The British Land Company PLC 00621920

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Places People Prefer

Annual Report and Accounts 2022

British Land

CONTENTS

Strategic Report

1 Places People Prefer
2 2022 Key financial and non-financial highlights
3 Reasons to invest in British Land
4 Canada Water: our investment case in action
6 Our portfolio
8 How we deliver value
10 Chairman's statement
13 Chief Executive's review
16 Strategy
17 Our people deliver our strategy
18 Strategy in action – leveraging our best in class platform
28 Market drivers
30 Our key performance indicators
32 Stakeholder engagement
35 People and culture
38 Delivering our 2030 sustainability strategy
49 Task Force on Climate-Related Financial Disclosures (TCFD)
58 Streamlined Energy and Carbon Reporting (SECR)
60 Non-financial reporting disclosure
62 Performance review
76 Financial review
81 Financial policies and principles
84 Managing risk in delivering our strategy
88 Principal risks
97 Viability statement

Corporate Governance

99 Chairman's introduction
101 Board of Directors
104 Governance at a glance
105 Governance review
110 Key investor relations activities during the year
111 Board activity
112 Report of the Corporate Social Responsibility Committee
116 Report of the Nomination Committee
120 Report of the Audit Committee
127 Directors' Remuneration Report
154 Directors' Report and additional disclosures
157 Directors' Responsibilities Statement

Financial Statements

159 Independent auditors' report
170 Primary statements and notes
221 Company balance sheet
233 Supplementary disclosures

Other Information

239 Other information (unaudited)
244 EPRA best practice recommendations on sustainability reporting
245 Ten year record
246 Shareholder information

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 CO_2e 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 pivot towards areas of growth in our markets and means 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 opportunities with a gross development value of

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

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

The British Land Company PLC 00621920

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

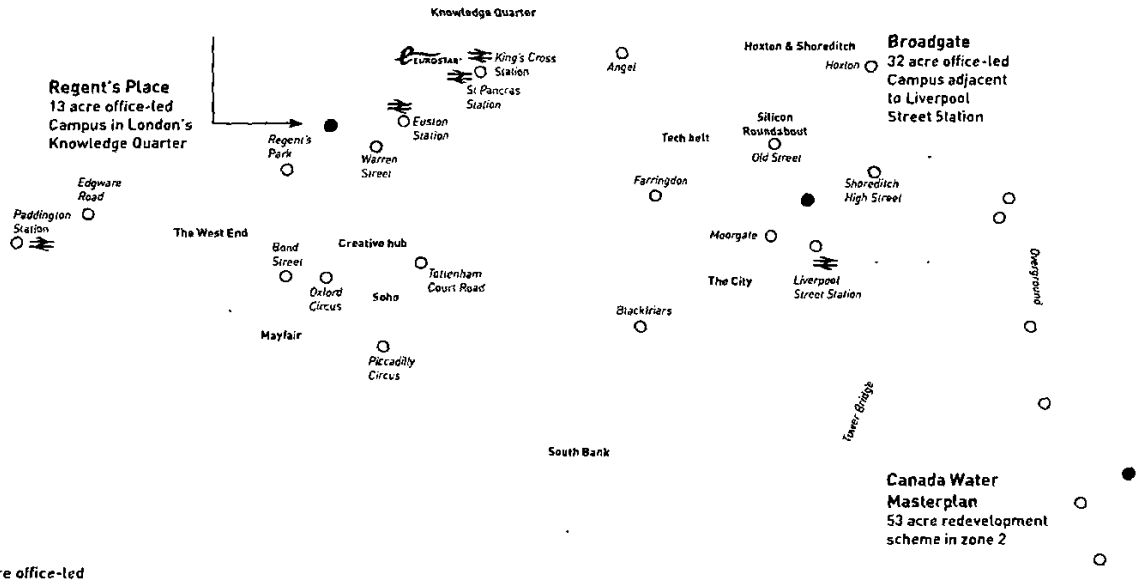
Understanding the environmental impact of our buildings is ingrained in what we do. At Canada Water, we are piloting more sustainable building materials such as Earth Friendly Concrete to minimise our carbon emissions in line with our 2030 Sustainability strategy. Our strong track record of community 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



11 acre office-led Campus close to Paddington Station

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.

United Kingdom

Retail & Fulfilment
A modern, well located UK network

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

Places People Prefer

Our purpose is to create and manage Places People Prefer

Our inputs →

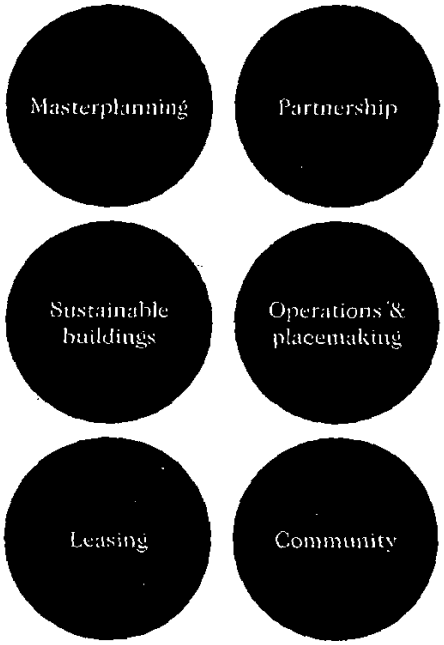
People
- Breadth and depth of our expertise
- Diverse and inclusive environment
- Culture of teamwork and collaboration

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:

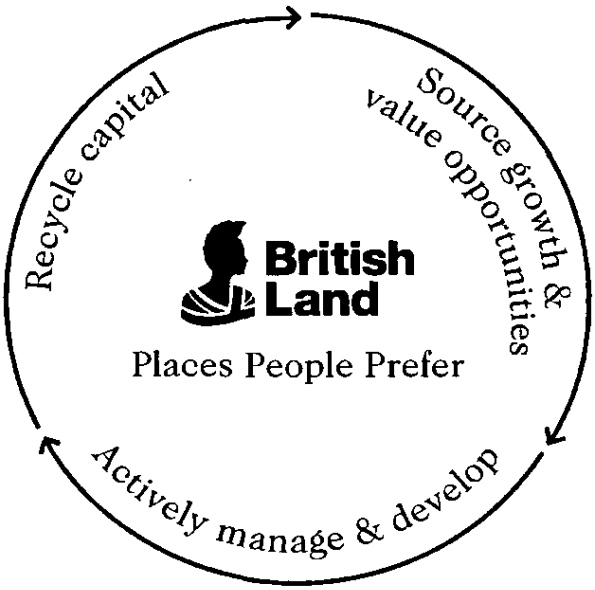
Bring your whole self

Listen and understand

Be smarter together

Build for the future

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

The British Land Company PLC 00621920

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.

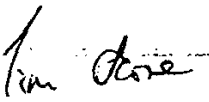
Outlook

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

Underpinned by our long term commitment to sustainability

OUR PEOPLE DELIVER OUR STRATEGY – OUR EXPERTISE IS OUR COMPETITIVE ADVANTAGE

1

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.

2

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

3

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.

7

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

8

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

9

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

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

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

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

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

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'

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

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

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

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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

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Attractive development pipeline

We have created attractive opportunities for development across our portfolio.

Committed

◀ 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

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

▲ 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

Completed

▲ 1 Triton Square
Office-led redevelopment at Regent's Place, fully pre-let to Meta. Low embodied carbon at 436 kg CO_2e per sqm, with residual embodied carbon offset through certified schemes, making this our second net zero carbon development.

369,000 sq ft

Near term

▲ 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

▲ 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

All images are CGIs apart from 1 Triton Square

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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.

BREEAM® EXCELLENT

WiredScore PLATINUM

Blossom Yard & Studios
Image is a CGI

60%
of construction spend to small and medium sized businesses

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 CO_2e per sqm (434 kg CO_2e 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.

Blossom Yard & Studios, Norton Folgate

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

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.

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.

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

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.

Urban logistics

>5% pa
Average rental growth forecast 2022-2026

£82m
acquisition

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.

Image is a CGI

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

£20m
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.

£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	Retail market	Logistics market
	Key theme: Demand gravitating towards best in class space	**Key theme:** Retail parks emerging as the preferred format for retailers	**Key theme:** Accelerating demand for urban locations
	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	**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	**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: - 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	**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	**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

context	Environment	Society	Science & technology
Key theme: Heightened uncertainty, with increasing input costs and rising interest rates	**Key theme:** Continuing focus on net zero	**Key theme:** Biggest real income squeeze in a generation	**Key theme:** Innovation sectors an emerging engine of UK growth
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	**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	**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	**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: - 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	**Our response:** - Delivering on our Pathway to Net Zero - Adding sustainability metrics to Board remuneration targets - Ensuring that all Exco members have sustainability objectives	**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	**Our response:** - Investing in innovation Campuses in areas of academic excellence - Targeting growth and innovation customers - Investment into Fifth Wall's Climate Technology Fund
○ **Progressing value accretive development** ○ **Place Based approach**	○ **Realising the potential of our Campuses** ○ **Progressing value accretive development** ○ **Net zero by 2030**	○ **Place Based approach**	○ **Realising the potential of our Campuses** ○ **Progressing value accretive development** ○ **Active capital recycling** ○ **Net zero by 2030**

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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.

KPIs

Corporate & financial

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

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 CO_2e by 2030 at 632kg CO_2e 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 CO_2e 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 *Read more about our key risk indicators on pages 84-96*

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

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

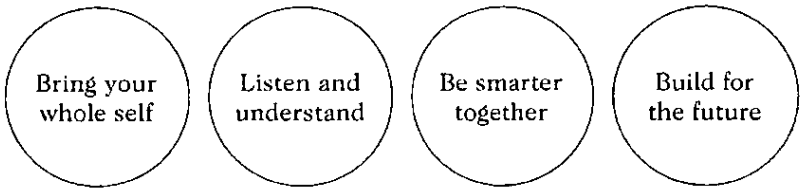
Partners & suppliers

"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, Skanksa, contractor at Norton Folgate

People and culture

Our values underpin everything we do:



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.

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

"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)

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 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.

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

Workforce gender diversity at 31 March 2022

All employees (excludes Non-Executive Directors)

Senior management

Board

Female *Male*

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

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_2e per sqm from 2030	632 kg CO_2e 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	

This 2030 sustainability focus area aligns with the UN's Sustainable Development Goal 12

Environmental leadership

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

This 2030 sustainability focus area aligns with the UN's Sustainable Development Goal 12

Please find our materiality assessment on our website at britishland.com/materiality

Place Based approach

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

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

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

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_2e 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 CO_2e per sqm with average embodied carbon in the pipeline of 662 kg CO_2e 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 95kWhe 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

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.

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

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.

"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

Apprentices at Paddington Central

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_2e per sqm Retail & residential: 450kg CO_2e per sqm	Offices: 632kg CO_2e per sqm Retail & Residential: 662kg CO_2e 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_2e per sqm Retail & residential: 250kg CO_2e per sqm	On track
Operational	75% operational carbon intensity reduction by 2030 vs 2019 baseline	75%	Offices: 37% Retail shopping centres (landlord only): 31%
	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 indentifying 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 Framework[1] 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.

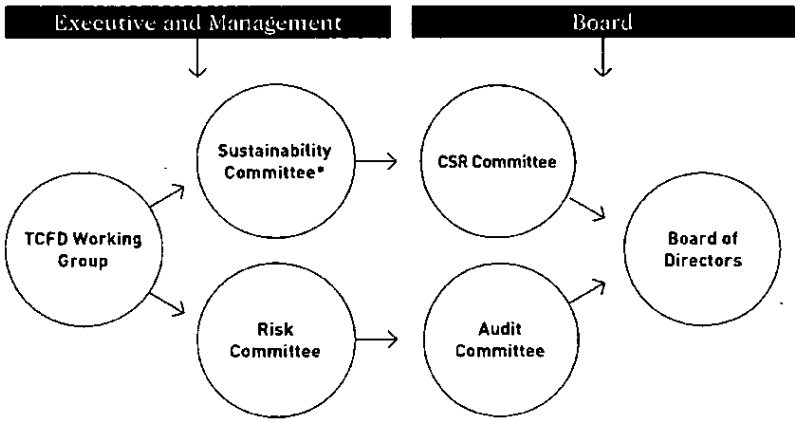
Governance

(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 Strategy[1] 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.

Financial Impact thresholds (£)		*Likelihood thresholds (chance of occurrence in a given year)*		*Reputational Impact thresholds*	
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:

	Risks	*Opportunities*
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)

Risk/type and impact	*Primary risk driver*	*Likelihood*	*Potential annual financial impact*	*Explanation*
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 tCO_2e 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	Financial impact category
Physical risk - acute	Income Statement
Transition risk - regulatory	Balance Sheet
Transition risk or opportunity - market	

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 Zero[1], 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 Operations[1] – 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 Accounts[1] 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 legal[2]	Risk #3	EPCs rated A (by ERV)	**2**	24	25
		EPCs rated B (by ERV)	**34**		
		EPCs rated C (by ERV)	**34**	71	70
		EPCs rated D (by ERV)	**20**		
		EPCs rated E (by ERV)	**7**		
		EPCs rated F (by ERV)	**1**	5	5
		EPCs rated G (by ERV)	**2**		
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_2e 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:

i. 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),

ii. 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,

iii. 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:

Location-based methodology

Market-based methodology

Greenhouse gas emissions – intensity

Year ended 31 March		2022	2021	2020
Offices	tCO_2e per sqm	**0.071**	0.067	0.087
Shopping centres*	tCO_2e per common parts sqm	**0.030**	0.021	0.031
Retail parks*	tCO_2e 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_2e 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_2e 2022	2021	2020	MWh 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_2e 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 CH_4 and N_2O emissions but zero-rates CO_2 emissions due to CO_2 absorption that occurs during the growth of biogas feedstock. However, as noted below, bioenergy feedstocks do produce CO_2 emissions during combustion, so the 'combustion emissions' are provided below for full transparency.

Biogas	UK factor (kg CO_2e per kWh)	2022 total (tonnes CO_2e)
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. *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.*
		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. *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.*
		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. *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.*
		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. *The General Counsel and Company Secretary has overall responsibility for our employment policies.*
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

Occupancy[1]

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 CO_2 per sqm including completed developments. This compares well to our 2030 target of 500kg CO_2e per sqm from a baseline of 1000kg CO_2e 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 CO_2 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 CO_2 per sqm and 666 kg CO_2 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 95kWhe 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 CO_2 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 CO_2e 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 Fabricnano (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 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.

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**

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 & Theobold. 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

Occupancy[1]

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 CO_2e 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 £m[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 CO_2 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

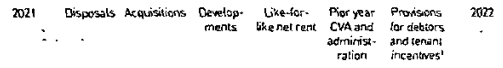
1. EPRA adjustments consist of investment and development property revaluations, gains/losses on investment and trading property disposals, changes in the fair value of financial instruments and associated close out costs. Company adjustments consist of items which are considered to be unusual and/or 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

£m



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

£m

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

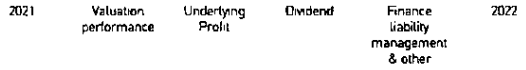
As at March	Section	2022 £m	2021 £m
Property assets		**10,476**	9,140
Other non-current assets		**69**	51
		10,545	9,191
Other net current liabilities		**(316)**	(203)
Adjusted net debt	6	**(3,458)**	(2,938)
Other non-current liabilities		**–**	–
EPRA Net Tangible Assets		**6,771**	6,050
EPRA NTA per 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 151 bps 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.

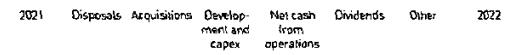
5. IFRS net assets

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 debt[1]

£m



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.

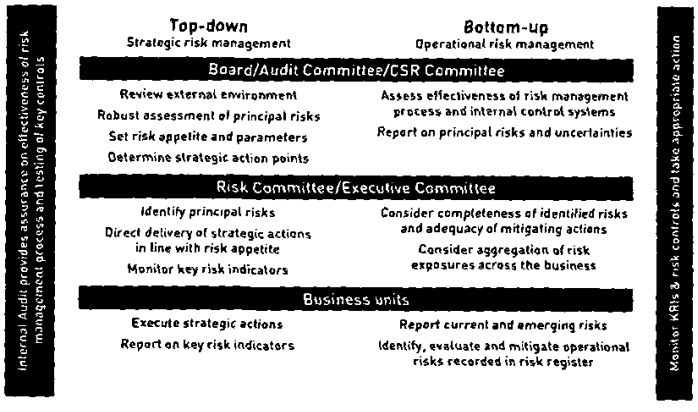
Internal audit acts as an independent and objective assurance function by evaluating the effectiveness of our risk management and internal control processes, through independent review.

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:

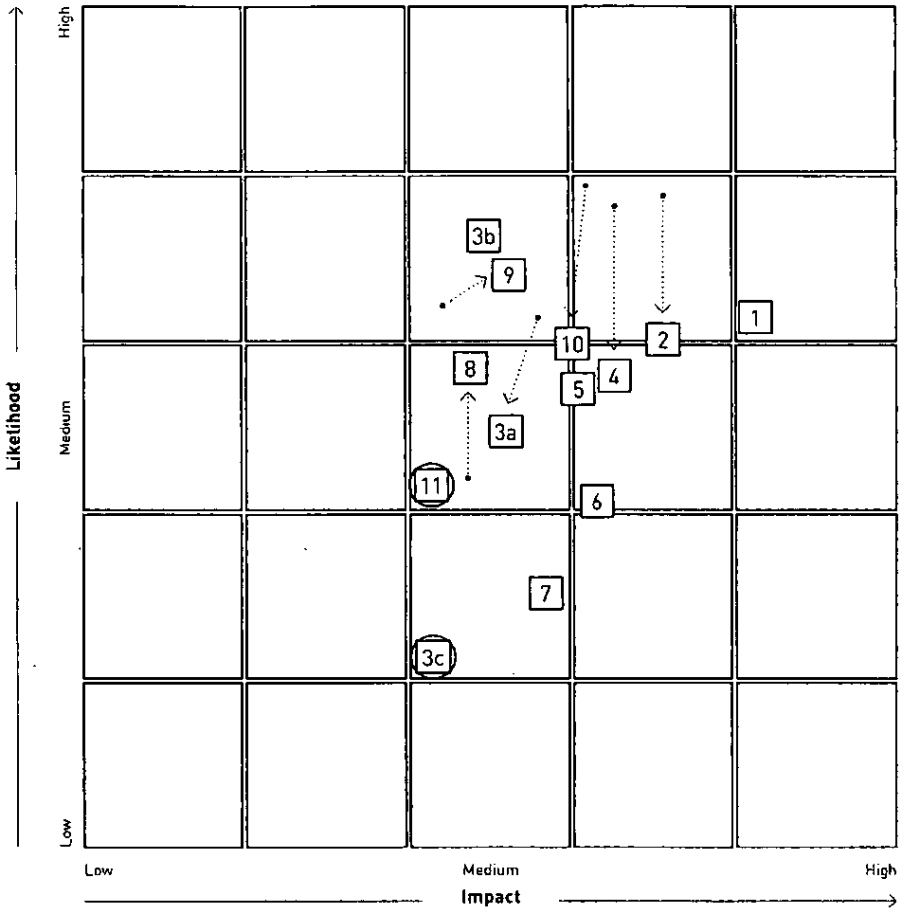
- Political, legal and regulatory risks.
- Property market risk for our Campuses.
- Major events/business disruption risks.
- Customer risks.

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
External Risks		
1 Macroeconomic Risks	OOOOO	↔
2 Political, Legal and Regulatory Risks	OOOOO	↓
3 Property Market Risks		
(a) Campuses	OO OO	↓
(b) Retail	OOO	↔
(c) Urban Logistics	OOOO	◯
4 Major Events/Business Disruption Risks	OOOOO	↓

Principal risk	Related Strategic Priority	Change in risk assessment in year
Internal Risks		
5 Portfolio Strategy Risks	OOOOO	↔
6 Development Risks	OOO O	↔
7 Financing Risks	OOOOO	↔
8 Environmental Sustainability Risks	OOOOO	↑
9 People and Culture Risks	OOOOO	↑
10 Customer Risks	OOOOO	↓
11 Operational and Compliance Risks	OOOOO	◯

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 uncertainity, 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.

Key: Change in risk assessment from last year

↑ Increase ↔ No change ↓ Decrease ○ New risk

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 crystalise 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.

Key: Change in risk assessment from last year

↑ Increase ⇔ No change ↓ Decrease ○ New risk

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

↑ Increase ⇔ No change ↓ Decrease ○ 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 provides 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 meets 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

Governance

99	Chairman's introduction
101	Board of Directors
104	Governance at a glance
105	Governance review
110	Key investor relations activities during the year
111	Board activity
112	Report of the Corporate Social Responsibility (CSR) Committee
116	Report of the Nomination Committee
120	Report of the Audit Committee
127	Directors' Remuneration Report
154	Directors' Report and additional disclosures
157	Directors' Responsibilities Statement

Training

During the year, the Board participated in a deep-dive training session on the progress against our 2030 Sustainability Strategy 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 Company's broad sustainability reporting programme, external investor and analyst views on sustainability and the focus of the management team for the year ahead.

Glossary

1. Remuneration policy and engagement with shareholders (DRR page 127)
2. Director biographies (Directors' Report page 101)
3. Board changes and appointment process followed during the year (Nomination Committee Report, page 116)

AGM

Following the success of the 2021 AGM, we will once again be holding a hybrid meeting on 12 July 2022 at Storey Club, 100 Liverpool Street. Full details are contained within the 2022 Notice of Meeting. We would encourage shareholders to join either virtually or physically and participate in the meeting.

Tim Score
Chairman

2022 Corporate Governance Report

A refreshed management team, an exciting corporate strategy and stretching sustainability goals: the Board has guided the Company through a year of opportunity and growth.

As I outlined in my Chairman's Statement on page 10 the Company has a clear and ambitious strategy to fulfil its purpose in creating Places People Prefer. By utilising our competitive advantage in active asset management and development combined with meaningful stakeholder engagement, the Company is working hard to capture growth and deliver financial returns in an increasingly more sustainable way.

The Board's role during the year has been to challenge and support management both in the development of the new strategy and in its execution, providing challenge and independent lines of sight to refine and maximise the business's objectives.

As the Company has delivered on its priority to more actively recycle capital from its mature portfolio and invest into growth sectors, unique developments and value opportunities, the Board has taken bold decisions whilst ensuring financial and organisational longevity. Financial capacity, the demands on the workforce, shareholder returns, our sustainability goals and the impact on our broader stakeholders have all been at the forefront of our decision-making process.

The nature of our business, from investing in and developing properties to managing and curating our spaces, means we have a continuous dialogue with a wide group of stakeholders and consider our environmental and social impacts in all that we do. This cultural approach is central to our purpose and flows through all levels of the organisation.

As the Company continues to work towards its ambitious strategic and sustainability objectives, the Board will continue to develop its operation to ensure that the governance framework the Company operates under is complementary to those objectives.

This year, I want to provide you with an insight into the core role of the Board during the year under review, with a focus on stakeholder engagement and the impact it has on our decision making process. The case studies on the following page give a real insight into the work of the Board and the matters that are considered that go to the heart of how British Land operates. I hope you find this new format useful and enjoy reading about our work.

The rest of our corporate governance report will describe in detail how the Company continues to uphold high standards of corporate governance. Each Committee Chair will provide a detailed view of the work that their respective Committee has undertaken.

As I look forward to the year ahead, I would like to take the opportunity to thank my colleagues on the Board and across the business for their continued hard work and dedication.

Tim Score
Non-Executive Chairman

Stakeholder engagement

Stakeholders are at the centre of our decision making process to ensure that as a business we produce Places People Prefer. Pages 32-34 outline our stakeholder groups and provide details of how we engage with them.

The following case studies provide examples of principal decisions taken by the Board during the year, and how Directors have had specific regard to elements of section 172 (a)-(f) of the Companies Act 2006. Our formal section 172 Statement is within the Strategic report on page 33.

Our Workforce Engagement Statement is incorporated within the report of the CSR Committee on pages 114-115 which provides Board level oversight of this important work.

Canada Water
Working with AustralianSuper and in partnership with Southwark Council, this mixed use scheme is expected to include 3,000 new homes alongside a mix of commercial, retail and community space.

Image is a CGI

Applied governance

Principal Board Decisions

The Directors individually and collectively consider their obligations under section 172 (a)-(f) of the Companies Act 2006 when making decisions. Management take care to prepare decision papers that are scrutinised at executive level committees and subsequently endorsed if appropriate before they are presented to the Board. Directors take great comfort from the detail and diligence that management apply in preparing papers, and individual Board members often take the opportunity to have briefings with subject matter experts to bolster their knowledge. A checklist is provided within each decision paper that details the individual subsections of section 172 and the impact that the decision is likely to have on each stakeholder group. Whilst all stakeholder groups are considered, the following are some examples of the principal decisions taken by the Board during the year that demonstrate the impact of the decision process:

Case studies:

1. Part disposal of Canada Water to AustralianSuper

In March 2022, the Company announced the sale of 50% of our share in the Canada Water Masterplan to AustralianSuper and the creation of a new joint venture. The transaction delivered on our plan to introduce a partner on the project to accelerate delivery of and returns from the Masterplan. This new structure also provides visibility over the 10-year development programme, benefiting the internal project team, the suppliers and partners that we are contracted with and the local communities and end customers that will be able to have the benefit of the scheme once finished.

Securing a partner as credible as AustralianSuper with a track record in responsible investing and delivering mixed use redevelopments within London was a key consideration for the Board. The long term impacts on the Company's reputation for high standards of business conduct are reflected by our choice of AustralianSuper and the Board was satisfied that, culturally, the two organisations would fit well together.

2. 2 Finsbury Avenue

The Board approved the demolition of the existing 2 Finsbury Avenue building and enabling works for the proposed redevelopment in January 2022. In doing so, the Board had regard to the environmental impact of the scheme by reference to the Company's 2030 Sustainability Strategy and the embodied carbon levels proposed for the development.

In preparation for the proposal being brought to the Board, the Investment Committee reviewed the proposal on two separate occasions and challenged the project team to make design and procurement changes to reduce carbon to a market leading level for a new high rise building.

The proposal that the Board subsequently considered detailed how material and method innovations had been employed to improve the sustainability credentials of the design, which in turn slightly increased development costs. Reflecting strong demand for more sustainable space, as evidenced at 1 Broadgate which was fully let four years ahead of completion at attractive rents, the Board was satisfied that any increase in costs would be more than offset by higher rents as a result of its stronger sustainability credentials.

3. Free shares

As detailed within the CSR Committee report on page 115, the employee engagement survey is a key tool that the Board relies on for detailed engagement with the workforce. An area of particular feedback highlighted in the annual survey in February 2022 was how much employees had valued the Free Share awards under the Company's Approved Share Incentive Plan which had been suspended during the Covid-19 pandemic.

Management had originally intended to continue to suspend the award of free shares as part of the budget forecasting process for the year ending 31 March 2023. However given the strong financial performance of the Company during the year and the high value our employees put on the Free Share awards, the Board approved the proposal by management to provide Free Share awards across all BL employing companies.

Driving success

Our Board develops strategy and leads British Land to achieve long term success.

1. Tim Score
Non-Executive Chairman N
Appointed as a Non-Executive Director in March 2014 and as Chairman in July 2019.

Skills and experience
Tim has significant experience in the rapidly evolving global technology landscape and brings years of engagement both with mature economies and emerging markets to the Board.

He is the Deputy Chair, Senior Independent Director and Chair of the Audit Committee at Pearson plc and is a Non-Executive Director at the Football Association. He is also a Non-Executive Director and Chair of the Audit and Risk Committee at Bridgepoint Group plc and sits on the board of trustees of the Royal National Theatre. Tim was formerly a Non-Executive Director at HM Treasury, Chief Financial Officer of ARM Holdings PLC and held senior financial positions at Rebus Group Limited, William Baird plc, LucasVarity plc and BTR plc. From 2005 to 2014, he was a Non-Executive Director of National Express Group PLC, including time as interim Chairman and six years as Senior Independent Director.

2. Simon Carter
Chief Executive Officer
Appointed to the Board as Chief Financial Officer in May 2018 and as Chief Executive in November 2020.

Skills and experience
Simon has extensive experience of finance and the real estate sector. He joined British Land from Logicor, the owner and operator of European logistics real estate, where he had served as Chief Financial Officer since January 2017. Prior to joining Logicor, from 2015 to 2017 Simon was Finance Director at Quintain Estates & Development Plc. Simon previously spent over 10 years with British Land, working in a variety of financial and strategic roles and was a member of our Executive Committee from 2012 until his departure in January 2015. Simon also previously worked for UBS in fixed income and qualified as a chartered accountant with Arthur Andersen. In May 2022, Simon was appointed to the Board of Real Estate Balance, a campaigning organisation working to improve diversity and inclusion in the real estate industry.

3. Bhavesh Mistry
Chief Financial Officer
Appointed to the Board in July 2021.

Skills and experience
Bhavesh brings a broad range of financial, strategic and transformation experience to British Land gained across a number of multinational organisations. Prior to joining British Land, Bhavesh was Deputy Chief Financial Officer at Tesco PLC. Bhavesh has previously held senior finance and strategy roles in a range of consumer-facing businesses including Whitbread Hotels and Restaurants, Anheuser Busch InBev and Virgin Media. Bhavesh qualified as a Chartered Accountant with KPMG and holds an MBA from London Business School.

Board Committee membership key

- A Audit Committee
- C Corporate Social Responsibility Committee
- N Nomination Committee
- R Remuneration Committee
- ☐ Chair of a Board Committee

4. Preben Prebensen
Senior Independent Non-Executive Director A N R
Appointed as a Non-Executive Director in September 2017 and Senior Independent Director in July 2020.

Skills and experience
Preben has 30 years' experience in driving long term growth for British banking businesses.

He is currently the Independent Non-Executive Chairman of Riverstone International, having previously been Chief Executive of Close Brothers Group plc from 2009 until 2020. Preben was formerly the Chief Investment Officer of Catlin Group Limited and Chief Executive of Wellington Underwriting plc. Prior to that he held a number of senior positions at JP Morgan.

Board Committee membership key

- A Audit Committee
- C Corporate Social Responsibility Committee
- N Nomination Committee
- R Remuneration Committee
- ☐ Chair of a Board Committee

5

7

5. Laura Wade-Gery
Non-Executive Director R N
Appointed as a Non-Executive Director in May 2015.

Skills and experience
Laura has deep knowledge of digital transformation and customer experience and brings her experience leading business change management to the Board.

She is Chair of NHS Digital and a Non-Executive Director of NHS England. Most recently, Laura accepted the position of Non-Executive Director at Legal & General Group plc. Until April 2021, she was a Non-Executive Director of John Lewis Partnership plc. Previously, Laura was Executive Director of Multi Channel at Marks and Spencer Group plc, served in a number of senior positions at Tesco PLC including Chief Executive Officer of Tesco.com and was a Non-Executive Director of Reach PLC (formerly known as Trinity Mirror plc).

6

8

6. Loraine Woodhouse
Non-Executive Director A
Appointed as a Non-Executive Director in March 2021.

Skills and experience
Loraine has extensive experience across all finance disciplines and has worked within many different sectors including real estate and retail.

Loraine has been Chief Financial Officer of Halfords Group plc since 1 November 2018. Prior to joining Halfords, Loraine spent five years in senior finance roles within the John Lewis Partnership. In 2014 Loraine was appointed Acting Group Finance Director and subsequently as Finance Director of Waitrose. Prior to that, Loraine was Chief Financial Officer of Hobbs, Finance Director of Capital Shopping Centres Limited (subsequently Intu Plc) and Finance Director of Costa Coffee Limited. Loraine's early career included finance and investor relations roles at Kingfisher Plc.

7. Alastair Hughes
Non-Executive Director C N A
Appointed as a Non-Executive Director in January 2018.

Skills and experience
Alastair has proven experience of growing real estate companies and is a fellow of the Royal Institution of Chartered Surveyors.

Alastair is a Non-Executive Director of Schroders Real Estate Investment Trust Limited, Tritax Big Box REIT and QuadReal Property Group, with over 25 years of experience in real estate markets.

He is a former Director of Jones Lang LaSalle Inc. (JLL) having served as managing director of JLL in the UK, as CEO for Europe, Middle East and Africa and then as CEO for Asia Pacific.

8. Irvinder Goodhew
Non-Executive Director N R
Appointed as a Non-Executive Director in October 2020.

Skills and experience
Irvinder brings over 25 years of experience through operational, strategic and digital transformation roles in a broad range of sectors including retail, consulting and financial services.

She is currently a Managing Director at Alvarez & Marsal and was previously a Transformation Director at Lloyds Banking Group plc. Irvinder held several senior executive positions in the UK and Australia in consumer facing industries, across supply chain operations, strategy and transformation for FTSE 100/ASX organisations including J Sainsbury plc, Coles Group and BOC Group. Irvinder's industry experience is complemented with a career in global strategy consulting including her role as a Partner with AT Kearney leading their consumer and retail practice in Australia and New Zealand.

9

9. Nicholas Macpherson
Non-Executive Director A
Appointed as a Non-Executive Director in December 2016.

Skills and experience
Nicholas has directed organisations through both fiscal and strategic change management and brings this vital expertise to the Board.

He is Chairman of The Scottish American Investment Company PLC, a Director of C. Hoare & Co. and a member of the Advisory Council to Arcus Infrastructure Partners. Nicholas was the Permanent Secretary to the Treasury for over 10 years from 2005 to March 2016, leading the department through the financial crisis and subsequent period of banking reform.

10

10. Lynn Gladden
Non-Executive Director C R
Appointed as a Non-Executive Director in March 2015.

Skills and experience
Lynn is recognised as an authority in working at the interface of advanced technology and industry. Her critical thinking and analytical skills bring a unique dimension to the Board.

She is Shell Professor of Chemical Engineering at the University of Cambridge and was appointed as Executive Chair of the Engineering and Physical Sciences Research Council (UKRI) in 2018. She is also a fellow of the Royal Society and Royal Academy of Engineering.

11

11. Mark Aedy
Non-Executive Director C
Appointed as a Non-Executive Director in September 2021.

Skills and experience
Mark is a Managing Director and Head of Moelis & Company EMEA & Asia Investment Banking. Prior to 2009, Mark was on the Global Executive Committee of Corporate & Investment Banking at Bank of America Merrill Lynch and before that was Head of Investment Banking EMEA at Merrill Lynch. Aside from his executive career Mark holds various non-profit and public sector board roles, including Senior Independent Director of the Royal Marsden NHS Foundation Trust and is a Trustee of the HALO Trust. He is also a Visiting Fellow at Oxford University.

12

12. Brona McKeown
General Counsel and Company Secretary
Appointed as General Counsel and Company Secretary in January 2018. In January 2022 Brona also took on responsibility for Human Resources.

Skills and experience
Before joining British Land, Brona was General Counsel and Company Secretary of The Co-operative Bank plc for four years as part of the restructuring executive team. Immediately prior to that she was Interim General Counsel and Secretary at the Coventry Building Society. Prior to October 2011, Brona was Global General Counsel of the Corporate division of Barclays Bank plc, having joined Barclays in 1998. Brona trained and spent a number of years at a large City law firm.

A strategic enabler

Our governance structure ensures that the right people have access to the right information. Delegated authorities throughout our organisation enable effective decision making at appropriate levels.

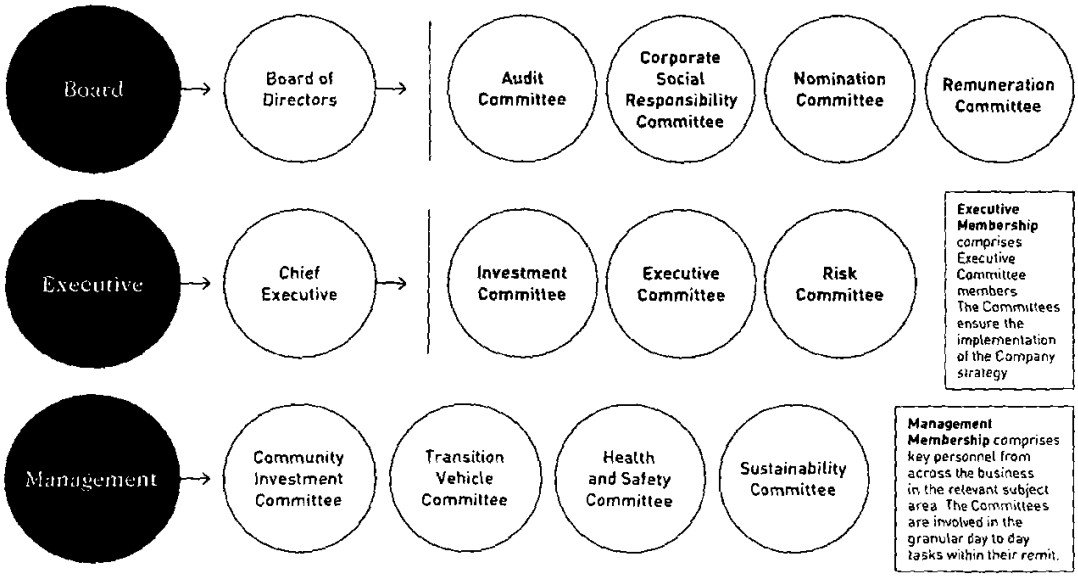
Board attendance

Director	Meeting Attendance
Tim Score	6/6
Simon Carter	6/6
Bhavesh Mistry	5/5
Preben Prebensen	6/6
Mark Aedy	4/4
Lynn Gladden	6/6
Alastair Hughes	6/6
Irvinder Goodhew	6/6
Nicholas Macpherson	6/6
Laura Wade-Gery[1]	5/6
Loraine Woodhouse	6/6

1. Laura Wade-Gery missed one Board meeting in May 2021 due to illness, but ensured a full report of the matters considered by the May 2021 Remuneration Committee which she had chaired was made at the Board meeting despite not being able to attend herself.

The Board continues to demonstrate individual and collective commitment to British Land by devoting sufficient time to discharge its duties and each year the Directors are asked to report their time spent on British Land commitments. In addition to formal meetings, the Board met collectively with management in February for the annual strategy offsite as well as for informal networking events throughout the year.

Governance framework



Further information about the different Committees can be found on page 107

Corporate Governance Report

Code compliance

We are reporting against the 2018 UK Corporate Governance Code (the 'Code') available at frc.org.uk. The Board considers that the Company has complied with all relevant provisions of the Code throughout the year.

For the purposes of Provision 5 of the Code, the Board has designated the CSR Committee as our prescribed method of overseeing workforce engagement, which provides greater resource at Board level than a single board member and demonstrates our continued commitment to excellent workforce engagement.

→ Board leadership and company purpose

The Board has determined that the Company's purpose is to create and manage outstanding places to deliver positive outcomes for all our stakeholders on a sustainable basis. We call this Places People Prefer.

We do this by understanding the evolving needs of the people and organisations who use our places every day and the communities who live in and around them. The changing way people choose to work, shop and live is what shapes our strategy, enabling us to drive demand for our space, in turn creating value over the long term.

The Board, supported by an expert management team, continues to maximise the competitive advantages of the Company by utilising a deep history of stakeholder engagement to produce Places People Prefer and maximise sustainable value for shareholders. The Company is led by the Board in its entrepreneurial approach to placemaking and continues to innovate and produce world class destinations.

As at 31 March 2022, the Board comprised the Chairman, the CEO, the CFO and eight independent Non-Executive Directors. We continue to have a strong mix of experienced individuals on the Board. The majority are independent Non-Executive Directors who are not only able to offer an external perspective on the business, but also constructively challenge Executive Directors, particularly when developing the Company's strategy and in their performance.

Our governance structure is designed to ensure that decisions are taken at the appropriate level and with the proper degree of oversight and challenge. Elements of our business require quick decision making and this is enabled by an agile Board and management team that collaborate effectively on complex issues.

Strategy days

Following the lifting of pandemic restrictions, the Board was able to hold its annual strategy off-site in person in London in February 2022. The event was attended by the full Board and Executive Committee and was structured to allow for the development of and challenge to the Company's corporate strategy, with a balanced program of presentations, debate and discussion.

The CEO, senior executives and external guests delivered a number of presentations to attendees, providing in-depth analysis on aspects of the business and the external environment. Areas of focus included: driving returns on retail parks and our London Campuses, our people strategy, development in the innovation sector, and presentations from external parties on the role of cities in a post-pandemic environment and emerging technologies including the metaverse.

Culture and stakeholder engagement

The Company's purpose is core to every decision taken by the Board. As detailed on pages 8-9, the Company has a framework of values and strategic measures that underpin our purpose to ensure that the strategy and culture of the Company are aligned. Led by the CSR Committee, we have a broad range of workforce engagement mechanisms to ensure the Board is able to assess the culture of the organisation. Our workforce engagement mechanisms are described on pages 114-115.

Although the CSR Committee has general oversight of and responsibility for workforce engagement, it collaborates with other Board Committees as appropriate to the extent that issues identified fall under the remit of a different Committee. The Board is regularly updated by Committee Chairs. The Board has delegated oversight of the Company's whistleblowing arrangements to the Audit Committee but retains overall responsibility and receives updates on cases as appropriate.

Board leadership and company purpose

The British Land Leadership Team consists of the Executive Committee and its direct reports in management roles who meet regularly both formally and informally to ensure there is a direct and visible link across the business, and act as a channel for workforce views to reach the Board.

As well as workforce engagement, the CSR Committee has formal responsibility for engagement with the Company's wider stakeholders. Stakeholder engagement is integral to creating Places People Prefer and the decisions taken by the Board to maximise shareholder value are enhanced by the views of the diverse range of stakeholders and wider communities that we serve. The mechanisms that ensure effective stakeholder engagement are detailed on pages 32-34. Examples of how principal decisions taken by the Board have been shaped by the impacts on our stakeholders are described in the Chairman's letter on page 99.

Further information on British Land's contribution to wider society can be found on pages 38-48

Engagement with major shareholders

Institutional investors and analysts receive regular communications from the Company, including investor relations events, one-to-one and group meetings with the Chairman and Executive Directors, and tours of our major assets. We have a dedicated investor relations team which manages our day to day shareholder engagement and provides regular feedback to the board.

Throughout the year we have hosted a number of investor events, both virtually and in person after the lifting of pandemic restrictions. Investor events including site tours have been held at Canada Water and Norton Folgate, and the CEO, CFO and Head of Real Estate have delivered their usual half year and full year results presentations as well as participating in a number of virtual and in-person roadshows, private clients roadshows and retail investor meetings. We also engaged with our major shareholders during our review of our Remuneration Policy. The resulting changes to the policy are summarised on page 129.

The Chairman is committed to ensuring that shareholder views, both positive and negative, are relayed back to the Board and is assisted by the executive team in doing so. The Chairman, Senior Independent Director, CEO and CFO are available to address any concerns our stakeholders may wish to raise. In June 2021 the Chairman attended a number of meetings with key investors and shareholders including, among others, BlackRock, Norges Bank and Brookfield.

In addition to the Chairman's efforts, the Chief Executive provides a written report at each scheduled Board meeting which includes a summary of market activity and commentary on investor meetings in the period. Direct feedback received during roadshows and other events is made available to the Board as appropriate.

The Board engages with wider shareholders via our Annual General Meeting which is held in a hybrid format and allows for shareholders to submit comments or questions for the Board either in person or via the website or telephone.

Conflicts of interest and external appointments

The Directors are required to avoid a situation in which they have, or could have, a direct or indirect conflict with the interests of the Company. The Board has established a procedure whereby Directors are required to notify the Chairman and the General Counsel and Company Secretary of all new potential outside interests and actual or perceived conflicts that may affect them in their roles as Directors of British Land. The Board reviewed its Conflicts of Interests Policy during the year and made amendments to provide a distinction between the approvals required for significant and non-significant appointments.

Any external appointments must be approved before they are accepted by Directors. The Board has delegated authority to the Chairman (or Senior Independent Directors for appointments concerning the Chairman) and any other member of the Nomination Committee to provide approval for significant appointments in between scheduled Board meetings. An updated register of situational conflicts of interest is then tabled at the next scheduled Board meeting for approval by the full Board. The register is provided to the Board for review and approval at least twice a year.

In November 2021, Tim Score was appointed as Non-Executive Director of Bridgepoint plc and Laura Wade-Gery was appointed as Non-Executive Director of Legal & General Group plc. In September 2021 Irvinder Goodhew was appointed as managing director of Alvarez and Marsal. In all cases the Board considered the appointments and concluded that they would not impact the directors' ability to dedicate sufficient time to their commitments at British Land. Prior approval of the appointments was given and they were subsequently noted in the register of situational conflicts which was then approved.

Non-Executive Directors' letters of appointment set out the time commitments expected from them. Following consideration, the Nomination Committee has concluded that all the Non-Executive Directors continue to devote sufficient time to discharging their duties to the required high standard. Further details on the process for appointment to the Board can be found within the Report of the Nomination Committee on page 117.

British Land's policy is to allow Executive Directors to take one non-executive directorship at another FTSE company, subject to Board approval. The Executive Directors do not currently hold any such Non-Executive Directorships.

Division of responsibilities

There is a clear written division of responsibilities between the Chairman (who is responsible for the leadership and effectiveness of the Board) and the Chief Executive (who is responsible for managing the Company).

The responsibilities of the Chairman, Chief Executive and Senior Independent Director have been agreed by the Board and are available to view on our website britishland.com/structure-committees.

When running Board meetings, the Chairman maintains a collaborative atmosphere and ensures that all Directors have the opportunity to contribute to the debate. The Directors are able to voice their opinions in a calm and respectful environment, allowing coherent discussion.

The Chairman also arranges informal meetings and events throughout the year to help build constructive relationships between Board members and the senior management team. The Chairman meets with individual Directors outside of formal Board meetings to allow for open, two-way discussion about the effectiveness of the Board, its Committees and its members. The Chairman is therefore able to remain mindful of the views of the individual Directors.

Operation of the Board
Our governance framework set out on page 104 ensures that the Board is able to focus on strategic proposals, major transactions and governance matters which affect the long term success of the business.

Regular Board and Committee meetings are scheduled throughout the year. Ad hoc meetings may be held at short notice when Board-level decisions of a time-critical nature need to be made, or for exceptional business.

Care is taken to ensure that information is circulated in good time before Board and Committee meetings and that papers are presented clearly and with the appropriate level of detail to assist the Board in discharging its duties. The Secretariat assists the Board and Committee Chairs in agreeing the agenda in sufficient time before the meeting to allow for input from key stakeholders and senior executives. Chairs of Committees are also sent draft papers in advance of circulation to committee members to give time for input.

Papers for scheduled meetings are circulated one week prior to meetings and clearly marked as being 'For Decision', 'For Information' or 'For Discussion'. To enhance the delivery of Board and Committee papers, the Board uses a Board portal and tablets which provide a secure and efficient process for meeting pack distribution.

Under the direction of the Chairman, the General Counsel and Company Secretary facilitates effective information flows between the Board and its Committees, and between senior management and Non-Executive Directors.

Board Committees
Four standing Committees have been operating throughout the year: Audit, Nomination, Remuneration and Corporate Social Responsibility, to which certain powers have been delegated. Membership of each of these Committees is comprised solely of independent Non-Executive Directors. The reports of these four standing Committees are set out in the following pages. The terms of reference of each Committee and the matters reserved for the Board are available on our website at britishland.com/committees.

The Board has delegated authority for the day-to-day management of the business to the Chief Executive. Executive Directors and senior management have been given delegated authority by the Board to make decisions within specified parameters. Decisions outside of these parameters are reserved for the Board, although management will often bring decisions within their delegated authority to the Board for scrutiny and challenge.

Management are supported by three standing Executive Committees:

Executive Committee
The Chief Executive is supported by the Executive Committee in discharging his duties which have been delegated by the Board. Comprised of the senior management team, the Committee's main areas of focus are the formulation and implementation of strategic initiatives, business performance monitoring and evaluating and overseeing culture and stakeholder engagement.

Investment Committee
Principal investment decisions are reserved for the Board, however it has delegated authority to the Investment Committee to make decisions within specified financial parameters. The Investment Committee is chaired by the Head of Strategy, Digital & Technology. Its membership comprises the majority of the Executive Committee including the CEO and CFO. The Investment Committee also reviews investment proposals that fall outside of its delegated authority and provides recommendations to the Board for its consideration.

Risk Committee
The Chief Financial Officer chairs the Risk Committee which comprises all members of the Executive Committee and senior management across the business. The Committee has overall accountability for management of risks across the business in achieving the Company's strategic objectives.

Management Committees
The Board Committees are supported by a number of management committees as detailed in our Governance framework on page 104. Each management committee feeds into the relevant Board Committee on a particular area of focus and implements any Board recommendations throughout the business.

If relevant, new management committees or working groups are established around key areas of focus to report into the Board or management Committees. This year, following the completion of the scenario analyses, we have established a TCFD working group to succeed the former committee that focuses on the new regulations mandating climate disclosures.

A new Information Security Committee was formed at the end of last year to support the Risk Committee in monitoring the effectiveness of the Company's Information Security through Key Risk Indicators and to recommend new security initiatives.

Composition, succession and evaluation

Composition, succession and evaluation
Our rigorous and transparent procedures for appointing new Directors are led by the Nomination Committee. Non-Executive Directors are appointed for specified terms and all continuing Directors offer themselves for election or re-election by shareholders at the AGM each year provided the Board, on the recommendation of the Nomination Committee, deems it appropriate that they do so, taking into account various factors including the length of concurrent service. The procedure for appointing new Directors is detailed in the Nomination Committee Report on page 117.

The Nomination Committee is responsible for reviewing the composition of the Board and its Committees and assessing whether the balance of skills, experience, knowledge and diversity is appropriate to enable them to operate effectively. More detail can be found in the Nomination Committee Report on page 117.

As well as leading the procedures for appointments to the Board and its Committees, the Nomination Committee oversees succession planning for the Board and senior management with reference to the Board Diversity and Inclusion Policy. Further details on the work of the Nomination Committee and the Diversity and Inclusion Policy are within its Report on page 118.

The Notice of Meeting for the 2022 Annual General Meeting details the specific reasons that the contribution of each Director seeking election or re-election is and continues to be important to the Company's long term sustainable success. The biographies of each Director on pages 101-103 set out the skills and expertise that each Director brings to the Board.

Following a recommendation from the Nomination Committee, the Board considers that each Non-Executive Director remains independent in accordance with provisions of the Code.

Internal Board evaluation
The internal evaluation of the Board was conducted by the Head of Secretariat circulating questionnaires, seeking quantitative and qualitative feedback and reporting the outcomes to the Board.

In addition to the formal questionnaire, the Chairman met each Non-Executive Director individually during the year to discuss their contribution to the Board and to take their feedback. The Senior Independent Director held a meeting of the Non-Executive Directors without the Chairman to appraise the Chairman's performance and running of the Board.

The internal evaluation concluded that the Board, its Committees and its individual members all continue to operate effectively and with due diligence. It also confirmed that good progress has been made on the recommendations made as a result of the external board effectiveness evaluation in 2021:

- Time had been spent gaining insight into Non-Executive Directors' wider experiences and applied where they could be of assistance to the Board;
- Key measures and KPIs had been introduced to monitor progress against execution of the strategy of the business and are reviewed at every Board meeting;
- Efforts to maintain contact between Non-Executive Directors and the wider Company through speaker events and lunches had continued despite Covid restrictions; and
- Carefully chosen and relevant external speakers were invited to Board meetings.

Specific actions were drawn from the results of the recent internal evaluation, including:

- A review of competitor peer group significant activity was to be included in the regular update to the Board from the Chief Executive;
- Management to provide the Board regularly with more detailed feedback from investor and analyst engagement to build on the process already in place;
- Management succession plans to be brought to the Board as a recurring agenda item; and
- Continue to invite external speakers to Board meetings as appropriate.

We will report on progress in these areas in the 2023 Annual Report. The next Board evaluation will take place in March 2023.

Audit, risk management and internal control

Audit Committee
The Audit Committee is responsible for monitoring the integrity of the financial statements and results announcements of the Company as well as the appointment, remuneration and effectiveness of the external and internal auditors. The detailed report of the Audit Committee is on pages 120-126.

Financial and business reporting
The Board is responsible for preparing the Annual Report and confirms in the Directors' Responsibilities Statement set out on page 157 that it believes that the Annual Report, taken as a whole, is fair, balanced and understandable. The process for reaching this decision is outlined in the report of the Audit Committee on page 122. The basis on which the Company creates and preserves value over the long term is described in the Strategic Report.

Risk management
The Board determines the extent and nature of the risks it is prepared to take in order to achieve the Company's strategic objectives. The Board is assisted in this responsibility by the Audit Committee which, in conjunction with the Risk Committee, makes recommendations in respect of the Group's principal and emerging risks, risk appetite and key risk indicators. Further information on the Group's risk management processes and role of the Board and the Audit Committee can be found on pages 125-126.

The Board has responsibility for the Company's overall approach to risk management and internal control which includes ensuring the design and implementation of appropriate risk management and internal control systems. Oversight of the effectiveness of these systems is delegated to the Audit Committee which undertakes regular reviews to ensure that the Group is identifying, considering and as far as practicable mitigating the risks for the business.

During the course of its review for the year ended 31 March 2022, and to the date of this Report, the Audit Committee has not identified, nor been advised of, a failing or weakness which it has determined to be significant.

Page 123 sets out the confirmations that the Audit Committee made to the Board as part of the risk management and internal control assurance process for the full year.

Internal control over financial reporting
As well as complying with the Code, the Group has adopted the best practice recommendations in the FRC 'Guidance on risk management, internal control and related financial and business reporting' and the Company's internal control framework operates in line with the recommendations set out in the internationally recognised COSO Internal Control Integrated Framework.

Audit, Risk Management & Internal Control
The key risk management and internal control procedures over financial reporting include the following:

Operational risk management framework: operational reporting processes are in place to mitigate the risk of financial misstatement. Key controls are owned by senior managers who report on compliance on a six-monthly basis to the Risk Committee. All key internal financial controls are reviewed on a two-yearly cycle by internal audit. The risk and control team carry out sample testing;

Financial reporting: our financial reporting process is managed using documented accounting policies and reporting formats supported by detailed instructions and guidance on reporting requirements. This process is subject to oversight and review by both external auditors and the Audit Committee; and

Disclosure Committee: membership comprises the Chief Executive, Chief Financial Officer, Chief Operating Officer, General Counsel and Company Secretary and Head of Secretariat. The Committee regularly reviews draft financial reports and valuation information during the interim and full year reporting process and determines, with external advice from the Company's legal and financial advisers as required, whether inside information exists and the appropriate disclosure requirements.

Going concern and viability statements
Disclosures on our use of the 'going concern' basis of accounting and our viability statement can be found in the Viability Statement on page 97.

Remuneration
The Company's remuneration policies and practices are designed to support our strategy and promote the long term sustainable success of the business. We have a clear strategy, focused on our Campuses and Retail & Fulfilment, which positions our business for growth. Delivering against this strategy creates the inputs for future value creation for all of our stakeholders. In our Directors' Remuneration Report we explain our approach to incentivise and reward employees to deliver value creation whilst also managing the business (on a day-to-day basis. We also explain how we create alignment with shareholders and measure our performance over the longer term.

In accordance with the Code, the Remuneration Committee is recommending a new Remuneration Policy for approval at the 2022 AGM. The recommended Remuneration Policy is set out on pages 131-137.

Our current Remuneration Policy was approved by shareholders at the 2019 AGM. The Remuneration Committee is also responsible for establishing remuneration of the members of the Executive Committee.

The Committee is authorised to use discretion in determining remuneration outcomes for Executive Directors and the wider workforce. Further details on the Committee's use of discretion this year can be found in the Directors' Remuneration Report starting on page 127

Key investor relations activities during the year

April 2021
- Peel Hunt Real Estate Conference, including virtual property tour of 100 Liverpool Street

May 2021
- Full Year Results Presentation
- Full Year Results Roadshow

June 2021
- Goldman Sachs European Financials Conference
- Chairman's Investor Meetings
- Morgan Stanley Europe & EEMEA Property Conference

July 2021
- Retail investor webinar
- AGM

September 2021
- Goldman Sachs European Real Estate Conference
- BofA Global Real Estate Conference
- Norton Folgate Analyst Site Visit
- Virtual US roadshow

November 2021
- Half Year Results Presentation
- Half Year Results Roadshow
- JP Morgan Best of British Conference

December 2021
- UBS Global Real Estate conference including site visit of 100 Liverpool Street and Norton Folgate

January 2022
- Barclays European Real Estate Conference including site visit of 100 Liverpool Street
- US Private Client Investor Roadshow
- UK Private Client Investor Roadshow

February 2022
- Canada Water Analyst and Investor Site Visit

March 2022
- Citi Annual Global CEO Property Conference
- BofA Real Estate CEO Conference

APPLIED GOVERNANCE

The Board meets regularly with people from across British Land and interacts with a range of advisers including corporate brokers and valuers to implement our strategic priorities.

Our key focus areas:

Campuses

Board focus areas:
Realising the potential of our Campuses through:
- Active capital recycling through disposals and the formation of joint ventures to focus on London Campuses
- Investment in innovation Campuses outside London
- Replenishment of long term development pipeline to redeploy recycled capital

Key Decisions:
- Establishment of Canada Water joint venture
- Approval of 1 Broadgate and Canada Water Phase 1 development
- Unconditional exchange on Paddington joint venture

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Retail & Fulfilment

Board focus areas:
Targeting the opportunities in Retail & Fulfilment by:
- Assembling a pipeline in London urban logistics
- Focusing on retail parks to unlock value from the growth of online
- Analysis of retail landscape and navigating occupier insolvency

Key Decisions:
- Acquisition of Hannah Close, Wembley
- Logistics strategy deep dive
- Acquisition of 100% of units in Hercules Unit Trust

Delivered by our people and underpinned by our commitment to sustainability

Board focus areas:
- Progress on our 2030 Sustainability Strategy and pathway to Net Zero by prioritising the re-use of existing buildings where possible and challenging ourselves to reduce embodied carbon in new builds
- Focus on diversity and inclusion at all levels of the business
- Supporting workforce wellbeing, informed by our workforce engagement surveys

Key Decisions:
- Development of 2 Finsbury Avenue
- Publication of Diversity, Equality & Inclusion Strategy
- Board sustainability deep dive

Helping people thrive

We seek to ensure the Company is a first-class employer, builds and manages first-class buildings for its communities and occupiers and delivers this in a sustainable way.

I am pleased to present the report of the CSR Committee for the year ended 31 March 2022.

The Committee was set up three years ago to assist the Board in overseeing its engagement with employees and other stakeholders and to monitor the Company's wider contribution to society and the environment. In November 2021, Mark Aedy joined the Committee as Irvinder Goodhew stepped down to join the Remuneration Committee. I would like to thank Irvinder for her meaningful contribution throughout her tenure.

This report sets out in detail the activity undertaken by the Committee during the year ended 31 March 2022.

Committee composition

The Committee is composed solely of independent Non-Executive Directors. Attendance at Committee meetings during the year is set out in the following table:

Director	Position	Date of Committee appointment	Attendance
Alastair Hughes	Chairman	1 Apr 2019	3/3
Lynn Gladden	Member	1 Apr 2019	3/3
Mark Aedy[1]	Member	17 Nov 2021	1/1
Irvinder Goodhew[1]	Member	1 Oct 2020	2/2

1. Mark Aedy joined the Committee following Irvinder Goodhew's departure from the Committee on 17 November 2021. Mark attended an additional Committee meeting in October, before he joined as a member.

Members of the senior management team, including the Chief Executive Officer, Chief Financial Officer, General Counsel and Company Secretary, Chief Operating Officer and Head of Secretariat are invited to each Committee meeting. Other members such as the Head of Developments, Head of Environmental Sustainability, Head of Social Sustainability and Head of Employee Relations are invited to attend the section of the meetings relevant to their work.

Committee effectiveness

The Committee's effectiveness was reviewed as part of the wider internal Board evaluation which concluded that the Committee had operated effectively. The Committee reviewed and updated its terms of reference during the year, which are available at britishland.com/committees. The changes made were to define responsibilities between the Committee and the Remuneration Committee.

Committee responsibilities

The Committee continues to operate a three-pillar approach to fulfil our primary roles of being a first-class employer, building and managing first-class buildings and environments for our communities and occupiers, and delivering this in a sustainable way for both our communities and the environment. As a Committee, we make sure that our key stakeholders are at the core of every discussion and decision made in order to create Places People Prefer.

Over the past three years the Committee's responsibilities have expanded to include greater oversight of the Company's environmental and social activities. To reflect this expansion we are changing our name to the Environmental Social Governance Committee and will report under this name going forward. Our responsibilities are listed below.

Understanding our impact on the community and environment:

- Oversee the Transition Vehicle
- Oversee the Community Investment Fund
- Understand the impact of our operations on the community and environment, including monitoring the execution of the 2030 Sustainability Strategy
- Understand our charitable activities

Build and manage first-class buildings:

- Oversee and monitor our Health & Safety systems
- Monitor the processes and mechanisms for building relationships with customers, suppliers and other key stakeholders

Understanding the views of employees:

- Assess and monitor our culture to ensure it aligns with our purpose, values and strategy
- Engage with the workforce on behalf of the Board
- Review workforce engagement mechanisms, including considering their outputs and assessing their effectiveness
- Monitor the development of gender and ethnic diversity of the senior management pipeline, including monitoring the execution of the 2030 Diversity, Equality & Inclusion Strategy

Key areas of focus for the year ended 31 March 2022

This year we concentrated on British Land's efforts in diversity, equality and inclusion, progress against our sustainability strategy and our construction and supply chain pressures.

Diversity, equality and inclusion

We have built on our Race Equality Framework and Diversity & Inclusion Framework, that were established last year in response to feedback from our people, to create the Diversity, Equality & Inclusion Strategy. This was the product of the outstanding effort of various groups across the business with **collaboration** and **building for the future** at its core – two key pillars of our Company values. The Committee was involved in the development of the strategy, specifically by challenging management to create a framework that had quantifiable outcomes. The full strategy can be found at britishland.com/diversity-equality-inclusion.

The DE&I strategy is based on five pillars that underpin our mission to deliver Places People Prefer in a way that addresses the interconnected nature of diversity. The pillars are people and culture; recruitment and career progression; our leadership; our industry and supplier networks; and our places and communities. We require all suppliers to adopt our Diversity, Equality & Inclusion Supplier Charter to ensure our supply chains align with our values. Following the success of using 'blind CVs' for junior roles – which means at the point candidates are selected for interviews by line managers, indicators as to ethnicity and gender have been removed – this year we have used blind CVs in the recruitment process for all levels where we can. Looking forward, we will introduce our 'reverse mentoring' programme between leaders and ethnic minority colleagues

We are proud to publish such an authentic and clear strategy that we can report and measure progress against. We hope that it helps us be a leading force for change in our industry.

Last year we set a target to reduce our gender and ethnicity median pay gaps by 2% year on year. This year we published our ethnicity pay gap data for the second year meaning that we can compare the data for the first time. It is encouraging to see that we have reduced the gender pay gap by 8.4% to 19.2% and ethnicity pay gap by 8.1% to 19.2%. We were also pleased to come 15th in the 2021 FTSE Women Leaders Review for Women on Boards and in Leadership.

Progress against our sustainability strategy

Good progress has been made on the Sustainability Strategy. Net Zero audits were completed during the year at 29 assets that cover 90% of landlord procured energy consumption. The information collated will be invaluable in improving the energy efficiency of our spaces and reaching our target of reducing operational carbon emissions by 75% in respect of our managed portfolio. The Sustainability Committee, comprised of senior managers from across the business, monitors the progress of the sustainability targets owned by Executive Committee members and which cascade through the business.

Building on the research undertaken last year into the key local issues at our places, this year we have identified ways in which we will work with local communities to address those issues where we can have the greatest impact.

Construction and supply chain pressures

The Committee remain assured that the construction and health and safety teams have operated with vigilance during a period of volatility and challenging external factors. Supply chain and inflationary pressures have been actively managed through early procurement, quick decision making, and redistributing materials already in our possession. We continue to demonstrate best in class construction and health and safety practices alongside our commitment to sustainable developments. For example, during the design stage of 2 Finsbury Avenue the management team challenged the design team to make design and procurement changes to reduce carbon to a market leading level for a high rise building.

Fulfilling our responsibilities

Understanding our impact on the community and environment

There are two threads of the Sustainability Strategy: the wider environment and the specific communities surrounding our properties.

Community

Our Place Based approach is central to the Society pillar of our 2030 Sustainability Strategy. During the year the Committee challenged the team to define and articulate the activities of the Place Based approach to help us better communicate and amplify its impact. As a result, we have a clear outline of the approach for twenty four places.

We oversee the Community Investment Fund which supports our Place Based approach by providing funding to charities, social enterprises and community organisations operating in our places. A total of £1.4m was spent in the year ended 31 March 2022. This year we also launched Campus Community Funds at Paddington Central and Broadgate in addition to the existing fund at Regent's Place.

Environment

Achieving net zero carbon on new developments is a key component of the strategy and we continue to monitor and challenge the management team to achieve the lowest possible embodied carbon for our buildings, before offsetting the remaining carbon as a last resort.

Case Study: Paddington Central

Our Place Based approach is delivered through our Local Charter which provides a framework of four key focus areas: employment, education, connection and local business.

Paddington's Place Based theme is inclusive and accessible opportunities, and together with our customers, suppliers and community partners we focus on creating inclusive and accessible skills, training and employment opportunities that bring mutual benefits to both Paddington Central and people locally.

Our Paddington Central Campus runs employment programmes such as Bright Lights, which links the site with local and diverse talent whilst supporting under/unemployed people to access employment opportunities; education initiatives like Young Readers Programme aid local schoolchildren in growing their love of literacy; the Paddington Central Community Fund connects Paddington Central businesses to local causes, and affordable space on site supports capacity-building for non-profits e.g. space donation to Care4Calais for a distribution unit.

Network Case Study:
BL Pride Committee
The BL Pride Committee is one of the longest running of our Employee Networks and is chaired by Paul Edwards, Head of Legal. He says: "The BL Pride Committee works to raise the profile of LGBT+ issues and encourage British Land employees to be good allies. Through various activities including hosting social events, organising training sessions, charity fundraising and inputting into BL policies, we aim to create a culture of acceptance both within the company and in the wider industry. Events such as our Corporate Queer Exhibition at Broadgate in September 2021 aim to demonstrate that we have visible senior LGBT+ leaders at British Land and that employees can bring their whole selves to work. It has been heart-warming for me to hear from colleagues who are out publicly in their work lives for the first time in their role at BL. The opportunity to present to the CSR committee sends a clear message that Diversity & Inclusion is valued at all levels of the business."

Following the success of our first net zero development at 100 Liverpool Street, which achieved a Green Building of the Year award, we have now offset 1 Triton Square and St Anne's. In total 22,000 tonnes of carbon were offset at the two developments. This year we also maintained a 5 star GRESB rating meaning that we continue to be in the top quintile of participating real estate companies for sustainability performance globally. See pages 38-39 for further information.

The Transition Vehicle is crucial to improve the operational performance of our portfolio. The Vehicle was created in 2021 to finance sustainable initiatives on our standing portfolio and offset carbon on new developments, and currently holds £15.6m ready to be deployed. Energy efficient interventions on our standing portfolio are being identified through our Net Zero audits. We will monitor where funding is directed over the coming years and report on specific initiatives within future Annual Reports. So far, we have been improving the energy efficiency of the standing portfolio to strengthen their EPC ratings; one example being the installation of air source pumps at 10 Exchange Square and 338 Euston Road.

Engaging with our occupiers, both current and future, has demonstrated that robust environmental credentials are vital to them which has heightened our focus on sustainable buildings which in turn supports leasing, enabling us to let space more quickly and achieve higher rents. To help tackle this we will be introducing sustainability clauses in our leases. This is a great example of how engagement with our stakeholders is driving change in how we run our business. Read more about our environmental leadership on page 38.

Build and manage first-class buildings

The Committee took time to understand management's approach to health and safety and was impressed with the rigour and detail of the systems in place to ensure our buildings and practices are safe.

During the year we received reports that showed how we are mitigating the inflationary pressures experienced by the construction industry, driven by material supply constraints, labour shortages and energy price rises. The impact of these external factors on our decision making, procurement routes and contractor selection were brought to our attention and challenged appropriately. We were assured that they were approached with high levels of awareness and diligence.

Understanding the views of employees

Previously, we have provided a separate Workforce Engagement Statement. From this year, as the Committee is responsible for workforce engagement and in practice, it forms one of the three main responsibilities of the Committee, we have integrated the Workforce Engagement Statement so that it forms part of the CSR Committee Report.

The Committee is well placed to receive updates on the below engagement methods. This holistic oversight emphasises the benefit of having the Committee as our chosen workforce engagement method.

How we engage

BL employee networks
As seen on pages 35-37, our employee-led networks are integral to creating and maintaining an open dialogue to keep management informed on social issues impacting our staff. By working with our Board, Executive Committee and CSR Committee, our networks effect real change within the business, informing on policy and initiatives to ensure our people remain at the heart of everything we do. Non-Executive Directors are directly influenced by our grassroot networks and the feedback received acts as a litmus test for the health of our culture.

As well as regular meetings with the CEO, our network chairs are invited to present at the Executive and CSR Committees. We find these updates invaluable as they give us direct contact with some of the most passionate people in the business. Each network is encouraged to give feedback as to how we can bolster their efforts at Board level. The networks informed us that senior attendance at network events was hugely important and since, these members have made a concerted effort to be more involved which illustrates how our values flow through the entire business.

Internal communication
Strong communication played an essential role in the transition back into our offices. As pandemic restrictions were lifted, regular emails to employees kept them updated on working arrangements and Executive Committee members discussed any major policy changes with their teams to understand how employees were feeling which was fed back to the CSR Committee.

Following the successful return to our offices, monthly all staff meetings resumed led by an Executive Committee member in a hybrid format, allowing staff to choose to join physically or via video link.

Director engagement
Following the pandemic we were glad to reintroduce our regular programme of Non Executive Director breakfasts and lunches with senior employees.

Following the success of the "In Conversation with Lynn Gladden" event hosted by our women's network, equitaBLe, Irvinder Goodhew joined the network for a virtual Q&A attended by over 100 staff members, where she spoke candidly about her career and the challenges she has faced. The session was recorded and able to be accessed by colleagues who could not attend the live event.

Last year the Board endorsed a proposal for Non-Executive Directors and Executive Committee members to mentor highly performing talent within the business and under this scheme several Non-Executive Directors now mentor senior employees across the business.

Financial awareness
At the half and full year, our Chief Executive Officer, Chief Financial Officer and Head of Real Estate present the financial results to our employees and answer questions.

Ownership
Our Company-wide Share Incentive Plan and Save As You Earn Schemes continued to operate throughout the pandemic. In 2020, we suspended the annual free share award, part of the Share Incentive Plan, but having understood from employees in our engagement survey the high value they put on the annual Free Share award and given the strong financial performance of the Company, we will be resuming this aspect of the scheme from 2022.

Employee surveys
In February we conducted our annual employee engagement survey which was the first full survey since 2019 because we relied on more regular, pulse surveys during the pandemic. We continue to enjoy good results, particularly in cultural areas that take a long time to build, such as belief in our social purpose and commitment to diversity. Of note, 83% of staff surveyed reported that they have confidence in the leaders at British Land, and 88% reported that they felt British Land's commitment to social responsibility is genuine.

We also saw improvement in some of our weaker scores versus 2019; confidence in collaboration and communication was up by 8% following measures to address this, such as more internal communication and establishing the British Land Leadership Team. However, employees did voice concerns about compensation, workload and career progression which have been seen across the labour market generally following the pandemic and more recently with the cost of living crisis.

We also took time to delve into the survey results through a diversity lens. Overall, the concerns mentioned above were shared by all socioeconomic groups. A breakdown of the results by gender, ethnic group and sexual orientation was shared with the relevant networks so they can use the data to inform their goals and activities.

The results of the survey were presented to employees and areas of concern were addressed openly. Individual teams were asked to discuss their team-specific results compared to the wider Company, and their feedback will be used to form an action plan in the immediate and long term.

From April to June 2021 we held wellbeing focussed pulse surveys which showed that nearly 90% of colleagues consistently felt supported by British Land during the pandemic and over 80% thought senior leaders demonstrated that employee wellbeing was important. These surveys helped us understand employees' sentiment and respond in the most effective way to make sure that our people felt looked after during this disruptive period.

Key areas of focus for the coming year

This has been a productive year in collating the right data and using it to inform our decision making. We will continue to provide oversight of our Sustainability Strategy and progress against our net zero carbon targets. We will also report on the projects that the Transition Vehicle will support in the 2023 Annual Report.

Diversity will remain a focal point for the Committee to ensure there are processes in place to facilitate a diverse pipeline of talent for the future. Importantly, we will monitor progress against the new Diversity, Equality and Inclusion strategy, gender and ethnicity pay gap, and race equality objectives. We hope that together these objectives will add to the good work already carried out in enabling our people to bring their whole selves to work, which is a foundation of our culture at British Land. We will also maintain best in class construction and health and safety whilst steering the business through the challenges of the macro environment.

Alastair Hughes
Chairman of the CSR Committee

Network Case Study: BL NextGen
The NextGen Network is our newest employee network and is chaired by Joseph Bass and Gafar Fashola, Canada Water Administrator Apprentices and Patricia Rus, Investment Associate.
"We started our network in response to previous staff survey results indicating that junior employees felt they lacked meaningful ways to connect with colleagues. In addition, retention of junior staff at British Land and in the wider industry is a challenge: 25 – 29 year-olds are some of the most job-mobile employees and made up the highest percentage of British Land leavers. We wanted to create a forum for junior professionals to share ideas, develop skills and widen their networks to develop their careers.

In the first six months of operation, over 40 people signed up for our Buddy Programme, which provides new starters with a 'buddy' for their first six months of employment to ease integration into the company. We also launched our Teach In sessions which aim to give colleagues better insight into different areas of the business and the wider real estate industry. Also, we have collaborated with both the British Property Federation and Real Estate Balance on events for our Network members. It is important to us to keep young professionals at British Land connected across the property industry to ensure we attract the best talent."

Ensuring a balanced and diverse Board

The Nomination Committee supports the Board on composition, succession and diversity matters.

I am pleased to present the report of the Nomination Committee for the year ended 31 March 2022.

The Nomination Committee continues to play a key role in supporting British Land's long term sustainable success.

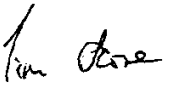
The development and execution of our long term strategic objectives, embedding of our culture and values and promotion of the interests of our stakeholders are all dependent upon effective leadership at both Board and executive level. It is the Committee's responsibility to maintain an appropriate combination of skills and capabilities amongst the Directors. Long term succession planning at Board and executive level remains a key priority of the Committee. We regularly consider the skills and experience on the Board to ensure that succession plans maintain the correct balance of skills and experience to deliver the strategy over the coming years.

There were minimal changes to the Board during the year under review. Following the selection process as detailed in the 2021 Annual Report, Bhavesh Mistry joined the Board as Chief Financial Officer on 19 July 2021. Following the departure of William Jackson, the Committee determined the skill set required and following a rigorous selection and appointment process, Mark Aedy was appointed as a Non-Executive Director on 1 September 2021.

Nicholas Macpherson, having served on the Board since December 2016, has decided not to offer himself for re-election and will stand down at the conclusion of the AGM. I want to thank him for his input and valuable contribution.

All of the Committee activities set out in this Report were conducted within the context of our unwavering commitment to improving inclusion and diversity across British Land. Assisted by the work of the CSR Committee in ensuring a diverse pipeline for succession, consideration was given to the benefits of diversity in its widest sense including gender, social and ethnic backgrounds and personal strengths, particularly in view of the Company's purpose and strategy. We are proud of the tangible impact British Land's diversity policies and initiatives are having both at Board level and in the wider business, and we report on this progress both in this Report and in the People and Culture section of the Strategic Report.

Looking ahead, the Committee is focussed on the long term succession of the Board. As Directors approach their nine-year limits, the Committee has an opportunity to consider more broadly the skill set and diversity of the Board as a whole. I hope you find the following report interesting and illustrative of our focus on ensuring that the Board and its Committees remain well equipped with the skills and capabilities needed to drive the future success of British Land.



Tim Score
Chairman of the Nomination Committee

Committee composition and governance

The Committee has five members. As at the 31 March 2022 year end the Committee comprised: Tim Score, Preben Prebensen, Alastair Hughes, Laura Wade-Gery and Irvinder Goodhew.

Details of the Committee's membership and attendance at meetings during the year are set out in the table below.

Director	Position	Date of Committee appointment	Attendance
Tim Score	Chairman	1 Apr 2017	4/4
Alastair Hughes	Member	29 July 2020	4/4
Irvinder Goodhew	Member	18 Nov 2020	4/4
Laura Wade-Gery[1]	Member	18 Nov 2020	3/4
Preben Prebensen	Member	19 July 2019	4/4

1. Laura Wade-Gery missed one Nomination Committee meeting in May 2021 due to illness.

Key areas of focus during the year

Director search and selection
As explained in the introduction Mark Aedy was appointed as Director on 1 September 2021.

Mark is currently a Managing Director and Head of Moelis & Company EMEA & Asia Investment Banking. Prior to 2009, Mark was on the Global Executive Committee of Corporate & Investment Banking at Bank of America Merrill Lynch and before that Head of Investment Banking EMEA at Merrill Lynch. Aside from his executive career, Mark holds various non-profit and public sector board roles, including Senior Independent Director of the Royal Marsden NHS Foundation Trust and is a Trustee of The HALO Trust.

The search process was conducted in accordance with the Board Diversity and Inclusion Policy and the Selection and Appointment Process, which are both explained later in this report. Russell Reynolds Associates, the executive search firm appointed, has no other relationship to the Company or individual Directors. The firm has adopted the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice.

Board and Committee composition reviews and appointments
During the year the Committee reviewed the broader composition and balance of the Board and its Committees, their alignment with the Company's strategic objectives, and the need for progressive refreshing of the Board. The Committee recommended the appointment of Mark Aedy to the CSR Committee in the place of Irvinder Goodhew. Mark brings a wealth of financial investment experience and knowledge to the Committee. Following the meaningful contribution that Irvinder Goodhew brought to the CSR Committee since her appointment in 2020, Irvinder has been appointed to the Remuneration Committee. Both changes took effect from 17 November 2021.

Laura-Wade Gery and Lynn Gladden completed their second three-year terms in May 2021. In making recommendations for reappointments, the Committee considered their performance and ability to contribute effectively to Board discussions and to challenge the performance of management.

The Committee is satisfied that, following the Board and Committee composition changes described above as well as the internally facilitated Board effectiveness evaluation, the Board and its Committees continue to maintain an appropriate balance of skills and experience required to fulfil their roles effectively.

Independence and re-election
The independence of all Non-Executive Directors is reviewed by the Committee annually, with reference to their independence of character and judgement and whether any circumstances or relationships exist which could affect their judgement. Having regard to all such considerations, the Board is of the view that the Non-Executive Directors each remain independent, notwithstanding their periods of tenure.

Prior to recommending the reappointment of serving Directors to the Board, the Committee also considers the time commitment required and whether each reappointment would be in the best interests of the Company. Detailed consideration is given to each Director's contribution to the Board and its Committees, together with the overall balance of knowledge, skills, experience and diversity.

Following its review, the Committee is of the opinion that each Non-Executive Director continues to demonstrate commitment to his or her role as a member of the Board and its Committees, discharges his or her duties effectively and that each makes a valuable contribution to the leadership of the Company for the benefit of all stakeholders.

Accordingly, the Committee recommended to the Board that all serving Directors (except Nicholas Macpherson who is standing down at the conclusion of the AGM) be put forward for election or re-election at the 2022 AGM.

Biographies for each Director can be found on pages 101-103.

Succession planning
The Committee is responsible for reviewing the succession plans for the Board, including the Chief Executive. We recognise that successful succession planning includes nurturing our own talent pool and giving opportunities to those who are capable of growing into more senior roles.

The succession plans for the Executive Directors are prepared on both shorter and longer term bases while those for Non-Executive Directors reflect the need to refresh the Board regularly. Such plans take account of the tenure of individual members. The Committee's review of Executive Director succession plans includes consideration of the process for talent development within the organisation to create a pipeline to the Board.

Role brief
The Committee works only with external search agencies which have adopted the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. The Committee and agency work together to develop a comprehensive role brief and person specification, aligned to the Group's values and culture. This brief contains clear criteria against which prospective candidates can be objectively assessed.

Longlist review
The external search agency is challenged to use the objective criteria for the role to produce a longlist of high quality candidates from a broad range of potential sources of talent. This process supports creation of a diverse longlist. The Nomination Committee selects candidates from this list to be invited for interview.

Interview
A formal, multi-stage interview process is used to assess the candidates. For each appointment the choice of interviewer is customised to the specific requirements of the role. All interview candidates are subject to a rigorous referencing process.

Review and recommendation
The Committee ensures that, prior to making any recommendation to the Board, any potential conflicts and the significant time commitments of prospective Directors have been satisfactorily reviewed.

The Chief Executive prepares succession plans for senior management for consideration by the Committee with the rest of the Board invited to be involved as appropriate. The Committee notes that the remit of the CSR Committee includes consideration of the extent to which the business is developing a diverse pipeline for succession to senior management roles.

A number of issues that would normally be dealt with by the Committee were discussed with the full Board.

Selection and appointment process
The Committee oversees the selection and appointment process for Board appointment which is summarised on the previous page.

Board Diversity and Inclusion Policy
The Board's Diversity and Inclusion Policy has remained unchanged during the year. The Board is mindful that the FCA has recently finalised changes to the Listing Rules to enhance the level of diversity expected at Board and senior management level. The Company will consider the amendments made by the FCA and incorporate them into the policy as appropriate.

The current policy recognises the benefits of diversity in its broadest sense and sets out the Board's ambitions and objectives regarding diversity at Board and senior management level. The Policy notes that appointments will continue to be made on merit against a set of objective criteria, which are developed in consideration of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Policy also describes the Board's firm belief that in order to be effective a board must properly reflect the environment in which it operates and that diversity in the boardroom has a positive effect on the quality of decision making. Aligned to this, the Policy has a number of specific quantitative and qualitative policy objectives in support of Board-level diversity and inclusion, including the following commitments:

Performance against objectives and updating objectives:
The objectives from the Policy in force for the year ended 31 March 2022 included:

- the intention to maintain a balance such that at least 35% of the Board are women.
- the intention to maintain at least two Directors from an ethnic minority background.
- to maintain the improved gender balance of its leadership teams and senior management. Senior management is defined as the Executive Committee and employees in the British Land Leadership Team.
- to ensure that there is clear Board-level accountability for diversity and inclusion for the wider workforce.

The Committee is pleased to confirm that these objectives have been met. As at 31 March 2022 the gender diversity of the Board and senior management was 36% and 37% women respectively, although Executive Committee composition has decreased from 42% to 33% women. Clear accountability for diversity and inclusion is delivered through the CSR Committee, which monitors progress on diversity and inclusion objectives and relevant initiatives within British Land.

The Policy can be found on our website britishland.com/committees.

Induction, Board training and development
Each new Director is invited to meet the General Counsel and Company Secretary and Head of Secretariat to discuss their induction needs in detail, following which the programme is tailored specifically to their requirements and adapted to reflect their existing knowledge and experience.

Each induction programme would ordinarily include:

1. meetings with the Chairman, Executive Directors, Committee Chair, external auditor or remuneration consultants (as appropriate);
2. information on the corporate strategy, the investment strategy, the financial position and tax matters (including details of the Company's REIT status);
3. an overview of the property portfolio provided by members of the senior management team;
4. visits to key assets;
5. details of Board and Committee procedures and Directors' responsibilities;
6. details of the investor relations programme; and
7. information on the Company's approach to sustainability.

The Committee also has responsibility for the Board's training and professional development needs. Directors receive training and presentations during the course of the year to keep their knowledge current and enhance their experience.

Average Board member age over a four-year period[1]

2022	**57 years old**
2021	56 years old
2020	56 years old
2019	55 years old

Composition[2]

Chairman	1
Executive Directors	2
Non-Executive Directors	8

Tenure[2]

0-3 years	3
3-6 years	3
6-9 years	3

1. As at AGM date of 12 July 2022.
2. As at 31 March 2022.

Key areas of focus for the coming year

As well as the regular cycle of matters that the Committee schedules for consideration each year, we are planning over the next 12 months to continue to focus on succession planning both for the Board and at senior management level, and will continue to develop a strong talent pipeline and associated leadership programmes.

The Committee, led by the Senior Independent Director, will begin to consider succession planning for the Chairman as Tim Score approaches his ninth year as a Director of the Company. The Committee will consider the appropriate time for the Company to transition to a new Chairman and report as appropriate against the requirements of the Code in the 2023 Annual Report.

Board and Committee effectiveness

The process followed for the internally facilitated Board effectiveness evaluation conducted during the year is described in the Governance Review on page 108.

The Committee's effectiveness during the year was evaluated as part of the internal Board evaluation which concluded that the Committee operated effectively.

Board composition review

The Committee annually reviews the structure, size and composition of the Board. This review considers the skills and qualities required by the Board and its Committees as a whole in light of the Group's long term strategy, external environment and the need to allow for progressive refreshing of the Board. The review identifies the specific skills required by new appointees and guides the Committee's long term approach to appointments and succession planning.

The Committee also reviewed its terms of reference during the year and no changes were recommended. The terms are available on our website britishland.com/committees.

"The induction process at British Land is comprehensive, transparent and engaging across all levels of seniority. It significantly enhanced my ability to understand rapidly the opportunities the Company has and the challenges it faces. As a result, I was well informed and enabled to contribute from the outset."

Mark Aedy
Non-Executive Director

Mark Aedy's induction programme commenced shortly after his appointment. Mark met with the Chairman, CEO, CFO and Chairs of each Board Committee to understand fully the strategic direction of the Company as well as specific areas of focus. Executive Committee members then met with Mark to provide an overview of their respective areas of the business, such as Development, Investment, Canada Water and Real Estate. Mark also received technical briefings from other Executive Committee members such as the HR Director, General Counsel and Company Secretary and Chief Operating Officer on company culture, Directors' duties and our investor relations programme.

In order to gain an in-depth insight into the work of our people, Mark met with several senior managers and subject matter experts across the business. The Group Treasurer and Head of Capital Markets provided an overview of the Group's financing and cash management arrangements. The Property Finance Director and Head of Financial Planning and Analysis detailed the Group's budgeting, capital planning and valuation processes and the Director of Group Finance and Head of Tax outlined the Group's financial reporting framework. In addition, Mark met with the Director of Operations, Head of Storey, Head of Planning and Heads of Leasing for an in-depth view of the operational side of the business.

Finally, in order to see our strategy in action, Mark was taken to visit our Campuses at Broadgate and Regent's Park as well as our 53-acre development at Canada Water.

Monitoring quality and integrity

The year ended 31 March 2022 was my first year as Chair of the Audit Committee which monitors the quality and integrity of the financial reporting and valuation process. Throughout the year we have also paid particular attention to our risk management and internal control processes and procedures, as well as our other main areas of responsibility.

I am pleased to present the report of the Audit Committee for the year ended 31 March 2022. I hope that you find it useful in understanding our work.

Committee composition and governance

The Committee continues to be composed solely of independent Non-Executive Directors with sufficient financial experience, commercial acumen and sector knowledge to fulfil their responsibilities.

Members' attendance at Committee meetings is set out in the following table:

Director	Position	Date of Committee appointment	Attendance
Loraine Woodhouse	Chair	31 Mar 2021	3/3
Alastair Hughes	Member	1 Jan 2018	3/3
Nicholas Macpherson	Member	1 Apr 2017	3/3
Preben Prebensen	Member	1 Jan 2021	3/3

For the purposes of the Code and FCA Handbook, the Board is satisfied that the Committee as a whole has competence relevant to the real estate sector, and I am deemed to meet the specific requirement of having recent and relevant accounting experience. Further information about members' qualifications can be found in the directors' biographies on pages 101-103.

The Committee meets privately with both external and internal auditors after each scheduled meeting and continues to be satisfied that neither is being unduly influenced by management. As Committee Chair, I additionally hold regular meetings with the Chief Executive Officer, Chief Financial Officer and other members of management to obtain a good understanding of key issues affecting

2021-2022 Calendar

The calendar below gives an overview of the key matters considered by the Committee during the year.

The key shows the main areas that the Committee focused on and can be used to see how we have spent our time during the year.

- Investment and development property valuations
- Financial reporting and Fair, Balanced and Understandable assessment
- Risk Management and Internal Controls
- External Audit and Internal Audit

May 21

- Valuation reports, effectiveness and rotation
- 2021 draft annual report and accounts and preliminary announcement
- Fair, balanced and understandable assessment
- Going concern and viability assessments
- Assessment of principal and emerging risks, key risk indicators and risk appetite
- Internal controls effectiveness
- Internal audit update
- Information security update
- External audit report
- Sustainability assurance report
- Corporate Governance Code review
- Auditor reappointment and subsidiary auditor approval
- Non-audit services policy recommendation

July 21

AGM

Authority for the Directors to determine the auditor's remuneration and the reappointment of the external auditor were approved by shareholders

the Group and am thereby able to identify those matters which require meaningful discussion at Committee meetings. I also meet the external audit partner, internal audit partner and representatives from each of the valuers privately to discuss any matters they wish to raise or concerns they may have.

Committee effectiveness

The Committee's effectiveness was reviewed as part of the wider internal Board evaluation which concluded that the Committee continued to operate effectively.

The Committee reviews its terms of reference on an annual basis. Following an extensive update during the year ended 31 March 2019 to reflect the adoption of the Code, this year we made minor changes to the terms of reference in line with best practice, but no substantive changes were made.

The current terms of reference were effective from 17 March 2022 and are available on our website at britishland.com/committees.

Loraine Woodhouse
Chair of the Audit Committee

Responsibilities and Key Areas of Focus

Priorities	Description
Financial reporting	Monitoring the integrity of the Company's financial statements and any formal announcements relating to financial performance, and considering significant financial reporting issues, judgements and estimates. Considering the appropriateness of the accounting treatment of significant transactions, including asset acquisitions and disposals, and the viability and going concern statements.
Fair, Balanced and Understandable assessment	Assessing whether the Annual Report is fair, balanced and understandable.
External Audit	Oversight and remuneration of the external auditor, assessing effectiveness, independence, and making recommendations to the Board on the appointment of, and policy for non-audit services provided by, the external auditor.
Internal Audit	Monitoring and reviewing the internal audit plan, reports on the work of the internal auditor, and reviewing its effectiveness, including its resourcing.
Risk management and internal controls	Reviewing the system of internal control and risk management. Reviewing the process for identification and mitigation of principal and emerging risks, assessment of risk appetite and key risk indicators, and challenging management actions where appropriate.
Investment and development property valuations	Considering the valuation process, assumptions and judgements made by the valuers and the outcomes. Monitoring the effectiveness of the Company's valuers and the proportion of the portfolio for which each valuer has responsibility.

November 21

- Valuer report, effectiveness and appointment policy update
- 2022 half year results and draft preliminary announcement
- Key financial reporting judgements
- Going concern assessment
- External audit review
- Risk management update
- Information security update
- BEIS corporate governance reforms
- Internal audit update
- Internal controls effectiveness
- External audit plan, fees and engagement

March 22

- Assessment of principal and emerging risks, key risk indicators and risk appetite
- Annual fraud and anti-bribery and corruption update
- Whistleblowing report
- Data privacy compliance update
- BEIS proposed corporate governance reforms
- Internal audit report
- Financial reporting judgements
- Going concern and viability assessments
- Annual tax update including tax planning and risk relating to tax
- TCFD update, including reflecting the risk of climate change in our financial reporting
- Effectiveness of Audit Committee, internal and external auditors

Focus for the coming year:

- Processes by which the Board identifies, assesses, monitors, manages and mitigates risk, particularly in the context of a high inflationary environment;
- Monitor key risk areas, particularly those scheduled for review by Internal Audit including, but not limited to, key financial, operational and IT controls, the Company's strategy, software development life cycles, sustainability and Canada Water;
- Continue to prepare and put in place policies and procedures for the FRC reporting and BEIS reforms; and
- Consider the impact of the evolving review of investment valuation standards undertaken by RICS on the valuation processes of the Group.

Financial Reporting

The Committee continues to review the content and tone of the preliminary results, Annual Report and half year results and make recommendations to the Board regarding their accuracy and appropriateness. Drafts of the Annual Report are reviewed by the Committee as a whole prior to format consideration by the Board, with sufficient time provided for feedback.

The Committee reviewed the key messaging included in the Annual Report and half year results, paying particular attention to those matters considered to be important to the Group by virtue of their size, complexity, level of judgement required and potential impact on the financial statements and wider business model.

The Committee has satisfied itself that the controls over the accuracy and consistency of the information presented in the Annual Report are robust. The Committee reviewed the procedure undertaken to enable the Board to provide the fair, balanced and understandable confirmation to shareholders.

Meetings were held between the Director of Group Finance, Chief Operating Officer, Company Secretary and General Counsel, Head of Secretariat, IR/Corporate Sustainability Lead and other senior employees to review the Annual Report and challenge the content and layout of it. A report summarising their findings and amendments was presented to the Committee which then recommended to the Board that the Annual Report presented a fair, balanced and understandable overview of the business of the Group and that it provided stakeholders with the necessary information to assess the Group's position, performance, business model and strategy.

The Committee continues to play a key role in assessing whether the Annual Report is fair, balanced and understandable which is described in further detail below.

Case Study – BEIS Corporate Governance reforms

The BEIS Corporate Governance reforms are expected to be introduced in 2023/2024. We welcome the reforms as a positive change to the regulatory environment. In anticipation of significant changes, we have conducted preliminary internal and external readiness assessments and impact assessments.

We have a roadmap to ensure that we dedicate sufficient time and resource over the next few years so that we are in a good position when the reforms take effect.

As part of its standard review in respect of public and large private companies' accounts and reports, the FRC wrote to the Company and provided a number of minor suggestions that have been addressed where relevant and appropriate in the 2022 Annual Report and Accounts. The FRC clarified that this did not amount to substantive correspondence and no formal response was required from the Company.

Fair, balanced and understandable (FBU) reporting

The Committee considers annually whether, in its opinion, the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and whether it provides the information necessary for stakeholders to assess the Company's position, performance, business model and strategy.

The following process is followed by the Committee in making its assessment:

1. Management Review

A group comprised of senior management including members of Investor Relations, Financial Reporting and Analysis, Verification and Company Secretariat teams, reviewed and challenged the content and layout of the Annual Report and Press Release. A report was produced summarising their findings.

2. External auditor

The External Auditor reported its findings to the Committee. The Committee discussed the significant issues with the Auditor and Director of Group Finance and Head of Financial Reporting.

3. Internal Verification

A small internal group review the Annual Report and oversee a verification process for all factual content and report their findings to the Committee.

4. Committee review

The Committee reviewed the process in place to support the FBU assessment and a summary of its outcomes. This review led to changes in the final Annual Report.

5. Recommend to Board

The Board approved the Committee's recommendation that the FBU statement be made, which can be found in the Directors' Responsibility Statement on page 157.

The significant issues considered by the Committee in relation to the financial statements and broader work it has undertaken during the year ended 31 March 2022, and the actions taken to address these issues, are set out in the following table:

Significant issues considered	How these issues were addressed	Outcome
Going concern and viability statement	The Committee reviewed management's analysis supporting the preparation of the financial statements on a going concern basis. This included consideration of forecast cash flows, availability of committed debt facilities and expected covenant headroom. The Committee also reviewed management's assessment of whether the Group's long term viability appropriately reflects the prospects of the Group and covers an appropriate period of time. This included consideration of whether the assessment adequately reflected the Group's risk appetite and principal risks as disclosed on pages 88-96, whether the period covered by the statement was reasonable given the strategy of the Group and the environment in which it operates, and whether the assumptions and sensitivities identified, and stress tested, represented severe but plausible scenarios in the context of solvency or liquidity. The Committee received a report from the external auditor on the results of the testing undertaken on management's analysis in both cases.	The Committee satisfied itself that the going concern basis of preparation remained appropriate. In doing so, the Committee requested that a reverse stress test for a higher inflationary environment be conducted. The Committee agreed with management's assessment and recommended the viability statement to the Board. The viability statement, which includes our going concern statement and further details on this assessment, is set out on page 97.
Provisioning	The Committee considered management's approach in determining appropriate provisioning levels for rental arrears and tenant incentives, including those that remain related to the Covid-19 pandemic period, challenging assumptions and methodology where appropriate. The Committee also received a report from the external auditor.	The Committee was satisfied that the provisioning approach was appropriate and proportionate for the Group.
Accounting for significant transactions	The accounting treatment of significant property acquisitions, disposals, financing and leasing transactions is a recurring risk for the Group with non-standard accounting entries required, and in some cases management judgement applied. The Committee reviewed management papers on key financial reporting matters, including those for significant transactions, as well as the external auditor's findings on these matters. In particular, the Committee considered the accounting treatment of the formation of a joint venture with AustralianSuper in respect of Canada Water. The external auditor separately reviewed management's judgements in relation to these transactions and determined that the approach was appropriate.	The Committee was satisfied that the accounting treatment and related financial disclosure of significant transactions was appropriate.
Valuation of property portfolio	The valuation of investment and development properties conducted by external valuers is inherently subjective as it is undertaken on the basis of assumptions made by the valuers which may not prove to be accurate. The outcome of the valuation is significant to the Group in terms of investment decisions, results and remuneration. The external valuers presented their reports to the Committee prior to the half year and full year results, providing an overview of the UK property market and summarising the performance of the Group's assets. Significant judgements made in preparing these valuations were highlighted.	The Committee analysed the reports and reviewed the valuation outcomes, challenging assumptions made where appropriate. The Committee challenged the valuers on the distinction between shopping centres and retail parks and the valuation assumptions made in respect of the former with relatively little market evidence. The Committee also challenged the valuers on the methodology applied in respect of Canada Water, given the disposal of 50% of the Company's interest to AustralianSuper and the risk associated with large scale development projects. The Committee was satisfied with the valuation process and the effectiveness of the Company's valuers. The Committee approved the relevant valuation disclosures to be included in the Annual Report.
Taxation provisions	The Committee reviewed the appropriateness of taxation provisions made and released by the Group during the period. They considered papers prepared by management and discussed the views of the external auditors to obtain assurance that amounts held were commensurate with the associated risks.	The Committee was satisfied that the taxation provisions were appropriate. 'Our Approach to Tax' is available at britishland.com/governance.
Risk appetite and Principal Risks	The Committee received reports from management which included a review of Key Risk Indicators in the context of our risk appetite and updates on our operational risk.	During the year we have refreshed our principal risks in response to how our strategy and markets are evolving. The Committee resolved that management's assessment of the principal risks and risk appetite be recommended to the Board.
Assessment of internal controls	This year we have operated in the context of the proposed BEIS corporate governance reforms and continually seeking to upgrade our internal control environment. Management provided biannual confirmation of the effectiveness of internal controls.	The Committee approved proposals made by management to improve the risk and control processes and monitoring. This included additional internal controls testing that was put in place for the internal control declarations from March 2022.
TCFD	The Committee reviewed management's progress on ensuring compliance with the TCFD requirements for this year's Annual Report and Accounts. They considered changes proposed to both the strategic report and financial statements, the process followed by management and the physical and transition risk analysis work undertaken by Willis Towers Watson in the year.	The Committee steered the underlying principles of the disclosure in conjunction with management, reviewing the disclosure over a period of time ahead of the final recommendation of the Annual Report and Accounts for approval by the Board. The Committee satisfied itself that the Group's resulting TCFD disclosure was appropriate.

External Audit

PricewaterhouseCoopers LLP (PwC) was appointed as the Group's external auditor for the 2015 Annual Report following a formal competitive tender process. Given the continuing effectiveness of PwC in their role as external auditor, the Committee believes it is in the best interests of shareholders for PwC to remain in role for the following financial year and for a competitive tender process to be completed during 2024 ahead of the 2025 year end audit.

The year under review is Sandra Dowling's third year as engagement partner following a mandatory rotation at the conclusion of the 2019 audit. The Committee will ensure that future rotations are undertaken as required by legislation to the extent that this is not undertaken earlier by PwC.

The Committee is responsible for overseeing the relationship with the external auditor and for considering their terms of engagement, remuneration, effectiveness, independence and continued objectivity. The Committee annually reviews the audit requirements of the Group, for the business and in the context of the external environment, placing great importance on ensuring a high quality, effective external audit process.

BDO LLP provides audit services to a number of wholly owned subsidiary and joint venture companies.

Fees and non-audit services

The Committee discussed the audit fee for the 2022 Annual Report with the external auditor and approved the proposed fee on behalf of the Board.

In addition, the Group has adopted a policy for the provision of non-audit services by the external auditor in accordance with the FRC's 2019 Revised Ethical Standard. The policy helps to safeguard the external auditor's independence and objectivity. The policy allows the external auditor to provide the following non-audit services to British Land where they are considered to be the most appropriate provider for:

- audit related services: including formal reporting relating to borrowings, shareholder and other circulars and work in respect of acquisitions and disposals. In some circumstances, the external auditor is required to carry out the work because of their office. In other circumstances, selection would depend on which firm was best suited to provide the services required

In addition, the following protocols apply to non-audit fees:

- total non-audit fees are limited to 70% of the audit fees in any one year. Additionally, the ratio of audit to non-audit fees is calculated in line with the methodology set out in the FRC's 2019 Revised Ethical Standard;
- Committee approval is required where there might be questions as to whether the external auditor has a conflict of interest; and
- the Audit Committee Chair is required to approve in advance each additional project or incremental fee between £25,000 and £100,000, and Committee approval is required for any additional projects over £100,000.

Total fees for non-audit services amounted to £0.03m, which represents 5% of the total Group audit fees payable for the year ended 31 March 2022. Details of all fees charged by the external auditor during the year are set out on page 182.

The Committee is satisfied that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority on 26 September 2014.

Effectiveness

Assessment of the annual evaluation of the external auditor's performance was undertaken by way of a questionnaire completed by key stakeholders across the Group, including senior members of the Finance team. The review took into account the quality of planning, delivery and execution of the audit (including the audit of subsidiary companies), the technical competence and strategic knowledge of the audit team and the effectiveness of reporting and communication between the audit team and management.

PwC also provide the Committee with an annual report on its independence, objectivity and compliance with statutory, regulatory and ethical standards. For the year ended 31 March 2022, as for the prior year, the external auditor confirmed that it continued to maintain appropriate internal safeguards to ensure its independence and objectivity.

The Committee concluded that the quality of the external auditor's work, and the level of challenge, knowledge and competence of the audit team, had been maintained at an appropriate standard during the year.

The Committee therefore recommended to the Board that a resolution to reappoint PwC as external auditor of the Company be put to shareholders at the 2022 AGM.

Internal Audit

The role of Internal Audit is to act as an independent and objective assurance function, designed to improve the effectiveness of the governance, risk management and internal controls framework in mitigating the key risks of British Land. Ernst & Young LLP (EY) continue to provide Internal Audit services to British Land and attended all Committee meetings to present their audit findings alongside the status of management actions.

During the year, the Committee reviewed, made suggested amends to and approved the annual Internal Audit plan, including consideration of the plan's alignment to the principal risks of the Group and its joint ventures. Internal audits completed during the year included those in relation to key financial controls, financial reporting system upgrades, health and safety processes, insurance, cyber security, and the Group's purchase to pay system. Overall, no significant control issues were identified although several process and control improvements were proposed, with follow up audits scheduled where necessary.

Effectiveness

The annual effectiveness review of the internal auditor included consideration of the Internal Audit charter which defines EY's role and responsibilities, review of the quality of the audit work undertaken and the skills and competence of the audit teams. Key stakeholders across the Group, including Committee members, Head of Secretariat, Head of Financial Reporting and other senior employees, completed a questionnaire to assess the effectiveness of the internal auditor. The Committee concluded that EY continued to discharge its duties as internal auditor effectively and should continue in the role for the year commencing 1 April 2022.

Feedback to inform the Committee's review of the effectiveness of the Internal and External Audit

Internal Audit/External Auditor	Management	Audit Committee
- Assessed audit resource and expertise. - Reviewed the quality of audit work, skills and competence of the audit teams. - Considered feedback from PwC in relation to the external audit process. - Considered feedback from EY in relation to their performance during the year. - Reviewed EYs confirmations relating to the internal audit including their independence, composition, interaction with external auditor, Committee and Board. - Assessed the Internal Audit Plan.	- Reviewed the work carried out by the Risk Committee. - Reviewed the questionnaires completed by key stakeholders regarding the Committee, external and internal auditors' effectiveness. - Received assurance that the provision of information to the external auditor complied with the relevant disclosure processes.	- Considered the views from members, the Finance team and regular attendees of the Audit Committee. - Assessed the output from the Committee evaluation and surveys conducted during this process. - Reviewed the external audit reports provided to the Committee during the year, with a specific focus on the demonstration of professional scepticism and challenge of management assumptions. - Assessed progress against the previous year's focus areas.

Outcome
Following a review of the outputs from each source outlined above, the Committee concluded the internal and external auditors continued to operate effectively. Considering the previous year's objectives and progress made during the year, key areas of focus for the internal audit and external audit functions for the upcoming year were: to increase the allocation of time allotted to update the Committee on the internal audit program, provide more information on industry trends the Company should have on its radar, work with management to improve the response time to conclude accounting issues, and provide further external advice and input into our overall risk management and internal controls processes.

Investment and development property valuations

The external valuation of British Land's property portfolio is a key determinant of the Group's balance sheet, its performance and the remuneration of the Executive Directors and senior management. The Committee is committed to the rigorous monitoring and review of the effectiveness of its valuers as well as the valuation process itself. The Group's valuers are CBRE, Knight Frank, Jones Lang LaSalle (JLL) and Cushman & Wakefield.

The Committee reviews the effectiveness of the external valuers bi-annually, focusing on a quantitative analysis of capital values, yield benchmarking, availability of comparable market evidence and major outliers to subsector movements, with an annual qualitative review of the level of service received from each valuer.

The valuers attend Committee meetings at which the full and half year valuations are discussed, presenting their reports which include details of the valuation process, market conditions and any significant judgements made. The external auditor reviews the valuations and valuation process, having had full access to the valuers to determine that due process had been followed and appropriate information used, before separately reporting its findings to the Committee. The valuation process is also subject to regular review by Internal Audit. The Group's valuers and external auditor have confirmed to the Committee that the process undertaken by British Land to accommodate the valuation of its real estate portfolio is best in class. British Land has fixed fee arrangements in place with the valuers in relation to the valuation of wholly-owned assets, in line with the recommendations of the Carsberg Committee Report. Copies of the valuation certificates of CBRE, Knight Frank, JLL and Cushman & Wakefield can be found on our website at britishland.com/reports.

Risk management and internal controls

A detailed summary of the Group's risk framework as well as additional information on our systems of internal control is set out in the 'managing risk in delivering our strategy' section on pages 84-87. The Board has delegated responsibility for overseeing the effectiveness of the Group's risk management and internal control systems to the Committee. An overarching view of the internal controls system, and the role of the Board and Committee, is set out overleaf. The Committee has oversight of the activities of the executive Risk Committee, receiving minutes of all Risk Committee meetings and discussing any significant matters raised.

At the full and half year, the Committee reviewed the Group's principal and emerging risks including consideration of how risk exposures have changed during the period. Both external and internal risks are reviewed and their effect on the Company's strategic aims considered. The assessment of emerging risks includes a bottom-up review of all business units and a deep dive by the Risk Committee. The Audit Committee made a recommendation to the Board regarding the identification and assessment of principal and emerging risks. The Board accepted the Committee's recommendation.

Half yearly, in conjunction with the internal auditor, management reports to the Committee on the effectiveness of internal controls, highlighting control issues identified through the exceptions reporting process. Risk areas identified are considered for incorporation in the Internal Audit plan and the findings of internal audits are taken into account when identifying and evaluating risks within the business. Key observations and management actions are reported to, and debated by, the Committee. For the year ended 31 March 2022, the Committee has not identified, nor been advised of, a failing or weakness which it has deemed to be significant. During the year we have undertaken work to understand how we can maintain and enhance our information systems and cyber security controls, further detail can be found in the case study.

At the request of the Remuneration Committee, the Committee considers annually the level of risk taken by management and whether this affects the performance of the Company. The Remuneration Committee takes this confirmation into account when determining incentive awards granted to the Executive Directors and senior management. Taking into account reports received on internal key controls and risk management, and the results of the internal audit reviews, the Committee concluded that for the year ended 31 March 2022 there was no evidence of excessive risk taking by management which ought to be taken into account by the Remuneration Committee when determining incentive awards.

The Group's whistleblowing arrangements enable all staff, including temporary and agency staff, suppliers and occupiers, to report any suspected wrongdoing. These arrangements, which are monitored by the General Counsel and Company Secretary and reviewed by the Committee annually, include an independent and confidential whistleblowing service provided by a third party. The Committee received a summary of all whistleblowing reports received during the year and concluded that the response to each report by management was appropriate. The whistleblowing reports were also relayed to the Board by the Committee Chair.

Case Study: Cyber Security

Vulnerability monitoring is a key part of our cyber risk mitigation strategy as the majority of security incidents, breaches and hacks are caused by the exploitation of known software vulnerabilities. We understand that there is a significant risk of being targeted and we believe that as a business we should be vigilant.

We tasked a specialist team to undertake complex vulnerability analysis and remediation. During the year, we have completed our corporate vulnerability remediation programme which included penetration testing, supplier risk assessments, group wide cyber awareness training, and ongoing vulnerability monitoring. We also introduced a technology key risk indicator dashboard to ensure there is consistent oversight at Board level as well as a new 'Operational and Compliance' principal risk which encompasses information systems and cyber security.

System of Internal Control

The elements that make up the system of control are:

Governance Framework: Structured with three lines of defence, the governance structure enables the efficient prioritisation of key risks and actions to mitigate risk. An illustration of the governance framework can be found on page 104.

Strategic Risk Management: A holistic view ensures that risk management is underpinned by our strategic objectives, taking into consideration our priorities and the external environment.

Operational Risk Management: Each business unit is supported to manage its own risk to ensure that potential risks are identified and mitigated at an early stage. This embeds the responsibility of risk management at a business unit level. Further detail can be found on page 84.

Assurance Framework: An element of internal control that is independent of business functions and Executive Committee and Board members.

Standards and Quality Framework: The overarching standards and codes that the Company and its employees adhere to in performing its duties.

Governance	Strategic Risk Management	Operational Risk Management	Assurance	Standards and Quality Framework
Board, Audit Committee and CSR Committee	Determine strategic action points and risk appetite Set strategic and financial goals Assess the extent and nature of principal risks	Review effectiveness of risk management and internal control systems	External audit Internal audit	Group policies and ethical standard e.g. Whistleblowing policy, Risk Management Policy, Internal Control framework aligns with COSO Internal Control Integrated Framework, FRC Guidance
Executive Committee and Risk Committee	Identify principal risks Monitor key risk indicators	Aggregation of risk exposure and adequacy of risk mitigation Going concern and viability statement	Group Compliance Group Health & Safety Business leads report on key controls biannually	
Business units and Risk and Control team	Execute strategic actions	Risk register Day to day responsibility for internal controls	Risk and control team oversee the business unit process including sample testing	Business unit policies, procedures, processes and systems

Aligning incentive with strategy

Our Remuneration Policy aligns management incentives with our strategy.

Dear Shareholders

During the year under review the Committee has focussed on three main areas: developing the 2022 Directors' Remuneration Policy and consulting with shareholders; rewarding management and the wider workforce appropriately for the Company's strong financial performance; and reviewing the wider systems of reward and recognition across our business to ensure British Land remains a first-class employer.

Directors' Remuneration Policy

The Directors' Remuneration Policy that is currently in force was approved by shareholders in 2019 and expires at the 2022 AGM. The Committee has worked throughout the year to design the Policy which is described in detail on pages 128-134 and will be tabled for shareholder approval at the AGM this year. The Committee has worked with management and our remuneration consultants to produce a policy that we believe will incentivise Executive Directors to perform in such a way that drives positive outcomes for the business, our broader stakeholders and crucially, our shareholders.

We are not proposing any changes to the quantum of incentives that our Executive Directors will receive under the Policy, however we are proposing a revised framework of performance conditions, most pertinently in connection with the Long Term Incentive Plan, to align more directly positive management action with positive reward outcome. In addition, we have proposed the addition of performance conditions that specifically measure management's progress in achieving the ambitious goals within our 2030 Sustainability Strategy, to reduce the levels of operational and embodied carbon within our developments.

As Committee Chair, I have led the programme of consultation with major shareholders and have been pleased with the level of engagement that our proposal received. I would like to thank all our shareholders that engaged in the process. We have taken your feedback very seriously and have, as a result, made meaningful changes to the Policy which I hope you will support at our 2022 AGM.

Company Performance & Bonus

The Company has returned to growth in 2022 and we are pleased to see management action resulting in positive outcomes for the business. At the start of the financial year the UK was emerging from the third forced national lockdown and as the year progressed there were periods of mandated working from home as well as general uncertainties around variants of concern and vaccine roll outs. Notwithstanding these pressures brought about by the second year of the Covid-19 pandemic, we're pleased with how the business and our people have performed during the year. The financial performance of the Company, as outlined in the strategic report, was driven by management's efforts to pivot the Company towards growth. Underlying profit for the year was up by £50m to £251m and we saw positive Total Accounting Return of 14.8%, the highest for seven years. Rental collections, a key driver of operational performance, were back to near-pre-Covid levels this year as a result of a concerted programme of collections working in conjunction with our customers. We saw positive valuation growth from our property portfolio in aggregate of 6.8% or £699m. A full review of the performance of the Company during the year is contained within the strategic report from page 62.

When determining remuneration outcomes, the Remuneration Committee considered the strong company performance, the macroenvironment and the conditions that our stakeholders and the wider market have experienced during the year. We assessed the outcome of performance against the financial metrics in general and the individual strategic objectives set for each Executive Director under the Annual Incentive Plan. The achieved performance resulted in a bonus of c.137% of salary earned in the year for our Executive Directors against a maximum opportunity of 150% of salary. This reflected the strong performance and execution of the new strategy of the Company.

The Committee considers the levels that have been awarded appropriately reflect the efforts of the Executive Directors, incentivise future performance and balance the impact of the year under review on our shareholders and wider stakeholders.

Reward and Recognition

The Committee has worked with the CSR Committee towards the end of the year following feedback via workforce engagement mechanisms around the structures of reward and recognition that exist within British Land against the backdrop of an emerging cost of living crisis.

Management is leading a programme of initiatives which are targeted in particular at the most junior and lower paid members of British Land's staff who are those hardest hit by the cost of living crisis. The Committee is overseeing management's efforts in this regard and was pleased to approve the re-introduction of Free Share Awards under the Share Incentive Plan during the year and an extension of the same awards which will now be made to all employees of the Group. The Committee has also confirmed that Executive Directors will not receive salary increases for the year ahead, whilst management have proposed a progressive pay increase for the wider workforce with larger percentage increases in salary being given to the lowest paid. The Committee will continue to work with management and the CSR Committee to ensure the remuneration of the workforce is aligned to the culture and strategic direction of the Company.

Remuneration in respect of the year commencing 1 April 2022

Salaries

The Committee reviewed salaries for the Executive Directors during the year and concluded that no changes were necessary. The Non-Executive Directors' and the Chairman's fee levels also remain unchanged.

Annual Incentives & Long Term Incentives

The quantum of awards will remain unchanged under the proposed 2022 Policy. Executive Directors are eligible for a maximum bonus of 150% of salary and maximum Long Term Incentive Award of up to 300%. The Committee does not intend to grant LTIP awards above 250% of salary.

Pensions

We are committed to ensuring that pension contributions across our workforce are equitable. Executive Directors receive the same pension benefit rate applicable to the majority of the wider workforce at 15% of salary.

Gender and ethnicity pay gap

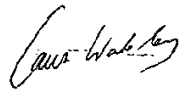
Our work to narrow the gender pay gap since 2017 continued during the year. The latest gender pay gap for the 5 April 2022 snapshot shows a reduction in the median pay gap of 8.4% to 19.2% from 27.6% for British Land. Broadgate Estates, a subsidiary company, has also achieved a reduction in the median pay gap from 32.9% to 29.3%. More information can be found at britishland.com/gender-pay-gap.

Our work to narrow the pay gap between white and BAME employees has continued during the year. 2021 was the first time we published our ethnicity pay gap data. As at the 5 April 2022 snapshot, the pay gap has reduced from 27.3% in 2021 to 19.2% in 2022 for British Land and from 32.7% to 29.4% for Broadgate Estates.

Recommendation

British Land is committed to listening carefully to shareholder feedback and to applying best practice to its remuneration policies and approach. We hope that you will continue to support our approach to remuneration and will vote in favour of this Report and the proposed Directors' Remuneration Policy at the 2022 AGM.

Yours sincerely,



Laura Wade-Gery
Chair of the Remuneration Committee

New 2022 Remuneration Policy Summary

Introduction

Our Remuneration Policy always aims to align with the long term business strategy, culture and values of the Company. The new 2022 Remuneration Policy as outlined on the following pages, subject to shareholder approval, will take effect from the date of the AGM on 12 July 2022. Payments to Directors can only be made if they are consistent with a shareholder approved Policy or amendment to a Policy.

How the Policy is reviewed

The Directors' Remuneration Policy is determined by the Remuneration Committee. The Committee receives information on market practice, business strategy and stakeholder views from management and its independent advisors. Remuneration proposals are developed by management and its independent advisors based on discussions with the Committee and are subsequently refined and agreed based on feedback provided.

The Executive Directors do not participate in the approval of the Policy and are not present when proposals impacting their own remuneration are decided, other than to provide relevant business and employee context to discussions with the Committee which takes note of any potential conflict of interest.

Impact of stakeholder views on Policy review

In drawing up the Remuneration Policy, the Committee actively sought and took into account views expressed by shareholders. The Company engaged with its shareholders via consultation meetings with investor bodies, and by writing to its largest shareholders, offering each a meeting to discuss remuneration proposals and setting out the proposed approach. In response to the feedback on our initial proposal, we amended our approach and again wrote to our major shareholders setting out clearly what adjustments we had made in response to feedback. The views expressed were supportive of increasing the focus on ESG metrics provided these were quantitative and stretching and for a greater proportion of the LTIP financial metrics (but not all) to be based on absolute performance rather than being assessed on a relative basis. The Committee agreed for ESG metrics to be introduced into the AIP and LTIP and for 25% of the LTIP to remain assessed relative to sector benchmarks.

The Committee also took into account views of the workforce on remuneration in general expressed via opinion surveys, Executive Director remuneration panels and through direct engagement with LTIP participants.

Each year the Committee takes into account the pay and employment conditions of employees in the Group. This year the Committee noted the general increase in salary levels proposed for all employees and levels of incentive payments proposed which take account of the impact of both individual and the Company's performance, before setting the remuneration of the Executive Directors.

Key changes from the 2019 Policy

The 2019 Policy was largely considered to have operated effectively and there are only relatively minor changes proposed.

Under the 2022 Policy, at least 60% of the AIP and 75% of the LTIP respectively, will be assessed against financial metrics. From this year, the Policy will be operated with measures that introduce a material element aligned to our 2030 Sustainability Strategy and more closely align long term performance measurement with management action whilst maintaining a suitable level of relativity.

There are no changes to the remuneration opportunity for Executive Directors under the Policy with the maximum opportunity under the Annual Incentive Plan and the Long Term Incentive Plan remaining at 150% of salary and 300% of salary respectively. Salary increases are normally in line with the workforce and pension contributions for Executive Directors are in line with the rate applicable to the majority of the workforce, 15%.

Operational and factual details have been updated, for example details specific to former Directors have been updated and non-policy operational matters have been moved to implementation sections.

Current AIP operation under 2019 policy

Quantitative Measures (70%)	
Total Property Return vs MSCI (weighted by sector)	20%
Annual Profitability	30%
Strategic Objective: Balance Sheet Resilience	20%
Strategic Measures/Personal Objectives/Customer (30%)	
– Realising the potential of our campuses – Progressing value accretive development – Targeting the opportunities in Retail & Fulfilment – Active capital recycling – People and sustainability	30%

Revised AIP operation under New 2022 Policy

Quantitative Financial Measures (60%)	
Total Property Return vs MSCI (weighted by sector)	20%
Annual Profitability	30%
Development Profit	10%
Quantitative Environmental Measures (20%)	
The Global Real Estate ESG Benchmark (GRESB) Improvement in EPC ratings across estate	20%
Strategic Measures/Personal Objectives/Customer (20%)	
– Realising the potential of our campuses – Progressing value accretive development – Targeting the opportunities in Retail & Fulfilment – Active capital recycling – People	20%

Current LTIP operation under 2019 policy

Quantitative Measures (100%)		
Total Property Return (Relative)	TPR sector weighted IPD benchmark 0%-1% pa	40%
Total Accounting Return (Relative)	TAR is measured relative to a market capitalisation weighted index of FTSE 350 companies that use EPRA accounting	20%
Total Shareholder Return	50% is relative to the performance of FTSE100 50% is relative to a market capitalisation weighted index of the FTSE350 property companies that use EPRA accounting	40%
Zero vesting below Threshold, 20% vesting at Threshold and full vesting at Maximum		

Revised LTIP operation under New 2022 Policy

Quantitative Measures (100%)		
Total Property Return (Relative)	TPR sector weighted IPD benchmark 0%-1%pa	25%
Total Accounting Return (Absolute)	TAR is measured as an absolute target with zero vesting below 4%pa, 20% at 4%pa increasing on a straight-line basis to full vesting for 10%pa (measured at the end of year 3 and compared to the year preceding LTIP grant)	50%
ESG: Operational Carbon Reduction (CO_2e per sqm) Operational Energy Reduction		25%
Zero vesting below Threshold, 20% vesting at Threshold and full vesting at Maximum		

Alignment with Provision 40 of the UK Corporate Governance Code

Principles	Alignment with the British Land Remuneration Policy
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	- The Policy provides for clearly defined remuneration elements consisting of salary, pension and benefits, and participation in the AIP and LTIP incentive schemes. - The Policy is cascaded through the workforce and can be effectively communicated to Directors and when engaging with shareholders and the workforce. - AIP and LTIP performance conditions are clearly linked to the business strategy.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand	- The Policy has been simplified over time to avoid undue complexity. During the 2021/22 review, the use of performance conditions and targets has been reviewed with the proposed changes providing a clearer line of sight and simplifying the assessment by providing a greater proportion based on the Company's absolute performance which is impacted directly by management action, rather than assessed against market benchmarks. - The incentives have also been simplified over time with alternative structures including performance options and matching shares being removed from the Directors' policy in prior reviews.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	- The Policy is designed to provide appropriate payouts for different levels of performance. When setting performance targets the Committee consider the link between pay and performance, testing targets against historic and future performance. - The Policy includes safeguards to ensure that there is a robust link between pay and performance, including the discretion of the Committee to reduce formulaic payouts under the AIP and LTIP should they feel it appropriate. In addition, malus and clawback provisions provide the ability to recover payments in certain serious circumstances.
Predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	- The Policy provides that under the AIP and LTIP there are clearly defined levels of performance required for threshold, target and maximum payouts. - Discretions available to the Committee are identified in the Policy and these will only be used where appropriate, and the use clearly disclosed in the Annual Remuneration Report.
Proportionality – the link between individual awards, the delivery of strategy and the long term performance of the company should be clear. Outcomes should not reward poor performance	- Participation in the AIP and LTIP provide alignment between Directors' remuneration and delivery of the Company's strategy and longer term performance. - The AIP provides a focus on annual targets which drive long term success. A portion of the AIP is delivered in shares to provide alignment over the longer term. - The LTIP provides a focus on longer term targets including assessments against financial and non-financial performance conditions. - The Policy has safeguards (e.g. performance measures, discretion, recovery provisions) to ensure that there are no inappropriate payments for poor performance.
Alignment with culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy	- The AIP and LTIP drive behaviours consistent with the British Land's purpose, values and strategy. - In particular, the AIP includes a portion based on strategic/personal/customer measures. The AIP and LTIP are also aligned with the ESG strategy with distinct proportions measured against quantitative ESG targets. - The cascade of the Policy down the organisation means that employees are incentivised in line with our values to work together today ("be smarter together"; "listen and understand") to promote the long term success of the company ("build for the future").

Executive Directors' New 2022 Remuneration Policy

Fixed remuneration

Operation (and strategic purpose)	Maximum opportunity	Performance conditions
Basic salary (To attract, motivate and retain talented Executive Directors.)		
The level of basic salary is set taking into account the scope and responsibilities of the role and the level of remuneration paid at companies of broadly similar size. Basic salaries are normally reviewed annually by the Remuneration Committee, with increases usually taking effect on 1 April for the subsequent year. Employment conditions and salary increases throughout the Group are taken into account when basic salaries are reviewed. Changes in the scope of an Executive Director's role may result in a review of salary.	The maximum level of basic salary will not be greater than the current salary as increased, typically in line with the market and general salary increases throughout the Group. If an individual is appointed at a lower salary, for example, to reflect inexperience as a listed company Director, larger increases may be awarded over future years as they prove their capability.	Not applicable.
Car allowance, benefits and all-employee share schemes To provide a car allowance and set of benefits which support the Executive Director and encourage participation in the all-employee share schemes.		
A car allowance may be paid or a company car may be provided to Executive Directors. Executive Directors are eligible to receive other taxable and non-taxable benefits, that may include: - private medical insurance (covering the Director and family) - life assurance cover - permanent health insurance - access to independent actuarial, financial and legal advice when necessary - gym membership, subsidised by the Company - annual medical checks - relevant professional subscription fees - other benefits on substantially the same basis as other employees.	The maximum car allowance is £20,000 per annum. The maximum cost of other taxable and non-taxable benefits permitted under the Policy is the amount required to continue providing benefits at a similar level year-on-year.	Not applicable.
Executive Directors are eligible to participate in British Land's Share Incentive Plan (SIP), Sharesave Scheme and any other future plans on the same basis as other eligible employees. The Company provides Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act.	The maximum opportunities under the SIP, Sharesave Scheme and any subsequent plans are set by the rules of the schemes and may be determined by statutory limits.	

Fixed remuneration continued

Changes from the 2019 Policy are highlighted

Operation (and strategic purpose)	Maximum opportunity	Performance conditions
Pension or pension allowance (To provide an appropriate level of pension in retirement for Executive Directors.)		
Executive Directors may receive pension benefits through a defined contribution scheme or cash allowance in lieu of pension contributions. Cash allowances in lieu of pension contributions would typically be paid at the same level of salary as Company contributions under the defined contribution arrangement. Unless already a member of the legacy defined benefit scheme, Directors will not be able to participate in it.	Employer pension contributions to Executive Directors under the defined contribution arrangement and cash allowances in lieu of pension are made at a fixed percentage of salary, no higher than the rate available to the majority of the workforce, which is currently 15% of salary.	Not applicable.

Variable remuneration

Operation (and strategic purpose)	Maximum opportunity	Performance conditions
Annual Incentive (To reward performance against quantitative and strategic objectives that are set annually.)		
Annual Incentive awards may be granted to Executive Directors each year, with the level of award reflecting strategic aims of the Company. Objectives are set by the Board and measures set by the Remuneration Committee. Awards are granted following the financial year end, when actual performance over that year is measured. A portion of the Annual Incentive Award is paid in cash and the remaining portion (net of tax) is used to purchase British Land shares on behalf of the Executive Director (Annual Incentive Shares). Currently one third of any Annual Incentive Award will be required to be used to purchase Annual Incentive Shares. Annual Incentive Shares must be held for three years from the date of grant of the Annual Incentive award before they may be transferred or sold, regardless of whether or not the individual remains an employee of British Land throughout this period. Executive Directors are entitled to the dividends paid in respect of the Annual Incentive Shares during the holding period. The Annual Incentive award (cash and shares) may be clawed back during the three-year period following determination of the award in certain circumstances. These are set out on page 137.	The maximum level of Annual Incentive which may be granted is equivalent to 150% of basic salary.	The objectives are set by the main Board and the measures by the Remuneration Committee normally at the beginning of the financial year over which performance will be assessed and following the end of the financial year when performance can be determined. **At least 60% of the Annual Incentive will be based on financial performance conditions, with the remainder based on non-financial/ strategic performance conditions.** No more than 25% of any part of the award will be earned for threshold performance. Up to half of the maximum potential award is payable for target performance that is in line with expectations. If the stretch target is met the maximum potential award will be earned. The Committee has the discretion to adjust the outturn to ensure it reflects underlying performance. No further performance conditions are attached to the Annual Incentive Shares during the holding period.

Variable remuneration continued

Operation (and strategic purpose)	Maximum opportunity	Performance conditions
Long Term Incentive Plan (LTIP) (To link the level of reward to Company performance against specified long term measures, promoting and rewarding activities that support our strategy and create sustainable long term value for shareholders.)		
LTIP awards may be granted annually by the Remuneration Committee to Executive Directors. Awards are in the form of performance shares (conditional rights to receive shares). LTIP awards typically vest after three years. The number of performance shares vesting is dependent on the degree to which performance conditions attached to the LTIP have been met over this three-year performance period. The Committee has the discretion to adjust the outturn to ensure it reflects underlying performance. A payment equivalent to the dividends accrued on vesting performance shares is paid at the point of vesting normally in shares but in exceptional circumstances cash. On vesting, sufficient performance shares may be sold to cover an individual's liability to income tax and National Insurance contributions and related costs of sale. The remaining performance shares must be held for two years following vesting before they are permitted to be transferred or sold, regardless of whether or not the individual remains an employee of British Land throughout this period. LTIP awards may be forfeited and/or clawed back from the date of grant until three years after the determination of the vesting level of an award in certain circumstances. These are set out on page 137. If it is discovered that an LTIP award was granted or vested on the basis of materially misstated accounts or other data the Committee may require some or all of the performance shares to be forfeited or clawed back during the five-year period following the grant date.	The maximum value (using the share price at the time of award multiplied by the number of shares) of an LTIP award which may be granted is equivalent to 300% of basic salary.	**The LTIP performance conditions are chosen to reward performance that is aligned with British Land's strategy. At least 75% of the award will be based on financial related performance conditions, with the remainder based on non-financial/strategic performance conditions.** Within these limits, the relative weighting of the performance conditions may be varied by the Committee to ensure the LTIP best supports British Land's strategy and to meet investor preferences. For relative metrics, the Committee may amend the comparator groups during the performance period if there is a corporate event affecting any member of the group. The Committee may also amend a target or performance benchmark if a different target or benchmark is deemed more appropriate. Performance conditions are challenging, requiring significant outperformance for 100% of the LTIP award to vest. No more than 20% of the award will vest if the minimum performance threshold is achieved; performance below the minimum threshold for a performance condition will result in the LTIP award in respect of that condition lapsing.
Policy on shareholdings of Executive Directors (To encourage Executive Directors to build and maintain a shareholding in the Company, including post-cessation of employment)		
The Company has a policy that Executive Directors will be required to build and retain a level of shareholding in the Company, including post-cessation of employment. The application of this will be contained from time to time in the Annual Report on Remuneration and is currently 225% of salary for the CEO and 200% of salary for the CFO with this level being required to be held for two years following cessation. The Committee retains discretion to operate the shareholding requirement as appropriate in specific circumstances.	The Policy requirement is that the Executive Directors are expected to build up a shareholding of at least 200% of salary (in practice the operation may be higher).	Not applicable.

Non-Executive Directors' New 2022 Remuneration Policy

Operation (and strategic purpose)	Maximum opportunity	Performance conditions
Chairman's fee (To attract and retain an individual with the appropriate degree of expertise and experience.)		
The Chairman's annual fee is set by the Remuneration Committee and reviewed annually. The level of the Chairman's annual fee is set taking into account fees paid at companies of broadly similar size.	Typically increases, if required, will be in line with market.	Not applicable.
Non-Executive Directors' fees (To attract and retain Non-Executive Directors with the appropriate degree of expertise and experience.)		
Remuneration of the Non-Executive Directors is a matter for the Executive Directors and Chairman, and fees are reviewed annually. Non-Executive Directors receive a basic annual fee plus additional fees if they are members of a Committee, and if they hold the position of Senior Independent Director, Chair of a Committee, perform additional roles or have a greater time commitment. The Company's Policy is to deliver a total fee at a level in line with similar positions.	The maximum aggregate amount of basic fees payable to all Non-Executive Directors shall not exceed the limit set in the Company's Articles of Association, which is currently £900,000. Basic fees do not include the Chairman's fee or fees for being Senior Independent Director, member or Chair of a Committee.	Not applicable.
Other arrangements for the Chairman and the Non-Executive Directors (To support the Directors in the fulfilment of their duties.)		
The Company may reimburse expenses reasonably incurred by the Chairman and the Non-Executive Directors in fulfilment of the Company's business, together with any taxes thereon. The Company provides the Chairman and the Non-Executive Directors with Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act.	The maximum reimbursement is expenses reasonably incurred, together with any taxes thereon. The maximum value of the Directors' and Officers' Liability Insurance and the Company's indemnity is the cost at the relevant time.	Not applicable.

Notes to the New 2022 Remuneration Policy table

Remuneration Policy for other employees

Salary reviews across the Group are carried out on the same basis as salary reviews for the Executive Directors; consideration is given to the individual's role, duties, experience and performance, along with consideration of typical salary levels of employees in similar roles in comparable companies, where the data is available.

Employees are entitled to taxable and non-taxable benefits including pension contributions, with executives being entitled to substantially the same benefits as the Executive Directors.

The Company's all-employee share schemes (the Share Incentive Plan and the Sharesave Scheme) are also open to eligible employees.

The Company operates annual incentive arrangements throughout the business which are cascaded from the AIP objectives, tailored where appropriate to the specific functions and individuals.

Senior employees may also participate in the LTIP and/or Restricted Share award schemes.

Choice of performance measures

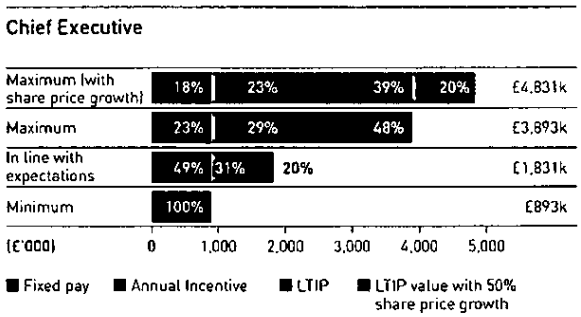
At least 60% of the Annual Incentive will be based on financial performance conditions, with the remainder based on non-financial/strategic performance conditions. The specific performance conditions are determined in line with the strategic priorities.

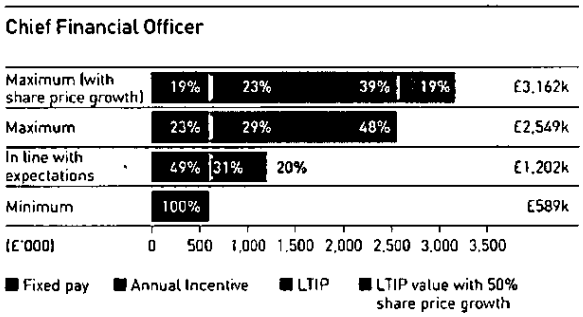
At least 75% of an LTIP award will be based on financial related performance conditions, with the remainder based on non-financial/strategic performance conditions. The LTIP performance conditions are chosen to reward performance that is aligned with British Land's strategy.

The AIP and LTIP targets are set taking into account the business plan and investor expectations, with the Committee ensuring there is a robust and appropriate link between payouts and performance.

Illustration of application of the New 2022 Remuneration Policy

The bar charts below illustrate the levels of remuneration receivable by the Executive Directors in the first year of operation of the proposed Remuneration Policy for varying levels of performance.





1. Calculated using (a) salaries for the year ending 31 March 2023; (b) benefit values for the year ending 31 March 2022; and (c) pension policy as applicable for the year ending 31 March 2023 i.e. 15% of salary.

Assumptions:

Minimum: Fixed pay only consisting of salary, pension and benefits. No payouts under the AIP or LTIP.

In line with expectations: Fixed pay plus 50% of maximum under the AIP and threshold vesting at 20% of maximum under the LTIP.

Maximum: Fixed pay plus 100% of maximum under the AIP and LTIP.

Maximum with share price growth: As for the "Maximum" scenario but illustrating the impact of a 50% share price increase on the LTIP.

Approach to recruitment remuneration

Executive Directors

Basic salary is set at a level appropriate to recruit a suitable candidate, taking into account external market competitiveness and internal equity. The level of basic salary may initially be positioned below the mid-market of the chosen comparator group, with the intention of increasing it to around the mid-market of the comparator group after an initial period of satisfactory service.

Individuals will be able to receive a contribution to a pension plan, or cash in lieu thereof, and the Company contribution will not be greater than the rate available to the majority of the workforce (currently 15% of salary).

Where a recruit is forfeiting incentive awards granted by his or her existing employer, compensation in the form of a restricted share plan (RSP) award or otherwise may be made (in accordance with Listing Rule 9.4.2), the maximum value of which will be that which the Committee, in its reasonable opinion, considers to be equal to the value of remuneration forfeited.

The vesting of the award may be subject to additional performance measures being met over the same period. The Committee will determine the most relevant measures to use at the time of award, bearing in mind the responsibilities of the individual being appointed and the Company's strategic priorities at the time.

The Company's Policy is to give notice periods of no longer than 12 months.

Chairman and Non-Executive Directors

On recruitment, the Chairman will be offered an annual fee in accordance with the Policy. The level of the annual fee may initially be positioned below the mid-market level, with the intention of increasing it to around the mid-market level of the comparator group after an initial period of satisfactory service. Non-Executive Directors will be offered Non-Executive Directors' fees in accordance with the Policy.

Appointment of internal candidates

If an existing employee of the Group is appointed as an Executive Director, Chairman or Non-Executive Director, any obligation or commitment entered into with that individual prior to his or her appointment can be honoured in accordance with the terms of those obligations or commitments, even where they differ from the terms of the Policy.

Policy on loss of office

Executive Directors

The Executive Directors' service contracts can be lawfully terminated by either party giving 12 months' notice, or by the Company making a lump sum payment in lieu of notice (PILON) equal to the Executive Director's base salary for the notice period. Additionally, when the Company makes a PILON, it may either pay a lump sum equal to the value of any benefits for the notice period or continue to provide benefits until the notice period expires or the Executive Director starts new employment (whichever is the earlier). These lawful termination mechanisms do not prevent the Company, in appropriate circumstances, from terminating an Executive Director's employment in breach of his or her service contract and seeking to apply mitigation in determining the damages payable. Where this is achievable in negotiation with the outgoing Director, settlement arrangements are structured so that the termination payment is paid in instalments and the instalments are reduced by an amount equal to any earnings received from the outgoing Director's new employment, consultancy or other paid work.

For departing Executive Directors and Executive Directors that have left British Land the Committee may agree to cash commutation of pension benefits under the defined benefit scheme (including EFRBS benefits) and other pension arrangements entered into prior to the adoption of the 2022 Remuneration Policy. Any commutation would take into account valuations provided by independent actuarial advisers so as to be undertaken on a basis considered by the Committee to be cost neutral to the Company.

The circumstances of the loss of office dictate whether the individual is treated as a good leaver or otherwise, in accordance with the Company's Policy. The Committee uses its discretion to form a view taking into account the circumstances. Good leavers typically receive pro-rata Annual Incentive and long term incentive awards, subject to performance measurement, and other leavers forfeit their entitlements. In the event of a change of control the rules of the share plans generally provide for accelerated vesting of awards, subject (where applicable) to time apportionment and achievement of performance targets.

Details of the Executive Directors' service contracts and notice periods are given in the table below:

Director:	Length of service contract	Date of service contract	Normal notice period to be given by either party
Simon Carter	12 months	18 November 2020	12 months
Bhavesh Mistry	12 months	19 July 2021	12 months

Chairman and Non-Executive Directors

The letters of appointment of Non-Executive Directors are subject to renewal on a triennial basis. In accordance with the UK Corporate Governance Code, all Directors stand for election or re-election by the Company's shareholders on an annual basis. The Directors' service contracts and letters of appointment are available for inspection during normal business hours at the Company's registered office and at the Annual General Meeting. The unexpired terms of the Chairman's and Non-Executive Directors' letters of appointment are shown below:

Director:	Original date of appointment	Effective date of appointment in most recent letter of appointment	Unexpired term at 31 March 2022 (months)
Tim Score (Chairman)	20 March 2014	19 July 2019	3
Preben Prebensen (SID)	1 September 2017	1 September 2020	28
Mark Aedy	1 September 2021	1 September 2021	40
Lynn Gladden	20 March 2015	24 May 2021	28
Irvinder Goodhew	1 October 2020	1 October 2020	28
Alastair Hughes	1 January 2018	1 January 2021	28
Nicholas Macpherson	19 December 2016	19 December 2019	16
Laura Wade-Gery	13 May 2015	24 May 2021	28
Loraine Woodhouse	1 March 2021	1 March 2021	28

Although the Chairman's and Non-Executive Directors' appointments are for fixed terms, their appointments may be terminated immediately without notice if they are not reappointed by shareholders or if they are removed from the Board under the Company's Articles of Association or if they resign and do not offer themselves for re-election. In addition, their appointments may be terminated by either the individual or the Company giving three months' written notice of termination (or, for the current Chairman, six months' written notice of termination). Despite these terms of appointment, neither the Chairman nor the Non-Executive Directors are entitled to any compensation (other than accrued and unpaid fees and expenses for the period up to the termination) for loss of office save that the Chairman and Non-Executive Directors may be entitled, in certain limited circumstances, such as corporate transactions, to receive payment in lieu of their notice period where the Company has terminated their appointment with immediate effect.

Malus and Clawback

In relation to both Annual Incentive Plan and LTIP awards under this Policy, malus and clawback provisions will apply in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group
- the assessment of any performance condition was based on error, or inaccurate or misleading information
- the discovery that any information used to determine cash or share awards was based on error, or inaccurate or misleading information
- action or conduct of a participant which amounts to fraud or gross misconduct
- corporate failure
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of the Group.

Discretion

The Committee has discretion in several areas of Policy as set out in this Report. The Remuneration Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

In addition, the Committee retains the discretion to override the formulaic outcomes of incentive schemes. The purpose of this discretion is to ensure that the incentive scheme outcomes are consistent with overall Company performance and the long term experience of shareholders.

Pre-existing obligations and commitments

It is a provision of this Policy that the Company can honour all pre-existing obligations and commitments that were entered into prior to this 2022 Remuneration Policy taking effect. The terms of those pre-existing obligations and commitments may differ from the terms of the Remuneration Policy and may include (without limitation) obligations and commitments under service contracts, long term incentive schemes (including previous Long Term Incentive Plans), pension and benefit plans.

How we intend to apply our new 2022 Remuneration Policy during the year commencing 1 April 2022

The following pages set out how the Committee intends to apply the 2022 Remuneration Policy during the coming year, subject to shareholder approval.

Executive Directors' remuneration

Basic salaries

The Executive Directors' salaries for the year beginning 1 April 2022 will remain at their levels on appointment into their current roles (Simon Carter on 18 November 2020 and Bhavesh Mistry 19 July 2021). For context, the average increase provided to the wider employee population on 1 April 2022 was 7%.

Director:	Basic salary £000
Simon Carter	750
Bhavesh Mistry	490

Pension and benefits

Both Executive Directors will receive a 15% of salary pension contribution/allowance. Benefits will be provided in line with the policy and include a car allowance and private medical insurance.

Annual Incentive awards

The maximum bonus opportunity for Executive Directors remains unchanged at 150% of salary. The performance measures for the Annual Incentive awards have been revised to provide closer alignment to our strategy under our new CEO and CFO and, in particular, reflect more fully our sustainability agenda. This is set out in the table below.

The detailed targets that the Committee sets are considered to be commercially sensitive and as such the specific targets and performance against them will be disclosed in the 2023 Remuneration Report.

In assessing how the Executive Directors perform during the year commencing 1 April 2022, the Committee will take into account their performance against all of the measures and make an assessment in the round to ensure that performance warrants the level of award determined by the table below.

This year, once again, the Committee will assess performance in the context of the wider stakeholder experience and overall corporate outcome. Discretion may be exercised by the Committee and, if this is the case, a full explanation will be set out in next year's Report.

As disclosed previously, the Committee agreed that for Annual Incentive awards, the sector weighted MSCI March Annual Universe benchmark (which includes sales, acquisitions and developments and so takes into account active asset management as well as a more representative peer group) would be most suitable.

In line with current practice, two-thirds of any amount earned will be paid in cash with the remaining one-third (net of tax) used to purchase shares which must be held for a further three years.

	Measure	Target	Weighting
Quantitative Financial Measures: 60% reward weighting	Annual profitability	Financial budget targets for profitability 0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level	30%
	Total Property Return vs MSCI (weighted by sector)	Total Property Return outperformance target 17% payout for matching the MSCI benchmark index rising to 100% payout for outperforming by 1.25%	20%
	Development profit	Financial budget targets for development profit 0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level	10%
Quantitative Environmental Measures: 20% reward weighting	The Global Real Estate ESG Benchmark (GRESB)	Benchmark score targets for GRESB rating. 0% payout for meeting a threshold score rising to 50% payout for matching the score that achieves a 5 star rating and rising to 100% payout for at least matching a stretch level score	20%
	EPC rating across estate	A&B rating across the estate. 0% payout for meeting a threshold level, rising to 100% payout for at least matching a stretch level	
Strategic/personal/customer objectives measures 20% reward weighting	Realising the potential of Campuses Progressing value accretive developments Targeting opportunities in Retail & Fulfilment Active capital recycling People	Commercially sensitive so these will be fully disclosed and explained in next year's Report	20%

Long term incentive awards

LTIP awards will be granted to Executive Directors during the year commencing 1 April 2022, after the conclusion of the 2022 AGM. The size and timing of the award will be determined by the Committee at a later date and disclosed in an RNS announcement. Full details will be included in next year's Annual Report.

Subject to shareholder approval, the performance measures that are intended to apply to the 2022 LTIP award are as below. These performance measures will be assessed over a period of three years. A two year post-vesting holding period applies to any shares vesting.

Measure	Link to strategy	Measured relative to	Weighting
Total Accounting Return (TAR) The growth in British Land's EPRA Net Tangible Asset Value (NAV) per share plus dividends per share paid over the LTIP performance period.	The TAR measure is designed to link reward to performance at the net property level that takes account of gearing and our distributions to shareholders.	TAR performance will be assessed against targets set in the context of the business plan and investor expectations over the long term. Threshold: 4% per annum Maximum: 10% per annum	50%
Total Property Return (TPR) The change in capital value, less any capital expenditure incurred, plus net income. TPR is expressed as a percentage of capital employed over the LTIP performance period and is calculated by MSCI.	The TPR measure is designed to link reward to strong performance at the gross property level.	TPR performance will be assessed against the performance of an MSCI sector weighted benchmark. Threshold: Equal to Index Maximum: Index +1.00% per annum	25%
Environmental, Social, Governance (ESG) - Operational Carbon Reduction (CO_2e per sqm) - Operational Energy Reduction	The ESG measure is designed to link reward to delivering our 2030 ESG commitments measured against a 2019 baseline.	ESG performance will be assessed against targets set in line with achieving our sustainability vision. **Operational Carbon Reduction** Threshold: 10% reduction Intermediate: 20% reduction Maximum: 30% reduction **Operational Energy Reduction** Threshold: 7% reduction Intermediate: 10.5% reduction Maximum: 14% reduction	25%

No vesting below threshold performance with 20% of the proportion attached to that measure vesting for threshold performance. There will be straight-line vesting between threshold and intermediate (if applicable) and stretch performance targets.

The Committee retains the discretion to override the formulaic outcomes of incentive schemes. The purpose of this discretion is to ensure that the incentive scheme outcomes are consistent with overall Company performance and the experience of our stakeholders.

Non-Executive Directors' fees

Fees paid to the Chairman and Non-Executive Directors are positioned around mid-market with the aim of attracting individuals with the appropriate degree of expertise and experience. The fee structure set out below is unchanged since being applied in 2019. The Chairs of Committees also receive a membership fee.

Chairman's all inclusive annual fee	£375,000
Non-Executive Director's annual fee	£64,000
Senior Independent Director's annual fee	£10,000
Audit or Remuneration Committee Chair's annual fee	£20,000
Audit or Remuneration Committee member's annual fee	£8,000
CSR Committee Chair's annual fee	£14,000
Nomination or CSR Committee member's annual fee	£5,000

REMUNERATION AT A GLANCE

How we align rewards to delivering our strategy

To deliver on this strategy, we have developed four priorities:

People & Sustainability

As set out in the Strategic Report, we have a clearly defined business model which underpins our key areas of focus: Campuses and Retail & Fulfilment.

Delivering against these areas lays the foundation for future value creation. We take a long term approach to running our business; our focus is to deliver positive outcomes for all of our stakeholders on a long term, sustainable basis which can mean that actions taken in any one year take time to deliver value.

We have developed a best in class platform, including a broad range of skills across our business, which will support the delivery of our strategy. Read more on pages 18-27.

Our remuneration philosophy is to incentivise and reward employees across the Group. We set objectives for our Executive Directors which are cascaded throughout the business, with Executive Committee sponsors, so that they are integrated within the day-to-day management of the business.

In determining what the best measures of performance are for incentivising our employees, the Committee strikes a balance between the short term and longer term goals that it sets. The short term goals are a mixture of the delivery of objectives linked to our priorities and annual financial performance.

This creates an alignment with shareholders ensuring that the level of annual bonus is not out of line with the performance of the business in the financial year.

Over the longer term, we measure our performance against selected market benchmarks. We only deliver rewards where the business at least matches those benchmarks and we share a small percentage of any outperformance. We tailor these benchmarks to be as relevant as possible to the composition of our business but we recognise that there may inevitably be a degree of mismatch.

The chart below illustrates the alignment between (i) what we are focusing on doing (our strategic objectives), (ii) what we measure and report on and (iii) what we reward Executive Directors for delivering.

Our new 2022 Remuneration Policy

	1 year performance	3 year performance
Annual profitability	- Profit targets	
Development Profit	- Targets for Development Profit	
Property valuation changes	- Relative Total Property Return outperformance	- Relative Total Property Return outperformance
Total Accounting Return		- Absolute Total Accounting Return performance against a target range
Environmental Measures	- EPC ratings across estate - GRESB Real Estate benchmark	- Operational carbon reduction - Operational energy reduction
Realising the potential of our Campuses	- Strategic/personal/ customer objectives to deliver our priorities	
Progressing value accretive developments		
Targeting opportunities in Retail & Fulfilment		
Active capital recycling		
People		

Summary of the current 2019 Remuneration Policy and how we applied it

The Remuneration Policy was approved by shareholders on 19 July 2019. The Policy will apply until the AGM in July 2022.
The Remuneration Policy is set out in full in the 2019 Annual Report and is available on our website britishland.com/committees.

Element of remuneration		Link to strategy	Framework
Fixed	Basic salary	Attracts and retains expert people with the appropriate degree of expertise and experience to deliver agreed strategy	Reviewed annually and increases typically in line with the market and general salary increases throughout the Group
	Benefits		Benefits are restricted to a maximum of £20,000 per annum for car allowance and the amount required to continue providing agreed benefits at a similar level year on year
	Pension contribution		Defined contribution arrangements – cash allowances in lieu of pension are made to the CEO and CFO at 15% of salary
Variable	Annual Incentive	Performance measures related to British Land's strategic focus and the Executive Directors' individual area of responsibility are set by the Committee at the beginning of the financial year	Maximum opportunity is 150% of basic salary. 2/3rd is paid in cash with the remaining 1/3rd (net of tax) used to purchase shares on behalf of the Executive Director (Annual Incentive Shares) which must be held for a further three years whether or not the Executive Director remains an employee of British Land
	Long term incentive	Total Property Return (TPR) links reward to gross property performance Total Accounting Return (TAR) links reward to net property performance and shareholder distributions Total Shareholder Return (TSR) directly correlates reward with shareholder returns	LTIP grants were set at 250% last year in the form of performance shares, within the maximum value of an LTIP award of 300% of salary

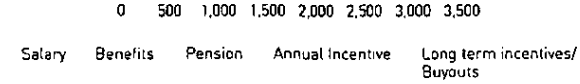
Executive Directors' remuneration

The tables below show the 2022 actual remuneration under the current 2019 Remuneration Policy against potential opportunity for the year ended 31 March 2022 and prior year 2021 actual remuneration for each Executive Director. The figures for Bhavesh Mistry's actual and potential 2022 remuneration are pro-rated to reflect part service during the year and include the value of awards granted upon appointment to replace pre-existing incentives from his previous employer as detailed on page 146.

Full disclosure of the single total figure of remuneration for each of the Directors is set out in the table on page 142.

Simon Carter

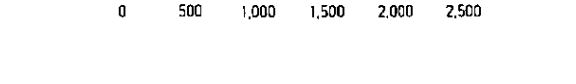
		£'000
FY22 Actual		£1,919
FY22 Potential	LTI	£3,354
FY21 Actual	FY21 Remuneration in respect of CFO role until 18 November 2020 and as CEO until year end	£1,149



Salary Benefits Pension Annual Incentive Long term incentives/ Buyouts

Bhavesh Mistry

		£'000
FY22 Actual	Buyout	£2,168
FY22 Potential	Buyout	£2,218
FY21 Actual	N/A – joined British Land in July 2021	



How we applied our current Remuneration Policy during the year ended 31 March 2022

The following pages set out how we implemented the Directors' Remuneration Policy during the year ended 31 March 2022 and the remuneration received by each of the Directors.

Single total figure of remuneration (audited)

The following tables detail all elements of remuneration receivable by British Land's Executive Directors in respect of the year ended 31 March 2022 and show comparative figures for the year ended 31 March 2021.

Executive Directors	Salary 2022 £000	Taxable benefits 2022 £000	Pension or pension allowance 2022 £000	Other items in the nature of remuneration[4] 2022 £000	Annual incentives[1] 2022 £000	Long term incentives[2] 2022 £000	Total 2022 £000	Fixed remuneration 2022 £000	Variable remuneration[4] 2022 £0
Simon Carter	750	20	113	11	1,026	0	1,919	893	1,026
Bhavesh Mistry[3]	346	14	52	1,292	469	0	2,172	415	1,757

1. Estimated outcomes. 2022 Annual Incentive outcomes are subject to the publication of final MSCI results.
2. Forecast outcomes. 2022 Long Term Incentive outcomes are subject to confirmation of final vesting levels in June 2022.
3. Bhavesh Mistry was appointed as a Director on 19 July 2021. Amounts paid are time apportioned accordingly.
4. £1,288,044 of the amount paid to Bhavesh Mistry represents awards made to Bhavesh under the Company's Long Term Incentive Plan to replace pre-existing awards from his previous employer that lapsed when he left to join the Company. These are regarded as variable remuneration. Full details of the grants that are included in this amount are described in detail on page 146.

	Salary[1] 2021 £000	Taxable benefits 2021 £000	Pension or pension allowance 2021 £000	Other items in the nature of remuneration 2021 £000	Annual incentives[2] 2021 £000	Long term incentives[2] 2021 £000	Total 2021 £000	Fixed remuneration 2021 £000	Variable remuneration 2021 £000
Simon Carter	557	20	89	10	473	0	1,149	676	473

1. As described within the 2021 Annual Report, Simon Carter's salary reflects the period from 1 April 2020 to 17 November 2020 as CFO for which he was paid a pro-rated salary based on a full year equivalent of £500,000 and from the period from 18 November 2020 to 31 March 2021 as CEO for which he was paid a pro-rated salary based on a full year equivalent of £750,000. Additionally, as previously disclosed, the full Board waived an amount equal to 20% of their respective fees and salaries for the four months from April to July 2020 in response to the Covid-19 pandemic.
2. Confirmed outcomes. Actual Annual Incentive and Long Term Incentive outcomes are confirmed after publication of the Annual Report each year. Forecast estimated figures were published in the 2021 Report; the actual outcomes, which were unchanged from the estimated figures, are reflected in the table above.

Notes to the single total figure of remuneration table (audited)

Fixed pay

Taxable benefit

Taxable benefits include car allowance for Simon Carter of £16,700 and for Bhavesh Mistry of £11,766 and private medical insurance.

Other items in the nature of remuneration

In addition to the joining awards made to Bhavesh Mistry as described in footnote 4 to the single figure table, other items in the nature of remuneration include: life assurance, permanent health insurance, annual medical check-ups, professional subscriptions, the value of shares awarded under the all-employee Share Incentive Plan and any notional gain on exercise for Sharesave options that matured during the year, if any.

Pensions

Simon Carter is a member of the Defined Contribution Scheme and utilises his Annual Pension Allowances; the remaining amount of his pension is paid in cash, for him to make his own arrangements for retirement. Simon Carter is also a deferred member of the British Land Defined Benefit Pension Scheme in respect of his employment with British Land earlier in his career. The table below details the defined benefit pensions accrued at 31 March 2022. Bhavesh Mistry does not participate in any British Land pension plan. Instead he receives a cash allowance in lieu of pension to make his own arrangements for retirement.

Executive Director	Defined benefit pension accrued at 31 March 2022 £000	Normal retirement age
Simon Carter	40	60

There are no additional benefits that will become receivable by a Director in the event that a Director retires early.

Annual Incentives FY22 (audited)

The level of Annual Incentive award is determined by the Committee based on British Land's performance and Executive Directors' performance against quantitative and strategic targets during the year. For the year ended 31 March 2022 the Committee's assessment and outcomes against these criteria (before exercising any discretion) are set out below. Quantitative measures are a direct assessment of the Company's financial performance and in the very long term business we operate are a reflection of many of the decisions taken in prior years. The delivery of strategic objectives positions the future performance of the business so payouts under this part of the Annual Incentive Plan will not necessarily correlate with payouts under the quantitative measures in any year. The level of bonus calculated by applying the criteria below generated an outcome of c.137% of salary for the two Executive Directors against a maximum opportunity of 150%.

The Quantitative measure	Weighting	Performance in line with minimum expectations (0% Payout except TPR of 17% Payout)	Performance in line with expectations	Performance in line with maximum expectations (100% Payout)	Final outcome (% of max)	Final outcome (% of salary)	Performance range
Net Asset Value changes	20%						
Total Property Return vs MSCI Benchmark[1]	20%	0bps; -310bps		+125bps; +240bps	20.00%	30.00%	17% payout for matching the MSCI Benchmark rising to 100% payout for outperforming by 125bps
Annual Profitability	30%						
Underlying Profit	30%	£200m	£202m	£210m; £251m	30.00%	45.00%	0% payout for meeting a threshold level rising to 100% payout
Balance Sheet Resilience	30%						
Refinancing *Assessed by comparing forecast net debt to the finance we have in place*	10%	24 months		36 months; 42 mths	10.00%	15.00%	0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level
Liquidity *Based on available facilities and cash*	10%	£1.0bn		£1.5bn; £1.5bn[2]	10.00%	15.00%	0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level
Sub-total	70%				70.00%	105.00%	

1. The above chart is a forecast of the 2022 TPR outcomes which will depend on performance against MSCI figures that will only become available after the publication of this Report and as such, represent an estimate of the final figures.
2. £1.5bn is the average liquidity available throughout the year. (As at 31 March 2022 available liquidity was £1.3bn).

Simon Carter

Measure	Weighting	Outcome	% award	Final outcome (% of max)	Final outcome (% of salary)
Active Capital recycling	5.00%	Over £1bn of sales and two new joint ventures created; completed on 50:50 Canada Water JV sale and exchanged on sale of 75% stake in majority of assets at Paddington Campus in April 2022.	4.17%		
Evolve our offer driving leasing and operational outperformance	3.00%	3.9m sq ft of total leasing completed in FY22 and Storey occupancy increased to 86%.	3.00%		
Targeting Opportunities in Retail & Fulfilment	5.00%	Invested in Retail parks, purchasing the minority interest in HUT and completing on a further £201m Retail Park purchases. Made significant progress on investing in logistics and have rapidly assembled a £1.3bn development pipeline focused on London.	3.00%		
Realising the Potential of Campuses	5.00%	Acquired £102m of assets outside of London aligned to growth and innovation. Plans in place to grow exposure to innovation occupiers at our Campuses. Completed lettings to innovation tenants at Regent's Place and Broadgate.	2.67%	**21.17%**	**31.75%**
Progressing value accretive development	5.00%	1 Broadgate now fully let (or placed under option) following pre-lets to JLL and A&O. Maintained momentum with Campus developments, with 91% of costs on committed schemes now contracted.	3.33%		
People & Sustainability	7.00%	DE&I strategy approved by CSR Committee; 8.4% reduction in median gender pay gap (to 19.2%) and 8.1% reduction to median ethnicity pay gap (to 19.2%) as at 5th April 2022. Engagement survey conducted with score of 69%. Delivered 18 Place Based initiatives in FY22. Net Zero carbon audits completed, and plans incorporated into the business planning process. EPC modelling across managed assets being completed and aligned with net zero pathways; embodied carbon 632kgCO_2/m² on office development pipeline.	5.00%		

Bhavesh Mistry

Measure	Weighting	Outcome	% award	Final outcome (% of max)	Final outcome (% of salary)
Active Capital Recycling	8.00%	Fitch rating of A affirmed for unsecured credit. Strong engagement with Investors and Analysts across the year including events at Norton Folgate and Canada Water.	5.33%		
Evolve our offer, driving leasing and operational outperformance	12.00%	Strong rent collection levels achieved with 97% Rent and 98% Service charge collected in FY22 Revised business planning process implemented and embedded over the year.	7.00%		
People & Sustainability	10.00%	DE&I strategy approved by CSR Committee; 8.4% reduction in median gender pay gap (to 19.2%) and 8.1% reduction to median ethnicity pay gap (to 19.2%) as at 5th April 2022. Engagement survey conducted with score of 69%. Delivered 18 Place Based initiatives in FY22. Net Zero carbon audits completed, and plans incorporated into the business planning process. EPC modelling across managed assets being completed and aligned with net zero pathways; embodied carbon 632kgCO_2/m² on office development pipeline. Maintained GRESB 5 star rating.	8.67%	**21.00%**	**31.50%**

Total Payout	Final outcome (% of max)	Final outcome (% of salary)
Simon Carter	91.17%	136.75%
Bhavesh Mistry	91.00%	136.50%
(pro-rated applies from start date of 19th July 2021[1])	63.82%	95.74%[1]

1. Bhavesh Mistry's final bonus outcome has been pro-rated to take into account his start date of 19 July 2021.

One third of the annual bonus (after tax has been paid) is used to purchase shares which are then held for three years by the Executive Director.

2021 comparative: In June 2021, the Committee confirmed that the underperformance of TPR compared to the IPD benchmark was -310bps in line with the estimate made for the purposes of the single total figure of remuneration table in the 2021 Annual Report.

Long term incentives (audited)

The information in the long term incentives column in the single total figure of remuneration table (see page 142) relates to vesting of awards granted under the following schemes, including, where applicable, dividend equivalent payments on those awards. The below note outlines forecasts of the 2022 long term incentive outcomes. The actual outcomes will only become available after the publication of this Report.

Long Term Incentive Plan

The awards granted to Executive Directors on 23 July 2019, and which will vest on 25 July 2022, were subject to three performance conditions over the three-year period to 31 March 2021. The first condition (40% of the award) measured British Land's Total Property Returns (TPR) relative to the funds in the sector weighted MSCI Annual Universe (the Benchmark) previously the IPD UK Annual Property Index; the second (20% of the award) measured Total Accounting Return (TAR) relative to a comparator group of British Land and 15 other property companies; while the third (40% of the award) measured Total Shareholder Return (TSR), half of which was measured against the FTSE 100 and the other half measured against the comparator group of British Land and 15 other property companies.

The TPR element is expected to lapse, based on British Land's adjusted TPR of -1.6% per annum when compared to the Benchmark of 0.4% per annum. The TAR element is also expected to lapse based on British Land's TAR of -4.6% per annum compared to 2.2% per annum for the property company median. The actual vesting of the TPR and TAR elements can only be calculated once results have been published by MSCI and all the companies within the comparator group respectively. The actual percentage vesting will be confirmed by the Committee in due course and details provided in the 2023 Remuneration Report. Korn Ferry has confirmed that the TSR element of the award will lapse as British Land's TSR performance over the period was 1.9% compared to a median of 17.9% and 23.4% for the FTSE 100 and Property companies comparator groups respectively.

Executive Director	Performance shares or options	Number of performance shares awarded	Estimated value of award on vesting £000	Estimated dividend equivalent and interest £000	Increase in value as a result of share price movement between grant and vesting £000
Simon Carter	Shares	233,383	nil	nil	nil

2021 comparative: As set out in the 2021 Annual Report, the 2018 LTIP awards lapsed in full on 26 June 2021 as expected.

Share scheme interests awarded during the year (audited)

Long Term Incentive Plan

The total face value of LTIP awards made to Executive Directors for the year ended 31 March 2022 was equivalent to 250% of basic salary at grant.

The share price used to determine the face value of performance shares, and thereby the number of performance shares awarded, is the average over the three dealing days immediately prior to the day of award. The share price for determining the number of performance shares awarded to Simon Carter was 496.47p and for Bhavesh Mistry, whose award was made after he joined the Company, was 512.67p. The performance conditions attached to these awards are set out in the Remuneration Policy approved by shareholders in July 2019 and summarised below.

Performance against the LTIP measures will be assessed over a period of three years. If performance against a measure is equal to the index, 20% of the proportion attached to that measure will vest and if performance is below index the proportion attached to that measure will lapse. 100% of the proportion of each element of award attached to each measure will vest if British Land's performance is at a stretch level. Those stretch levels are TPR 1.00% per annum, TAR 2.00% per annum, TSR (Real Estate) 3.00% per annum and TSR (FTSE 100) 5.00% per annum. There will be straight-line vesting between index and stretch performance for each measure. Following a change in the EPRA definition of NAV, TAR is now being measured using EPRA Net Tangible Asset Value per share.

The performance measures and weightings of the 2021 grant were the same as applied to the 2019 grant described above.

Performance shares

Executive Director	Grant date	Number of performance shares granted	Face value £000	End of performance period	Vesting date	Percentage vesting on achievement of minimum performance threshold %
Simon Carter	22/06/2021	377,666	1,875	31/03/2024	22/06/2024	20%
Bhavesh Mistry	02/08/2021	238,945	1,225	31/03/2024	02/08/2024	20%

Bhavesh Mistry Joining Grant

On 19 July 2021, being the date of Bhavesh Mistry's appointment as Chief Financial Officer, the Company made the below listed grants of performance shares to replace awards that lapsed at the end of his previous employment in order to join the Company. The vesting dates and performance conditions that apply to the grants replicate those that applied to each of the awards that Bhavesh forfeited. Under the terms of the grant, the net shareholding following the settlement of tax, national insurance and dealing fees must be held for two years following vesting. Malus and clawback provisions apply.

In addition to the awards listed below, the Company made a grant of 43,580 ordinary shares to Bhavesh in order to replace the cash element of bonus payments that he lost at the end of his previous employment. The shares had a face value of £217,256 representing the net value of the award following the payment of tax and national insurance and must be held for two years. The gross value of the award, included within the single figure table on page 142 is £409,918.

The face value of all of the awards was calculated based on a share price of 498.50p, being the MMQ for British Land shares the working day immediately preceding Bhavesh's start date, Friday, 16 July 2021.

Award no.	Number of performance shares granted	Face value £000	Vesting date	Performance Conditions
1	60,944	304	09/10/2021	Subject to remaining in employment at the date of vesting.
2	9,403	47	20/06/2022	Subject to remaining in employment at the date of vesting.
3	19,612	98	20/06/2022	Subject to remaining in employment at the date of vesting.
4	44,273	221	29/05/2023	Subject to remaining in employment at the date of vesting.
5	28,209	141	27/05/2024	Subject to remaining in employment at the date of vesting.
6	9,403	47	26/05/2025	Subject to remaining in employment at the date of vesting.
7	6,057	30	28/03/2022	The performance conditions and performance period that apply to the grant mirror those made by Tesco plc at the date of the original grant on 16 July 2018 which replicated performance conditions and performance periods that applied to the original grant made by Whitbread plc as disclosed in the Whitbread plc Annual Report & Accounts. The performance period ended on 28 February 2022.
8	124,948	623	20/06/2022	The performance conditions and performance period that apply to the grant mirror those made by Tesco plc at the date of the original grant on 20 June 2019, as disclosed in the Tesco plc Annual Report & Accounts. The performance period ended on 28 February 2022.
9	121,787	607	03/07/2023	The performance conditions and performance period that apply to the grant are the same as those set by the British Land Remuneration Committee in respect of the British Land 2020 LTIP Grant as set out in the 2020 British Land Annual Report and Accounts and on page 139 of this report.

In addition to the gross value of the award of 43,580 shares referenced above (£409,918), awards 1 to 6 in the above table are included within the single figure table under 'other items in the nature of remuneration' at a face value upon grant of £856,652. Award 7, was subject to performance conditions and vested at 66.3% on 28 March 2022. 4,015 shares were subsequently released to Bhavesh, who then sold 1,893 shares at a price of 534.85p to settle tax and national insurance contributions and dealing fees. The gross value of the proportion of the award that vested (£21,474) is included within the single figure table under 'other items in the nature of remuneration'.

Awards 8 and 9 are subject to performance conditions. Measurement of the performance conditions for Award 8 will be included within the Tesco plc 2022 Annual Report. The value of the proportion of Award 8 that vests on 20 June 2022, will be reported within the 2023 British Land single figure table. Award 9 is subject to the same performance conditions as the LTIP awards made to British Land Executive Directors in 2020, the estimated outcome of which will be reported in the 2023 single figure table.

Directors' shareholdings and share interests (audited)

The table below shows the Directors' shareholdings, including shares held by connected persons, as at year end or, if earlier, the date of retirement from the Board.

Although there are no shareholding guidelines for Non-Executive Directors, they are each encouraged to hold shares in British Land. The Company facilitates this by offering Non-Executive Directors the ability to purchase shares quarterly using their post-tax fees. During the year ended 31 March 2022, Mark Aedy, Irvinder Goodhew and Tim Score have each received shares in full or part satisfaction of their fees.

	Outstanding scheme interests as at 31 March 2022				Shares held		
Director	Unvested share plan awards (subject to performance measures)	Unvested share plan awards (not subject to performance measures)	Vested but unexercised share plan awards	**Total shares subject to outstanding share plan awards**	As at 1 April 2021	**As at 31 March 2022**	**Total of all share plan awards and shareholdings as at 31 March 2022**
Simon Carter	883,861	7,299	0	**891,160**	171,798	**227,728**	**1,118,888**
Bhavesh Mistry[1]	485,680	111,014	0	**596,694**	0	**78,001**	**674,695**
Tim Score (Chair)					80,905	**100,526**	**100,526**
Mark Aedy[1]					0	**3,616**	**3,616**
Lynn Gladden					18,339	**18,339**	**18,339**
Irvinder Goodhew					2,593	**11,662**	**11,662**
Alastair Hughes					7,371	**7,371**	**7,371**
Nicholas Macpherson					5,600	**5,600**	**5,600**
Preben Prebensen					20,000	**20,000**	**20,000**
Laura Wade-Gery					9,585	**9,585**	**9,585**
Loraine Woodhouse					4,036	**8,760**	**8,760**

1. Bhavesh Mistry and Mark Aedy were appointed to the Board on 19 July 2021 and 1 September 2021 respectively.

In addition, on 5 April 2022, the following Non-Executive Directors were allotted shares at a price of 532.54 pence per share in full or part satisfaction of their fees:

Non-Executive Director	Shares allotted
Tim Score	4,694
Irvinder Goodhew	1,916
Mark Aedy	1,544

Acquisitions of ordinary shares after the year end

The Executive Directors have purchased or been granted the following fully paid ordinary British Land shares under the terms of the partnership, matching and dividend elements of the Share Incentive Plan:

Executive Director	Date of purchase or award	Purchase price	Partnership shares	Matching shares	Dividend shares
Simon Carter	14/04/22	518.37p	29	58	-
	16/05/22	505.68p	30	60	
Bhavesh Mistry	14/04/22	518.37p	29	58	-
	16/05/22	505.68p	30	60	

Other than as set out above, there have been no further changes since 31 March 2022.

Shareholding guidelines

The shareholding guidelines (as a percentage of salary) for Executive Directors are 200% for the Chief Financial Officer and 225% for the Chief Executive. In addition, Executive Directors are required to retain shares equal to the level of this guideline (or if they have not reached the guideline, the shares that count at that time) for the two years following their departure. There is no set timescale for Executive Directors to reach the prescribed guideline but they are expected to retain net shares received on the vesting of long term incentive awards until the target is achieved. Shares that count towards the holding guideline are those which are unfettered and beneficially owned by the Executive Directors and their connected persons, conditional shares and all vested awards count towards the requirement on a net of tax basis. All other awards that are still the subject of a performance assessment and any share options do not count.

The guideline shareholdings for the year ending 31 March 2022 are shown below based on a VWAP for 31 March 2022 of 533p:

Executive Director	Guideline as percentage of basic salary	Guideline holding	Holding counting toward guidelines at 31 March 2022	% of Salary Held (Based on 31 March 2022 Shareholding)
Simon Carter	225%	316,601	227,728	162%
Bhavesh Mistry	200%	183,863	78,001	85%

Unvested share awards (subject to performance)

Executive Director		Date of grant	Number outstanding at 31 March 2022	Subject to performance measures	End of performance period	Vesting date
Simon Carter	LTIP performance shares	23/07/19	233,383	Yes	31/03/22	23/07/22
	LTIP performance shares	22/06/20	272,812	Yes	31/03/23	22/06/23
	LTIP performance shares	22/06/21	377,666	Yes	31/03/24	22/06/24
Bhavesh Mistry	LTIP performance shares	19/07/21	124,948	Yes	28/02/22	20/06/22
	LTIP performance shares	19/07/21	121,787	Yes	31/03/23	03/07/23
	LTIP performance shares	02/08/21	238,945	Yes	31/03/24	02/08/24

Unvested share awards (not subject to performance)

Executive Director		Date of grant	Number outstanding at 31 March 2022	Subject to performance measures	Vesting date
Bhavesh Mistry	LTIP performance shares	19/07/21	9,403	No	20/06/22
	LTIP performance shares	19/07/21	19,612	No	20/06/22
	LTIP performance shares	19/07/21	44,273	No	29/05/23
	LTIP performance shares	19/07/21	28,209	No	27/05/24
	LTIP performance shares	19/07/21	9,403	No	26/05/25

Unvested option awards (not available to be exercised)

Executive Director		Date of grant	Number outstanding at 31 March 2022	Option price pence	Subject to performance measures	End of performance period	Date becomes exercisable	Exercisable until
Simon Carter	Sharesave options	18/06/19	4,137	435	No	N/A	01/09/22	28/02/23

Other disclosures

Service contracts

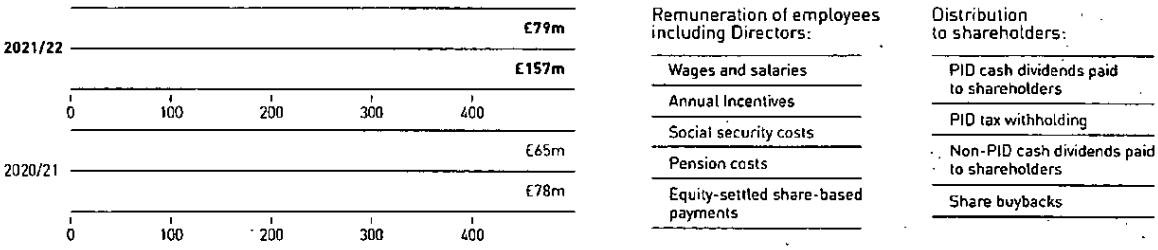
All Executive Directors have rolling service contracts with the Company which have notice periods of 12 months on either side.

Director	Date of service contract	Normal notice period to be given by Company
Simon Carter	18/11/20	12 months
Bhavesh Mistry	19/07/21	12 months

In accordance with the Code, all continuing Executive and Non-Executive Directors stand for election or re-election by the Company's shareholders on an annual basis. The Directors' service contracts are available for inspection during normal business hours at the Company's registered office and at the Annual General Meeting. The Company may terminate an Executive Director's appointment with immediate effect without notice or payment in lieu of notice under certain circumstances, prescribed within the Executive Director's service contract.

Executive Directors' external appointments
Executive Directors may take up one non-executive directorship at another FTSE company, subject to British Land Board approval. The Executive Directors do not currently hold any paid external appointments.

Relative importance of spend on pay
The graph below shows the amount spent on the remuneration for all employees (including Executive Directors) relative to the amount spent on distributions to shareholders for the years to 31 March 2022 and 31 March 2021. Remuneration of employees increased by 21.5% relative to the prior year. This is largely attributable to improved company performance resulting in larger bonus payments across the business. Distributions to shareholders during the year increased by 102% relative to the prior year. This increase represents a full year of paying dividends as opposed to the previous year where the Board took a decision to temporarily suspend dividend payments during the initial outbreak of the Covid-19 pandemic.



Total shareholder return and Chief Executive's remuneration
The graph below shows British Land's total shareholder return for the 10 years from 1 April 2012 to 31 March 2022 against that of the FTSE All-Share Real Estate Investment Trusts (REIT) Total Return Index for the same period. The graph shows how the total return on a £100 investment in the Company made on 1 April 2012 would have changed over the 10-year period, compared with the total return on a £100 investment in the FTSE All-Share REIT Total Return Index. This index has been selected as a suitable comparator because it is the index in which British Land's shares are classified.

The table below sets out the total remuneration of the Chief Executive over the same period as the Total Shareholder Return graph.

The Annual Incentive awards against maximum opportunity and LTIP vesting percentages represent the year end awards and forecast vesting outcome for the Chief Executive. The quantum of Annual Incentive awards granted each year and long term incentive vesting rates are given as a percentage of the maximum opportunity available.

Chief Executive	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21[1]	**2021/22[2]**
Chief Executive's single total figure of remuneration (£000)	4,810	5,398	6,551	3,623	1,938	2,279	1,653	1,534	1,644	**1,919**
Annual Incentive awards against maximum opportunity (%)	75	90	96	67	33	63	36	28	53	**91**
Long term incentive awards vesting rate against maximum opportunity (%)	63	98	93	54	15	16	0	0	0	**0**

1. Confirmed outcome.
2. Forecast outcome.

Total shareholder return

The graph below shows British Land's total shareholder return for the 10 years to 31 March 2022, which assumes that £100 was invested on 1 April 2012. The Company chose the FTSE All-Share REIT's sector as an appropriate comparator for this graph because British Land has been a constituent of that index throughout the period.

CEO pay ratio

The 2021/22 CEO pay ratio, prepared in line with Method A of the reporting regulations, is set out below, along with historic data. In line with the method used last year, this method is considered to be the most comparable approach to the Single Figure calculation used for the CEO. The pay data is based on employees as at 31 March 2022 and has been analysed on a full-time equivalent basis, with pay for individuals working part-time increased pro-rata to the hours worked. Employees on maternity/paternity leave have been included in the analysis.

The table below shows the movement in median ratio since 2019/20. The median ratio has increased in 2021/22 due to the higher bonus payout for the CEO. The median ratio is considered to be consistent with the pay and progression policies within British Land as the remuneration policy for the CEO is set based on the same principles as the policy for the wider employee population. As such, salaries for all employees are set to reflect the scope and responsibilities of their role and take into account pay levels in the external market. The majority of staff are also eligible to receive a bonus, and whilst variable pay represents a larger proportion of the CEO's package, in all cases, there is a strong link between payouts and the performance of both the Company and the individual. The Committee Chair has provided an explanation of the relationship between reward and performance on page 127.

CEO pay ratio	2019/20	2020/21[1]	2021/22
Method	C	A	**A**
CEO single figure (£000)	1,534	1,644	**1,919**
Upper quartile	14:1	16:1	**17:1**
Median	22:1	23:1	**26:1**
Lower quartile	33:1	35:1	**38:1**

1. The 2020/21 single total figure of remuneration represents a blended amount calculated by reference to the amounts paid to Chris Grigg and Simon Carter for the respective periods that they served as Chief Executive during the year.

The salary and total pay for the individuals identified at the Lower quartile, Median and Upper Quartile positions in 2021/22 are set out over the page. Having reviewed the pay levels of these individuals it is felt that these are representative of the structure and quantum of pay at these points in the distribution of employees' pay.

2021/22 Employee pay	Salary	Total pay
Upper quartile	84,150	**113,761**
Median	65,000	**74,750**
Lower quartile	38,641	**50,813**

Directors' remuneration compared to remuneration of British Land employees

The table below shows the percentage changes in different elements of the Directors' remuneration relative to the previous financial year and the average percentage changes in those elements of remuneration for employees of the listed parent company The British Land Company PLC. Positive changes in the fees paid to Non-Executive Directors are attributable to fees paid in respect of additional Committee or Board responsibilities during the course of the year, rather than an increase in the level of fees paid. In addition, from April to July 2020, Directors waived 20% of their respective fees and salaries in response to the Covid-19 pandemic which reduces the full year figure for 2021. The increase in employee salaries was due to inflationary and promotional increases during the year. Similarly, the increase in annual incentive reflects a higher company multiplier in 2022 compared to 2021 as a result of stronger corporate performance against the targets. The salary increase for Simon Carter is due to his promotion to CEO during 2020/21, he did not receive a salary increase in 2021/22. Similarly, the increase in annual bonus for Simon Carter is due to the higher opportunity in 2021/22 as a result of being in the CEO role for the full year and also due to the higher bonus payout as set out on page 142. The reduction in taxable benefits will be largely driven by a reduction in the company's private medical insurance premium.

Bhavesh Mistry, Mark Aedy, Irvinder Goodhew and Loraine Woodhouse are not included in the table below as they were either appointed during the year under review or the previous year and therefore do not have two full years' worth of fees to compare. They have not received an increase in salary or fees during the year beyond those attributable to changes in Committee responsibilities for Non-Executive Directors. Bhavesh's pay arrangements are unchanged since his appointment on 19 July 2021 and are explained fully on page 142.

	2022 vs 2021			2021 vs 2020		
Remuneration element	Base salary/fees % change	Benefits % change	Annual bonus % change	Base salary/fees % change	Benefits % change	Annual bonus % change
Simon Carter	35%	-2.8%	117%	n/a	n/a	n/a
Tim Score	7%	0%	n/a	20%	0%	n/a
Lynn Gladden	7%	100%	n/a	-6%	0%	n/a
Alastair Hughes	9%	0%	n/a	-3%	0%	n/a
Nicholas Macpherson	7%	0%	n/a	-7%	0%	n/a
Preben Prebensen	12%	0%	n/a	12%	0%	n/a
Laura Wade-Gery	13%	0%	n/a	0%	0%	n/a
Average employees	6%	-7%	50%	2%	1%	n/a

The Committee reviews, takes advice and seeks information from both its independent adviser and the Human Resources department on pay relatively within the wider market and the Company throughout the year. The CEO pay ratio, ethnicity and gender pay ratio help to inform the Committee in its assessment of whether the level and structure of pay within the Company is appropriate. The Committee is satisfied with the current Policy and feels the opportunity and alignment are appropriate at the current time.

Non-Executive Directors' remuneration (audited)

The table below shows the fees paid to our Non-Executive Directors for the years ended 31 March 2021 and 31 March 2020:

	Fees[1]		Taxable benefits[2]		Total	
Chairman and Non-Executive Directors	2022 £000	2021[5] £000	2022 £000	2021 £000	2022 £000	2021 £000
Tim Score (Chair)[3]	**375**	350	**0**	0	**375**	350
Mark Aedy[4]	**39**	-	**0**	-	**39**	-
Lynn Gladden	**77**	72	**2**	0	**79**	72
Irvinder Goodhew	**75**	36	**0**	0	**75**	36
Alastair Hughes	**96**	88	**0**	0	**96**	88
Nicholas Macpherson	**72**	67	**0**	0	**72**	67
Preben Prebensen	**95**	85	**0**	0	**95**	85
Laura Wade-Gery	**97**	86	**0**	0	**97**	86
Loraine Woodhouse	**92**	6	**0**	0	**92**	6

1. Fees include the basic fee of £64,000 paid to each Non-Executive Director with exception of the Chair.
2. Taxable benefits include the expenses incurred by Non-Executive Directors. The Company provides the tax gross up on these benefits and the figures shown above are the grossed up values. There is no variable element to the Non-Executive Directors' fees.
3. Tim Score was appointed Chair in July 2019.
4. Mark Aedy was appointed on 1 September 2021.
5. All the directors' fees for 2021 reflect the impact of having waived 20% of their fees for four months during the year.

Remuneration Committee membership

As at 31 March 2022, and throughout the year under review, the Committee was comprised wholly of independent Non-Executive Directors. The members of the Committee, together with attendance at Committee meetings, are set out in the table below:

Director	Position	Date of appointment (to the Committee)	Attendance
Laura Wade-Gery	Chair	13 May 2015	**6/6**
Lynn Gladden	Member	20 March 2015	**6/6**
Irvinder Goodhew	Member	17 November 2021	**2/2**
Preben Prebensen	Member	1 September 2017	**6/6**

During the year ended 31 March 2022, Committee meetings were also part attended by Tim Score (Chairman), Simon Carter (Chief Executive Officer), Bhavesh Mistry (Chief Financial Officer), Brona McKeown (General Counsel and Company Secretary), Kelly Barry (Reward Director) and Gavin Bergin (Head of Secretariat) other than for any item relating to their own remuneration. A representative from Korn Ferry also routinely attends Committee meetings.

The Committee Chair holds regular meetings with the Chairman, Chief Executive and HR Director to discuss all aspects of remuneration within British Land. She also meets the Committee's independent remuneration advisers, Korn Ferry, prior to each substantive meeting to discuss matters of governance, Remuneration Policy and any concerns they may have.

How the Committee discharged its responsibilities during the year

The Committee's role and responsibilities have remained unchanged during the year (having been amended in March 2019 to incorporate changes to the Code) and are set out in full in its terms of reference which can be found on the Company's website britishland.com/committees. The Committee's key areas of responsibility are:

- the development of the 2022 Directors' Remuneration Policy to be presented for shareholder approval at the 2022 AGM, including policy design, stakeholder engagement and consultation with major shareholders;
- in developing the performance conditions relating to the Company's 2030 Sustainability Strategy within the proposed 2022 Directors' Remuneration Policy, the Committee received in-depth technical briefings from subject matter experts from the business;
- reviewing the Remuneration Policy and strategy for members of the Executive Committee and other members of executive management, whilst having regard to pay and employment conditions across the Group;
- determining the total individual remuneration package of each Executive Director, Executive Committee member and other members of management;
- monitoring performance against conditions attached to all annual and long term incentive awards to Executive Directors, Executive Committee and other members of management and approving the vesting and payment outcomes of these arrangements; and
- selecting, appointing and setting the terms of reference of any independent remuneration consultants.

In addition to the Committee's key areas of responsibility, during the year ended 31 March 2022, the Committee also considered the following matters:

- reviewing and recommending to the Board the Remuneration Report to be presented for shareholder approval;
- remuneration of the Executive Directors and members of the Executive Committee including achievement of corporate and individual performance; and pay and Annual Incentive awards below Board-level;
- the extent to which performance measures have been met and, where appropriate, approving the vesting of Annual Incentive and long term incentive awards;
- granting discretionary share awards; reviewing and setting performance measures for Annual Incentive awards and Long Term incentives;
- reviewing the Committee's terms of reference;
- feedback from the HR Director and Remuneration Consultants following consultation with a workforce panel set up to discuss Executive remuneration;
- the Committee was made aware of the results of engagement surveys and any general themes that are impacting employees. All-employee communications were sent from Executive Committee members, including the CEO, relating to wider Company remuneration;
- considering gender and ethnicity pay gap reporting requirements; and
- *receiving updates and training on corporate governance and remuneration matters from the independent remuneration consultant.*

The Committee's terms of reference have been reviewed by the Committee during the year and changes were made to define responsibilities between the CSR Committee and the Remuneration Committee and provide for one joint meeting per year as appropriate.

Remuneration consultants

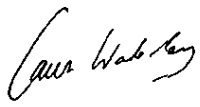
Korn Ferry was appointed as independent remuneration adviser by the Committee on 21 March 2017 following a competitive tender process. Korn Ferry is a member of the Remuneration Consultants Group and adheres to that group's Code of Conduct. The Committee assesses the advice given by its advisers to satisfy itself that it is objective and independent. The advisers have private discussions with the Committee Chair at least once a year in accordance with the Code of Conduct. Fees, which are charged on a time and materials basis, were £146,480 (excluding VAT). Korn Ferry also provided general remuneration advice to the Company during the year.

Voting at the Annual General Meeting

The table below shows the voting outcomes of the resolutions put to shareholders regarding the Directors' Remuneration Report at the AGM in July 2021 and Remuneration Policy at the AGM in July 2019.

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Directors' Remuneration Report (2021)	612,435,184	98.61	8,657,032	1.39	621,092,216	1,307,558
Directors' Remuneration Policy (2019)	699,935,009	98.30	12,073,236	1.70	712,008,245	840,435

This Remuneration Report was approved by the Board on 17 May 2022.



Laura Wade-Gery
Chair of the Remuneration Committee

Directors' Report and additional disclosures

The Directors present their Report on the affairs of the Group, together with the audited financial statements and the report of the auditor for the year ended 31 March 2022. The Directors' Report also encompasses the entirety of our Corporate Governance Report from pages 99-157 and Other Information section from pages 239-248 for the purpose of section 463 of the Companies Act 2006 (the 'Act'). The Directors' Report and Strategic Report together constitute the Management Report for the year ended 31 March 2022 for the purpose of Disclosure and Transparency Rule 4.1.8R. Information that is relevant to this Report, and which is incorporated by reference and including information required in accordance with the Act and or Listing Rule 9.8.4R, can be located in the following sections:

Information	Section in Annual Report	Page
Future developments of the business of the Company	Strategic Report	18 to 27
Risk factors and principal risks	Strategic Report	84 to 96
Financial instruments – risk management objectives and policies	Strategic Report	81 to 83
Dividends	Strategic Report	79
Sustainability governance	Strategic Report	49 to 50
Greenhouse gas emissions, energy consumption and efficiency	Strategic Report	58 to 59
Viability and going concern statements	Strategic Report	97
Governance arrangements	Governance	104 to 109
Employment policies and employee involvement	Strategic Report	35 to 37
Capitalised interest	Financial Statements	182 to 187
Additional unaudited financial information	Other Information unaudited	239 to 244

Annual General Meeting (AGM)

The 2022 AGM will be held at 9:30am on 12 July 2022 at 100 Liverpool Street, EC2M 2RH.

A separate circular, comprising a letter from the Chairman of the Board, Notice of Meeting and explanatory notes on the resolutions being proposed, has been circulated to shareholders and is available on our website britishland.com/agm.

Articles of Association

The Company's Articles of Association (Articles) may only be amended by special resolution at a general meeting of shareholders. Subject to applicable law and the Company's Articles, the Directors may exercise all powers of the Company.

The Articles are available on the Company's website britishland.com/governance.

Board of Directors

The names and biographical details of the Directors and details of the Board Committees of which they are members are set out on pages 101-103 and incorporated into this Report by reference. Changes to the Directors during the year and up to the date of this Report are set out on page 116. The Company's current Articles require any new Director to stand for election at the next AGM following their appointment. However, in accordance with the Code and the Company's current practice, all continuing Directors offer themselves for election or re-election, as required, at the AGM.

Details of the Directors' interests in the shares of the Company and any awards granted to the Executive Directors under any of the Company's all-employee or executive share schemes are given in the Directors' Remuneration Report on page 147. The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are also summarised in the Directors' Remuneration Report and are available for inspection at the Company's registered office.

The appointment and replacement of Directors is governed by the Company's Articles, the Code, the Companies Act 2006 and any related legislation. The Board may appoint any person to be a Director so long as the total number of Directors does not exceed the limit prescribed in the Articles. The Articles provide that the Company may by ordinary resolution at a general meeting appoint any person to act as a Director, provided that notice is given of the resolution identifying the proposed person by name and that the Company receives written confirmation of that person's willingness to act as Director if he or she has not been recommended by the Board. The Articles also empower the Board to appoint as a Director any person who is willing to act as such. The maximum possible number of Directors under the Articles is 20. In addition to any power of removal conferred by the Companies Act 2006, the Articles provide that the Company may by ordinary resolution (and without the need for any special notice) remove any Director from office. The Articles also set out the circumstances in which a person shall cease to be a Director.

The Articles require that at each annual general meeting each person who is a Director on a specific date selected by the Board shall retire from office. The date selected shall be not more than 14 days before, and no later than, the date of the notice of annual general meeting. A Director who retires at an annual general meeting shall be eligible for reappointment by the shareholders.

Directors' interests in contracts and conflicts of interest

No contract existed during the year in relation to the Company's business in which any Director was materially interested.

The Company's procedures for managing conflicts of interest by the Directors are set out on page 106. Provisions are also contained in the Company's Articles which allow the Directors to authorise potential conflicts of interest.

Directors' liability insurance and indemnity

The Company maintains appropriate Directors' and Officers' liability insurance

cover in respect of any potential legal action brought against its Directors.

The Company has also indemnified each Director to the extent permitted by law against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties. The indemnity arrangements for all directors of the Company are qualifying indemnity provisions under the Act and were in force throughout the year and are in force at the date of the Report.

Share capital

The Company has one class of shares, being ordinary shares of 25p each, all of which are fully paid. The rights and obligations attached to the Company's shares are set out in the Articles. There are no restrictions on voting rights or the transfer of shares except in relation to Real Estate Investment Trust restrictions.

The Directors were granted authority at the 2021 AGM to allot relevant securities up to a nominal amount of £77,227,088 as well as an additional authority to allot shares to the same value on a rights issue. This authority will apply until the conclusion of the 2022 AGM or the close of business on 30 September 2022, whichever is the sooner. At this year's AGM, shareholders will be asked to renew the authority to allot relevant securities.

The Directors were granted authority at the 2021 AGM to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company up to a maximum aggregate nominal amount of £11,584,063, as well as an additional authority to allot shares up to the same amount on a rights issue only. This authority will apply until the conclusion of the 2022 AGM. At the 2022 AGM, shareholders will be asked to renew the allotment authority.

At the 2021 AGM a special resolution was also passed to permit the Directors to allot shares for cash on a non-pre-emptive basis both in connection with a rights issue or similar pre-emptive issue and, otherwise than in connection with any such issue, up to a maximum nominal amount of £11,584,063. A further special resolution was passed to permit the Directors to allot shares for cash on a non-pre-emptive basis up to the same amount for use only in connection with an acquisition or a specified capital investment. At this year's AGM, shareholders will be asked to renew such powers.

The Company continued to hold 11,266,245 ordinary shares in treasury during the whole of the year ended 31 March 2022 and to the date of this Report.

Further details relating to share capital, including movements during the year, are set out in Note 20 to the financial statements on pages 213-215.

Rights under an employee share scheme

Employee Benefit Trusts (EBTs) operate in connection with some of the Company's employee share plans. The trustees of the EBTs may exercise all rights attached to the Company's ordinary shares in accordance with their fiduciary duties other than as specifically restricted in the documents which govern the relevant employee share plan.

Waiver of dividends

Blest Limited acts as trustee (Trustee) of the Company's discretionary Employee Share Trust (EST). The EST holds and, from time to time, purchases British Land ordinary shares in the market, for the benefit of employees, including to satisfy outstanding awards under the Company's various executive employee share plans. A dividend waiver is in place from the Trustee in respect of all dividends payable by the Company on shares which it holds in trust.

Substantial interests

All notifications made to British Land under the Disclosure and Transparency Rules (DTR 5) are published on a Regulatory Information Service and made available on the Investors section of our website.

As at 31 March 2022, the Company had been notified of the interests noted at the bottom of this page in its ordinary shares in accordance with DTR 5. The information provided is correct at the date of notification.

Change of control

The Group's unsecured borrowing arrangements include provisions that may enable each of the lenders or bondholders to request repayment or have a put at par within a certain period following a change of control of the Company. In the case of the Sterling bond this arises if the change of control also results in a rating downgrade to below investment grade.

There are no agreements between the Company and its Executive Directors or employees providing for compensation for loss of office or employment that occurs specifically because of a takeover, merger or amalgamation with the exception of provisions in the Company's share plans which could result in options and awards vesting or becoming exercisable on a change of control. All appointment letters for Non-Executive Directors will, as they are renewed, contain a provision that allows payment of their notice period in certain limited circumstances, such as corporate transactions, where the Company has terminated their appointment with immediate effect.

	Interests in ordinary shares	Percentage holding disclosed %
BlackRock, Inc.	97,459,024	**10.5**
Brookfield Asset Management Inc.	55,038,184	**5.94**
Norges Bank	74,998,396	**8.09**
APG Asset Management N.V.	48,072,042	**5.19**
Invesco Ltd.	45,871,686	**4.95**

Since the year end, and up to 17 May 2022, the Company had been notified of the following interests in its ordinary shares in accordance with DTR 5. The information provided is correct at the date of notification:

	Interests in ordinary shares	Percentage holding disclosed %
BlackRock, Inc.	100,400,771	**10.8**
Brookfield Asset Management, Inc.	29,409,577	**3.17**

Payments policy

We recognise the importance of good supplier relationships to the overall success of our business. We manage dealings with suppliers in a fair, consistent and transparent manner. For more information please visit the Suppliers section of our website at britishland.com/suppliers.

Events after the balance sheet date

Details of subsequent events, if any, can be found in Note 26 on page 218.

Political donations and expenditure

The Company did not make any political donations or incur any expenditure during the year (2021: nil).

Inclusive culture

British Land employees are committed to promoting an inclusive, positive and collaborative culture. In 2021 we launched our Diversity, Equality and Inclusion Strategy to set out our commitments and goals to make British Land the most inclusive organisation it can be. We treat everyone equally irrespective of age, sex, sexual orientation, race, colour, nationality, ethnic origin, religion, religious or other philosophical belief, disability, gender identity, gender reassignment, marital or civil partner status, or pregnancy or maternity. As stated in our Equal Opportunities Policy, British Land treats 'all colleagues and job applicants with equality. We do not discriminate against job applicants, employees, workers or contractors because of any protected characteristic. This applies to all opportunities provided by the Company including, but not limited to, job applications, recruitment and interviews, training and development, role enrichment, conditions of work, salary and performance review'. The Company ensures that our policies are accessible to all employees, making reasonable adjustment when required.

Through its policies and more specifically the Equal Opportunities, Disability and Workplace Adjustment and Recruitment policies, the Company ensures that entry into, and progression within, the Company is based solely on personal ability and competence to meet set job criteria. Should an employee, worker or contractor become disabled in the course of their employment/engagement, the Company aims to ensure that reasonable steps are taken to accommodate their disability by making reasonable adjustments to their existing employment/engagement.

Community investment

Our financial community investment during the year totalled £1,813,909 (2021: £1,475,171). Of this, £1.4m came from the Community Investment Fund which is managed by the Community Investment Committee and overseen by the CSR Committee.

The Company also supports employee fundraising and payroll giving which are included in the figures above. For the year ended 31 March 2022 this covered:

- 50% uplift of British Land staff payroll giving contributions (capped at £5,000 per person and £50,000 per annum for the whole organisation); and
- A staff matched funding pledge, matching money raised for community organisations by British Land staff up to £500 per person per year.

Our community investment is guided by our Local Charter, working with local partners to make a lasting positive difference:

- connecting with local communities
- supporting educational initiatives for local people
- supporting local training and jobs
- supporting local businesses
- contributing to local people's wellbeing and enjoyment

Through our community investment and Local Charter activity, we connect with communities where we operate, make positive local contributions, help people fulfil their potential, help businesses grow, and promote wellbeing and enjoyment. This all supports our strategy to create Places People Prefer.

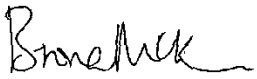
Auditor and disclosure of information

Each of the Directors at the date of approval of this Report confirms that:

- so far as the Director is aware, there is no relevant audit information that has not been brought to the attention of the auditor
- the Director has taken all steps that he/she should have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditor was aware of that information

PwC has indicated its willingness to remain in office and, on the recommendation of the Audit Committee, a resolution to reappoint PwC as the Company's auditor will be proposed at the 2022 AGM.

The Directors' Report was approved by the Board on 17 May 2022 and signed on its behalf by:



Brona McKeown
General Counsel and Company Secretary

The British Land Company PLC
Company number: 621920

Directors' Responsibilities Statement

The Directors' Responsibilities Statement below has been prepared in connection with the Annual Report and financial statements for the year ended 31 March 2022. Certain parts of the Annual Report and financial statements have not been included in this announcement as set out in Note 1 to the financial information.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Corporate Governance report on pages 101-103, confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and IFRSs issued by IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the company and profit of the Company; and
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

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

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

By order of the Board.

Bhavesh Mistry
Chief Financial Officer

17 May 2022

Financial Statements

159 Independent auditors' report
170 Primary statements and notes
221 Company balance sheet
233 Supplementary disclosures

Other Information

239 Other information (unaudited)
244 EPRA best practice recommendations on sustainability reporting
245 Ten year record
246 Shareholder information

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

Report on the audit of the financial statements

Opinion

In our opinion:

- The British Land Company PLC's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2022 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2022; the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

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

Our audit approach
Overview

Audit scope	- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. The Group financial statements are prepared on a consolidated basis, and the audit team carries out an audit over the consolidated Group balances in support of the Group audit opinion. - In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the financial statements. Management concluded that there was no material impact on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. We particularly considered how climate change risks would impact the assumptions made in the valuation of investment properties as explained in our key audit matter below. We also considered the consistency of the disclosures in relation to climate change made within the Annual Report, the financial statements and the knowledge obtained from our audit. We assessed the consideration of the cost of delivering the Group's climate change and sustainability strategy within the going concern and viability forecasts.
Key audit matters	- Valuation of investment and development properties, either held directly or through joint ventures (Group). - Recoverability of tenant debtors and incentives (Group). - Accounting for Canada Water partial disposal and joint venture arrangement (Group). - Taxation (Group). - Valuation of investments and loans to subsidiaries and joint ventures (Company).
Materiality	- Overall Group materiality: £98.4 million (2021: £88.8 million) based on 1% of total assets. - Specific Group materiality: £12.6 million (2021: £14.1 million), based on 5% of the Group's underlying profit before tax. - Overall Company materiality: £88.5 million (2021: £79.9 million) based on 1% of total assets. - Performance materiality: £73.8 million (2021: £66.6 million) (Group) and £66.4 million (2021: £59.9 million) (Company).

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

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

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

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment and development properties, *either held directly or through joint ventures (Group)* Refer to the Report of the Audit Committee, Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements), Note 10 (Property) and Note 11 (Joint ventures). The Group owns either directly or through joint ventures a portfolio of property consisting of Campuses, Retail & Fulfilment and Developments. The total property portfolio valuation for the Group was £6,944 million (2021: £6,247 million) and for the Group's share of joint ventures and funds was £3,545 million (2021: £3,067 million) as at 31 March 2022. The valuations were carried out by third party valuers CBRE, Jones Lang LaSalle, Cushman & Wakefield and Knight Frank (the "Valuers"). The Valuers were engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of International Accounting Standard 40 'Investment Property'. In determining the valuation of a property, the Valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The valuation of the Group's property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.	Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this area. *Assessing the Valuers' expertise and objectivity* We assessed the Valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the Group and the Valuers. We found no evidence to suggest that the objectivity of the Valuers was compromised. *Assumptions and estimates used by the Valuers* We read the valuation reports for the properties and confirmed that the valuation approach for each was in accordance with RICS standards. We obtained details of each property held by the Group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the investment yields used by the Valuers with the range of expected yields and the year on year capital movement to our expected range. We also considered the reasonableness of other assumptions that were not so readily comparable with published benchmarks, such as estimated rental value. For developments valued using the residual valuation method, we obtained the development appraisal and assessed the reasonableness of the Valuers' key assumptions. This included comparing the yield to comparable market benchmarks, comparing the costs to complete estimates to development plans and contracts, and considering the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as estimated rental value and developers' profit. We held discussions with each of the Valuers and challenged their approach to the valuations, the key assumptions and their rationale behind the more significant valuation movements during the year. Where assumptions were outside the expected range or showed unexpected movements based on our knowledge, we undertook further investigations, held further discussions with the Valuers and obtained evidence to support explanations received. We also challenged the Valuers as to the extent to which recent market transactions and expected rental values which they made use of in deriving their valuations took into account the impact of climate change. The valuation commentaries provided by the Valuers and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence.

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

Key audit matter	How our audit addressed the key audit matter
Recoverability of tenant debtors and incentives (Group) (continued) The expected loss rate has also taken into consideration the ageing profile of the debtors and the historical cash collected over the pandemic period. The same key assumptions are applied in the ECL model for tenant incentives, without the consideration of the ageing profile and historical cash collections which are not relevant for tenant incentive balances. On the basis that the estimation of an ECL provision against the tenant debtors and incentives balances has been highly subjective and contains significant estimation uncertainty, we have identified this as a key audit matter.	
Accounting for Canada Water partial disposal and joint venture arrangement (Group) Refer to the Report of the Audit Committee and Note 1 (Basis of preparation, significant accounting policies and accounting judgements), Note 10 (Property) and Note 11 (Joint ventures). During the reporting period, the Group disposed of 50% of its share in the Canada Water Masterplan (the 'Masterplan') to AustralianSuper for £580m. The carrying value of BL's share prior to the transaction was £474m and the disposal resulted in a gain of £106m. IAS 28 requires the Group to only recognise the proportion of the gain from unrelated investors' interests, and therefore a gain on disposal of £44m (after £8 million of transaction costs) has been recognised at the Group level. The Group formed a joint venture arrangement with AustralianSuper. Management has classified the arrangement as a joint venture that is equity accounted on the basis that both parties have joint control of the entity. The Group has recognised the investment in joint venture initially at 50% of the carrying value at the date of the transaction (£238m) and then recognised a £46m valuation gain through picking up a 50% share of total comprehensive income of the joint venture (representing the valuation movement to 31 March 2022). Therefore the total gain going through the Income Statement is £90m of which £44m is classified in the profit on disposal of investment properties line item and £46m is classified in the joint ventures line item. This warranted additional audit focus due to the size and nature of the transaction.	We understood the nature of the transaction and assessed the proposed accounting treatment in relation to the Group's accounting policies and relevant IFRSs. For the disposal, we obtained and reviewed the key supporting documentation such as Sale and Purchase Agreement and completion statements. Consideration received or paid was agreed to bank statements. For the joint venture arrangement, we read the underlying contracts and agreed the accounting treatment of the joint venture arrangement was in accordance with IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements', and IFRS 12 'Disclosures of interests in other entities and checked that the degree of control or influence held by the Group is appropriate to recognise a joint venture arrangement. We have no matters to report in respect of this work.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investments and loans to subsidiaries and joint ventures (Company) (continued) The primary determinant and key judgement within both the fair value of each subsidiary and joint venture company and the ECL of amounts owed is the value of the investment property held by each investee. As such it was over this area that we applied the most focus and audit effort.	

How we tailored the audit scope

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

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

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

Materiality

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

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

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

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

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

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

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

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

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

Conclusions relating to going concern

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report and additional disclosures
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report and additional disclosures for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report and additional disclosures.

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

Corporate governance statement

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

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

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

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Real Estate Investment Trust (REIT) status section 1158 of the Corporation Tax Act 2010 and the UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment and development properties and the expected credit loss provisions in respect of tenant debtors and incentives (see related key audit matters above). Audit procedures performed by the engagement team included:

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

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

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

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

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

Other matter

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

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

17 May 2022

Consolidated Income Statement

For the year ended 31 March 2022

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

All results derive from continuing operations.

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

1. See definition in Note 2 and a reconciliation between Underlying Profit and IFRS profit in Note 21.
2. *Included within 'Costs' is a credit relating to provisions for impairment of tenant debtors, accrued income and tenant incentives and contracted rent increases of £6m* (2020/21: charge of £60m). This is disclosed in further detail in Note 10 and Note 13.
3. Included within 'Joint ventures' is a charge relating to provision for impairment of equity investments and loans to joint ventures of £22m (2020/21: £144m), disclosed in further detail in Note 11.
4. *Included within the 'Valuation movement' of £162m is a net valuation movement of £110m and the realisation of gain on disposal of assets into joint ventures of £52m, disclosed* in further detail in Note 11.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

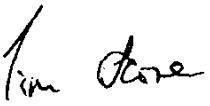
	2022 £m	2021 £m
Profit (loss) for the year after taxation	**960**	(1,083)
Other comprehensive income (expense):		
Items that will not be reclassified subsequently to profit or loss:		
Net actuarial loss on pension scheme	**-**	(13)
Valuation movement on owner-occupied properties	**-**	(1)
	-	(14)
Items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

Consolidated Balance Sheet

As at 31 March 2022

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

1. See footnote 1 in Note 3.
2. See definition in Note 2.



Tim Score
Chairman

Bhavesh Mistry
Chief Financial Officer

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

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

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

Notes to the Accounts

1 Basis of preparation, significant accounting policies and accounting judgements

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

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

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

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

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

Going concern

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

Having assessed the Principal risks, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one. See the full assessment of preparation on a going concern basis in the corporate governance section on page 109.

Subsidiaries, joint ventures and associates

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

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

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

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

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

Properties

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

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

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

Notes to the Accounts continued

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

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

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

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

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

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

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

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

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

Financial assets and liabilities

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

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

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

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

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

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

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

Revenue

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

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

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

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

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

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

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

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

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

Management fees are recognised as revenue in the period to which they relate and relate predominantly to the provision of asset management, property management, development management and administration services to joint ventures. Performance fees are recognised at the end of the performance period when the performance obligations are met, the fee amount can be estimated reliably and it is highly probable that the fee will be received. Performance fees are based on property valuations compared to external benchmarks at the end of the reporting period.

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

Taxation

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

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

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

Employee costs

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

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

Notes to the Accounts continued

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

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

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

Government grants

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Key sources of estimation uncertainty

Valuation of investment, development, trading and owner-occupied properties: The Group uses external professional valuers to determine the relevant amounts. The primary source of evidence for property valuations should be recent, comparable market transactions on an arm's length basis. However, the valuation of the Group's property portfolio are inherently subjective, as they are based upon valuer assumptions and estimations that form part of the key unobservable inputs of the valuation, which may prove to be inaccurate. Further details on the valuers assumptions, estimates and associated key unobservable inputs sensitivity disclosures, have been provided in Note 10.

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

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

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

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

Critical accounting judgements

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

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

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

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

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

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

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

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

Consideration of climate change

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

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

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

Notes to the Accounts continued

2 Performance measures

Earnings per share

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

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

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

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

Net asset value

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

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

Total accounting return

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

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

3 Revenue and costs

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

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

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

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

4 Valuation movements on property

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

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

Notes to the Accounts continued

5 Auditors' remuneration

PricewaterhouseCoopers LLP

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

6 Net financing costs

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

1. The difference between valuation movement on designated fair value hedge accounted derivatives (hedging instruments) and the valuation movement on fair value hedge accounted debt (hedged item) represents hedge ineffectiveness for the year of £6m (2020/21: £nil).
2. £12m has been reclassified from the hedging and translation reserve to the income statement in the year ended 31 March 2022, relating to cumulative foreign exchange gains *on disposal of the net investment in a foreign subsidiary.*

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

7 Taxation

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

1. The credit in the current year includes £4m as an adjustment to the tax due in respect of the suspension on the dividend in 2020/21 and other credits relating to prior periods of £2m relating to tax provisions in respect of historic taxation matters and points of uncertainty.
2. The charge in the prior year includes the £28m corporation tax charge in relation to the year ended 31 March 2020 of the agreed payment with HMRC for temporarily suspending the dividend due to Covid-19, offset by other credits in respect of prior periods of £4m relating to tax provisions in respect of historic taxation matters and points of uncertainty.
3. A current taxation income of £nil (2020/21: £1m) and a deferred taxation credit of £nil (2020/21: £nil) arose on profits attributable to joint ventures.

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

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

Notes to the Accounts continued

8 Staff costs

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

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

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

Staff costs

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

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

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

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

	22 June 2021		2 August 2021	1 September 2021	22 June 2020	
	Awards with holding period	Awards with no holding period	Awards with holding period	Awards with no holding period	Awards with holding period	Awards with no holding period
Share price	**£5.17**	**£5.17**	**£5.20**	**£5.42**	£4.09	£4.09
Exercise price	**£0.00**	**£0.00**	**£0.00**	**£0.00**	£0.00	£0.00
Expected volatility	**36.6%**	**36.6%**	**37.0%**	**37.4%**	28.3%	28.3%
Expected term (years)	**3**	**3**	**3**	**3**	3	3
Dividend yield	**0.0%**	**0.0%**	**0.0%**	**0.0%**	0.0%	0.0%
Risk free interest rate	**0.2%**	**0.2%**	**0.1%**	**0.2%**	0.0%	0.0%
Fair value – TSR Tranche FTSE 350	**£2.36**	**£2.88**	**£2.75**	**£2.79**	£1.01	£1.18
Fair value – TSR Tranche FTSE 100	**£2.42**	**£2.95**	**£3.01**	**£3.20**	£1.30	£1.51
Fair value – TPR and TAR Tranches	**£4.24**	**£5.17**	**£4.26**	**£5.42**	£3.51	£4.09

Movements in shares and options are given in Note 20.

9 Pensions

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

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

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

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

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

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

Composition of scheme assets

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

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

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

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

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

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

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

Notes to the Accounts continued

9 Pensions continued

History of experience gains and losses

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

1. Movements stated after adjusting for irrecoverability of any surplus.
2. Cumulative loss recognised in the statement of comprehensive income is £53m (2020/21: £53m).

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

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

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

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

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

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

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

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

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

10 Property

Property reconciliation for the year ended 31 March 2022

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

1. Development expenditure includes government grants received for the development of affordable and social housing of £4m.
2. The £26m difference between lease liabilities of £105m and £131m per Notes 14 and 15 relates to a £26m lease liability where the right-of-use asset is classified as property, plant and equipment.
3. Relates to properties held under leasing agreements. The fair value of right-of-use assets is determined by calculating the present value of net rental cash flows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair values are determined by management, and are therefore not included in the Group *property portfolio valuation of £6,944m above.*

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

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

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

Notes to the Accounts continued

10 Property continued

Property reconciliation for the year ended 31 March 2021

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

1. The £25m difference between lease liabilities of £108m and £133m per Notes 14 and 15 relates to the £25m lease liability where the right-of-use asset is classified as property, *plant and equipment*.
2. Relates to properties held under leasing agreements. The fair value of right-of-use assets is determined by calculating the present value of net rental cash flows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair values are determined by management, and are therefore not included in the Group property portfolio valuation of £6,247m above.

Property valuation

The different valuation method levels are defined below:

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

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

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

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

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

10 Property continued

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

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

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

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

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

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

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

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

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

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

Notes to the Accounts continued

10 Property continued

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

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

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

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

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

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

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

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

1. Includes owner-occupied

10 Property continued

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

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

1 Includes trading properties at fair value.

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

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

1. Includes trading properties at fair value.

All other factors being equal:

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

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

Provisions for impairment of tenant incentives and contracted rent increases

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

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

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

1. The tenant incentives balance includes contracted rent increases.
2. Company Voluntary Arrangements
3. The percentage provided is calculated using the unrounded tenant incentive and provision balance.

Notes to the Accounts continued

10 Property continued

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

1. *The tenant incentives balance includes contracted rent increases.*
2. Company Voluntary Arrangements.
3. *The percentage provided is calculated using the unrounded tenant incentive and provision balance*

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

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

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

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

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

Additional property disclosures – including covenant information

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

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

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

10 Property continued

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

11 Joint ventures

Summary movement for the year of the investments in joint ventures

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

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

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

Notes to the Accounts continued

11 *Joint ventures continued*

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

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

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd[5]	WOSC Partners Limited Partnership[5]	BL West End Offices Limited
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	Norges Bank Investment Management	Allianz SE
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	West End Offices	West End Offices
Group share	50%	50%	25%	25%
Summarised income statements				
Revenue[4]	228	75	10	26
Costs	(76)	(16)	(4)	(7)
	152	59	6	19
Administrative expenses	(1)	–	–	–
Net interest payable	(62)	(27)	–	(5)
Underlying Profit	89	32	6	14
Net valuation movement	220	(20)	(15)	4
Capital financing (costs) income	(13)	–	–	9
Profit (loss) on disposal of investment properties and investments	–	–	–	–
Profit (loss) on ordinary activities before taxation	296	12	(9)	27
Taxation	–	–	–	–
Profit (loss) on ordinary activities after taxation	**296**	**12**	**(9)**	**27**
Other comprehensive income	–	3	–	–
Total comprehensive income (expense)	**296**	**15**	**(9)**	**27**
Realisation of gain on disposal of assets into joint ventures	–	–	–	–
British Land share of total comprehensive income (expense)	**148**	**6**	**(2)**	**7**
British Land share of distributions payable	**34**	**2**	**–**	**4**
Summarised balance sheets				
Investment and trading properties	4,829	760	149	525
Other non-current assets	30	–	–	9
Current assets	17	8	3	3
Cash and deposits	126	34	4	7
Gross assets	**5,002**	**802**	**156**	**544**
Current liabilities	(89)	(45)	(4)	(11)
Bank and securitised debt	(1,570)	(517)	–	(159)
Loans from joint venture partners	(845)	(523)	(211)	(15)
Other non-current liabilities	–	(12)	(4)	(11)
Gross liabilities	**(2,504)**	**(1,097)**	**(219)**	**(196)**
Net assets (liabilities)	**2,498**	**(295)**	**(63)**	**348**
British Land share of net assets less shareholder loans	**1,249**	**–**	**–**	**87**

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

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

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

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

Notes to the Accounts continued

11 *Joint ventures continued*

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

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

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

1. USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership.
2. Hercules Unit Trust joint ventures includes 50% of the results of Deepdale Co-Ownership Trust, Fort Kinnaird Limited Partnership and Valentine Co-Ownership Trust and 41.25% of Birstall Co-Ownership Trust. The balance sheet shows 50% of the assets of these joint ventures.
3. Included in the column headed 'Other joint ventures' are contributions from the following: BL Goodman Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust and BL Sainsbury's Superstores Limited.
4. Revenue includes gross rental income at 100% share of £262m (2020/21: £284m).
5. In accordance with the Group's accounting policies detailed in Note 1, the Group recognises a nil equity investment in joint ventures in a net liability position at period end
6. During the year ended 31 March 2021 the Group entered into a joint arrangement with Allianz SE, the new joint venture holds properties which were previously wholly owned by the Group.

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

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

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

Notes to the Accounts continued

11 Joint ventures continued

Operating cash flows of joint ventures (Group share)

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

12 Other investments

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

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

13 Debtors

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

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

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

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

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

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

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

Provisions for impairment of tenant debtors

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

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

Notes to the Accounts continued

13 Debtors continued

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

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

Provisions for impairment of accrued income

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

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

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

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

13 Debtors continued

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

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

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

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

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

14 Creditors

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

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

15 Other non-current liabilities

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

Notes to the Accounts continued

16 Deferred tax

The movement on deferred tax is as shown below:

Deferred tax assets year ended 31 March 2022

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

Deferred tax liabilities year ended 31 March 2022

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

Deferred tax assets year ended 31 March 2021

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

Deferred tax liabilities year ended 31 March 2021

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

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

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

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

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

17 Net debt

	Footnote	2022 £m	2021 £m
Secured on the assets of the Group			
5.264% First Mortgage Debenture Bonds 2035		**347**	361
5.0055% First Mortgage Amortising Debentures 2035		**88**	89
5.357% First Mortgage Debenture Bonds 2028		**227**	241
Bank loans	1	**347**	358
		1,009	1,049
Unsecured			
4.635% Senior US Dollar Notes 2021	2	**–**	157
4.766% Senior US Dollar Notes 2023	2	**101**	102
5.003% Senior US Dollar Notes 2026	2	**66**	67
3.81% Senior Notes 2026		**102**	111
3.97% Senior Notes 2026		**103**	112
2.375% Sterling Unsecured Bond 2029		**298**	298
4.16% Senior US Dollar Notes 2025	2	**77**	77
2.67% Senior Notes 2025		**37**	37
2.75% Senior Notes 2026		**37**	37
Floating Rate Senior Notes 2028		**80**	80
Floating Rate Senior Notes 2034		**102**	102
Facilities and overdrafts		**604**	181
		1,607	1,361
Gross debt	3	**2,616**	2,410
Interest rate and currency derivative liabilities		**96**	128
Interest rate and currency derivative assets		**(97)**	(135)
Cash and short term deposits	4,5	**(74)**	(154)
Total net debt		**2,541**	2,249
Net debt attributable to non-controlling interests		**1**	(70)
Net debt attributable to shareholders of the Company		**2,542**	2,179
Total net debt		**2,541**	2,249
Amounts payable under leases (Notes 14 and 15)		**131**	133
Total net debt (including lease liabilities)		**2,672**	2,382
Net debt attributable to non-controlling interests (including lease liabilities)	4	**1**	(75)
Net debt attributable to shareholders of the Company (including lease liabilities)		**2,673**	2,307

1. These are non-recourse borrowings with no recourse for repayment to other companies or assets in the Group.

	2022 £m	2021 £m
Hercules Unit Trust	**347**	358
	347	358

2. Principal and interest on these borrowings were fully hedged into Sterling at a floating rate at the time of issue.
3. The principal amount of gross debt at 31 March 2022 was £2,562m (2020/21: £2,291m). Included in this is the principal amount of secured borrowings and other borrowings of non-recourse companies of £985m.
4. Included in cash and short term deposits is the cash and short term deposits of Hercules Unit Trust, of which £1m is the proportion not beneficially owned by the Group.
5. Cash and deposits not subject to a security interest amount to £64m (2020/21: £145m).

Notes to the Accounts continued

17 Net debt continued

Maturity analysis of net debt

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

Fair value and book value of net debt

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

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

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

17 Net debt continued

Loan to Value (LTV)

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

Group LTV

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

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

Proportionally consolidated LTV

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

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

Notes to the Accounts continued

17 Net debt continued

British Land Unsecured Financial Covenants

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

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

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

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

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

17 Net debt continued

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

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

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

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

1. Cash flows on derivatives include £15m of net receipts on derivative interest.
2. Cash flows on derivatives include £24m of net receipts on derivative interest.
3. Transfers comprises debt maturing from long term to short term borrowings.
4. Cash flows of £277m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £8m, decrease in bank and other borrowings of £213m and drawdowns on bank and other borrowings of £483m shown in the consolidated statement of cash flows, along with £15m of net receipts on derivative interest.
5. Cash flows of £990m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £10m, decrease in bank and other borrowings of £1,218m and drawdowns on bank and other borrowings of £214m shown in the consolidated statement of cash flows, along with £24m of net receipts on derivative interest.

Fair value hierarchy

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

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

Notes to the Accounts continued

17 Net debt continued

Categories of financial instruments

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

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

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

Capital risk management

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

Interest rate risk management

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

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

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

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

17 Net debt continued

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

Variable rate debt hedged

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

Fair value hedged debt

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

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

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

Interest rate profile – including effect of derivatives

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

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

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

Proportionally consolidated net debt at fixed or capped rates of interest

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

Sensitivity table – market rate movements

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

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

Notes to the Accounts continued

17 Net debt continued

Foreign currency risk management

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

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

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

Credit risk management

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

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

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

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

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

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

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

Liquidity risk management

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

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

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

17 Net debt continued

Liquidity risk management continued

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

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

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

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

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

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

Maturity of committed undrawn borrowing facilities

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

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

Notes to the Accounts continued

18 Leasing

Operating leases with tenants

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

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

Lease commitments

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

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

19 Dividends

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

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

Payment date	Dividend	Pence per share	2022 £m	2021 £m
Current year dividends				
29.07.2022	2022 Final	11.60		
07.01.2022	2022 Interim	10.32	**95**	
		21.92		
Prior year dividends				
06.08.2021	2021 Final	6.64	**62**	
19.02.2021	2021 Interim	8.40		78
		15.04		

	2022 £m	2021 £m
Dividends in consolidated statement of changes in equity	**157**	78
Dividends settled in shares	**–**	–
Dividends settled in cash	**157**	78
Timing difference relating to payment of withholding tax	**(2)**	(2)
Dividends in cash flow statement	**155**	(76)

20 Share capital and reserves

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

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

Hedging and translation reserve

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

Revaluation reserve

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

Merger reserve

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

Notes to the Accounts continued

20 Share capital and reserves continued

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

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

20 Share capital and reserves continued

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

21 Segment information

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

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

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

Notes to the Accounts continued

21 Segment information continued

Segment result

	Campuses		Retail & Fulfilment		Unallocated		Total	
	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m
Gross rental income								
British Land Group	**143**	166	**193**	195	–	–	**336**	361
Share of joint ventures	**91**	86	**56**	56	–	–	**147**	142
Total	**234**	252	**249**	251	–	–	**483**	503
Net rental income								
British Land Group	**117**	139	**176**	126	–	–	**293**	265
Share of joint ventures	**77**	69	**52**	28	–	–	**129**	97
Total	**194**	208	**228**	154	–	–	**422**	362
Operating result								
British Land Group	**120**	134	**171**	121	**(60)**	(48)	**231**	207
Share of joint ventures	**73**	69	**51**	28	**(2)**	–	**122**	97
Total	**193**	203	**222**	149	**(62)**	(48)	**353**	304

Reconciliation to Underlying Profit	2022 £m	2021 £m
Operating result	**353**	304
Net financing costs	**(102)**	(103)
Underlying Profit	**251**	201
Reconciliation to profit (loss) on ordinary activities before taxation		
Underlying Profit	**251**	201
Capital and other	**705**	(1,257)
Underlying Profit attributable to non-controlling interests	**2**	3
Total profit (loss) on ordinary activities before taxation	**958**	(1,053)
Reconciliation to Group revenue		
Gross rental income per operating segment result	**483**	503
Less share of gross rental income of joint ventures	**(147)**	(142)
Plus share of gross rental income attributable to non-controlling interests	**2**	16
Gross rental income (Note 3)	**338**	377
Trading property sales proceeds	**9**	–
Service charge income	**62**	64
Management and performance fees (from joint ventures)	**9**	7
Other fees and commissions	**21**	20
Surrender premium payable	**(29)**	–
Revenue (consolidated income statement)	**410**	468

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

21 Segment information continued

Segment assets

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

Reconciliation to net assets

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

22 Capital commitments

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

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

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

23 Related party transactions

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

24 Contingent liabilities

Group and joint ventures

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

Notes to the Accounts continued

25 Subsidiaries with material non-controlling interests

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

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

Summarised income statement for the year ended 31 March

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

Summarised balance sheet as at 31 March

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

Summarised cash flows

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

26 Subsequent events

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

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

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

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

27 Audit exemptions taken for subsidiaries

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

Name	Companies House reg number
17-19 Bedford Street Limited	07398971
18-20 Craven Hill Gardens Limited	07667839
20 Brock Street Limited	07401697
Adamant Investment Corporation Limited	00225149
B.L. Holdings Limited	00000529
Bayeast Property Co Limited	00635800
BF Propco I No 1 I Limited	05270158
BF Propco I No 19 I Limited	05270113
BF Propco I No 3 I Limited	05270196
BF Propco I No 4 I Limited	05270137
BF Propco I No 5 I Limited	05270219
BF Properties (No 5) Limited	05270039
BL Aldgate Development Limited	05070564
BL Bluebutton 2014 Limited	09048771
BL Broadgate Fragment 1 Limited	09400407
BL Broadgate Fragment 2 Limited	09400541
BL Broadgate Fragment 3 Limited	09400411
BL Broadgate Fragment 4 Limited	09400409
BL Broadgate Fragment 5 Limited	09400413
BL Broadgate Fragment 6 Limited	09400414
BL Chess Limited	08548399
BL City Offices Holding Company Limited	06002147
BL Department Stores Holding Company Limited	06002135
BL Eden Walk Limited	10620935
BL European Holdings Limited	03044033
BL Euston Tower Holding Company Limited	11612398
BL Goodman (LP) Limited	05056902
BL HC PH CRG LLP	OC338244
BL HC PH LLP	OC317199
BL HC Property Holdings Limited	06894046
BL High Street and Shopping Centres Holding Limited	06002148
BL Holdings 2010 Limited	07353966
BL Innovation Properties 2 Limited	05070554
BL Innovation Properties Limited	12293278
BL Intermediate Holding Company 2 Limited	12462158
BL Logistics Investment 3 Limited	05189368
BL Newport Limited	04967720
BL Office (Non-City) Holding Company Limited	06002133
BL Office Holding Company Limited	05995028
BL Osnaburgh St Residential Limited	06874523
BL Paddington Holding Company 2 Limited	11863746
BL Paddington Property 3 Limited	11863747
BL Piccadilly Residential Limited	08707494
BL Residual Holding Company Limited	05995030
BL Retail Holding Company Limited	05995033
BL Retail Indirect Investments Limited	12288466
BL Retail Properties 2 Limited	13349753
BL Retail Properties 3 Limited	04869976
BL Retail Property Holdings Limited	13215871
BL Retail Warehousing Holding Company Limited	06002154
BL Shoreditch Development Limited	05326670
BL Universal Limited	00324647
BL West End Investments Limited	07793483

Name	Companies House reg number
BL Whiteley Limited	11253224
BL Whiteley Retail Limited	11254281
BLD (A) Limited	00467242
BLD (Ebury Gate) Limited	03863852
BLD (SJ) Investments Limited	04484750
BLD (SJ) Limited	02924321
BLSSP (PHC 5) Limited	04104061
BLU Property Management Limited	01020347
BLU Securities Limited	03323061
British Land (Joint Ventures) Limited	04682740
British Land City Offices Limited	03946069
British Land Department Stores Limited	05312262
British Land Developments Limited	00490611
British Land Fund Management Limited	04450726
British Land Hercules Limited	02783381
British Land In Town Retail Limited	03325066
British Land Industrial Limited	00643370
British Land Investment Management Limited	04088640
British Land Offices (Non-City) Limited	02740378
British Land Offices Limited	02725156
British Land Property Advisers Limited	02793828
British Land Superstores (Non Securitised) Number 2 Limited	06514283
Broadgate (PHC 8) Limited	03707220
Broadgate City Limited	01769078
Broadgate Square Limited	01797326
BVP Developments Limited	03534586
Canada Water Offices Limited	10182462
Cavendish Geared Limited	02779045
Clarges Estate Property Management Co Limited	08418875
Comgenic Limited	04425658
Derby Investment Holdings Limited	00040492
Drake Circus Leisure Limited	09190208
Four Broadgate Limited	01881634
Hempel Hotels Limited	02728455
Insistmetal 2 Limited	04181514
Linestair Limited	05656174
Meadowbank Retail Park Edinburgh Limited	05489809
Meadowhall Centre (1999) Limited	02261117
Meadowhall Centre Limited	03918066
Moorage (Property Developments) Limited	01185513
Osnaburgh Street Limited	05886735
Paddington Central II (GP) Limited	05092409
PC Canal Limited	09712919
Pillar Projects Limited	02444288
Pillar Property Group Limited	02570618
Plymouth Retail Limited	10368557
Project Sunrise Properties Limited	02043282
Reboline Limited	03702408
Regent's Place Holding 2 Limited	11864307
Regents Place Management Company Limited	07136724
Regents Place Residential Limited	11241644
Shopping Centres Limited	02230056

Notes to the Accounts continued

27 Audit exemptions taken for subsidiaries continued

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

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

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

Company Balance Sheet

As at 31 March 2022

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

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

Tim Score
Chairman

Bhavesh Mistry
Chief Financial Officer

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

Company number 621920.

Company Statement of Changes in Equity

For the year ended 31 March 2022

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

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

Notes to the Accounts

(A) Accounting policies

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

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

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

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

(a) the requirements of IAS 1 to provide a balance sheet at the beginning of the period in the event of a prior period adjustment

(b) the requirements of IAS 1 to provide a statement of cash flows for the period

(c) the requirements of IAS 1 to provide a statement of compliance with IFRS

(d) the requirements of IAS 1 to disclose information on the management of capital

(e) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose new IFRSs that have been issued but are not yet effective

(f) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

(g) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' to disclose key management personnel compensation

(h) the requirements of IFRS 7 to disclose financial instruments

(i) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement' to disclose information of fair value valuation techniques and inputs

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

Notes to the Accounts continued

(A) Accounting policies continued

Going concern

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

Investments and loans

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

Distributable reserves

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

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

(B) Dividends

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

(C) Employee information

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

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

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

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

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

(E) Net debt

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

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

Notes to the Accounts continued

(E) Net debt continued

Maturity analysis of net debt

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

(F) Pension

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

(G) Debtors

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

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

(H) Creditors

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

(I) Share capital

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

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

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

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

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

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

(K) Disclosures relating to subsidiary undertakings

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

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

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

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

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

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

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

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

Notes to the Accounts continued

(K) Disclosures relating to subsidiary undertakings continued

Direct holdings

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

Indirect holdings

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

Company Name	UK/Overseas Tax Resident Status
BL Eden Walk Limited	UK Tax Resident
BL European Holdings Limited	UK Tax Resident
BL Euston Tower Holding Company Limited	UK Tax Resident
BL Fixed Uplift Fund Limited Partnership (Partnership interest)	UK Tax Resident
BL Fixed Uplift General Partner Limited	UK Tax Resident
BL Fixed Uplift Nominee 1 Limited	UK Tax Resident
BL Fixed Uplift Nominee 2 Limited	UK Tax Resident
BL Goodman (General Partner) Limited (50% interest)	UK Tax Resident
BL Goodman Limited Partnership (50% interest)	UK Tax Resident
BL Goodman (LP) Limited	UK Tax Resident
BL HB Investments Limited	UK Tax Resident
BL HC (DSCH) Limited	UK Tax Resident
BL HC (DSCLI) Limited	UK Tax Resident
BL HC Dollview Limited	UK Tax Resident
BL HC Hampshire PH LLP (Member interest)	UK Tax Resident
BL HC Health And Fitness Holdings Limited	UK Tax Resident
BL HC Invic Leisure Limited	UK Tax Resident
BL HC PH CRG LLP (Member interest)	UK Tax Resident
BL HC PH LLP (Member interest)	UK Tax Resident
BL HC PH No 1 LLP (Member interest)	UK Tax Resident
BL HC PH No 2 LLP (Member interest)	UK Tax Resident
BL HC PH No 3 LLP (Member interest)	UK Tax Resident
BL HC Property Holdings Limited	UK Tax Resident
BL Health Clubs PH No 1 Limited	UK Tax Resident
BL Health Clubs PH No 2 Limited	UK Tax Resident
BL High Street and Shopping Centres Holding Company Limited	UK Tax Resident
BL Holdings 2010 Limited	UK Tax Resident
BL Lancaster Investments Limited	UK Tax Resident
BL Lancaster Limited Partnership (Partnership interest)	UK Tax Resident
BL Leisure and Industrial Holding Company Limited	UK Tax Resident
BL Logistics Investment Limited	UK Tax Resident
BL Logistics Investment 2 Limited	UK Tax Resident
BL Logistics Investment 3 Limited	UK Tax Resident
BL Meadowhall Holdings Limited	UK Tax Resident
BL Meadowhall Limited	UK Tax Resident
BL Newport Limited	UK Tax Resident
BL Office Properties 1 Limited	UK Tax Resident
BL Office Properties 2 Limited	UK Tax Resident
BL Offices GP Limited	UK Tax Resident
BL Office (Non-City) Holding Company Limited	UK Tax Resident
BL Office Holding Company Limited	UK Tax Resident
BL Osnaburgh St Residential Ltd	UK Tax Resident
BL Paddington Holding Company 1 Limited	UK Tax Resident
BL Paddington Holding Company 2 Limited	UK Tax Resident
BL Paddington Property 1 Limited	UK Tax Resident
BL Paddington Property 2 Limited	UK Tax Resident
BL Paddington Property 3 Limited	UK Tax Resident
BL Paddington Property 4 Limited	UK Tax Resident
BL Piccadilly Residential Limited	UK Tax Resident
BL Residual Holding Company Limited	UK Tax Resident
BL Retail Holding Company Limited	UK Tax Resident
BL Retail Indirect Investments Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
BL Retail Investment Holdings Limited	UK Tax Resident
BL Retail Properties Limited	UK Tax Resident
BL Retail Properties 2 Limited	UK Tax Resident
BL Retail Properties 3 Limited	UK Tax Resident
BL Retail Property Holdings Limited	UK Tax Resident
BL Retail Warehousing Holding Company Limited	UK Tax Resident
BL Sainsbury Superstores Limited (50% interest)	UK Tax Resident
BL Shoreditch General Partner Limited	UK Tax Resident
BL Shoreditch Limited Partnership (Partnership interest)	UK Tax Resident
BL Shoreditch No. 1 Limited	UK Tax Resident
BL Shoreditch No. 2 Limited	UK Tax Resident
BL Superstores Holding Company Limited	UK Tax Resident
BL Triton Building Residential Limited	UK Tax Resident
BL Tunbridge Wells Limited	UK Tax Resident
BL Unitholder No. 1 (J) Limited (Jersey)[1]	Overseas Tax Resident
BL Unitholder No. 2 (J) Limited (Jersey)[1]	Overseas Tax Resident
BL Universal Limited	UK Tax Resident
BL West (Watling House) Limited	UK Tax Resident
BL West End Investments Limited	UK Tax Resident
BL West End Offices Limited Partnership	UK Tax Resident
BL West End Offices Limited (25% interest)	UK Tax Resident
BL Whiteley Limited	UK Tax Resident
BL Whiteley Retail Limited	UK Tax Resident
BL Woolwich Limited	UK Tax Resident
BL Woolwich Nominee 1 Limited	UK Tax Resident
BL Woolwich Nominee 2 Limited	UK Tax Resident
Blackglen Limited*	UK Tax Resident
Blackwall (1)	UK Tax Resident
Blaxmill (Twenty-nine) Limited	UK Tax Resident
BLD (A) Limited	UK Tax Resident
BLD (Ebury Gate) Limited	UK Tax Resident
BLD (SJ) Investments Limited*	UK Tax Resident
BLD (SJ) Limited	UK Tax Resident
BLD Properties Limited*	UK Tax Resident
BLD Property Holdings Limited	UK Tax Resident
BLSSP (PHC 5) Limited	UK Tax Resident
BLU Estates Limited	UK Tax Resident
BLU Property Management Limited	UK Tax Resident
BLU Securities Limited	UK Tax Resident
British Land (Joint Ventures) Limited	UK Tax Resident
British Land Acquisitions Limited	UK Tax Resident
British Land Aqua Partnership (2) Limited	UK Tax Resident
British Land Aqua Partnership Limited	UK Tax Resident
British Land City Offices Limited	UK Tax Resident
British Land Construction Limited	UK Tax Resident
British Land Department Stores Limited	UK Tax Resident
British Land Developments Limited*	UK Tax Resident
British Land Fund Management Limited	UK Tax Resident
British Land Hercules Limited	UK Tax Resident
British Land In Town Retail Limited	UK Tax Resident
British Land Industrial Limited	UK Tax Resident
British Land Investment Management Limited	UK Tax Resident
British Land Offices (Non-City) Limited	UK Tax Resident

Notes to the Accounts continued

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

Company Name	UK/Overseas Tax Resident Status
Paddington 5KS Holdings Limited	UK Tax Resident
Paddington 5KS Nominee 1 Limited	UK Tax Resident
Paddington 5KS Nominee 2 Limited	UK Tax Resident
Paddington Block A (GP) Ltd[1]	UK Tax Resident
Paddington Block A LP (Partnership interest)[1]	UK Tax Resident
Paddington Block B (GP) Ltd[1]	UK Tax Resident
Paddington Block B LP (Partnership interest)[1]	UK Tax Resident
Paddington Central I (GP) Limited[1]	UK Tax Resident
Paddington Central I LP (Partnership interest)[1]	UK Tax Resident
Paddington Central I Unit Trust (Jersey) (Units)[1,4]	Overseas Tax Resident
Paddington Central II (GP) Limited[1]	UK Tax Resident
Paddington Central II LP (Partnership interest)[1]	UK Tax Resident
Paddington Central II Unit Trust (Jersey) (Units)[1,4]	Overseas Tax Resident
Paddington Central IV Unit Trust (Jersey) (Units)[1,4]	Overseas Tax Resident
Paddington Gateway GP Limited[1]	UK Tax Resident
Paddington Gateway Unit Trust (Jersey) (Units)[1,4]	UK Tax Resident
Paddington Gateway Nominee 1 Limited[1]	UK Tax Resident
Paddington Gateway Nominee 2 Limited[1]	UK Tax Resident
Paddington GP Holdings Limited[1]	UK Tax Resident
Paddington GP Secured Holdings Limited[1]	UK Tax Resident
Paddington Investments Holdings Limited (Jersey)[1,4]	UK Tax Resident
Paddington Kiosk (GP) Ltd[1]	UK Tax Resident
Paddington Kiosk LP (Partnership interest)[1]	UK Tax Resident
Paddington Property Investment 5KS GP Limited	UK Tax Resident
Paddington Property Investment GP Limited	UK Tax Resident
PaddingtonCentral Management Company Limited (88.9% interest)[1]	UK Tax Resident
Parwick Holdings Limited	UK Tax Resident
Parwick Investments Limited	UK Tax Resident
PC Canal Limited[1]	UK Tax Resident
PC Lease Nominee Ltd[1]	UK Tax Resident
PC Partnership Nominee Ltd[1]	UK Tax Resident
Piccadilly Residential Limited	UK Tax Resident
Pillar (Cricklewood) Limited	UK Tax Resident
Pillar (Dartford) Limited	UK Tax Resident
Pillar (Fulham) Limited	UK Tax Resident
Pillar Broadway Limited	UK Tax Resident
Pillar City Limited	UK Tax Resident
Pillar Dartford No.1 Limited	UK Tax Resident
Pillar Denton Limited	UK Tax Resident
Pillar Developments Limited	UK Tax Resident
Pillar Europe Management Limited	UK Tax Resident
Pillar Fort Limited	UK Tax Resident
Pillar Gallions Reach Limited	UK Tax Resident
Pillar Glasgow 1 Limited	UK Tax Resident
Pillar Hercules No.2 Limited	UK Tax Resident
Pillar Nugent Limited	UK Tax Resident
Pillar Projects Limited	UK Tax Resident
Pillar Property Group Limited	UK Tax Resident
PillarStore Limited	UK Tax Resident
Plymouth Retail Limited	UK Tax Resident
Power Court GP Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
Power Court Luton Limited Partnership (Partnership interest)	UK Tax Resident
Power Court Nominee Limited	UK Tax Resident
Project Sunrise Investments Limited	UK Tax Resident
Project Sunrise Limited	UK Tax Resident
Project Sunrise Properties Limited	UK Tax Resident
Reading Gate Retail Park Co-Ownership (Member interest) (50% interest)	UK Tax Resident
Reboline Limited*	UK Tax Resident
Regent's Place Holding 1 Limited	UK Tax Resident
Regent's Place Holding 2 Limited	UK Tax Resident
Regent's Place Holding Company Limited	UK Tax Resident
Regents Place Management Company Limited (89.9%)	UK Tax Resident
Regents Place Residential Limited	UK Tax Resident
Rigphone Limited	UK Tax Resident
Rohawk Properties Limited	UK Tax Resident
Salmax Properties	UK Tax Resident
Seymour Street Homes Limited	UK Tax Resident
Shopping Centres Limited*	UK Tax Resident
Shoreditch Support Limited	UK Tax Resident
Six Broadgate Limited*	UK Tax Resident
Southgate General Partner Limited (50% interest)[4]	UK Tax Resident
Southgate Property Unit Trust (Jersey) (Units) (50% interest)[1]	Overseas Tax Resident
Speke Unit Trust (87.5% interest) (Jersey) (Units)[2]	Overseas Tax Resident
St Stephens Shopping Centre Limited	UK Tax Resident
Stockton Retail Park Limited	UK Tax Resident
Storey London Offices Limited	UK Tax Resident
Storey Offices Limited	UK Tax Resident
Storey Spaces Limited	UK Tax Resident
Surrey Quays Limited	UK Tax Resident
TBL (Bromley) Limited	UK Tax Resident
TBL (Lisnagelvin) Limited*	UK Tax Resident
TBL (Maidstone) Limited*	UK Tax Resident
TBL Holdings Limited	UK Tax Resident
TBL Properties Limited	UK Tax Resident
Teesside Leisure Park Limited (51% interest)	UK Tax Resident
The Aldgate Place Limited Partnership (Partnership interest)	UK Tax Resident
The Dartford Partnership (Member interest) (50% interest)	UK Tax Resident
The Gibraltar Limited Partnership (Partnership interest) (50% interest)	UK Tax Resident
The Hercules Property Limited Partnership (Partnership)	UK Tax Resident
The Leadenhall Development Company Limited (50% interest)	UK Tax Resident
The Liverpool Exchange Company Limited	UK Tax Resident
The Mary Street Estate Limited	UK Tax Resident
The Retail and Warehouse Company Limited*	UK Tax Resident
The Whiteley Co-Ownership (Member interest) (50% interest)	UK Tax Resident
Thurrock Retail Park Unit Trust[1]	Overseas Tax Resident
Tollgate Centre Colchester Limited	UK Tax Resident

Notes to the Accounts continued

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

Supplementary disclosures

Unaudited unless otherwise stated

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

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

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

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

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

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

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

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

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

Supplementary disclosures continued

Unaudited unless otherwise stated

Table A continued

EPRA Net Tangible Assets movement

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

Table B: EPRA Performance measures

EPRA Performance measures summary table

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

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

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

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

Table B continued

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

Net assets per share (Audited)

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

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

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

Supplementary disclosures continued

Unaudited unless otherwise stated

Table B continued

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

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

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

EPRA Net Initial Yield (NIY) basis of calculation

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

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

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

Table B continued

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

EPRA Vacancy Rate (Unaudited)

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

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

EPRA Cost Ratios (Unaudited)

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

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

Supplementary disclosures continued

Unaudited unless otherwise stated

Table C: Gross rental income (Audited)

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

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

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

Table D: Property related capital expenditure (Unaudited)

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

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

Data includes Group's share of Joint Ventures

FY22 rent collection[1]

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

March quarter 2022 rent collection[1]

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

1. As at 10 May 2022.
2. Includes non-office customers located within our London campuses.

Purchases

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

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

Sales

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

1. BL share of annualised rent topped up for rent frees.
2. Exchanged prior to 1 April 2021.
3. Exchanged post year end.

Portfolio Valuation by Sector

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

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

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

Gross Rental Income[1]

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

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

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

Portfolio Net Yields[1,2]

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

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

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

Total Property Return (as calculated by MSCI)

12 months to 31 March 2022	Offices		Retail		Total	
%	British Land	MSCI	British Land	MSCI	British Land	MSCI
Capital Return	5.8	3.2	11.6	8.8	7.4	14.9
– ERV Growth	0.1	1.4	(2.9)	(2.0)	(1.2)	3.1
– Yield Movement[1]	(11) bps	(23) bps	(97) bps	(82) bps	(42) bps	(67) bps
Income Return	2.6	3.7	7.6	5.6	4.0	4.2
Total Property Return	**8.5**	**7.0**	**20.0**	**14.9**	**11.7**	**19.6**

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

1. Net equivalent yield movement.

Top 20 Tenants by Sector

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

Major Holdings

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

1. Annualised EPRA contracted rent including 100% of joint ventures
2. Includes accommodation under offer or subject to asset management.
3. Weighted average to first break.
4. Excludes committed and near term developments.
5. Post year end, exchanged on the sale of 75% of the majority of assets in Paddington Central.

Lease Length & Occupancy

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

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

Portfolio Weighting

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

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

1. Stand-alone residential.

Annualised Rent & Estimated Rental Value (ERV)

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

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

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

Rent Subject to Open Market Rent Review

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

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

Rent Subject to Lease Break or Expiry

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

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

Recently Completed and Committed Developments

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

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

1. From 31 March 2022. Cost to come excludes notional interest as interest is capitalised individually on each development at our capitalisation rate.
2. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives).
3. 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.
4. Capex committed and underway within our investment portfolio relating to leasing, infrastructure and asset management.
5. Pre-let & under offer excludes 114,000 sq ft of office space under option.

Near Term Development Pipeline

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

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

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

Medium Term Development Pipeline

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

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

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

EPRA best practice recommendations on sustainability reporting

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

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

Governance indicators

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

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

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

1. Including share of joint ventures and funds.
2. Represents movement in diluted EPRA NTA in 2022 to 2021 and movement in diluted EPRA NAV from 2020 to 2012.
3. Including surplus over book value of trading and development properties.
4. Including restatement in 2016.
5. Represents movement in cash and cash equivalents under IFRS and movements in cash under UK GAAP.
6. EPRA NTA is disclosed in 2022 to 2021 and EPRA NAV is disclosed from 2020 to 2012.
7. EPRA NTA per share is disclosed in 2022 to 2021 and EPRA NAV per share is disclosed from 2020 to 2012.

Analysis of shareholders – 31 March 2022

2021/22	Number of holdings	%	Balance as at 31 March 2022[1]	%
1–1,000	4,219	56.91	1,666,579	0.18
1,001–5,000	1,904	25.69	4,236,102	0.45
5,001–20,000	516	6.96	5,135,995	0.55
20,001–50,000	202	2.72	6,448,442	0.69
50,001–highest	572	7.72	920,622,317	98.14
Total	**7,413**	**100.00**	**938,109,435**	**100.00**
Holder type				
Individuals	5,195	70.08	8,864,223	0.94
Nominee and institutional investors	2,218	29.92	929,245,212	99.06
Total	**7,413**	**100.00**	**938,109,435**	**100.00**

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

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

Aspect House
Spencer Road
Lancing, West Sussex BN99 6DA

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

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

Website: shareview.co.uk

By registering with Shareview, shareholders can:

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

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

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

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

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

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

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

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

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

Registered office
The British Land Company PLC
York House
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Telephone. +44 (0)20 7486 4466

Registered number: 621920

Website: britishland.com

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

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

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

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

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

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

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

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

Forward-looking statements

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

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

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

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

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

britishland.com

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