norton Folgate, we are refurbishing and extending warehouses which are more than 130 years old to create new buildings, delivering 336,000 sq ft of modern workspace in a historic part of London. Interlinking the old and the new has called for innovative construction techniques and complex temporary works. The project draws heavily on our skills and experience of complex development in London.

To form the new façades to the largest buildings we are using precast brick and glazed panels and unitised glazed units.

These are fabricated off site and installed directly onto the buildings. This significantly reduces the number of vehicle movements to and from site, reduces noise and air pollution and delivers safety and quality benefits.

Achieving our sustainability goals at Norton Folgate

Across our developments we prioritise the re-use of existing materials. In some cases, we are able to retain the superstructure, including the steel frame and façades, but we also re-use internal materials wherever possible.

At Blossom Studios, one of the buildings within the Norton Folgate development we have done both. We retained almost all of the existing façade and 80% of the floors, and all the timber joists were individually assessed with most being re-used. We rebuilt some internal walls re-using reclaimed bricks from the original building and retained original features such as iron columns and glazed bricks to preserve the original character of the building. New materials focused on responsibly sourced

and low carbon alternatives; we are using 100% FSC (Forest Stewardship Council) wood and all the concrete used has 40% cement replacement.

As a result we currently expect embodied carbon to be 403 kg CO₂e per sqm (434 kg CO₂e per sqm for the whole redevelopment), ahead of our 2030 target.

To drive operational performance we are adding roof top solar panels and using air source heat pumps to deliver all electric offices with 100% green power, so operational energy intensity is expected to be in line with our trajectory to 2030.

To support wellbeing we are targeting the highest standards of air quality and we have capacity for 136 bicycles across the scheme. We are providing over 3,000 sq ft of outside space for people to enjoy and to support biodiversity.

Delivering across our key focus areas

Circular economy and materials

- 1 Almost all the existing façade structure and floors retained
- 2 100% FSC/PEFC wood
- 3 Concrete with 40% cement replacement (GGBS)

Energy and carbon

- 4 Solar control windows, using shade to reduce solar glare but allow daylight in
- 5 Air source heat pumps
- 6 Rooftop solar panels
- 7 Highly efficient heat recovery
- 8 Energy efficient internal/external lighting and control
- 9 All electric building with 100% green power
- 10 Smart enabled to analyse and optimise operational performance

Climate resilience

- 11 Rainwater attenuation tank enabling rainwater harvesting

Water

- 12 Low-flow water fixtures achieve 40% potable water use reduction

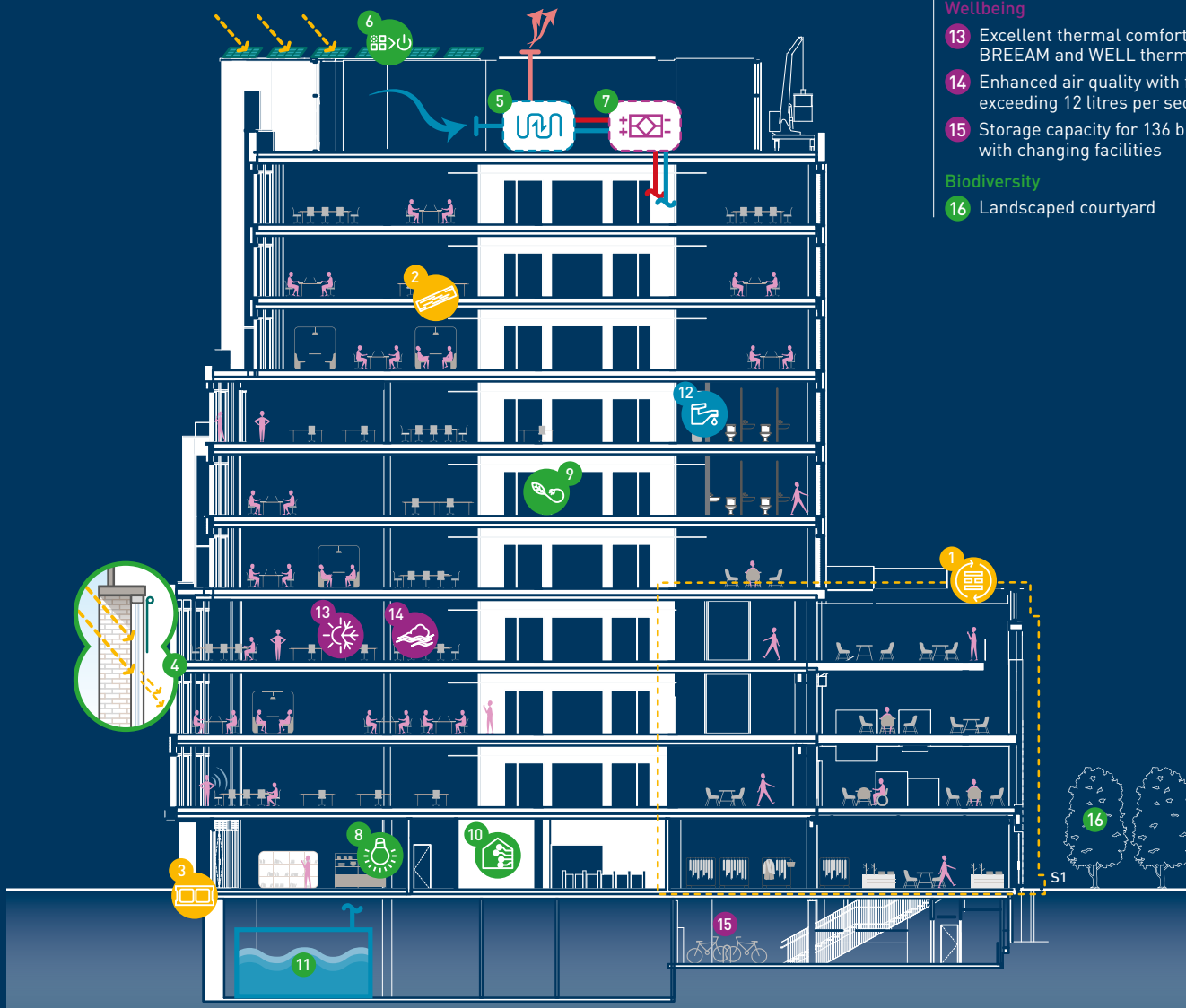
Wellbeing

- 13 Excellent thermal comfort complying with BREEAM and WELL thermal comfort criteria
- 14 Enhanced air quality with fresh air rate exceeding 12 litres per second
- 15 Storage capacity for 136 bicycles with changing facilities

Biodiversity

- 16 Landscaped courtyard

Blossom Yard & Studios, Norton Folgate



Creating value in Retail

Our Retail & Fulfilment portfolio is focused on retail parks. We are the largest direct owner and operator of retail park space in the UK.

They account for 60% of the Retail & Fulfilment portfolio.

Identifying the value opportunity

Our expertise in this area has enabled us to capitalise on strong demand for this asset class from both occupiers and investors.

For retailers, retail parks are an important part of an omnichannel strategy because they support an online offer in several ways:

- they facilitate 'click and collect' by combining larger format stores where more stock can be held on site with car parking facilities – enabling people to collect their goods themselves and reducing the cost of last mile delivery for retailers;
- they facilitate the return of goods bought online; these customers frequently make further purchases on site as they make returns; and
- they are well suited to 'ship from store', where retailers deliver goods to customers directly from their stores, effectively using them as mini logistics facilities.

A number of retailers, including Marks & Spencer and Next, have reported strong performances on their retail parks and continue to invest in this format.

Retail parks present a clear opportunity for us to drive value based on our ability to actively manage these assets to improve occupancy and generate more sustainable cash flows.

We have invested £400m since March 2021 in the acquisition of individual retail parks, and by taking ownership of the 22% of Hercules Unit Trust that we did not already own.

The value of our retail park portfolio now stands at £2.1bn and delivered a total property return of 31.6% this year.





Biggleswade Retail Park acquired in March 2021 where values were up 42% in the year

Active asset management is about curating the right mix of occupiers at each place to create a sense of authenticity and provide people with more reasons to visit.

For example, this year, at Ealing we let space to the Really Local Group, a community oriented cinema concept that shows films, comedy shows and music, a timely addition bringing communities together post Covid.

We also let space to Gordon Ramsay Bread Street Café and Street Lounge, which runs independently themed cafe lounges.

Our asset management activities include making a positive contribution to our local communities.

For example, we can play a unique role in addressing local recruitment needs by connecting our customers with local job seekers.

By making a positive contribution to the local community, we make our places more vibrant and successful.



Customer

"Working with British Land, we're creating a new cultural hub at Ealing, including a live music and digital arts venue and the area's first multi screen cinema in 15 years. We've had around 50 meetings with local organisations which has helped to shape our programme, transforming an old nightclub into a community destination, reinvigorating this part of the high street."

Preston Benson,
The Really Local Group



Community partner

"The reason our recruitment and skills partnership works so well is because there's a real family feel at Fort Kinnaird. Retailers trust us to understand what they need. Drawing on our network of resource, we've supported nearly 90 people into jobs since April 2021 and delivered employability sessions to over 130 young people. Retailers know that, if problems come up, we'll step in for our vulnerable clients, helping with childcare, work outfits and food, and keeping families going until their wages come in."

Rona Hunter
Capital City Partnership, Edinburgh

Identifying opportunities in Urban Logistics

Urban logistics in central London is the fastest growing part of the logistics market.

In London, demand for logistics space has accelerated rapidly driven by the growth of e-commerce and supplemented by other source such as 'quick commerce', 'dark stores' and 'dark kitchens'.

At the same time the ability to create new warehouse space is constrained by a complex planning environment, requiring more innovative solutions to create space. These dynamics are driving exceptional rental growth, and are creating a compelling opportunity for British Land as our skill set in delivering complex, mixed use, sustainable developments means we can access and unlock opportunities that others cannot.

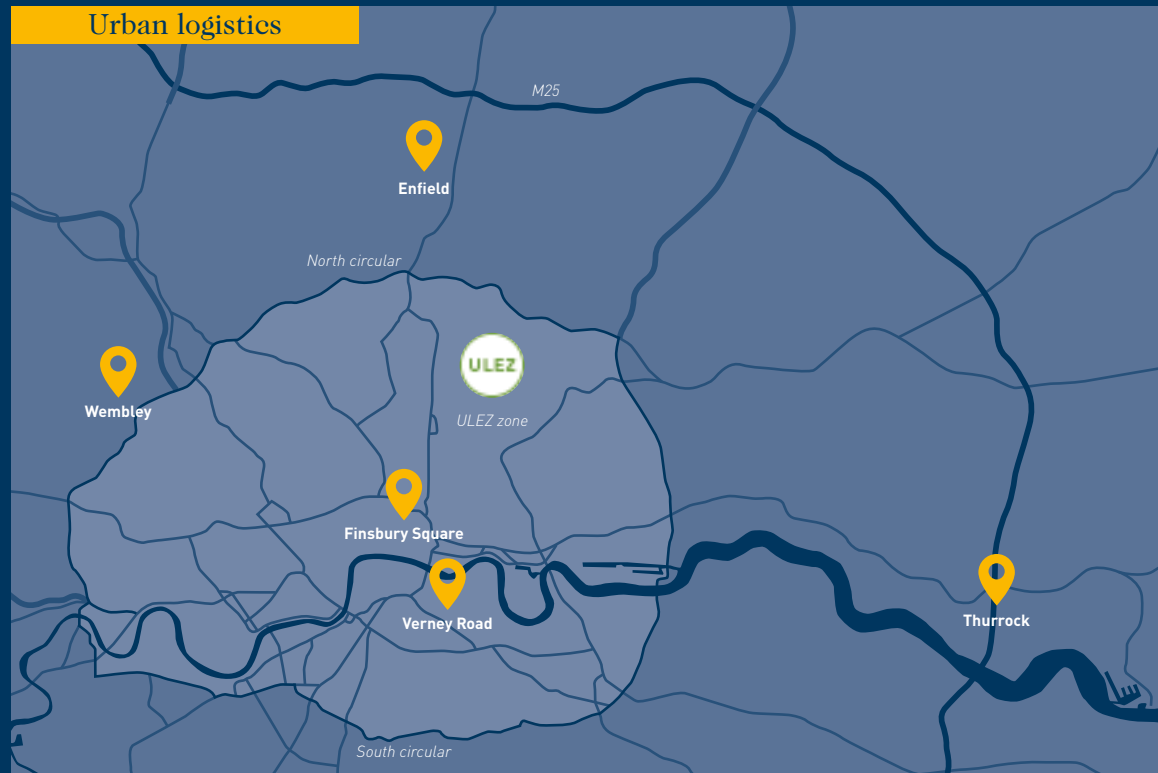
Our strategy is to deliver new urban logistics space through the intensification and repurposing of existing buildings in London.

We focus on sites within the M25 which are accessible to large vehicles travelling into London from around the country and well located for smaller, electric vehicles or bikes which manage the last mile delivery.

We have now built up a pipeline of urban logistics space with a gross development value of £1.3bn which spans Greater London.

>5% pa

Average rental growth forecast 2022-2026



£82m

acquisition



Image is a CGI

Thurrock Shopping Park

Retail parks which are located on major arterial routes can provide an attractive repurposing opportunity, particularly in London and the South East, where rents for logistics and retail space are converging.

In July 2021 we acquired the Thurrock Shopping Park, where we see an opportunity to repurpose around two thirds of the space to urban logistics with the remaining space continuing

to operate as a retail park. We will also intensify the asset through multi-storey development which is particularly cost effective as the elevation of the building means that both the upper and lower floors have ground access.

Our expertise in asset management means we can manage the transition from fully occupied retail park to hybrid logistics facility, enabling us to unlock this attractive opportunity.

Hannah Close, Wembley

In February 2022, we acquired three warehouses over 12.5 acres in Wembley with the potential to repurpose the existing buildings and intensify their use by delivering a multi-storey urban logistics hub for Central and West London.

The warehouses sit in a Strategic Industrial Land location, promoting industrial employment and development, and its location within the M25 and just beyond the North Circular road make it ideal for urban logistics operators.

Its excellent public transport connectivity will also help attract employees to the location. This is a medium term development opportunity but in the meantime the warehouses are fully let.

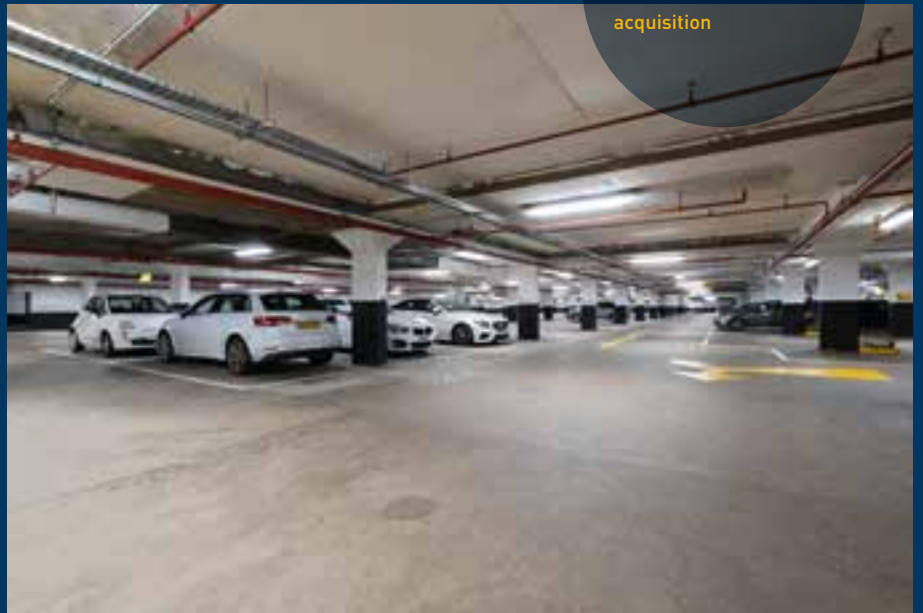


£157m
acquisition

Finsbury Square Car Park

Some of the most sought after logistics spaces in London are very centrally located micro units which can be used for quick commerce and food delivery as well as last mile delivery.

To target this opportunity, we acquired the Finsbury Square Car Park in July 2021 which is located in the City of London, close to our Broadgate Campus. We are drawing up plans for a repurposing of this space covering 47,000 sq ft.



£20m
acquisition

£1.3bn

GDV urban logistics
development pipeline

Investing in key themes and responding to macro trends

Our strategy is closely aligned to key themes in our markets and we are responding effectively to the macro trends which impact our operating environment



London office market

Key theme:

Demand gravitating towards best in class space

Driven by:

- Demand for space that supports collaboration, innovation and culture
- Emphasis on space which is attractive to staff and promotes wellness; excellent transport connections, range of amenities and engaging public realm preferred
- Sustainability credentials high on the corporate agenda

Our response:

- Progressing Campus developments
- Targeting customers from growth and innovation sectors
- Retrofitting our standing portfolio to improve sustainability credentials
- Rolling out BREEAM certifications
- Recycling out of mature assets



Retail market

Key theme:

Retail parks emerging as the preferred format for retailers

Driven by:

- Lower occupancy costs which are more attractive in a higher inflation environment
- The rapid growth of online which has driven retailers to establish cost effective solutions to last mile delivery
- Potential for some well located retail parks to be converted to logistics has supported demand in investment markets

Our response:

- Investing in undervalued retail parks
- Identifying and investing in retail park opportunities with potential for logistics uses
- Identifying opportunities for logistics development on our portfolio



Logistics market

Key theme:

Accelerating demand for urban locations

Driven by:

- Growth of e-commerce during the pandemic which fuelled demand for logistics space
- Heightened expectations for same day/next day delivery, driving a preference for more central locations
- Additional sources of demand, including "quick commerce" and "dark kitchens" focused on London

Our response:

- Investing in development-led urban logistics opportunities in London
- Identifying opportunities for urban logistics on our Campuses

Alignment with strategic and sustainability priorities

- Realising the potential of our Campuses
- Active capital recycling
- Progressing value accretive development
- Net zero by 2030

- Targeting the opportunities in Retail & Fulfilment
- Active capital recycling

- Targeting the opportunities in Retail & Fulfilment
- Active capital recycling
- Progressing value accretive development



Global economic context

Key theme:

Heightened uncertainty, with increasing input costs and rising interest rates

Driven by:

- Continuing fallout from Covid-19 coupled with the impact of the war in Ukraine has stretched supply chains and put pressure on input prices including energy and raw materials
- The impact of leaving the EU, continues to impact labour markets and drive shortages in sectors such as construction

Our response:

- Acting early to lock in construction costs
- Supporting the Ukrainian Institute setting up an English Language School for refugees; donations to the Disaster Emergency Committee and Ukrainian Church in London
- Revised our interest rate management policy to ensure debt is appropriately hedged

- Progressing value accretive development
- Place Based approach



Environment

Key theme:

Continuing focus on net zero

Driven by:

- Occupiers wanting buildings which support their own sustainability targets
- Shareholders wanting to invest in companies which meet the sustainability ambitions of their investors
- People wanting to work for businesses with a strong reputation for environmental responsibility

Our response:

- Delivering on our Pathway to Net Zero
- Adding sustainability metrics to Board remuneration targets
- Ensuring that all Exco members have sustainability objectives

- Realising the potential of our Campuses
- Progressing value accretive development
- Net zero by 2030



Society

Key theme:

Biggest real income squeeze in a generation

Driven by:

- 54% increase in the market energy price cap, disproportionately impacting low-income households
- Inflation rising faster than expected
- Rising national insurance contributions and frozen income tax thresholds
- Increasing wage expectations and the impact of the cost of living crisis on disposable incomes

Our response:

- Delivering on our Place Based approach. Prioritising strong local partnerships, focusing on areas we can make the biggest impact
- Commitment to paying the Living Wage where we have direct control
- Helping local people access 'good work' through our Bright Lights skills and employment programme
- Keeping the employee proposition attractive and under review

- Place Based approach



Science & technology

Key theme:

Innovation sectors an emerging engine of UK growth

Driven by:

- Government focus on UK innovation with £22bn R&D funding committed by 2026/27
- Overseas investment attracted by academic excellence: STEM (science, technology, engineering and maths) graduates are 43% of total graduates in the UK
- Macro drivers such as Covid-19 and climate change driving innovation in life sciences and green tech

Our response:

- Investing in innovation Campuses in areas of academic excellence
- Targeting growth and innovation customers
- Investment into Fifth Wall's Climate Technology Fund

- Realising the potential of our Campuses
- Progressing value accretive development
- Active capital recycling
- Net zero by 2030

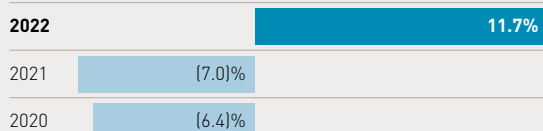
Monitoring our performance

Our strategy is to focus our capital on areas which leverage our competitive strengths and to invest behind two strategic themes: our Campuses and Retail & Fulfilment.

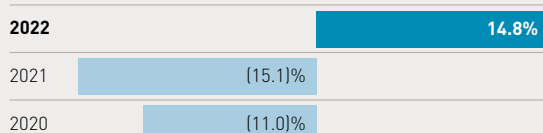
Corporate & financial

KPIs

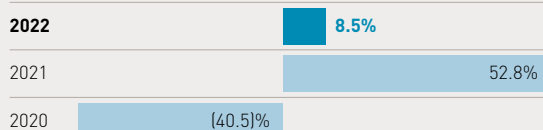
Total property return LTIP AI



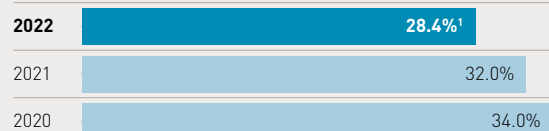
Total accounting return LTIP AI



Total shareholder return LTIP AI

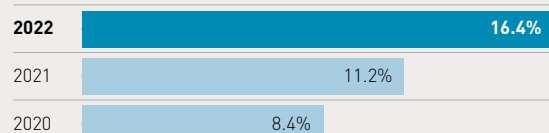


Loan to value (LTV) – proportionally consolidated

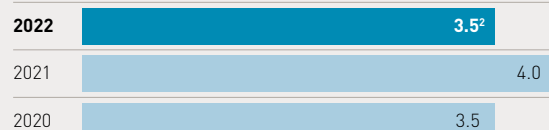


Committed and near term developments

% of standing investments by floor area



Years until refinance date AI



Environment

GRESB rating

5-star

Retained for the second year

Reduction in energy intensity of offices

28%

2021: 31%

Energy intensity was lower than usual this year as a result of Covid-19 restrictions which required assets to close or operate at lower capacity.

Community

Number of community initiatives

103

2021: 94

Number of community beneficiaries

23,949

2021: 23,024

Beneficiaries are individuals who directly took part in activities resourced by our community investment programme. The majority of these beneficiaries are either young people or people who are currently unemployed.

People

Gender pay gap

19.2%

2021: 27.6%

Ethnicity pay gap

19.2%

2021: 27.3%

Staff engagement

69%

with 85% recommending British Land as a place to work

Links to remuneration: LTIP Long Term Incentive Plan AI Annual Incentive Award

Read more about our principal risks on pages 88-96

1. 32.9% as at 31 March 2022. Following the sale of a 75% interest in the majority of our assets at Paddington Central, LTV falls to 28.4% on a pro forma basis.

2. On a pro forma basis, following the sale of a 75% interest in the majority of our assets at Paddington Central.

Progress	Priorities for FY23	Key risk indicators
Campuses – 1.7m sq ft of leasing, the highest in ten years – Office space at 1 Broadgate fully pre-let or under option to JLL and Allen & Overy – £102m assets acquired outside London aligned to growth and innovation – Commitment to Aldgate Place and Phase 1 at Canada Water – Developments 53% pre-let or under offer – Sale of 50% interest in Canada Water, creating a new JV to accelerate the Masterplan – Post year end, sale of 75% interest in majority of assets at Paddington Central, locking in 9% pa total property returns since acquisition Retail & Fulfilment – 2.2m sq ft of leasing, the highest in ten years – Retail Park occupancy increased 270bps to 97.4%; 96.3% retail overall – £350m investment into Retail Parks where values were up 20.7% in the year – Assembled an urban logistics development pipeline with a gross development value of £1.3bn	Campuses – Pre-lets at Norton Folgate and Canada Water – Increase occupier exposure to growth sectors, including life sciences – Increase scale in Golden Triangle – Progress pipeline including 5 Kingdom Street, Euston Tower and next phase at Canada Water Retail & Fulfilment – Acquire further assets with urban logistics potential in London – Selective acquisitions of retail parks – Start on site at Meadowhall Logistics – Submit planning for medium term logistics opportunities – Maintain high occupancy, focusing on occupiers with strong covenants	– Development exposure – Market letting risk (vacancies, expiries, speculative development) – Occupier covenant strength and concentration – Occupancy and weighted average unexpired lease length – Execution of targeted acquisitions and disposals in line with capital allocation plan – LTV – Net debt to EBITDA – Financial covenant headroom – Period until refinancing is required
– Delivered our second net zero development at 1 Triton Square – Average embodied carbon on developments on track to achieve 500kg CO₂e by 2030 at 632kg CO₂e per sqm for offices – Completed 29 net zero carbon asset audits – Establishing pathways to raise the portfolio's EPC ratings to a minimum of a B – Achieved GRESB 5-star rating	– Maintain progress with our Pathway to Net Zero Carbon – Average embodied carbon on developments to remain on track to achieve 500 kg CO₂e per sqm by 2030 – Deliver net zero carbon interventions – Increase A/B EPC rating across the portfolio – Maintain GRESB 5-star rating	– Energy intensity and carbon emissions (EPCs) – Future cost of carbon offsets – Portfolio flood risk
– Community Funds launched at Broadgate and Paddington Central – Achieved target of at least one needs based initiative on a key local issue, education and employment at a priority asset – Affordable space provided at 5 priority assets and identified at the remaining 3	– Target 12,500 beneficiaries from our education programmes or activities – Target 1,000 beneficiaries from our employment beneficiaries programmes or activities – Further increase affordable space provision, including all priority assets	– Community engagement
– Maintained over 30% female representation at board level – Exceed recommendations of Parker Review on ethnic diversity at Board level – Reduced gender and ethnicity pay gaps – Launched DE&I Strategy	– Continue to reduce our gender and ethnicity pay gap – Continue to improve our staff engagement score	– Voluntary staff turnover – Employee engagement and wellbeing <i>Read more about our key risk indicators on pages 84-96</i>

Our stakeholders

We regularly engage with our stakeholders across a variety of formats including face to face meetings, surveys and assessments. This insight provides a wide range of perspectives which informs our strategy and helps us deliver outstanding places and positive outcomes for all our stakeholders.

			
	Our customers	Our communities	Our investors
Who they are	Our occupiers, their employees, and the people who visit or live in and around our buildings.	The people who live in and around our assets as well as local organisations and enterprises.	The people and institutions who own British Land shares or bonds.
Key engagement metrics	Customer surveys: 15,800 completed annually	23,949 beneficiaries from our activities 103 community initiatives at our places	- c.60% share register met in the last year - Over 200 investors or potential investors met
What matters to them	- High quality, sustainable space which can flex according to their needs - Places which enhance wellbeing and offer leisure and entertainment experiences	- Education and employment opportunities - Places which foster social connections and enhance wellbeing - Scope to use our places to support local business	- Attractive return on investment - Clarity on strategy and outlook - Liquidity – the ability to enter and exit their investment easily - Ambitious ESG commitments
Ways we are responding	- Evolving and extending our Campus offer to appeal to growing innovative businesses - Delivering space which targets the highest environmental and wellbeing certifications	- Delivering Place Based initiatives which target key local issues - Fostering networks which connect our occupiers with local communities and organisations	Returns-focused strategy with clear targets set
Example outcomes from our engagement	315,000 sq ft let to Meta (previously Facebook) which has expanded rapidly on our Regent's Place Campus - Office space 1 Broadgate fully pre-let four years ahead of completion; the sustainability credentials were a key attraction for these occupiers	- At Regent's Place, through the Triton Café, we provided space to BlackOut UK to run five events that provided peer support, learning and debates for 75 black queer men 12 pupils participated in retail and enterprise activities at Teesside Park as part of its 'Raise Your Game' partnership with Middlesbrough FC Foundation	14.8% total accounting return 45.7% increase in dividend

* NABERS (National Australian Built Environment Rating System) is a system for tracking the energy efficiency of a building from development to use.

Statement on section 172 of the Companies Act 2006

Section 172(1) of the Companies Act requires directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, taking into account the following: the likely consequences of any decision in the long term; the interests of the company's employees; the need to

foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the company. The nature of our business means that we have a continuous dialogue with a wide group of stakeholders and their views are taken into account

before proposals are put to the Board for a decision. Information on how the Directors discharged their duty under section 172 during the year, including how they engaged with key stakeholders, and how they had regard to the matters set out above in their discussions and decision making, can be found within our Applied governance section starting on page 111.

Read more about our stakeholders on pages 32-34

	 Our partners & suppliers	 Our people	 The environment
Who they are	Property investors, local authorities, suppliers and all other organisations we have a direct relationship with.	Everyone employed at British Land.	The natural surroundings of our places, both inside and outside our ownership.
Key engagement metrics	– Recognition through our Supplier Excellence Award – Aim to pay 95% of suppliers in 30 days	– Annual voluntary staff engagement survey	– Rolling out energy, water and waste audits – NABERS adopted on all new office developments*
What matters to them	– Customer recommendations, enabling them to win new/additional business – Contributing to the success of the British Land brand – Long term partnerships	– Opportunities to work on the most interesting projects in UK real estate – Potential for development and promotion – Achieving work-life balance – Compensation	– Minimising carbon emissions – Minimising waste and conserving water – Preserving and enhancing biodiversity
Ways we are responding	– Maintaining an active dialogue – Developing long term relationships with suppliers, supported by our supplier conference and recognition awards	– Opportunities to work on innovative development projects – Investing in professional development – Employee-led networks focusing on areas that matter to our people	– Designing and delivering low-carbon buildings – Reducing carbon emissions on existing buildings – Identifying opportunities to increase biodiversity on and around buildings
Example outcomes from our engagement	– Supplier Excellence Awards covering six key focus areas – 71% within local London boroughs – Blossom Street Project Charter fostered a very positive working relationship with contractor Skanska at Norton Folgate	– 69% engagement score with 85% recommending British Land as a place to work – 74 people received a promotion or opportunity to move roles internally – 14 sponsored to study for professional qualifications	– 1 Broadgate on track to achieve our 2030 targets for operational energy intensity – Targeting BREEAM Outstanding on all new office developments – New 1.5 acre park at Exchange Square delivered

Illustrating stakeholder engagement

By engaging with our stakeholders we learn how to deliver places which generate positive outcomes for everyone.

Customers



"We were looking to grow our footprint in Scotland, and Glasgow in particular, and British Land were able to offer a great opportunity. The asset manager was very enthusiastic about our brand and really pushed to find the right space for us. Glasgow Fort offers the right brand and occupier mix, access to the right customers, it's easy to shop and customers feel safe."

Ricardo Thomas

Mango, retail occupier



"British Land's space and partnership enabled New Diorama Theatre, Broadgate, the UK's most ambitious artist support project for independent artists – supercharging the recovery of the arts post-pandemic. Together, across a single year, we'll support a footfall of more than 80,000 artists, providing more than 100,000 creative hours – all completely free of charge."

David Byrne

New Diorama Theatre, Broadgate and Regent's Place



"It was the Masterplan itself that attracted us to Canada Water. We have ambitious plans for our campus and at Canada Water we have a unique opportunity to grow and develop and at the same time, to have a role in how this place evolves. That's really exciting for us and our students."

British Land are a fabulous partner, they delivered a modular campus for us in just 9 months, they have some great ideas for the future and they really engage with our engineering students providing incredible real-life experience."

Judy Raper

Dean & CEO, TEDI (The Engineering & Design Institute) London, Canada Water

Communities



"Even when we haven't been able to meet candidates face-to-face because of the pandemic, we've continued to upskill people through online training and place them into jobs where they do well. We've supported 79 people through training since March 2021 and helped 25 people into jobs."

Anthony Lee

East London Business Alliance, education and employment community partner Broadgate

Partners & suppliers



Environment



"British Land is very aware of the real and positive impact that biodiversity can have on its portfolio and on the people visiting their spaces. They have made some very progressive commitments to improving urban biodiversity and ecosystem performance across the standing assets which go far beyond any planning requirements and are quantitatively measuring the impact that has."

Morgan Taylor

Director, Greengage, consultant ecologist

Our people



"I first started at British Land in 2017 and have worked in property management, in operations delivering the flexible workspace product Storey, and I've just started as an asset manager, looking after Southgate in Bath and Drake Circus in Plymouth. British Land is great at recognising individual strengths – I have been supported with new opportunities and sponsored through professional qualifications, most recently my Royal Institute of Chartered Surveyors qualification and I have had some great champions along the way."

Emma Padget

Asset Manager, British Land

"The values that underpin this project make it a very special one to work on. They are about creating a lasting and positive legacy for those working on the project as well as the local community. They are captured in our Project Charter which we developed with all our stakeholders in mind."

Ian Perry

Operations Director, Skanska, contractor at Norton Folgate

People and culture

Our strategy relies on the competitive strengths of our people and their ability to deliver. To be successful, we need to foster an environment where people can deploy their strengths and expertise, achieve their potential and feel comfortable being themselves. **Bring your whole self** is a value which defines our culture at British Land and underpins the way we do business.

Progress over the past year can be measured by how resilient and intact the British Land culture has remained, as well as how effective the Company has been in keeping employees focused and motivated despite operating in a rapidly changing environment.

As Covid restrictions relaxed over the year, our colleagues have rediscovered the importance of interacting in the same physical location, its contribution to personal wellbeing and how it helps with working towards a common purpose. We ran three short pulse surveys in 2021 and the feedback overwhelmingly demonstrated that the way people like to work is evolving; while there was a clear desire to return to the office, many also wished to retain an element of flexibility. We are embracing more hybrid ways of working as a result.

"Families need flexibility, and opportunities should be equal. That's why British Land offers up to six months of shared parental leave on full pay. They support employees to live our lives and careers in ways that work for us, reflecting modern lifestyles through their benefits."

Michael and Olivia

Head of Planning (Michael),
Team Assistant (Olivia)

Our values underpin everything we do:

Bring your
whole self

Listen and
understand

Be smarter
together

Build for
the future

Listen and understand is a core value at British Land, so building on the work done last year, in early 2022 we ran a more in depth employee engagement survey to get a deeper understanding of employee wellbeing and identify where we can lend more support. This identified areas where we are very strong, but also areas for improvement and we are engaging with employees at every level to identify ways in which we can further support them.

We continue aspiring to be an employer of choice and have demonstrated this in the last 12 months by listening to our employees, developing our talent, investing in wellbeing and strengthening our approach to Diversity, Equality and Inclusion (DE&I).

Diversity, Equality & Inclusion (DE&I)

In November 2021, the Corporate Social Responsibility Committee (CSR Committee) approved our DE&I strategy, which was then communicated to the business in early 2022. The strategy brings all our diversity activities together in one place, and was the result of the hard work of a number of colleagues. It is a powerful demonstration of our **Be smarter together** and **Build for the future** values. This work followed the Race Equality Framework we published in October 2020, when we saw an opportunity to broaden our scope and challenge ourselves more widely in these areas.

We are making good progress with our DE&I strategy, which sets out our medium term aims and commitments and can be found on our website at britishland.com/diversity-equality-inclusion. To ensure that our teams reflect the people who work, shop, live and spend time at our places, our DE&I strategy structures our actions around the nine protected characteristics: gender, gender reassignment, age, race, sexual orientation, religion or belief, disability, marriage and civil partnership, and pregnancy and maternity. In addition, the strategy is aligned to the United Nations' Sustainable Development Goals – a global framework to tackle social and environmental challenges.



Specifically, our goals align to progressing gender equality, decent work and economic growth, and reducing inequalities. The strategy document concludes by setting out our 2030 DE&I Performance Indicators, for example in terms of ethnic and gender diversity, to enable us to continue to deliver on our promise of continuous improvement.

In 2021/22, we made a further commitment to DE&I, ensuring that all employee feedback channels such as our exit interviews and engagement surveys included diversity demographics. This was to help us ensure all our employees feel listened to no matter their background and also to understand where employees of



different backgrounds, ethnicity, experiences may be encountering challenges at British Land so we can improve. In the 2022 engagement survey, 89% of employees agreed that 'Diversity is a stated value or priority for British Land, this very high score emphasises the engagement our employees have with our DE&I strategy but also shows we can always improve.

As part of the strategy, we have continued to focus on our recruitment to attract a more diverse workforce. We have ensured that our hiring managers have anti-bias training and are committed to blind CVs where we can so that indications of diversity are removed at the point when the CVs are first reviewed by line managers to reduce the risks of unconscious bias in selection for interview. We work with a number of agencies such as BAME Recruitment and London Works, to enable us to attract a wider range of candidates from varied backgrounds. We are also dedicated to understanding the experiences of our candidates during recruitment and collect DE&I demographic data to analyse where we can improve or amend our recruitment practices.

Our ten employee-led networks support our DE&I ambitions by providing another mechanism for feedback from our employees and a voice for change. For example, our Pride and REACH (Race, Equality and Celebrating Heritage) committees worked on a short documentary with our long term charity partner Just Like Us, which interviewed staff and students and explored the need for diversity and inclusion in both school and the workplace.

Our Parents and Carers committee launched our new carers' policy and carers support guide during National Carers Week

Workforce gender diversity at 31 March 2022

All employees (excludes Non-Executive Directors)



Senior management



Board



Female Male

British Land journey

"During my Career Ready internship, I got to expand my network and envision a career working for British Land. After leaving university my Career Ready mentor, the Paddington Central Estate Director, informed me of an opportunity at British Land. I was eager to apply for this role and was successful in becoming an Assistant Property Manager at Regent's Place. The team on Campus is absolutely amazing and the support and opportunities I have been given, not only by the people on this Campus but from the wider business, have truly made me feel a part of the British Land family."

Mohammad Assistant Property Manager



in June 2021. This outlined all the support our employees, who are carers, have to access all the assistance they need.

Our women's committee rebranded itself as equitaBLe to reflect the network's core purpose, which is to achieve gender equality across the business. Over the last year the network has worked to break the stigma of menopause, and launched webinars and an online toolkit to help employees find a suite of helpful information. There is also guidance for team members and managers in understanding the menopause in the workplace. EquitaBLe has continued to host "In Conversation" sessions with a number of successful women including Dr Jane Riddiford, co-founder of Global Generation and Irvinder Goodhew, British Land's own Non-Executive Director. In 2021, our enaBLe committee was successful in gaining a Disability Smart Accreditation, on behalf of British Land, from the Business Disability Forum.

We work closely with a range of strategic partners to deliver our DE&I strategy and have always been keen to assess ourselves against nationally recognised benchmarks. This is not only to highlight areas that we are most effective and competent in, but, more importantly, to help us identify areas where we can further improve. In 2021, we exceeded a key recommendation of the Parker Review, of having at least one board member from an ethnic minority group. In the 2021 FTSE Women Leadership review we were proud to be ranked 15th in the FTSE 100 for women representation in leadership positions and we have exceeded their target of 33% women on boards by 2020. For the fourth consecutive year we were ranked in

the top 75 employers by the Social Mobility Foundation. Last year we were one of a small number of FTSE 100 companies to report our ethnicity pay gap, even though this is not yet a mandatory requirement. We are committed to reducing both our gender and ethnicity pay gaps. Our executive and leaderships teams have an objective to reduce the median pay gap in both cases by 2% year on year.

Employee engagement

Our strategy is focused on leveraging the skill set we have across our business. We recognise that an engaged and motivated workforce is key to its success and we need to understand what is important to our people to ensure we maintain a motivated and engaged team. Our employee engagement survey provided valuable insight into the priorities of our people and how effectively we were meeting them. There were some very positive messages: 90% of staff reported that they were proud to work for British Land, with 85% confirming that they would recommend British Land as a great place to work.

Read more about our CSR Committee on pages 112-115

However, we also understand we have areas in which to improve and we want to increase our overall employee engagement score from 69%. To better understand the feedback from this survey, our leadership teams are having detailed sessions across their departments to understand what we are doing well and where we can improve. Working with employees and leaders collaboratively, we will then create an action plan to address the key points raised.

Wellbeing

Covid-19 brought wellbeing to the top of our agenda and we have maintained that focus throughout this year. We have continued to support our people with their physical and mental health.

Over the last 12 months, our Wellbeing Committee launched our suicide prevention strategy and rolled out our suicide awareness training. Topics such as these have historically been taboo, but British Land feels that awareness on this topic is valuable to all employees to ensure everyone has the tools to support those who are in any way affected by this.

Our Cycling Network and Sports and Social Committee have also kept us active, connected with each other, and focused on our physical and social health both in and out of lockdowns and through the changing environment of the Covid-19 pandemic. Activities have included virtual morning pilates classes, cycling clubs, Steptober and more.

During the last year, our Executive Committee has continued to ensure employees are up to date with the latest government Covid-19 advice and Company policy to ensure employee safety.

Developing talent

Our aim is to continue to grow our workforce and leadership capabilities, skills, competencies and behaviours as we help deliver a sustainable, successful and future-focussed organisation with a diverse pipeline of talent.

In September 2021, our newest employee network, NextGen, was set up by a group of young colleagues, with the aim of "representing and supporting the next generation of property professionals at British Land". This also embodies our **Build for the future** value. The network's objectives include helping career starters develop the necessary skills to advance their careers and widen their networks. It also acts as an enabler for change by providing a forum for colleagues to share ideas and assist in delivering initiatives, and supports the integration of new employees including those new to the property industry.

Externally, British Land continues to be a Platinum sponsor for 'Pathways to Property', which aims to make it easier for young people to enter the real estate profession by raising awareness of and aspirations about the vast range of careers available within the industry. In 2021/22, we welcomed five students through our Pathways to Property and Career Ready

internship programmes, providing valuable experience and insights into the real estate industry for young people from diverse backgrounds.

We have taken a lead role as Real Estate sector chair for the #10000Blackinterns initiative, which seeks to offer 2,000 internships each year for five consecutive years to young people of Black heritage. We look forward to welcoming five interns through this programme, this summer.

We are also delighted to be continuing our partnership with the Change 100 programme after a successful pilot last year. This offers paid internships to university students or recent graduates with disabilities or long term conditions. This year, we are inviting one person as part of this scheme on an internship for six months at British Land. Programmes such as this enable British Land to source a more diverse group of talent for the long term both for our own business and the real estate industry in general.

Bringing fresh new talent into the business remains key to our success. We will shortly be welcoming four new graduates to our commercial property programme, joining the three current graduates in this scheme and the three graduates on our strategy graduate scheme. We also have seven apprentices across different areas of the business.

As well as bringing in new talent, we have continued to invest in and develop our current employees, with 74 employees over the last 12 months receiving a promotion or opportunity to move roles internally within British Land.

Furthermore, we have invested £440,000 in personal growth and training, and our employees have achieved over 7,000 hours of training across the Company.

We are currently supporting 14 employees to study for professional qualifications, including two permanent employees who are currently undertaking a Chartered Manager degree through an apprenticeship route.

For the second year running, we are delighted to have partnered with the Circl Leadership Development programme, which helps our aspiring people leaders to develop practical coaching skills. People from local schools and communities are paired with an employee from British Land to practise the coaching skills they learn with Circl. It's a uniquely effective way to build a coaching culture in the workplace, while helping talented students develop the skills they need to succeed.



"I spent the first 3.5 years of my time at British Land working at Broadgate, working with some great people and being involved in projects like the refurbishment of the Estate Management Office and the uniform roll out to over 500 employees as part of the Broadgate rebrand. I have since moved internally and I have worked as Customer Relationship Manager at Storey for the last six months. The opportunity to grow and develop within British Land has been a whirlwind and I'm lucky that throughout my time at British Land I've had great managers, worked with nice people, and our fantastic HR team have always supported and encouraged me."

Kate

Customer Relationship Manager,
Storey

Winner of the We Are The City's 2021
Rising Star Award

Our internal mentorship scheme at British Land has also gone from strength to strength and we currently have 66 employees matched in formal mentorships across all areas of the business. A number of the British Land Leadership Team are matched with members of the Executive Committee and Non-Executive Directors.

Read more about our values at britishland.com/culture-values

Delivering our 2030 sustainability strategy

Net zero carbon



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
This 2030 sustainability focus area aligns with the UN's Sustainable Development Goal 12

We have committed to achieving a net zero carbon portfolio by 2030 and have set out clear targets to reduce both the embodied carbon in our developments and the operational carbon across our portfolio.

Embodied carbon targets	FY22 Highlights
50% lower embodied carbon intensity at our offices developments to below 500kg CO ₂ e per sqm from 2030	632 kg CO ₂ e per sq m Embodied carbon in offices developments
100% of developments delivered after April 2020 to be net zero embodied carbon	Second net zero carbon development delivered at 1 Triton Square
Operational carbon targets	
75% reduction in operational carbon intensity across our portfolio by 2030 vs 2019	Programme of net zero audits completed identifying energy saving initiatives which align to our targets
25% improvement in whole building energy efficiency of existing assets by 2030 vs 2019	

Environmental leadership



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
This 2030 sustainability focus area aligns with the UN's Sustainable Development Goal 12

We demonstrate the strong progress we are delivering by participating in leading international benchmarks.
Our target is to achieve a 5 star GRESB rating by 2022 and we are pleased to have achieved this two years ahead of target.

Our performance in leading international benchmarks

	GRESB 2021: 5 star rating, Green Star		MSCI ESG Rating 2021: AAA
	CDP 2021: A- score		FTSE4Good Index 2021: Top 81 st percentile
	EPRA Rating 2021: Gold		Science Based Targets: approval in 2021

Place Based approach



This 2030 sustainability focus area aligns with the UN's Sustainable Development Goal 8

A Place Based approach means understanding the most important issues and opportunities in the communities around each of our places and focusing our efforts collaboratively, to make the biggest impact at each place. We focus our community investment on the five key areas identified in our local charter:

FY22 Highlights

Connect	£2.7m community investment, including cash, space, volunteering and fundraising - Community Funds established at Broadgate and Paddington Central, in addition to an existing fund at Regent's Place
Education	58 needs-based education initiatives - Continuing to partner with the National Literacy Trust across our portfolio
Employment	34 employment initiatives - Refocused our programmes to support those most impacted by the pandemic
Business	Provided 20,000 sq ft of space to NDT at Broadgate as part of a pilot project to offer meanwhile affordable space
Wellbeing	- Aligning our developments to the WELL Standard - On track to achieve WELL Platinum at 1 Broadgate - New 1.5 acre park delivered at Exchange Square in Broadgate

Responsible business



This 2030 sustainability focus area aligns with the UN's Sustainable Development Goal 17

We advocate responsible business practices across British Land and throughout our supply chain. We have three key areas of focus:

FY22 Highlights

Responsible employment	- Achieved Disability Smart Accreditation from the Business Disability Forum £440,000 spent on training and professional qualifications; 14 sponsored through professional qualifications
Diversity and inclusion	- Ranked 15th in the FTSE Women Leadership Review for FTSE100 - Exceeded the Parker Review recommendations of at least one board member from an ethnic minority group - Launched new Diversity, Equality & Inclusion strategy - Ranked 61 in top 75 Social Mobility Index
Responsible procurement	- Provided anti-modern slavery training to all employees - Independent anti-modern slavery audits of key suppliers - Introduced our Contractor Framework, identifying key sustainability KPIs for new contractors - Launched Supplier Excellence Awards

Environmental review

We have a clear responsibility to manage our business in the most environmentally responsible and sustainable way we can.

Our key environmental commitment is to achieve a net zero carbon portfolio by 2030 and we have maintained our focus on that despite the pandemic. This year we have made good progress on our Pathway to Net Zero and our work on TCFD reporting is an important step in understanding the climate resilience of our business.

Our Sustainability Brief for Development and Operation, updated last year, sets out the key requirements for our assets at each stage of the property lifecycle; progress in each area is reported below.

Energy and carbon

There are two principal ways in which we can reduce the carbon emissions associated with our activities – reducing the embodied carbon in our developments and reducing the operational carbon across our portfolio.

Developments

Reducing embodied carbon

Embodied carbon refers to the carbon emissions resulting from the production and transportation of materials for a building and all elements of its construction and deconstruction.

Our approach is to do everything we can to minimise carbon in development and only then to offset residual carbon, making our developments net zero carbon at completion.

To do this, we undertake whole life carbon assessments on all of our developments

and major refurbishments. This year we adopted the OneClick LCA life cycle assessment software for all our developments, delivering on one of the early commitments in our Pathway to Net Zero.

Current estimates for embodied carbon in our developments are shown below:

Offices developments	Kg CO ₂ e per sqm
Completed developments	408
Development pipeline including completed developments	632
Development pipeline excluding completed developments	678

For completed developments which include 1 Triton Square and 100 Liverpool Street, we benefited from our ability to re-use much of the existing structure.

Going forward, several of our near term developments will be substantially new builds and in these cases, our focus will be on using more sustainable materials and techniques.

Residential and retail developments have a 2030 target of 450kg CO₂e per sqm with average embodied carbon in the pipeline of 662 kg CO₂e per sqm:

Reducing operational carbon

Where we are delivering new developments, we have a clear opportunity to target more ambitious goals in energy efficiency. Our 2030 target of 90kWh_e per sqm (on a whole building basis) for new developments aligns with the UK Green Building Council’s interim targets and the trajectory for the Paris Proof target of 70kWh_e per sqm for 2035-50.

We have also adopted NABERS UK on all our new office developments. The NABERS methodology produces an energy performance rating for each office development, helping us to track performance to ensure we meet our targeted levels of efficiency. 1 Broadgate, our pilot NABERS scheme, is currently on track for a 5-star rating.

Offsetting strategy

On completion of a development, we offset the residual embodied carbon which could not be avoided through design and material choice. We use nature based offset credits from accredited projects. Where possible we select projects which also support biodiversity or have economic benefits for local communities.

Standing portfolio

Reducing operational carbon

This year we completed net zero audits of 29 of our major office and retail assets, accounting for 90% of landlord-procured energy, identifying energy saving interventions to support our target of a 25% improvement (on a whole building basis) by 2030. Each audited building has a net zero pathway which is now being embedded within its business plan.

Alongside this process, we are identifying interventions which improve the EPC ratings of buildings rated C or below to comply with expected MEES (Minimum Energy Efficiency Standards) legislation requiring buildings to be A or B rated by 2030. Currently 36% of our portfolio is A or B rated and we expect it will cost around £100m to deliver A or B ratings across the portfolio by 2030. Many of these are low cost interventions which deliver financial savings, effectively paying back in a few



Reducing operational carbon case study: 1 Broadgate

1 Broadgate is expected to be our most energy efficient building yet. Energy intensity is expected to drop to one-sixth of the previous building at 95kWh_e per sqm. This building includes intelligent systems which monitor usage and adjust automatically to energy demands helping to reduce wastage and enhance efficiency.

Offsetting case study: 1 Triton Square

This year, we offset residual embodied carbon at 1 Triton Square and the St Anne’s affordable housing scheme with offset credits from two forestry projects, a reforestation project in Ghana and a sustainable timber plantation in Mexico.

years. These projects are more compelling in the context of rising energy prices. We expect around two thirds of the total cost to be funded by the service charge or directly by customers.

At Exchange House, our net zero audits have identified £2.5m of initiatives, equivalent to 0.5% of the buildings' value which our modelling suggests will deliver a B rating from a E. Key interventions include LED lighting and a heat pump replacement overall reducing energy intensity by c.50%.

For costs which cannot be covered by the service charge, we have established a Transition Vehicle, financed by an internal levy of £60 per tonne of embodied carbon in new developments as well as a £5m annual float. Total funding in the Vehicle is now £15.6m. One recent example was the chiller replacement at Broadwalk House, which was nearing end of life; the modern replacement was twice as efficient, generating £65,000 annual cost savings, representing 5% of the whole building energy costs and equating to a seven year payback on current energy costs.



Solar panels across our portfolio generate 1,731MWh of additional power

Renewables

We have undertaken feasibility studies across the portfolio for rooftop and solar car port possibilities identifying opportunities to add to the 2 mega watts of capacity we already have installed (of which half is at Meadowhall). We are now doing detailed feasibility studies for two retail sites and Meadowhall shopping centre. We continue to purchase both REGO backed electricity and RGGO backed gas, accounting for 93% and 85% respectively of electricity and gas purchased.

Circular economy & materials

We are a signatory to the Architects' Journal Retrofirst campaign which encourages the use of retrofitting and refurbishment. We have delivered on that at our completed developments (see page 40) and across all our schemes prioritise re-use of materials.

Materials re-use at 1 Broadgate

780 tonnes

Total materials re-used or upcycled

200 tonnes

of granite, repurposed from the façade as terrazzo flooring

140 tonnes

of steel recycled elsewhere

We also received an innovation credit by industry body BRE (Building Research Establishment) for implementing a

materials passport at 1 Broadgate which provides information about the materials, products and components in the building to enable their recovery and future re-use.

Climate resilience

In line with TCFD recommendations, in 2022 we have enhanced our disclosure on the physical and transition risks that climate change poses to our business, details can be found on pages 49-57 of this Report.

Our focus on energy and carbon forms a key part of our work to deliver a more climate-resilient portfolio. This year we comprehensively updated our sustainability checklist for acquisitions and formally integrated sustainability considerations into our Investment Committee process to enable potential environmental risks to be identified and mitigated at the outset. All of our acquisitions exposed to flood risk have undergone a flood risk assessment, as have 100% of our managed assets and major developments.

Biodiversity

Biodiversity can play a key role in improving wellbeing for customers and visitors to our places, and with over 100 acres of land in London under our control this is a key consideration for us. This year, we refreshed our Biodiversity Framework for Broadgate and introduced new frameworks at Regent's Place and Paddington Central. These identified four key areas of focus: i) open space and habitat management; ii) the built environment; iii) education and community engagement; and iv) data collection. Building on this, the Framework sets out the key species and habitats of relevance to the area and sets targets for biodiversity net gain, improving health and

Reducing embodied carbon case study: Canada Water

At Canada Water, we were the first to use cement free, Earth Friendly Concrete in permanent piling works in the UK, saving 240 tonnes of carbon emissions, a saving of 45% compared to the embodied carbon of traditional piling concrete mix. We are exploring the use of ultra-low carbon, flexible floorplate cassettes which use Cemfree, an alternative to traditional cement. Other low carbon initiatives include more cross laminated timber, high recycled content in concrete, electric arc furnace steel and recycled raised access floors repurposed from another building.



wellbeing and ecosystem services. We are exploring similar plans for all our managed retail assets.

We are complementing this with roof gardens at Exchange House and 1 Appold Street, helping to create a network of green spaces for biodiversity in the City. Our 1 Broadgate development includes nearly 12,800 sq ft of planted area across the site including balconies, terraces and ground level with a further 3,000 sq ft of green roof space at Norton Folgate.

Air quality

Each of our Campuses has an air quality action plan which is reviewed at least annually. At Broadgate, we have implemented a delivery booking system that enables the tracking of associated carbon emissions which is identifying opportunities to reduce vehicle movements and associated emissions. In addition, at our major construction sites, we use delivery consolidation to significantly reduce vehicle movements to the site.

Water

Across our developments, we are using low-flow water fixtures to achieve a 40% reduction in potable water use to 20 litres per person per day. We are on track to achieve this at 1 Broadgate and Norton Folgate. On our standing portfolio, we have undertaken over 10 hybrid energy/water audits at our managed sites to identify further reduction opportunities.

Biodiversity case study: Exchange Square

At Exchange Square we delivered a new park which quadrupled the amount of green space at Broadgate. We worked with ecologists to add tens of thousands of plants, including native and flowering varieties which encourage birds, bees, butterflies and other insects.



Apprentices at
Paddington Central

“We work with British Land to run employability programmes that give local residents the skills to land sustainable jobs, including ringfenced opportunities with businesses at British Land’s places. Despite the obstacles that Covid-19 presents, and not being able to work face-to-face, we’ve engaged over 130 candidates across eight sites this year, providing virtual training and one-to-one support. Over half have already gained employment in a range of sectors.”

David Cooke

The Launch Group, who worked with us to deliver Bright Lights employability programmes

Social review

Building on the independent research we commissioned last year into the social and economic issues in the communities around our places, this year, we identified the key social issues we will focus on at each place. We have integrated these into the business plans for our eight priority assets covering 52% of our portfolio by value.

We also updated our Local Charter. This provides a clear framework for delivering our Place Based approach, focusing on key local issues where we can collectively make the biggest impact; progress on each area is reported below.

23,949

beneficiaries from our
community programme

103

Place Based initiatives at our places,
including 64 at our eight priority assets.



Connect

We connect with local communities on priority issues and opportunities where we can have the biggest impact. This year, we achieved our target of at least one Place Based initiative on a key social issue at each priority asset.

Connecting customers and community partners is one of our strongest social contributions. Our Campus Community Funds are a good example of that approach. Following the success of the Regent's Place Community Fund, this year we worked with our customers to launch funds at Broadgate and Paddington Central. Together, we agree priority local themes, pledge funds and award grants to community organisations doing vital work locally. In the first year, 15 customers and local stakeholders pledged over £150,000 to our Broadgate and Paddington Central Community Funds.

Education

We support educational initiatives for local people – helping develop skills for the future and raising awareness of career opportunities in our sectors.

This year, we delivered 58 education initiatives at our priority assets. These ranged from primary school projects and secondary school workshops to college events and university challenges, along with mentoring, site tours, talks and educational events.

We continued our partnership with the National Literacy Trust across 29 of our places, working collaboratively with our customers and local schools to encourage an additional 7,800 children to read for pleasure and improve their literacy skills. Together, we have reached 56,000 children across the UK since 2011.

Employment

We support local training and jobs through Bright Lights, our skills and employment programme, working with customers, suppliers and local partners across our portfolio.

This year, we achieved our target of at least one needs-based employment initiative at each priority asset and delivered 34 employment initiatives across our portfolio. Recognising the impact of Covid-19, we have refocused Bright Lights to support some of those most affected, including individuals who have lost their livelihoods. These programmes run across our portfolio.

We reached over 135 people through virtual employment training and one-to-one support at six retail sites across the UK and two London Campuses. Designed to give local residents the skills to land lasting



"I can't thank Andrew, the Ealing Broadway team and British Land enough for getting behind this placemaking initiative and for being so supportive. We've been able to work with 25 local creative partners and maintain our focus on 'shop small, shop local and shop with purpose'. Everyone who sells items in the store also works in the store and people in Ealing have loved being able to interact with the people who made the items they are buying. We're accidental retailers and we've gone from a market stall to thinking about five year leases and we couldn't have done that without the support of British Land."

Kate McKenzie
Curated Collective



Education case study: Partnership with the National Literacy Trust

The power of literacy programmes to improve life chances was made clear in research we commissioned into the economic benefits of reading for pleasure, to celebrate our ten year partnership with the National Literacy Trust. Published in October 2021, this showed that if all children in the UK read for pleasure daily, the number achieving five good GCSE grades could increase by 1.1 million in 30 years, boosting average lifetime earnings by an estimated £57,500 and raising the UK's GDP by as much as £4.6bn per year within a generation.

employment, the programme included ringfenced opportunities with businesses at our places. Over 60% of candidates have already gained employment in a range of sectors. At every site, we connected with local partners to identify local people who needed the programmes most.

Programmes we piloted this year and plan to expand next year included ADCademy with Brixton Finishing School. Over 110 young people local to our London Campuses and Ealing Broadway took part in online workshops funded by British Land, developing valuable skills to increase their chances of gaining employment in the creative, technology and advertising industries.

Supporting local business

We support local businesses to create opportunities for local independents, social enterprises and start-ups. This includes providing affordable space and prioritising local suppliers and small and medium-sized enterprises through our development supply chain.

We provided affordable space at 5 of the 8 priority assets and identified opportunities at the remaining 3. This includes affordable workspace, affordable retail space and community and arts space. Next year, we will expand opportunities across additional assets.

Wellbeing

We create places that support health and wellbeing for our customers, colleagues and communities and contribute to local people's wellbeing and enjoyment.

At 100 Liverpool Street we are piloting BL Connect, our smart dashboard which uses Internet of Things sensors around the building to extract and store data on how our spaces are being used. This data generates insights which help us improve the working environment for our occupiers, for example with the right levels of heating and lighting. Over time, as our bank of data grows, the building will be able to respond automatically in line with occupancy. Additional features we will look to deliver include 'predictive maintenance' – based on data collected, the building will understand how devices behave and will be able to predict when replacements are required. Similarly, with 'condition-based' cleaning, data will provide information on how much of something is used, enabling automated cleaning or replacements to be arranged. This dashboard will apply to all new developments going forward, starting with 1 Broadgate and including Canada Water.

We are on track to achieve WELL Platinum, at 1 Broadgate, the highest level of certification on this globally-recognised benchmark for health and wellbeing. Working closely with occupier JLL and architect AHMM, we are targeting industry-leading standards for air quality, water and light. BL Connect will form an important part of this work.

We continue to align developments to the WELL standard. Our first two office developments at Canada Water, A1 and A2, will both be WELL-ready. This pre-certification supports us in delivering outstanding workspaces for our customers and opens up the opportunity for customers to partner with us in pursuing full WELL certification for employee health and wellbeing.

Responsible business

Our activities under Responsible Employment and Diversity & Inclusion are covered in the People and Culture sections on page 35-37 and in the Governance section on pages 113, 116-119.

Responsible procurement

A strong relationship with our suppliers plays a key role in the successful delivery of our strategy which is governed by our Supplier Code of Conduct. This sets out clear social, ethical and environmental obligations for our supply chain and promotes safe and fair working conditions. It is mandatory for all suppliers.

Against modern slavery

We uphold the human rights of our employees and throughout the supply chain. This year, we provided anti-modern slavery training to all employees. Through our partnership with anti-modern slavery charity Unseen, we also undertook independent audits of 10 of our high risk suppliers (with 11 more scheduled),

New Diorama Theatre

Following the success of New Diorama Theatre (NDT) at Regent's Place, together we launched NDT Broadgate to support the recovery of the arts post-pandemic. One of London's biggest rehearsal and artist development complexes, the 20,000 sq ft space is completely free for independent and freelance artists to use. The first project of its kind in the world, NDT Broadgate has attracted a footfall of 80,000 creatives, engaged over 600,000 people and supported the creation of highly successful productions. New Diorama Theatre at Regent's Place also won The Stage's Fringe Theatre of the Year 2022 Award.



reviewing compliance on 12 key areas of our Supplier Code of Conduct. These included human rights, health and safety, equal opportunities, fair reward, working hours, staff development and worker representation. Informed by risk and impact assessments, audits prioritised property management service providers at our assets and construction contractors on our developments. All suppliers scored above 77% and by working with these suppliers improvement opportunities will be identified and agreed. We continue to be a member of Unseen's business helpline portal, which allows people to report a potential modern slavery occurrence anonymously.

We pay at least the Real Living Wage to all British Land employees and we strongly encourage all suppliers to pay their UK employees at or above the Real Living Wage. Our London Campuses are accredited Living Wage Places and also comply with the Mayor's Good Work Standard.

Our Slavery and Human Trafficking Statement can be found on our website britishland.com/modern-slavery-act

100%

of British Land employees paid at least the Real Living Wage.

79%

of supplier workforce paid at least the Real Living Wage.

Mandating prompt payment

We have been a signatory to the UK Government's Prompt Payment Code since 2010 and aim to pay 95% of suppliers within 30 days. Group invoices are settled within 18 days on average.

Responsible procurement standards

This year, we introduced our Contractor Framework, identifying key sustainability performance indicators that we will monitor for new contractors employed on asset management initiatives. We also launched our Supplier Excellence Awards to celebrate and showcase the best suppliers' contributions in a range of categories, including responsible business.

Our external commitments and social sustainability benchmarks



Our Supplier Excellence Awards

"We are delighted to be recognised by British Land in their first supplier awards – it felt so rewarding to be recognised by one of our clients in this way. I can also confirm that having been in the FM industry for the last 12 years I haven't seen any other client take this approach to service partner recognition – trailblazing springs to mind."

Glenn Wilson

Director – Retail & Distribution, Incentive FM

Net zero carbon

Focus area	2030 strategy indicator	2030 target	2022 performance
Programme level targets	Science Based target – Reduction in Scope 1 and 2 emissions vs 2020	51%	12%
	Science Based target – Reduction in Scope 3 emissions intensity vs 2020	55% per sqm	15%
Embodied	50% reduction in embodied emissions (RICS A1-A5) on new construction and major renovation projects vs 2019 industry benchmarks	Offices: 500kg CO ₂ e per sqm Retail & residential: 450kg CO ₂ e per sqm	Offices: 632kg CO ₂ e per sqm Retail & Residential: 662kg CO ₂ e per sqm
	100% of embodied emissions from completed new construction and major renovation projects (RICS A1-A5) offset using certified carbon offset credits	100%	On track
	50% reduction in operational and end-of-life embodied emissions (B1-B5, C1-C4) at new developments vs 2019 industry benchmarks	Offices: 275kg CO ₂ e per sqm Retail & residential: 250kg CO ₂ e per sqm	On track
	75% operational carbon intensity reduction by 2030 vs 2019 baseline	75%	Offices: 37% Retail shopping centres (landlord only): 31%
Operational	25% whole building operational energy intensity improvement by 2030 vs 2019	25%	Offices: 28% Retail shopping centres (landlord only): 7%
	Landlord procured electricity from renewable sources	100%	93%

Environmental leadership

Focus area	2030 strategy indicator	2030 target	2022 performance
Indices	GRESB (Standing Investments) 5-star rating	5-star by 2022	5-star
Green Building Certifications	Developments on track to achieve BREEAM Outstanding (Offices); Excellent (Retail); Home Quality Mark (residential) minimum 3 ¹	100%	70%
	BREEAM-certified standing assets – all ratings (design and/or operational BREEAM certificate)	–	44%
	BREEAM-certified standing assets – rated 'Very Good' or higher ² (design and/or operational BREEAM certificate)	50% by 2025	28%
Energy ratings	Proportion of units with EPCs rated A or B across assets under management	–	36%
Materials and Waste	Operational waste from managed assets that is re-used, composted, or recycled	Offices: 80% Retail: 70%	Offices: 76% Retail: 48%
	Development and operational waste diverted from landfill	–	96%
Biodiversity	New construction and major renovation projects designed to achieve a 10% net gain in biodiversity	100%	On track
	% of managed assets with Biodiversity Action Plans	100%	15%
Resilience	% of managed assets and major developments which have undergone a flood risk assessment	100%	100%

1. From 2021, the 2030 strategy upgraded our BREEAM targets to 'Outstanding' for Offices (from Excellent) and 'Excellent' for Retail (from 'Very Good').

2. Excludes residential.

Place Based approach

Focus area	FY22 Performance
Understanding & responding to local needs	Following socio-economic assessments, business plans have been created for all assessed sites
Connecting	Place Based initiatives identified at all priority assets £2.7m total community investment (including leverage) This includes £300,000 raised at our places and by our people and £57,000 total in-kind contributions 24,000 total beneficiaries 103 initiatives at our places 11% BL employees are expert volunteers 23% total volunteering
Education	Needs-based education initiative undertaken at each priority site 12,500 people benefiting from our education initiatives 58 education initiatives
Employment	Needs-based employment initiative undertaken at each priority site 1,100 people receiving employment related support or training 354 people supported into employment 34 employment initiatives in our places
Business	Affordable space provided at five of the eight priority assets and identified at the remaining three Space valued at £2.9m provided to community organisations and enterprises including over £1.7m of space to New Diorama Theatre at Broadgate
Wellbeing	Annual review of air quality action plan at all campuses On track to achieve Well Platinum at 1 Broadgate and aligning with Well criteria at Norton Folgate Delivered Exchange Park

1. Affordable space includes all affordable workspace, affordable retail space and community space on both a temporary and permanent basis.

Responsible business

Focus area	2022 performance
Responsible employment	Invest in our people £440,000 spent on training and professional qualifications Supported 14 people to achieve professional qualifications
	Connect with our people 69% engagement score (participation score 87%) 86% staff retention
	Provide a safe working environment Injury Incidence Rate – Offices 21.29 incidents per 100,000 full time equivalent, Retail 0.00 incidents per 100,000 footfall Injury Frequency Rate – Developments 0.17 incidents per 100,000 hours worked
Diversity & Inclusion	Improve gender diversity at all levels 36% of Board are female 37% of senior management are female Gender pay gap 19.2%
	Improve ethnic diversity at all levels Compliance with Parker Review recommendations on Board level ethnic diversity Ethnicity pay gap 19.2%
Responsible procurement	Against modern slavery 100% of BL employees paid at least the Real Living Wage 79% of supplier workforce paid the Real Living Wage Undertook independent anti-modern slavery audits of 10 high risk suppliers with all scoring above 77% Delivered Anti-Modern Slavery training and awareness for all employees
	Mandating prompt payment Group invoices settled within 18 days on average
	Responsible procurement standards Introduced Contractor Framework identifying Sustainability KPIs for new contractors on asset management initiatives Launched Supplier Excellence Awards

For our full EPRA reporting see our Sustainability Accounts britishland.com/sustainability-accounts

Sustainable finance

Sustainability is fundamental to our business at British Land, and the decisions we make are environmentally and socially intelligent. This includes aligning our financing decisions with our 2030 sustainability strategy. Our current sustainable finance includes facilities linked to Sustainability targets as well as a 'Green' loan. We also have a Sustainable Finance Framework¹ for debt capital markets insurance.

British Land – ESG-linked revolving credit facilities

We have a £450m Revolving Credit Facility linked to our performance on agreed Sustainability targets. If we outperform these targets, we pay a lower margin; if we miss the targets, then the cost increases. The targets include the percentage of development projects, by floor area, which have a minimum BREEAM New Construction certification level of Excellent and the percentage of assets under management, by floor area, which have a minimum BREEAM In-Use (or equivalent) certification of Very Good.

During the year, we signed a new bi-lateral £100m ESG-linked Revolving Credit Facility, with similar Sustainability targets and margin adjustment.

100 Liverpool Street – £420m 'Green' Loan

The Broadgate joint venture raised a new £420m 5 year 'Green Loan' in the year, secured by 100 Liverpool Street, a net zero carbon development with BREEAM Outstanding certification. The interest rate hedging for this loan also qualified as 'Green'.

Sustainable Finance Framework

British Land's Sustainable Finance Framework has been in place since May 2020 and enables us to issue Sustainable, 'Green', and/or Social finance. We continue to develop this Framework as sustainable finance best practice evolves.

1. Available on our website at britishland.com/sustainable-finance-framework

Climate-Related Financial Disclosures

Introduction

This year, we are reporting in line with the TCFD reporting requirements for UK premium listed companies. The following sections address how climate change is incorporated into our corporate governance processes, its potential impact on our strategy and financial planning, its treatment in our risk management procedures, and the relevant climate-related KPIs and KRIs for our business. The following sections and subsection headings correspond with the sections of the TCFD framework.

British Land is committed to transitioning to a Net Zero portfolio by 2030. As part of our Pathway to Net Zero announced in December 2020, the Science Based Targets initiative (SBTi) validated our landlord target as 1.5°C-aligned and our value chain target as ambitious. We are a signatory of the Better Buildings Partnership’s Climate Commitment, the World Green Building Council’s Net Zero Carbon Buildings Commitment, the RE100 commitment to procure renewable power, and the Business Ambition for 1.5°C.

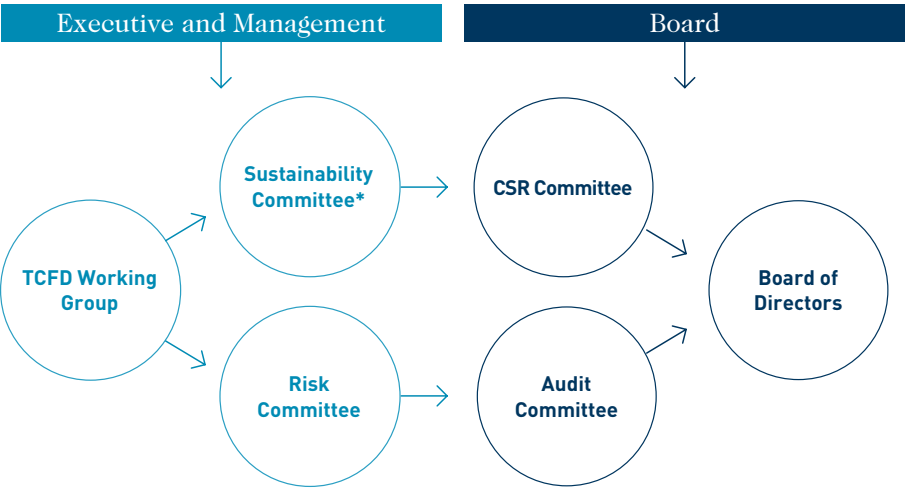
Governance

(a) Our senior executive and non-executive have oversight of climate-related risks and opportunities

The Board Director responsible for climate-related issues is Bhavesh Mistry, Chief Financial Officer, and the Executive Committee member who leads the delivery of the sustainability strategy is David Walker, Chief Operating Officer. These responsibilities were previously held by Simon Carter, who was previously Chief

The Board and executive management team at British Land recognise the scale of the climate emergency, its potential impact on real estate and therefore the urgent need to take mitigating action. With the built environment accounting for a significant proportion of global greenhouse gas emissions, we also acknowledge our responsibility to take action to minimise our carbon footprint and collaborate with our customers, and the people who use our spaces to do the same. Our achievements in developing and managing more sustainable space have been recognised for more than a decade and building on this, in 2020 we set out an ambitious approach to achieving a net zero carbon managed portfolio by 2030. This is a goal shared by our investors, customers, partners and people. We believe that delivering on these targets will create clear value for our business as demand from occupiers and investors further gravitates towards the best, most sustainable space.

Governance framework



* Members include representatives from across the business: Asset management, Development, Finance, Investment, Procurement, Property management, Risk management, Strategy and Sustainability.

Financial Officer and who remains a champion of sustainability as Chief Executive Officer. Simon previously took part in The Prince of Wales’s Business & Sustainability Programme at the Cambridge Institute for Sustainability Leadership. The chairships of the Risk and Sustainability Committees have transferred from Simon to Bhavesh and David respectively.

Climate change and sustainability considerations are integral to our investment and development decisions, formally reviewed within Investment Committee papers and fully considered by the Board in all investment decisions. A recent example includes our plans to upgrade 3 Sheldon Square to all electric. Achievement of sustainability KPIs are also reflected in the remuneration policy for Executive Directors and all Executive Committee members have specific Sustainability-related annual objectives (see pages 138-139).

The Board is updated on climate-related issues at least annually and has ultimate oversight of risk management. In recent years, the Board’s annual off-site strategy event has included climate-focused agenda items and specific sections on sustainability. In January 2022, the Board was given an update on our progress against our 2030 sustainability strategy, at the end of the first full year since launch.

Climate change is also considered by our Board Committees. Over the past year, the full Board received a deep-dive on the progress against our 2030 Sustainability Strategy¹ and the future initiatives that will drive carbon reduction. Our subject matter experts provided detailed training on the technical aspects of embodied and operational carbon. The Board’s CSR Committee received three updates from the sustainability team, each including detailed coverage of the Net Zero strategy, EPC compliance, and the TCFD scenario analysis process. The Remuneration Committee worked with the sustainability team to devise ESG targets for executive remuneration, and the Audit Committee received a progress update during the year on the development of this disclosure.

Significant and emerging risks are escalated to the Audit Committee and climate risk is tracked as part of our ‘Environmental Sustainability’ principal risk category (see pages 84-96). Our Board CSR Committee meets three times a year and oversees the delivery of the Sustainability Strategy, including the delivery of the Pathway to Net Zero and the management

of climate-related risks. Over 2021/22, the Board was updated on the TCFD transition risk assessment and the proposed MEES regulation’s new minimum EPC thresholds for 2030.

(b) The Board delegates responsibility for assessing and managing our response to material climate-related risks and opportunities

Climate-related risks are considered by the Risk Committee, which consists of the Executive Committee and leaders from across the business, including procurement, development, finance and property management. Each business area maintains a comprehensive risk register, which is reviewed quarterly by the Risk Committee. Climate risks are identified through a process involving trend analysis and stakeholder engagement as part of our ‘Environmental Sustainability’ principal risk. Members of the sustainability team monitor climate risk and update the Risk Committee at each meeting throughout the year. The Risk Committee reports into the Board’s Audit Committee.

Identified risks are incorporated into our risk framework and managed by the appropriate business areas. Progress against our TCFD workstreams is reported to the Risk and Sustainability Committees, both of which meet quarterly. Following the completion of scenario analysis, we have established a TCFD Working Group to monitor and manage our delivery, chaired by the COO. Ultimate oversight is at Board level, to which our CSR Committee reports. Any resulting disclosure requires approval by the Audit Committee.

Strategy

(a) We have identified the following climate-related risks and opportunities over our short, medium and long term time horizons

This section will detail (i) our approach to scenario analysis and defining material risks and opportunities, (ii) the material risks and opportunities identified by our analysis, (iii) the impact and our organisational response to these risks and opportunities, and (iv) how we incorporate resilience to climate change into the organisation.

Introduction to scenario analysis

Over the past five years, British Land has worked with expert advisors to identify and assess our exposure to climate-related risks and opportunities. This included an initial risk screening undertaken with Verco (2017), a set of internal climate risk workshops facilitated by Forum for the Future (2019), and quantitative scenario analyses undertaken by Willis Towers Watson (2020-22).

Time horizons: our scenario analyses are split into two timeframes, 2020-30 and post-2050. In our initial scenario analyses, we chose not to quantify risks across the 2030-2050 timeframe. For physical risks, it is only post-2050 when future scenarios start to meaningfully differentiate from the current climate. For transition risks, when quantifying risks beyond a 10-year timeframe, the underlying assumptions begin to play an increasingly significant role in the resulting values. Due to the level of uncertainty that accompanies these longer-term assumptions, our initial analysis focused on the current decade to 2030.

2020-2030: assessed the physical risks posed by the current climate and the transition risks posed by 1.5°C and 2°C aligned transition scenarios. This period aligns with our corporate strategy time horizons as shown below:

Short term	Medium term	Long term
Less than 12 months	1 to 5 years	5 to 10 years

Post-2050: using the IPCC’s Representative Concentration Pathways (RCPs), we assessed the physical risk posed by 2°C (RCP2.6) and 4°C (RCP8.5) climate trajectories (for details on RCPs see the table opposite). This timeframe was selected as, from 2050, these trajectories begin to meaningfully diverge. As the standard design life of a building is 60 years, this is a relevant timeframe for the lifecycle for our current portfolio.

1. Our 2030 Strategy is available online at britishland.com/sustainability-accounts

British Land scenario analysis – scenarios considered

The tables below detail the physical and transition scenarios chosen and the time frames that our business assessed itself against.

Physical risk scenarios and parameters

The IPCC's RCP2.6 scenario represents a pathway that is likely to limit global warming to below 2°C.

The IPCC's RCP8.5 scenario represents a high emissions scenario where warming may exceed 4°C.

Physical climate risks assessed:

(i) River flood, (ii) Coastal flood, (iii) Flash flood, (iv) Windstorm, (v) Hail, (vi) Lightning, (vii) Heat stress

Time frame	Scenarios	Atmospheric CO ₂	Temperature rise*	Sea level rise*	River flood modelling sources	Coastal flood modelling sources
2020 to 2030	Current climate	410 ppm	1.1°C	0.20m	Munich Re Nathan based on JBA flood maps	Willis Towers Watson proprietary coastal flood exposure model
Post-2050	RCP2.6 (2°C)	450 ppm	1.6°C	> 0.55m	Munich Re climate hazard conditioned based JBA flood maps & Coupled Model Intercomparison Project Phase 5	Munich Re climate hazard sea level rise data combined with storm surge
	RCP8.5 (4°C)	> 1,000 ppm	4.3°C	> 0.78m		

* Values in comparison to pre-industrial times.

Transition risk scenarios and parameters

The Paris Consistent (2°C) scenario is based on the Paris Agreement commitments of over 190 countries to limit global warming to well below 2°C.

The Net Zero World (1.5°C) scenario assumes more ambitious targets that would enable global net zero by 2050.

Time frame	Scenarios		IPCC scenarios	IEA scenarios	NGFS scenarios	Temperature rise by 2081-2100	2030 UK price of carbon	Global net zero achieved by:
2020 to 2030	Net Zero World (1.5°C) scenario	Orderly	SSP1-1.9	NEZ2050	Net Zero 2050	< 1.5°C	\$155 to \$454	2050
		Disorderly			Divergent		\$225 to \$418	
	Paris Consistent (2°C) scenario	Orderly	SSP1-2.6	Sustainable Development Scenario	Below 2°C	< 2°C	\$54 to \$97	2070
		Disorderly			Delayed Transition		\$0 to \$27	

Defining a 'material' risk or opportunity:

British Land defines a 'material' risk or opportunity in line with the likelihood-impact thresholds of our risk management policy. Risks are evaluated by the combination of their Potential Impact (financial and reputational) and their Likelihood.

<i>Financial Impact thresholds (£)</i>		<i>Likelihood thresholds (chance of occurrence in a given year)</i>		<i>Reputational Impact thresholds</i>	
Low (non-significant)	Less than £10m	Low	0-33%	Low	Limited reputational impact
Medium	£10m to £100m	Medium	33-66%	Medium	Significant temporary or limited sustained impact
High	Greater than £100m	High	Greater than 66%	High	Significant sustained impact

Risk quantification to determine materiality:

To determine materiality, Willis Towers Watson supported British Land in undertaking quantitative physical and transition scenario analyses. This process reviewed the potential impact of over 20 physical and transition-related issues, and the assessment included input from key business areas across British Land. The most material issues identified by the analyses are shown below, with these issues detailed in the next section:

	<i>Risks</i>	<i>Opportunities</i>
Material issues	Flood risk vulnerability	Customer demand for sustainable space results in a 'green premium'
	Increasing price of carbon offsets	
	Cost of complying with minimum EPC standards	
Continue to monitor	Customer demand for sustainable space results in a 'brown discount' to rents at less sustainable assets.	Premium pricing for sustainable buildings (yield compression)
	Tenant business model impacted by transition	Lower cost of capital
	Increased cost of raw materials	
	Increased cost of capital	

The following section considers the impact of climate related risks and opportunities – identified through scenario analyses – on our business, strategy and financial planning over the short, medium and long term. It also considers the resilience of our strategy to these risks and opportunities, and seeks to quantify impacts where possible.

Climate related risks**Short term risks (< 12 months)**

<i>Risk/type and impact</i>	<i>Primary risk driver</i>	<i>Likelihood</i>	<i>Potential annual financial impact</i>	<i>Explanation</i>
Risk #1 Flood risk vulnerability of assets (current climate) 	Losses from assets located in high flood risk zones, primarily the cost to repair assets and the cost of business interruption, reflected in increased insurance costs.	Low to Medium	Mean loss: Less than £1m Losses in a representative bad year: £15m-20m	We have completed a climate risk modelling analysis for current and future climate conditions for the current portfolio using the assets' total insured value. This process simulated many thousands of events. Losses are modelled to arrive at a loss perspective for low likelihood events for a 'bad' year. The representative 'bad' year refers to a 1/100 annual likelihood across the simulations and the modelled losses also consider current flood defences. These modelled losses were pro-rated by BL ownership share. Under current market conditions, these losses are insured against. As historical context, in 2007 two flood events in our portfolio resulted in (insured) losses of circa £25m. At one of these sites (which accounted for the majority of the loss), we subsequently installed flood defences. In 2011, we began commissioning periodic flood risk assessments across the portfolio and issued flood management plans to sites at high risk. Since 2007, our (insured) actual annual mean loss is below this modelled value of £1m.

Long term risks (5-10 years)

Risk/type and impact	Primary risk driver	Likelihood	Potential annual financial impact	Explanation
Risk #2 Increasing price of carbon offsets   	Net zero commitments by global corporates lead to increased demand for carbon offset credits, resulting in higher and/or volatile credit prices.	High	£0.75m for every 100% increase in the price of carbon	British Land has committed to offsetting the embodied carbon of its new developments and major refurbishments that complete between 2020-2030. This volume is estimated to be at least 300,000 tCO₂e from developments. This estimated financial impact of £0.75m reflects the annualised additional cost of offset credits if the credit price rises by 100% from our current anticipated price (£20 per tonne). To mitigate this risk we are currently exploring options to pre-purchase carbon credits to offset embodied carbon related to our pipeline of developments to 2030. In addition our internal carbon levy would cover a carbon price increase of up to £60 per tonne.
Risk #3 Cost of complying with minimum EPC standards (MEES compliance)   	Cost of upgrading assets to comply with the UK's proposed regulatory (MEES) requirement that properties hold a minimum 'B' rating by 2030.	High	£12.5m	Quantified by net zero audits undertaken at major office and retail assets and EPC scenario modelling undertaken across managed assets, these assessments suggest that the retrofit cost for standing assets will be in the region of £100m over the coming eight years, annualised at £12.5m. This value excludes assets due to be redeveloped through our near and medium-term development pipeline. A significant proportion of this investment will be recovered through the service charge as we work with our customers to achieve our shared climate goals. We would also expect to derive energy efficiency benefits, and therefore cost savings, as a result of these actions.

Long term risks (post-2050)

Risk/type and impact	Primary risk driver	Likelihood	Potential annual financial impact	Explanation
Risk #4 Flood risk vulnerability (future climates)   	Losses from assets located in high flood risk zones, primarily the cost to repair assets and the cost of business interruption, reflected in increased insurance costs.	Low to Medium	Mean loss: Less than £1.5m Losses in a representative bad year: £20m to £30m	Willis Towers Watson undertook a climate risk modelling analysis (simulating many thousands of events) for current and future climate conditions for the current portfolio using the assets' total insured value. Their modelling approach for the flood risk in future climates is the same as described in Risk #1 for the current climate, with losses pro-rated by BL ownership share. For the 'representative bad year', lower banding reflects losses in the two degree (RCP2.6) scenario, and the upper banding reflects losses in the four degree (RCP8.5) scenario. These modelled losses were pro-rated by BL ownership share. Under current market conditions these losses are insured against, and would not be suffered by the Group under normal circumstances, though we recognize that in the long term specific assets could face cost increases or difficulty obtaining insurance.

Climate risk and opportunity category



Physical risk – acute



Transition risk – regulatory



Transition risk or opportunity – market

Financial impact category



Income Statement



Balance Sheet

Climate-related opportunities

Short term opportunity (within 12 months)

Opportunity/type and impact	Primary driver	Likelihood	Potential annual financial impact	Explanation
Opportunity #1 Increasing customer demand for green, low-carbon buildings results in a rental premium and faster rates of letting   	An increasing number of our customers have announced net zero commitments. As our portfolio transitions to net zero, the most efficient, highly rated green buildings may let quicker and at a premium to market rents.	Medium	£7m	A recent Knight Frank study indicated that there is a >10% rental premium for BREEAM Outstanding space above prime Central London office rents. This enhanced financial impact estimates BL's share of the increased rental income if 20% of our Offices (by ERV) transition to BREEAM Outstanding. The portfolio's environmental credentials will be further strengthened as we deliver against our 2030 ambitions to enhance the portfolio's energy and carbon performance.

Impact of climate related risks and opportunities on business strategy and financial planning

Physical climate risks (Risks 1,4) are managed through our key policies on development, operations and acquisitions. Transition risks and opportunities (Risks 2-3, Opp 1) are managed through the delivery of our Pathway to Net Zero¹, which affects all aspects of our business with key targets noted in the Metrics section below. This work contributes directly to our corporate strategy's four key priorities (see page 14), and this includes:

Impact on business strategy	Impact on financial planning	Contributes toward strategy priorities:
Upgrading the standing portfolio (products & services, operations): By 2030, our target is to improve our managed portfolio's whole building energy intensity by 25% and carbon intensity by 75%. We have undertaken detailed net zero carbon audits – covering 90% of landlord-procured energy – across 29 of our major office and retail assets. These net zero audits incorporate the EPC impact of the energy saving opportunities identified, and we have additionally undertaken EPC modelling across our managed assets. The most impactful interventions identified by these assessments are being factored into each asset's business plan, to ensure the timing of implementation aligns with lease breaks and long term asset replacement schedules. Progress against these operational targets is reviewed quarterly and the delivery of these energy and carbon targets is proposed as a metric for the next Executive LTIP as well as ExCo compensation. To manage physical risk, British Land periodically commissions a third party screening of the standing portfolio and, where high risk assets exist, seeks to put a flood risk management plan in place. Currently only 3% of assets (by insured value) are exposed to high risk of flood.	The cost of the net zero transition and EPC upgrades (Risk #3) is incorporated into asset level business plans. Our budgeting and medium term forecasting includes the initiatives identified by the net zero audits and we agree these asset level plans and objectives with our joint venture partners. As part of development decisions, our Investment Committee includes consideration of the environmental impacts of different scheme designs.	 Realising the potential of our Campuses

1. Our Pathway to Net Zero, our transition plan, is available online at britishland.com/net-zero-carbon

Key workstream	Impact on financial planning	Contributes toward strategy priorities:
Developing sustainable buildings (products and services, revenues, access to capital): Through our Sustainability Brief for Developments and Operations¹ – we set stretching sustainability targets for our major developments and refurbishments. This includes our use of the NABERS UK scheme to design buildings with best-in-class operational efficiency. The energy intensity of our development at 1 Broadgate is forecasted to reduce to one-sixth of the previous building's intensity, and these ESG credentials contributed to the successful letting of this development four years ahead of completion. This example demonstrates that our ability to deliver more sustainable space is a strong competitive advantage which we are actively leveraging (Opportunity #1). To manage physical risk, our Sustainability Brief includes several climate resilience requirements, including the completion of a Flood Risk Assessment and consideration of incorporating sustainable drainage through design.	Our BREEAM and EPC standards for new developments also support our management of cost of capital and EPC compliance, with new office developments targeting BREEAM Outstanding and EPC A. Our portfolio of green buildings is reviewed regularly by our Treasury team when considering options to issue green debt and to establish ESG-linked revolving credit facilities. The sustainability credentials of 100 Liverpool Street, which was BREEAM Outstanding and our first net zero development enabled our Broadgate joint venture to raise a five year green loan facility secured by the value of this property. We expect further, similar opportunities to emerge in the future.	● Realising the potential of our Campuses ● Progressing value accretive development ● Targeting the opportunities in Retail & Fulfilment ● Active capital recycling
Internal price of carbon (value chain, capital expenditures): To heighten focus on 'developing sustainable buildings' and 'upgrading the standing portfolio', in 2020, British Land introduced an internal levy of £60/tonne on embodied carbon in new developments. In addition to incentivising our development teams and construction supply chain to minimise embodied emissions, this levy is used to (i) offset a development's residual embodied emissions and (ii) provide ring fenced funding to finance energy efficiency projects across the standing portfolio.	This price of offsets is factored into development budgets and appraisals and the funds generated by the levy (net of offset costs) are available for capital expenditures that support our transition to net zero. Our Transition Vehicle Committee, chaired by the Chief Operating Officer, reviews the price level annually. The current balance of the Transition Vehicle is provided in the Sustainability Accounts found at britishland.com/data.	● Realising the potential of our Campuses ● Progressing value accretive development
ESG criteria assessed as part of acquisitions: As part of our strategic priority 'Active capital recycling', ESG criteria are integrated into our due diligence procedure for new acquisitions, including the asset's flood risk exposure and current EPC rating.	In the context of this due diligence, British Land would only buy low-rated assets with a view toward future redevelopment into high quality, sustainable space. To manage specific risks like flood, where necessary formal Flood Risk Assessments are funded as part of the acquisition's due diligence.	● Progressing value accretive development ● Targeting the opportunities in Retail & Fulfilment ● Active capital recycling

Resilience to 2020-2030 scenarios

Physical risk:

In the current climate, based on an assessment of physical hazard exposure by Willis Towers Watson, our portfolio's exposure to high flood risk is limited to 3% of properties (by insured value).

We consider resilience to long term flood risk through the requirements of the 'Climate Resilience' section of our Sustainability Brief for Developments and Operations.

Transition risk:

Through our Pathway to Net Zero and our 2030 environmental targets we have a clear plan to improve the energy efficiency of our portfolio which will result in the upgrading of EPCs in line with the proposed

2030 MEES threshold. Our internal carbon levy coupled with our Transition Vehicle provides the company with a formal price of carbon and introduces a governance structure which supports our focus on seeking high quality offset credits while managing cost risk.

Transition opportunities:

Our development pipeline's use of NABERS energy star ratings and the upgrading of existing assets as part of our Pathway to Net Zero will support British Land's ability to generate higher rents, as occupiers are prepared to pay a premium for more sustainable space. Our assets' sustainability credentials will be further evidenced by the forecast BREEAM ratings of our development pipeline and our programme for upgrading the ratings of our standing

portfolio – driven in part by our Sustainable Finance Framework.

Resilience to post-2050 scenarios

Physical risk:

In the two post-2050 scenarios assessed, only flood risk was assessed as 'material'.

In the two degree scenario (RCP2.6), 3% of our properties (by insured value) are exposed to high flood risk.

In the four degree scenario (RCP8.5), the high emissions scenario where no additional action is taken to protect assets or London, exposure to high flood risk could be up to 15% of insured value.

We consider resilience to long term flood risk through the requirements of the 'Climate Resilience' section of our Sustainability Brief.

1. Our Sustainability Brief for Developments and Operations is available online and can be found at britishland.com/Sustainability-Brief

Risk management

We have a rigorous process for identifying and assessing climate-related risks.

Our risk mapping process allows us to determine the relative significance of principal risks. As part of the 'Environmental Sustainability' principal risk category, climate change is monitored by the Risk Committee, chaired by our CFO, with reporting to the Audit Committee and ultimately the Board. For specialist analysis, British Land engages expert advisors notably Willis Towers Watson who undertook the quantitative scenario analyses. We determine the materiality of potential risks (including climate-related risks) using the corporate risk thresholds noted on page 52.

Our risk register tracks:

- i. Description of the risk (identification)
- ii. Impact-likelihood rating (evaluation enabling prioritisation)
- iii. Mitigants (mitigation)
- iv. Risk owner (monitoring)

As part of our operational process, we maintain asset plans which include provisions for identifying climate-related risks and opportunities, such as flood risk assessments and audits to identify energy saving opportunities. Our sustainability checklist for acquisitions sets out our environmental criteria for acquiring a new property, including energy efficiency and

flood risk categories. Our Sustainability Brief for Developments and Operations sets out our environmental criteria for new constructions and renovations, including requirements for energy efficiency, flood risk, materials choice and embodied carbon reductions.

The Sustainability Committee – composed of senior managers from across the business – meets quarterly. This committee, chaired by the Chief Operating Officer, is a key forum for discussing climate-related risks and opportunities at the operational level and ensures we remain on track to deliver against our long term sustainability objectives. Additionally, for energy and emissions savings opportunities identified at asset level, staff can directly submit an internal application for funding from the Transition Vehicle, which funds our standing portfolio's low-carbon transition through an internal levy on the embodied carbon in our developments.

We have well established processes for managing climate-related risks.

Our process for mitigating, accepting and controlling principal risks, including climate-related risks, is set out on pages 84-96 of this Report. We prioritise principal risks through our corporate risk register and risk heat map.

The impact-likelihood rating, which is evaluated during risk identification, is our primary metric for prioritising risks. As a

principal risk category, climate change risks are logged in our corporate risk register with key changes reviewed quarterly by the Risk Committee, which comprises the Executive Committee and senior management. The Board is ultimately responsible for and determines the nature and extent of principal risks it is willing to take to achieve its strategic objectives.

Our processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Climate-related risks are identified and assessed using our corporate risk management framework, set out on pages 84-96 of this Report. We consider climate change within our 'Environmental Sustainability' risk, which was added as a standalone principal risk last year to reflect its significance to both our business and our customers.

Also, the external aspects of climate-related risks are incorporated within our 'Major Event/Business Disruption' and 'Political, Legal and Regulatory' principal risks. We define principal risks as those with a substantive financial or strategic impact on the business, medium/high likelihood of occurrence and medium/high potential impact on our performance. Our integrated approach combines a top-down strategic view with a complementary bottom-up operational process.



Metrics and targets

Please see our Sustainability Accounts¹ for British Land's full set of climate and energy performance reporting and SASB metrics.

(a) Our metrics to assess climate-related risks and opportunities in line with our strategy and risk management process.

Climate-related risks (KRIs)

			2022	2021	2020
Policy and legal²	Risk #3	EPCs rated A (by ERV)	2		
		EPCs rated B (by ERV)	34	24	25
		EPCs rated C (by ERV)	34		
		EPCs rated D (by ERV)	20	71	70
		EPCs rated E (by ERV)	7		
		EPCs rated F (by ERV)	1		
		EPCs rated G (by ERV)	2	5	5
Extreme weather	Risks #1 and #4	Percentage of portfolio located in 100-year flood zones (% by total insured value)	3%	nr	nr
		High flood risk assets with flood management plans (% by value)	99%	99%	100%

2. 2020 and 2021 by floor area and not ERV.

Climate-related opportunities (targets and KPIs)

			2022	2021	2020
Resource efficiency	Risk #2	50% improvement in embodied carbon intensity of major office developments completed from April 2020 (kg CO ₂ e per sqm)	632	640 ³	–
	Opportunity #1	75% improvement in whole building carbon intensity of the managed portfolio by 2030 vs 2019 (Offices)	37%	41%	23%
		25% improvement in whole building energy intensity of the managed portfolio by 2030 vs 2019 (Offices)	28%	31%	16%
Energy sources	Opportunity #1	Electricity purchased from renewable sources (%)	93%	98%	96%
		On site renewable energy generation (MWh)	1,731	1,907	1,763
Products and services	Opportunity #1	Portfolio with green building ratings (% by floor area)	44%	27%	24%
		Developments on track for BREEAM Excellent or higher (% by floor area, excludes residential)	97%	97%	81%
		Percentage of gross rental income from BREEAM certified assets (managed portfolio)	64%	53%	nr
	Risk #2	Internal price of carbon (£ per tonne)	£60	£60	n/a

3. 2021 figure includes Retail and Residential developments.

(b) Our Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Our greenhouse gas emissions and associated energy consumption data is available in the Streamlined Energy and Carbon Reporting (SECR) section of this Report pages 58-59.

(c) Our targets used to manage climate-related risks and opportunities and performance against targets.

Our full set of sustainability targets are detailed in the Sustainability Accounts 2022 found at britishland.com/sustainability-reporting. Our headline net zero targets are listed in the Opportunities table above under 'Resource Efficiency', and our net zero-aligned science-based targets are reported on page 46.

Compliance statement

British Land confirms that:

- we believe our climate related financial disclosures for the year ended 31 March 2022 are consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations and Recommended Disclosures (as defined in Appendix 1 of the Financial Conduct Authority Listing Rules),
- our annual disclosure is contained in the pages above, please see our Sustainability Accounts 2022 for more detailed data disclosures and our website for the sustainability policies referenced,
- we believe that the detail of these climate related financial disclosures is conveyed in a decision-useful format to the users of this report.

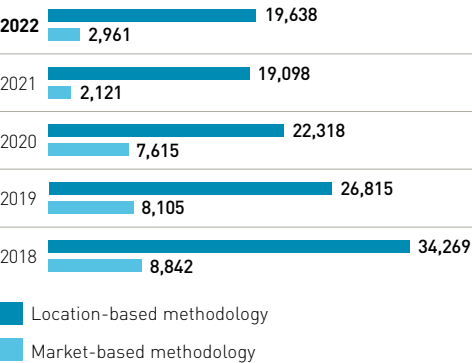
1. Our Sustainability Accounts are available online and can be found at britishland.com/sustainability-reporting

Greenhouse gas reporting

2022 in review

Context	RE100 and procuring renewable energy
Covid-19 has significantly affected our portfolio energy and carbon performance, with 37% and 28% reductions in carbon and energy intensity versus our 2019 baseline (Offices). These reductions primarily reflect the impact of the pandemic and related government restrictions, though we have delivered initiatives over the last year, notably at Exchange House (page 41).	British Land has been a signatory to RE100 since 2016, which commits us to procuring 100% renewable power. This year, 90% of landlord procured energy was from renewable sources. While our proportion of renewable gas rose to 85% this year, renewable power dropped to 93%. This reduced from last year primarily due to the impact of onboarding new assets where it may take time to transfer these assets onto a renewable tariff.
Funding the low-carbon transition	Operational performance
Our innovative internal carbon levy, applied to the embodied carbon of our committed developments, and our £5m annual float continue to generate funding for our transition to net zero (currently £15.6m). This year the transition vehicle funded a chiller replacement at the London office Broadwalk House. The new chiller is expected to be twice as efficient and offer improved control capabilities compared to the previous one. The vehicle has forward funded this project, which will be repaid through the service charge. To date, the Transition Vehicle has approved funding for three energy efficiency projects expected to save 1.2m kWh and £0.2m annually. Following our recent programme of net zero and energy efficiency audits, we expect to accelerate project funding from 2022/23 as we implement the recommendations of these audits.	British Land continues to operate its energy management system, which includes formal ISO 50001 accreditation at commercial offices. Over the past two years, we completed detailed net zero audits at 29 assets including the creation of CRREM pathways for each asset. Additionally, we conducted energy efficiency reviews at more than 10 additional assets. Through our development pipeline, we are designing a path to best practice operational efficiency, with our 1 Broadgate development on track to reduce energy intensity to one-sixth of the previous building's.

Absolute emissions Scope 1 and 2:



Greenhouse gas emissions – intensity

Year ended 31 March		2022	2021	2020
Offices	tCO ₂ e per sqm	0.071	0.067	0.087
Shopping centres*	tCO ₂ e per common parts sqm	0.030	0.021	0.031
Retail parks*	tCO ₂ e per car park space	0.029	0.032	0.040
Shopping villages		To be reported in future years		
Retail, high street		To be reported in future years		
Total portfolio intensity	tCO ₂ e per gross rental income (£m)	37.16	34.03	38.05

* Common parts only.

Scope 1 and 2 emissions and associated energy use

Year ending 31 March		Tonnes CO ₂ e			MWh		
		2022	2021	2020	2022	2021	2020
Scope 1 (fuel combustion):		6,209	6,252	6,327	34,582	33,759	30,715
Scope 1 (refrigerant loss):		744	411	618	–	–	–
Scope 2 (purchased electricity):	Location-based	12,685	12,435	15,373	60,311	55,778	62,950
	Market-based	1,423	839	669	–	–	–
Total Scope 1 and 2 emissions and associated energy use							
	Location-based	19,638	19,098	22,318	94,893	89,537	93,665
	Market-based	2,961	2,121	7,615	–	–	–
Proportion of Scope 1 and 2 emissions assured by an independent third party		100%	100%	100%	100%	100%	100%
Proportion that is UK-based		100%	100%	100%	100%	100%	100%

Scope 3 emissions

Year ending 31 March		Tonnes CO ₂ e		
		2022	2021	2020
Purchased goods and services		15,762	15,834	nr
Capital goods		20,565	28,180	17,505
Fuel and energy related activities (upstream)		5,864	4,186	4,873
Waste generated in operations		243	126	351
Business travel		41	1.4	200
Employee commuting		248	418	104
Downstream leased assets				
	Location-based	113,691	81,369	138,162
Proportion of Scope 3 emissions assured by a third party		100%	100%	100%
Total Scope 1-3 emissions				
	Location-based	176,053	149,212	183,513

Accounting treatment of biogas

To reflect our procurement of renewable gas, we report a Scope 1 (market-based) figure to reflect the lifecycle benefits of biogas. In this market-based calculation, we use the UK Government's biogas factor which includes CH₄ and N₂O emissions but zero-rates CO₂ emissions due to CO₂ absorption that occurs during the growth of biogas feedstock. However, as noted below, bioenergy feedstocks do produce CO₂ emissions during combustion, so the 'combustion emissions' are provided below for full transparency.

Biogas	UK factor (kg CO ₂ e per kWh)	2022 total (tonnes CO ₂ e)
Net emissions (excl CO ₂)	0.00022	7
Combustion emissions (incl CO ₂)	0.19902	6,499

Our methodology

- We have reported on all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations'). These sources fall within our consolidated financial statements and relate to head office activities and controlled emissions from our managed portfolio. Scope 1 and 2 emissions cover 94% of our multi-let managed portfolio by value. We have used purchased energy consumption data, the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2021.
- Omissions and estimations: For landlord procured utilities, where asset energy and water data was partially unavailable, we used data from adjacent periods to estimate data for missing periods. In 2021/22, this accounts for 5.6% of total reported energy consumption and 6.8% of total reported water consumption. For the calculation of Scope 3 value chain emissions, please see the full methodology in the reporting criteria of our Sustainability Accounts 2022.
- Gross Rental Income (GRI) from the managed portfolio comprises Group GRI of £345m (2021: £382m), plus 100% of the GRI generated by joint ventures and funds of £316m (2021: £299m), less GRI generated assets outside the managed portfolio of £50m (2021: £117m).
- For full Scope 3 greenhouse gas reporting, see the British Land Sustainability Accounts 2022 at britishland.com/sustainability-reporting

Non-financial reporting disclosure

Non-financial area/Description of business model	Risk areas ¹	Policies	Purpose and scope	Operation and outcome
Financial Crime Compliance We operate a zero-tolerance approach to bribery, corruption and fraud. More information is available in the Audit Committee report on pages 120-126.	11	Anti-Bribery and Corruption Policy	- Details the expected conduct of all British Land staff with respect to relationships with suppliers, agents, public officials and charitable and political organisations - Outlines staff responsibilities regarding the reporting of any breaches and details consequences of breaches for staff and the Group as a whole - Provides for staff training and communication around the policy as well as monitoring and review by management	These robust policies around financial crime compliance reflect our zero-tolerance approach to such activity both in and around the business; they have been drafted to provide for education and monitoring in addition to deterrence and prevention. The policies are accessible by all employees via the intranet and mandatory training is required for all staff in relation to them. Our whistleblowing service can be accessed by all employees should they prefer to raise a concern anonymously instead of with their line manager. This is an independent and confidential telephone service and web portal. British Land carries out due diligence on counterparties to comply with legislation on money laundering and to enable it to consider how a transaction with the counterparty may reflect on British Land's reputation. <i>The General Counsel and Company Secretary has overall responsibility for all four policies. These policies are regularly reviewed and approved by the Audit Committee and any matters raised under these policies are subject to extensive investigation by the Company. Regular updates are provided to the Audit Committee regarding fraud and whistleblowing matters.</i>
		Anti-Fraud Policy	- Provides for fraud prevention training for all British Land staff and requires staff participation in any fraud risk assessments undertaken by the Group where relevant - Outlines protocol for the reporting of suspected fraud with reference to the Group's Whistleblowing Policy	
		Whistleblowing Policy	- Provides contact details for the Group's third-party whistleblowing service - Outlines the types of concerns that can be reported to the whistleblowing service - Details safeguarding measures in place for staff and outlines how the Group will respond in cases of whistleblowing	
		Anti-Money Laundering Policy	- Lists 'red flags' detailing the kind of suspicious activity that may indicate an attempt to launder money - Details monitoring and review procedures under the policy	
Environmental Matters Our long term commitment to sustainability and minimising our environmental impact is one of British Land's key differentiators. As occupiers focus on minimising their carbon footprint, our ability to deliver more sustainable space is a key advantage. See pages 22-23 and pages 38-59.	4, 6, 8	Sustainability Policy	- Provides for sustainable decisions to be our "business as usual" approach - Outlines our 2030 Sustainability Strategy: our goal of making our whole portfolio net zero carbon as well as growing social value and wellbeing in the communities in which we operate	Our Sustainability Policy and Brief were comprehensively updated in 2020. Our overall commitment is to take decisions which are environmentally and socially intelligent and make sound financial sense. Our internal carbon levy of £60 per tonne of embodied carbon in developments is reviewed annually to ensure that environmental impact of our developments is costed into their budgets. We participate in key ESG indices to demonstrate our progress and we publish social and environmental performance data annually. <i>Our Head of Developments and Head of Broadgate have overall responsibility for our Sustainability Brief, and our Chief Operating Officer has overall responsibility for our Sustainability Policy.</i>
		Sustainability Brief	- Aligns with our 2030 Sustainability Strategy - Gives effect to our Sustainability Policy - Sets out our sustainability ambitions and the KPIs and standards required to achieve them	

Non-financial area/Description of business model	Risk areas ¹	Policies	Purpose and scope	Operation and outcome
Social Matters British Land has long recognised that a commitment to good social practices is essential to the way we operate; as occupiers increasingly consider the contribution they make to society, our ability to support them is an advantage. See page 42-45.	6, 8, 9	Sustainability Policy	See above	A commitment to good social practices has long been high on our agenda, and we place great importance on the way we work with communities, suppliers and partners. We believe that communication is key in ensuring we meet our social obligations, and by listening to the needs and concerns of our staff and communities we are better able to provide an environment that is safe, inclusive and welcoming. The impact of Covid-19 has increased our focus on supporting mental wellbeing which is effected through regular outreach and engagement with communities, occupiers and staff. <i>Our Chief Operating Officer has overall responsibility for our Local Charter; our Head of Procurement has overall responsibility for our Supplier Code of Conduct; and our Head of Developments has overall responsibility for our Health and Safety Policy. All health and safety reports are provided to the Risk Committee. These executives report to the CSR Committee for their area of responsibility.</i>
		Sustainability Brief	See above	
		Local Charter	– Outlines five key focus areas where we are active in local communities: connection with local communities; supporting educational initiatives for local people; supporting local training and jobs; supporting local businesses; and contributing to local people's wellbeing and enjoyment	
		Supplier Code of Conduct	– Outlines standards required of our suppliers in a number of areas, including but not limited to: health and safety; working hours; responsible sourcing; community engagement; and environmental impact – Details our zero tolerance approach to: child labour; forced labour; discrimination; and bribery, fraud and corruption – Provides for monitoring, corrective action and reporting under the policy. Work practice audits are carried out on our high risk suppliers	
		Health and Safety Policy	– Details how British Land will meet the requirements of the Health and Safety at Work Act 1974 – Provides for necessary training around display screen equipment and manual handling – Outlines how health and safety matters are managed for staff, colleagues, service providers and others affected by the Company's undertakings	
Employees British Land requires our employees to act in ways that promote fairness, inclusion and respect in their dealings with colleagues, customers, suppliers and business partners.	9	Employee Code of Conduct	– Sets out minimum standards required of all employees in all their dealings in and on behalf of the Group – Gives effect to our core values of Bring Your Whole Self, Build for the Future, Listen and Understand and Be Smarter Together – Comprises a number of separate policies including but not limited to: our Equal Opportunities Policy; our Disabled Workers Policy; our Gender Identity and Transgender Policy; and our Bereavement, Compassionate and Emergency Leave Policy	British Land remains deeply committed to creating an environment of fairness, inclusion and respect. Our corporate values underpin our commitment to equality, diversity and integrity. We recognise that our workforce needs to reflect the communities we serve in order to create spaces that are welcoming to all, and our working practices and employment policies reflect the importance of social harmony in everything we do. This year we updated our mandatory diversity and inclusion training for all staff and have provided sessions on anti-racism and allyship as well as supporting our inclusive networks in their activities celebrating diversity – including Pride Month, Black History Month, Earth Day, National Single Parent Day and International Women's Day. Our employment policies are made available to colleagues on the intranet and are reviewed annually. <i>The General Counsel and Company Secretary has overall responsibility for our employment policies.</i>
Human Rights British Land recognises the importance of respecting human rights and has been a signatory to the UN Global Compact since 2009. We are committed to the responsible management of social, ethical and environmental issues across our supply chain. For further information about our activities in this area, see our Sustainability Accounts.	9, 11	Supplier Code of Conduct	See above	British Land operates a zero tolerance approach to human rights infringements by any of our suppliers, occupiers or partners. We carry out due diligence on all parties that we work with and require our suppliers to demonstrate the same commitment to the prevention of human rights abuses in their operations. Our Slavery and Human Trafficking Statement can be found on our website and is reviewed and updated annually (britishland.com/modern-slavery-act).
		Slavery and Human Trafficking Statement	– Indicates higher risk areas including the procurement of specific materials and fair treatment of workers on construction sites – Outlines strategy for reduction of risk in our supply chains with regard to social, environmental and ethical issues – Our anti-modern slavery training is mandatory for all directly employed staff	

1. Linkages to our Principal risks can be found on pages 88-96.



Performance Review

Market backdrop

Macro-economic context

The UK economy responded well to the lifting of Covid-19 restrictions, expanding by 7.4% in the calendar year and by March was 1.2% above pre-Covid levels. However, the combination of Covid, Brexit and rising energy prices has reduced capacity in the economy, putting pressure on prices towards the end of the year. Inflation has risen faster than expected, up 7% in March 2022 compared to up 6.2% the previous month and in response, interest rates have been increased. Consumer confidence has weakened since the summer with concerns around rising prices and the prospect of a real income squeeze weighing on sentiment but unemployment has quickly recovered to pre pandemic levels at under 4 %. Most forecasters are still expecting growth for the 2022 calendar year but with risks to the downside if the economic impact of the war in Ukraine worsens. Given this broader macro context and with investors concerned about the impact of rising inflation and interest rates, they are rotating out of bonds and increasing their allocation to direct real estate, focused on subsectors with pricing power and affordable rents.

London office market

The investment market has returned to strong volumes with confidence strengthening as the economy recovers from the pandemic and employees returned to the office. The period under review saw more than £17bn of investment activity across the City and the West End with pricing strong reflecting pent up investor demand and a lack of available stock. Prime yields currently average 3.5% for the West End, stable over the year and 3.75% for the City, an inwards shift of 25bps.

In the Central London occupational market, take up remains below its long term average, but is recovering well following very low levels last year. Take up for the period was 9.5m sq ft for Central London, more than double the 12 months to March 2021. Technology, Banking & Finance and Professional Services (most notably legal) were the largest sources of take up. Demand is clearly gravitating towards the very best space, with an emphasis on sustainability, wellness, shared and flexible space and excellent transport connections. This part of the market is achieving premium prices and vacancy is estimated at under 4% compared to c.8% for the whole market. In the context of a more uncertain macro environment with elevated input prices, it is becoming apparent that more projects are being delayed and as a result, the supply pipeline is tight, with speculative developments committed and under construction (to 2026) representing 1.8 years average take up. Reflecting the strong preference for new and high quality refurbished space, 32% of development under construction is currently pre-let.

Retail market

Investment activity continues to be dominated by retail parks, which have seen volumes of £4.5bn in the period, compared to £1.7bn in the 12 months to March 2021. Confidence in the sector is strong, reflecting lower occupancy costs for retailers and the important role retail parks can play in online fulfilment. In particular, the market has focused on assets which are small-to-medium in lot size and offer secure, sustainable income streams. As a result, average market yields have moved in 200bps over the year to 5%. The investment market for shopping centres is slowly improving as investors begin to see value despite continuing weakness in the occupational market. £1.2bn transacted in the period compared to £430m last year and yields shifted out 25bps to 7.75%.

After a challenging few years reflecting the structural shift to online and impact of Covid-19 there were signs of a pick up in activity in retail occupational markets. Activity has been skewed towards retail parks which are more affordable and where footfall and sales are near pre-pandemic levels, and in some cases ahead. However, as we move into a more inflationary environment, consumers will be more focused on value and occupiers will need to mitigate the impact of higher input costs. This will focus attention on the affordability of retail space which plays to the retail park proposition.

Logistics market

In logistics, investment volumes remained very high at £18.9bn over the period, the strongest ever year of investment activity. Strong occupier demand, underpinned by structural trends in e-commerce has led to attractive rental growth which continues to appeal to long income investors. In the occupational market, take up in London and the South East was c.8m sq ft and in London, demand is particularly broad reflecting the emergence of "quick commerce" and "dark kitchens", although take up is limited by available stock with vacancy low at around 1.5%. In these cases, central locations are critical to the occupiers' business models and are commanding a rental premium as a result. Forecast rental growth in London is expected to average over 5% p.a. over the next five years.

Business Review

Portfolio valuation

£10,467m

Occupancy¹

96.5%

Weighted average lease length to first break

5.8 yrs

Total property return

11.7%

Lettings/renewals (sq ft) over 1 year

2.9m

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

1. Where occupiers have entered CVA or administration but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate would reduce from 96.5% to 95.6%.

Portfolio performance

At 31 March 2022	Valuation £m	Valuation movement %	ERV movement %	Yield shift bps	Total property return %
Campuses	6,967	5.4	0.0	(11)	8.5
Central London	6,460	4.6	(0.1)	(11)	7.7
Canada Water & other Campuses	430	12.9	6.4	+1	17.0
Retail & Fulfilment	3,500	9.9	(2.8)	(97)	19.1
Retail Parks	2,114	20.7	(2.0)	(151)	31.6
Shopping Centres	800	(6.1)	(5.2)	+3	1.4
Urban Logistics	319	0.0	6.3	(75)	8.3
Total	10,467	6.8	(1.2)	(42)	11.7

See supplementary tables for detailed breakdown.

The value of the portfolio was up 6.8% driven by an exceptionally strong year for Retail Parks and a good performance across our Campuses.

Retail Parks delivered a valuation uplift of 20.7% driven by yield compression of 151bps reflecting a strong investment market and improving occupational market given their relative affordability and compatibility with online retail. This fully offset an ERV decline of 2.0% which was weighted towards the first half. Shopping Centres also saw some mild yield compression in the second half, reversing the previous trend and there are signs that rents are stabilising with the rate of ERV decline moderating in the second half; overall shopping centres were down 6.1% in value. Urban Logistics was flat on the year with strong yield contraction and ERV growth of 6.3% offsetting purchasers' costs which drove a negative movement in the first half; excluding the impact of purchasers' costs, the value of the Urban Logistics portfolio was up 5.4%.

Campus valuations were up 5.4% with our West End and City portfolios delivering uplifts of 4.5% and 4.7% respectively. These performances were driven by our leasing activity, in particular the Meta letting at Regent's Place and progress on our 1 Broadgate development which is now fully let or under option on the office space. Both portfolios benefitted from some mild yield compression with investment markets strengthening post pandemic. Campus developments were up £201m, (+11.7%) including a very strong performance at Canada Water of 18.3% reflecting the new joint venture agreed with AustralianSuper and progress on Phase 1.

Campus offices outperformed the MSCI benchmark for All Offices and Central London Offices by 150 bps and 100 bps respectively on a total returns basis. Retail outperformed the MSCI All Retail benchmark on a total returns basis by 510 bps due to our weighting towards retail parks. Reflecting the continued strength of industrials, our portfolio overall underperformed the MSCI All Property total return index by 790 bps over the year.



Capital activity

From 1 April 2021	Campuses £m	Retail & Fulfilment £m	Total £m
Purchases	102	645	747
Sales ¹	(1,063)	(117)	(1,180)
Development Spend	205	3	208
Capital Spend	28	10	38
Net Investment	(728)	541	(187)
Gross Capital Activity	1,398	775	2,173

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

1. Includes 75% sale of majority of assets in Paddington Central for £694m which exchanged post year end and St Anne's (£6m) which exchanged prior to 1 April 2021.

The total gross value of our investment activity since 1 April 2021 was £2,173m. The scale of our activity reflects our strategic priority to more actively recycle capital and this has been achieved with £1,180m of sales and £747m invested into acquisitions in retail parks, urban logistics opportunities and assets aligned to innovation and growth outside of London.

The most significant transaction, which exchanged post year end in April 2022, was the sale of a 75% interest in the majority of our assets at Paddington Central to GIC for £694m, this was 1% below September 2021 book value and represented a net initial yield of 4.5%. The transaction, which is expected to complete within two months, establishes a new venture, with ownership split 75:25 for GIC and British Land respectively and the partners having joint control. The 5 Kingdom Street development site and the Novotel at 3 Kingdom Street currently sit outside the structure but GIC have options over both assets. At 5 Kingdom Street, their option (which is over a 6 month period) enables them to acquire 50% of the development, creating a second joint venture and for 3 Kingdom Street, their option enables them to acquire the asset at prevailing market value, via the first joint venture within five years. We will continue to act as development and asset manager for the campus, earning fees. During the year, we also sold a 50% share in the Canada Water Masterplan for £290m to AustralianSuper, representing a 12% premium to the 30 September 2021 book value after taking into account capital expenditure. Again, this transaction provides the opportunity to leverage our operational platform as we will act as the

asset manager and development manager for the scheme for which we will earn fees. Other disposals included £79m of residential sales, of which Wardrobe Court accounted for £70m, overall 6% ahead of book value and £117m of retail sales of which the Virgin Active at Chiswick was £54m, overall 9% ahead of book value.

In Urban Logistics, we acquired £295m of assets, most significantly Hannah Close in Wembley for £157m. This is a development-led opportunity where our plans will intensify usage of the existing buildings to deliver a multi-storey urban logistics hub for Central and West London. The warehouses, which sit within the M25, close to the M1 and outside the North Circular, are ideally located for vehicles coming into London and subsequently out for delivery. We are working on feasibility options for the site and expect to achieve vacant possession in 2027. In the meantime, we are working towards outline planning consent and managing the asset which offers considerable reversionary potential. We also acquired a development site on Verney Road in Southwark for £31m. This comprises low rise industrial buildings over two acres and is located on the Old Kent Road (A2) providing excellent access to Central London as well as the M25. The site offers immediate redevelopment potential for a multi-storey urban logistics schemes, subject to planning. This follows acquisitions in the first half, including Heritage House in Enfield, an existing warehouse we plan to intensify through redevelopment as well as Thurrock Shopping Park and Finsbury Square Car Park where we have an opportunity to repurpose the existing sites into urban

logistics hubs. Our latest acquisitions bring the gross development value of our urban logistics pipeline to £1.3bn with an average IRR from acquisition of 15%, which is at the top end of our target range of 10-15%.

We also acquired further assets targeting the value opportunity in Retail Parks totalling £350m (including Thurrock Shopping Park which has logistics potential). This includes the remaining units in HUT, acquired for £148m and three shopping parks in Farnborough, Reading and Enfield (adjacent to our Heritage House warehouse). These represent opportunities where we expect to deliver attractive financial returns utilising our asset management expertise which has played out well this year.

In Campuses, we acquired £102m of assets aligned to innovation sectors including The Peterhouse Technology Park in Cambridge for £75m representing a NIY of 4.15%. This 8.25 acre site just outside the centre of Cambridge comprises four buildings covering 140,000 sq ft and is fully let to technology business ARM for its global headquarters. The buildings are held on a long leasehold with significant reversionary potential and benefit from their location in an emerging part of south Cambridge, close to the Cambridge Biomedical Campus. We also acquired The Priestley Centre in Guildford on Surrey Research Park for £12m and adjacent Waterside House for £15m giving us a combined footprint in Guildford of over 11 acres. This provides an opportunity to deploy our Campus proposition and development skills to deliver high quality space for the innovative industries in this affluent town.

Sustainability

We have maintained our firm focus on delivering our 2030 sustainability ambitions. This year we were delighted to retain our GRESB 5 star rating as well as our AAA rating from MSCI and A- from CDP. 100 Liverpool Street, our first net zero carbon development, has continued to pick up industry accolades for its sustainability credentials including Green Building Project of the year in the BusinessGreen Leaders awards, Project of the Year at the Building Awards and most recently a Civic Trust Award.

Net Zero

We are delivering against the commitments we set out in our Pathway to Net Zero, our roadmap to achieving a net zero carbon portfolio by 2030. We conduct whole life carbon assessments on all our developments and refurbishments and we are currently forecasting that embodied carbon on our offices development pipeline will be 632kg CO₂ per sqm including completed developments. This compares well to our 2030 target of 500kg CO₂e per sqm from a baseline of 1000kg CO₂e per sqm, which was the industry benchmark at the launch of our strategy. We completed our second net zero carbon development at 1 Triton Square which achieved a BREEAM Outstanding rating. Like 100 Liverpool Street, we were able to re-use most of the superstructure, keeping the embodied carbon on completed developments low at 408kg CO₂ per sqm. Residual embodied carbon at 1 Triton Square was fully offset through certified, nature-based solutions – a teak afforestation project in Mexico and a community reforestation project in Ghana.

We made further development commitments at Canada Water where we are committed to achieving BREEAM Outstanding on all commercial space, BREEAM Excellent on retail and a minimum of Home Quality Mark 3* for residential. Canada Water is a ground-up redevelopment, so our ability to re-use existing materials is limited and our focus is on using the more sustainable materials and processes. Our use of Earth Friendly Concrete in the permanent piling works was a UK industry first and saved 240 tonnes of carbon emissions. Other low carbon initiatives include the use of cross laminated timber, high recycled content in concrete, electric arc furnace steel and recycled raised access floors. As a result, embodied carbon for the offices space at A1 and A2 at Canada Water is expected to be 682 kg CO₂ per sqm and 666 kg CO₂ per sqm respectively, in line with our glidepath to 2030.

We are also on site at 1 Broadgate, which is expected to be in line with our 2030 office targets for operational efficiency of 95kWh per sqm on a whole building basis and is on track for a NABERS 5 star rating. Embodied carbon on this building is above our 2030 target at 901 kg CO₂ per sqm, but we continue to make improvements throughout the design and delivery process. At Norton Folgate, which will be all electric, we are adding roof top solar panels and like 1 Broadgate, it will be fully smart enabled to optimise performance in operation, delivering an estimated energy intensity which is in line with the trajectory to our 2030 energy performance targets. Embodied carbon on this building is also low at 434kg CO₂e per sqm, reflecting our ability to reuse the existing materials.

MEES Legislation and EPCs

In offices, we are already fully compliant with 2023 MEES legislation which stipulates a minimum EPC rating of E and 46% of our offices space is currently rated A or B (by ERV). For the whole portfolio, 36% is currently A or B rated, significantly above the level of 29% in September reflecting a number of recertifications which have captured improvements delivered in recent years. 70% of the portfolio is now A-C rated. To meet our 2030 objectives and comply with expected MEES legislation requiring our whole portfolio to be a minimum EPC B by 2030, we appointed external consultants to conduct net zero audits identifying opportunities to improve energy efficiency and raise the EPC rating. These audits, which covered 29 of our major assets have now completed. We expect that the total cost for retrofitting the portfolio to be in the region of £100m, which covers the standing portfolio and excludes major developments and refurbishments where energy efficient fixtures and fittings are already incorporated within our development briefs. This investment will be focused on energy efficient interventions which typically have an attractive payback and in the current environment, with energy prices escalating, represent a compelling investment for occupiers and we are already engaged in productive conversations with occupiers across the portfolio. Overall, we expect that two thirds of the cost will be funded through the service charge or by customers directly. While we are making good progress, we are primarily focused on improving energy efficiency and reducing carbon intensity which is how we will deliver on our 2030 targets of a 25% improvement in whole building energy efficiency and a 75% reduction in operational carbon intensity, both against a 2019 baseline.

To fund any outstanding costs relating to these interventions, we have established our “Transition Vehicle” comprising ring fenced funds financed by our internal levy of £60 per tonne of embodied carbon in developments supplemented by an internal float of £5m. Total funding to date within the Transition Vehicle is £15.6m.

Place Based approach

Our Place Based approach means understanding the most important issues and opportunities in the communities around our places and focusing our efforts collaboratively to deliver the biggest impact. Building on the research we commissioned last year into the social and economic situation around our assets, this year we identified initiatives which target key local issues at each of our places. At our Campuses, one of the most effective ways of doing this is through our Community Funds – a forum for connecting our customers and local communities and supporting organisations who do vital work locally. Following the success of the Regent’s Place Community Fund, this year we launched funds at Broadgate and Paddington Central with 15 of our occupiers pledging £150,000.

One of our key initiatives this year was the launch of the New Diorama Theatre at Broadgate, helping to bring people together post Covid and supporting the revival of this part of the City. NDT Broadgate is one of the biggest free rehearsal and artist support spaces in the UK. The 20,000 sq ft space is provided completely free of charge for independent and freelance artists to use and is one of the highest profile artist support projects in recent years. We also announced a partnership with The National Theatre to bring creative events and experiences to our Campuses. This involves monthly workshops led by creative experts focusing on theatrical skills and exploring how these can be applied to enhance the working day.

This year, Bright Lights, our skills and employment programme reached over 130 people through virtual employment training and one-to-one support at two of our Campuses and six retail sites. Over 60% of candidates have already gained employment in a range of sectors. Programmes we piloted this year and plan to expand include ADCademy with the Brixton Finishing School. Over 110 young people local to our London Campuses and

Ealing Broadway took part in these online workshops designed to develop skills in the creative, technology and advertising sectors. Fort Kinnaird’s recruitment project with Capital City Partnership reached 128 beneficiaries with 80% finding employment.

We continued to support the work of the National Literacy Trust, encouraging 7,800 young people to read and bringing the total number of children we have reached almost 56,000 since the launch of our partnership in 2011. To support local businesses, we provided affordable space across five of our priority assets, which included places such as “Thrive” in Canada Water, a community business hub providing workspace and meeting rooms to help local start ups. At Regent’s Place, through the Triton Café, we provided space to BlackOut UK to run 5 events that provided peer support, learning and debates for 75 black queer men.

Reflecting our continued focus on diversity, we were pleased to become the first real estate organisation to achieve the Disability Smart Standard, which is awarded by the Business Disability Forum to organisations who can demonstrate a culture of inclusion for all abilities.



Campuses

Portfolio valuation (BL share)

£6,967m

Occupancy

96.7%

Weighted average lease length to first break

7.0 yrs

Total property return

8.5%

Lettings/renewals (sq ft) over 1 year

1,243,000

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

Campus operational and financial highlights

- Campus value of £7.0bn, up 5.4% driven by leasing activity and development performance. Similar performance from City and West End assets, up 4.7% and 4.5% respectively
- Strong performance from Canada Water up 18.3% reflecting the joint venture with AustralianSuper and progress on Phase 1
- 11 bps yield contraction, weighted towards the City
- Weighted average lease length extended to 7.0 years reflecting the completion of 1 Triton Square and our leasing activity
- ERV growth flat. Adjusting for changing valuation treatment underlying ERV growth on our offices space was 1.5%
- Like-for-like income up 2.5%, driven primarily by strong leasing at Broadgate and across Storey
- Strong rebound in leasing activity with 1.2m sq ft deals (greater than one year) driven by development lettings
- Total lettings and renewals at 1.7m sq ft, including 187,000 sq ft Storey lettings
- Under offer on a further 318,000 sq ft, including a minimum of 103,000 sq ft at Norton Folgate
- Investment lettings and renewals over one year, 5.4% ahead of ERV
- 555,000 sq ft rent reviews agreed 6.7% ahead of passing rent adding £1.6m to rents
- Occupancy improved to 96.7%
- Rent collection 100% for FY22

Campus operational review

Campuses comprises our three London Campuses (Broadgate, Regent's Place and Paddington Central), as well as Canada Water, our recently acquired assets in Cambridge and Surrey Research Park, standalone offices and residential.

Our London Campuses are located in some of London's most exciting neighbourhoods and benefit from excellent transport connections with two of our Campuses directly on the new Elizabeth line which opens this month. Through our platform, we deliver best in class space which meets the highest standards of sustainability and wellbeing, provides a wide range of amenities and an engaging public realm. Our skill set across investment, leasing, asset management, property management and development is transferable to new locations with occupiers focusing on space which best supports their business and people, these advantages position us well to attract a wide range of innovative, growing businesses to our spaces.

We benefit from a diverse portfolio of high quality occupiers focused on technology, financial, corporate and media sectors. Occupancy is 96.6%, improving 270bps since March 2021 and we have collected all our rent for the year.

Broadgate

Total leasing activity covered 751,000 sq ft in the year, of which 680,000 sq ft were long term deals. We successfully let (or placed under option) all the office space at 1 Broadgate four years ahead of completion with Allen & Overy and JLL taking a minimum of 254,000 sq ft and 134,000 sq ft respectively. The strong sustainability credentials of this building were a key attraction and in their press release, A&O commented that the building "will contribute to an 80% reduction" in their annual London office carbon emissions. We also completed the office letting at 100 Liverpool Street, with Hudson River Trading taking 20,300 sq ft on level ten. Newly refurbished space is letting well with Braze, a customer engagement platform, taking 49,900 sq ft at Exchange House and Maven Securities, a proprietary trading firm taking 38,000 sq ft at 155 Bishopsgate. Other lettings include legal firm Jenner & Block at 10 Exchange Square (13,000 sq ft) and financial services platform Symphony at 135 Bishopsgate (7,200 sq ft).

We have made excellent progress on the food & beverage offer, with the launch of Revolve at 100 Liverpool Street, an innovative concept with guest chefs and Shiro, a sushi restaurant, building Broadgate's reputation as a top culinary destination. We have also let space at 155 Bishopsgate to Neat Burger (a plant based burger restaurant backed by Lewis Hamilton), Nest (a bar and restaurant run by Urban Pubs and Bars), Black Sheep coffee and Hawaiian poké restaurant Honi Poké.

We continue to invest in our buildings and are on site with asset management initiatives including the refurbishment of 155 Bishopsgate (our share £35m), Exchange House (our share £12.5m) and 10 Exchange Square (our share £9m), where the first phase now completed. We take the opportunity provided by lease events to re-invest in existing buildings, to deliver energy efficient interventions which raise the EPC rating and refurbish the space, ensuring that they are well positioned to benefit as demand gravitates towards the best, most sustainable space. We also completed public realm improvements at Exchange Square, delivering 1.5 acres of green space, including amphitheatre style seating and outside events space with a range of tree and plant life to support biodiversity.

We refreshed our biodiversity framework for Broadgate, establishing our guiding principles and identifying the key species and habitats of relevance to the area. As well as the public spaces, we have living roofs at seven locations with 12,800 sq ft of planted space to come at 1 Broadgate and 3,000 sq ft at Norton Folgate. We also launched an occupier led and funded Community Fund, replicating the successful Regent's Place Community Fund where we will work together with our occupiers to identify and address key local issues.

The Campus saw a valuation gain of 5.1% reflecting 16bps of inward yield shift and flat ERVs. 100 Liverpool Street, which benefited from inward yield shift and the expiry of rent free periods, and 1 Broadgate, reflecting significant letting activity, were the key drivers of value. Broadgate occupancy is 96.7% up from 92.0% 12 months ago.

Regent's Place

The key transaction in the year was the letting of the office space at 1 Triton Square to Meta which accounted for 315,000 sq ft of the 388,000 sq ft of long term leasing activity. Meta has expanded at Regent's Place and this deal is a testament to their commitment to the Campus where total occupation will be 635,000 sq ft. Dentsu International who had previously committed to taking 1 Triton Square will remain at 10 and 20 Triton Street (180,000 sq ft). Rent reviews totalled 231,000 sq ft overall, 8.9% ahead of previous passing rent adding £1.3m to rents.

Regent's Place is well located to attract innovative and growth businesses looking to cluster around the academic, scientific and research institutions in London's Knowledge Quarter. Reflecting this we have signed life sciences business Babylon Health (12,000 sq ft) and Fabricano (7,000 sq ft) both at Drummond Street.

In December 2021, we completed the first phase of our public realm improvement programme and we are underway with the second phase. This will include rolling out the biodiversity framework following the model established at Broadgate.

The Campus was up 6.7% in value, benefitting from leasing activity at 1 Triton Square and 10 Triton Street, driving yield compression of 15 bps. ERVs were marginally down 0.7%, partly driven by a change in valuation assumptions at 10 Triton Street which no longer assume a refurbishment given Dentsu International has recommitted to the building. Adjusting for changes in valuation assumptions, underlying ERV growth on our offices was 3.0%. Occupancy is now 95.2%.

Paddington Central

Total leasing activity covered 154,000 sq ft, of which the re-gear of the Novotel lease at 3 Kingdom Street accounted for 111,000 sq ft. We also renewed our lease to Incipio Group, who manage Pergola, the outdoor dining concept at the 5 Kingdom Street development site, covering 20,000 sq ft.



The Campus saw a valuation increase of 1.7%, benefitting from the regear of Novotel at 3 Kingdom Street and Vertex at 4 Kingdom Street, offset by decline at 3 Sheldon Square where leases are coming to an end and we are soon to commence refurbishment. ERVs saw growth of 1.7% with yields moving in 1bp. Occupancy is 99.6%.

Post year end we established a new joint venture at Paddington Central, with GIC owning 75% of the majority of assets and British Land owning the remaining 25%. The Novotel at 3 Kingdom Street and the 5 Kingdom Street development site sit outside of the structure although GIC have options over both assets. We will continue to manage the Campus for which we will earn fees and GIC are committed to our future plans. This includes a comprehensive upgrade of 3 Sheldon Square, where we will deliver an all electric building, targeting a BREEAM Excellent rating. This is estimated to reduce operational energy consumption and carbon emissions by over 40% per annum. We are planning an extensive upgrade to the public realm which will transform the landscaping and have commenced works at the amphitheatre which will revitalise this central part of the Campus.

Storey: our flexible workspace offer

Storey is an important part of our Campus proposition, providing occupiers with the flexibility to expand at short notice or to take ad hoc meeting or events space. It is present on all our Campuses and is operational across 338,000 sq ft (c.5% of Campuses). Occupancy on stabilised

Canada Water Phase 1

Sq ft	Workspace	Retail & leisure	Residential units (number)	Total
A1	120,000	9,000	186	273,000
A2	185,000	65,000	–	250,000
K1	–	–	79	62,000
Total	305,000	74,000	265	585,000

buildings (those two years' post fit out or fully let) has increased to 86% as we have seen rising customer demand with confidence improving post Covid driving demand for flexible space.

Since 1 April 2021, we have agreed leases and renewals on 187,000 sq ft of space and our retention rate remains high. 100 Liverpool Street is fully let with online signature service Docusign taking 6,500 sq ft and the Levin Group, a health tech recruitment business going under offer on the final unit post year end. Levin also have 7,000 sq ft at 1 Finsbury Avenue and have pre-let of all the Storey space at 155 Bishopsgate comprising 23,000 sq ft, again post period end. We are now fully let at Orsman Road, with the Homerton Healthcare NHS Foundation Trust signing for 18,100 sq ft, representing half of the space in the building.

Viewings are back to pre pandemic levels and bookings at Storey Club, which provides ad hoc meeting and events space at 100 Liverpool Street and 4 Kingdom Street, have increased over the year. Rent collection was 100% reflecting the strength of Storey's customer base, with the majority of occupiers being UK/European headquarters, scale up businesses or large multinationals.

Looking forward, Storey will cease operations across 27,000 sq ft at 3 Finsbury Avenue and International House at Ealing as we prepare those sites for redevelopment. However, we are actively considering opportunities for Storey on both our standing portfolio and new developments.

Canada Water

In March 2022, we sold 50% of our share in the Canada Water Masterplan, our 53 acre redevelopment scheme in Southwark to AustralianSuper for £290m forming a 50:50 joint venture. Their partnership will accelerate returns and the delivery of the Masterplan, bringing new homes, workspace, retail and leisure opportunities and an enhanced public realm to the local community.

The joint venture is committed to developing Phase 1 of the Masterplan covering 585,000 sq ft and to progressing subsequent phases of the development, with funding split equally between British Land and AustralianSuper. The total development cost of the entire project is £3.6bn. It is expected to take ten years to complete and should deliver a total development value of £5.6bn of which the commercial element accounts for £3.4bn and residential the remainder. British Land is targeting development returns of 11% from commitment for Phase 1 and low teens for the whole project.

We have outline planning permission for the entire scheme and are on site with Phase 1, which comprises a mix of workspace, retail, leisure and residential as set out below. We are targeting rents on the workspace of over £50 psf and a capital value psf of around £1,000 on the residential, which are both highly affordable relative to competing schemes.

The joint venture's ownership is consolidated into a single 500-year lease with Southwark Council as the lessor. The London Borough of Southwark have an initial 20% interest in the scheme and the ability to participate in the development up to a maximum of 20% with returns pro-rated accordingly. They have elected not to fully participate in Phase 1 but are pre-purchasing the 79 affordable homes at K1 and have part funded the 55,000 sq ft leisure centre in A2.

This year, we completed the installation of a modular campus for TEDI-London, a global partnership with King's College London, Arizona State University and UNSW Sydney. Each module uses lightweight steel frame boxes clad with insulation and requires no deep piles or concrete. At the end of its life the building can be reused on-site, relocated in its entirety or stripped and the materials recycled. The 15,000 sq ft campus opened to the first cohort of students in September and we are working with TEDI to deliver a permanent home for around 1,000 students within the Canada Water Masterplan. We see scope to expand this modular approach which provides a quicker route to market for businesses looking to expand without the formal commitment of a long term lease. We are engaged in discussions to deliver a life sciences enabled modular campus and have interest from other higher education providers. We are exploring a range of alternative uses across the Campus, uses which align to our wider strategy to focus the business on growing sectors. Our permission is deliberately flexible so as we move forward, we can take account of changes in demand by amending our offices, residential and retail allocations as appropriate.

The valuation of the Campus was up 18.3% in the year reflecting the joint venture agreement and progress on Phase 1.

This has been a challenging year for many of our community partners whom we have continued to support through the pandemic. We have strengthened our built environment education and careers partnership with Construction Youth Trust by bringing in a number of our suppliers on the Masterplan including constructors Mace Group, Aecom and Gardiner & Theobald. Many of our suppliers have also contributed their time to building The Paper Garden, a pioneering new community space for young people. This is managed by Global Generation, one of our community partners and will be the largest circular economy build in London.

Retail & Fulfilment

Portfolio valuation (BL share)

£3,500m

Occupancy¹

96.3%

Weighted average lease length to first break

4.6 yrs

Total property return

19.1%

Lettings/renewals (sq ft) over 1 year

1,523,000

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

1. Where occupiers have entered CVA or administration 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 would reduce from 96.3% to 94.5%.

Retail operational and financial highlights

- Retail & Fulfilment portfolio value at £3.5bn, up 9.9%, with Retail Parks delivering an exceptional 20.7% uplift, more than offsetting a decline in Shopping Centres (down 6.1%)
- Yield compression of 97bps overall, driven by Retail Parks down 151bps with yield expansion of 3bps for the year in Shopping Centres, but contraction of 4bps in the second half
- ERVs down 2.8%; weighted towards Shopping Centres, which are down 5.2%; Retail Parks down 2.0%
- Like-for-like income down 0.8%. Including the impact of CVAs and administrations, like-for-like income was down 6.0%
- Like-for-like income up 6.0% on our Retail Parks
- Strong leasing activity, with 1.5m sq ft deals greater than one year; 2.8% ahead of March 2021 ERV and 21% below previous passing rent
- Total lettings and renewals at 2.2m sq ft
- Strong pipeline with 679,000 sq ft under offer, 2.2% above March 2021 ERV and 7.6% below passing rent
- Further 555,000 sq ft of rent reviews agreed 0.2% above passing rent
- Retail Parks occupancy 97.4% up 270bps, reflecting strong leasing activity
- Footfall and sales 91.9% and sales 98.4% respectively of same period in FY20; 99.5% and 100.2% for Retail Parks
- 95% of FY22 rent collected

Retail & Fulfilment

operational review

Operational performance

This has been a strong year for leasing volumes, with total activity of 2.2m sq ft. Deals over one year were 2.8% ahead of March 2021 ERV, with a particularly strong performance from Retail Parks which were 5.9% ahead of March 2021 ERV. Total lease renewals covering 949,000 sq ft have tended to outperform new lettings and were on average 6.5% ahead of March 2021 ERV.

Overall, transactions were 21.2% below previous passing rent as we have prioritised occupancy to deliver more sustainable rents which are reflective of the current market. As a result, occupancy levels are high at 96.3%. We have an encouraging pipeline of deals under offer totalling 679,000 sq ft overall 2.2% ahead of March 2021 ERV.

Retail Parks, which account for 60% of the Retail & Fulfilment portfolio have emerged as the preferred format for retailers. They are well connected and affordable for retailers meaning they play an important role in a successful online retail strategy facilitating click and collect, returns and ship from store. Their lower occupancy cost also makes them attractive to a broad range of retailers. For example, we agreed three deals in our Retail Parks with TK Maxx covering 64,800 sq ft, three with Asda covering 57,400 sq ft, two with The Range (30,000 sq ft) and two with Poundland (25,300 sq ft). Footfall on our Retail Parks was in line with FY20 (which included two weeks of closure due to Covid) and sales were ahead.

Shopping Centres now account for 23% of our Retail & Fulfilment portfolio, with open air covered schemes comprising 6% and traditional covered centres 17%. We are encouraged that the rate of ERV decline has notably decelerated for shopping centres and that yields on our portfolio contracted marginally in the second half. With more investors targeting prime shopping centres, we believe the outlook for the best centres is more attractive.

Following the acquisition of Heritage House, Enfield and the Finsbury Square Car Park and including urban logistics opportunities on our existing portfolio, Urban Logistics now accounts for 9% of Retail & Fulfilment.

Footfall and sales recovered strongly following the reopening of indoor hospitality on 17 May 2021 and sales are now close to pre-pandemic levels, with the shortfall in footfall largely compensated for by an increase in basket size, as set out below:

	1 April 2021 – 31 March 2022	
	% of FY20	Benchmark outperformance ²
Footfall		
– Portfolio	91.9%	+1172bps
– Retail parks	99.5%	+369bps
Sales		
– Portfolio	98.4%	n/a
– Retail parks	100.2%	n/a

1. Compared to the equivalent weeks in FY20 which includes two weeks of closure in March 2020.

2. Footfall benchmark: Springboard.

With most Covid-19 related restrictions lifted before or during the first quarter and only short term interruptions as a result of the Omicron variant, most of our occupiers have been able to operate as normal for the majority of the period. This is reflected in our rent collection which at 95% of rent for the year is close to historic levels.

CVAs and administrations

There have been relatively few new CVAs or administrations in the year with just fifteen units impacted, of which seven were unaffected, three saw rent reductions and five stores closed. This resulted in £2.5m in lost contracted rent of which £2m related to the Virgin Active restructuring in May 2021.



Developments

At 31 March 2022	Sq ft '000	Current Value £m	Cost to complete £m	ERV £m	ERV Let & under offer £m
Recently completed	369	545	–	24.3	23.9
Committed	1,682	487	648	60.4	21.2
Near term	1,925	219	963	76.6	–
Medium term	7,746				
Total pipeline (ex. Recently Completed)	11,353	706	1,611	137.0	21.2

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

Portfolio

Progressing value accretive development is one of the four key priorities for our business and a key driver of returns. We target project IRRs of 10-12% and altogether, expect our development pipeline to deliver profits of around £2bn. We actively manage the risk associated with development by pre-letting space where appropriate. We have made excellent progress this year with our pre-letting activity securing £13.7m of future rent and post year end, we placed a further 103,000 sq ft under offer at our Norton Folgate development, representing another £7.5m of rent. This brings total future rent secured to £45m across our recently completed and committed pipeline of 2.1m sq ft representing 53% of total ERV. Excluding build to sell residential and retail space which we will let closer to completion, we are 60% pre-let or under offer by ERV. Total development exposure is now 6.2% of portfolio gross asset value with speculative exposure at 6.4% (which is based on ERV and includes space under offer), within our internal risk parameter of 12.5%.

The majority of space in our development pipeline is either income producing or held at low cost, enhancing our flexibility, so we have attractive options we can progress as and when appropriate.

The construction market has changed significantly over the year. Initial increases in raw material costs were due to the combination of supply chain issues, sustained global demand and reduced supply which were primarily Covid-19 related. Manufacturing closures, reduced production and shipping provision, combined with increased demand for raw materials, such as iron ore and timber, from China and the USA as they emerged from the pandemic put upwards pressure in input costs. These price rises were initially sheltered by contractors keen to secure pipeline; however, the levels of workload and magnitude of cost increases have inevitably pushed up tender pricing.

Wholesale energy cost increases, shortage of labour, increased cost of materials, elongated supply programmes and an increase in construction activity has resulted in upward inflation pressure. These issues were beginning to reduce at the end of 2021 and early part of 2022, with both supply improving and costs decreasing. This changed with the Ukraine war, which has further destabilised the global supply chain, removing Ukraine and Russian goods and services from the market. This reduction in supply, together with the spike in energy prices resulting from the war, elevated tender price inflation once again.

Our inflation forecast (based on tender price inflation) has increased to around 8-10% in 2022 from our previous forecast of 4.5%, but we expect that to moderate over the next 18 months as wages and commodity prices remain elevated but do not increase at the same rate. Our forecast for 2023 and 2024 is around 4-5% (from 3.5%). We expect the rate of increase to moderate and capacity

to emerge as some development projects in the market are deferred or cancelled. We review inflation drivers to ensure our contingencies and cost plans are robust to deal with the market fluctuations. Having maintained momentum on our development programme throughout the pandemic, we have been able to place contracts competitively and 91% of costs are fixed on committed developments. We have built up excellent relationships with Tier 1 contractors and throughout our supply chain so we are confident of placing mutually attractive contracts for our near term developments.

Higher land values mean that returns from London developments are more insulated to cost inflation than development in other parts of the country and we anticipate being able to achieve the modest increase in rents required to offset any further cost inflation above our base case.



Completed developments

We reached practical completion of 1 Triton Square (369,000 sq ft) in May. Embodied carbon was low at 436 kg CO₂e per sqm and we offset residual embodied carbon through certified schemes making this our second net zero carbon development. The offices space is now fully let to Meta.

Committed developments

Our committed pipeline now stands at 1.7m sq ft following commitments at Canada Water, Phase 2 at Aldgate Place and most recently The Priestley Centre in Guildford. The Priestley Centre is located on the University of Surrey Research Park where there is strong demand from innovation sectors and we are on site with an 81,000 sq ft office development which will be partially lab enabled.

At Canada Water, we are on site at the first three buildings covering 585,000 sq ft. A1 is a 35 storey tower, including 186 homes and 120,000 sq ft of workspace; practical completion is targeted for Q4 2024. A2 includes 185,000 sq ft of workspace as well as the new leisure centre and K1 comprises 79 affordable homes. The London Borough of Southwark are not participating in Phase 1 but will take ownership of the affordable housing on completion and have part-funded the leisure centre in A2. We expect to sell the residential units in A1 closer to practical completion.

Phase 2 at Aldgate Place is our first build to rent residential scheme. It comprises 159 premium apartments with 19,000 sq ft of best-in-class office space and 8,000 sq ft of retail and leisure space. It is well located, adjacent to Aldgate East and between the Crossrail stations at Liverpool Street and Whitechapel. Works have now started on site with completion expected in Q2 2024.

We are also on site at Norton Folgate and 1 Broadgate. At 1 Broadgate (544,000 sq ft) we are fully pre-let or under option on the office space to JLL and Allen & Overy. Norton Folgate is a 336,000 sq ft scheme, comprising 302,000 sq ft of office space, alongside retail and leisure space creating a mixed use development in keeping with the historic fabric of the area. We are under offer on a minimum of 103,000 sq ft and continue to have encouraging discussions with a range of occupiers.

Recently Completed and Committed Developments

As at 31 March 2022	Sector	BL Share %	100% sq ft '000	PC Calendar Year	ERV Em ¹	Forecast IRR %
1 Triton Square	Office	100	369	Q2 2021	24.3	12
Total Recently Completed			369		24.3	
Norton Folgate	Office	100	336	Q4 2023	23.1	11
1 Broadgate	Office	50	544	Q2 2025	20.2	12
Aldgate Place, Phase 2	Residential	100	136	Q2 2024	6.0	10
Canada Water, Plot A1 ²	Mixed Use	50	273	Q4 2024	3.3	11 blended
Canada Water, Plot A2 ²	Mixed use	50	250	Q3 2024	5.0	
Canada Water, Plot K1 ²	Residential	50	62	Q2 2023	–	
The Priestley Centre	Office	100	81	Q2 2023	2.8	22
Total Committed			1,682		60.4	

1. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives).
2. 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.

Near Term pipeline

Our near term pipeline covers 1.9m sq ft and includes 2 Finsbury Avenue, where we have planning for a 718,000 sq ft office scheme. Embodied carbon on this building is projected to be market leading for a high rise tower below 750kg CO₂ per sqm benefiting from the use of existing and other recycled materials. We expect to start on site later this year. At 5 Kingdom Street, we have consent for a 438,000 sq ft office scheme; our ownership is currently 100% but GIC, our new joint venture partner have an option to acquire 50%. Start on site is expected in late 2023. At Meadowhall, we have outline planning permission for our 604,000 sq ft logistics scheme which we expect to progress later this year.

Medium Term Pipeline

The further phases at Canada Water account for 4.5m sq ft of our 7.8m sq ft pipeline. At Euston Tower (578,000 sq ft) we have an exciting opportunity to deliver a highly sustainable, substantial redevelopment, targeting life sciences and other innovation businesses leveraging its location in London's Knowledge Quarter. We expect to submit planning next year.

Urban logistics opportunities account for 2.3m sq ft of medium term opportunities. At Thurrock, where we acquired the Thurrock Shopping Park in the year, we see an opportunity to deliver 559,000 sq ft of logistics space towards the east of London by repurposing two-thirds of the retail space and utilising the site topography to facilitate multi-level development. We see further opportunities to intensify existing buildings at Hannah Close in Wembley and Heritage House in Enfield, with potential to deliver 668,000 sq ft and 431,000 sq ft respectively of well located, urban logistics space. Both are in North London, within the M25 and close to the North Circular. In addition, we have two centrally located opportunities at Finsbury Square and Verney Road in Southwark altogether totalling 213,000 sq ft. In addition opportunities on our existing portfolio include, Teesside where we have identified 299,000 sq ft of land outside of the retail park we could potentially repurpose for logistics.



“Strong performance across all financial metrics.”

Bhavesh Mistry
Chief Financial Officer

Finance review

Year ended	31 March 2022	31 March 2021
Underlying Profit ^{1,2}	£251m	£201m
Underlying earning per share ^{1,2}	27.4p	18.8p
IFRS profit/(loss) after tax	£960m	£(1,083)m
Dividend per share	21.92p	15.04p
Total accounting return ¹	14.8%	(15.1)%
EPRA Net Tangible Assets per share ^{1,2}	727p	648p
IFRS net assets	£6,733m	£5,983m
LTV ^{3,4,5}	32.9%	32.0%
Weighted average interest rate	2.9%	2.9%

1. See Note 2 within the financial statements for definition and calculation.

2. See Table B within the supplementary disclosure for reconciliations to IFRS metrics.

3. See Note 17 within the financial statements for definition, calculation and reconciliation to IFRS metrics.

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

5. Following the sale of a 75% interest in the majority of our assets at Paddington Central, LTV falls to 28.4% on a pro forma basis.

Overview

Financial performance has improved significantly following the easing of Covid-19 restrictions. Underlying Profit is up 24.9% at £251m, while underlying earnings per share (EPS) is up 45.7% at 27.4p. Based on our policy of setting the dividend at 80% of Underlying EPS, the Board have proposed a final dividend of 11.60p per share, resulting in a full year dividend of 21.92p per share.

Underlying Profit

	£m
Underlying Profit for the year ended 31 March 2021	201
Like-for-like net rent (incl. CVA and administrations)	(8)
Provisions for debtors and tenant incentives ¹	91
Net divestment	(8)
Developments	(12)
Net administrative expenses & fee income	(13)
Underlying Profit for the year ended 31 March 2021	251

1. The year on year impact of provisions for debtors and tenant incentives was £91m. This reflects the difference between the £8m credit to the income statement in the year to 31 March 2022 (as disclosed in Note 10 and 13 of the financial statements) and the £83m charge in the year to 31 March 2021.

Underlying Profit increased by £50m, primarily due to the significant reduction in provisions for debtors and tenant incentives, following improved rent collection driven by proactive engagement with occupiers and the lifting of Covid-19 related restrictions. This was partially offset by the impact of properties entering vacant possession ahead of redevelopment, an increase in administrative costs and the impact of CVA and administrations that occurred in the prior year.

Net divestment decreased earnings by £8m in the year. Proceeds from sales have been deployed into our value accretive acquisitions and our development pipeline. The recently completed and committed schemes are expected to generate an ERV of £85m, of which 53% is already pre-let or under offer.

IFRS profit after tax for the year was £960m, compared with a loss after tax for the prior year of £1,083m. The significant movement year-on-year primarily reflects the upward valuation movement on the Group's properties and those of its joint ventures.

Overall valuations have increased by 6.8% on a proportionally consolidated basis, resulting in an overall EPRA NTA per share increase of 12.2%. Including dividends of 16.96p per share paid during the year, we have delivered a total accounting return of 14.8%.

Financing activity included the refinance of 100 Liverpool Street, completed in June 2021, with the Broadgate joint venture raising a new £420m 5 year 'Green Loan' secured by the property at an initial LTV of c.50%. As part of the refinance, this BREEAM Outstanding and net zero carbon development was released from the Broadgate securitisation alongside the redemption of £107m of bonds.

In the year to 31 March 2022, LTV increased by 90bps to 32.9%. In April 2022, we exchanged on the sale of a 75% interest in the majority of our assets in Paddington Central to GIC; following its unconditional completion LTV falls to 28.4% on pro forma basis.

Our weighted average interest rate remains low at 2.9%, in line with 31 March 2021.

Our financial position remains strong with £1.3bn of undrawn facilities and cash as at 31 March 2022 and, following the completion of the Paddington Central sale, we have no requirement to refinance until late 2025. We retain significant headroom to our debt covenants, meaning the Group could withstand a fall in asset values across the portfolio of 49% prior to taking any mitigating actions.

Fitch Ratings, as part of their annual review in August 2021, affirmed all our credit ratings with a Stable Outlook, including the senior unsecured rating at 'A'.

Presentation of financial information and alternative performance measures

The Group financial statements are prepared under IFRS where the Group's interests in joint ventures are shown as a single line item on the income statement and balance sheet and all subsidiaries are consolidated at 100%.

Management considers the business principally on a proportionally consolidated basis when setting the strategy, determining annual priorities, making investment and financing decisions and reviewing performance. This 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 financial key performance indicators are also presented on this basis.

A summary income statement and summary balance sheet which reconcile the Group income statement and balance sheet to British Land's interests on a proportionally consolidated basis are included in Table A within the supplementary disclosures.

Management use a number of performance metrics in order to assess the performance of the Group and allow for greater comparability between periods, however, do not consider these performance measures to be a substitute for, IFRS measures.

Management monitors Underlying Profit as it is an additional informative measure of the underlying recurring performance of our core property rental activity and excludes the non-cash valuation movement on the property portfolio when compared to IFRS metrics. It is based on the Best Practices Recommendations of the European Public Real Estate Association (EPRA) which are widely used alternate metrics to their IFRS equivalents, with additional Company adjustments when relevant (see Note 2 in the financial statements for further detail).

Management monitors EPRA NTA as this provides a transparent and consistent basis to enable comparison between European property companies. Linked to this, the use of Total Accounting Return allows management to monitor return to shareholders based on movements in a consistently applied metric, being EPRA NTA, and dividends paid.

Loan to value (proportionally consolidated) is also monitored by management as a key measure of the level of debt employed by the Group to meet its strategic objectives, along with a measurement of risk. It also allows comparison to other property companies who similarly monitor and report this measure. The definition of Loan to value is shown in Note 17 of the consolidated financial statements.

Income statement

1. Underlying Profit

Underlying Profit is the measure that we use to assess income performance. This is presented below on a proportionally consolidated basis. In the 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 2 of the financial statements). There was no tax effect of these Company adjusted items. No Company adjustments were made in the prior year to 31 March 2021.

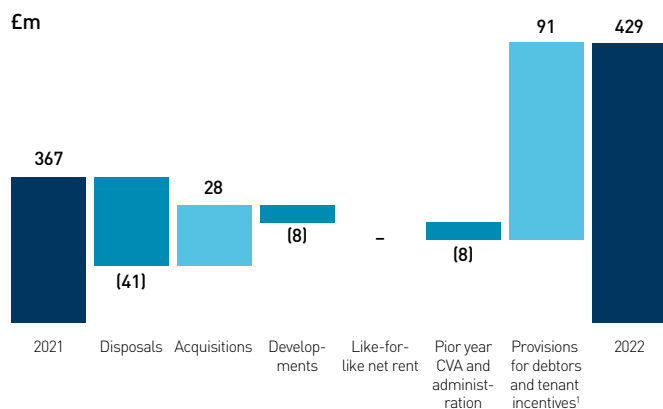
Year ended 31 March	Section	2022 £m	2021 £m
Gross rental income		490	508
Property operating expenses		(61)	(141)
Net rental income	1.2	429	367
Net fees and other income		13	11
Administrative expenses	1.3	(89)	(74)
Net financing costs	1.4	(102)	(103)
Underlying Profit		251	201
Underlying tax credit/(charge)		4	(26)
Non-controlling interests in Underlying Profit		2	3
EPRA and Company adjustments ¹		703	(1,261)
IFRS profit (loss) after tax	2	960	(1,083)
Underlying EPS	1.1	27.4p	18.8p
IFRS basic EPS	2	103.3p	(111.2)p
Dividend per share	3	21.92p	15.04p

1. EPRA adjustments consist of investment and development property revaluations, gains/losses on investment and trading property disposals, changes in the fair value of financial instruments and associated close out costs. Company adjustments consist of items which are considered to be unusual and/or significant by virtue to their size or nature. These items are presented in the 'capital and other' column of the consolidated income statement.

1.1 Underlying EPS

Underlying EPS is 27.4p, up 45.7%. This reflects the Underlying Profit increase of 24.9% and the £30m movement in underlying tax. Following the resumption of the dividend in November 2020, our REIT property income distribution requirements have been satisfied and therefore there has been no repeat of the underlying tax charge recognised in the prior year.

1.2 Net rental income



1. The year on year impact of provisions for debtors and tenant incentives was £91m. This reflects the difference between the £8m credit to the income statement in the year to 31 March 2022 (as disclosed in Note 10 and 13 of the financial statements) and the £83m charge in the year to 31 March 2021.

Disposals of income producing assets over the last 24 months reduced net rents by £41m in the year, where the proceeds from sales are being reinvested into value accretive acquisitions and developments. Acquisitions have increased net rents by £28m, primarily as a result of the purchase of the remaining 21.9% interest of HUT, the acquisition of Heritage House in Enfield and Retail Park acquisitions at Biggleswade and Thurrock. Developments have reduced net rents by £8m, driven by the vacant possession of Euston Tower as it moves into redevelopment. The completed and committed development pipeline is expected to deliver £85m of ERV in future years.

Campus like-for-like net rental growth was 2.5% in the period. This was driven by letting activity, including Monzo at Broadwalk House, Braze at Exchange House and various lettings across our Storey spaces. Excluding the impact of CVAs and administrations, like-for-like net rental growth for Retail Parks was 6% and declined 6% for Shopping Centres. This reflects improved occupancy on our Retail Parks, deals on our Shopping Centres transacting at lower passing rents and normalised car park and turnover income following the lifting of Covid-19 related restrictions. The impact of CVA and administrations primarily relates to various retail CVAs that occurred midway through 2020. When including the impact of CVAs and administrations, like-for-like net rents for Retail & Fulfilment decreased 6.0%.

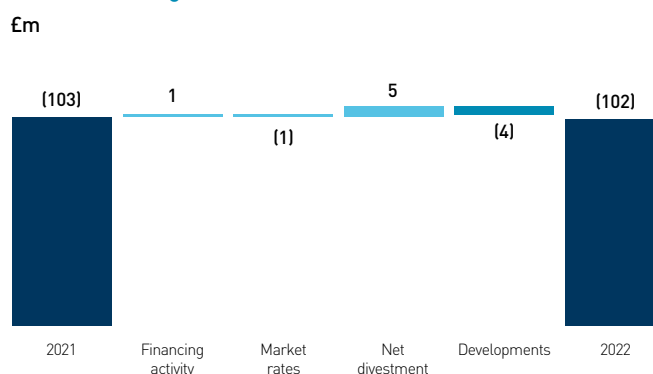
Provisions made against debtors and tenant incentives decreased by £91m compared to the prior year, with a net £8m credit recognised in the year. We've made good progress on prior year debtors; the £119m of tenant debtors and accrued income relating to the year ending 31 March 2021 now stands at £35m, primarily driven by cash collection and negotiations with occupiers. As of 31 March 2022, tenant debtors and accrued income totalled £72m of which £61m (or 85%) is provided for, reflecting that the majority of these debtors relate to amounts billed during Covid-19 related lockdowns for which recovery is uncertain.

1.3 Administrative expenses

Administrative expenses have increased by £15m in the year to £89m. This increase is driven by the following key drivers; added lease depreciation on our offices at York House, following our sale of a 75% interest in January 2021; a one off accelerated depreciation charge of historic IT assets; the recognition of a credit in the prior year following the closure of the Group's defined benefit pension scheme to future accrual; and higher variable pay reflecting strong financial performance this year.

The Group's EPRA operating cost ratio decreased to 24.2% (March 2021: 37.9%) as a result of a significant decrease in property outgoing expenses due to provisions made in respect of debtors and tenant incentives. Excluding provisions made in respect of debtors and tenant incentives, the Group's operating cost ratio is 26.0% (March 2021: 20.7%) and the increase from the prior year is a result of lower rental income following sales activity and the increase in administrative costs noted above. We expect our operating cost ratio to decrease going forward, reflecting continued cost discipline and the additional fee income that will be generated from our new Canada Water and Paddington joint ventures.

1.4 Net financing costs



Financing activity undertaken in the year has reduced costs by £1m, including the impact of the 100 Liverpool Street refinance and associated securitisation bonds redemption.

The impacts of net divestment and developments have been mostly offset, with proceeds from sales being used to repay revolving credit facilities, whilst interest on the funds drawn for our completed developments is no longer capitalised.

We have a balanced approach to interest rate risk management. At 31 March 2022, the interest rate on our debt was fully hedged on a spot basis. Following the completion of the Paddington Central transaction, on average over the next five years we have interest rate hedging on 79% of our projected debt with 61% fixed (including swaps) and the balance capped. Our finance costs are affected by market rates which apply to debt which is either unhedged or where the cap strike rates are above the current rate. The strike rates are limiting the adverse impact of rising rates on our finance costs. The use of interest rate caps as part of our hedging means we do not incur mark to market costs on any repayment of debt which is capped, or on a floating rate, and the cost of this debt benefits while market rates are below the strike rate. Our weighted average interest rate remains low at 2.9% (March 2021: 2.9%).

During the year we completed the transition from LIBOR to SONIA as the reference rate for Sterling under all our debt and derivative agreements, in line with market practice.

2. IFRS profit after tax

The main differences between IFRS profit after tax and Underlying Profit are that IFRS includes the valuation movements on investment and trading properties, fair value movements on financial instruments, capital financing costs and any Company adjustments. In addition, the Group's investments in joint ventures are equity accounted in the IFRS income statement but are included on a proportionally consolidated basis within Underlying Profit.

The IFRS profit after tax for the year was £960m, compared with a loss after tax for the prior year of £1,083m. IFRS basic EPS was 103.3p per share, compared to (111.2)p per share in the prior year. The IFRS profit after tax for the year primarily reflects the upward valuation movement on the Group's properties of £471m, the capital and other income profit from joint ventures of £158m and the Underlying Profit of £251m. The Group valuation movement and capital and other income profit from joint ventures was driven principally by inward yield shift of 42bps and ERV decline of 1.2% in the portfolio resulting in a valuation increase of 6.8%.

The basic weighted average number of shares in issue during the year was 927m (2020/21: 927m).

3. Dividends

In October 2020, we announced our new dividend policy, setting the dividend as semi-annual and calculated at 80% of Underlying EPS based on the most recently completed six-month period. Applying this policy, the Board are proposing a final dividend for the year ended 31 March 2022 of 11.60p per share. Payment will be made on Friday 29 July 2022 to shareholders on the register at close of business on Friday 24 June 2022. The dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

Balance sheet

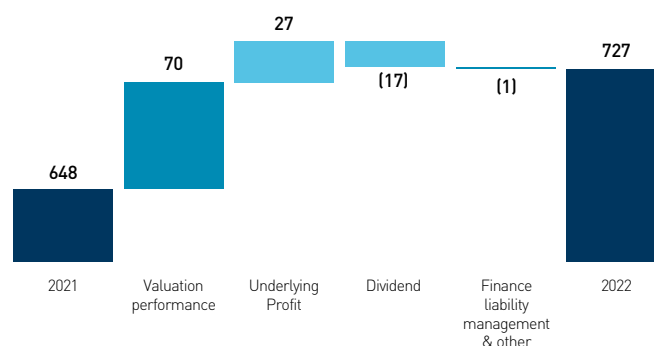
As at March	Section	2022 £m	2021 £m
Property assets		10,476	9,140
Other non-current assets		69	51
		10,545	9,191
Other net current liabilities		(316)	(203)
Adjusted net debt	6	(3,458)	(2,938)
Other non-current liabilities		-	-
EPRA Net Tangible Assets		6,771	6,050
EPRA NTA per share	4	727p	648p
Non-controlling interests		15	59
Other EPRA adjustments ¹		(53)	(126)
IFRS net assets	5	6,733	5,983

Proportionally consolidated basis.

1. EPRA Net Tangible Assets NTA is a proportionally consolidated 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. Details of the EPRA adjustments are included in Table B within the supplementary disclosures.

4. EPRA Net Tangible Assets per share

pence



The 12.2% increase in EPRA NTA per share reflects a valuation increase of 6.8% compounded by the Group's gearing.

Campus valuations were up 5.4%, driven by our actions with strong leasing and development activity at Regent's Place and Broadgate in particular generating uplifts of 6.7% and 5.1% respectively. Yields moved in 11bps and ERVs were flat. Campus developments were up 11.7% reflecting a very strong performance at Canada Water of 18.3% which now reflects our new joint venture with AustralianSuper.

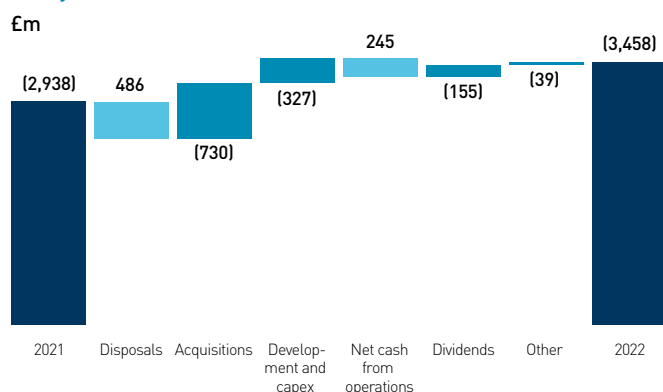
Valuations in Retail & Fulfilment were up 9.9% overall, with inward yield shift of 97bps and ERV decline of 2.8%. There is a significant variance at a sub-sector level, with Retail Park valuations showing a strong performance of 20.7%, driven by inward yield shift of 151bps underpinned by strong investment market and improving occupational market given their relative affordability and compatibility with online retail. Shopping Centres valuations were down 6.1% in the year with ERVs down 5.2%; yields have moved outwards by 3bps in the year, although we saw mild yield compression in the second half.

5. IFRS net assets

IFRS net assets at 31 March 2022 were £6,733m, an increase of £750m from 31 March 2021. This was primarily due to IFRS profit after tax of £960m, offset by dividends paid in the year of £157m and the purchase of the remaining 21.9% units in the Hercules Unit Trust from non-controlling interests of £38m.

Cash flow, net debt and financing

6. Adjusted net debt¹



1. Adjusted net debt is a proportionally consolidated measure. It represents the Group net debt as disclosed in Note 17 to the financial statements and the Group's share of joint ventures' net debt excluding the mark-to-market on derivatives, related debt adjustments and non-controlling interests. A reconciliation between the Group net debt and adjusted net debt is included in Table A within the supplementary disclosures.

Acquisitions net of disposals increased debt by £244m whilst development spend totalled £266m with a further £61m on capital expenditure related to asset management on the standing portfolio. The value of recently completed and committed developments is £1,032m, with £648m costs to come. Speculative development exposure is 6.4% of ERV (includes space under offer). There are 1.9m sq ft of developments in our near term pipeline with anticipated cost of £963m.

7. Financing

	Group		Proportionally consolidated	
	2022	2021	2022	2021
Net debt/adjusted net debt ¹	£2,541m	£2,249m	£3,458m	£2,938m
Principal amount of gross debt	£2,562m	£2,291m	£3,648m	£3,183m
Loan to value	26.2%	25.1%	32.9%	32.0%
Weighted average interest rate	2.4%	2.2%	2.9%	2.9%
Interest cover	5.6	4.3	3.5	3.0
Weighted average maturity of drawn debt	6.6 years	7.0 years	6.9 years	7.6 years

1. Group data as presented in Note 17 of the financial statements. The proportionally consolidated figures include the Group's share of joint ventures' net debt and exclude the mark-to-market on derivatives and related debt adjustments and non-controlling interests.

At 31 March 2022, our proportionally consolidated LTV was 32.9%, up from 32.0% at 31 March 2021. The impact of positive valuation movements decreased LTV by 210 bps. This was offset by acquisitions net of disposals which added 150bps, as well as development spend which added 200 bps. In April 2022, we exchanged on the sale of a 75% interest in the majority of our assets in Paddington Central to GIC; following its completion LTV falls to 28.4% on pro forma basis. Note 17 of the financial statements sets out the calculation of the Group and proportionally consolidated LTV.

In June 2021 we completed the refinance of 100 Liverpool Street with the Broadgate joint venture raising a new £420m 5 year 'Green Loan' secured by the property at an initial LTV of c.50%. As part of the refinance, this BREEAM Outstanding and net zero carbon development was released from the Broadgate securitisation alongside the redemption of £107m of bonds. The new financing was voted Financing Deal of the Year: UK by Real Estate Capital Europe for 2021.

In September our £138m US Private Placement matured and was repaid as planned, using committed bank facilities.

In February, we extended our £450m ESG-linked Revolving Credit Facility by a further year to 2027, with the agreement of all eight banks in that facility.

In March, we signed a new £100m ESG-linked bilateral Revolving Credit Facility with an initial five year term, which may be extended up to seven years at British Land's request, subject to the bank's consent. In keeping with our sustainability strategy, the facility includes two ESG-related KPIs focused on the BREEAM ratings of our developments and assets under management (aligned with the KPIs in the £450m RCF). This brings our total Green/ESG-linked finance to £1bn.

As a result of this financing activity, at 31 March 2022, we had £1.3bn of undrawn facilities and cash. Based on our current commitments and available facilities and following the completion of the Paddington sale, the Group has no requirement to refinance until late 2025.

Our debt and interest rate management approach has enabled us to maintain a low weighted average interest rate of 2.9%.

Fitch Ratings, as part of their annual review in August 2021 affirmed all our credit ratings, with a Stable Outlook; senior unsecured credit rating 'A', long term IDR 'A-' and short term IDR 'F1'.

Our strong balance sheet enables us to deliver on our strategy.

Bhavesh Mistry
Chief Financial Officer

Financial strength and balanced approach

With our sound financial footing, we are well positioned to respond to market challenges and pursue growth opportunities.

Leverage

We manage our use of debt and equity finance to balance the benefits of leverage against the risks, including magnification of property returns. A loan to value ('LTV') ratio measures our leverage, primarily on a proportionally consolidated basis including our share of joint ventures (and excluding any non-controlling interests). At 31 March 2022, our proportionally consolidated LTV was 32.9% and the Group measure was 26.2%. Following the sale of a 75% interest in the majority of our assets at Paddington Central, proportionally consolidated LTV is 28.4% on a pro forma basis. Our LTV is monitored in the context of wider decisions made by the business. We manage our LTV through the property cycle such that our financial position remains robust in the event of a significant fall in property values. This means we do not adjust our approach to leverage based only on changes in property market yields. Consequently, our LTV may be higher at the low point in the cycle and will trend downwards as market yields tighten.

Debt finance

The scale of our business, combined with the quality of our assets and rental income, means that we are able to approach a diverse range of debt providers to arrange finance on attractive terms. Good access to the capital and debt markets allows us to take advantage of opportunities when they arise. The Group's approach to debt financing for British Land is to raise funds predominantly on an unsecured basis with our standard financial covenants (set out on page 83). This provides flexibility and low operational cost. Our joint ventures which choose to have external debt are each financed in 'ring fenced' structures without recourse to British Land for repayment and are secured on their relevant assets. Presented on the following page are the five guiding principles that govern the way we structure and manage debt.

Monitoring and controlling our debt

We monitor our debt requirement by reviewing current and projected borrowing levels, available facilities, debt maturity and interest rate exposure. We undertake sensitivity analysis to assess the impact of proposed transactions, movements in interest rates and changes in property values on key balance sheet, liquidity and

profitability ratios. We also consider the risks of a reduction in the availability of finance, including a temporary disruption of the financing markets. Based on our current commitments and available facilities, the Group has no requirement to refinance until late 2025. British Land's undrawn facilities and cash amounted to £1.3bn at 31 March 2022.

Managing interest rate exposure

We manage our interest rate profile separately from our debt, considering the sensitivity of underlying earnings to movements in market rates of interest over a five-year period. The Board sets appropriate ranges of hedging on debt over that period and the longer term. Our debt finance is raised at both fixed and variable rates. Derivatives (primarily interest rate swaps and caps) are used to achieve the desired hedging profile across proportionally consolidated net debt. As at 31 March 2022, the interest rate on our debt was fully hedged on a spot basis. Following completion of the Paddington Central transaction, on average over next five years we have interest rate hedging on 79% of our projected debt, with a decreasing profile over that period. Accordingly we have a higher degree of protection on interest costs in the short term and achieve market rate finance in the medium to longer term. The hedging required and use of derivatives is managed by a Derivatives Committee. The interest rate management of joint ventures is considered separately by each entity's board, taking into account appropriate factors for its business.

During the year we completed the transition from LIBOR to SONIA as the reference rate for Sterling under all our debt and derivatives agreements.

Counterparties

We monitor the credit standing of our counterparties to minimise risk exposure in placing cash deposits and arranging derivatives. Regular reviews are made of the external credit ratings of the counterparties.

Foreign currency

Our policy is to have no material unhedged net assets or liabilities denominated in foreign currencies. When attractive terms are available, the Group may choose to borrow in currencies other than Sterling, and will fully hedge the foreign currency exposure.

Our five guiding principles

1.	Diversify our sources of finance We monitor finance markets and seek to access different sources of finance when the relevant market conditions are favourable, to meet the needs of our business and, where appropriate, those of our joint ventures and funds. The scale and quality of our business enables us to access a broad range of unsecured and secured, recourse and non-recourse debt. We develop and maintain long term relationships with banks and debt investors. We aim to avoid reliance on particular sources of funds and borrow from a large number of lenders from different sectors in the market across a range of geographical areas, with around 30 debt providers in bank facilities and private placements alone. We work to ensure that debt providers understand our business,	adopting a transparent approach to provide sufficient disclosures to enable them to evaluate their exposure within the overall context of the Group. These factors increase our attractiveness to debt providers, and in the last five years we have arranged £3.3bn (British Land share £2.9bn) of new finance in unsecured and secured loans, Sterling bonds and US Private Placements, including £1.0bn of Green/ESG-linked finance. We also have existing long-dated debentures and securitisation bonds. A European Medium Term Note programme is maintained to enable us to access the Sterling/Euro unsecured bond markets and our Sustainable Finance Framework enables us to issue Sustainable, 'Green', and/or Social finance, when it is appropriate for our business.	£3.6bn total drawn debt (proportionally consolidated) in over 20 debt instruments
2.	Phase maturity of debt portfolio The maturity profile of our debt is managed with a spread of repayment dates, currently between one and 16 years, reducing our refinancing risk in regard to timing and market conditions. As a	result of our financing and capital activity, we are ahead of our preferred refinancing date horizon of not less than two years. In accordance with our usual practice, we expect to refinance facilities ahead of their maturities.	6.9 years average drawn debt maturity (proportionally consolidated)
3.	Maintain liquidity In addition to our drawn debt, we aim always to have a good level of undrawn, committed, unsecured revolving bank facilities. These facilities provide financial liquidity, reduce the need to hold resources in cash and deposits, and minimise costs arising from the difference	between borrowing and deposit rates, while reducing credit exposure. We arrange these revolving credit facilities in excess of our committed and expected requirements to ensure we have adequate financing availability to support business requirements and new opportunities.	£1.3bn undrawn facilities and cash
4.	Maintain flexibility Our facilities are structured to provide valuable flexibility for investment activity execution, whether sales, purchases, developments or asset management initiatives. Our unsecured revolving credit facilities provide full operational flexibility of drawing and repayment (and cancellation if we require) at short notice without additional cost.	These are arranged with standard terms and financial covenants and generally have maturities of five years. Alongside this, our secured term debt in debentures has good asset security substitution rights, where we have the ability to move assets in and out of the security pool, as required for the business.	£1.9bn total facilities
5.	Maintain strong metrics We use both debt and equity financing. We manage LTV through the property cycle such that our financial position would remain robust in the event of a significant fall in property values and we do not adjust our approach to leverage based only on changes in property market yields. We	manage our interest rate profile separately from our debt, setting appropriate ranges of hedged debt over a five-year period and the longer term. We maintained our strong senior unsecured credit rating 'A', long term IDR credit rating 'A-', and short term IDR credit rating 'F1', affirmed by Fitch during the year with Stable outlook.	32.9% LTV (proportionally consolidated) A senior unsecured credit rating

Group borrowings

Unsecured financing for the Group includes bilateral and syndicated revolving bank facilities (with initial maturities usually of five years, often extendable); US Private Placements with maturities up to 2034; and the Sterling unsecured bond maturing in 2029.

Secured debt for the Group comprises British Land debentures with maturities up to 2035 and Hercules Unit Trust bank loans.

Unsecured borrowings and covenants

There are two financial covenants which apply across all of the Group's unsecured debt. These covenants, which have been consistently agreed with all unsecured lenders since 2003, are:

- Net Borrowings not to exceed 175% of Adjusted Capital and Reserves
- Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets

There are no income or interest cover covenants on any of the unsecured debt of the Group. The Unencumbered Assets of the Group, not subject to any security, stood at £5.1bn as at 31 March 2022.

Although secured assets are excluded from Unencumbered Assets for the covenant calculations, unsecured lenders benefit from the surplus value of these assets above the related debt and the free cash flow from them. During the year ended 31 March 2022, these assets generated £35m of surplus cash after payment of interest. In addition, while investments in joint ventures do not form part of Unencumbered Assets, our share of free cash flows generated by these ventures is regularly passed up to the Group.

Secured borrowings

Secured debt with recourse to British Land is provided by debentures with long maturities and limited amortisation. These are secured against a combined pool of assets with common covenants; the value of the assets is required to cover the amount of the debentures by a minimum of 1.5 times and net rental income must cover the interest at least once. We use our rights under the debentures to actively manage the assets in the security pool, in line with these cover ratios.

Hercules Unit Trust has two bank loans maturing in December 2022 and 2023 arranged for its business and secured on its property portfolios, without recourse to British Land. These loans include LTV covenants (65% and 60%), and income-based covenants.

We continue to focus on unsecured finance at a Group level.

Borrowings in our joint ventures

External debt for our joint ventures has been arranged through long-dated securitisations or secured bank debt, according to the requirements of the business of each entity.

The securitisations of Broadgate (£1,102m) and Meadowhall (£519m) have weighted average maturities of 8.9 years and 6.9 years respectively. The key financial covenant applicable is to meet interest and scheduled amortisation (equivalent to one times cover); there are no LTV default covenants. These securitisations have quarterly amortisation with the balance outstanding reducing to approximately 20% to 30% of the original amount raised by expected final maturity, thus mitigating refinancing risk.

In the Broadgate joint venture, a new secured £420m Green loan was arranged during the year which includes LTV and ICR covenants.

Our West End offices joint venture with Allianz has a secured bank loan which also includes LTV and ICR covenants.

There is no obligation for British Land to remedy any breach of these covenants in the debt arrangement of joint ventures.

Unsecured financial covenants

As 31 March	2022 %	2021 %	2020 %	2019 %	2018 %
Net borrowings to adjusted capital and reserves	36	33	40	29	29
Net unsecured borrowings to unencumbered assets	30	25	30	21	23

Managing risk

For British Land, effective risk management is fundamental to how we do business. It directly informs our strategy and how we position the business to create value whilst delivering positive outcomes for all our stakeholders on a long term sustainable basis.

Our key activities in the year

- Continued to manage our response to Covid-19 with business resilience and risk management at the core of our approach.
- Proactively managed our rent collection and occupier risk.
- Realigned the principal risk categories to our strategy and evolving markets.
- Introduced formal internal testing of key controls operating effectiveness, as part of a wider roadmap of readiness activities for the UK Government’s proposed corporate governance reforms.
- Enhanced our IT infrastructure and cyber security environment and key controls.
- Completed scenario analysis of both physical and transitional climate-related risks aligned to TCFD requirements. Also, we have undertaken detailed net zero carbon audits across 29 of our major office and retail assets and have undertaken EPC modelling across our managed assets.

Our priorities for 2022/23

- Continue to regularly support the business through managing the risks arising from both the macroeconomic environment and the war in Ukraine.
- Effective risk management of our key operational risks including development, health & safety, our partnerships with third parties and our occupier risks.
- Work with the business to mitigate the risks in delivering our 2030 Sustainability Strategy.
- Continue to deliver on our roadmap of readiness activities for the UK Government’s proposed corporate reforms, including continuing to enhance our internal control framework.
- Continue to enhance our IT infrastructure and IT general control environment.

Risk management

We maintain a comprehensive risk management process which serves to identify, assess and respond to the range of financial and non-financial risks facing our business, including those risks that could threaten solvency and liquidity, as well as to identify emerging risks. Our approach is not intended to eliminate risk entirely, but instead to manage our risk exposures across the business, whilst at the same time making the most of our opportunities.

Our integrated risk management approach combines a top-down strategic view with a complementary bottom-up operational process as outlined in the diagram and detailed below.

Governance

The Board has overall responsibility for risk and for maintaining a robust risk management and internal control system. The Board is responsible for determining the level and type of risk that the Group is willing to take in achieving its strategic objectives. The amount of risk is assessed in the context of our strategic priorities and the external environment in which we operate – this is our risk appetite (as detailed overleaf). The Audit Committee and CSR Committee support the Board by providing a key oversight and assurance role. The Audit Committee is responsible for reviewing the effectiveness of the risk management and internal control processes during the year.

The Executive Directors and Risk Committee (comprising the Executive Committee and senior management across the business, chaired by the Chief Financial Officer) have overall accountability for the management of risks across the business. Principal risks are evaluated and monitored by the Risk and Audit Committees, with

appropriate mitigation measures implemented as required.

The effective day-to-day management of risk is embedded within our operational business units and forms an integral part of all activities. This bottom-up approach allows potential risks to be identified at an early stage and escalated as appropriate, with mitigations put in place to manage such risks. Each business unit has a designated risk representative and maintains a comprehensive risk register. Changes to the risk register are reviewed quarterly by the Risk Committee, and we formally report on the significant and emerging risks to the Audit Committee every six months.

Internal audit acts as an independent and objective assurance function by evaluating the effectiveness of our risk management and internal control processes, through independent review.

Through this approach, the Group operates a ‘three lines of defence’ model of risk management, with operational management forming the first line, the Risk Committee and internal risk management team forming the second line, and finally Internal Audit as the third line of defence.

In summary, our approach to risk management is centred on being risk-aware, clearly defining our risk appetite, responding to changes to our risk profile quickly and having a strong risk management culture among employees with clear roles and accountability. Our organisational structure ensures close involvement of senior management in all significant decisions as well as in-house management of our development, asset and property management activities.

To read more about the Board and Audit Committee’s risk oversight, see pages 109, 125 and 126

Our integrated risk management approach



Our risk appetite

Our risk appetite lies at the heart of our approach to risk management and is integral to both business planning and decision making. The Group's risk appetite is reviewed annually as part of the strategy review process and approved by the Board, in order to guide the actions management takes in executing our strategy. Our risk appetite is cascaded throughout the business by being embedded within our policies, procedures and internal controls.

We have identified a risk dashboard of Key Risk Indicators (KRIs) for each principal risk, with specific tolerances to track whether our risk exposure is within our risk appetite or could threaten the achievement of our strategic priorities. The risk dashboard is reviewed quarterly by the Risk Committee and serves as a catalyst for discussion about how our principal risks are changing and whether any further mitigating actions need to be taken. The risk indicators are a mixture of leading and lagging indicators, with forecasts provided where available, and focus on the most significant judgements affecting our risk exposure, including: our investment and development strategy; the level of occupational and development exposure; our sustainability risks; our financial resilience; and our key operational business risks (as illustrated in the principal risks table on pages 88-96).

Whilst our appetite for risk will vary over time and during the course of the property cycle, in general we maintain a balanced overall appetite for risk, appropriate for our strategic objective of delivering long term sustainable value. The Board has reviewed our risk appetite in light of the continued macroeconomic uncertainty and confirmed that our current risk appetite is appropriate. In summary, our appetite for financial and compliance related risks remains low, whilst our appetite for property and operational related risks is moderate, reflecting our strategy with an increased focus on development, active capital and property management and associated repositioning opportunities.

Significant factors which contribute to our balanced appetite for risk across our business include:

- approach to capital allocation focusing on prime assets or assets with repositioning potential, and therefore limited obsolescence risk
- disciplined approach to development including a balanced approach to our speculative exposure
- maintaining an efficient capital structure and robust liquidity position
- a diverse occupier base
- experienced Board and senior management team.

Our risk focus

The volatile and uncertain environment created by the Covid-19 pandemic, coupled with a backdrop of increasing geopolitical and macroeconomic uncertainty, has continued to present an uncertain general risk environment for our business to navigate throughout the year. Covid-19 was viewed as an overarching risk rather than a single principal risk and fundamentally affected all aspects of our business. Whilst our performance continued to be impacted, our rent collection has recovered to close to pre-pandemic levels as the UK economy recovered across the year.

Looking forward, the removal of all Covid-19 restrictions in England from April 2022 following the successful vaccination programme reduces the risks relating to Covid-19, particularly in relation to our macroeconomic, property markets, major business event, customer and people risks. However, it is likely that Covid-19 will still be prevalent in society and the risk of further Covid-19 variants, and whether current vaccines will deal with them effectively or not, remains. Also, the long term impact of Covid-19 on the future demand for and use of space, the evolution of customer behaviour (including an acceleration of trends in flexible working and online shopping) and travel patterns could have further implications for the real estate market and the Group's portfolio.

There are also wider concerns that we are potentially entering an extended period of global volatility with several increasing macroeconomic headwinds including energy price volatility, supply chain disruption and material and labour shortages. These are all increasing inflationary pressures, and are being compounded by the war in Ukraine, and may give rise to further interest rate rises and in turn serve to dampen UK economic growth. Whilst these headwinds continue to evolve, we have set out in our principal risks table the key potential impacts on our business and how we plan to mitigate these.

Risk management, and the Group's continued ability to be flexible to adjust and respond to these external risks as they evolve, will be fundamental to the future performance of our business. The challenges of the last two years have demonstrated the resilience of our business model, and our robust risk management to protect our business through this period of uncertainty and adapt to a rapidly-changing environment.

During the year, the Risk Committee has also focused on key operational risk areas across the business including:

- a programme to enhance and strengthen our key financial and operational controls
- a site-specific risk assessment and compliance review across our assets
- information security general controls incorporating vulnerability scanning and cyber security testing
- occupier covenant risk and working proactively with customers to maximise collection rates
- covenant strength of key development contractors and subcontractors, and managing our exposure to them
- health, safety and environmental risk management and compliance with our key performance indicators. Our health and safety management system was re-certified under ISO 45001
- climate risks incorporating our TCFD transition risk assessment and EPC ratings of our assets
- supply chain and new supplier onboarding process
- internal audit reviews and the implementation of any control findings or process improvement opportunities.

Our principal risks and assessment

Our risk management framework is structured around the principal risks facing British Land. We use a risk scoring matrix to ensure risks are evaluated consistently; we assess the likelihood, the financial impact (to both income and capital values) and the reputational impact. From this we identify both the external and internal strategic and operational principal risks which currently have a higher likelihood and potential impact on our business. Whilst the Board recognises that it has fairly limited control over the external principal risks, it reviews their potential impact on our business, and these are taken into account in our decision making. For our internal principal risks the Board makes sure that appropriate controls and processes are in place to manage these risks.

The Board confirms that a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, as well as the Group's strategic priorities, was carried out during the year taking into account the Covid-19 risk and the evolving economic and geopolitical environment.

In the year, following a thorough review exercise involving the Risk and Audit Committees, we have refreshed our principal risks to take into account how our strategy and markets are evolving, together with combining several interrelated risks. The key changes and assessments are summarised below, and in the principal risks table on pages 88-96, including the key impacts on our business, our mitigating actions and our key risk indicators.

New risk

Operational and Compliance risks

The combination of several key operational risks to our business involving information systems and cyber security, health and safety, third party relationships and financial crime compliance have been elevated into a new principal risk category, reflecting their significance to our business and the increased focus on these areas by both the Risk and Audit Committees.

Changing risks

Property Market risks

The key occupier and investment market risks to our sectors, together with the structural changes facing our markets, have been aggregated into a broader external Property Market risk. This will be assessed individually for our key sectors of Campuses, Retail and Urban Logistics.

Portfolio Strategy risks

Our portfolio strategy risk has evolved to reflect the risks in executing our active management and development approach and our capital allocation plans in delivering performance.

People and Culture risks

Whilst our ability to recruit and retain people with the right skills to deliver our strategy was already recognised as a principal risk to our business, we have widened this to incorporate the cultural risks to our business.

Customer risks

Our income sustainability was previously considered a principal risk, but is now recognised as being a consequence of our overall customer risks incorporating our occupancy and income risks. This incorporates the risks of customer default or an inability to retain our customers and meet their evolving needs, together with our concentration and exposure risks to individual occupiers or sectors.

Financing risks

The interrelated financing risks of availability and cost of finance, our capital structure and our financing strategy have been combined into a broader single financing risk.

Risk assessment

Our current assessment is that the general external environment in which the Group operates remains uncertain, albeit several principal risks to our business have reduced from their elevated position last year reflecting the lessened impact of Covid-19 and the reopening of the UK economy. These include:

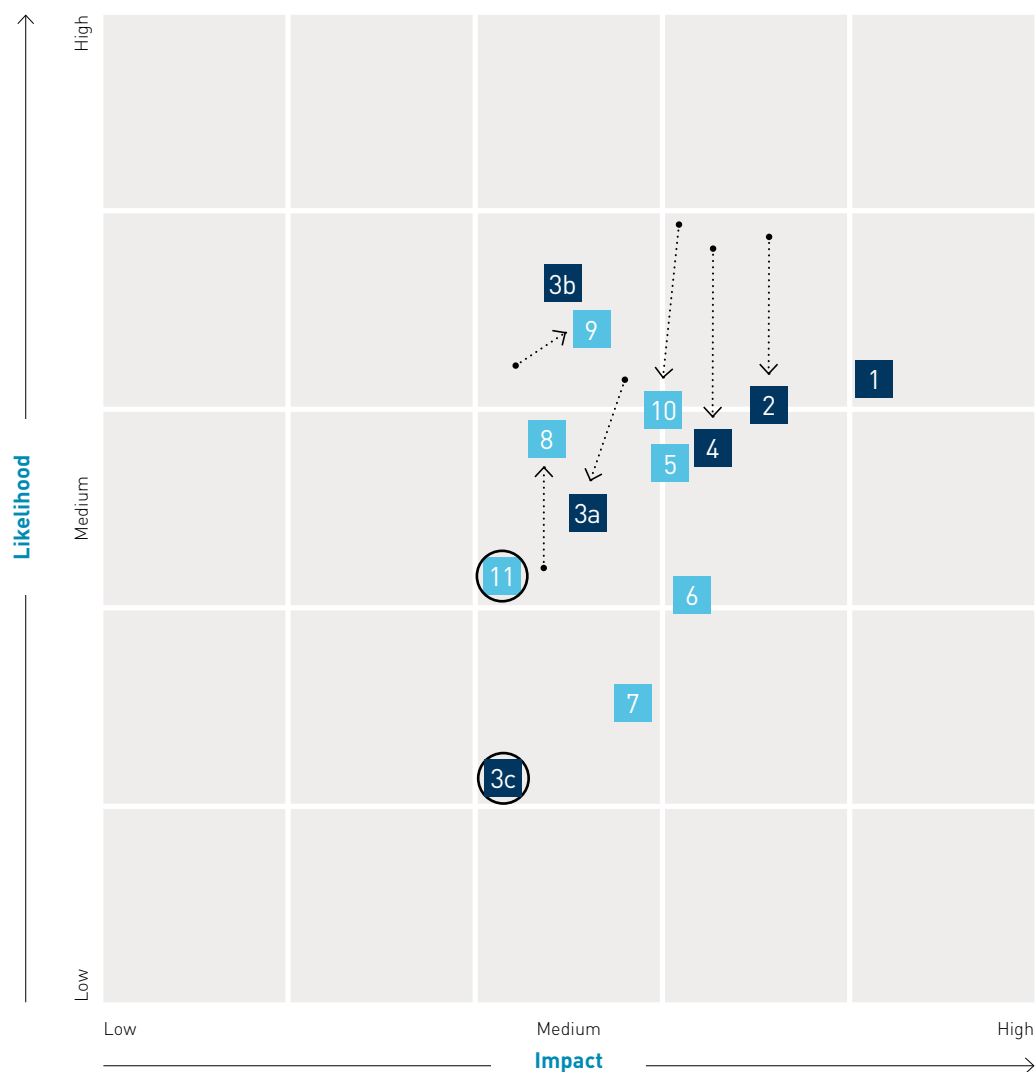
- Political, legal and regulatory risks.
- Property market risk for our Campuses.
- Major events/business disruption risks.
- Customer risks.

At the same time, our environmental sustainability and people and culture risks have increased slightly:

- environmental sustainability risk continues to increase in prominence and importance to our business, our customers and other key stakeholders.
- people and culture risk has increased in the year, reflecting the challenging operating environment caused by Covid-19 together with general rising wage expectations and a recent increase in employee mobility.

See risk heat map on the right.

Risk heat map



Key

Our strategic priorities

- Realising the potential of our Campuses
- Progressing value accretive development
- Targeting the opportunities in Retail & Fulfilment
- Active capital recycling
- Environmental leadership

Change year on year

- ↔ No change
- ↑ Increase
- ↓ Decrease
- New Principal Risk

Our risk assessment

Principal risk	Related Strategic Priority	Change in risk assessment in year	Principal risk	Related Strategic Priority	Change in risk assessment in year
External Risks			Internal Risks		
1 Macroeconomic Risks	●●●●●	↔	5 Portfolio Strategy Risks	●●●●●	↔
2 Political, Legal and Regulatory Risks	●●●●●	↓	6 Development Risks	●●●●●	↔
3 Property Market Risks			7 Financing Risks	●●●●●	↔
(a) Campuses	●●●●●	↓	8 Environmental Sustainability Risks	●●●●●	↑
(b) Retail	●●●●●	↔	9 People and Culture Risks	●●●●●	↑
(c) Urban Logistics	●●●●●	○	10 Customer Risks	●●●●●	↓
4 Major Events/Business Disruption Risks	●●●●●	↓	11 Operational and Compliance Risks	●●●●●	○

Note: The above illustrates principal risks which by their nature are those which have the potential to significantly impact the Group's strategic objectives, financial position or reputation. The heat map highlights net risk, after taking account of principal mitigations. The arrow shows the movement from the 2021 point.

External Principal Risks

① Macroeconomic Risks

The UK economic climate and changes to fiscal and monetary policy presents risks and opportunities in property and financing markets and to the businesses of our customers which can impact both the delivery of our strategy and our financial performance.

How we monitor and mitigate the risks

- The Board, Executive Committee and Risk Committee regularly assess the Company's strategy in the context of the wider macroeconomic environment in which we operate to assess whether changes to the economic outlook justify a reassessment of our strategic priorities, our capital allocation plan and the risk appetite of the business.
- Our strategy team prepare a quarterly dashboard for the Board, Executive and Risk Committees which tracks key macroeconomic indicators both from internal and independent external sources (see KRIs), as well as central bank guidance and government policy.

- Regular stress testing our business plan against a downturn in economic outlook to ensure our financial position is sufficiently flexible and resilient.
- Our business model focuses on a high quality portfolio aligned to key trends in our markets and active capital recycling to maintain a strong financial position, which helps to protect us against adverse changes in economic conditions.

KRIs:

- Forecast GDP growth, inflation/deflation and interest rate forecasts.
- Consumer confidence and unemployment rates.
- Stress testing for downside scenarios to assess the impact of differing market conditions.

↔ Change in risk assessment in year

Macroeconomic risk has remained consistent during the year and is considered a high impact risk with a medium to high probability.

The UK economy strengthened significantly in the period following the reopening of the economy with consumer confidence improving over the summer, however, rising fuel and food prices have affected confidence more recently and there are concerns that economic momentum slows.

The current economic backdrop remains uncertain reflecting the on-going Covid-19 risk and several macroeconomic headwinds, including inflationary pressures, which have been compounded by the war in Ukraine, with potential subsequent impacts on interest rates, rental income, construction costs and property valuations.

Opportunity

The strength of our balance sheet, quality of our assets and experienced Board and management team put us in a strong position to help us to navigate through these near term challenges and take advantage of opportunities as they rise, including continuing to invest in growth sectors and our development pipeline.

② Political, Legal, and Regulatory Risks

Significant political events and regulatory changes, including the impact of Government policy response to the pandemic, bring risks principally in four areas:

- Reluctance of investors and businesses to make investment and occupational decisions whilst the outcome remains uncertain.
- The impact on the case for investment in the UK, and on specific policies and regulation introduced, particularly those which directly impact real estate or our customers.
- The potential for a change of leadership or political direction.
- The impact on the businesses of our occupiers as well as our own business.

How we monitor and mitigate the risks

- Whilst we cannot influence the outcome of significant political events, the risks are taken into account when setting our business strategy and when making strategic investment and financing decisions.
- Internally we review and monitor proposals and emerging policy and

legislation to ensure that we take the necessary steps to ensure compliance, if applicable. Additionally, we engage public affairs consultants to ensure that we are properly briefed on the potential policy and regulatory implications of political events.

- Where appropriate, we act with other industry participants and representative bodies to contribute to policy and regulatory debate. We monitor and respond to social and political reputational challenges relevant to the industry and apply our own evidence-based research to engage in thought leadership discussions.

KRIs:

- Monitor changes within the geopolitical environment, UK policies, laws or regulations.

↓ Change in risk assessment in year

The political, legal and regulatory risk outlook has reduced over the year with Covid-19 related political uncertainty eased, but still remains elevated with both a medium to high impact and probability.

Following the successful vaccination programme, political uncertainty due to the national and global response to Covid-19 has lessened, though risks in response to the economic impact of the Covid-19 pandemic remain, including potential tax rises for businesses.

The rent moratorium recently came to an end, with the UK Government introducing a binding arbitration scheme for certain arrears built up during lockdown periods.

The global geopolitical environment remains uncertain, heightened by the recent war in Ukraine, with potential impacts on security, cyber risks, sanctions compliance, supply chains and reputational risks.

Opportunity

We continue to closely monitor the political outlook and any potential changes in regulations to ensure changes which may impact the Group, or our customers, are identified and addressed appropriately. We work closely with Government, directly and through our membership of key property industry bodies, to input into regulation as draft proposals are announced. Through this proactive approach, we view the right kind of regulation and legislation as an opportunity for our business to outperform.

③ Property Market Risks

Underlying income, rental growth and capital performance could be adversely affected by a reduction in investor demand or weakening occupier demand in our property markets.

Structural changes in consumer and business practices such as the growth of online retailing and flexible working practices (including more working from home) could have an adverse impact on demand for our assets.

How we monitor and mitigate the risks

- The Board, Executive Committee and Risk Committee regularly assess whether any current or future changes in the property market outlook present risks and opportunities which should be reflected in the execution of our strategy and our capital allocation plan.
- Our strategy team prepare a quarterly dashboard for the Board, Executive and Risk Committees which tracks key investment and occupier demand indicators both from internal and independent external sources (see KRIs) which are considered alongside the Committee members' knowledge and experience of market activity and trends.
- We focus on prime assets or those with repositioning potential and sectors which we believe will be more resilient over the medium term to a reduction in occupier and investor demand.
- We maintain strong relationships with our occupiers, agents and direct investors active in the market and actively monitor trends in our sectors.
- We stress test our business plan for the effect of a change in rental growth prospects and property yields.

KRIs:

- Occupier and investor demand indicators in our sectors.
- Margin between property yields and borrowing costs.
- Online sales trends.
- Footfall and retail sales to provide insight into consumer trends.
- Campus occupancy to provide insight into occupier trends and people visiting our Campuses.

Change in risk assessment in year

↓ Campuses

Our Campus property market risk outlook has reduced in the year and is considered a medium impact risk with a medium probability.

As the economy strengthened over the last year, both investment and occupier markets have improved for London offices, with investment activity particularly driving yield compression. Take up has been mixed and polarised towards best in class space. Availability across the market remains above the long term average but has moderated; and is skewed towards secondhand, poorer quality space.

Structural risks remain from increased working from home, accelerated by the impact of Covid-19, enabling some businesses to reassess their real estate options.

Opportunity

Our Campus model is centred on providing well connected, high quality and sustainable buildings with attractive amenity which aligns to our customers needs and expectations and is an important differentiator of our space. We have been encouraged by the strength of our leasing activity across our Campuses this year.

↔ Retail

Our Retail property market risk outlook has remained consistent and is considered a medium impact risk with a high probability.

The occupational market for retail has endured a challenging few years reflecting the structural shift to online which has accelerated through Covid-19. Retailers' profitability is continuing to be put under pressure due to increased costs, such as rising input costs, wages, business rates and the erosion of margins from online competition. Shopping Centres have been impacted more severely by this, whereas retail parks, which are more affordable and resilient to online, have fared better.

As in the occupational market, investment activity has been skewed towards retail parks reflecting lower occupancy costs for retailers and the important role retail parks can play in online fulfilment; and as a result, yields have moved in. The investment market for shopping centres has continued to be weak, although there are signs of renewed investor interest.

Opportunity

Our Retail portfolio focuses on retail parks aligned to the growth of convenience and supports retailers omnichannel strategy. Despite the challenges in retail, this has been a strong year for our leasing activity and retailers continue to recognise we offer some of the best quality space in the UK. We are focused on maintaining high occupancy, accepting appropriate rents which are more sustainable in the long term.

○ Urban Logistics

The urban logistics property market risk outlook has been added as one of our key sectors and is considered a medium impact risk with a low probability.

Both the occupational and investment market outlook remain favourable underpinned by structural changes in e-commerce. Supply of the right kind of space remains highly constrained and demand is strong, driving rental growth.

Opportunity

Our Urban Logistics portfolio is focused on a development-led pipeline through the intensification and repurposing of existing buildings in London.

Key: Change in risk assessment from last year

↑ Increase

↔ No change

↓ Decrease

○ New risk

④ Major Events/Business Disruption Risks

Major global, regional or national events could cause significant damage and disruption to the Group’s business, portfolio, customers, people and supply chain.

Such incidents could be caused by a wide range of external events such as civil unrest, an act of terrorism, pandemic disease, a cyber-attack, an extreme weather occurrence, environmental disaster or a power shortage.

This could result in sustained asset value or income impairment, liquidity or business continuity challenges, share price volatility or loss of key customers or suppliers.

How we monitor and mitigate the risks

- The Group has comprehensive crisis response plans and incident management procedures both at head office and asset-level that are regularly reviewed and tested.
- Asset emergency procedures are regularly reviewed and scenario tested. Physical security measures are in place at properties and development sites.

- The Group monitors the Home Office terrorism threat level, and we have access to security threat information services to help inform our security measures.
- We have robust IT security systems that support data security, disaster recovery and business continuity plans.
- We have comprehensive property damage and business interruption insurance across the portfolio.

KRIs:

- Security Service National Threat level.
- Security risk assessments of our assets.

 **Change in risk assessment in year**

Our major events/business disruption risk outlook has reduced over the year as Covid-19 related disruption to our business has eased following the full opening of our assets and the return to the office of our people, but this remains a medium to high impact risk with a medium probability.

This risk was increased last year as the Group’s operations were severely impacted by the Covid-19 pandemic. Our core crisis management team, overseen by the Executive Committee, co-ordinated the Group’s operational response to the pandemic, and the resilience of our business model, has enabled us to weather the impact since its onset. We remain mindful of the risks posed by any further Covid-19 variants, and whether current vaccines will deal with them effectively.

We are also aware of the increase in global uncertainty, heightened by the war in the Ukraine. Specifically, terrorism remains a threat, as is the risk of cyber security breaches. Our crisis management team carry out event simulations to test our processes and procedures in response to major incidents. We also undertake regular cyber security training and testing.

Opportunity

The challenges of the last two years have demonstrated the resilience of our business model and our robust crisis management and business continuity plans. We remain vigilant to the continued risk from the pandemic and other external threats.

Internal Principal Risks

⑤ Portfolio Strategy Risks

The Group's income and capital performance could underperform in absolute or relative terms as a result of an inappropriate portfolio strategy and subsequent execution.

This could result from:

- incorrect sector selection and weighting.
- poor timing of investment and divestment decisions.
- inappropriate exposure to developments.
- wrong mix of assets, occupiers and region concentration.
- overpaying for assets through inadequate due diligence or price competition.
- inappropriate co-investment arrangements.

How we monitor and mitigate the risks

- The Board carries out an annual review of the overall corporate strategy including the current and prospective portfolio strategy so as to meet the Group's overall objectives.
- Our portfolio strategy is determined to be consistent with our target risk appetite and is based on the evaluation of the external environment.

- Progress against the strategy and continuing alignment with our risk appetite is discussed regularly by both the Executive and Risk Committees with reference to the property markets and the external economic environment.
- Individual investment decisions are subject to robust risk evaluation overseen by our Investment Committee including consideration of returns relative to risk adjusted hurdle rates.
- Review of prospective performance of individual assets and their business plans.
- We foster collaborative relationships with our co-investors and enter into ownership agreements which balance the interests of the parties.

KRIs:

- Execution of targeted acquisitions and disposals in line with capital allocation plan (overseen by the Investment Committee).
- Annual IRR process which forecasts prospective returns of each asset.
- Portfolio liquidity including percentage of our portfolio in joint ventures and funds.

↔ Change in risk assessment in year

Our portfolio strategy risk has remained the same and is considered a medium impact risk with a medium probability.

During the year, external impacts discussed in the macroeconomic and property market outlook risks have influenced our portfolio strategy and performance. Whilst investment markets are increasingly competitive in certain subsectors, we continue to actively crystallise value from mature and off strategy assets into value accretive acquisitions and development opportunities.

Opportunity

Our portfolio strategy to actively focus our capital on our competitive strengths in development, active asset management and repositioning of assets is a key opportunity. We remain active in the investment market and continue to take advantage of value opportunities and good market pricing of our assets, where available. This year has marked the return to growth for both our Campuses and Retail & Fulfilment portfolios.

⑥ Development Risks

Development provides an opportunity for outperformance but usually involves elevated risk. This is reflected in our decision making process around which schemes to develop and the timing of the development, as well as the execution of these projects.

Development strategy addresses several development risks that could adversely impact underlying income and capital performance including:

- development letting exposure.
- construction timing and costs (including construction cost inflation).
- major contractor or subcontractor failure.
- adverse planning judgements.

How we monitor and mitigate the risks

- We apply a risk-controlled development strategy through managing our exposure, pre-letting strategy and fixing costs.
- We manage our levels of total and speculative development exposure within targeted ranges considering associated risks and the impact on key financial metrics. This is monitored quarterly by the Risk Committee along with progress of developments against plan.
- Prior to committing to a development, a detailed appraisal is undertaken. This includes consideration of returns relative to risk adjusted hurdle rates and is overseen by our Investment Committee.
- Pre-lets are used to reduce development letting risk where considered appropriate.

- Competitive tendering of construction contracts and, where appropriate, fixed price contracts are entered into. We measure inflationary pressure on construction materials and labour costs (and sensitise for a range of inflationary scenarios) and make appropriate allowances in our cost estimates and include within our fixed price contracts.
- Detailed selection and close monitoring of contractors and key subcontractors including covenant reviews.
- Experienced development management team closely monitors design, construction and overall delivery process.
- Early engagement and strong relationships with planning authorities. The Board considers the section 172 factors to ensure the impact on the environment and communities is adequately addressed.
- Through our Place Based approach, we engage with communities where we operate to incorporate stakeholder views in our development activities, as detailed in our Sustainability Brief.
- We engage with our development suppliers to manage environmental and social risks, including through our Supplier Code of Conduct, Sustainability Brief and Health and Safety Policy.
- Management of risks across our residential developments in particular fire and safety requirements.

KRIs:

- Total development exposure ≤12.5% of portfolio by value.
- Speculative development exposure ≤12.5% of portfolio ERV.
- Residential development exposure.
- Progress on execution of key development projects against plan (including evaluating yield on cost).
- Construction costs inflation forecasts.

↔ Change in risk assessment in year

Our development risk has remained the same and is considered a medium impact risk with a medium probability.

We are on site with 1.7m sq ft of developments, with new commitments including Phase 1 of Canada Water and Phase 2 at Aldgate Place. Our development exposure remains well within our internal risk parameters of 12.5%; and our total development exposure is 6.2% of portfolio gross asset value with speculative exposure of 6.4% (which is based on ERV and includes space under offer).

During the year, we saw significant inflationary increases in the construction supply chain for certain materials and labour, which have been further compounded by the war in Ukraine. Our inflation forecast (based on tender price inflation) has increased to around 8-10% in 2022 and around 4-5% for 2023 and 2024 based on an expectation of ongoing wage pressures for construction workers and raw materials prices remaining elevated. This is frequently under review to ensure our contingencies and cost plans are robust to deal with the market fluctuations. Having maintained momentum on our development programme throughout the pandemic we have been able to place contracts competitively and 91% of costs are fixed on committed developments.

Opportunity

Progressing value accretive development is one of our key priorities for our business and is a fundamental driver of value. The strength of our balance sheet, our relationships with our contractors and the experience of our management team means we are well positioned to progress our development pipeline, whilst mitigating the risk through a combination of timing, pre-lets, fixing costs and use of joint ventures.

We will continue to actively monitor the inflationary price increases or any potential delays in the construction supply chain and work with our contractors to manage such issues. We will also review the impact on development returns prior to committing to future developments to ensure we meet our detailed pre-set criteria subject to approval by the Investment Committee.

7 Financing Risks

Failure to adequately manage financing risks may result in a shortage of funds to sustain the operations of the business or repay facilities as they fall due.

Financing risks include:

- reduced availability of finance.
- increased financing costs.
- leverage magnifying property returns, both positive and negative.
- breach of covenants on borrowing facilities.

How we monitor and mitigate the risks

- We regularly review funding requirements for our business plans and commitments. We monitor the period until financing is required, which is a key determinant of financing activity. Debt and capital market conditions are reviewed regularly to identify financing opportunities that meet our requirements.
- We maintain good long term relationships with our key financing partners.
- We set appropriate ranges of hedging on the interest rates on our debt, with a balanced approach to have a higher degree of protection on interest costs in the short term and achieve market rate finance in the medium to longer term.
- We work with industry bodies and relevant organisations to participate in debate on emerging finance regulations affecting our business.
- We manage our use of debt and equity finance to balance the benefits of leverage against the risks, including magnification of property valuation movements.
- We aim to manage our loan to value (LTV) through the property cycle such that our financial position would remain robust in the event of a significant fall in property values. Alongside LTV, we also consider net debt to EBITDA which measures income against our debt (with recourse to British Land). With these metrics, we do not adjust our approach to leverage based only on changes in property market yields.

- We manage our investment activity, the size and timing of which can be uneven, as well as our development commitments to ensure that our LTV and net debt to EBITDA levels remain appropriate.
- Financial covenant headroom is evaluated regularly and in conjunction with transaction approval.
- We spread risk through joint ventures and funds which may be partly financed by debt without recourse to British Land.

KRIs:

- Period until refinancing is required (not less than two years).
- LTV.
- Net debt to EBITDA.
- Financial covenant headroom.
- Percentage of debt with interest rate hedging (average over next five years).

Change in risk assessment in year

Our financing risks overall have remained consistent and are considered medium impact with a low to medium probability.

The current uncertain environment reinforces the importance of a strong balance sheet. We have continued to closely manage our LTV which has increased moderately to 32.9% as a result of investment in growth sectors and Campus development, offset by sales and valuation increases. However, following the Paddington Central transaction post year end our LTV falls to 28.4% on a proforma basis.

We have retained significant headroom to our Group covenants, which could withstand a fall in asset values across the portfolio of 49%, prior to taking any mitigating actions.

Market interest rates have risen from very low levels and further rises are anticipated. In line with our interest rate management policy, we have hedging on 79% of our projected debt on average over the next five years.

Our strong senior unsecured rating 'A', long term IDR credit rating 'A-' and short term IDR credit rating 'F1' were all affirmed by Fitch during the year, with a stable outlook.

During the year we have signed a new £100m ESG-linked revolving credit facility with an initial 5 year term, extended our £450m ESG-linked revolving credit facility to 2027, and raised a new £420m 'Green loan' for the Broadgate joint venture, secured on 100 Liverpool Street.

We expect to continue to be able to access funds from a range of sources in the debt capital markets, as required by the business, for unsecured and secured debt.

Opportunity

The scale and quality of our business enables us to access a diverse range of sources of finance with a spread of repayment dates. Good access to debt capital markets allows us to support business requirements and take advantage of opportunities as they arise. At 31st March 2022, we have £1.3bn of undrawn, committed, unsecured revolving facilities and cash; and post completion of the Paddington Central transaction we have no requirement to refinance until late 2025.

8 Environmental Sustainability Risks

A failure to anticipate and respond appropriately and sufficiently to (i) environmental risks or opportunities and (ii) preventative steps taken by government and society could lead to damage to our reputation, disruption in our operations and stranded assets.

This risk category includes the:

- increased exposure of assets to physical environmental hazards, driven by climate change.
- policy risk from the cost of complying with new climate regulations with specific performance and/or technology requirements.
- overall compliance requirements from existing and emerging environmental regulation.
- leasing risk as a result of less sustainable/non-compliant buildings.

How we monitor and mitigate the risks

- We have a comprehensive ESG programme which is regularly reviewed by the Board, Executive Committee and CSR Committee.
- The Risk and Sustainability Committees have overseen our TCFD working group to implement the TCFD recommendations including scenario analyses to assess our exposure to climate-related physical and transition risks.
- The Sustainability Committee monitors our performance and management controls. Underpinned by our SBTi-climate targets, our guiding corporate policies (the Pathway to Net Zero and the Sustainability Brief) establish a series of climate and energy targets to ensure our alignment with a societal transition to

net zero that limits global warming to 1.5°C.

- Our property management department operates an environmental management system aligned with ISO 14001. We continue to hold ISO 14001 and 50001 accreditations at our commercial offices and run ISO-aligned management systems at our retail assets.
- Climate change and sustainability considerations are fully integrated within our investment and development decisions and are evaluated by the Investment Committee and Board in all investment decisions.
- Through our Place Based approach to social impact we understand the most important issues and opportunities in the communities around each of our places and focus our efforts collaboratively to ensure we provide places that meet the needs of all relevant stakeholders.
- We target BREEAM Outstanding on offices developments, Excellent on retail and HMQ3* on residential. We have also adopted NABERS UK on all our new office developments.
- We undergo assurance for key data and disclosures across our Sustainability programme, enhancing the integrity, quality and usefulness of the information we provide.

KRIs:

- Energy intensity and carbon emissions. Specifically, energy performance certificates.
- Future cost of carbon offsets to meet our 2030 net zero carbon goal.
- Portfolio flood risk.

Change in risk assessment in year

Our environmental sustainability risk outlook has increased in the year and is considered a medium impact risk with a medium probability.

Overall, the environmental sustainability risk outlook continues to increase in prominence and importance to our business, our customers and other key stakeholders. Also, regulatory requirements and expectations of compliance with best practice have increased and continue to evolve.

During the year, we have worked closely with Willis Towers Watson to quantify the key physical and transition risks that climate change poses to our business and this is informing our long term strategy. The most material issues include: flood risk vulnerability; the increasing price of carbon offsets; and the costs of complying with minimum EPC standards. More details are provided in the TCFD disclosures on pages 49-57.

We are continuing to improve the energy efficiency of our standing portfolio and have completed net zero audits of 29 of our major office and retail assets, identifying energy efficient interventions and action plans. Alongside this process, we are identifying interventions which improve the EPC rating of buildings rated C and below to comply with MEES (Minimum Energy Efficiency Standard) legislation, which is expected to require buildings to be A or B rated (or valid exemptions registered) by 2030.

Opportunity

We have a clear responsibility but also opportunity to manage our business in the most environmentally responsible and sustainable way we can. This is integral to our strategy; it creates value for our business and drives positive outcomes for our stakeholders.

We have made good progress on our 2030 commitments which include ambitious targets to be net zero carbon by 2030 and a focus on environmental leadership. We were pleased to retain our 5 star rating in GRESB, the global benchmark for real estate, achieving 5 stars for both Standing Investments and Developments for the second year running.

Key: Change in risk assessment from last year

Up arrow Increase Left arrow No change Down arrow Decrease Circle New risk

9 People and Culture Risks

Inability to recruit, develop and retain staff and Directors with the right skills and experience required to achieve the business objectives in a culture and environment where employees can thrive, may result in significant underperformance or impact the effectiveness of operations and decision making, in turn impacting business performance.

How we monitor and mitigate the risks

Our HR strategy is designed to minimise risk through:

- informed and skilled recruitment processes.
- talent performance management and succession planning for key roles.
- highly competitive compensation and benefits.
- people development and training.
- our flexible working policy helps retain employees while promoting work-life balance and helping to improve productivity.

This risk is measured through employee engagement surveys, wellbeing surveys,

employee turnover, exit surveys and retention metrics. We engage with our employees and suppliers to make clear our requirements in managing key risks including health and safety, fraud and bribery, modern slavery and other social and environmental risks, as detailed in our policies and codes of conduct.

KRIs:

- Voluntary staff turnover.
- Employee engagement and wellbeing.
- Diversity and inclusion.

↑ Change in risk assessment in year

Our people and culture risk has increased in the year and is considered a medium impact risk with a medium to high probability.

This risk has increased in the year reflecting the challenging operating environment caused by Covid-19, together with general rising wage expectations and a recent increase in employee mobility.

Following the easing of lockdown restrictions, we have successfully transitioned our people back to the office, whilst supporting individuals with more flexible working arrangements. We have focused on staff wellbeing and have actively sought feedback from staff through pulse surveys and taken several steps as a result to promote wellbeing.

We are committed to improving the diversity, equality and inclusivity of our business and in November 2021, the CSR Committee approved our DE&I strategy which sets out our 2030 ambitions for the business.

Opportunity

We have a broad range of expertise across our business which is critical to the successful delivery of our strategy. Our staff turnover remains relatively low. We will assess our employee proposition to ensure it still delivers what people most value in a changing labour market. We have an opportunity to enhance our good employer brand, but will continue to keep this under review, and will actively monitor and promote wellbeing.

10 Customer Risks

The majority of the Group's income is comprised of rent received from our customers. This could be adversely affected by non-payment of rent; occupier failures; inability to anticipate evolving customer needs; inability to re-let space on equivalent terms; poor customer service as well as potential structural changes to lease obligations.

How we monitor and mitigate the risks

- We have a high quality, diversified customer base and monitor individual exposure to individual occupiers or sectors.
- We perform rigorous occupier covenant checks ahead of approving deals and on an ongoing basis so that we can be proactive in managing exposure to weaker occupiers. An occupier watchlist is maintained and regularly reviewed by Risk Committee and property teams.
- We work with our customers to find ways to best meet their evolving needs.
- We take a proactive asset management approach to maintain a strong occupier line-up. We are proactive in addressing

key lease breaks and expiries to minimise periods of vacancy.

- We regularly measure customer satisfaction across our customer base through customer surveys.

KRIs:

- Market letting risk including vacancies, upcoming expiries and breaks, and speculative development.
- Occupier covenant strength and concentration (including percentage of rent classified as 'High Risk').
- Occupancy and weighted average unexpired lease term.

↓ Change in risk assessment in year

Our customer risk has reduced from its elevated position last year, but is still considered both a medium to high impact and probability risk.

Our customer risk was heightened at last year end as most of our customers were unable to operate their businesses due to Covid-19 related restrictions, impacting their ability to pay rent. Whilst our performance continued to be impacted, our rent collection has recovered to close

to pre-pandemic levels as the UK economy recovered across the year.

We have continued to work closely with our customers to maximise occupancy and rent collection whilst monitoring their covenant strength and taking actions appropriately. This is reflected in our rent collection which is 97% for the year.

As our markets have continued to polarise, customers demand more from the places where they work and shop. We are well positioned across both our Campuses and Retail & Fulfilment portfolios where we focus on providing best-in-class space; and this has been evidenced by our strong leasing activity.

Looking forward, we are mindful that higher input prices may impact the profitability of our customers, particularly on the retail side.

Opportunity

Successful customer relationships are vital to our business and continued growth. Our business model is centred around our customers and aims to provide them with modern and sustainable space which aligns to their evolving needs and that of our markets.

11 Operational and Compliance Risks

The Group’s ability to protect its reputation, income and capital values could be damaged by a failure to manage several key operational risks to our business including:

- Information Systems & Cyber Security.
- Health & Safety.
- Third Party relationships.
- Financial crime compliance.

Compliance failures such as breaches in regulations, third party agreements, loan agreements or tax legislation could also damage reputation and our financial performance.

How we monitor and mitigate the risks

- The Executive and Risk Committees maintain a strong focus on the range of operational and compliance risks to our business.

Information Systems and Cyber Security

- The InfoSec Steering Committee chaired by the Head of Strategy, Digital and Technology, oversees our IT infrastructure, cyber security and key IT controls and reports to the Risk Committee and Audit Committee.

- Cyber security risk is managed using a recognised security framework, supported by best practice security tools across our technology infrastructure, IT security policies, third party risk assessments and mandatory user cyber awareness training.

Health & Safety

- The Health, Safety and Environment Committee is chaired by the Head of Property Services and governs the Health & Safety management systems, processes and performance in terms of KPIs and reports to the Risk, Audit and CSR Committees.
- All our properties have general and fire risk assessments undertaken annually and any required improvements are implemented within defined time frames depending on the category of risk
- All our employees must attend H&S training relevant to their roles.

Third Party Relationships

- We have a robust selection process for our key partners and suppliers; and contracts contain service level agreements which are monitored regularly.
- We maintain a portfolio of approved suppliers to ensure resilience within our supply chain.

Financial Crime Compliance

- We operate a zero tolerance approach for bribery, corruption and fraud and have policies in place to manage and monitor these risks.
- All employees must undertake mandatory training in these areas.

KRIs

- Information Systems Vulnerability Score.
- Cyber Security Breaches.
- H&S Risk Assessments.
- H&S Incidents.

Change in risk assessment in year
Our Operational and Compliance risks have been elevated to a new principal risk which is considered a medium impact risk with a medium probability. Key risks include Information Systems & Cyber Security, Health & Safety, Third Party Relationships and Financial Crime Compliance.

The wider use of digital technology across the Group increases the risks associated with information systems and cyber security such as ransomware, phishing, malware and social engineering. In the wider market, cyber risks continue to be heightened due to the rise in attempted cyber attacks, in some cases exploiting changes in working patterns due to Covid-19.

During the year, our Health & Safety team have continued to prioritise the safety of our people whilst working away from the office at times as well as the management of our assets and developments to ensure the business is operating in a safe and compliant manner. We continue to closely monitor the regulatory environment and respond to any new requirements, for instance fire safety improvements, to ensure compliance.

The Group provides third party services to a number of key joint venture partners, the number of which has expanded in the year, and ensuring that the provision of those services is at an appropriate level continues to be a key focus for the business.

Opportunity

Our business is set up to navigate and deal with complexity. Our ability to manage and operate large complex property portfolios and developments is a key differentiator and allows us to work with selected joint venture partners who value our expertise. We will continue to invest in and develop our platform to deliver these services.

Key: Change in risk assessment from last year
 Increase
 No change
 Decrease
 New risk

Viability statement

Assessment of prospects

The Directors have worked consistently over several years to ensure that British Land has a strong and robust financial position and the Group is now benefiting from that, as follows:

- The Group has access to £1.3bn of cash and undrawn facilities. Before factoring in any income receivable, the facilities and cash would be sufficient to cover forecast capital expenditure, property operating costs, administrative expenses, maturing debt and interest over the next 12 months.
- The Group retains significant headroom on its debt covenants, has no income or interest cover covenants on unsecured debt and has no requirement to refinance until late 2025.
- In the year we signed a £420m Green Loan facility for the Broadgate joint venture secured on 100 Liverpool Street, arranged a new £100m RCF to 2027 and extended an existing £450m RCF for a further year to 2027.

The strategy and risk appetite drive the Group's forecasts. These cover a five-year period and consist of a base case forecast which includes committed transactions only; and a forecast which also includes non-committed transactions the Board expects the Group to make, in line with the Group's strategy. A five-year forecast is considered to be the optimum balance between the Group's long term business model to create Places People Prefer and the fact that property investment is a long term business with weighted average lease lengths and drawn debt maturities in excess of five years [5.8 and 6.9 years respectively at March 2022], offset by the progressively unreliable nature of forecasting in later years, particularly given the historically cyclical UK property industry.

Assessment of viability

For the reasons outlined above, the period over which the Directors consider it feasible and appropriate to report on the Group's viability remains five years, to 31 March 2027.

The assumptions underpinning the forecast cash flows and covenant compliance forecasts were sensitised to explore the resilience of the Group to the potential impact of the Group's significant risks.

The principal risks table on pages 88-96 summarises those matters that could prevent the Group from delivering on its strategy. A number of these principal risks, because of their nature or potential impact, could also threaten the Group's ability to continue in business in its current form if they were to occur.

The Directors paid particular attention to the risk of a deterioration in economic outlook which would adversely impact property fundamentals, including investor and occupier demand, and which would have a negative impact on valuations, cashflows and a reduction in the availability of finance. In addition, we have sensitised for the potential implications of a major business event and/or business disruption. The remaining principal risks, whilst having an impact on the Group's business model, are not considered by the Directors to have a reasonable likelihood of impacting the Group's viability over the five-year period to 31 March 2027.

The most severe but plausible downside scenario, reflecting a severe economic downturn, incorporated the following assumptions:

- Structural changes to the property market and customer risk, reflected by an ERV decline, occupancy decline, increased void periods, development delays, no new lettings during FY23, the impact of a proportion of our high risk and medium risk occupiers entering administration, and lower rent collection (as previously experienced during Covid-19).
- A reduction in investment property demand to the level seen in the last severe downturn in 2008/09, with outward yield shift to 9% net equivalent yield.

The outcome of the 'severe downside scenario' was that the Group's covenant headroom on existing debt (i.e. the level at which investment property values would have to fall before a financial breach occurs) reduces from 49% to, at its lowest level, 18%, prior to any mitigating actions such as asset sales, indicating covenants on existing facilities would not be breached.

Based on the Group's current commitments and available facilities there is no requirement to refinance until late 2025. In the normal course of business, financing is arranged in advance of

expected requirements and the Directors have reasonable confidence that additional or replacement debt facilities will be put in place prior to this date.

In the 'severe downside scenario' the refinancing date reduces to early 2025. However, in the event new finance could not be raised mitigating actions are available to enable the Group to meet its future liabilities at the refinancing date, principally asset sales, which would allow the Group to continue to meet its liabilities over the assessment period.

Viability statement

Having considered the forecast cash flows and covenant compliance, and the impact of the sensitivities in combination in the 'severe downside scenario', the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 31 March 2027.

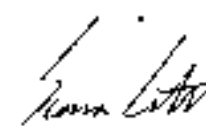
Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Governance Review.

During the year the Board assessed the appropriateness of using the 'going concern' basis of accounting in the financial statements. The assessment considered future cash flows and debt facilities (to assess the liquidity risk of the Company) and the availability of finance (to assess solvency risk). The assessment covered the 12-month period required by the 'going concern' basis of accounting.

Following these assessments, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily 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 date of the Annual Report. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The Strategic Report was approved by the Board on 17 May 2022 and signed on its behalf by:



Simon Carter
Chief Executive