British Land

We create Places People Prefer

Annual Report and Accounts 2016

THE QUEEN'S AWARDS FOR ENTERPRISE 2016

Parent accounts for
BL Health Clubs PH No 1 ltd
5643248 pg 163

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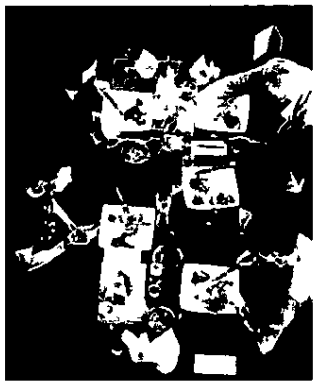
LD7 28/09/2016 #50
COMPANIES HOUSE

We are Placemakers

We create outstanding places which make a positive difference to people's everyday lives. Our portfolio of high quality commercial property is focused on retail locations around the UK and London offices.

Our objective is to deliver long term and sustainable total returns to all our stakeholders. We do this by focusing on

In this year's Annual Report



The importance of people

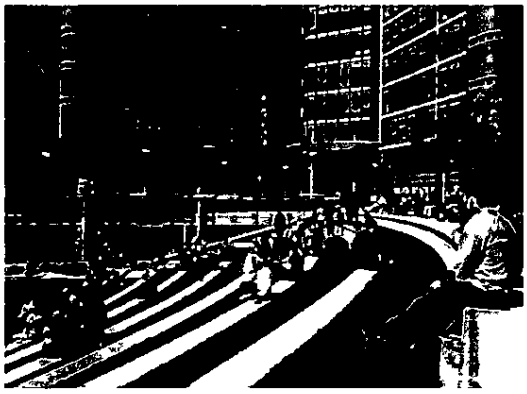
Read about the importance we place on our people and how that fits into our strategy

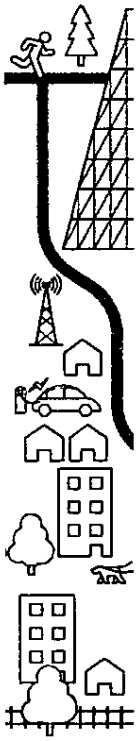
To read more go to pages 22 to 23

Our portfolio

Read more about our £14 6 billion property portfolio and how it has performed this year

To read more go to pages 36 to 47

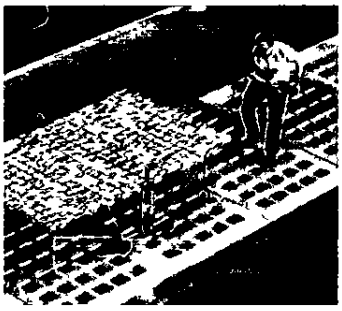




Major trends impacting our markets

Read about the long term trends in our markets and how we are responding

To read more go to pages 12 to 17



Our strategy

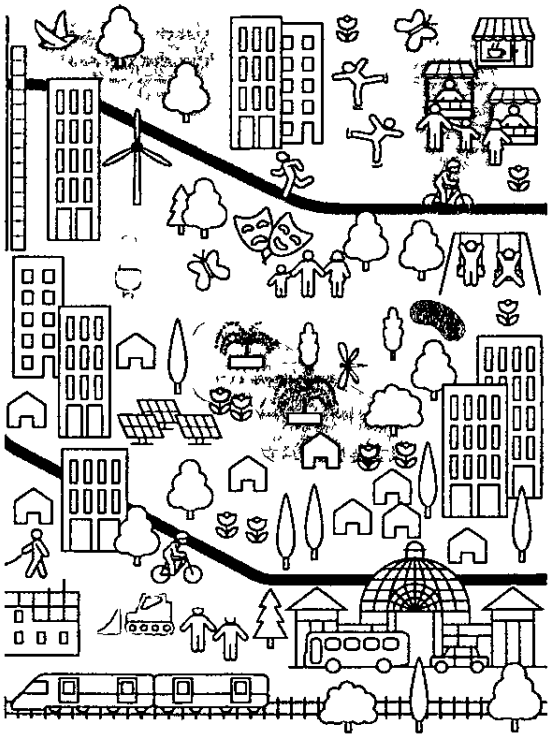
Understand our approach and how it drives value for our shareholders

To read more go to pages 18 to 25

We are placemakers

Understand how our properties enhance the lives of those who work shop and live in them

To read more go to pages 26 to 35



Our business model

Learn about what we do and why that sets us apart

To read more go to pages 10 to 11

For more information

You will find links throughout this Report to guide you to further reading or relevant information

For more information visit our website **www britishland com**

Feedback

We value your feedback Please contact us at

Our corporate website **www britishland com/contacts**

Follow us on Twitter @BritishLandPLC

Integrated reporting

We integrate social and environmental information in this Report in line with the International Integrated Reporting framework This reflects how sustainability is integrated into our placemaking strategy governance and business operations Our industry-leading sustainability strategy is a powerful tool to deliver lasting value for all our stakeholders

For more information visit **www britishland com/sustainability**

HIGHLIGHTS OF THE YEAR

Portfolio valuation (proportionally consolidated)

£14.6bn

Total property return[1]

11.3%

EPRA NAV per share[1]

919p

IFRS net assets

£9,619m

Dividend per share

28.36p

Total accounting return

14.2%

Underlying Profit

£363m

IFRS profit before tax

£1,331m

Underlying EPS

34.1p

IFRS EPS

131.2p

Carbon intensity (index score)

-40% since 2009

Customer satisfaction

7.9/10

- Strong full year results
- Valuation performance driven by improving ERV growth and lettings
- Placemaking skills delivering leasing success, portfolio nearly fully let
- Allocating capital into our London campuses and multi-let Retail assets
- Modest committed development, but a significant pipeline with optionality
- Robust financial position with continued access to low cost finance

Presentation of financial information
The Group financial statements are prepared under IFRS where 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

[1] See glossary for definitions

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European Public Real Estate Association (EPRA) Performance measures[1]

As at 31 March (£m)	2016	2015	2014
EPRA earnings	365	313	295
EPRA NAV	10,074	9 035	7 027
EPRA NNNAV	9,640	8 359	6 700
As at 31 March (%)	**2016**	**2015**	**2014**
EPRA net initial yield	4 1	4 3	4 8
EPRA Topped-up net initial yield	4 5	4 8	5 3
EPRA vacancy rate	2 0	2 9	5 2
EPRA Cost Ratio (including direct vacancy costs)	16 6	16 4	16 2
(excluding direct vacancy costs)	14 9	14 6	13 9

We create outstanding places which make a positive difference to people's everyday lives: Places People Prefer

Total Portfolio

We create and operate attractive places for people to work shop and live in Our properties are well connected and well designed and we use our placemaking skills to enhance and enliven them providing environments which meet the growing expectations of our occupiers and customers

£20.0bn[1 3]
Assets under management

£674m[2]
Contracted rent

£14.6bn[2]
British Land owned

98.8%[2]
Occupancy rate

29m sq ft[1]
Of floor space

9.0Yrs[2]
Weighted average lease length

Highlights

- Total accounting return of 14 2% for the year
- Strong ERV growth of 5 3% 130 bps ahead of the market benchmark
- Completed £1 3 billion of gross investment activity with acquisition and development/ capital spend broadly balancing disposals
- Proportionately consolidated weighted average interest rate reduced by 50 bps to 3 3%
- Roger Madelin appointed to head up Canada Water development
- Winner of the 2016 Queen s Award for Enterprise for Sustainable Development

To read more information about our performance go to pages 36 to 47

Retail & Leisure

Our Retail and Leisure portfolio is focused on regional and local multi-let assets We provide high quality retail alongside a growing leisure offer and best in class services to deliver outstanding places which are in tune with modern consumer lifestyles places where people go to shop eat and be entertained

£9.8bn[1]
Assets under management

47
multi-let assets

£7.3bn[2]
British Land owned

152
other retail and leisure assets

20m sq ft[1]
Of floor space

Highlights

- Portfolio valuation up 2 4% to £7 3 billion
- Over 903 000 sq ft of Retail lettings and renewals 8% ahead of ERV
- Accelerating ERV trend broadly balanced across regional and local sub sectors leading to IPD outperformance of 100 bps demonstrating the quality of our portfolio
- £420 million of disposals further reducing exposure to mature or non-core assets multi-let now represents over 70% of retail portfolio

To read more information about our Retail and Leisure go to pages 40 to 43

Offices & Residential

Our Offices and Residential portfolio is focused on London We provide a range of working and living space across our campuses and distinctive standalone properties which combine a broad mix of retail and leisure to create attractive well-located and well-managed environments

£9.9bn[1]
Assets under management

3
Mixed use campuses

£7.0bn[2]
British Land owned

57
Stand-alone offices

9m sq ft[1]
Of floor space

7
Office and residential developments

Highlights

- Portfolio valuation uplift of 11 8% to £7 0 billion
- 296 000 sq ft of Office lettings and renewals 5 6% ahead of ERV
- Leadenhall Building 98% let or under offer with just one floor left to let
- Net investment of £280 million into our London campuses including acquisition of 1 Sheldon Square at Paddington
- 739,000 sq ft of developments completed in the period with 5 Broadgate accounting for 710 000 sq ft
- Planning consent received for a 823 000 sq ft redevelopment at our Broadgate campus (100 Liverpool Street and 1 Finsbury Avenue)

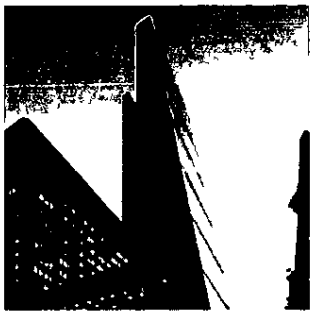
To read more information about our Offices and Residential go to pages 44 to 47

[1] Includes 100% of the assets owned by the Group s joint ventures and funds
[2] Includes the Group share of joint ventures and funds and excludes non-controlling interests in the Group s subsidiaries
[3] Includes Canada Water property of £0 3 billion

Our portfolio is focused on retail locations around the UK and London offices

Our properties are home to over 1 200 different organisations ranging from international brands to local start-ups More than 64 000 people work across our Office portfolio and our Retail sites receive 330 million visits per year

The Leadenhall Building



603,000 sq ft
Office and Retail space

98%
let/under offer

Prominently located in the City of London The Leadenhall Building s distinctive shape was developed as a response to planning requirements which protect the viewing corridors of St Paul s Cathedral Officially opened by the Duke of Cambridge and Prince Harry in 2015, it has attracted some high profile occupiers including joint owners OMERS and the building s architects Rogers Stirk Harbour + Partners
www theleadenhallbuilding com

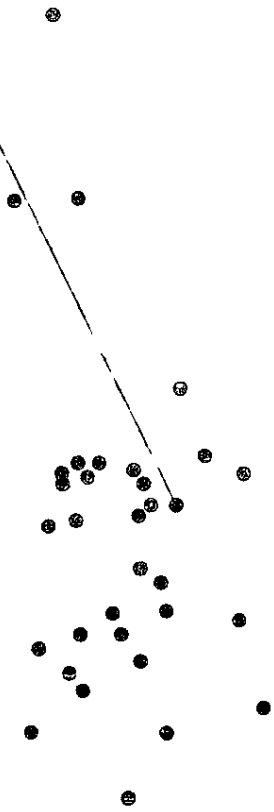
Meadowhall

1.5m sq ft
Retail and leisure space

98%
Occupancy

Yorkshire s premier shopping destination and home to nearly 300 shops and restaurants The centre first opened in 1990 and is undergoing a substantial refurbishment on its 25th anniversary It has attracted 560 million visitors in its 25 years A PwC report published this year revealed that it supports 1 job in every 100 in the region and 1p in every £1 generated by the regional economy
www meadowhall co uk

To read the PwC report go to **www britishland com/Meadowhall25**



Canada Water

5.5m sq ft

A designated London Opportunity Area this 46-acre site was assembled in four transactions over five years We are working with the London Borough of Southwark to create an exciting new place for London which connects with the local community and is integrated with the surrounding area This is a major long term project which will be delivered in a number of phases and is one of the largest mixed use regeneration projects in London
www canadawatermasterplan com

Map key

- Offices & Residential
- Retail & Leisure

We have had another busy and successful year

Key highlights of the year

Total accounting return[1]

14.2%

Reflecting the increase in our net asset value per share and income yield from the dividend

EPRA net asset value per share[1]

919p

Up 10 9%

Dividend per share

28.36p

Up 2 5%

[1] Please see the glossary for definition

Welcome to our 2016 Annual Report We have had a strong year reflecting the work we have done repositioning our portfolio to mirror the changing way people live their lives

Buildings are most successful when they reflect the needs of those who occupy and use them Getting closer to our customers continues to be a key theme for us and an understanding of how modern lifestyles increasingly merge work and leisure time informs not only how we manage and develop our assets but also the allocation of our capital

Our delivery of Places People Prefer is evidenced once again by our near fully let portfolio and the growth we have generated across our business

Underlying Profit for the year was £363 million up 16% The valuation of our portfolio also increased by 6 7% to £14 6 billion and NAV was up 10 9% to 919 pence per share The Board has recommended a fourth quarter dividend of 7 09 pence per share making a total of 28 36 pence for the year We have proposed a first quarter dividend of 7 30 pence per share for 2017 an increase of 3 0% The total accounting return was 14 2%

Across the global markets equities have had a difficult year the FTSE 100 was down 11 6% over the last 12 months (year to 16 May 2016) reflecting heightened concerns about macro-economic and political risks Closer to home our shares along with the REIT sector have underperformed the FTSE principally reflecting concerns about the impact an exit from Europe would have on the property sector particularly in London While we are mindful of this uncertainty we are confident that our business is both resilient and well placed for the long term

A highlight for me this year was the official opening of The Leadenhall Building last October I was delighted to welcome the Duke of Cambridge and Prince Harry as guests of honour as the building officially opened for business The Cheesegrater as it is affectionately known is a great example of what British Land does best – financing developing and managing exceptional buildings

From its innovative construction technique and distinctive design to its immediate recognition on the London skyline The Leadenhall Building has been an outstanding success story Voted The City of London Building of the Year in 2015 it has attracted the highest rents ever achieved in the City of London It s no surprise that it is now 98% let/under offer

During the year we were once again also recognised as sustainability leaders in global indices and awards Since launching our 2020 sustainability strategy in 2015 we have made strong progress embedding sustainability across our business We are achieving results by setting high standards delivering training providing support and sharing best practice working closely with our development partners and property management subsidiary Broadgate Estates Ltd I am pleased that we support RE100 – committed to purchasing electricity from renewable power We also invest in renewable energy sources at our assets with photovoltaic panels installed at St Stephen s in Hull during the year By promoting wellbeing supporting communities, operating efficient

> *"Our delivery of Places People Prefer is evidenced once again by our near fully let portfolio and the growth we have generated across our business."*

buildings developing people s skills and growing economies we are creating places that attract occupiers workers shoppers and residents and so gain value over time – Places People Prefer

Our high quality portfolio the optionality within our development programme and our strong finances positions us well for the future

John Gildersleeve
Non-Executive Chairman

Full year results 2016
www britishland com/results

For more information on sustainability
www britishland com/sustainability

Chief Executive s review go to pages 6 to 8

Chairman s governance review go to pages 70 to 71

2016 Queen's Award for Enterprise

In April this year British Land was one of only seven companies to receive the 2016 Queen s Award for Enterprise Sustainable Development as part of Her Majesty The Queen s 90th birthday honours

The Award is the UK s highest accolade for business success and is given to companies which bring major economic social and environmental benefits through their own business success It has been awarded to British Land for continuous achievement in all these areas over the last five years According to Business Secretary Sajid Javid winners are leading the way in a broad range of industries and show they are involved in activity that ensures a better quality of life for everyone now and in the future

We were obviously thrilled to receive the award Understanding what really matters to our customers is helping us drive continued improvements throughout our business As people s attitudes and expectations change good businesses respond Our purpose of creating Places People Prefer and the huge amount of work we have done on placemaking is making a material positive difference to the customer experience at our assets

This award recognises the contribution of everyone at British Land We also appreciate that the help and commitment of our customers partners suppliers and many other stakeholders has played a part in this achievement Integrating social and environmental activities into every area of a business is not something you can do on the side or in isolation We would like to extend our thanks to everyone who has worked with us over the years and like us believes that adopting a responsible approach to business is a powerful tool which helps drive customer preference and deliver lasting value

John Gildersleeve
Non-Executive Chairman

Chris Grigg
Chief Executive

For more information on The Queen s Awards for Enterprise
http //queensawardsmagazine com/

For more information on our awards
www britishland com/awards

Our strong results are underpinned by good performances across the business

Key highlights of the year

Total accounting returns[1]

14.2%

Reflecting the increase in our net asset value per share and income yield from the dividend

Underlying Profit growth[1]

16.0%

Driven by financing activity development completions and like-for like net rental income growth

Planning granted on

1.5m sq ft

of development space

[1] Please see the glossary for definition

In a fast changing market we are focusing our business to benefit from long term trends notably the transforming impact technology is having on the way we work shop and live the impact of population growth and urbanisation particularly in London and the South East and increasing consumer expectations in areas such as health wellbeing and sustainability We are focusing our portfolio on places where we can control the environment exploiting our placemaking expertise to manage more complex mixed use environments delivering on our core purpose of creating Places People Prefer We see increasing overlap between our office campuses and our multi-let regional and local retail centres as they combine a greater mix of uses and evolve to reflect our customers changing lifestyles

We have had another good year both in terms of our underlying financial performance and our delivery against our strategic objectives Performance in the year was underpinned by strengthening rental growth reflecting the investments we have made across our portfolio in recent years alongside good occupational markets We made good progress with our committed developments and are in a strong position to be able to move forward with our near term development pipeline when the time is right We continued to sell mature and non-core assets redeploying capital principally into our existing portfolio – in our campuses and regional and local retail centres Overall our investment activity was broadly balanced

EPRA net asset value was 10 9% ahead at 919 pence per share at the year end (932 pence excluding the impact of the recent increase in stamp duty) Valuation was up 6 7% with Offices up 11 8% and Retail up 2 4% principally due to 5 3% ERV growth across the portfolio which was 130 bps ahead of IPD We generated total property returns of 11 3% for the year

Underlying Profit was 16 0% ahead at £363 million driven both by our successful leasing activity and our lower financing costs Diluted Underlying EPS was up 11 4% at 34 1 pence per share In line with previous announcements the final quarterly dividend is 7 09 pence per share bringing the full year dividend to 28 36 pence per share an increase of 2 5% delivering a total accounting return of 14 2% Our proportionately consolidated LTV reduced to 32% in line with our strategy of not gearing up on yield shift with our investment activity broadly balanced As a result of our refinancing activities including the £350 million zero coupon convertible bond our average financing cost is down 50 bps to 3 3% Reflecting our confidence in the coming year the Board is proposing a quarterly dividend of 7 30 pence per share or 29 20 pence per share for the full year an increase of 3 0%

Our portfolio is virtually full with occupancy of 99% In good occupational markets in both Retail and Offices we saw strong levels of demand for our remaining space This is reflected in our leasing transactions with 1 3 million sq ft of lettings and renewals agreed on average 6 8% ahead of ERV

In Offices we made good progress enhancing and enlivening environments strengthening long term demand for our space and appealing to a broader range of occupiers We let or renewed 296 000 sq ft of space on average 5 6% ahead of ERV and added £3 8 million of rent through rent reviews settled on terms

17% ahead of previous rents The Leadenhall Building is now 98% let or under offer with just one of the top floors to let We are making good progress on our campus visions At Broadgate we completed 5 Broadgate and we are progressing our development opportunities across the campus Elsewhere our focus on creating Places People Prefer is driving public realm improvements at Paddington Central and will influence our plans at Regent s Place where we see further near term refurbishment opportunities Our campuses remain affordable and the investment we are undertaking leaves us well positioned to capture rental growth going forward

In Retail we let or renewed 903 000 sq ft of space on average 8 0% ahead of ERV reflecting the strength of our markets as well as the quality of our assets and the work we have been doing to improve them We now manage our multi-let portfolio along regional and local lines reflecting how we see consumers spend their time and money We continued to invest in our multi-let portfolio through large scale leisure extensions but also through smaller asset management initiatives improving the amenities at our assets to drive footfall dwell and spend through improved customer satisfaction Footfall across our multi-let portfolio was up 3 0% outperforming the market benchmark by 440 bps with retailers in-store sales also ahead of the market up 2 4% We saw strong demand for our pipeline of leisure extensions and at those assets where we have completed extensions orimprovement works we have already seen good ERV growth and operational improvements Superstores performance was more subdued as expected but we have been active in selling down our holding to £0 8 billion from £1 3 billion two years ago With deals under offer this falls to £0 7 billion

As expected our investment activity was broadly balanced over the year including our share of capital spend We continued to allocate more capital into our London campuses investing a net £280 million through developments at Broadgate Regent s Place and Paddington Central where we also acquired One Sheldon Square In Retail we made £420 million of disposals as we increase our focus on the multi-let portfolio where we can put our placemaking skills to work to drive rental growth

In April British Land was one of only seven companies to receive the 2016 Queen s Award for Enterprise Sustainable Development as part of Her Majesty The Queen s 90th birthday honours The Award is the UK s highest accolade for business success and is given to companies which bring major economic social and environmental benefits through their business The award reflects our

We create outstanding places which make a positive difference to people s everyday lives

Places People Prefer

This is the core unifying purpose of our business guiding our strategy and shaping our actions

Strategic focus

We deliver long term sustainable returns for our stakeholders by focusing on

Customer Orientation

Right Places

Capital Efficiency

Expert People

This drives demand from our occupiers sustainable growth in income and ultimately capital values

More information about our strategy and progress can be found on pages 18 to 25

Placemaking

Placemaking is how we deliver places people want to work shop live and spend time

We connect

We design

We enhance

We enliven

Find out more about our placemaking approach on pages 26 to 35

Our values

Our values underpin everything we do

Do what is right not what is easy

Work efficiently as one team

Make commercial decisions that create long term value

Make things happen

continuous achievement in all these areas over the last five years We made strong progress embedding our sustainability strategy including innovating on wellbeing through public realm improvements where we invested £30 million over the year We diverted 98% of all managed waste from landfill and delivered a 40% carbon intensity reduction leading the Global Real Estate Sustainability Benchmark for Europe/diversified for the second year running

Development remains a core part of our business With the delivery of 5 Broadgate our 2010 programme completed in the year generating profit of £1 1 billion and an IRR of over 30% We are currently on site at 629 000 sq ft of developments a speculative commitment of £530 million principally 4 Kingdom Street and Clarges Mayfair our super prime residential scheme (over 50% pre-sold) Looking forward we have a significant future pipeline with built in optionality meaning we can start each project at the right time At Broadgate our near term pipeline includes 100 Liverpool Street and 1 Finsbury Avenue, where we received planning during the year and looking to the medium term we submitted a planning application at 2-3 Finsbury Avenue Other potential near term opportunities in Offices include 1 Triton Square at Regent s Place and 5 Kingdom Street at Paddington Central In Retail our near term pipeline includes leisure extensions at Drake Circus Plymouth and New Mersey Speke Our medium term plans include our mixed use redevelopment of the Eden Walk Kingston and a significant leisure extension at Meadowhall (currently in public consultation) which will enhance its position as a flagship regional centre

We have an exceptional opportunity at Canada Water to create a vibrant new destination for London and are delighted Roger Madelin has joined British Land to head up the project we are already benefiting from his experience leading the redevelopment of King s Cross This is a long term project but we are making progress with a public consultation taking place in February 2016 ahead of an outline planning submission in 2017

Outlook

Looking forward we remain confident in the underlying strength of the business despite continued global macro uncertainty and the potentially adverse impact of a vote for the UK to leave the European Union Our business is resilient our portfolio is modern nearly fully let to quality occupiers on long leases and our finances are strong with moderate LTV low costs and long dated financing from a wide range of sources Our current committed development pipeline is modest but we have built optionality into our future pipeline so we can exploit its potential when the time is right Our strategy of creating Places People Prefer focuses our investment and activities on macro trends ensuring our real estate reflects the changing way people work shop and live We have significant opportunities across our existing portfolio including in our three existing London campuses and the potential to create a new London campus at Canada Water alongside our regional and local multi-let Retail assets

Chris Grigg
Chief Executive

To read more information about our Business model go to pages 10 and 11

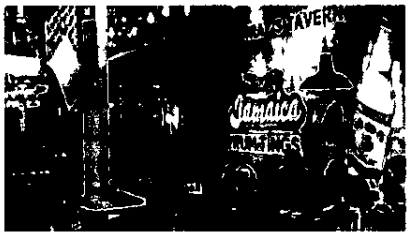
Full year results 2016
www britishland com/results

Chief Executive blog
www britishland com/ceoblog

For more information on sustainability
www britishland com/sustainability

Our priorities for the year ahead

Deliver sustainable returns for stakeholders

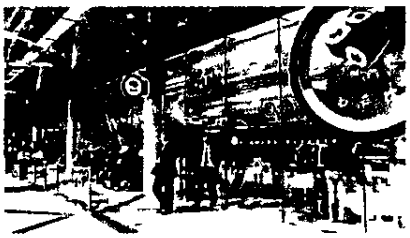


Customer Orientation

- Improve understanding of our customers
- Use placemaking to deliver improved customer experience

Right Places

- Progress developments alongside material pre-lets
- Progress Canada Water vision and plan



Capital Efficiency

- Deliver budget
- Accelerate delivery of multi-let regional and local lifestyle retail

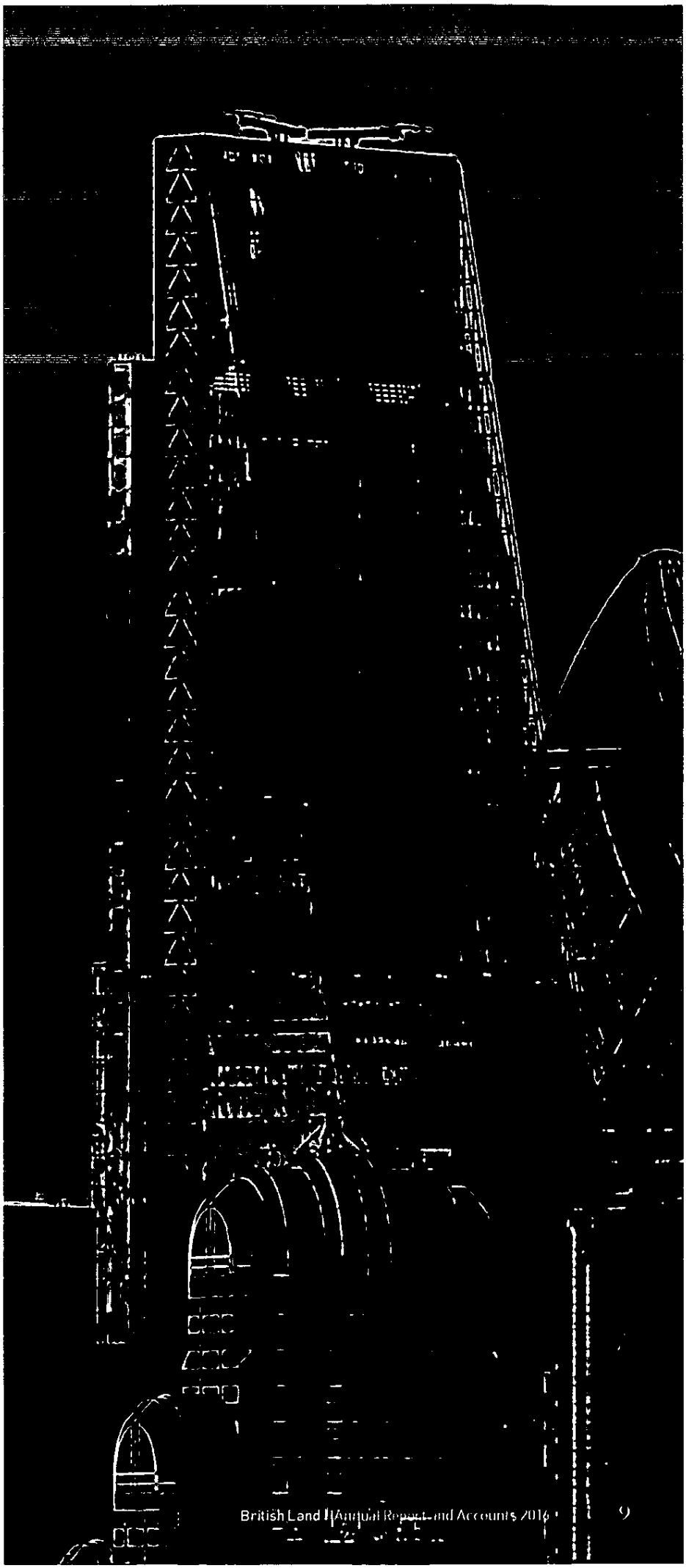
Expert People

- Improve company organisational effectiveness
- Embed placemaking across the business

The Leadenhall Building

Designed by Rogers Stirk Harbour + Partners The Leadenhall Building is a unique 603 000 sq ft office tower prominently located in the centre of the City of London Its defining feature is its distinctive tapering shape which when viewed from the West appears to lean away from St Paul s Cathedral This was developed as a response to the specific planning requirements which protect the views of St Paul s from a number of locations in London The British Land and Oxford Properties building won the Worshipful Company of Chartered Architects – City of London s Building of the Year award in 2015 after judges declared it an extraordinary example of contemporary architecture" The building was also recognised by the British Council of Offices with a Commercial Workplace Award for its iconic structure and "intelligent arrangements which allow the building layout to change as it rises"

www theleadenhallbuilding com



#SayCheesegrater

The winning entry by Tom Mearns to our #SayCheesegrater Instagram competition designed to celebrate the official opening of The Leadenhall Building by the Duke of Cambridge and Prince Harry

Our business is focused on creating Places People Prefer

1 Source & Invest

Identifying and investing in assets with the greatest potential to provide value

Source The scale of our business the expertise of our people and our network of contacts provide access to the best investment opportunities

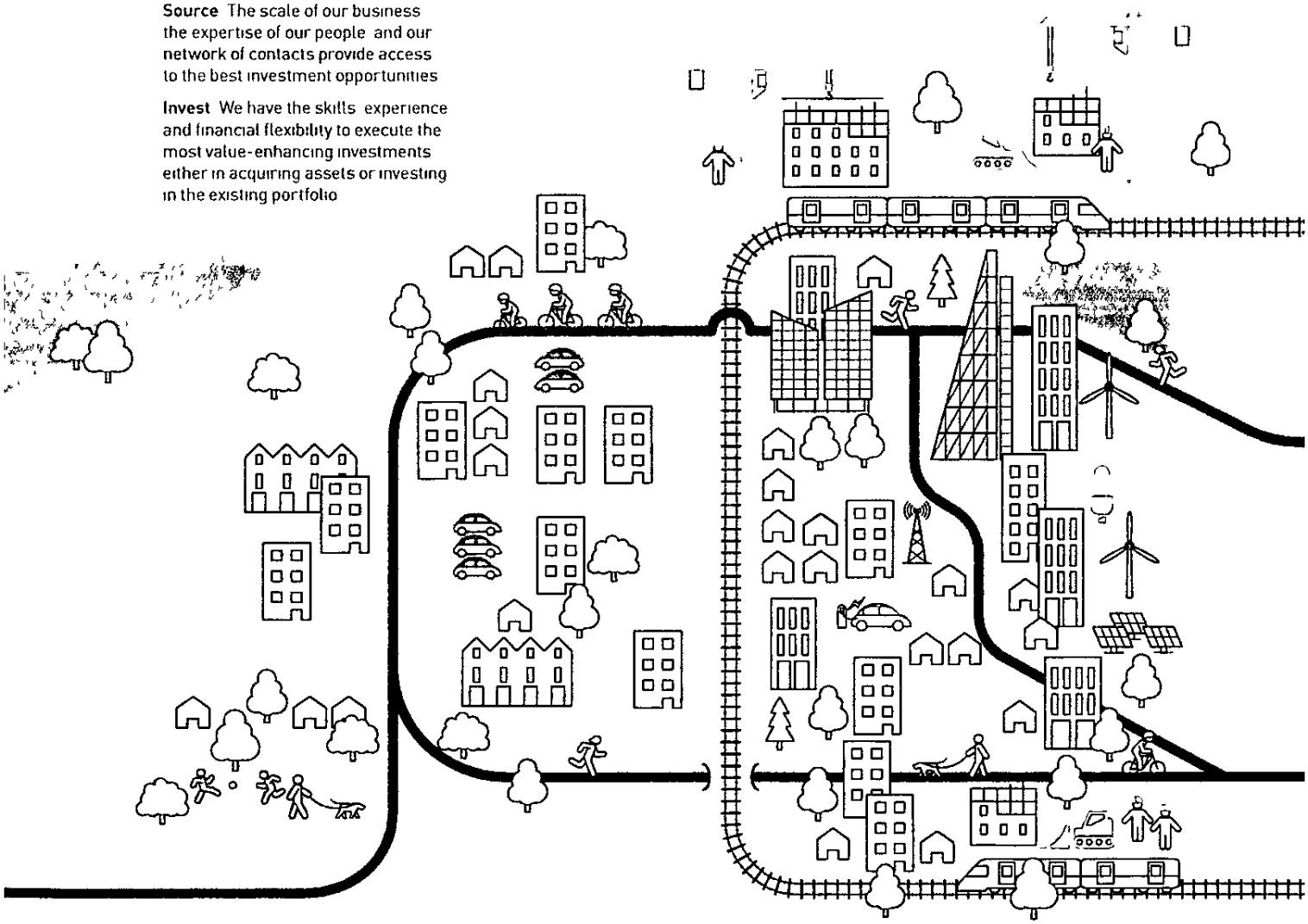
Invest We have the skills experience and financial flexibility to execute the most value-enhancing investments either in acquiring assets or investing in the existing portfolio

2 Connect & Design

We focus on attractive and convenient places which are in tune with modern lifestyles, those which connect with people and reflect the best in modern design

Connect We create places which connect physically and digitally with those people who use them including local communities in which they are located

Design Our buildings and environments offer the highest quality of design with engaging architecture and a fully integrated public realm



3 Enhance & Enliven

Active asset management to enhance and enliven our assets creates vibrant and engaging real estate, which attracts the strongest occupiers to our portfolio

Enhance We enhance our properties by attracting a strong diverse mix of occupiers and broadening the offering

Enliven We provide events and activities which bring life and a real sense of community to our buildings and best in class services which improve the experience for our customers

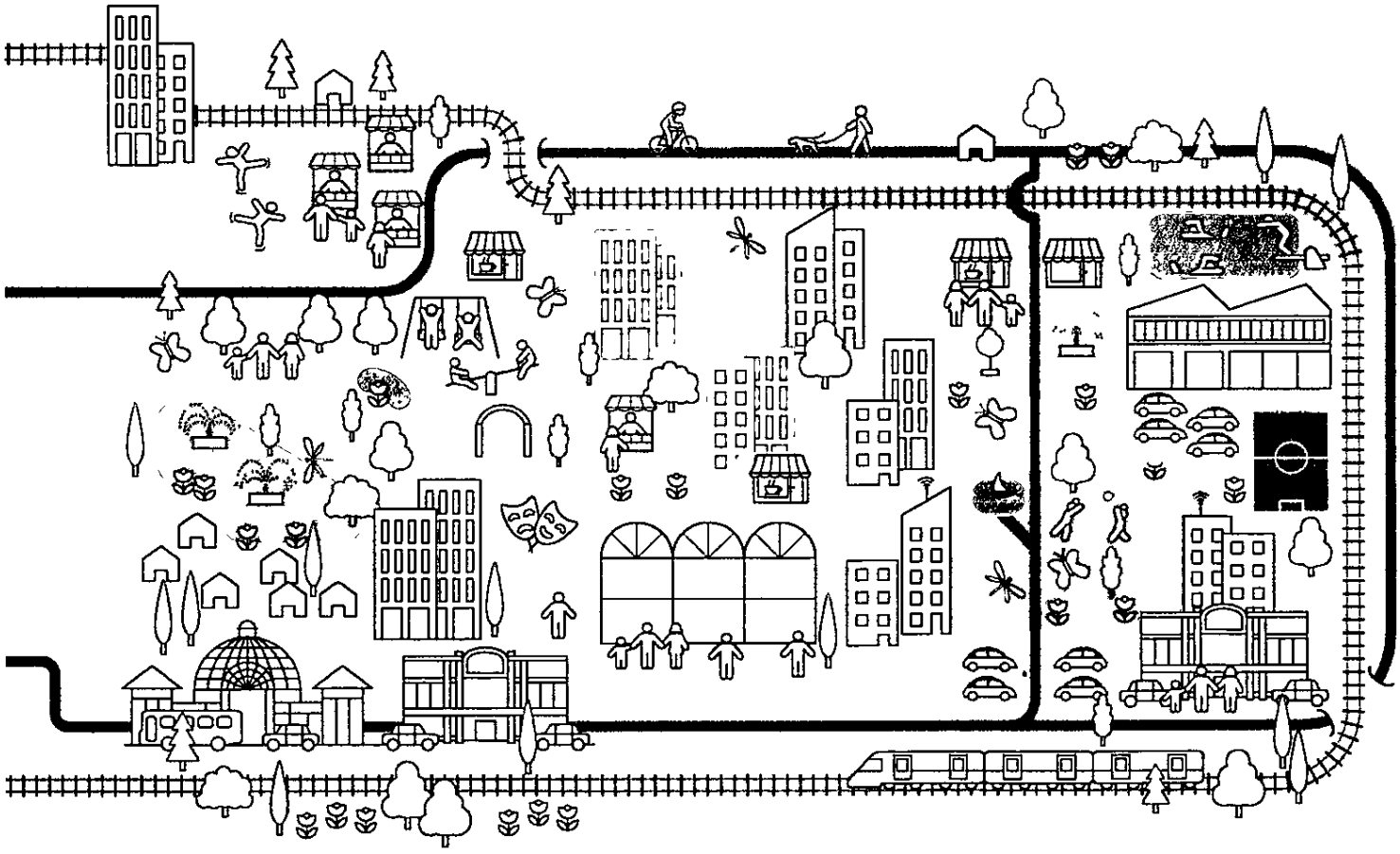
4 Evaluate & Hold/Sell

Our sector knowledge and expertise allows us to evaluate the potential of our assets and assess whether they can deliver future value for shareholders

Evaluate We assess our sectors and assets for their potential to deliver attractive returns over time

Hold or Sell We allocate capital to sectors and assets with potential and realise capital from mature or non-core assets

Find more information about our strategy on pages 18 to 25



What sets us apart?

Our approach to doing business puts the customer at the heart of what we do This underpins our ability to deliver Places People Prefer

Customer insight

Our investment in data collection and analytics brings us closer to our customers guiding our investments and helping us to create places that meet their expectations and lifestyles

Lifestyle focused retail environments

Regional and local multi-let retail assets in tune with modern consumer lifestyles where people go to shop eat and be entertained

330m

annual footfall at our retail assets

More than

64,000

people work across our office portfolio

Placemaking skills

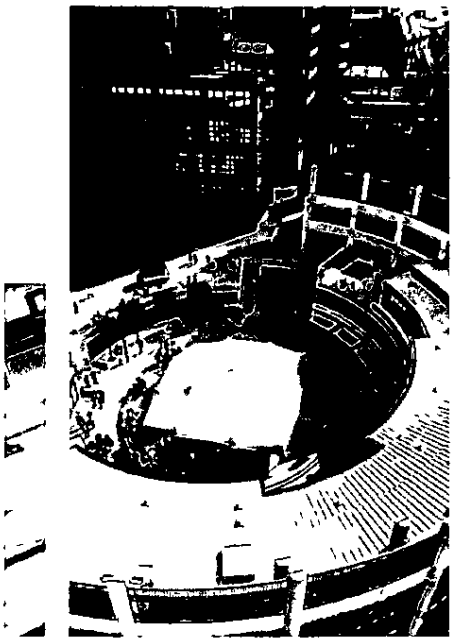
Improving our assets to create a better overall experience for our customers and local communities Places which are easy to visit vibrant pleasant and engaging and with high quality on site services places where people want to work shop live and visit

High quality office campuses

Office-led environments focused around key transport infrastructure with a growing retail and leisure offer enabling people to combine work and play The diversity of our offering provides opportunities and amenities for local communities helping to energise the broader campus

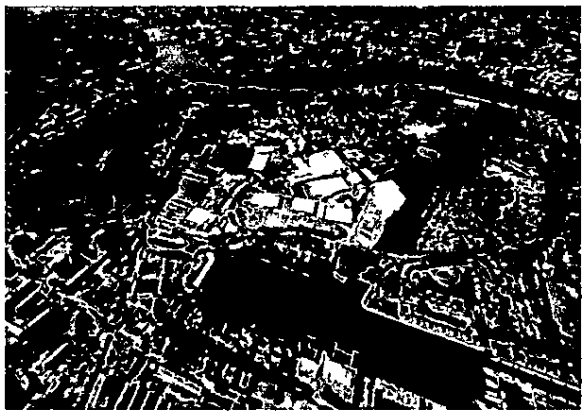
Mixed use development experience

Large scale projects combining offices retail residential and leisure set amidst attractive public spaces Typically these developments involve close collaboration with local planning authorities communities and partners as well as active day-to-day management



Ability to source and execute complex deals

We have the expertise and financial flexibility required to execute complex deals delivering highly attractive returns for our shareholders



Strong network of relationships

Our networks span occupiers planners local authorities community leaders strategic partners and investors reflecting our many years as leading developers and landlords across the UK

29,500

People benefited directly from our community programme this year including apprentices jobseekers and schoolchildren

Sustainability credentials

We have been sustainability leaders for a long time and have successfully integrated sustainability into our placemaking approach innovating to improve people s wellbeing supporting local communities designing for the future and developing skills and opportunities at our places

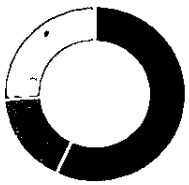
For more information on sustainability **www britishland com/sustainability**

Major trends impacting our markets

Globalisation

Our investment and occupational markets are increasingly global The UK s political stability sound legal and financial framework time zone and the liquidity of its property markets make it an attractive home for international capital London in particular offers some of the best employment opportunities as well as great places to live and work underpinning the growing globalisation of its workforce

Sources of investment in UK real estate



Source JLL 2016

Positive but moderate economic growth

Overall economic fundamentals in the UK remain positive Real wages and employment are forecast to continue to grow and inflation and interest rates are expected to remain low by historic standards However with markets becoming increasingly global there is a greater risk that external factors including a vote for the UK to leave the European Union will impact our markets so we are mindful of the need to manage our business to mitigate these risks

5.1%

UK unemployment rate versus Euro area of 10 3%

Source Office for National Statistics April 2016

Population growth and urbanisation

The UK population is expected to grow from 64 6 million in 2014 to 74 3 million by 2039 Much of the increase will be in its largest cities notably London underpinning demand for retail and office space as well as infrastructure and housing In London investment in better transport including new rail links and improved stations is under way This is driving growth and regeneration across the capital

8.7m

Greater London population forecast to grow by 1% per annum

Source Oxford Economics

1.5m

extra people within 45 minutes of London with Crossrail from 2018

Source Crossrail website

> *Our sustainable business model is designed to benefit from and exploit long term sector and macro-economic trends."*

Transforming impact of technology

Technology continues to transform the way we work shop and live The internet has created a choice of delivery platforms so people can shop in a manner which suits them People are also able to work remotely increasingly they see their working environment as a place to collaborate and network and this changes the type of office space they are looking for

344,000

additional employees working for small firms

Source Department for Business Innovation & Skills Business Population Estimates 2015

Increasing consumer expectations

People s expectations of where they work shop and live are rising They expect attractive well-managed environments modern facilities and a high standard of service They like places which are accessible and convenient and increasingly they expect leisure to be a part of their everyday lives

24%

increase in UK F&B/leisure spend forecast between 2016 and 2021

Source CACI

Focus on sustainable and ethical behaviours

People expect companies to have sound sustainability credentials to adhere to a high standard of ethical behaviour and to ensure the wellbeing of their employees This is starting to influence who we want to work for the places we shop and live and the kind of developments local communities are prepared to accept Reflecting this is a growing expectation that governments should use policy to promote sustainable and ethical practices

80%

of people believe that companies can play a leading role in solving society s problems while still making profits

Source Edelman 2016 Trust Barometer

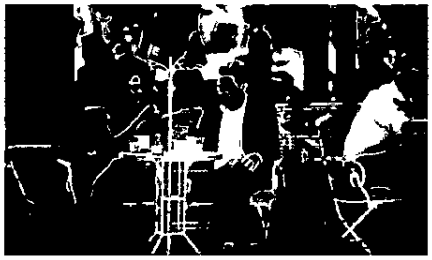
195

countries agreed to keep global warming below 2°C pursuing efforts to limit it to 1 5°C

Source United Nations Framework Convention on Climate Change COP 21 Paris 2015

How we are responding

Getting closer to our customers



- Improving our understanding of our customers preferences with effective systems and processes to capture and analyse data
- Increasing in-house expertise with dedicated analytics and marketing capabilities
- Improving in-house management of our properties to deliver consistent best in class standards
- Investing in the British Land brand so people know what they can expect from us and the properties we own and manage

Completed

>150,000

consumer exit surveys completed over the past four years at our retail assets

Creating great environments

- Investing in places which are well connected well designed and in tune with modern lifestyles
- Enhancing and enlivening our assets through our placemaking activities attractive environments best in class services and innovative leisure and entertainment options
- Places which are well integrated which add value to local communities and where they choose to spend time

£280m

invested in London campuses over the last year

Focusing on internet resilient lifestyle Retail

- Focusing on creating outstanding regional and local multi-let retail assets which are in tune with modern consumer lifestyles
- Understanding where a wide ranging mixed use offering will drive footfall and where convenient and accessible assets are more appropriate
- Investing to keep pace with changing consumer preferences

15%

increase in dwell time at the assets where we have recently completed makeovers to improve the shopping experience

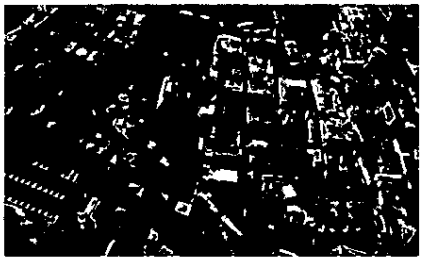
Growing in London and the South East

- Identifying emerging areas that will benefit from growth and regeneration particularly transport/infrastructure-led
- Increasing the retail leisure residential and other alternative uses to enhance our office-led campuses
- Investing in relatively affluent retail locations outside of London with population growth where there is potential to upscale the offer
- Identifying compelling residential opportunities

65%

of our assets are located in London or the South East

Profitable development



- Near term opportunities which focus on keeping our campuses and our retail-led centres modern
- Long term large scale mixed use projects where we can put our placemaking skills to work
- Managing risk through pre-letting and phasing development starts

9.2m sq ft

of developments in our near/medium term pipeline

Embedding sustainability in placemaking

- Adaptable and efficient buildings
- Promoting wellbeing and productivity for our occupiers customers and communities
- Supporting local communities with our new Local Charter launched this year
- Developing skills and opportunities to support local economies

RE100

We support RE100 – committed to purchasing electricity from renewable power in our own space and across service charge space

For more information on sustainability
www britishland com/sustainability

To read more about our strategy
go to pages 18 to 25

Our strategy for creating Places People Prefer

Our strategy
Our strategy determines our focus for our annual priorities

To read more on our priorities for the year ahead go to page 8

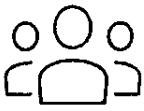
Customer Orientation

- Leverage our customer insight services experience and technology to be recognised for creating Places People Prefer
- Use consistent and scalable ways of working
- Provide best in class property management by developing in-house capabilities through Broadgate Estates

Right Places

- Create and operate exciting and engaging lifestyle oriented real estate put Places People Prefer at the heart of our approach
- Invest in London – in existing assets and emerging locations benefiting from regeneration and growth
- Focus on regional and local multi-let retail assets which are in tune with modern consumers lifestyles

Places People Prefer



Expert People

- Maintain high standard of operational and investment skill sets and encourage development in evolving areas
- Promote a culture which supports the recruitment and development of a diverse team
- Improve ways of working across the business

Capital Efficiency

- Allocate capital to maximise returns from our competitive advantages
- Manage both our development exposure and financial leverage through the cycle while maintaining the benefits of scale
- Be the partner of choice for international capital and public bodies

Creating Places People Prefer *drives enduring demand* for our properties.

This *generates long term growth* in rents and capital value.

Together with an optimal capital structure this *delivers sustainable long term value.*

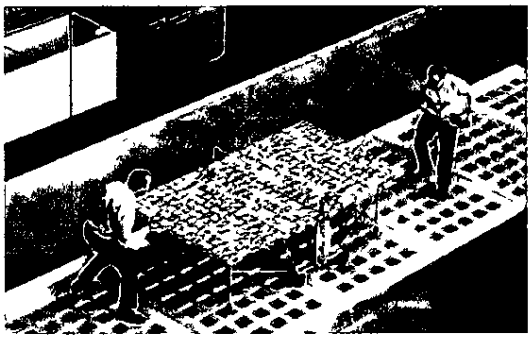
Our objective is to deliver sustainable long term value for all stakeholders

Occupiers and their customers

- High quality environments which promote productivity and wellbeing
- Affordable and efficient buildings
- Outstanding customer services and facilities

Investors

- Access to high quality liquid real estate investment
- Stable secure cash flows
- Superior total returns



Employees

- An inclusive environment with enhanced wellbeing and productivity
- Potential to develop skills and opportunities
- Opportunities to make a positive difference

Partners

- Access to high quality real estate
- Asset management and development skills
- Strong relationships

Local communities

- Attractive local environments
- Facilities and services which enhance the overall area
- Places which support local jobs and skills
- Stronger community networks and facilities

For more information on sustainability
www.britishland.com/sustainability

How we performed over the past year

Our long term objective

Delivering sustainable long term value

Our priorities in the year were	What we have achieved	
Customer Orientation - Getting closer to our occupiers and end users - Improving our systems and processes - Leveraging Broadgate Estates - Innovating to support customer wellbeing - Continuing to reposition the Retail portfolio	- 1 3m sq ft of leasing activity across Retail and Offices - The Leadenhall Building now 98% let/under offer up from 84% at the start of the year - £420m of mature/non-core Retail assets sold including £122m of superstores reducing our weighting to 5% - Over 43 000 people surveyed in Retail with sales data on 94% of multi-let assets and footfall data on 99% - 4 2/5 visitor score for shopping experience	- 350 occupier surveys now completed in Offices with footfall counters piloted at Broadgate - Broadgate Estates now managing all of our retail assets covering over 20m sq ft - Partnered with occupiers on initiatives at our properties including wellbeing and community - Internal team strengthened with improved systems and processes to analyse data
Right Places - Progressing our strategy for London - Progressing committed and near term developments - Refreshing medium term strategies for Broadgate Meadowhall and Canada Water - Supporting successful local communities	- £280m net investment into London campuses - Progressing the Broadgate vision with planning achieved on 100 Liverpool Street and 1 Finsbury Avenue and submitted at 2 and 3 Finsbury Avenue - Good progress at our development at 4 Kingdom Street and Paddington Central - Refurbishment of 338 Euston Road Regent s Place completed with over 80% of space pre-let to Facebook	- Circa £80m invested in improvements and extensions to Retail assets Drawing up plans for a proposed 330 000 sq ft Leisure Hall at Meadowhall - £60m refurbishment of Meadowhall under way and progressing well - Progressing our Canada Water development held a public consultation in February 2016 - Launch of Local Charter to support successful local communities and develop local skills and opportunities - Community programme equivalent to 0 6% of pre-tax profits benefiting 29 500 people
Capital Efficiency - Optimising size and financial structure across the property cycle - Balancing trade-off between a cost efficient and higher capability organisation - Continuing to build relationships with direct and indirect capital and public bodies - Delivering future proofing initiatives	- £618m non-core asset/mature sales in the year with acquisitions and capital investment of £639m - Building our relationship with Southwark Council our partner on Canada Water - Completed over £1bn of financing activity since 31 March 2015 including a zero coupon £350m senior unsecured convertible bond due 2020 and the tender offer and purchase of £110m of debenture bonds reducing weighted average interest rate by 50 bps to 3 3%	- 40% carbon intensity reduction versus 2009 (index score)
Expert People - Continuing to improve organisational design and effectiveness - Build management capabilities for new as well as traditional skill sets - Developing skills and opportunities - Creating an inclusive working environment	- Appointed Roger Madelin to head up Canada Water development - Women s Network and BL Pride established - Participation in the National Equality Standard - One Star rating in Best Companies to Work For Survey	- 87% employee score for our offices supporting their wellbeing - 100% of our employees and 72% supplier workforce at our properties paid the Living Wage Foundation wage

For definitions see glossary on pages 200 to 203

How we measure up[1]		Risk indicators and incentive measures
Total accounting return (TAR) (LTIP) (AI) 14 2% 2016 14.2%	- Total accounting return is our overall measure of performance It is the dividend paid plus the growth in EPRA NAV in the period - During the year we generated a strong TAR of 14 2% bringing the 3 year TAR to 67 9% Our dividend was increased by 2 5% to 28 36 pence per share and our NAV increased by 10 9% to 919 pence per share	**Risk indicators we monitor** - forecast GDP - the margin between property yields and borrowing costs and - property capital and ERV growth forecasts **Management compensation linked to** - total accounting returns relative to peers
Customer satisfaction (AI) 7 9 out of 10 2016 7.9 We extensively survey people who use our assets to assess our performance and identify opportunities for improvement	**Sustainability Performance** (AI) - Dow Jones Sustainability Index World and Europe 2015 94th percentile - FTSE4Good 2015 98th percentile - Global Real Estate Sustainability Benchmark 2015 Sector Leader European/Diversified We track our sustainability impacts on these indices We are proud to have been awarded the Queen s Award for Enterprise Sustainable Development 2016	**Risk indicators we monitor** - consumer confidence - employment forecasts for relevant sectors and - market letting risk (vacancies expiries administrations) **Management compensation linked to** - Company reputation with all stakeholders and - supporting the delivery of sustainability objectives
Total property returns (LTIP) (AI) 11 3% vs IPD 2016 11.3% in line +130bps +60bps We have performed in line with the IPD benchmark on total property return this year and outperformed over the last 3 years by 60 bps per annum	**Development commitment** (AI) £0 8bn % of standing investments 2016 £0.8bn +5 8% +10 0% +12 2% Development supports value and income growth but also adds risk We aim to keep our committed development exposure at less than 15% of our investment portfolio	**Risk indicators we monitor** - property capital and ERV growth forecasts - total and speculative development exposure and - progress of developments against plan **Management compensation linked to** - total property returns relative to IPD - execution of targeted acquisitions and disposals and - progress on key projects including developments
Loan to value (LTV) – proportionally consolidated (AI) 32% 2016 32% We manage our leverage such that LTV should not exceed a maximum threshold if market yields were to rise to previous peak levels	**Weighted average interest rate – proportionally consolidated[1]** (AI) 3.3% 2016 3.3% Our low cost of finance supports performance and is one of the lowest of listed UK REITs	**Risk indicators we monitor** - likelihood of covenant breach - when refinancing is required and - percentage of debt at fixed interest rates **Management compensation linked to** - execution of debt financings - progress on strengthening the dividend and - execution of targeted acquisitions and disposals
The Sunday Times Best Companies to Work For (AI) One star 2016 One star	The Sunday Times annual survey is one of the most extensive benchmarks of employer engagement	**Risk indicators we monitor** - unplanned executive departures **Management compensation linked to** - quality of people and management renewal and - Company reputation with all stakeholders

Please see the glossary for definitions

(LTIP) Long-term Incentive Plan

(AI) Annual Incentive award

Managing risk in delivering our strategy see pages 57 to 63

Remuneration report see pages 86 to 110

The importance of people

Our focus on Places People Prefer puts people at the heart of our strategy

Customer Orientation

We are investing in the resources that bring us closer to the people who work shop and live across our assets improving both our customer insight and our understanding of local communities and helping to guide how and where we do business

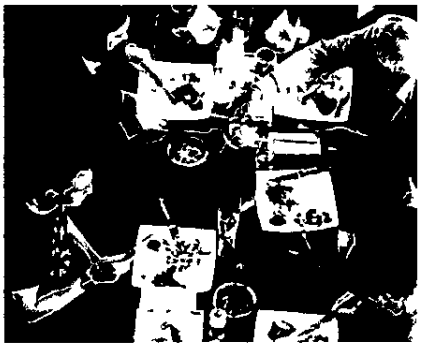
In retail our customers have more choice than ever before the offering is wider and there are more delivery platforms We are building our understanding of how our customers manage these choices and are working with our occupiers at our multi-let assets to deliver outstanding places for modern consumer lifestyles Our understanding of our customers is underpinned by the data we gather from our schemes we have completed over 150 000 consumer exit surveys over the last four years we collect turnover data on 94% of our multi-let assets by value and footfall data from 98% of our multi-let assets Importantly we have the systems and processes in place to generate insights and learnings from this data and this guides our approach to placemaking We know that our leading indicators including footfall dwell time and spend benefit dramatically from an increased leisure food and beverage provision and better services so this is where we are focusing our efforts At our regional assets we are focused on improving the breadth and depth of our retail and leisure offer introducing cinemas and restaurants as well as more innovative leisure concepts At our local assets we are improving the services we offer and creating a more attractive environment for our visitors those who want convenience and accessibility

In Offices our occupiers increasingly see property as key to attracting and retaining talent so we are working together to help them stay ahead This year we have surveyed around 350 occupiers or prospective occupiers to further develop our understanding of what Places People Prefer means to them We understand that location and in particular proximity to transport infrastructure are priorities so these are important considerations for us when we make investment decisions The quality and efficiency of the building matters occupiers want the ability to adapt space as their needs change and for their workspaces to promote collaboration and positive relationships across their businesses Employees also expect an attractive place to work as well as a range of facilities and services they can enjoy outside of the office This is why our strategy in Offices is focused on our campuses which are more mixed in use and include retail leisure and often residential space and other amenities where we can manage the broader environment We have developed more interactive marketing campaigns giving people the opportunity to participate in the life of our campuses and we are piloting footfall counters at Broadgate to provide accurate data on how successfully our activities are attracting people to the campus We are making a similar effort in residential where over 400 purchasers across the super prime prime and top tier markets were surveyed At Clarges our super prime residential development in Mayfair we work with our customers on an individual basis to ensure we deliver a product that really reflects their specific lifestyles

Our values

Our values underpin our daily working practices and set us apart They are

- **Do what is right, not what is easy**
- **Work efficiently as one team**
- **Make commercial decisions that create long term value**
- **Make things happen**



We ensure the highest standards of service across our office assets by managing them in-house through Broadgate Estates our wholly owned subsidiary and one of the UK s leading property management companies Its client portfolio includes some of the most prestigious properties in the UK and we leverage its scale and expertise across the wider market to provide a best in class service Having proved highly successful at managing our Offices portfolio Broadgate Estates remit now also covers our multi-let Retail portfolio

To read more about Broadgate Estates go to **www broadgateestates co uk**

The quality of our assets and strength of our services enables us to attract a high calibre of occupier to our portfolio This together with our high occupancy levels and long average lease lengths underpins the quality and security of our rental income We are increasing the diversity of our occupier mix and no single occupier accounts for more than 5 7% of our revenues

For our major occupiers see the table on page 188

Expert People

Our 589 employees are split between the core team at British Land and our property management subsidiary Broadgate Estates The breadth and depth of our knowledge our skills and our relationships underpin our competitive advantages and enable us to deliver on our over-riding purpose of creating Places People Prefer

The scale of our operations has enabled us to attract and retain a team of experts who know our markets well and bring a range of expertise across a mix of activities – retail leisure offices and residential We have access to a broad network of contacts spanning occupiers planners government and local authorities community leaders strategic partners and investors so we see the best investment opportunities and the most attractive partnering and funding possibilities enabling us to successfully execute attractive and often highly complex deals

Our people strategy focuses on creating a team who can deliver Places People Prefer Getting closer to our customers is one of our key strategic priorities and having a workforce which reflects the diversity of our customers helps us achieve this The policy throughout British Land is to employ the best candidates available in every position regardless of sex race ethnic origin nationality colour age religion or philosophical belief sexual orientation marriage or civil partnership pregnancy maternity gender reassignment or disability

We achieved a key milestone on our journey towards creating a truly inclusive environment

this year with our formation of BL Pride our lesbian gay bisexual transgender (LGBT) and allies network and our Women s network Both networks have been active in the year and we are pleased that our Chief Executive Chris Grigg was ranked 11th in the 2015 Leading 30 LGBT Ally Executives by Outstanding and the Financial Times

We are also piloting a mentoring scheme initially for women offering help guidance advice and support where it is needed We currently have three female Directors on the Board Lucinda Bell Chief Financial Officer and Lynn Gladden and Laura Wade-Gery both Non-Executive Directors As at 31 March 2016 48% of employees across British Land and Broadgate Estates were female including three out of ten of our Executive Committee

Nurturing talent and supporting development is an important element of our people strategy We operate a range of online resources to help employees develop their skills and work with Cambridge University to run a Leadership in Real Estate programme 24 of our staff have benefited from this programme since it was launched in 2014 Other training partners this year include Happy City who promote happiness and wellbeing through skills training and campaigns and measure the impact of change on local wellbeing They ran a workshop for senior managers on embedding wellbeing principles across our business Our ongoing volunteering programme also offers our staff personal development opportunities particularly through skills-based opportunities such as mentoring 84% of our staff took part in volunteering activities in the year

Our focus on Places People Prefer starts with our people Both British Land and Broadgate Estates were recognised in the Sunday Times Best Companies to Work For 2016 each achieving a One Star rating This reflects staff satisfaction with aspects such as leadership

wellbeing giving something back personal growth pay and benefits as well as with their manager and team

We believe supporting the workforce of tomorrow is important for our business and markets We are involved in initiatives which make young people of all backgrounds aware of real estate careers including Pathways to Property and Budding Brunels 15 000 people benefited from employment training and education initiatives across our assets during the year We are also working towards 3% of our supplier workforce being apprentices by 2020 As detailed in our Supply Chain Charter we try to use local suppliers and we partner with occupiers and suppliers on fair working practices including the Living Wage Foundation wage

To read more about our Expert People go to **www britishland com/blogs** and to read more about skills go to **www britishland com/skills**

Report of the Nomination Committee see pages 84 to 85

Board of Directors see pages 66 to 69

Managing our portfolio

From sourcing and investing in the Right Places, to enhancing and enlivening our assets, we are focused on allocating capital efficiently to maximise returns

Right Places

Our investment decisions are heavily influenced by the long term trends we see driving our commercial property markets so we can position our selves well for the longer term Our focus on London and the South East reflects the population growth and increasing urbanisation we are seeing in the capital alongside its attraction as a leading global city More specifically our investment in London in particular has focused on those areas where infrastructure is improving driving regeneration and growth This is where we see the strongest returns over the longer term

Our portfolio is approximately evenly split between Retail and Leisure and Offices and Residential but more and more we are increasing the mix of uses on our existing sites as well as investing directly in mixed use assets This reflects the fact that people s work and personal lives increasingly overlap they expect more of the places they work shop or visit They want to work in offices which have places to eat shop and relax and retail destinations with a wide leisure and service offering This understanding underpins our focus on placemaking

Placemaking is about owning assets which connect with the people who use them and which are designed with their needs in mind We are investing in our assets to enhance the offer to enliven them with events and

services and to provide a broader more engaging experience This approach is shaping our portfolio

Our Offices and Residential portfolio is focused on our three mixed use campuses in London and also includes distinctive London properties such as The Leadenhall Building alongside smaller clusters of properties Our campuses benefit from excellent transport infrastructure and two Broadgate and Paddington Central will have their own Crossrail stations when Crossrail opens in 2018 They all have great potential Broadgate also benefits from its proximity to Shoreditch and the emerging tech hubs to the north and east of the City which are increasing the diversity of the occupier mix Regent s Place and Paddington Central are on the fringes of the West End offering high quality flexible and affordable space Regent s Place has benefited from regeneration and we are now seeing this at Paddington We are using our placemaking principles to evolve and grow our campuses with new developments which reflect the changing ways people work with more flexible floor plates break-out areas and outside space We are also adding retail and leisure and investing in public realm improvements so our campuses are vibrant and attractive places in which to work and to spend time outside of work In Residential we have been highly selective about the places we invest in Looking forward it will become a more significant part of our portfolio as part of our mix-use offer particularly as we make progress at Canada Water where we are creating one of the largest mixed use regeneration projects in London

In Retail where technology is changing the way people shop Right Places is about focusing on assets which are in tune with modern consumer lifestyles where people can shop eat and be entertained The core portfolio comprises regional and local multi-let assets where we are able to manage and improve the broader environment We focus on assets which are prime in their catchment and capture a broad range of consumer spend Our larger regional assets have a wide-ranging retail and leisure offering attracting visitors from a broad catchment Our smaller local assets are convenient and accessible aligned to the daily life of local communities Our focus on Customer Orientation ensures a consistent approach to placemaking across these

formats although our actions are carefully considered to improve and optimise each individually Across our portfolio we are adding leisure extensions where we see demand for cinemas and restaurants with smaller scale improvements where appropriate such as more cafes or improved car parking helping to deliver our broader placemaking strategy of creating Places People Prefer

For detail on our portfolio performance see pages 36 to 47

Development is an important part of what we do and is a key driver of returns It keeps our assets modern ensuring demand for them endures We have a significant pipeline of development opportunities focused on our campuses and our multi-let retail assets We have built optionality into our pipeline so we can progress opportunities when the time is right

For detail on our development pipeline see tables on pages 194 to 195

For detail on our development performance see pages 37 to 39

Across our portfolio we are conscious of the impact our places have on local communities We are working to improve how local people can influence decisions relating to our assets so we deliver places they prefer to live and work around as well as shops restaurants cinemas and public places where they choose to spend time Relationships with local government and community leaders are important to our business We build trust by supporting their endeavours and work with them to understand and meet local challenges and aspirations We make it easy for local people to influence decisions relating to our assets so we deliver places they are pleased to live and work around as well as shops restaurants cinemas and public spaces where they choose to spend time At Regent s Place the launch of a new Community Fund is empowering our occupiers to support local projects and is strengthening community links

For more information on communities **www britishland com/community**

Capital Efficiency

Our capital is broadly balanced between our Retail and our Office assets Investment decisions are made across sectors based on the prospective returns of individual assets We assess our capital allocation by sector, geography and asset level based on our estimates of future internal rates of return This helps to identify where our greatest potential lies and where our capital is best allocated Over the last five years we have sold £3 4 billion of non-core asset/mature assets and reinvested the proceeds in high quality income generating assets and developments

Development is an important part of our business but it is also higher risk than our income producing assets due to the time delay between commitment to a project and fully letting the completed building so we manage our exposure carefully Development is limited to 15% of the total portfolio (by value) with a maximum of 10% to be developed speculatively (i e without a pre-let or residential pre-sale) at any one time

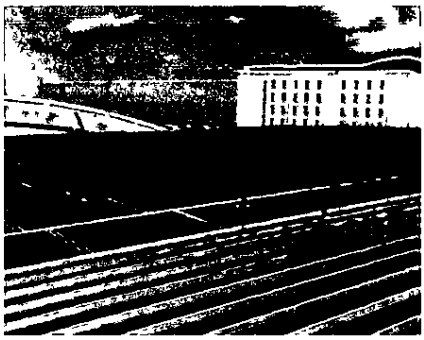
For further details on our acquisitions and disposals see the table on page 186

We manage our mix of equity and debt financing to achieve the right balance between enhancing returns for shareholders and the risk of higher leverage Our primary measure of leverage is loan to value (LTV) on a proportionally consolidated basis (which includes the Group s share of joint ventures and funds and excludes non-controlling interests in the Group s subsidiaries) We aim to manage our LTV through the property cycle such that our financial position would remain robust in the event of a significant fall in property values This means we will not increase our leverage solely on the basis of an improvement in market yields

We access a broad range of debt finance on attractive terms reflecting the scale of our

£350m

raised through a 0% coupon convertible bond in June 2015



business combined with the quality of our assets and rental income stream We raise debt from a variety of sources across a spread of maturities to ensure the Group and its joint ventures and funds are appropriately financed We also maintain significant undrawn loan facilities to provide flexibility and support current and future requirements of the business

We use strategic partnerships to leverage our investments achieve benefits of scale and spread risk Around one third of our owned assets by value are in joint ventures including Broadgate and Meadowhall This approach has enabled us to undertake more ambitious development projects including The Leadenhall Building where we worked with Oxford Properties Within these structures we typically provide asset management development corporate and finance services for which we earn management and performance fees enhancing our overall returns and strengthening our relationships with partners key customers and suppliers

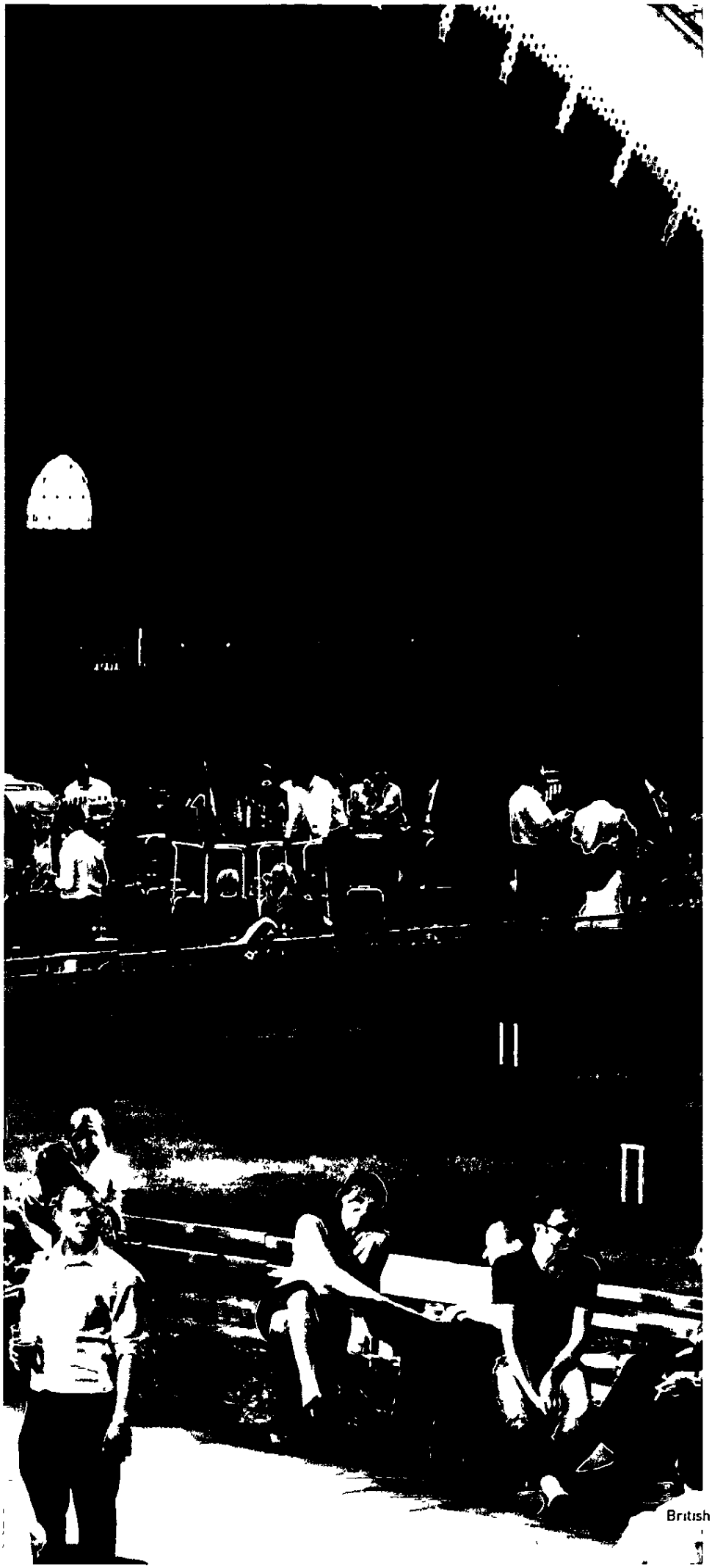
We proactively manage our assets to promote their long term sustainability Our resource efficiency programme continues to improve operational efficiency reduce occupier costs and support well-managed environments We took a positive approach to the Government s Energy Savings Opportunity Scheme, auditing energy use and implementing additional efficiency opportunities We are also innovative in our use of materials to lower costs and secure supply and consider on site energy generation at all our developments This year we retrofitted photovoltaic panels at St Stephen s Hull as part of our plans to increase energy generation and enhance revenues at our assets and we continue our efforts to minimise flood risk

Financial review see pages 49 to 53

Financial policies and principles see pages 54 to 56

Details on our carbon reduction programme see page 48

We are Placemakers



Placemaking is how we create attractive and engaging real estate which is in tune with modern lifestyles and are Places People Prefer

Actively managing our assets is a core part of our business We put our customers first and invest in the skills and resources which help us understand them better This understanding guides our investment activities from investing and developing the right assets to enhancing and enlivening them with a range of amenities events and activities This creates preference for our properties helping to drive occupier demand growth in rents and capital values

We Connect

We Design

We Enhance

We Enliven

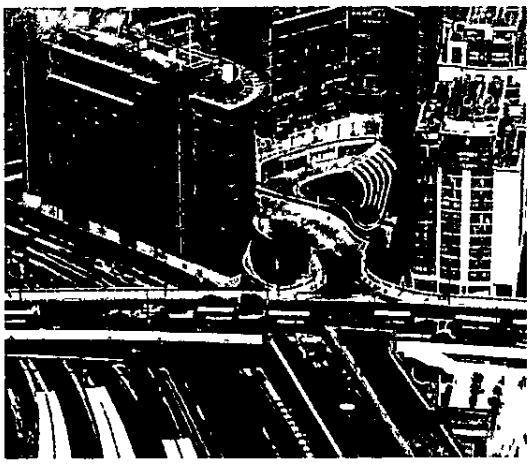
We Connect

Places which connect physically and digitally with the people who use them, including local communities

Connecting is about providing assets which complement people's lifestyles enabling them to integrate their work and their leisure time It means places which are easy to access so we focus on assets with great transport infrastructure and those with convenient access points or parking facilities We often invest to improve connections for pedestrians and cyclists and we build local relationships connecting with local communities to better understand their needs We also think about how digitally enabled we are and how we can use these capabilities to create a closer community

£4.3bn

of our assets are within close proximity of a Crossrail station (opening 2018)



Building our exposure to Crossrail

When Crossrail opens in 2018 it will transform rail transport in London and the South East increasing central London rail capacity by 10% and bringing an estimated 1 5 million more people to within 45 minutes of central London Already Crossrail is driving regeneration and economic development Around £4 billion of our assets are located near Crossrail and two of our London campuses Broadgate and Paddington will have their own Crossrail stations Canada Water our 46-acre scheme in South London is very close to Canary Wharf and from 2018, will be just minutes from the West End

Masterplanning a destination for London

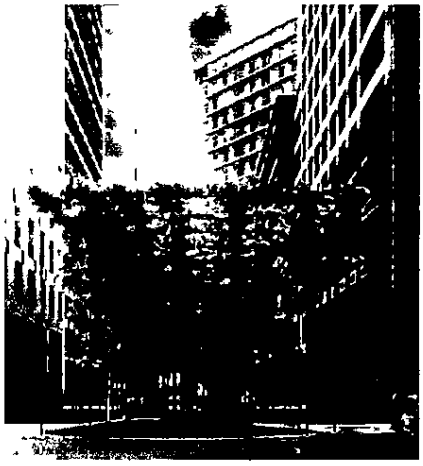
We have shared our initial ideas for the Canada Water Masterplan with the local community These include a 3 5 acre park two new public squares cycling and pedestrian friendly spaces and dockside improvements so people can enjoy and interact with the water and wildlife We are also proposing a pedestrianised open-air high street with national and independent retailers alongside new restaurants and cafes and a new culture and entertainment hub at the heart of the town centre Our plans are at an early stage and will evolve but creating a vibrant and engaging environment will be our key focus

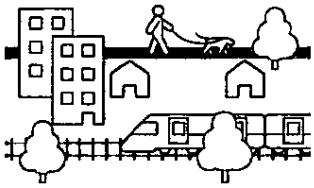
560m

shopper visits to Meadowhall over 25 years

Reviving historic links in new developments

At Aldgate Place designed by Allies and Morrison we are reinstating an original pedestrian street link which sits above an old Victorian service tunnel connecting Aldgate and Aldgate East stations This public thoroughfare will be reinvigorated with shops and cafes bringing a new sense of community to the area





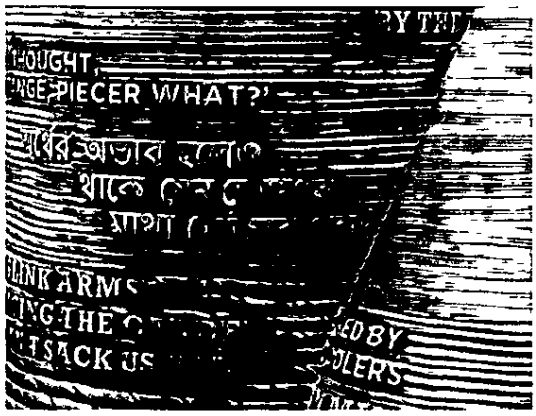
Engaging with local communities

Our fourth annual Community Day brought together 200 British Land volunteers as well as 520 local jobseekers schoolchildren students elderly residents and people with learning disabilities across 20 community partnerships Our partners commented on the commitment of those involved reflecting how the event helps us strengthen local relationships around our London assets For our volunteers it is a great team building opportunity which enables them to interact with people of different ages and backgrounds as well as learning new skills

Celebrating local heritage

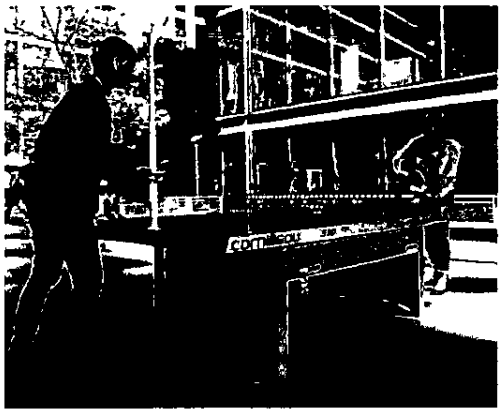
Elk Mill in Oldham is one of several assets where we are using public art to celebrate local heritage and connect with local communities Professional sculptor Emma Hunter worked with local people to create artworks illustrating Elk Mill s cotton-spinning heritage and poems inspired by local people s stories feature on a trio of sculptures in the style of spinning cotton bobbins Bronze footprints are set into paving stones around the Park recalling a time when mill workers went barefoot to avoid slipping on the oily floor

To read more case studies go to **www britishland com/placemaking**

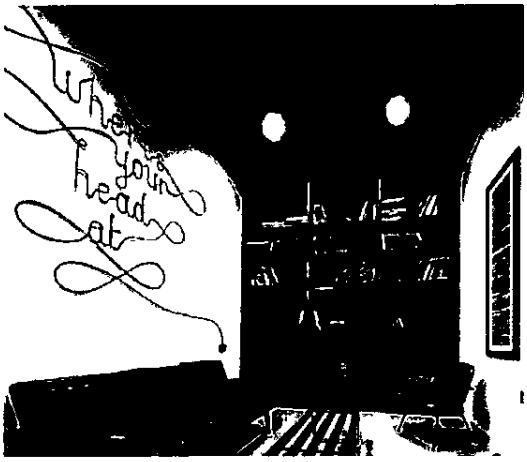


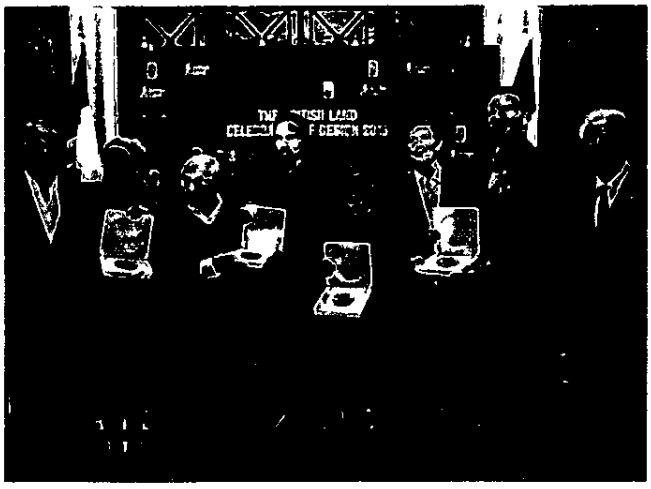
We Design

Buildings and environments which offer the highest quality of design in both form and function with engaging architecture and a fully integrated public realm



We look beyond individual buildings to think about the spaces around them We focus on assets where we are able to control the broader environment and can therefore undertake broader and bolder design We also pioneer new building technologies and the most sustainable practices

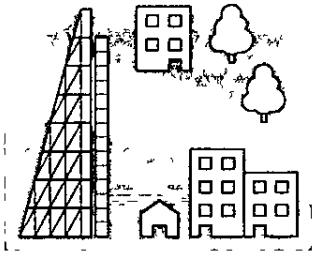




Great design is core to creating Places People Prefer To demonstrate our commitment to innovation in design British Land is proud to sponsor the London Design Festival

Making our developments distinctive

Yalding House our most recently completed office development in the West End was home to Radio 1 until 2012 Our refurbishment retained much of the original character of the building the reception features an adjoining meeting and waiting room complete with turntable and extensive record collection We believe the distinctive nature of the building will appeal to creative and technology focused sectors which have been a key area of growth across the capital in recent years

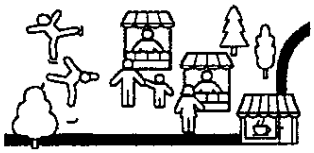


3.1m sq ft

of developments on track to achieve BREEAM Excellent for offices retail and leisure

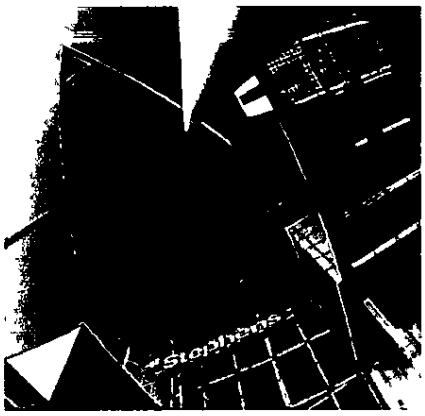
Improving the public realm at Paddington Central

We know from our recent survey of 1 000 office workers across the UK that outdoor areas and gardens are a key part of the ideal office We've recently embarked on our second phase of upgrades at Paddington Central which will transform the campus for the people who work and live there by creating a greener more pedestrian friendly environment Our plans include a Woodland Garden an outdoor Games Room providing activities where people can socialise a Library where people can relax and a Kitchen Garden with communal seating in the summer months All enhancements are being carefully phased and managed to minimise disruption to retailers residents building occupants and visitors



2.5m

number of visitors to Broadgate Circle since its re-design in 2015



Designing for a low carbon future

At St Stephen's in Hull we have installed 1 100 photovoltaic panels generating enough clean power to fulfil a third of all electricity demand in the common areas The panels build on the Centre's award-winning efficiency programme which has reduced landlord energy by 40% since 2010 saving occupiers £383 100 and cutting carbon emissions by 2 470 tonnes Other innovations include a rainwater harvesting system which provides over one million litres of water each year and a food-to-water treatment plant which recycles 15 tonnes of food waste annually

£13m

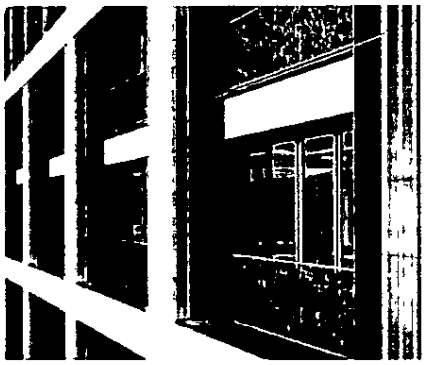
of energy savings for us and our occupiers through efficiency reductions over the past four years

Delivering innovative design

At Glasgow Fort we are building a multi-storey car park with four restaurants on its ground floor The building will be naturally ventilated with a sustainable wooden slated rear façade A corten steel façade with a punctured tree design will cover the front of the building and a green living canopy will overhang the four restaurant units The new car park is set in a wild forest themed buffer to the surface car park incorporating natural play elements for young children

Drawing inspiration from local heritage

At Clarges Mayfair we are creating a new and elegant landmark It is entirely rooted in the history of the surrounding area taking inspiration from local heritage and craftsmanship This is reflected in the fluted design of the columns which are made from Portland stone the delicate aluminium bronze balustrades that are inspired by the branches of the plane trees lining Green Park and the bread lace collars that were fashionable in 16th century Mayfair

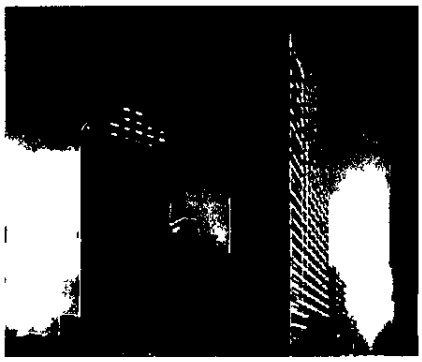


To read more case studies go to **www britishland com/placemaking**

We Enhance

Quality occupiers alongside a broad food, beverage and leisure offering, reflecting the growing expectations of our occupiers and customers

We enhance our assets by improving the breadth depth and mix of occupiers and the physical space at our properties Relatively simple improvements such as cafes and attractive places to rest or have lunch outside the office or while you re shopping can make a big difference to the places people work or shop



Incorporating open spaces

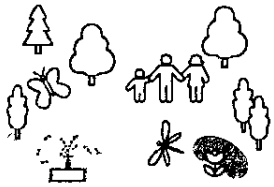
At Aldgate Place over 50% of the footprint is dedicated to new public realm spaces including two landscaped gardens pedestrian streets well thought-out play spaces and water features The development includes a four-star hotel cafes restaurants and shops The landscaping designed by Townshend Landscape Architects reflects the contemporary style of the City but maintains the industrial and historical legacy of the East End

66%

of people who used Click & Collect across our portfolio went on to spend at our assets

Investing in assets with great potential

New Mersey Speke is the third largest shopping park in the UK with annual footfall of 8 9 million and a third of visitors using click and collect Since the year end we have increased our holding in New Mersey Speke to just over 66% We have approval for an 11-screen cinema (which is pre-let) and six new restaurants totalling 29 000 sq ft as well as plans for a comprehensive refurbishment introducing double height glazed shop fronts and a new customer services pod

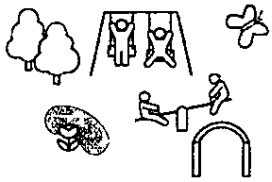


330,000 sq ft

of new space planned at Meadowhall s proposed new Leisure Hall

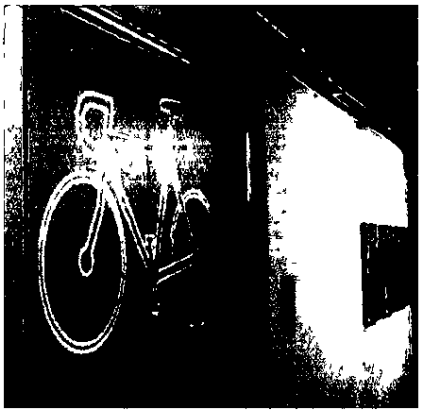
Enhancing the environment for our own team

Our focus on enhancing our assets includes our own head office at York House and Broadgate Estates office at Paddington Central both of which we recently refurbished with Broadgate Estates achieving the world s first BREEAM Outstanding Fit-Out Surveys show that people feel happier healthier and more productive in the new space which has more natural light better views and greenery as well as improved space planning to encourage active living and social interaction This sets the tone to promote wellbeing and productivity across our portfolio



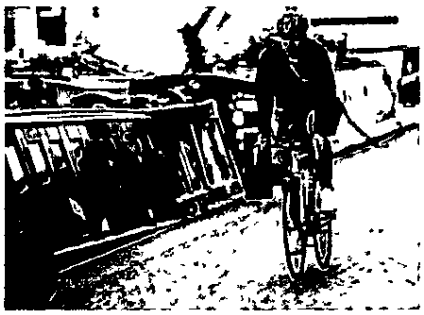
99%

of staff find our newly refurbished offices an enjoyable place to work up from 69%



Listening to our customers

The data we collect from across our retail portfolio gives us a clear idea of what matters to our customers In response to customer feedback, we have been upgrading assets in the portfolio to improve shopper satisfaction Enhancements include additional food and beverage options better car parking and improved public realm such as new customer walkways cycle routes seating and attractive landscaping as well as children s play areas and toilet facilities All lightbulbs installed are energy efficient taps and toilets are designed to use as little water as possible and timber comes from guaranteed sustainable sources



Leveraging Broadgate Estates

We have brought the management of our retail assets in-house through our subsidiary Broadgate Estates a leading property management company We are working to enhance the offer for customers standardising operational excellence and rolling out value-added services including technology and consumer services Broadgate Estates already delivers best in class service across our office assets and for third parties including many leading commercial and retail landlords We have extended its remit to cover retail as we work together to ensure all our assets are recognisably Places People Prefer

To read more case studies go to **www britishland com/placemaking**

We Enliven

Events and activities and best in class services bring life and a real sense of community to our buildings

We enliven our properties by holding events and activities which benefit our customers and the local communities which surround them We also provide best in class services which improve the overall experience for our customers

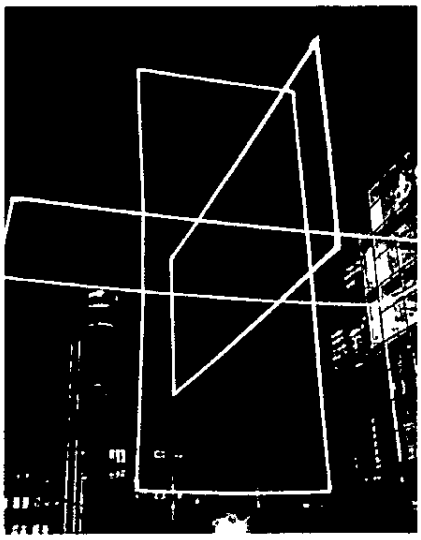
Encouraging health and wellbeing

Last summer we celebrated health and wellbeing week at Paddington Central to encourage campus residents workers and visitors to achieve a healthy work/life balance The schedule featured free health-themed pop-ups treatments events classes and give-aways aimed to relax energise or activate the mind We are now piloting wellbeing and productivity innovations with our occupiers here who see promoting wellbeing as an important part of their strategy to attract and retain the best talent

More than

800

people World Host customer service trained at our places

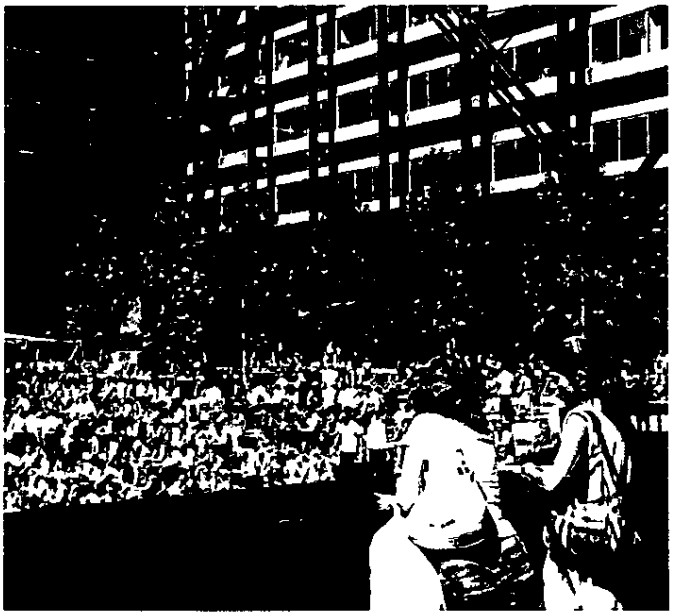


Promoting public art

Across our portfolio we have used public art to bring our assets to life In January this year we sponsored an installation called Platonic Spin by Nathaniel Rackowe at Regent s Place as part of Lumiere London a free outdoor light festival Over four evenings in January the city was transformed with an extraordinary array of installations turning the capital into a winter playground

Evolving traditional retail space

At Meadowhall we are planning a £300 million Leisure Hall to respond to our customers changing lifestyles where shopping is increasingly seen as a leisure activity Comprising 330 000 sq ft of space the proposed Leisure Hall will add a range of dining and entertainment experiences not currently available at the centre Housed under an elegant glazed roof the Leisure Hall will integrate with the existing centre to create a new multi-levelled landscaped mall with high quality internal and external spaces for promotional and community uses



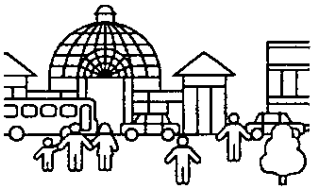
Celebrating the summer

Last summer our recently developed Old Market shopping destination in Hereford launched Herefest a unique month-long summer programme of music street theatre arts and crafts and food and drink An iconic Routemaster bus was parked at the centre and inside visitors enjoyed workshops makeovers cake sampling sessions and cookery demonstrations

More than

600

people at our assets are Dementia Friendly trained



Attracting all ages to our assets

As part of our comprehensive programme of asset upgrades we have designed and built play areas for our younger visitors at Tollgate Colchester Wheatley Doncaster Orbital Swindon and Elk Mill Oldham All the play areas are heritage-themed and reflect feedback from shoppers and local heritage experts At Swindon a Spitfire art sculpture and play area reference local industrial links to the manufacture of the Supermarine Spitfire and designs at Oldham reflect the old cotton mill which formerly occupied the site with old cotton cans adapted to form play equipment and seating areas

5.5m sq ft

of net space at Canada Water which we plan to develop

To read more case studies go to www.britishland.com/placemaking

We are focusing the business around long term trends and continue to see the benefits of recent investment

Overview

2015/16 was another strong period for the UK property market overall despite the more challenging macro environment London continued to outperform the rest of the UK Performance was driven by rental growth as opposed to the yield compression seen in recent years with prime yields supported by rents which continued to rise in both the West End and the City The occupational market overall remains favourable although more recently there is evidence that some large occupiers are delaying decisions to take space until after the upcoming EU referendum In retail demand remains for prime assets but wider uncertainty has impacted investment market volumes in recent months The retail occupational market strengthened overall reflecting improving consumer confidence and rising real wages However since the turn of the year there have been some signs that consumer confidence and spending have started to weaken

Our portfolio performed well overall benefiting from our strategy to increase our focus on London and balance our portfolio between Offices and Retail London and the South East now represents 65% of the portfolio compared to 56% six years ago The portfolio is also broadly balanced between Offices (49% on a pro-forma basis) and Retail This compares with six years ago when Offices accounted for 33% of the portfolio Our Offices and Retail businesses are increasingly complementary reflecting our focus on campuses in Offices and multi-let centres in Retail which are becoming more mixed use In addition the stable income generated by the Retail business has allowed us to invest in more cyclical Office development projects

£14.6bn
UK portfolio valuation

11.3%
Total property return

5.3%
ERV growth

6.8%
Capital return

6.8%
Lettings/renewals versus ERV

98.8%
Occupancy rate

Our portfolio generated a total property return of 11 3% comprising a capital return of 6 8% and an income return of 4 2% We outperformed IPD benchmarks by 50 bps on a capital returns basis or 200 bps per annum on a 5 year view continuing a consistent trend of outperformance Total portfolio valuation was up 6 7% to £14 6 billion This performance includes the impact of a 1% increase in stamp duty for commercial property announced by the Chancellor in March Excluding the stamp duty increase the underlying portfolio valuation was up 7 7% The standing investment portfolio was up 6 4% and accounted for c90% of the total uplift the contribution from developments was lower as the completion of 5 Broadgate in July 2015 brought our major 2010 development programme to a close

Performance was driven by ERV growth across the business of 5 3% outperforming the market by 130 bps with a far lower contribution from yield compression which was 17 bps compared to 48 bps in 2014/15 Overall our actions accounted for around 60% of performance in both the Retail and Offices portfolios Offices and Residential delivered a valuation uplift of 11 8% driven by ERV growth of 9 6% and our Retail and Leisure portfolio grew by 2 4% also benefiting from 2 4% of ERV growth Within our Retail & Leisure portfolio our multi-let assets were up 2 8% with ERV growth of 3 4%

We are pleased with the shape of our portfolio with our weightings in Retail and Offices broadly balanced In the past the income generated from the Retail side of the portfolio allowed us to build out our significant 2010 development programme while maintaining our dividend and going forward as technology transforms how we live and work we see that the breadth of our portfolio will provide a competitive advantage

Portfolio Performance

		Valuation uplift		
Year ended 31 March 2016[1]	Valuation £m	Investment portfolio %	Developments %	Total portfolio %
Retail & Leisure	7 341	2 4	3 2	2 4
Offices & Residential	7 024	11 7	12 7	11 8
Canada Water	283	-	1 7	1 7
Total	**14,648**	**6 4**	**9 4**	**6 7**

[1] On a proportionately consolidated basis

Investment Activity

The gross value of our investment activity since 1 April 2015 as measured by our share of acquisitions disposals capital spend on developments and other capital projects was £1 3 billion On a net basis our activity was broadly balanced We maintained our capital discipline taking advantage of supportive markets to sell mature or non-core assets and reinvesting in our existing business and in selected acquisitions principally adjacent to existing assets

The most significant acquisition was One Sheldon Square Paddington Central acquired for £210 million in April last year This brought our total ownership at the campus to 806 000 sq ft including 4 Kingdom Street which is under construction with the potential to develop a further 240 000 sq ft at 5 Kingdom Street We also acquired an additional £95 million interest (gross asset value) in the Hercules Unit Trust ("HUT") portfolio bringing our gross investment over the last two years to £492 million at an effective net initial yield of 6 0% Our holding now stands at 75%

In line with our strategy we continued to reshape the Retail portfolio with £420 million of mature or non-core asset disposals in the period Key transactions included the sale of Rotherham Parkgate and Birstall for £120 million and £31 million respectively (both our share) We also sold nine standalone foodstores totalling £122 million reducing our total superstore holding to £0 8 billion from £1 3 billion two years ago We no longer have any exposure to the European market since selling the remaining £43 million of our European assets in line with our exit strategy

9.0 years
Lease length to first break

£1.3bn
Gross investment activity

£307m
Capital investment

£332m
Acquisitions

£618m
Disposals

In Offices we sold 39 Victoria Street in July last year for £139 million at an attractive yield of less than 4% crystallising an attractive IRR of over 20% We also sold £59 million (our share) of residential properties on average 3% ahead of valuation and continued to achieve completions on exchanged units Two thirds by value (our share) were at The Hempel Collection In line with our strategy we will market no further units at Clarges Mayfair until practical completion in 2017 This follows our successful pre-sales campaign in September 2014 where we pre-sold just over 50% by value

From 1 April 2015	Retail £m	Offices £m	Residential £m	Total £m
Development Spend	17	140	30	187
Capital Spend	99	19	2	120
Purchases	100	232	–	332
Sales	(420)	(139)	(59)	(618)
Net Investment	**(204)**	**252**	**(27)**	**21**
Gross Investment	**636**	**530**	**91**	**1,257**

On a proportionately consolidated basis

Development

We completed 908 000 sq ft of developments in the period with 5 Broadgate accounting for 710 000 sq ft The completion of 5 Broadgate marked the conclusion of the 2 7 million sq ft development programme started in 2010 which generated profits of £1 1 billion and an IRR of over 30% We also completed Yalding House a 29 000 sq ft office-led refurbishment in the heart of Fitzrovia as well as 169 000 sq ft of Retail developments including a retail extension at Glasgow Fort and a leisure extension at Whiteley

Our under construction programme covers 629 000 sq ft representing a speculative capital commitment of £530 million This principally includes 192 000 sq ft at our super prime residential-led development Clarges Mayfair where we have already pre-sold over 50% of the residential units by value and 147 000 sq ft of office space at 4 Kingdom Street on our Paddington Central campus

We are making good progress with our near term development pipeline which increased from 1 5 million sq ft in March last year to 2 0 million sq ft We have built optionality into our pipeline and are progressing the projects so we can be ready to commit when the time is right

The three largest schemes in the near term pipeline reflect office lease expiries over the next 2 years at Broadgate and Regent s Place where we expect to deliver a significant increase in the overall floor space on redevelopment At 100 Liverpool Street we recently received a resolution to grant planning consent for a revised 520 000 sq ft redevelopment incorporating a larger retail component and at 1 Finsbury Avenue we received consent on a 303 000 sq ft redevelopment At 1 Triton Square on our Regent s Place campus we are progressing the design for a substantial refurbishment

PERFORMANCE REVIEW CONTINUED

Our planning application for 340 000 sq ft of mixed use space at Blossom Street Shoreditch was also granted consent having been called in by the Mayor of London The High Court has since rejected a Judicial Review of the Mayor s decision to take over the application but it is unlikely that we will start onsite in 2016 At 5 Kingdom Street on our Paddington Central campus we expect to submit a revised planning application for a larger scheme by the end of the year

In Retail we will continue to enhance our offer with a strong near term pipeline of leisure extensions including 102 000 sq ft at Drake Circus Plymouth and 66 000 sq ft at New Mersey Speke We also received planning consent at Ealing Broadway for the conversion of an office block to 34 000 sq ft of private rented residential apartments We also added Crawley Homewares Park to the near term pipeline where we obtained planning consent to redevelop the existing Homebase into a 52 000 sq ft homewares park comprising 5 units

Looking ahead to our medium term pipeline in Retail we submitted a planning application for the £262 million (our share £131 million) mixed use redevelopment of Eden Walk Kingston The 562 000 sq ft development will include public space leisure retail and residential We are also in public consultation for a 330 000 sq ft leisure scheme at Meadowhall In Offices we submitted a planning application for the redevelopment of 2-3 Finsbury Avenue which seeks to increase the area from 189 000 sq ft to 550 000 sq ft

The most significant project in the medium term pipeline is at Canada Water At the beginning of February 2016 we were delighted to welcome Roger Madelin to the team to head up this exciting 46-acre redevelopment opportunity As Chief Executive/Joint Chief Executive of Argent Roger was directly responsible for leading a number of significant developments and from 2000 led the team on the 67-acre King s Cross development Canada Water is one of the largest regeneration projects in inner London it has good transport infrastructure with access to the City West End and Canary Wharf via the Jubilee line but also to emerging areas around Shoreditch as well as South West London via the London Overground

Planning policies have now been adopted within the London Borough of Southwark and the Greater London Authority which encourage and are supportive of a significant quantum of mixed development In February 2016 public consultation commenced regarding the current masterplan proposals Over the coming months British Land and Southwark Council will review the responses received from the local community

Studies to assess how the proposed quantum and mix of development might best be configured and delivered over time are currently being undertaken alongside detailed financial modelling Discussions with a number of prospective occupiers from the retail leisure workspace and the full residential spectrum are assisting us in this process The implications of the Government s proposed Housing Bill and of any emerging policies from the new London Mayor will be assessed and incorporated where necessary

We anticipate a programme and resource schedule to prepare evaluate and consider a planning submission will have been produced and agreed with Southwark Council by summer 2016 with the ambition to submit an outline planning application in 2017 As we work towards a planning submission we will continue to collect rents of £8 million per annum from the shopping centre and leisure park at Surrey Quays

During the year we continued to support diversity and training initiatives that make young people of all backgrounds aware of real estate careers including Pathways to Property and Budding Brunels as well as apprenticeships and local employment programmes such as Broadgate Connect Together with our suppliers we supported 120 apprenticeships at our places in the year In addition a pilot study on four developments revealed that 60% of spend went within 25 miles and over 50% went to small and medium sized enterprises fuelling regional economies around our assets

More details on the portfolio property performance individual developments and assets acquired during the year can be found in the Retail & Leisure and Offices & Residential reviews on pages 40 to 47 and in the detailed supplementary tables on pages 184 to195

Committed Developments & Pipeline

				British Land share			
At 31 March 2016	Sq ft 000	Current value £m	Cost to complete £m	ERV £m	Pre-let ERV £m	Residential end value £m	Pre-sold residential £m
Completed in Period	908	553	13	23 7	21 5	–	–
Under Construction	629	605	204	16 1	0 2	657	358
Near term Pipeline	2,019		1,450				
Medium term Pipeline	7,175						

[1] On a proportionately consolidated basis (except area which is shown at 100%)

Our development pipeline

On site and committed

4 Kingdom Street

147,000 sq ft

Completing 2017

Office development at Paddington Central an 11 acre mixed use campus in London s West End

Clarges Mayfair

192,000 sq ft

Completing 2017

Mixed use development in Mayfair comprising 34 high end apartments together with retail and office space

Aldgate Place, Phase 1

221,000 sq ft

Completing 2016

A residential development

Near term

5 Kingdom Street

240,000 sq ft

On site 2017

Office development at Paddington Central

1 Finsbury Avenue

303,000 sq ft

On site 2017

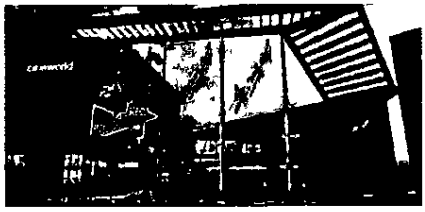
Office refurbishment at Broadgate increasing capacity and improving local connections and public spaces

Blossom Street, Shoreditch

340,000 sq ft

On site 2017

Character offices in a regeneration area ideally suited to the needs of small and medium sized occupiers



Plymouth Leisure

102,000 sq ft

On site 2016

Leisure extension including a cinema

100 Liverpool Street

520,000 sq ft

On site 2017

Office refurbishment at Broadgate increasing capacity and improving local connections and public spaces

Speke Leisure

66,000 sq ft

On site 2016

Leisure extension including a cinema

Our Retail strategy is focused on creating outstanding places for modern consumer lifestyles

Key highlights of the year

£7.3bn
Portfolio valuation (British Land share)

7.8%
Total property return

2.4%
ERV growth

2.5%
Capital return

8.0%
Lettings/renewals versus ERV

99.0%
Occupancy rate

9.8 years
Lease length to first break

Charles Maudsley
Head of Retail and Leisure

Overview

The way people shop and spend their leisure time continues to evolve with technology lying at the heart of this It has become increasingly clear that while online sales continue to grow physical space remains at the heart of how people shop But today successful destinations need to be about more than just shopping - they are more mixed use often with food drink and leisure and are more embedded in the communities where they are located Our strategy in Retail is to focus on creating outstanding places for modern consumer lifestyles places for people to shop eat and be entertained

We have been progressively reducing our exposure to smaller and single-let assets and focusing the business around our larger multi-let assets where we can control the environment in which we operate and use our placemaking expertise to drive value As a result of these actions our multi-let portfolio now accounts for over 70% of our Retail business up from 60% six years ago We now manage and report our multi-let portfolio along regional and local lines reflecting how we see consumers spend their time and money The data we collect tells us that regional and local assets fulfil different consumer needs but well-located and well-configured assets can be equally successful in today s omni-channel world Regional assets have a wide retail and leisure offer a bigger catchment and longer dwell time Local assets are typically smaller in scale highly convenient and accessible and often with more local community amenities and activities

Over the year the retail occupational market strengthened reflecting rising employment and real wages alongside falling oil prices Occupancy rates improved as retail and leisure operators continued to expand trial new formats and focus on taking space in the most attractive locations Results have been positive overall especially for food and beverage operators and retailers with mature omni-channel strategies This has created occupier tension driving rents at those assets offering high levels of footfall and sales in high quality environments Since the turn of the year however consumer confidence has fallen and retail sales have dipped with some administrations in fashion likely reflecting concerns about the impending EU referendum and wider global economic and political uncertainty

The calendar year 2015 was also a good year for the retail investment market and a record breaking year for shopping parks with £2 6 billion of deals transacted Since the turn

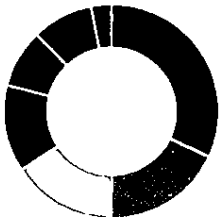
of the year there has been a lack of benchmark retail transactions and a slowdown in activity with the majority of deals carried over from 2015 Demand remains strong for prime multi-let retail assets and is increasingly diverse but there is a limited amount of stock on the market Investors have become more discerning with increased polarisation between prime and secondary assets and demand for secondary assets showing signs of softening

Portfolio Performance

Our Retail & Leisure portfolio valuation was up 2 4% over the year to £7 3 billion including the impact of the recent 1% increase in stamp duty for commercial property Excluding the effects of the stamp duty change valuation uplift was broadly the same in each half at around 1 8%, driven by our actions which contributed 60% of the uplift The portfolio outperformed the market by 20 bps on a capital returns basis and 30 bps on a total returns basis

ERV across the portfolio was up 2 4% (compared to 1 4% for the market as whole) with growth in the second half of the year higher at 1 5% compared with 0 9% in the first half ERV growth was stronger in the multi-let portfolio at 3 4% compared to 3 0% in 2014/15 with the accelerating ERV trend broadly balanced across both regional and local

Retail lettings and renewals by sector (by rent)



Fashion & Footwear	32%
Food & Leisure	18%
Health & Beauty	16%
General Retail	13%
DIY	9%
Other	9%
Electrical & Mobile Phone	3%

subsectors leading to IPD outperformance of 210 bps demonstrating the quality of our portfolio The Retail portfolio continued to benefit from yield movement over the year with 13 bps of yield compression compared to 47 bps in the prior year The average NEY now stands at 5 0%

Asset Management

Our focus on the strongest best located schemes and our consistent approach to deliver the most appropriate offer and standard of service continued to drive good demand for our space so occupancy across the portfolio remained high at 99% Footfall was up 3 0% outperforming the market by 440 bps and our retailers performed well with their in-store sales up 2 4% outperforming the market by 200 bps

We provide a flexible and affordable proposition for occupiers with an average rent to sales ratio (excluding internet sales) of 10% We signed 903 000 sq ft of lettings/renewals on attractive terms with investment lettings and renewals on average 8 0% ahead of ERV We saw good demand for units of all sizes including larger units with over 450 000 sq ft of lettings/renewals on floor areas over 10 000 sq ft Using our detailed consumer data we continued to improve the occupier mix at our local and

> *"We continue to enjoy strong relationships with our major occupiers, and work closely with them to deliver the space they want."*

regional assets adding quality brands and broadening our leisure offering to keep pace with consumer needs We signed 35 new food and beverage occupiers and 2 cinemas adding 174 000 sq ft of food beverage and leisure space to our Retail operations through lettings and extensions We settled 1 6 million sq ft of rent reviews at 3 8% ahead of previous passing rent and only 6% of occupiers decided to leave on expiry which gives further confidence that we are creating the right kind of space for occupiers We saw like-for-like net rental income growth across the Retail portfolio of 1 4%

We continue to enjoy strong relationships with our major occupiers and work closely with them to deliver the space they want The investments we are making to improve our assets continued to attract new brands and popular restaurant providers to our regional and local assets Primark recently opened 68 000 sq ft of space at Broughton Chester and Fort Kinnaird Edinburgh and both locations are trading well At Glasgow Fort we attracted 7 new occupiers out of town including Pandora Kiko Milano GBK and Foot Asylum This has improved the quality and range of occupiers available to consumers and driven rental growth

In order to attract such strong occupiers to our multi-let assets we continued to invest across the portfolio to deliver the highest quality retail environments Over the course of the year we spent £80 million on asset management initiatives and the positive impact of this is reflected both in our valuation and in our operational metrics Activity included the £14 million refurbishment of Ealing Broadway which completed in November 2015 yielding positive results including a 5% uplift in retailer sales over the year along with several new tenants Wasabi EAT and Smiggle This resulted in 7 5% ERV growth at Ealing Broadway in the second half of the year At Teesside Stockton our ongoing refurbishment has led to new out of town entrants including Paperchase taking space We completed a programme of upgrades on five assets which included improved new customer walkways parent

903,000 sq ft

of retail and leisure lettings and renewals

and child parking provision customer service centres high quality landscaping community artworks celebrating local heritage and children s play areas We are already seeing the positive impact of these works through improved customer satisfaction an increase in retailer sales and ERV growth

In line with our aim to provide a consistent high level of service for our occupiers and consumers we have taken the property management of our retail assets in-house to Broadgate Estates our wholly owned subsidiary and one of the UK s leading property management companies In the year we rolled out WorldHost customer service training to more than 800 people at our places and Dementia Friendly training to over 600 people making sure that from cleaning and security to maintenance and management our teams have the understanding and skills to welcome and support visitors We are delighted by the positive feedback from visitors and we are recognising team members who are going above and beyond through our Awards for Excellence

Meadowhall had a strong year Sales at the centre were 2 2% ahead with retailers on the refurbished premium mall significantly outperforming We are on site with a £60 million internal refurbishment ahead of which we have already signed some high quality new brands including Diesel Joules Kiko Milano Jack Wills and Tapas Revolution Overall long term deals at Meadowhall were signed at an average of 6 3% ahead of ERV and like-for-like income was up 5 7% over the year Looking forward we are in public consultation for a 330 000 sq ft leisure scheme which will cement Meadowhall s position as among the best retail and leisure destinations in the UK

We commissioned a review by PwC which identified Meadowhall s social and economic contribution to the Sheffield City Region and the wider UK for the first time with 1p in every £1 and one job in every 100 in the region linking back to Meadowhall as well as 660 apprenticeships over five years The Centre has also contributed £7 3 billion gross value added to the UK economy over 25 years and

£303 million tax over five years Environmental achievements include 42% less energy use over six years and 17 000 tonnes of waste recycled over ten years Looking forward around half the materials and labour for our Meadowhall refurbishment are being sourced from companies within the Sheffield City Region bringing a further £25 million to the regional economy

Investment Activity

Gross investment activity over the year was £636 million with total sales of £420 million (BL share) and total acquisitions of £100 million (BL share)

We continued to reshape the portfolio disposing £420 million of mature or non-core assets Key transactions included the sale of HUT assets in Rotherham Parkgate and Birstall for £120 million and £31 million respectively (both our share) We also disposed of nine standalone foodstores totalling £122 million This included the £60 million sale of Tesco Bursledon at a 5 0% net initial yield and the £32 million sale of Sainsbury s Islington at a net initial yield of 3 96% This has reduced our total superstore holding to £0 8 billion from £1 3 billion two years ago We have a further £68 million of superstores under offer at a NIY of 4 2% which will further reduce our holding to £0 7 billion

We acquired an additional £95 million interest in the HUT portfolio of shopping parks increasing our ownership from 69 2% to 75 3% over the year On average these units were acquired at NAV representing an effective net initial yield of 6 3% (based on actual acquisition costs) With the disposals made in the year we have rebalanced the HUT portfolio and in February HUT unitholders resolved to replace Schroders with Crestbridge as manager

We completed 169 000 sq ft of developments over the year The 57 000 sq ft leisure extension at Whiteley opened in November 2015 and has traded well with sales growth of 8 2% in the second half The 112 000 sq ft Marks and Spencer anchored retail extension at Glasgow Fort opened at the start of the year providing a strong additional anchor to the scheme with footfall increasing by 6 7% The new 12 000 sq ft leisure quarter and 600 space multi-storey car park are under construction at Glasgow Fort and will complete later in the year the new space is already exchanged or under offer at record level rents and includes new out of town occupiers Thaikhun and GBK

Our 254 000 near term development pipeline includes 168 000 sq ft of leisure extensions and 86 000 sq ft of redevelopment At Drake Circus Plymouth where we have permission for a 102 000 sq ft leisure scheme including space for 14 restaurants adjacent to the asset we

£636m

Gross investment activity

169,000 sq ft

of retail and leisure developments completed over the year

expect to take vacant possession of the bus station site later this year We have already pre-let space to Cineworld for a 12 screen cinema as well as Byron Wagamama and Zizzi At New Mersey Speke we received consent for a 66 000 sq ft leisure extension with an 11 screen cinema also pre-let to Cineworld and six restaurants Already we have exchanged or are under offer on six restaurant units and in the main part of the scheme Next has renewed its lease and will extend its trading space to 48 000 sq ft

We have also received planning consent at Ealing Broadway for the conversion of an office block to 34 000 sq ft of private rented residential apartments This marks the next stage in our development plan for this asset and follows a successful £14 million refurbishment of the centre completed in November 2015 Planning permission has also been granted for the redevelopment of a Homebase at Crawley into a new 52 000 sq ft homewares park

Looking further ahead to the medium term during the year we submitted a planning application for a £262 million (our share £131 million) mixed use redevelopment of Eden Walk Kingston to include 562 000 sq ft public space leisure retail and residential At Meadowhall public consultation has started on our 330 000 sq ft leisure extension Across our near and medium term pipeline we are on track to achieve BREEAM Excellent or Very Good ratings on 464 000 sq ft of retail and leisure space reflecting strong performance on wellbeing efficiency ecology and other sustainability criteria

We have used our placemaking skills to drive further improvement at our London office assets, delivering value for shareholders

Key highlights of the year

£7.0bn
Portfolio valuation (British Land share)

15.4%
Total property return

9.6%
ERV growth

12.0%
Capital return

5.6%
Lettings/renewals versus ERV

98.6%
Occupancy rate

7.9 years
Lease length to first break

Tim Roberts
Head of Offices and Residential

Overview

London again delivered good absolute and relative performance over the year continuing to benefit from trends such as strong relative economic growth population growth globalisation of labour and capital and infrastructure-led regeneration Our Offices & Residential business grew to £7 0 billion from £6 0 billion a year ago driven by valuation uplift of 11 8%

Our strategy is focused on using our placemaking skills to drive further improvement at our campuses which account for over 70% of our Offices portfolio, through development public realm improvements and the introduction of a greater range of uses We are also using these placemaking skills at our standalone assets which allow us to experiment with different products – such as Yalding House – and also provide liquidity to the portfolio – such as the disposal of 39 Victoria Street Our development capabilities are a competitive advantage enabling us to improve our campuses and deliver value to our shareholders

The occupational market in London remained strong seeing healthy demand throughout the year With Central London vacancy at 2 8% compared to the long term average of 5 3% prime rents continued to rise However in recent months there have been signs of a slowdown likely due to the EU referendum Take up is likely to slow further in the short term but long term we believe that London s global position will endure

The investment market also remained healthy reflecting the fundamental attractions of London growing rents good liquidity and a scarcity of income return around the world Demand from global and domestic investors remained robust despite the historically low yields and while investment volumes have fallen since January first quarter transactions at £3 5 billion were 8% ahead of the 5 year average Importantly there have been a number of transactions which support current yields

In residential the prime market has been impacted by both increased supply and recent tax changes and transaction volumes have slowed In the super prime market there is continued emphasis on the quality of stock and although London continues to be viewed as attractive volumes have moderated The mainstream market in London has remained relatively robust with steady demand

We continued to reduce our residential commitment through further pre-sales at The Hempel and Aldgate Place and with only £292 million of units remaining our residential

business represents a manageable amount of our portfolio The majority of the remaining units by value are at Claridges Mayfair which we will not market until completion in late 2017 and is a scheme which we believe will still generate strong interest

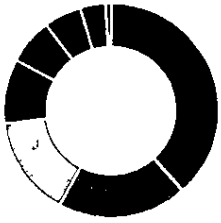
Portfolio Performance

We continued to benefit from our focus on London The value of our Offices and Residential portfolio was up 11 8% to £7 0 billion including the impact of the recent 1% increase in stamp duty for commercial property The drivers of valuation growth shifted substantially over the year with our actions accounting for 30% of growth in the first half and almost all growth in the second half We saw inward yield shift of 21 bps across the Office portfolio compared to 51 bps last year reflecting the slowdown in the investment market

The West End and City portfolios were up 12 8% and 11 1% respectively with the West End portfolio showing a particularly strong performance in the second half in part due to the 15% uplift on the West End developments The Residential portfolio was up 5 7% This movement translates into strong overall capital return of 12 0% ahead of the IPD sector benchmark by 90 bps

The Offices and Residential investment portfolio was up 11 7% driven by 9 6% ERV growth As our development pipeline completed standing investments have become an increasingly important contributor to performance accounting for almost 90% of the uplift in the year Developments delivered valuation uplift of 12 7% with strong performance at 4 Kingdom Street which saw a valuation uplift of 42%

Office lettings and renewals by sector (by rent)



Banks & Financial Services	38 3%
Professional & Corporate	19 5%
TMT	15 3%
Retail	9 6%
Manufacturing	7 2%
Government	5 4%
Insurance Co s	3 9%
Other Business	0 8%

11.8%
valuation uplift in offices

£3.8m
of annualised rent added through rent reviews

Asset Management

Despite delivering 2 2 million sq ft of developments in the last 3 years our portfolio is now virtually fully let reflecting the strength of occupational demand and the quality of our space As a result overall letting volumes at 296 000 sq ft are below recent years levels but we continue to agree deals on terms 5 6% ahead of ERV

We added £3 8 million of annualised rent through rent reviews on 687 000 sq ft of space an uplift of 17% compared to previous passing rent Our campuses are relatively affordable and with 1 8 million sq ft of rent reviews to settle in the next 18 months we are well placed to capture rental growth going forward Average ERVs at Paddington and Regent s Place at £46 psf and £57 psf respectively are low relative to core West End and at Broadgate the average is £57 psf Overall our portfolio is now 10% reversionary (7% City 11% West End)

In the City The Leadenhall Building is now 98% let or under offer from 84% at the start of the year with just one of the top floors to let we continued to set new rental highs in the City We have been particularly pleased not only by the occupier interest but also the critical acclaim it has received with the Leadenhall Building named "Building of the Year by the Worshipful Company of Chartered Architects We were also delighted that The Duke of Cambridge and Prince Harry formally opened the building in October 2015

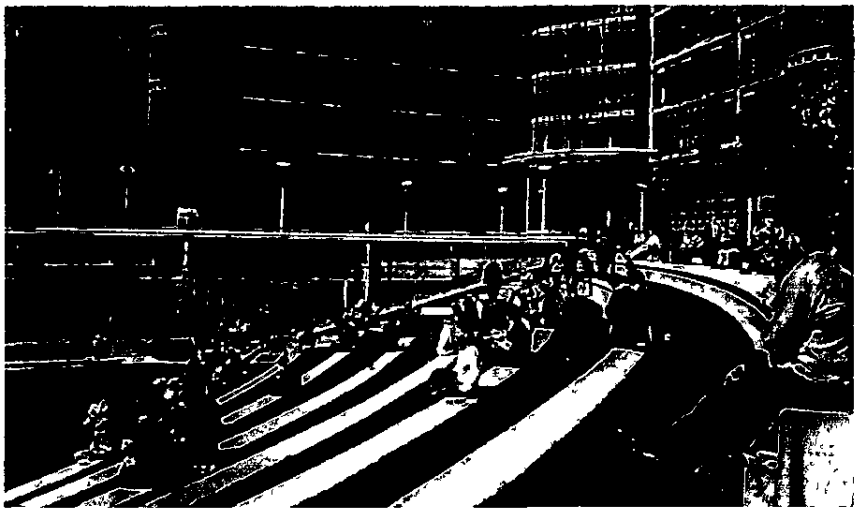
At Broadgate we are progressing our vision to create a world class campus for London This reflects the growth and diversity of its location not only as an important part of the City, but being adjacent to the regenerating areas of Shoreditch and Spitalfields which increasingly cater to technology and other creative sectors

"Our Offices portfolio is now virtually fully let reflecting the strength of occupational demand and the quality of our space."

The opening of the Crossrail station at Liverpool Street in 2018 will also be supportive of our overall vision Redevelopment opportunities will significantly increase the scale of the campus and better integrate it with the vibrant areas to the north and east The redevelopment of Broadgate Circle has done much to enliven the campus and our plans will build on this momentum with a more diverse offer which matches changing working lifestyles Our near term development pipeline includes 823 000 sq ft of space with a further 550 000 in the medium term

At Regent s Place we are progressing our vision to evolve the campus through redevelopment works We completed the refurbishment of 79 000 sq ft at 338 Euston Road with Facebook taking occupation of the majority of the space Levels 2 and 7 (13 000 sq ft) are available and we are seeing good interest both from existing and new occupiers We have made good progress with rent reviews at 20 Triton Street growing rents on average from £52 psf to £70 psf on 151 000 sq ft of space and adding £2 5 million to annualised rents with a further 600 000 sq ft to be negotiated in the next 18 months The next phase of major works is at 1 Triton Square where we are in the early stages of designing a significant refurbishment

At Paddington Central we are making good progress towards our vision to complete the campus through development and transforming the public realm We completed phase 1 of the public realm enhancement works and phase 2 which will be focussed around Kingdom Street is out to tender and will start this summer We have secured 4 moorings on the canal and we have also purchased 2 canal boats to be used to host events and enliven the surrounding area We saw ERV growth of 5% across the campus in the second half of the year and settled rent reviews on 75 000 sq ft of space at 2 Kingdom Street taking rents from £45 psf to £54 psf and adding £0 6 million to annualised rents



Investment Activity

Gross investment activity over the year was £621 million with total sales of £198 million (BL share) and total acquisitions of £232 million (BL share)

We continued to make progress at our Residential schemes The Hempel Collection and Aldgate Place selling £59 million of apartments at prices on average 3% ahead of valuation At Claridges Mayfair having pre-sold over 50% of the gross development value of the residential element of the scheme in September 2014 it remains our intention to undertake no further marketing until the remaining apartments have reached practical completion

In July last year we sold an office building at 39 Victoria Street for a net price of £139 million We acquired the building for £40 million in 2009 and it was let in its entirety to the Corporate Officer of The House of Commons in 2013 following a substantial refurbishment The disposal at a yield of less than 4% crystallised an attractive IRR of over 20% per annum since purchase

At the start of the year we acquired One Sheldon Square for £210 million This is in line with our strategy of expanding our interests in and around our core campuses It also increases our exposure to an up and coming area of London and Paddington station a major London transport interchange which

will benefit from the opening of Crossrail in 2018 The acquisition adds nearly 200 000 sq ft to our office space bringing the assets we own in Paddington Central to 806 000 sq ft

We completed 739 000 sq ft of developments in the period with 5 Broadgate accounting for 710 000 sq ft UBS began fitting out 5 Broadgate in the summer and we expect them to move in later this year We achieved a BREEAM Excellent rating at 5 Broadgate and we are on track to achieve BREEAM Excellent across a further 2 7 million sq ft of office space

We also completed Yalding House a 29 000 sq ft office-led refurbishment in the heart of Fitzrovia The building which was launched in February has variable floor plates and is targeted at small and medium sized businesses in the creative sectors We are pleased with the level of enquiries seen to date

Our under construction programme covers 617 000 sq ft with total speculative commitment (including land) of £530 million This includes 192 000 sq ft at our super prime residential-led development Claridges Mayfair where both the relocation of the Kennel Club and the affordable housing element were delivered in the period We are on track to complete the 48 000 sq ft office element in the summer with the residential to complete in late 2017

At 4 Kingdom Street we are making good progress We are on track to top out later this month and on target to deliver 147 000 sq ft of office space in 2017 At 2 Kingdom Street Broadgate Estates achieved the world s first BREEAM Outstanding Fit Out As well as being highly efficient the new environment is helping Broadgate Estates attract and retain the best talent

£530m
of committed speculative development

1.8m sq ft
Near term development pipeline focused on London

There are signs that increases in construction costs are moderating reflecting lower raw material costs However tender prices still reflect limited capacity in the industry with contractors seeking to restore margins and limit their risk exposure In central London we are currently forecasting cost inflation of 5% per annum and for our projects under construction all our costs are fixed

We made good progress with our near term development pipeline which has increased from 1 3 million sq ft in March last year to 1 8 million sq ft We recently received consent for a revised 520 000 sq ft redevelopment of 100 Liverpool Street at Broadgate incorporating a larger retail component than in the previous consent in line with our plans to add 400 000 sq ft of retail to the campus in the medium term Subject to UBS completing the fit out works at 5 Broadgate we expect to be in a position to commence with 100 Liverpool Street in early 2017

At 1 Finsbury Avenue we received planning consent for a 303 000 sq ft redevelopment and at 1 Triton Square on our Regent s Place campus we are progressing the design We will make the decision whether to commit to these schemes at the appropriate time but we are pleased with the level of interest we are seeing from occupiers for potential pre-lets despite the fact that the projects are still at an early stage

Our planning application for 340 000 sq ft of mixed use space at Blossom Street Shoreditch was also granted consent having been called in by the Mayor of London The High Court has since rejected a Judicial Review of the Mayor s decision take over in the application but it is unlikely that we will start onsite in 2016 as had been our intention At 5 Kingdom Street we have made good progress on the proposed design and we expect to submit a planning application by the end of the year

Looking ahead to our medium term pipeline we submitted a planning application for the redevelopment of 2 and 3 Finsbury Avenue increasing the area from 189 000 sq ft to 550 000 sq ft

Our efficiency programme provides well-managed environments for workers, shoppers and residents, supports our occupiers' sustainability goals, cuts occupancy costs and enhances asset value

We actively manage greenhouse gas emissions across our business We are recognised in the CDP Disclosure Leadership Index for the fifth year running with a 100% score for disclosure We also achieved B for performance

We have reported on all emission sources required under the Companies Act 2006 (Strategic Report and Directors Reports) Regulations 2013 These sources fall within our consolidated financial statement and relate to head office activities and controlled emissions from our managed portfolio All our scope 1 and 2 emissions are included in this statement 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 2015

Scope 1 and 2 carbon emissions reduced this year due to several factors notably the decarbonisation of the UK grid improvements through our ongoing efficiency programme and changes in our portfolio affecting energy use and associated emissions Combustion of fuel increased slightly due to occupier fit outs notably in The Leadenhall Building

We commissioned a review of our Scope 3 emissions by Arup which revealed that changes in our portfolio since 2012 have substantially reduced our carbon footprint The shift towards assets with strong public transport links has reduced emissions from visitor travel by 1 3 million tonnes More detailed information around visitor numbers and transport use has also improved accuracy reducing visitor travel emissions by 800 000 tonnes In addition the reduction in our total floor area and the decarbonisation of the UK grid have contributed to reductions in emissions from occupier energy use of 164 000 tonnes The increase in Corporate and other emissions was due to the addition of Broadgate Estates data and residential energy use data within our footprint as well as increased emissions related to property acquisitions and finance

Scope 1 and 2 emissions intensity (tonnes CO_2e)

Year ended 31 March	2016	2015	2009
Per m² – Offices (net letable area)	**0 075**	0 076	0 118
Per m² – Retail – enclosed	**0 073**	0 088	0 174
Per parking space – Retail – open air	**0 063**	0 063	0 106
Per m² – Residential	**0 081**	0 085	–
Per £m – gross rental income from managed portfolio[1]	**79 48**	87 30	–

Absolute Scope 1 and 2 emissions (tonnes CO_2e)

Year ended 31 March	2016	2015	2009
Combustion of fuel Managed portfolio gas use and fuel use in British Land owned vehicles	**7,284**	6 965	5 156
Operation of facilities Managed portfolio refrigerant loss from air conditioning	**644**	554	–
Purchase of electricity, heat, steam and cooling for our own use Managed portfolio electricity use	**38,710**	42 503	41 186

Absolute Scope 3 emissions (tonnes CO_2e)

Year ended 31 March	2016	2012
Occupier controlled energy use – Offices Electricity and gas use in our assets	**50,291**	51 839
Occupier controlled energy use – Retail Electricity and gas use in our assets	**584,668**	748 150
Broadgate Estates controlled energy use – Third parties Electricity and gas use in assets owned by others	**36,097**	–
Development supply chain Construction materials site activity design and other business services	**78,934**	176 622
Visitor travel Vehicle use to and from assets	**2,914,903**	4 970 786
Corporate and other Group procurement finance employee travel energy life-cycle related water and residential energy	**137,816**	109 133

[1] Gross Rental Income (GRI) from the managed portfolio comprises Group GRI of £451 million (2015 £399 million) plus 100% of the GRI generated by joint ventures and funds of £451 million (2015 £495 million) less GRI generated by assets outside the managed portfolio of £315 million (2015 £321 million)

Reducing Scope 3 emissions

We are working with our development supply chain to reduce carbon emissions from construction materials At 100 Liverpool Street our design team has developed plans that re-use as much of the building structure as possible cutting construction costs and reducing embodied carbon by 7,270 tonnes Design improvements are also targeting a further 4 360 tonne saving versus the original concepts at no extra cost by changing insulation materials using cement replacement increasing recycled aluminium content and switching to lightweight engineered beams

We amended our methodology for carbon intensities this year and have restated previous numbers to reflect this For our full methodology explanation of changes and PwC s independent assurance see our 2016 Sustainability Accounts available at **www britishland com/data**

Our strategic focus on placemaking along with our active debt management underpinned our strong results

Key highlights of the year

14.2%
Total accounting return[1]

919p
EPRA net asset value per share[1]

£9.6bn
IFRS net assets

28.4p
Dividend per share

£363m
Underlying Profit[1]

£1.3bn
IFRS profit before tax

32%
LTV proportionally consolidated

3.3%
Weighted average interest rate proportionally consolidated

[1] See glossary for definitions

Overview

The strong performance this year is reflected in our operating results and the total accounting return of 14 2%

Our focus on placemaking and accelerating ERV growth have delivered a portfolio valuation uplift of 6 7% on a proportionally consolidated basis and a 10 9% increase in NAV per share to 919 pence excluding the impact of the 1% increase in stamp duty on commercial property NAV per share would have been 932 pence (an increase of 12 4%)

We have completed £1 3 billion of investment activity with acquisition and development spend broadly balancing disposals We have sold mature and non-core assets and have reinvested in our existing business and in selected acquisitions adjacent to existing assets

Our balance sheet metrics remain strong The proportionally consolidated loan to value ratio has decreased to 32% from 35% due to a combination of our actions including the results of our placemaking activity and market movements We have raised £915 million of new debt including a £350 million zero coupon convertible bond Together with the £110 million debenture bonds tender offer and purchase we have completed over £1 billion of financing activity in the year This drove the 50 bps reduction in the Group s proportionally consolidated weighted average interest rate to 3 3% from 3 8%

Underlying Profit increased to £363 million as a result of our successful financing activity leasing of our completed developments and rental income growth in the investment portfolio including a number of significant rent reviews in Offices

Underlying earnings per share increased by less than profits due to the requirement to anticipate conversion into new shares of the £400 million 1 5% convertible bond issued in 2012 and maturing in 2017 with a conversion price of 693 pence

IFRS profit before tax for the year of £1 331 million is lower than the prior year primarily due to a reduced level of property valuation movement reflecting the slowdown in yield compression and the recent increase in stamp duty on commercial property

Looking forward to next year we intend to increase the dividend by 3% to 29 20 pence per share with a quarterly dividend of 7 30 pence per share

Presentation of financial information

The Group financial statements are prepared under IFRS where 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

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

Income statement

1 Underlying Profit

Underlying Profit is the measure that is used internally to assess income performance No company adjustments have been made in the current or prior year and therefore this is the same as the pre-tax EPRA earnings measure which includes a number of adjustments to the IFRS reported profit before tax This is presented above on a proportionally consolidated basis

1 1 Net rental income (Chart 1)

The £35 million increase in net rental income during the year was the result of strong letting activity

The successful letting of our development programme provided £23 million of this increase primarily due to the start of the lease at 5 Broadgate and the lettings we have made at the Leadenhall Building which is now almost full with recent leasing deals setting new records for City rents

Like-for-like rental income growth was 3 4% Offices and Residential growth was almost 7% just over half of this was due to the letting up of completed developments that are now in the like-for-like portfolio with the remainder being attributable to strong rent review activity particularly at Regent s Place and Paddington Retail and Leisure growth was 1 4% (1 8% excluding the impact of surrender premia)

Our near term development pipeline could add a further £68 million of net rental income over the next 5 years The three largest schemes in the near term pipeline are income producing investments with a current passing rent of

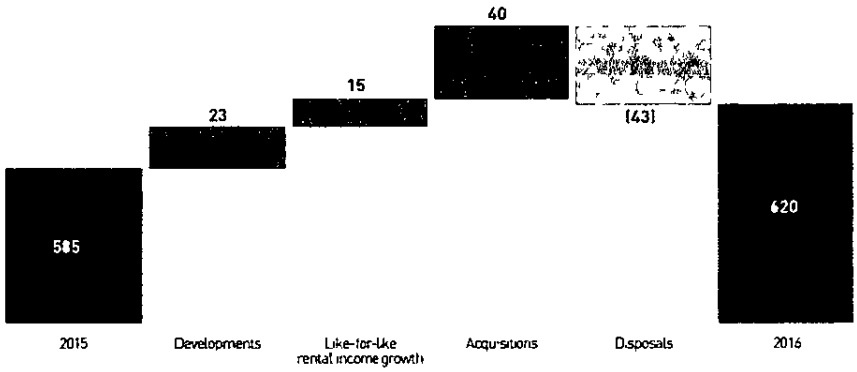
Underlying Profit

	Section	2016 £m	2015 £m
Gross rental income		654	618
Property operating expenses		(34)	(33)
Net rental income	1 1	**620**	**585**
Net fees and other income		17	17
Administrative expenses	1 3	(94)	(88)
Net financing costs	1 2	(180)	(201)
Underlying Profit		**363**	**313**
Non-controlling interest in Underlying Profit		14	16
EPRA adjustments[2]		954	1 460
IFRS profit before tax	2	**1,331**	**1,789**
Underlying earnings per share	1 4	34 1p	30 6p
IFRS basic earnings per share	2	131 2p	168 3p
Dividend per share	3	28 36p	27 68p

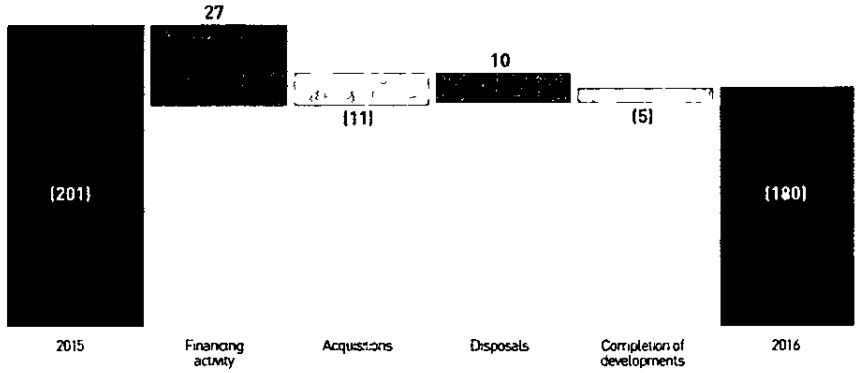
[1] Fees and other income and administrative expenses have been restated to reflect the change in presentation of the results of Broadgate Estates a wholly owned subsidiary of the Group This restatement has had no impact on Underlying Profit Refer to note 1 of the financial statements for further details

[2] 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 These items are presented in the capital and other column of the consolidated income statement

Net rental income (£m) (Chart 1)



Net financing costs (£m) (Chart 2)



£24 million which is expected to run off in the last quarter of 2016/17

1 2 Net financing costs (Chart 2)
We completed over £1 billion of financing activity in the current year including the £350 million zero coupon convertible bond and the £110 million debenture bonds tender offer and purchase We have raised and refinanced a total of £915 million of debt at lower margins and in a lower interest rate environment Together with the impact of last year s financing activity this resulted in a £27 million decrease in financing costs this year

Our approach to interest rate management was also important in reducing interest costs At the year end we had reduced the proportion of our debt held at fixed rates to 60% on average over the next five years (64% at 31 March 2015)

Overall our actions during the year drove the reduction in our proportionally consolidated weighted average interest rate to 3 3% at 31 March 2016 from 3 8% at 31 March 2015

Lower capitalised interest in the current year reflected our reduced development commitment This resulted in an additional £5 million of interest cost in the year

1 3 Administrative expenses
During the year we brought the property management of our retail assets in-house to Broadgate Estates a wholly owned subsidiary in line with our strategic focus on customer orientation and placemaking In recognition of the core role Broadgate Estates now plays in how we run the business we have changed the way its results are presented in the Group income statement This has resulted in a £5 million increase in administrative expenses and an equal and offsetting increase in net fees and other income Importantly this change has no impact on Underlying Profit The prior year comparatives for net fees and other income and administrative expenses have also been restated to reflect this change in presentation

Development team costs of £4 million were capitalised for the first time this year as we progress our development pipeline

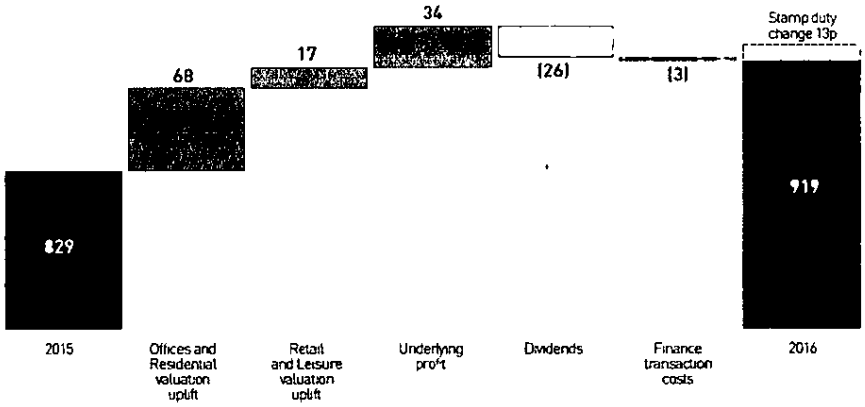
Overall administrative expenses increased by £6 million this year in line with our planned investment in people and technology in order to enhance the capability of the business which includes a £2 million increase related to Broadgate Estates The Group s operating cost ratio remains sector leading at 16 6% (2014/15 16 4%)

1 4 Underlying EPS
Underlying EPS for 2015/16 was 34 1 pence (2014/15 30 6 pence) based on Underlying Profit after tax of £365 million (2014/15 £313

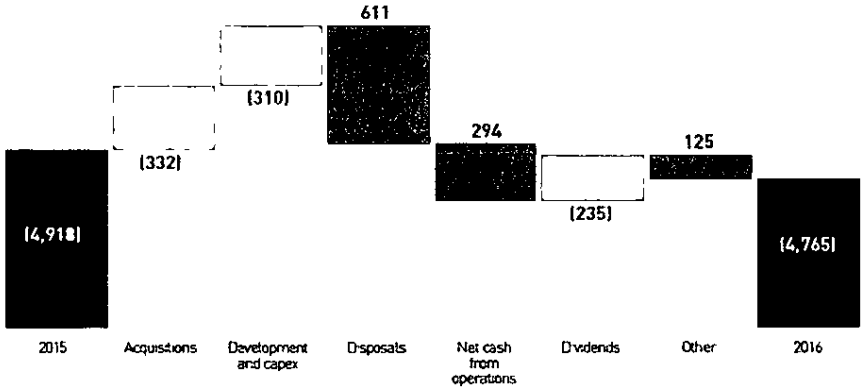
Balance sheet	Section	2016 £m	2015 £m
Properties at valuation		14 648	13 677
Other non-current assets		138	256
		14,786	**13,933**
Other net current liabilities		(257)	(307)
Adjusted net debt	6	(4 765)	(4 918)
Other non-current liabilities		(90)	(73)
EPRA net assets (undiluted)		**9,674**	**8,635**
Dilution impact of convertible bond		400	400
EPRA net assets (diluted)		**10,074**	**9,035**
EPRA NAV per share	4	**919p**	**829p**
Non-controlling interest		277	333
EPRA adjustments[1]		(732)	(803)
IFRS net assets	5	**9,619**	**8,565**

[1] EPRA net assets exclude the mark-to market on effective cash flow hedges and related debt adjustments the mark-to-market on the convertible bonds as well as deferred taxation on property and derivative revaluations They include the valuation surplus on trading properties and are adjusted for the dilutive impact of share options and the £400 million convertible bond maturing in 2017 No adjustment is made for the £350 million zero coupon convertible bond because this is not currently dilutive Details of the EPRA adjustments are included in Table A within the supplementary disclosures

EPRA NAV per share (p) (Chart 3)



Adjusted net debt (£m)[1] (Chart 4)



[1] Adjusted net debt is a proportionally consolidated measure It represents the Group net debt as disclosed in Note 17 and the Group s share of joint venture and funds net debt excluding the mark-to-market on effective cash flow hedges and 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

million) adjusted to add back interest on the £400 million 1 5% convertible bond of £6 million (2014/15 £nil) and the weighted average diluted number of shares of 1 089 million (2014/15 1 022 million)

The increase in Underlying EPS of 11 4% is less than the increase in Underlying Profit because we are now required to anticipate conversion into shares of the £400 million 1 5% convertible bond which matures in 2017 in our reported Underlying EPS

2 IFRS profit before tax
The main difference between IFRS profit before tax and Underlying Profit is that it includes the valuation movement on investment and development properties and the fair value movements of financial instruments In addition the Group s investments in joint ventures and funds are equity accounted in the IFRS income statement but are included on a proportionally consolidated basis within Underlying Profit

The IFRS profit before tax for the year was £1 331 million a decrease of £458 million primarily due to the slowdown in yield compression and the 1% stamp duty increase on commercial property in the current year resulting in lower levels of property valuation movement This impacts IFRS profit before tax through the valuation movement on the Group s properties which was £268 million less than last year and the valuation movement on the properties held in joint ventures and funds which was £344 million less than last year

Further information on portfolio valuation performance is provided on page 36

The £77 million decrease in net financing costs to £75 million was principally due to revaluation gains recorded in respect of the Group s convertible bonds

The £50 million increase in net rental income to £425 million was primarily the result of the purchase of a controlling interest in New Mersey Speke in March 2015 the purchase of controlling interests in two mixed portfolios of single and multi-let assets (the Tesco transaction) also completed in March 2015 and like-for-like rental income growth in the standing portfolio

Basic earnings per share decreased by 22% to 131 2 pence per share The weighted average number of shares in issue during the period was 1 025 million (2014/15 1 016 million)

3 Dividends
The quarterly dividend was increased to 7 09 pence per share in the year bringing the total dividend declared for the current financial year to 28 36 pence per share (2014/15 27 68 pence per share) an increase of 2 5% over the prior year The dividend paid in the financial year was 28 02 pence per share (2014/15 27 34 pence per share)

It is the Board s intention to increase the dividend by 3 0% in 2016/17 to 29 20 pence per share with a quarterly dividend of 7 30 pence per share

Balance Sheet

4 EPRA NAV per share (Chart 3)
The EPRA NAV per share of 919 pence includes the 13 pence adverse impact from the 1% rise in Stamp Duty Land Tax on commercial property announced in the budget this year

The 10 9% increase in EPRA NAV per share reflects a strong valuation performance across the portfolio of 6 7% Our portfolio is broadly split equally between Offices and Retail The valuation uplift in the year is primarily due to ERV growth of 5 3% with an accelerated trend compared to last year reflecting our focus on placemaking and the strength of the markets we invest in Yield compression was 17 bps and contributed significantly less to the valuation uplift compared to the prior year

Returns were driven by our standing investments up 6 4%, boosted by an increase of 9 4% in our developments

Offices and Residential valuations were up 11 8% with strong ERV growth of 9 6% the West End performed slightly more strongly than the City in part due to the valuation uplift on our developments Retail and Leisure valuations were up 2 4% underpinned by strong performance in our multi-let portfolio which saw ERV growth of 3 4%

The finance transaction costs primarily relate to the debenture bond tender offer and purchase completed in the year and are compensated for by lower interest costs over the remaining period of the finance

5 IFRS net assets
IFRS net assets at 31 March 2016 were £9 619 million an increase of £1 054 million This was primarily due to property revaluation gains in the current year which were £616 million for the Group and £245 million for the Group s share of joint ventures and funds

In August 2015 the loan provided by the Group to the Broadgate joint venture was repaid This was funded by additional shareholder contributions to the joint venture and resulted in a £137 million decrease in net debt and a £137 million increase in the Group s investments in joint ventures and funds

Cash Flow, Net Debt and Financing

6 Adjusted net debt (Chart 4)
The impact of our investment activity in the year was broadly balanced

Significant acquisitions completed in the year included One Sheldon Square and the purchase of an additional 6 1% of the units in Hercules Unit Trust bringing the Group s ownership to 75 3% at the year end

Development expenditure of £190 million related to the spend on our committed development programme and capital expenditure of £120 million related to asset management on the standing portfolio Forecast development spend of £204 million is anticipated over the next three years on the Group s committed development programme and £720 million on the Group s near term development pipeline This compares to £358 million of contracted residential sales along with a further £292 million of residential units yet to be contracted for sale on existing committed projects

Significant disposals in the year included 39 Victoria Street at an attractive yield which generated an IRR of over 20% Rotherham Parkgate and Leeds Birstall In addition disposals of standalone superstores totalling

Financing statistics

	Group		Proportionally consolidated	
	2016	2015	**2016**	2015
Net debt/adjusted net debt[1]	£3 617m	£3 828m	£4 765m	£4,918m
Principal amount of gross debt	£3 552m	£3 717m	£5 089m	£5 202m
Loan to value	25%	28%	32%	35%
Weighted average interest rate	2 6%	3 3%	3 3%	3 8%
Interest cover	3 3	2 9	3 0	2 6
Weighted average debt maturity	7 2 years	7 5 years	8 1 years	8 7 years

The Group figures represent net debt as presented in note 17 of the financial statements the proportionally consolidated figures include the Group s share of joint venture and funds net debt and exclude the mark to market on effective cash flow hedges and related debt adjustments and non-controlling interests

£122 million were completed including the sale of Tesco Bursledon for £60 million and Sainsbury s Islington for £32 million reducing the Group s total superstore exposure to under £0 8 billion We currently have a further £100 million of mature or non-core retail assets under offer

7 Financing

Balance sheet metrics remain strong LTV and the weighted average interest rate on drawn debt were reduced and interest cover improved The decrease in both our Group and proportionally consolidated LTV measures is due to a combination of our actions and market movements Note 17 of the financial statements sets out the calculation of the Group and proportionally consolidated LTV

Our proportionally consolidated LTV was 32% at March 2016 down from 40% two years ago Pro-forma for the full conversion of the £400 million 1 5% convertible bond maturing in 2017 proportionately consolidated LTV is 29%

The strength of the Group s balance sheet is reflected in British Land s senior unsecured credit rating which continues to be rated by Fitch at A-

Financing activity during the year amounted to over £1 billion We continue to achieve attractive financings which improve earnings and liquidity including £915 million of new debt finance since 31 March 2015

Taking advantage of favourable market conditions we raised a £350 million zero coupon senior unsecured convertible bond due 2020 which includes flexible settlement options and provides further diversification of our sources of finance

Following a tender offer in respect of British Land s 6 75% First Mortgage Debenture Bonds due 2020 we purchased £110 million of bonds The purchase was funded by existing committed facilities and the bonds were cancelled

Financing activity in our joint venture and funds in the year consisted of the repayment of £100 million of a Hercules Unit Trust term loan reducing the facility to £250 million and its subsequent refinancing at pricing less than half the previous facility The Gibraltar Limited Partnership £140 million loan facility was also refinanced in the year at significantly lower pricing

Overall financing activity we completed in the year was the principal factor in the reduction of the proportionally consolidated weighted average interest rate from 3 8% to 3 3%

We have also agreed one year extensions to both our bank syndicated unsecured revolving credit facilities in total £1 245 million

British Land has £1 8 billion of committed unsecured revolving banking facilities and £83 million of cash and short term deposits Of these facilities £1 6 billion have maturities of more than two years and £1 2 billion was undrawn at 31 March 2016 Based on our current commitments and these facilities the Group has no requirement to refinance for four years

Further information on our approach to financing is provided in the financial policies and principles section on pages 54 to 56

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 levied on the distribution of income from our qualifying property rental business rather than at the corporate level Any income which does not qualify as property income within the REIT rules is subject to tax in the normal way This includes profits on properties developed and sold within three years as well as fees and interest The tax credit for the year is £2m (excluding deferred tax)

Our 2016 Total Tax Contribution was more than £240m mainly arising from taxes collected from others which we administered together with taxes and levies paid directly

HMRC continue to award British Land a low risk tax rating which is in part a reflection of our REIT status together with the open and regular dialogue we maintain with them We continue to comfortably pass all REIT tests to ensure our REIT status is maintained

Lucinda Bell
Chief Financial Officer

FINANCIAL POLICIES AND PRINCIPLES

We focus on having an appropriate balance of debt and equity funding which enables us to deliver our property strategy

Leverage

Our mix of equity and debt financing is managed to achieve the appropriate balance between enhancing returns for shareholders and the risk of higher leverage We use a loan to value ratio (debt as a percentage of the gross value of our assets LTV") to measure our leverage primarily on a proportionally consolidated basis including our share of joint ventures and funds and excluding non-controlling interests

We seek to manage our leverage such that our LTV should not exceed a maximum threshold if market yields were to rise to previous peak levels This means we will not increase our LTV if asset values increase only as a result of market yield improvement Consequently our maximum LTV may be higher in the low point in the cycle and will trend downwards as market yields tighten

We leverage our equity and achieve benefits of scale while spreading risk through joint ventures and funds which are typically partly financed with debt without recourse to British Land

Our current proportionally consolidated LTV of 32% includes our share of the debt in joint ventures and funds and is higher than the Group measure of 25%

Debt finance

The scale of our business combined with the quality of our assets and rental income means that we are attractive to a broad range of debt providers and able to arrange finance on favourable terms Good access to the capital and debt markets is a competitive advantage, allowing us to take 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 56) This provides the greatest flexibility and low operational cost Our joint ventures and funds are each financed in ring-fenced structures without recourse to British Land for repayment and are secured on the relevant assets

Presented opposite are the five guiding principles that govern the way we structure and manage our debt

Debt financing involves risk from adverse changes in the property and financing markets In arranging and monitoring our financing we include important risk disciplines ensuring that relevant risks are fully evaluated and managed

Managing risk in delivering our strategy see pages 57 to 63

Monitoring and controlling our debt

We monitor our projected LTV and our debt requirement using several key internally generated reports focused principally on borrowing levels debt maturity available facilities and interest rate exposure We also undertake sensitivity analysis to assess the impact of proposed transactions movements in interest rates and changes in property values on the key balance sheet liquidity and profitability ratios

In assessing our ongoing debt requirements including for our development programme we consider potential downside scenarios such as a fall in valuations and the effect that might have on our covenants

Based on our current commitments and available facilities the Group has no requirement to refinance for four years (irrespective of whether the settlement of the 2012 convertible bond is with equity or debt)

British Land s current committed undrawn bank facilities are £1 2 billion

Managing interest rate exposure

We manage our interest rate profile independently from our debt The Board considers the appropriate maximum level of sensitivity of underlying earnings to movements in market rates of interest over a five-year period and the appropriate ranges of fixed rate debt over relevant time periods

Our debt finance is raised at both fixed and variable rates Derivatives (primarily interest rate swaps) are used to achieve the desired interest rate profile across proportionally consolidated net debt Currently 60% on average of projected net debt is fixed over the next five years with a decreasing profile over the period The use of derivatives is managed by a Derivatives Committee The interest rate management of joint ventures and funds is addressed by each entity for its business

Counterparties

We monitor the credit standing of our counterparties to minimise our risk exposure in respect of placing cash deposits and 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 freely available currencies other than sterling and will fully hedge the foreign currency exposure

Our five guiding principles

Diversify our sources of finance

We monitor finance markets and seek to access different types 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 enjoy and encourage 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 and a range of geographical areas with a total of 33 debt providers of bank facilities and private placements alone We also aim to ensure that debt providers understand our business we adopt a transparent approach to provide sufficient disclosures so that lenders can 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 over £6 billion (British Land share over £5 billion) of new finance in unsecured and secured bank loan facilities US Private Placements and convertible bonds

£6.2bn

Total debt portfolio (proportionally consolidated)

Phase maturity of debt portfolio

The maturity profile of our debt is managed with a spread of repayment dates We monitor the various debt markets so that we have the ability to act quickly to arrange new finance as opportunities arise Maturities of different types of drawn debt are well spread reducing our refinancing risk in respect of timing and market conditions As a result of our financing activity we are comfortably ahead of our preferred refinancing date horizon of not less than two years

The current range of debt maturities is one to 20 years In accordance with our usual practice we expect to refinance facilities ahead of their maturities

8.1 years

Average debt maturity (proportionally consolidated)

Maintain liquidity

In addition to our drawn debt we aim always to have a good level of undrawn committed unsecured revolving bank facilities in British Land 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 opportunities

£1.2bn

Undrawn committed facilities

Maintain flexibility

Our facilities are structured to provide valuable flexibility for investment deal execution whether sales or purchases developments or asset management Our bank revolving credit facilities in British Land provide full 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 Flexibility is maintained with our combination of this unsecured revolving debt and secured term debt in debentures with good substitution rights where we have the ability to move assets in and out of the security

£1.8bn

Revolving credit facilities

Maintain strong balance sheet metrics

We actively manage our mix of equity and debt financing to achieve a balance between our ability to generate an attractive return for shareholders with the risks of having more debt

Our capital strategy is responsive to the need to manage our exposure such that we aim not to exceed a maximum proportionally consolidated LTV threshold in an economic downturn if market yields rise to previous peak levels

32%

LTV (proportionally consolidated)

A-

Credit rating

3.0

Interest cover (proportionally consolidated)

FINANCIAL POLICIES AND PRINCIPLES CONTINUED

Group borrowings

Unsecured financing for the Group is raised through bilateral and syndicated unsecured revolving bank facilities with initial terms of five years (often extendable) US Private Placements with maturities up to 2027 and the convertible bonds maturing in 2017 and 2020

Secured debt is provided by debentures with longer maturities up to 2035 at fixed rates of interest and a bank term loan

Unsecured borrowings

The same financial covenants apply across each of the Group s unsecured facilities 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 and
- net Unsecured Borrowings not to exceed 70% of Unencumbered Assets

Covenant ratio

No income/interest cover ratios apply to these facilities and there are no other unsecured debt financial covenants in the Group

The Unencumbered Assets of the Group not subject to any security stood at £6 5 billion as at 31 March 2016

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 2016 these assets generated £63 million of surplus cash after payment of interest In addition while investments in joint ventures do not form part of Unencumbered Assets our share of profits generated by these ventures are regularly passed up to the Group

Secured borrowings

Secured debt with recourse to British Land is provided by debentures at fixed interest rates with long maturities and no amortisation These are secured against a single combined pool of assets with common covenants, the value of those assets is required to cover the amount of these 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 withdraw substitute or add properties (or cash collateral) in the security pool in order to manage these cover ratios effectively and deal with any asset sales

Secured debt without recourse to British Land comprises the following each of which is secured on a specific portfolio of properties

- a fixed rate debenture of £30 million for BLD Property Holdings Ltd to 2020 and
- a bank loan of £295 million for TBL Properties Limited (and its subsidiaries) to 2019

Borrowings in our joint ventures and funds

External debt for our joint ventures and funds has been arranged through long dated securitisations or bank debt according to the requirements of the business of each venture

Hercules Unit Trust has term loan facilities maturing in 2019 and 2020 arranged for its business and secured on its property portfolios without recourse to British Land These loans include value and income based covenants

The securitisations of Broadgate (£1 667 million) Meadowhall (£696 million) and the Sainsbury s Superstores portfolio (£463 million) have weighted average maturities of 12 1 years 10 4 years and 6 5 years respectively The only financial covenant applicable is to meet interest and scheduled amortisation (equivalent to 1 times cover) there are no LTV covenants These securitisations provide for quarterly principal repayments with the balance outstanding reducing to approximately 20% to 30% of the original amount raised by expected final maturity thus mitigating refinancing risk

Other debt arrangements with banks include LTV ratio covenants with maximum levels ranging from 40% to 65% and most have rental income to interest or debt service cover requirements

There is no obligation on British Land to remedy any breach of these covenants and any remedy needed would be considered by the parties on a case-by-case basis

At 31 March	2012 %	2013 %	2014 %	2015 %	2016 %
Net borrowings to adjusted capital and reserves[1]	44	31	40	38	34
Net unsecured borrowings to unencumbered assets[2]	34	23	31	28	29

Highest during the year to 31 March 2016
[1] 42% and
[2] 33%

Risk management is integral to our strategy of delivering long term sustainable returns

Lucinda Bell
Chair of the
Risk Committee

For British Land, effective risk management is a cornerstone of our strategy and fundamental to the achievement of our strategic objectives in delivery of long term sustainable returns We focus on the management of the principal risks facing our business including those risks that could threaten the Group s solvency and liquidity as well as identifying emerging risks whilst at the same time making the most of our opportunities

Our Risk Management Framework

Our integrated approach combines a top-down strategic view with a complementary bottom-up operational process outlined in the diagram on page 58

The Board takes overall responsibility for risk management with a particular focus on determining the nature and extent of principal risks it is willing to take in achieving its strategic objectives This is set in the context of the external environment in which we operate – this is our **risk appetite** The Audit Committee takes responsibility for overseeing the effectiveness of risk management and internal control systems (as outlined on page 81) on behalf of the Board and also advises the Board on the principal risks facing the Group including those that would threaten its solvency or liquidity

The Executive Directors are responsible for delivering the Company s strategy and managing risk The Risk Committee (which is Chaired by the Chief Financial Officer and consists of all Executive Directors) is responsible for managing strategic and operational risk in achieving the Group s performance goals

Whilst responsibility for oversight of risk management rests with the Board the effective day-to-day management of risk is embedded in all areas of our business and forms an integral part of our core values and how we work This bottom-up approach ensures potential risks are identified at an early stage, escalated as appropriate and mitigations are put in place to manage such risks Each business unit maintains a comprehensive risk register which is reviewed quarterly by the **Risk Committee** with significant and emerging risks escalated to the Audit Committee for consideration as appropriate

British Land Core Strengths

- High quality commercial property focused on regional and local multi let retail assets around the UK and London office campuses
- Placemaking strategy of creating Places People Prefer
- Customer orientation enables us to develop a deep understanding of the people who use our places
- Strong and diverse occupier base
- High occupancy and long lease lengths provides stable secure cash flows
- Mixed use development expertise
- Ability to source and execute attractive investment deals
- Efficient capital structure with good access to capital and debt markets
- Sustainability credentials

Our Risk Appetite

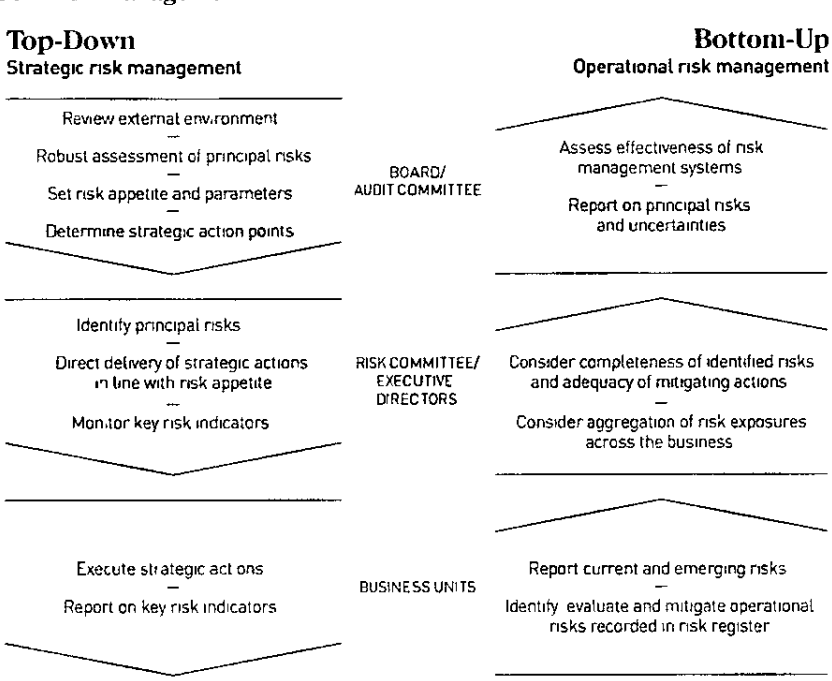
The Group s risk appetite is reviewed annually (in the context of the core strengths of our business model) and approved by the Board This evaluation guides the actions we take in executing our strategy The most significant judgements affecting our risk appetite include our assessment of prospective property returns our asset selection and investment strategy the level of development exposure and our financial leverage

We have identified a suite of **Key Risk Indicators (KRIs)** to monitor our principal risks which are reviewed quarterly by the Risk Committee to ensure that the activities of the business remain within our risk appetite and that our risk exposure is well matched to changes in the business and operating environment

MANAGING RISK IN DELIVERING OUR STRATEGY CONTINUED

The Board has considered the Group s risk appetite and it is considered appropriate to achieve our strategic objectives Our business is both resilient and well placed for the long term Our portfolio is modern and nearly fully let to quality occupiers on long leases We have maintained our capital discipline with investment and development being broadly balanced by asset disposals and reduced our proportionally consolidated LTV to 32% Development continues to remain a core part of our business and whilst our current commitment has reduced as our 2010 programme has recently completed we are progressing an attractive future pipeline of development opportunities with the flexibility to move forward when the time is right

Our Risk Management Framework



Assessment of Prospects

The Group s annual corporate planning process includes the completion of a strategic review reassessing the Group s risk appetite and updating the Group s forecasts

The Group s strategy provides the focus for our annual priorities and is formally reviewed annually This process is led by the Chief Executive through the Executive Committee and includes the active engagement of the Board Part of the Board s role is to consider whether the strategy takes appropriate account of the Group s principal risks The latest updates to the strategic plan and Group risk appetite were approved by the Board in March 2016

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

Assessment of Viability

The period over which the Directors consider it feasible and appropriate to report on the Group s viability is the five year period to 31 March 2021 This period has been selected because it is the period that is used for the Group s medium term business plans and individual asset performance forecasts

The assumptions underpinning these 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 or a combination of those risks

The principal risks table which follows on pages 60 to 63 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 impact property fundamentals including investor and occupier demand which would have a negative impact on valuations and give rise to a reduction in the availability of finance 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 2021

The sensitivities performed were designed to be severe but plausible and to take full account of the availability of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks

- Downturn in economic outlook Key assumptions including occupancy void periods rental growth and yields were sensitised to reflect reasonably likely levels associated with an economic downturn
- Restricted availability of finance Based on the Group s current commitments and available facilities there is no requirement to refinance for four years 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

Viability Statement

Having considered the forecast cash flows and covenant compliance and the impact of the sensitivities in combination 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 2021

Going Concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis as explained in the Governance Review

To read more information on going concern go to page 77

Risk Focus in the Year

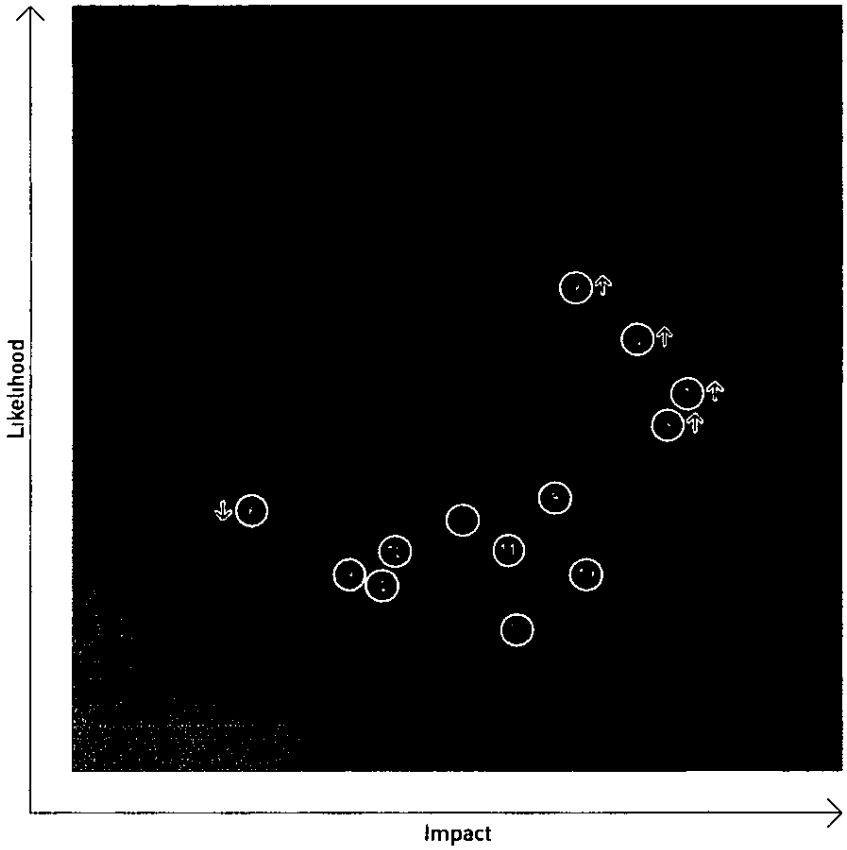
The Board has undertaken a robust assessment of the principal risks facing British Land and our principal risks have evolved as a result of the uncertainty as to the outcome of the pending referendum on the UK s membership of the EU increased geopolitical instability and cyber security External factors such as the macro-economic environment continue to dominate the risk landscape Whilst we cannot control the external environment we continue to actively monitor leading indicators on the economic and property cycle

We continue to drive improvements in our risk management process and the quality of risk information generated whilst at the same time maintaining a practical approach During the year we introduced an enhanced Information Security Policy with the aim of providing greater protection of British Land s electronic data by mandating increasingly secure processes appropriate controls and operations and promoting awareness of cyber security We have also reviewed and refreshed our Anti-Bribery and Corruption policies and controls

The principal risks facing British Land are summarised across the following pages including an assessment of potential impact and likelihood together with how they relate to our strategic priorities

Our risk assessment

Principal Risks	Key Strategic Priorities affected	Change in year
External risks		
1 Economic outlook		
2 Political outlook		
3 Commercial property investor demand		
4 Occupier demand and tenant default		
5 Availability and cost of finance		
6 Development cost inflation		
7 Catastrophic business event		
Internal risks		
8 Investment strategy		
9 Development exposure		
10 Income sustainability		
11 Capital Structure		
12 Finance Strategy		
13 People		



Note The above illustrates principal risks wh ch by their nature are those wh ch have the potential to significantly impact the Group s strategic objectives financial position or reputation

Key

Strategic priorities	Change year-on-year
Customer Orientation	Unchanged
Right Places	Increased
Capital Efficiency	Reduced
Expert People	

External Risks

Risks and impacts		How we monitor and manage the risk	Change in the period
Economic outlook	**The economic climate and projections for interest rates present risks and opportunities in property and financing markets and the businesses of our occupiers**	- The Risk Committee reviews the economic environment in which we operate quarterly to assess whether any changes to the economic outlook justify a re-assessment of the strategy or risk appetite of the business - Indicators such as **forecast GDP growth** employment rates business and consumer confidence interest rates and inflation/deflation are considered as well as central bank guidance and government policy updates - We focus on prime assets and sectors which we believe will deliver outperformance over the medium term benefiting from continuing occupier demand and investor appetite	The UK economy has remained robust however there is continued economic and political uncertainty and concerns over the forthcoming EU referendum Uncertainty remains over when interest rates will rise albeit consensus has pushed back their expectations for interest rate rises and expects the increase will not be steep
Political outlook	**Significant political events (including the pending EU referendum) and policies, bring risks both in terms of uncertainty until the outcome is known and the impact of policies introduced principally in two areas** - reluctance of investors and businesses to make investment decisions whilst the outcome remains uncertain and - on determination of the outcome the impact on the case for investment in the UK and on specific policies and regulation introduced particularly those which directly impact real estate	- Whilst we are not able to influence the outcome of significant political events we do take the uncertainty related to such events and the range of possible outcomes into account when making strategic investment and financing decisions - 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 to influence the debate on these policies	Uncertainty remains as to the outcome of the pending referendum on the UK s membership of the EU We maintain support for remaining in the EU There is uncertainty over the new Mayor of London s approach to planning and housing The geopolitical environment remains unstable with immigration issues resulting from the ongoing unrest in the Middle East putting pressure on state resources in Europe
Commercial property investor demand	**Reduction in investor demand for UK real estate may result in falls in asset valuations and could arise from variations in** - the health of the UK economy - the attractiveness of investment in the UK - availability of finance - relative attractiveness of other asset classes	- The Risk Committee reviews the property market quarterly to assess whether any changes to the market outlook present risks and opportunities which should be reflected in the execution of our strategy The Committee considers indicators such as **margin between property yields and borrowing costs** and **property capital growth forecasts** which are considered alongside the Committee members knowledge and experience of market activity and trends - We focus on prime assets and sectors which we believe will deliver outperformance over the medium term, benefiting from continuing occupier demand and investor appetite - Strong relationships with agents and direct investors active in the market	There has continued to be a high level of investor demand for UK commercial property both from domestic and international investors during the year However since the turn of the year there has been a slowdown in transactions in part due to heightened global uncertainty and investors concerns over the pending EU referendum The market for the most attractive assets remained highly liquid however investors are becoming increasingly discerning with some softening in demand for more secondary assets particularly in retail
Development cost inflation	**Cost inflation presents a risk to the profitability of our development projects and has the potential to adversely affect our cash position and overall return on investment**	- For each project we make a judgement about apportionment of construction risk Where we retain this risk we aim to fix costs early in the process subject to other market factors with key contractors subject to financial covenant review - We factor in construction cost inflation for our projects as part of the investment appraisal process to assess the viability of each development - We are working with our supply chain on initiatives to address skills shortages and to understand how resource constraints could impact development costs in the long term	There are signs that construction cost inflation is moderating reflecting lower raw material costs However tender prices still reflect the limited capacity in the industry with contractors seeking to rebuild margins and limit their risk exposure We factor cost inflation into our development appraisals and for our projects under construction substantially all our costs are fixed

Risks and impacts		How we monitor and manage the risk	Change in the period
Occupier demand and tenant default	**Underlying income, rental growth and capital performance could be adversely affected by weakening occupier demand and occupier failures resulting from variations in the health of the UK economy and corresponding weakening of consumer confidence, business activity and investment** Changing consumer and business practices (including the growth of internet retailing flexible working practices and demand for energy efficient buildings) new technologies new legislation and alternative locations may result in earlier than anticipated obsolescence of our buildings if evolving occupier and regulatory requirements are not met	- The Risk Committee reviews indicators of occupier demand quarterly including **consumer confidence surveys, employment and ERV growth forecasts** alongside the Committee members knowledge and experience of occupier plans trading performance and leasing activity in guiding execution of our strategy - We have a diversified occupier base and monitor concentration of exposure to individual occupiers or sectors We perform rigorous occupier covenant checks on an ongoing basis so that we can be proactive in managing exposure to weaker occupiers - Ongoing engagement with our occupiers Through our Key Occupier Account programme we work together with our occupiers to find ways to best meet their evolving requirements - Our sustainability strategy links action on occupier health and wellbeing efficiency community and sustainable design to our business strategy Our social and environmental targets help us comply with new legislation and respond to customer demands for example we expect all office developments to be BREEAM Excellent	The London occupational market has remained strong through the period with healthy take-up and record low vacancy rates occupiers are increasingly thinking about requirements several years in advance The market has however slowed since the turn of the year as occupiers delay decisions until after the pending EU referendum Looking forward the development pipeline indicates that office supply will remain constrained in the near term and potentially longer if proposed developments continue to be delayed In retail the occupational market remains robust with increasing requirements from new entrants and for new store formats particularly at the most attractive locations Retailers are continuing to focus their portfolios on fewer better stores which suits their omni-channel strategies Challenges to retailer profitability include the living wage, business rates revaluation and the increasing cost of omni-channel platforms including distribution
Availability and cost of finance	**Reduced availability of property finance may adversely impact ability to refinance debt and drive up cost This may also result in weaker investor demand for real estate** - Increasing finance costs would reduce Underlying Profits	- **Market borrowing rates and real estate credit availability** and activity are monitored by the Risk Committee quarterly and reviewed regularly in order to guide our financing actions in executing our strategy - We maintain good relationships with our key financing partners and advisors - We maintain a diverse range of sources of finance to provide access to funding as required We aim always to have a good level of undrawn committed unsecured revolving facilities to ensure we have adequate financing availability to support business requirements and opportunities - We work with industry bodies and other relevant organisations to participate in any debate of emerging banking regulations where our interests are affected	There continues to be good overall market appetite for real estate finance depending on quality of the borrower project and specific lender requirements Overall while there has been market volatility financing costs remained relatively low However macro-economic uncertainties could adversely impact future liquidity and pricing
Catastrophic business event	**An external event such as a civil emergency, including a large-scale terrorist attack, cyber crime extreme weather occurrence or environmental disaster could severely disrupt global markets (including property and finance) and cause significant damage and disruption to British Land s portfolio and operations**	We maintain a comprehensive crisis response plan across all business units as well as a head office business continuity plan - The Risk Committee monitors the **Home Office terrorism threat levels** and we have access to security threat information services - Asset emergency procedures are regularly reviewed and scenario tested Physical security measures are in place at properties and development sites - Asset risk assessments are carried out (e g security flood environmental health and safety) - Our cyber security systems are backed up by incident management disaster recovery and business continuity plans all of which are regularly reviewed to be able to respond to changes in the threat landscape and organisational requirements - We also have appropriate insurance in place across the portfolio	The Home Office threat level from international terrorism remains severe Our business continuity plans and asset emergency procedures have been reviewed and enhanced where appropriate During the year we introduced an enhanced Information Security Policy with the aim of providing greater protection of British Land s electronic data by mandating increasingly secure processes appropriate controls and operations and promoting awareness of cyber security

KEY
Change from last year Risk exposure has increased · No significant change in risk exposure · Risk exposure has reduced

Our principal Key Risk Indicators are **highlighted** within How we monitor and manage the risk

Internal Risks

Risks and impacts		How we monitor and manage the risk	Change in the period
Investment Strategy **Responsible executives** Chris Grigg Charles Maudsley Tim Roberts	**In order to meet our strategic objectives we must invest in and exit from the right properties at the right time Significant underperformance could result from inappropriate determination and execution of our property investment strategy, including** - sector selection and weighting - timing of investment and divestment decisions - exposure to developments - sector asset tenant region concentration - co-investment arrangements	Our investment 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 at each Risk Committee 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	We are focusing the business around long term trends and continue to see the benefits of the investments we made in recent years In line with our priorities set out last year we have focused our investment on London and the South East and investing around transport infrastructure we've achieved some key development milestones and are also getting closer to our customers In Retail we made £420 million of disposals as we increase our focus on the multi-let portfolio where we can put our placemaking skills to work to drive rental growth Our investment strategy is outlined on pages 24 to 25
Development exposure **Responsible executives** Chris Grigg Charles Maudsley Tim Roberts	**Development provides an opportunity for outperformance but this brings with it elevated risk The care with which we make our decisions around which schemes to develop when, as well as our execution of these projects, must reflect this** Development risks could adversely impact underlying income and capital performance including - development letting exposure - construction timing and costs - major contractor failure - adverse planning judgements	We maintain our levels **of total and speculative development exposure as a proportion of the investment portfolio value** within a target range taking into account 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, the Group undertakes a detailed appraisal overseen by our Investment Committee including consideration of returns relative to risk adjusted hurdle rates - Pre-let targets are used to reduce development letting risk where considered appropriate - We actively engage with the communities in which we operate as detailed in our Local Charter to ensure that our development activities consider the interests of all stakeholders - We manage environmental and social risks across our development supply chain by engaging with our suppliers including through our Sustainability Brief for Developments and Health and Safety Policy	Development is an important part of our business and a key driver of returns We have assembled an attractive pipeline of development opportunities which gives us growth into the future and where we are able to make timely decisions to reflect changes in market conditions These include exciting opportunities across our three existing London campuses the potential to create a new London campus at Canada Water alongside significant investment opportunities in our existing Retail assets For more on our development programme see pages 37 to 39
People **Responsible executive** Chris Grigg	**A number of critical business processes and decisions lie in the hands of a few people** Failure to recruit develop and retain staff and Directors with the right skills and experience may result in significant underperformance or impact the effectiveness of operations and decision making in turn impacting business performance	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 The risk is measured through employee engagement surveys employee turnover and retention metrics and regular people review activities We monitor this through the number of **unplanned executive departures** in addition to conducting exit interviews We engage with our outsourced suppliers to make clear our requirements in managing key risks including health and safety fraud and bribery and other social and environmental risks as detailed in our Supply Chain Charter	Having expert people is one of the four core focus areas of our business model We provide a strong corporate culture committed to our people a great working environment competitive benefits and career development opportunities We empower our people to make the most of their potential with us Our high level of staff engagement was recognised by maintaining a One Star rating in the Sunday Times Best Companies to Work For survey For more on our expert people see page 23

Risks and impacts		How we monitor and manage the risk	Change in the period
Capital Structure – leverage **Responsible executive** Lucinda Bell	**We maintain a capital structure which recognises the balance between performance, risk and flexibility** – Leverage magnifies returns both positive and negative – An increase in leverage increases the risk of a breach of covenants on borrowing facilities and may increase finance costs	– We manage our mix of equity and debt financing to achieve the right balance between enhancing returns for shareholders and the risk of higher leverage – We monitor our LTV to manage leverage levels over the property cycle and seek to ensure that LTV should not exceed a maximum threshold if market yields were to rise to previous peak levels This means we will not increase our LTV if asset values increase only as a result of market yield improvement – 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 level remains appropriate – We leverage our equity and achieve benefits of scale while spreading risk through joint ventures and funds which are typically partly financed with debt without recourse to British Land	Balance sheet metrics in the year remained strong We have maintained our capital discipline with investment and development being broadly balanced by asset disposals and reduced our proportionally consolidated LTV to 32% in line with our strategy to not increase leverage solely on the basis of an improvement in market yields For more on our financial policies see pages 54 to 56
Finance strategy execution **Responsible executive** Lucinda Bell	**Our strategy addresses risks both to continuing solvency and the stability of our profits** Failure to manage the refinancing requirement may result in a shortage of funds to sustain the operations of the business or repay facilities as they fall due This and a breach of financial covenant limits are considered to be significant risks to the continuing operation of British Land as a going concern	We have five key principles guiding our financing which together are employed to manage the risks in this area diversify our sources of finance phase maturity of debt portfolio maintain liquidity maintain flexibility and maintain strong balance sheet metrics See page 55 for further details – We monitor the **period until refinancing is required** which is a key determinant of financing activity and regularly evaluate the **likelihood of covenant breach** – We are committed to maintaining and enhancing relationships with our key financing partners – We are mindful of relevant emerging regulation which has the potential to impact the way that we finance the Group	We continue to achieve attractive financings which improve earnings and liquidity We have completed over £1 billion of financing activity during the year including a zero coupon £350 million senior unsecured convertible bond due 2020 which provides further diversification of our sources of finance and includes flexible settlement options Based on current commitments and our current available facilities the Group has no requirement to refinance for four years For more on our financial policies see pages 54 to 56
Income sustainability **Responsible executives** Lucinda Bell Charles Maudsley Tim Roberts	**We must be mindful of maintaining sustainable income streams in order to continue to generate returns for our shareholders and provide the platform from which to grow the business through development and capital appreciation** We consider sustainability of our income streams in – execution of investment strategy and capital recycling notably timing of reinvestment of sale proceeds – nature and structure of leasing activity – nature and timing of asset management and development activity	– We undertake comprehensive profit and cash flow forecasting incorporating scenario analysis to model the impact of proposed transactions – Pro-active asset management approach to maintain strong occupier line-up We monitor our **market letting exposure** including vacancies upcoming expiries and breaks and tenants in administration as well as our **weighted average lease length** – We have a diversified occupier base and monitor concentration of exposure to individual occupiers or sectors – We are proactive in addressing key lease breaks and expiries to minimise periods of vacancy – We actively engage with the communities in which we operate as detailed in our Local Charter, to ensure we provide buildings that meet the needs of all relevant stakeholders	The quality of our portfolio and environments enables us to attract some of the strongest occupiers to our properties this together with our high occupancy levels and long lease lengths provides security of income We are increasing the diversity of our occupier mix and no single occupier accounts for more than 5 7% of revenues In delivering our investment strategy we are mindful of the impact on our income security

KEY
Change from last year Risk exposure has increased | No significant change in risk exposure | Risk exposure has reduced

Our principal Key Risk Indicators are **highlighted** within How we monitor and manage the risk

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Photo taken by Sonni Modi

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

Chris Grigg
Chief Executive
Appointed in January 2009

Lord Turnbull
Senior Independent Director
Appointed Non-Executive Director in April 2006 became Senior Independent Director in January 2013

Lynn Gladden
Non-Executive Director
Appointed in March 2015

Charles Maudsley
Head of Retail and Leisure
Appointed in February 2010

William Jackson
Non-Executive Director
Appointed in April 2011

Simon Borrows
Non-Executive Director
Appointed in March 2011

Tim Score
Non-Executive Director

Appointed in March 2014

Lucinda Bell
Chief Financial Officer

Appointed in March 2011 became Chief Financial Officer in May 2011

Aubrey Adams
Non-Executive Director

Appointed in September 2008

Tim Roberts
Head of Offices and Residential

Appointed in July 2006

Laura Wade-Gery
Non-Executive Director

Appointed in May 2015

John Gildersleeve
Non-Executive Chairman

Appointed Non-Executive Director in September 2008 and Chairman in January 2013

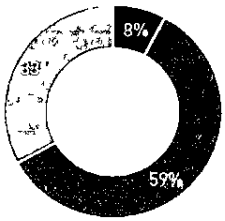
About the Board

Board composition

9
Men

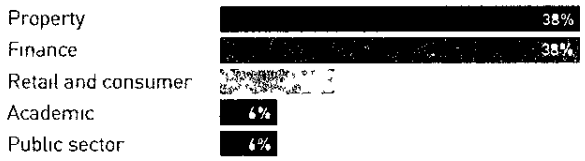
3
Women

Board of Directors



- Non-Executive Chairman
- Independent Non-Executive Directors
- Executive Directors

Directors' core areas of expertise[1]



[1] Some Directors are represented in more than one category

Executive Directors' appointments

50%
Appointed internally

50%
Appointed externally

Length of Non-Executive Directors tenures

Non-Executive Chairman

John Gildersleeve

Skills and experience John is deputy chairman and senior independent director of Spire Healthcare Group plc and deputy chairman of TalkTalk Telecom Group PLC. John was the chairman of Carphone Warehouse Group until December 2015 and a non-executive director of Pick n Pay SA until March 2016. He was formerly chairman of New Look Retail Group, EMI Group and Gallaher Group, a non-executive director of Dixons Carphone plc, Lloyds TSB Bank PLC and Vodafone Group and an executive director of Tesco plc. (B 3.1)

Committee membership
- Nomination (Chairman)

Executive Directors

Chris Grigg
Chief Executive

Skills and experience Chris was chief executive of Barclays Commercial Bank until November 2008, having joined the bank in 2005. Prior to Barclays, he was a partner of Goldman Sachs, where his career spanned 20 years.

External appointments
- Non-executive director of BAE Systems plc
- Member of the executive board of the European Public Real Estate Association
- Member of the board of the British Property Federation

Lucinda Bell
Chief Financial Officer

Skills and experience Lucinda is a chartered accountant with over 20 years of industry experience. In 2006 she was a member of the HM Treasury appointed working party which designed the implementation of the REIT regime.

External appointments
- Non-executive director of Rotork plc
- Member of the Accounting for Sustainability CFO Leadership Network

Charles Maudsley
Head of Retail and Leisure

Skills and experience Charles joined British Land in 2010 from LaSalle Investment Management. He had previously been with AXA Real Estate Investment Managers for seven years.

Tim Roberts
Head of Offices and Residential

Skills and experience Before joining British Land in 1997 Tim was a partner at Drivers Jonas in the Investment Agency team. He was formerly a non-executive director of Songbird Estates until 2009.

External appointments
- Trustee of the property industry charity LandAid and Chair of the Grants Committee

Non-Executive Directors

Aubrey Adams

Skills and experience Aubrey is group chair of L&Q the housing association and residential developer He was formerly head of property within RBS s Restructuring Division a non-executive director of Pinnacle Regeneration Group Limited senior independent director of Associated British Ports PLC non-executive chairman of Unitech Corporate Parks PLC non-executive chairman of Air Partner PLC chief executive of Savills PLC and non-executive chairman of Max Property Group PLC Aubrey is chairman of the board of trustees of Wigmore Hall

Committee membership
- Audit

Simon Borrows

Skills and experience Simon is the chief executive of 3i Group plc and a member of the supervisory board of Peer Holdings BV the Dutch holding company for 3i s investment in Action the non-food discount retailer He worked for 28 years in the banking and finance industry most recently as chairman of Greenhill & Co International LLP He was also chief executive officer of Baring Brothers International Limited the corporate finance division of ING Barings and was a non-executive director of Inchcape plc until May 2015

Committee membership
- Audit

Lynn Gladden

Skills and experience Lynn is a non-executive director of IP Group plc She is Professor of Chemical Engineering at the University of Cambridge commissioner of the Royal Commission for the Exhibition of 1851 and a fellow of the Royal Society and Royal Academy of Engineering She was formerly a member of the Council of the Engineering and Physical Sciences Research Council and held the position of pro-vice-chancellor for research at the University of Cambridge until 31 December 2015

Committee membership
- Remuneration

William Jackson

Skills and experience William is Managing Partner of Bridgepoint one of Europe s leading private equity groups which he has led since 2002 He also serves as chairman of the board of Pret A Manger and president of Dorna Sports SL the rights holder to the MotoGP world motorcycling championships He has served on a range of boards during his career and has extensive operational and transaction experience

Committee membership
- Remuneration
- Nomination

Laura Wade-Gery

Skills and experience Laura is an executive director Multi Channel of Marks and Spencer Group plc (M&S) Prior to joining M&S in July 2011 she had served in a variety of senior roles at Tesco PLC Laura was a non-executive director of Trinity Mirror plc until 2012 Laura is a trustee of the Royal Opera House and Aldeburgh Music

Committee membership
- Remuneration

Tim Score

Skills and experience Tim is a non-executive director of Pearson plc and HM Treasury He was formerly 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

Committee membership
- Audit (Chairman)

Lord Turnbull
Senior Independent Director

Skills and experience Andrew entered the House of Lords in 2005 as a Crossbench Life Peer He retired as Secretary of the Cabinet and Head of the Home Civil Service in July 2005 Andrew previously held the positions of Permanent Secretary of HM Treasury and Permanent Secretary at the Department of the Environment He was formerly a non-executive director of Arup Group chairman of BH Global Limited and a non-executive of Prudential PLC from 2006 until May 2015 He was a non-executive director of Frontier Economics Ltd from 2006 until November 2015

Committee membership
- Remuneration (Chairman)
- Nomination

Company Secretary

Elaine Williams

Elaine was appointed Company Secretary and General Counsel in November 2015 She was formerly Deputy Group Company Secretary at HSBC Holdings plc and prior to that a partner at Freshfields Bruckhaus Deringer

Welcome to the Corporate Governance and Remuneration sections of our Annual Report

John Gildersleeve
Chairman

Directors' attendance during the year ended 31 March 2016

John Gildersleeve	8/8
Chris Grigg	8/8
Lord Turnbull	8/8
Aubrey Adams	8/8
Lucinda Bell	8/8
Simon Borrows	8/8
Lynn Gladden	8/8
William Jackson[1]	7/8
Charles Maudsley	8/8
Tim Roberts	8/8
Tim Score[1]	7/8
Laura Wade-Gery[2]	4/6

[1] William Jackson and Tim Score were unable to attend an unscheduled Board meeting called on short notice and held by telephone due to pre-existing business commitments
[2] Laura Wade-Gery was appointed on 13 May 2015 Laura Wade-Gery was unable to attend one Board meeting due to a pre-existing business commitment and one due to illness
(A 1 2)

Our robust governance structure is an integral part of the way British Land designs and delivers its strategy supporting effective decision-making and enabling the right people to have access to the right information at the right time As reported in the Chief Executive s review we have delivered another strong set of results as we progress in implementing our strategy of creating Places People Prefer The Board continues to make a valuable contribution in overseeing the delivery of our strategy providing constructive challenge to management and ensuring key risks are identified and properly managed

More information on our strategy and progress can be found on pages 18 to 25

British Land has a highly effective Board as confirmed by this year s internally conducted Board evaluation exercise reinforcing the positive results of last year s externally facilitated evaluation We have not made any changes to the Board or Committee membership this year other than the appointment of Laura Wade-Gery on 13 May 2015 which we reported on last year We are not proposing any changes to the Board at the 2016 Annual General Meeting (AGM)

Read our Board biographies on pages 66 to 69

We value continuity and experience of British Land s business and are delighted to endorse the Nomination Committee s recommendation that Lord Turnbull be re-appointed as Senior Independent Director Lord Turnbull will step down as Chairman of the Remuneration Committee following this year s Annual General Meeting although he will remain a member of that committee William Jackson has agreed to take on the position of Chairman of the Remuneration Committee

The Remuneration Committee has recommended that we seek approval this year of a new Remuneration Policy as our Matching Share Plan expires this year Amendments to our Long-Term Incentive Plan (LTIP) are proposed to deliver a simplified remuneration structure with one long term incentive arrangement No other material changes to the existing policy are proposed

The Remuneration Report is set out on pages 86 to 110

We believe that good governance requires open engagement with stakeholders and have sought and responded to feedback about our governance structures and the way our business is run We have consulted widely and taken into account investor views in relation to the proposed changes to our LTIP and hope to receive your continued support of our Remuneration Policy to enable us to offer competitive remuneration structures to attract and retain the best people I look forward to receiving your feedback on this and other matters at and in advance of our AGM on 19 July 2016

John Gildersleeve
Non-Executive Chairman

Chairman's statement go to pages 4 to 5

Compliance with the Code

The Board has continued to apply good governance practices during the year operating in compliance with the UK Corporate Governance Code (the Code) For ease of reference this is how we demonstrate our compliance throughout the Governance and remuneration section of the Annual Report and Accounts 2016

- A. Leadership
- B Effectiveness
- C Accountability
- D Remuneration
- E Relations with shareholders

Paddington Central

Ealing Broadway

OUR GOVERNANCE STRUCTURE

Our governance structure ensures that the right people have access to the right information

Board
- Develops strategy and leads British Land to achieve long term success
- Determines nature and extent of significant risks
- Maintains dialogue with shareholders

Committees of the Board
- Report on their activities to the Board

Audit Committee
- Oversees financial and narrative reporting, [illegible] and audit processes

Report of the Audit Committee see pages 80 to 83

Nomination Committee
- Leads process for Board appointments [illegible] and its Committees

Report of the Nomination Committee see pages 84 to 85

Management Committees
- Report on their activities to the Board and its Committees as appropriate

Risk Committee
- Manages strategic and operational risk in achieving the Company s performance goals
- Recommends appropriate risk appetite levels
- Monitors the Company s risk exposure
- Reviews operation of risk management processes
- Meets four times a year
- Reports to the Audit Committee
- Chaired by Chief Financial Officer
- Membership Executive Directors

Executive Committee
- Considers day-to-day operational matters for running the business
- Reviews performance of the Group s assets and development programme
- Generally meets twice monthly
- Reports to the Board
- Chaired by Chief Executive
- Membership Executive Directors and six senior executives

Operations Committee
- Provides collaborative leadership across the Company operationalises business strategy champions vision placemaking and values and leads change in the business
- Meets regularly through the year
- Membership senior individuals across business functions

Health and Safety Committee
- Reviews performance against targets and drives forward actions in pursuit of the Company s health and safety goals
  Meets four times a year
- Reports to the Risk Committee
- Chaired by Chief Financial Officer
- Membership staff with relevant responsibilities from across the business
- Three subcommittees Construction Managed Portfolio and Head Office (staff committee)

Matters reserved for Board approval

- Transactions and financing arrangements over £100 million
- Issue of securities
- Employee share and option schemes
- Documents for distribution to shareholders and the Annual Report and Accounts
- *Dividends*
- Establishing authority levels below those of the Board

Remuneration Committee
- Sets remuneration of the Chairman Chief Executive, Executive Directors and Company Secretary

Remuneration report see pages 86 to 110

Investment Committee
- Reviews approves or recommends capital transactions
- Recommends major transactions for Board approval
- Meets as required
- Chaired by Chief Executive
- Membership Executive Directors

Investment sticking to our strategy see page 77

Charity and Community Committee
- Approves all spend under the charity and community budget
- Reports to the Executive Committee
- Chaired by a Senior Retail Asset Manager

Sustainability Committee
- Custodian for sustainability strategy
- Reports to the Board
- Chaired by Chief Financial Officer
- Membership executives with defined areas of responsibility

Our robust governance structure is an integral part of the way we design and deliver our strategy

The Board has continued to apply good governance practices during the year and considers that the Company has fully complied with the UK Corporate Governance Code (the Code) This section of the Annual Report and Accounts 2016 outlines how we have applied the Code s principles and provisions throughout the year We are reporting against the Code which applies to companies with reporting periods beginning on or after 1 October 2014 A copy of the Code is available at **www frc org uk**

Leadership

The Board s core responsibilities include setting British Land s strategic aims and leading the Company as it works to achieve these aims and attain long term success The Board focuses on strategy throughout the year and the annual Strategy Days provide a key opportunity to do this as explained in the box to the right Progress against and the appropriateness of the agreed strategy are considered at Board meetings during the year in light of Company performance and changes to the external environment

There is a written division of responsibilities between the Chairman (responsible for running the Board) and the Chief Executive (responsible for running the Company s business) which has been approved by the Board (A 2 1)

The Executive Directors led by the Chief Executive are responsible for ensuring that the business is run in accordance with the Board s strategy The relatively small number of employees at British Land means that the Executive Directors are involved in or aware of all major activities of the Group – hence they are extremely well placed to ensure that actions are aligned with the Board s strategy This is exemplified by the process by which investment opportunities are appraised More information on the involvement of the Executive Directors in the investment process can be found on page 77

The Board sets the parameters and controls within which the Company s management may operate when undertaking the day-to-day running of the business These controls ensure that decisions are taken by people with the correct authority to do so

The major decisions reserved for Board approval and other decisions delegated to the Executive Directors are formally documented (A 1 1) The Executive Directors make decisions within these predefined parameters Decisions that would normally fall within these parameters may still be taken to the full Board for approval where such decisions relate to activities outside the ordinary course of business or where the Executive Directors consider it appropriate to do so Management Committees deal with their specific areas of responsibility before making decisions (where they have authority to do so) or recommending actions for Board-level approval if this is required A key consideration when making each decision is on whether the proposed action is aligned with the strategy the Board has developed

The Chairman meets with individual Directors outside formal Board meetings as part of each Director s continuing contribution to the delivery of the Company s strategy This process also allows for open two-way discussion about the effectiveness of the Board its Committees and individual Directors both Executive and Non-Executive By these means the Chairman is continually informed of the views of individual Directors and can act as necessary to deal with any issues relating to Board effectiveness before they become a risk to the Company

The Strategy Days

The annual Strategy Days held in February are attended by the full Board and the Executive Committee

The Executive Directors senior executives and external guests deliver a number of presentations to the Board providing an in-depth analysis on all aspects of the business and the external environment The Strategy Days are a key opportunity to discuss challenge and develop the Company s strategy

As well as considering the Group as a whole and the overall corporate strategy consideration is given to each part of the Group s current and prospective portfolio and to Group financing

The days are carefully structured to achieve a balance between presentations and time for debate and discussion

Areas focused on at the 2016 Strategy Days included
- Corporate Strategy
- Feedback from Investor Perception Audit
- Office Strategy
- Retail Strategy
- Canada Water

Culture and composition of the Board

The composition of the Board is a fundamental driver of its success as it provides strong and effective leadership the breadth of knowledge skills and experience of our Non-Executive Directors is detailed in their biographies on pages 68 and 69 The Nomination Committee is responsible for reviewing the composition of the Board and Board-level Committees and assessing whether the balance of skills, experience knowledge and independence is appropriate to enable them to operate effectively (B 2 2)

The procedure for the appointment of new Directors is rigorous and transparent Other than the appointment of Laura Wade-Gery on 13 May 2015 no changes to the composition of the Board occurred during the year

Non-Executive Directors are appointed for specified terms and all Directors offer themselves for election or re-election by shareholders at the Annual General Meeting (AGM) each year if the Board on the recommendation of the Nomination Committee deems it appropriate that they remain in office (B 7) ✓

Lord Turnbull has been a Non-Executive Director since April 2006 He has now completed ten years in office Whilst taking into account the need to progressively refresh its members through new appointments the Board recognises the importance of continuity and the value that Directors who serve for many years are able to bring When a Non-Executive Director s tenure goes further than nine years their independence is carefully reviewed and monitored The Nomination Committee has again rigorously reviewed Lord Turnbull s contribution and independence over the years and recommended to the Board that it is appropriate for him to remain in office and the Board is satisfied that he remains independent (B 2 3) ✓

We continue to have a strong mix of experienced individuals on the Board with the majority being Non-Executive Directors who are independent and can offer an external perspective on the business and constructively challenge the Executive Directors particularly when developing the Company s strategy (B 1 1) ✓ (B 1 2) ✓ The Non-Executive Directors scrutinise the performance of management in meeting their agreed goals and objectives and monitor the reporting of performance They satisfy themselves of the integrity of financial information and that internal controls and systems of risk management are effective

The Board culture is one of openness and constructive debate the Directors voice their opinions in a relaxed and respectful environment allowing coherent discussion The Chairman is responsible for maintaining this culture He does so by ensuring information of an appropriate quality is provided in a timely manner before Board meetings the opportunity to properly consider such information in advance leads to focused discussion in the boardroom When running Board meetings the Chairman maintains a collaborative atmosphere and ensures that all Directors contribute to debates The Chairman arranges informal meetings and events throughout the year to help build constructive relationships between the Board members

The high calibre of debate and the participation of all Directors Executive and Non-Executive allow the Board to utilise the experience and skills of the individual Directors to their maximum potential and make well-considered decisions that are in the best interest of the Company

The Board considers that Aubrey Adams Simon Borrows Lynn Gladden William Jackson Tim Score Lord Turnbull and Laura Wade-Gery are independent In making this determination the Board has considered whether each Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect or could appear to affect the Director s judgement (B 1 1) ✓

The Board believes that the Non-Executive Directors biographies demonstrate that they are of the stature and experience required to properly perform their roles as independent Non-Executive Directors Following this year s Board evaluation the Board believes each Non-Executive Director standing for re-election at the next AGM continues to effectively fulfil and remains committed to their role within British Land The terms and conditions of appointment of Non-Executive Directors are available for inspection at the Company s registered office and at the AGM (B 3 2) ✓

Effectiveness

Regular Board and Committee meetings are scheduled throughout the year and the Directors ensure that they allocate sufficient time to discharge their duties effectively Occasionally Board meetings may be held at short notice when Board-level decisions of a time-critical nature need to be made Non-Executive Directors letters of appointment set out the time commitments expected and each Director s attendance record (shown on page 70) is considered when assessing whether they should stand for reappointment by shareholders

The Chairman considers that all the Directors continue to devote sufficient time to discharging their duties to the required high standard British Land s policy is to allow Executive Directors to take one non-executive directorship at another FTSE company subject to British Land Board approval External appointments of the Directors are disclosed in their biographies and fees earned by Executive Directors are disclosed on page 101 of the Remuneration Report (D 1 2) ✓

The Directors are required to notify the Company of any potential conflicts of interest that may affect them in their roles as Directors of British Land All potential conflicts of interest are recorded and reviewed by the full Board at least annually

The Non-Executive Directors are kept well informed of the key developments in the business by both the Executive Directors and other senior executives through regular reports and presentations Reports include a Management Report delivered by the Chief Executive at each Board meeting and updates on the activities of the Risk and Sustainability Committees

Throughout the year presentations and reports on specific aspects of the business and individual assets are also delivered along with updates on the regulatory and external environment

Care is taken to ensure that information is circulated in good time before Board and Committee meetings whenever possible and that reports are presented clearly and contain the appropriate level of detail to enable the Board to discharge its duties It is the Company Secretary s role to facilitate effective information flows between the Board and its Committees and between senior management and Non-Executive Directors The Company Secretary is responsible for advising the Board on governance matters through the Chairman (B 5 2) ✓

The Non-Executive Directors are therefore able to monitor the management of the business and the implementation of the strategic aims effectively and are able to assess the suitability of the current strategy and the performance of the Chairman and Executive Directors (B 5 1) ✓

Board evaluation

The effectiveness of the Board and its Committees is reviewed annually with an independent externally facilitated review being conducted at least once every three years The last external review was conducted in 2015 (B 6 2) ✓

An internal review of the Board and its Committees was conducted in 2016 by the Company Secretary by way of questionnaire and covered the following areas (i) role organisation and a composition of the Board and its Committees (ii) agenda (iii) corporate governance (iv) quality of information (v) monitoring Company performance and (vi) Board leadership and culture The review concluded that overall the Board operated very effectively with a continuous high standard of performance throughout the year (B 6 1) ✓

During the year the Chairman met each Non-Executive Director individually to discuss their contribution to the Board and the Senior Independent Director met with the other Non-Executive Directors (with Executive Directors present) to discuss the performance of the Chairman (A 4 2) (B 6 3) The Remuneration Committee was provided with an appraisal of the Chief Executive s performance by the Chairman and an appraisal of the performance of the Executive Directors by the Chief Executive

Board training and development
British Land provides for all Directors a tailored and thorough induction including the opportunity to meet with senior executives to be given an overview of their specific areas of responsibility within the business and the opportunity to visit the Company s key properties and developments (B 4 1)

The Company also offers Directors opportunities to update and refresh their knowledge on an ongoing basis to enable them to continue fulfilling their roles as Board members and Committee members effectively This includes training opportunities and further visits to the Company s properties as required In 2015/16 the Board held meetings at the Company s properties Broadgate Estate and Paddington Central in addition to the Company s head office Updates on the external environment and regulatory matters are delivered to the Board and relevant committees by external speakers including corporate governance updates (B 4 2)

Key areas discussed and reviewed by the Board in 2016

- outcomes of the Board Strategy Days and approval of strategy
- approval of risk appetite
- principal risks faced by the Company
- reports of the activities of the Audit (including risk) Remuneration and Nomination Committees
- Chief Executive s Management Reports quarterly updates on the business and external environment
- updates on the portfolio including developments acquisitions and disposals
- updates on financing
- results of the Board performance evaluation
- reappointment of Directors at the AGM
- conflicts of interest
- approval of year end results the Annual Report and Accounts the AGM Circular and dividends
- people development and succession planning
- health & safety
- sustainability
- investor relations reports
- Remuneration policy
- cybersecurity and
- information technology

Accountability

The Board is responsible for preparing the Annual Report and Accounts and as confirmed in the Directors responsibility statement the Board believes that this Annual Report and Accounts taken as a whole is fair balanced and understandable and provides the information necessary to assess British Land s position performance business model and strategy (C 1 1) The basis on which the Company creates and preserves value over the long term is described in the strategic report (C 1 2)

The Directors Responsibility Statement is set out on page 113

Strategic report see pages 1 to 63

The Annual Report and Accounts is compiled by the relevant responsible individuals across the Company Specific sections are reviewed by Department Heads and Executive Committee members as appropriate ensuring that all key stakeholders across the business are involved The Executive Directors are closely involved in drafting and reviewing their relevant sections of the Report before formally signing them off Finance Investor Relations and Company Secretariat conduct a robust due diligence process verifying key statements made within the Annual Report and Accounts The full Annual Report and Accounts is then reviewed thoroughly by the Audit Committee before it is presented to the Board for approval

The procedure undertaken to enable the Board to provide the fair balanced and understandable confirmation to shareholders has been reviewed by the Audit Committee The process is enhanced by a specific meeting between the Chief Financial Officer Head of Strategy and Investor Relations and the Group Financial Controller and their relevant team members to review and document the key considerations undertaken to ensure that information presented is fair balanced and understandable A report detailing those considerations was reviewed by the Audit Committee alongside a summary of the detailed procedures undertaken and the full Annual Report and Accounts

Risk management and internal control
The Board determines the nature and extent of the significant risks it is willing to take in achieving the Company s strategic objectives

The maintenance of the Company s risk management and internal control systems is the responsibility of the Board Oversight of the effectiveness of the risk management and internal control system has been delegated to the Audit Committee A top-down risk review is combined with a complementary bottom-up approach to ensure that risks are fully considered As well as complying with the Code the best practice recommendations in Guidance for Risk Management Internal Control and Related Financial and Business Reporting have been adopted and the Company s internal control framework has been assessed against the internationally recognised COSO Internal Control Integrated Framework The latter assessment showed that all key control elements are in place Appropriate internal control and risk management processes apply to all entities which British Land administers including all material joint ventures and funds (C 2 3)

British Land s approach to risk including the roles of the Board the Audit Committee and the Risk Committee in setting risk appetite and monitoring risk exposure is described in the Managing risk in delivering our strategy section of the report on pages 57 to 63 (C 2 1)

Formal and transparent arrangements exist for considering how corporate reporting risk management and internal control principles are applied and for maintaining an appropriate relationship with the Company s auditor

Investment sticking to our strategy

Executive Directors are involved throughout the investment process and alignment with the Board s strategy is considered from the initial discussion of a transaction, right through to final approval

1. All new investment opportunities are discussed at weekly deal sourcing meetings attended by investment executives Potentially attractive deals that are in line with strategy are selected to be investigated and analysed in detail by project teams

2. Project teams assess whether investment opportunities should be pursued conducting detailed property and corporate due diligence ongoing dialogue with the relevant Executive Committee members takes place throughout the process

3. Investment opportunities with potential are presented for Investment Committee approval Depending on the size and nature of a transaction the Investment Committee can approve the proposed transaction outright or recommend it for approval by the full Board

4. Investment opportunities are presented to the full Board for approval when required

The Group s internal control system is built on the following fundamental principles and is subject to review by Internal Audit
- A defined schedule of matters reserved for approval by the full Board
- A detailed authorisation process no material commitments are entered into without thorough review and approval by more than one authorised person
- Formal documentation of all significant transactions
- A robust system of business and financial planning includes cash flow and profitability forecasting and scenario analysis performed on major corporate property and financing proposals
- A robust process for property investment appraisals
- Monitoring of key outcomes particularly expenditure and performance of significant investments against budget and forecast
- Clearly defined policies and review of actual performance against policies
- Benchmarking of property performance against external sources such as Investment Property Databank
- Key controls testing
- A comprehensive property and corporate insurance programme and
- A formal whistle-blowing policy

The Audit Committee reviews the effectiveness of the Group s system of internal control over financial reporting annually including the systems of control for material joint ventures and funds During the course of its review of the risk management and internal control systems over financial reporting the Audit Committee has not identified nor been advised of a failing or weakness which it has determined to be significant (C 2 3)

A number of policies are in place to ensure that the Company not only meets its legal obligations but also behaves ethically acts with integrity and protects its assets from the unlawful activities of others These include an Anti-Bribery and Corruption Policy a Competition Policy and a Fraud Awareness Policy All employees are made aware of the policies and procedures in place with understanding enhanced by staff communications and training

Viability and going concern

To read our viability statement see page 58 (C 2 2)

The Group has considerable undrawn debt facilities and cash deposits in excess of current drawn banking facilities There is substantial headroom against the covenants for its unsecured banking facilities It also benefits from a diverse and secure income stream from leases with long average lease terms

Having assessed the principal risks and other matters discussed in connection with the viability statement 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 (C 1 3)

Taxation

Our principles of good governance extend to our responsible approach to tax It remains important to our stakeholders that the Company s approach to tax is aligned to the long term values and strategy of the Group The Group s tax strategy is the responsibility of the Chief Financial Officer with close involvement of Executive Directors and senior management in all activity The Audit Committee is presented with an annual tax update

Employees

Having expert people at British Land is one of the four core elements of our business model This applies both to the individuals on the Board who have responsibility for leading the Company and to the employees who work throughout British Land

We encourage a high degree of employee involvement in the Company and provide regular information on business activities and explanations of strategy through Company meetings training sessions internal communications and an annual Company conference Employee feedback is also strongly encouraged

The Operations Committee (OpCo) which is comprised of senior individuals across British Land s business functions assists the Executive Committee with operational matters arising in the day-to-day management of the business The OpCo forms a link between the Executive Committee and wider teams of employees enhancing the flow of information around the Company both upwards and downwards to improve the strategic and tactical decisions that are made The aim of the OpCo is to strengthen collaboration across the Company in driving initiatives that help us achieve our objectives The OpCo also plays an increasingly important role in the development of the operational leadership areas of our business such as technology

British Land continues to implement a number of initiatives to help develop our employees and grow internal talent reinforcing the Company culture of excellence and embedding values and behaviours As a relatively small company in terms of number of employees we are proud to be able to invest in our people on an individual basis taking time to understand specific requirements to progress careers

We have well-established all-employee share schemes to incentivise employees at all levels in the Company and align their interests with those of shareholders by building a holding of British Land shares Separate pension fund reports are made available to members

Staff turnover

	2016	2015	2014
Head office	44 (19%)	31 (12%)	32 (15%)
Broadgate Estates	53 (15%)	28 (11%)	42 (20%)
Total (average)	98 (17%)	59 (12%)	74 (17%)

The benefit of diversity both on the Board and throughout the Company continues to be a key consideration when searching for candidates for Board and other appointments In addition, the Company continues to support the Pathways to Property programme which aims to increase diversity within the property industry as a whole by attracting students from a variety of backgrounds into the property sector

Funding to charity and good causes

Our Local Charter sets out how we build trust by supporting successful local communities and develop skills and opportunities to help local people and businesses grow Our Charitable and Community Funding Guidelines set out how we allocate funding with a particular focus on initiatives close to our assets that have a positive impact on young people education employment and training Both documents can be found on our website at **www britishland com/policies**

The Charity and Community Committee which approves all spend under the Charity and Community Budget is chaired by a Senior Retail Asset Manager and reports to the Executive Committee on an annual basis

Donations during the year totalled £1 371 044 compared with £1 287 500 in the previous year British Land does not make any donations to political organisations

Health and Safety

We have retained formal recognition of our focus on health and safety through a successful audit of our OHSAS 18001 accreditation We continue to improve our approach to health and safety management to ensure that we consistently achieve best practice across all activities in the business (construction managed portfolio and head office) to deliver Places People Prefer to our employees and our customers

RIDDOR* Year ended 31 March

	Total RIDDOR Accidents		Accident Frequency Rate		
	2016	2015	2016	2015	
Construction	3	8	0 14	0 19	per 100 000 hours worked
Retail	23	19	0 01	0 01	per 100 000 footfall
Offices	6	2	18 85	7 50	per 100 000 workers
Head Office	0	0	0	0	per 100 000 full time equivalents

*Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013

Remuneration

The Remuneration Committee has recommended that we seek approval this year of a new Remuneration Policy as our Matching Share Plan expires this year We are not intending to renew the Matching Share Plan Amendments to our Long-Term Incentive Plan are proposed to deliver a simplified remuneration structure with one long term incentive arrangement The new Remuneration Policy is set out on pages 92 to 98

Relations with shareholders

The Board remains committed to maintaining open channels of communication with shareholders It is important to us that shareholders understand the Company s strategy and objectives these must be explained clearly and shareholders feedback must be heard and the issues and questions raised properly considered

British Land has a dedicated Investor Relations team which reports to the Chief Financial Officer Communication with investors and analysts is an ongoing process throughout the year This includes regular scheduled Investor Relations events summarised in the box on the page opposite one-to-one and group meetings with Executive Directors and tours of our properties as well as regular contact with the Investor Relations team During the year the Chief Executive Chief Financial Officer and our Investor Relations team met with representatives from over 180 institutions We periodically commission an independent investor perception study which is presented to the Board

The full Board plans to attend the AGM which provides an opportunity for all shareholders to question the Directors in person

Significant emphasis is placed on the importance of feeding shareholder views both positive and negative back to the Board A written investor relations report which includes direct market feedback on activity during the period is presented to the Executive and Non-Executive Directors at each scheduled Board meeting for discussion Shareholder opinions are also given due consideration throughout the annual Strategy Days (E 1 1) (E 1 2)

Key investor relations activities during the year included

May 2015	- Full-year results presentation - Full-year roadshow London
June 2015	- Investor property conferences London and Netherlands - Investor roadshow Edinburgh
July 2015	- Q1 interim management statement and call - AGM - Retail capital markets day London
September 2015	- Investor roadshow US - Private Client roadshow London - Investor property conference London - Investor property tour The Leadenhall Building
November 2015	- Half-year results presentation - Half-year results roadshow London - Investor property conference London
December 2015	- Investor property conference London - Analyst and investor tour Broadgate
January 2016	- Investor property conference London - Trading statement investor video and call
February 2016	- Investor roadshow Netherlands
March 2016	- Investor conference US - Private Client roadshow, London

British Land aims to be informative and accessible to all shareholders For results and other key announcements we provide information on a timely basis to both retail and institutional shareholders A number of case studies covering topics that range from profiles of our key assets to sustainability activities are also available to view online Shareholders can ask questions at any time via our contacts page on the corporate website

Contact British Land
www britishland com/contacts

We are pleased with the level of engagement with shareholders achieved during the year and the Board also recognises the important contribution of providers of capital other than shareholders namely our lenders and bond holders We maintain a regular and open dialogue with our lenders to help us understand their investment appetite and criteria

Lord Turnbull Senior Independent Director is available to address any concerns shareholders may wish to raise other than via the usual channels of the Chairman Chief Executive or other Executive Directors [A 4 1]

We are committed to monitoring the Group's control environment and financial reporting processes

Tim Score
Chairman of the Audit Committee

Audit Committee members' attendance during the year ended 31 March 2016[1]

Tim Score	5/5
Aubrey Adams	5/5
Simon Borrows	5/5

[1] During 2016 senior executives were invited to attend and/or present at meetings of the Committee including the Chief Financial Officer the Head of Strategy and Investor Relations the Financial Controller the Head of Tax the Head of Financial Reporting and the Head of Financial Planning and Analysis and Risk Committee Secretary
(A 1 2)

Terms of Reference

The Committee s Terms of Reference, can be found on the Company s website at **www britishland com/committees**
(C 3 2) (C 3 3)

Welcome to the report of the Audit Committee

The key areas of focus for the Committee this year have been reviewing and advising the Board on the viability statement included in the Annual Report and Accounts scrutinising the process for valuation of investment and development properties by the Group s external valuers and overseeing the Internal Audit tender

Composition

The Committee comprises Aubrey Adams, Simon Borrows and myself as Committee Chairman (C 3 1)

Each of the Committee members is considered to be appropriately qualified and experienced to fulfil their role For the purposes of the Code I am the member of the Committee nominated as having significant recent and relevant financial experience

Activities

During the year the Committee has undertaken each of its principal responsibilities receiving relevant reports from the external valuers the internal and external auditors the Risk Committee and management and challenging the validity of accounting assumptions and judgements The table on page 81 details the principal responsibilities of the Committee and key areas of focus throughout the year

The Committee performs a detailed review of the content and tone of the annual and half-yearly press releases and the Annual Report and Accounts as well as trading updates The Committee has satisfied itself that controls over the accuracy and consistency of information presented in the Annual Report and Accounts are robust and has confirmed to the Board that it believes this Annual Report and Accounts is fair balanced and understandable (C 3 4) An assurance opinion is obtained for the Company from PricewaterhouseCoopers LLP (PwC) over selected sustainability data and a verification exercise is performed by management to ensure consistency and accuracy of information presented

In addition to regular committee meetings additional time is spent by members of the Audit Committee meeting with executive management to understand key issues The Committee regularly meets with PwC and Internal Audit without management present and the Committee Chairman meets privately with the external valuers

Principal responsibilities of the Committee		Key areas discussed and reviewed by the Committee during 2016
Reporting and External Audit	- Monitoring the integrity of the Company s financial statements and all formal announcements relating to the Company s financial performance, reviewing significant financial reporting issues judgements and estimates including the consistency quality and appropriateness of accounting policies and the quality and completeness of disclosures - Making recommendations to the Board regarding the reappointment of the external auditor and approving the external auditor s remuneration and terms of engagement (C 3 7) - Monitoring and reviewing the external auditor s independence objectivity and effectiveness - Reviewing the content of the Annual Report and Accounts to ensure it is fair, balanced and understandable - Developing and implementing policy on the engagement of the external auditor to supply non-audit services taking into account relevant guidance	- Results commentary and announcements - Key accounting judgements including valuations - Changes to accounting policies - Going concern and the viability statement - Fair balanced and understandable assessment in relation to the annual report (C 3 4) - External auditor effectiveness - External auditor reports on planning the half yearly review and the full-year audit including the final opinion - The external auditor s remuneration
Valuations	- Monitoring and reviewing the valuation process - Reviewing assumptions and methodology - Monitoring the external valuers competence and effectiveness	- Effectiveness of the external valuers - The quality of the valuation process and judgements at half year and year end - Valuer presentations to the Committee
Risk and internal control	- Overseeing the internal control environment and risk management systems on behalf of the Board - Monitoring the Company s risk exposure and recommending the Company s risk appetite to the Board for approval - Overseeing the assessment of the principal risks and mitigating actions - Reviewing the risk management disclosures on the Group s approach to risk in the half-yearly and annual reports - Reviewing the whistle-blowing policy and its implementation (C 3 5)	- Risk register including identification of the Group s principal risks and movement in exposures - Status of key risk indicators including any breaches of thresholds - Activities of the Risk Committee including review of its minutes - Effectiveness of internal control systems - Responses to audit findings and recommendations for control improvements including reviewing the External Audit management letter - An annual fraud risk assessment - Cyber security - The insurance programme for property development and corporate risks
Internal Audit	- Approval of arrangements for the provision of internal audit services and any termination of such arrangements - Monitoring and reviewing the effectiveness of the Company s Internal Audit function including its plans level of resources and budget - Reviewing internal audit reports recommendations and progress in implementation of those recommendations - Coordination between Internal Audit and External Audit	- Annual internal audit plan including consideration of its alignment to the principal risks consideration of emerging areas of risk coverage across the Group and its joint ventures and review of the Group s processes and controls - KPMG s execution of the internal audit plan and reviewing the resultant audit reports and findings - Internal Audit effectiveness - Internal Audit reports payroll tax compliance, IT The Leadenhall Building and Broadgate joint ventures procurement (phase 2) Broadgate Estates leasing process anti bribery and corruption key financial controls treasury - Annual internal controls overview - Internal Audit charter defining its role and responsibilities - Internal Audit tender process
Other	- Reviewing the Audit Committee s effectiveness and its Terms of Reference - Considering compliance with legal requirements accounting standards and the Listing Rules	- The Committee s Terms of Reference - Effectiveness of the Committee - Maintenance of the Group s REIT status - Annual tax update - Review of PwC s Sustainability Assurance Report

Significant issues in relation to financial statements

The Committee pays particular attention to matters it considers to be important by virtue of their size complexity level of judgement required and potential impact on the financial statements and wider business model Identification of the issues deemed to be significant takes place following open frank and challenging discussion between the Committee members with input from the Chief Financial Officer PwC and Internal Audit and other relevant British Land employees

A particular area of focus for the Committee has been the viability statement which is included within the strategic report for the first time this year on page 58 The Committee has discussed the form and content of the statement and the analysis carried out to support it with management and PwC throughout the year The Committee has confirmed to the Board that it believes the viability statement adequately considers the Group s principal risks covers an appropriate period is supported by the assessment prepared by management and includes disclosure of all relevant material assumptions made

The significant issues considered by the Committee during the year ended 31 March 2016 are detailed below alongside the actions taken by the Committee to address these issues (C 3 8) ✓

Internal Audit

The Company s Internal Audit function during the year was outsourced to KPMG who reported regularly to the Committee The Committee monitored the performance of Internal Audit throughout the year as well as performing an annual review of its effectiveness The Committee believes KPMG discharged its duties effectively (C 3 6) ✓

KPMG has performed the Internal Audit function since it was outsourced in 2012 It was decided that the Internal Audit function should be put out to tender in March 2016 to facilitate evaluation of different internal audit approaches Following a competitive process Ernst & Young LLP (EY) was appointed EY will report regularly to the Committee and it is envisaged that its performance will be monitored in a similar way

Policy on PwC providing non-audit services (C 3 8) ✓

With respect to non-audit services provided by PwC the following framework was in place during the year

- Audit related services audit related services include formal reporting relating to borrowings shareholder and other circulars and various work in respect of acquisitions and disposals Where the external auditor must carry out the work because of their office the external auditor is selected In other circumstances the selection depends on which firm is best suited

Significant issues in relation to financial statements considered by the Committee during the year		How these issues were addressed by the Committee
Valuation of investment and development properties	The valuation of investment and development properties which is conducted by external valuers is inherently subjective as it is made 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 and were asked to highlight any significant judgements or disagreements with management Valuation certificates and outcomes were reviewed and assumptions challenged with particularly rigorous scrutiny this year given the lower volumes of evidence setting transactions compared to recent periods
Accounting for transactions	Risk is encountered through property and financing transactions as large and non-standard accounting entries can be required	The Committee reviewed management papers on key judgements including those for significant transactions as well as the external auditor s report presented following the conclusion of the audit
Going concern statement	The appropriateness of preparing the Group financial statements on a going concern basis	The Committee reviewed management s analysis supporting the going concern basis of preparation This included consideration of forecast cash flows availability of committed debt facilities and expected covenant headroom PwC reported to the Committee the results of testing performed on management s analysis
Viability statement	Whether the statement appropriately reflects the prospects of the Group and covers an appropriate period of time	The Committee considered whether the assessment performed by management adequately reflects the Group s principal risks as disclosed on pages 59 to 63 whether the period covered by the statement is reasonable in light of the industry the Group operates in and is a fair reflection of the forecast period typically considered by management and whether the assumptions made and sensitivities identified represent severe but plausible scenarios in the context of solvency or liquidity
REIT status	Maintenance of the Group s REIT status through compliance with certain conditions has a significant impact on the Group s results	The Committee reviews compliance with the REIT tests annually Management presented the methodology and results of the REIT tests highlighting any change in long term trends and the current level of headroom
Judgements affecting revenue recognition	For certain transactions judgement is applied by management as to whether and to what extent they should be treated as revenue for the financial year	The Committee and PwC considered the appropriateness of the accounting treatment applied by management in relation to revenue recognition The Committee and PwC also considered the scope of the accounting standard and the reasonableness of the judgement made

- Sustainability assurance the selection depends on which firm is best suited and is reviewed on a five yearly basis Currently the external auditor provides an assurance opinion over selected sustainability data
- Tax advisory the selection depends on which firm is best suited in the circumstances
- General consulting the external auditor is not selected to provide general consultancy services except in certain limited circumstances and then only after consideration that they are best placed to provide the service and that their independence and objectivity will not be compromised

The following commitment protocol operated throughout the year and applied to any engagement for conducting other work (excluding audit and half-yearly reporting) performed by PwC
- The total non-audit fees are limited to 70% of the audit fees in any one year The audit and non-audit fees for the three-year average are calculated in line with the methodology set out in the 2014 EU Regulations and include fees for joint ventures and funds
- Audit Committee approval is required where there were any doubts as to whether the external auditor had a conflict of interest and
- Approval by the Audit Committee Chairman is required for each additional project over £0 1m in value where the cumulative fees for non-audit work are projected to exceed 50% of the audit fee in any financial year During the year no project approvals by the Audit Committee Chairman were required

Effectiveness of the External Audit process

The Committee places great importance on ensuring a high quality, effective External Audit process Following best practice and in accordance with its Terms of Reference the Committee annually reviews the audit requirements of the Group for the business and in the context of the external environment The Committee also conducts an annual review of the performance of the external auditor and considers its independence compliance with relevant statutory regulatory and ethical standards and objectivity (C 3 8)

Following its appointment in 2014 PwC successfully completed its first audit last year The Committee reviewed PwC s performance this year and was content with the quality of the audit it had delivered The Committee reviewed PwC s proposals for the audit and is confident that appropriate plans were put in place to carry out an effective and high quality audit No significant issues were raised during the course of the audit PwC confirmed to the Committee that it maintained appropriate internal safeguards to ensure its independence and objectivity The Committee considered and approved PwC s assessment of its independence and has recommended its reappointment to the Board approval of which will be sought from shareholders at the 2016 AGM

The Committee has agreed to consider the need for a competitive tender for the role of external auditor every five years with a competitive tender taking place at least every ten years To the extent that the auditor did not rotate earlier through this process, the Company will rotate audit partner as required by legislation There are no contractual obligations which would restrict the selection of a different auditor

The Company has complied with the relevant parts of the Competition and Markets Authority Final Order on the statutory audit market for the year ended 31 March 2016

Valuations

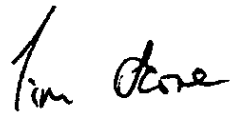
The external valuation of British Land s portfolio is a key determinant of the Group s balance sheet performance and senior management s remuneration In accordance with its Terms of Reference the Committee adopts a rigorous approach to monitoring and reviewing the valuation process and the effectiveness of the Group s valuers Knight Frank and CBRE The Committee reviews the effectiveness of the external valuers biannually focusing on a qualitative analysis of capital values yield benchmarking availability of comparable market evidence and major outliers to subsector movements

The valuers present directly to the Committee at the half-yearly and annual reviews of results including providing confirmation of the valuation process market conditions and significant judgements made PwC reviews the valuations and valuation process having full access to the valuers to determine that due process has been followed and appropriate information used It reports its findings to the Committee The valuation process is also subject to regular review by Internal Audit the most recent being undertaken in 2013 with another one planned for later this calendar year In addition I as the Committee Chairman meet privately with the valuers

For the valuation of the Group s wholly-owned assets the Company has fixed fee arrangements with Knight Frank and CBRE in line with the recommendations of the Carlsberg Committee Report Copies of the valuation certificates of Knight Frank and CBRE can be found on the corporate website at **www britishland com/reports**

Identification and evaluation of commercial risks and related control objectives

The Audit Committee is responsible for overseeing the effectiveness of sound risk management and internal control systems It fulfils this role by overseeing the activities of and receiving reports from the Risk Committee and monitoring the risk management processes in place and the activities of the Internal Audit function including its reporting on the effectiveness of controls The Risk Committee minutes are circulated to the Committee for review with any significant matters highlighted for discussion Twice yearly the principal risks which are derived from an assessment of the risk register are presented to the Committee along with commentary on changes in the exposure to these risks in the period Annually a report on the effectiveness of internal controls and the risk management system is prepared by Internal Audit for presentation to the Committee Internal Audit and the Risk Committee work closely together to ensure that identified risk areas are incorporated in the Internal Audit programme and similarly findings of Internal Audit reviews are taken into account in identifying and evaluating risks within the business British Land maintains a framework of controls related to key financial processes and management of the associated risks The effectiveness of such controls is reviewed annually either by Internal Audit or as part of the year-end external audit



Tim Score
Chairman of the Audit Committee

The Committee leads the process for Board appointments

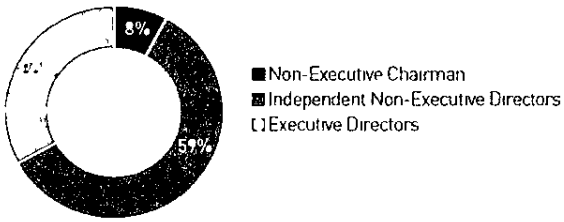
John Gildersleeve
Chairman of the Nomination Committee

Nomination Committee members' attendance during the year ended 31 March 2016

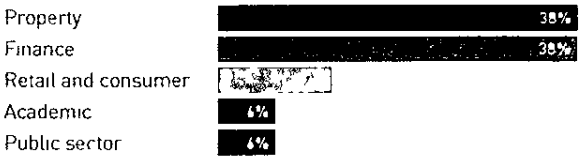
John Gildersleeve	2/2
William Jackson	2/2
Lord Turnbull	2/2

(A 1 2)

Composition of the Board



Directors' core areas of expertise[1]



[1] Some Directors are represented in more than one category

The Board and its Committees

Throughout the year the membership of each Committee has comprised independent Non-Executive Directors to the extent required by the Code (B 2 1) We value continuity and experience of British Land s business and were delighted to recommend that Lord Turnbull be re-appointed as Senior Independent Director Lord Turnbull will however step down as Chairman of the Remuneration Committee following this year s AGM although he will remain a member of that Committee William Jackson has agreed to take on the position of Chairman of the Remuneration Committee (B 2 4)

As reported last year following a rigorous selection process Laura Wade-Gery was appointed as a Non-Executive Director of British Land on 13 May 2015 Laura s biography demonstrates her huge retail and consumer experience No further changes to the Board occurred during the year

Composition of the Board

The Committee considers that the Board consists of individuals with the right balance of skills experience and knowledge to provide strong and effective leadership of the Company The majority of the Board are independent Non-Executive Directors and the Board s collective experience covers a range of relevant sectors as illustrated in the left hand column As well as a breadth of property and financial experience many Board members have personal experience of working in the retail and corporate environments that are typical of many of our occupiers

All of British Land s Directors will retire and submit themselves for re-election by shareholders at the 2016 Annual General Meeting The Committee believes that all the Directors continue to demonstrate commitment to their roles as Board and Committee members continue to discharge their duties effectively and that each makes a valuable contribution to the leadership of the Company

Diversity

British Land pays full regard to the benefits of diversity including gender diversity both when the Nomination Committee is searching for candidates for Board appointments and when the Company is searching for candidates for other appointments

The Board agrees with the conclusions of the Women on Boards report by Lord Davies of Abersoch that greater efforts should be made in improving the gender balance of corporate boards and that quotas for female board representation are not the preferred approach The Company currently has three female Directors Lynn Gladden and Laura Wade-Gery who were appointed as Non-Executive Directors in 2015 and Lucinda Bell who was appointed Chief Financial Officer in May 2011 This currently represents 25% female Board membership

Principal responsibilities of the Committee	Key areas discussed and reviewed by the Committee in 2016
Regular review of the structure size and composition of the Board	Review of the structure size composition of the Board along with the skills knowledge and experience of its members to ensure that Directors remain able to discharge their duties and responsibilities effectively and to the required high standard
Recommendations to the Board with regard to Board changes and Committee membership changes	Selection and appointment of Laura Wade-Gery as a Non-Executive Director Appointment of William Jackson as Chairman of the Remuneration Committee
Succession planning for Directors and other senior executives	Succession planning including identification of potential internal candidates for senior vacancies which may arise on a crisis short medium or long term basis
Reviewing time commitments required from Non-Executive Directors	Time commitments required from Non-Executive Directors were reviewed as part of the year end process
Recommendations for re-election of Non-Executive Directors	Recommendations to the Board regarding Directors standing for re-election by shareholders at the AGM

Terms of Reference

The Committee s Terms of Reference can be found on the Company s website at **www britishland com/committees** (B 2 1)

The promotion of women to the Board and other senior positions within the Company is dependent on the recruitment development and retention of women in the workforce both within the Company and more widely throughout the business and professional community

As of 31 March 2016 British Land s employees (including Broadgate Estates) comprised 283 females and 306 males (2015 218 and 247 respectively) of the employees considered to be executives 141 were female and 257 were male (2015 115 and 205 respectively) Senior executives comprising the Executive Committee and Operations Committee consisted of 11 females and 26 males (2015 8 and 17 respectively) To encourage and help mothers return to work we offer enhanced maternity leave payments and support flexible working patterns currently 27 of our female employees take advantage of this facility (2015 31) We also offer enhanced paternity leave payments and support flexible working patterns for all parents and other employees whose personal circumstances may make this beneficial Currently 13 men work flexibly and 5 men took advantage of enhanced paternity leave (2015 9 and 14 respectively) Training and mentoring programmes are provided to ensure that all our employees achieve their potential taking account of their diverse development needs It is pleasing that our Chief Financial Officer Lucinda Bell was an internal appointment reflecting the development of our own people

The Nomination Committee seeks to increase the percentage of female Board members as quickly as we are able The speed at which we can achieve this will be subject to the availability of suitable candidates and compliance with the requirements of the Equality Act the Board has a fundamental obligation to ensure that appointments are of the candidates best able to promote the success of the Company and we do not consider that it would be to the long term benefit of the Company if appointments were made on any other basis Subject to these requirements we have an ongoing commitment to further strengthening female representation at Board and top management level

Our people strategy focuses on creating a team who can deliver Places People Prefer Getting closer to our customers is one of our key strategic priorities and having a workforce which reflects the diversity of our customers helps us achieve this The policy throughout British Land is to employ the best candidates available in every position regardless of sex race ethnic origin nationality colour age religion or philosophical belief sexual orientation marriage or civil partnership pregnancy maternity gender reassignment or disability Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicants concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment continues and that appropriate training is arranged The policy provides that the training career development and promotion of disabled people should as far as possible be identical to that of other employees

We achieved a key milestone on our journey towards creating a truly inclusive environment with our formation of BL Pride our lesbian gay bisexual transgender (LGBT) and allies network and our Women s network this year Both networks have been active in the year and we are pleased that our Chief Executive Chris Grigg was ranked 11th in the 2015 Leading 30 LGBT Ally Executives by OUTstanding and the Financial Times

We are also piloting a mentoring scheme for women offering help guidance advice and support where it is needed

John Gildersleeve
Chairman of the Nomination Committee

Our Remuneration Policy is designed to align management incentives with our strategy

Lord Turnbull
Chairman of the Remuneration Committee

Remuneration Committee members' attendance during the year ended 31 March 2016[1]

Lord Turnbull	3/3
Lynn Gladden	3/3
William Jackson	3/3
Laura Wade-Gery[2]	2/2

[1] Other individuals attend Remuneration Committee meetings by invitation Alan Judes of Strategic Remuneration attended Committee meetings during 2016 Alan Judes has been appointed by the Committee as its Independent Advisor further detail is provided on page 110 During the year by the Committee s invitation the following senior executives attended and/or were present at Committee meetings (other than when their own remuneration was being discussed) the Company Chairman the Chief Executive the Company Secretary and General Counsel and the Head of Operations

[2] Laura Wade-Gery was appointed as a Director and member of the Remuneration Committee on 13 May 2015

(A 1 2)

Terms of Reference

The Committee s Terms of Reference can be found on the Company s website at **www britishland com/committees** (D 2 1) (D 2 2)

During the year we as the Committee have continued to focus on ensuring that our Remuneration Policy appropriately reflects our remuneration philosophy which is based on three fundamental principles

- remuneration should align management incentives with strategy and so encourage activities that support our strategy of creating Places People Prefer
- remuneration packages should be designed to attract and retain expert people throughout British Land s business and
- the level of remuneration should be directly linked to corporate and individual performance

We were delighted to receive over 97% of shareholder votes in favour of our existing Remuneration Policy at our 2014 AGM As our Matching Share Plan (MSP) will expire in July 2016 we have taken the opportunity to review the current Remuneration Policy this year rather than at its expiry in 2017 with a particular focus on simplifying our long term incentive arrangements Taking into account investor sentiment around matching share plans we have decided not to renew the MSP
As a result we will have one single long term incentive arrangement under the proposed new Remuneration Policy

To achieve this we are proposing the following key changes to our Remuneration Policy removal of the MSP and amendments to the Long-Term Incentive Plan (LTIP) which address the removal of the MSP and respond to investor preferences for the introduction of post-vesting holding periods and the extension of time periods over which awards should be subject to clawback Proposed amendments are summarised in the box on the facing page Given the level of shareholder support received for the existing Remuneration Policy in 2014 we are not proposing to make any other material changes to our Remuneration Policy

Consultation on proposed changes to Remuneration Policy
We were pleased to be able to engage in meaningful discussion with key shareholders during consultation on the proposed amendments to our Remuneration Policy A number of opinions expressed during consultation have directly influenced the design of the Remuneration Policy that will be presented for approval at our AGM in July 2016

Our proposals to move to a single long term incentive arrangement introduce a two year holding period following LTIP vesting and maintain the compulsory deferral of a proportion of an Annual Incentive award into shares were particularly well received by investors and have been incorporated into the new Remuneration Policy

In response to feedback received during consultation we are also this year providing more information about performance against Annual Incentive measures over the financial year (included on pages 102 to 103 of this Report) and we are reducing the percentage of LTIP that vests for achieving median performance under the new Policy

Design of new Remuneration Policy

The Remuneration Committee is satisfied that the design of our new Remuneration Policy remains aligned with our remuneration philosophy The elements of our remuneration structure have been chosen so that they support our business model and our four areas of strategic focus Customer Orientation Right Places Capital Efficiency and Expert People Performance measures attached to variable elements of remuneration are stretching with Annual Incentive starting to be awarded and LTIP awards starting to vest only once median performance has been reached maximum levels of remuneration are only paid out when upper quartile performance is achieved Both short term (Annual Incentive) and long term (LTIP) performance measures have been carefully selected to incentivise activities that support our strategy of creating Places People Prefer The measures that will be attached to awards granted under the amended LTIP and their respective links to our strategy are summarised in the box on the next page Page 21 of our Strategic Report highlights the relationship between our strategy and our incentive measures

Our new Remuneration Policy will be presented to shareholders for approval at the AGM in July 2016 Shareholders will also be asked to vote on separate resolutions to approve the amendments to the LTIP (D 2 4) ⊘ and to approve the Directors Remuneration Report for the year ended 31 March 2016 If approved our new Remuneration Policy will apply from the date of the AGM and will consist of the following key elements for Executive Directors

- Basic salaries and benefits will be set by reference to comparator companies of a similar position in the FTSE 100 Index
- Annual Incentive awards will be linked to performance against quantitative qualitative and personal measures and one third of each Annual Incentive award granted will be deferred to purchase British Land shares and
- LTIP awards will be linked to both specific property related performance measures (TPR and TAR assessing performance at the gross and net levels respectively) and TSR performance measures and will be subject to a two year holding period following the three year vesting period

The Executive Directors are responsible for setting the levels of fees paid to the Non-Executive Directors In line with other FTSE 100 companies it is proposed that under the new Remuneration Policy fees payable to Non-Executive Directors will be structured as an annual fee plus additional fees for membership of committees and/or holding certain positions as outlined in the box to the right This represents a change from the structure under the current Policy whereby Non-Executive Directors receive fees based in part on their attendance at Board and Committee meetings throughout the year Levels of fees under the new Policy (outlined on page 100) have been selected so that total fees for the year commencing 1 April 2016 will not change materially compared to the fees that would have been received had the current Policy remained in place based on the anticipated number of meetings that will take place during the year (D 2 3) ⊘

Element of remuneration	Change in Remuneration Policy
Matching Share Plan (MSP)	No MSP will be included in the Policy presented for shareholder approval at the AGM in July 2016 Under the current Policy one third of an Executive Director s post-tax Annual Incentive award is deferred and used to purchase shares (MSP Bonus Shares) that must be held for three years and a conditional award of additional matching shares is granted
Annual Incentive Deferral	The deferral of one third of the post tax Annual Incentive into shares will be retained but no award of additional matching shares will be granted This will result in continued alignment between Executive Directors and shareholders interests and will provide a longer term aspect to the Annual Incentive award One third of an Executive Director s post-tax Annual Incentive award will be deferred and used to purchase Annual Incentive Shares that must be held for three years regardless of whether or not the individual remains an employee of British Land throughout this period Annual Incentive Shares will be subject to clawback during the holding period
Long-Term Incentive Plan (LTIP)	For Executive Directors a two year holding period will be introduced following vesting of an LTIP award during which awards will be subject to clawback The holding period will apply regardless of whether or not the individual remains an employee of British Land throughout this period The maximum award potential will be increased from 200% to 300% of basic salary as Executive Directors will no longer be eligible to receive additional matching share awards under the MSP The proportion of award vesting on achievement of the median level of performance will be reduced from 25% to 20% of the award The performance conditions attached to LTIP awards will be amended as detailed in the box on the next page
Non-Executive Directors' Fees	Non-Executive Directors will receive an annual fee with additional fees if they are members of Board Committees or hold the position of Senior Independent Director or Chairman of the Audit or Remuneration Committee This replaces the current fee structure which is based in part on meeting attendance

REMUNERATION REPORT LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE CONTINUED

Remuneration in respect of the year ended 31 March 2016
British Land has had another active and successful year demonstrated in our strong full year results Relative to the prior year underlying profit has increased by 16% our NAV is 11% ahead and the dividend has increased by 2 5% The results were driven by good performances across the business with good leasing activity and rental growth key features The executive management team was strengthened through a number of key appointments including Roger Madelin who has been hired to lead our important Canada Water project The receipt of the prestigious 2016 Queen s Award for Enterprise is a great endorsement of our economic social and environmental achievements

Performance during the year was in line with or exceeded expectations on all but one of the Annual Incentive measures However overall performance was less strong than performance in the previous financial year Consequently Annual Incentives awarded to Executive Directors in respect of the year ended 31 March 2016 are lower than those awarded in respect of performance over the prior financial year The Remuneration Committee s assessment of Annual Incentive performance over the year is set out on pages 102 to 103 of this Report

Key activities of the Committee during the year ended 31 March 2016

- Approval of the Remuneration Report presented for shareholder approval at the AGM on 21 July 2015
- Development of Remuneration Policy to be presented for shareholder approval at the AGM on 19 July 2016 and preparation for consultations with key shareholders
- Review of corporate and individual performances over the year ended 31 March 2015
- Approval of performance measures for the year ended 31 March 2016
- Review of
  - Chairman s annual fee
  - Chief Executive s remuneration
  - Executive Directors remuneration and
  - Employees salaries and Annual Incentives
- Approval of discretionary share scheme grants and vestings
- Approval of all-employee share scheme grants

LTIP performance measures
The following performance measures will apply to LTIP awards granted under the new Remuneration Policy

Measure	Link to strategy	Measured relative to
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 Investment Property Databank (IPD)	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 IPD benchmark
Total Accounting Return (TAR) The growth in British Land s EPRA 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 will be measured relative to a comparator group consisting of the 17 largest FTSE property companies that use EPRA accounting (including British Land)
Total Shareholder Return (TSR) The growth in value of a British Land shareholding over the LTIP performance period assuming dividends are reinvested to purchase additional shares	The TSR measure is designed to directly correlate reward with the return delivered to shareholders	50% of the TSR measure will be measured relative to the performance of the FTSE 100 and 50% of the TSR measure will be measured relative to the performance of a comparator group consisting of the 17 largest FTSE property companies that use EPRA accounting (including British Land)

Performance against the LTIP measures will be assessed over a period of three years For each measure 100% of the part of the award attached to that measure will vest if British Land s performance is at the upper quartile level If performance against a measure is equal to the median 20% of the part of the award attached to that measure will vest and if performance is below median the part of the award attached to that measure will lapse There will be straight-line vesting between median and upper quartile performance for each measure

Vesting of the MSP and LTIP awards granted to Executive Directors in 2013 is dependent on British Land's performance over the three year period ended 31 March 2016. Vesting of these awards is scheduled to take place in August 2016 and estimated vesting values are included in the Executive Directors' single total figures of remuneration on page 101. Performance measures attached to the MSP award measure growth in gross income and total shareholder return (TSR). Half of the MSP award is expected to vest, as the gross income growth target has been fully achieved, however the remaining half of the MSP award will lapse, as British Land's TSR over the period was below the median TSR of the comparator group of companies.

The two performance measures attached to the vesting LTIP award measure total property return (TPR) and total accounting return (TAR). The TPR part of the award is expected to vest at 69%, reflecting partial achievement of this condition, and the TAR part is estimated to vest at 44%, again showing that the performance condition has been met in part but upper quartile performance (required for the full award to vest) has not been achieved.

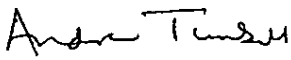
Executive Directors' single total figures of remuneration for the year to 31 March 2016 have decreased relative to the figures for the previous financial year, reflecting the partial vesting of long term incentive awards and reduced Annual Incentive awards compared to the prior year. The Committee believes this demonstrates that our Remuneration Policy is designed so that the third strand of our remuneration philosophy, "the level of remuneration received should be directly linked to corporate and individual performance", is properly reflected in the Policy.

Remuneration in respect of the year commencing 1 April 2016
The Committee is satisfied that the Executive Directors' salaries and the Chairman's annual fee remain correctly positioned in relation to our comparator group (being FTSE 100 companies of a similar market capitalisation to British Land) and these will not be increased for the year commencing 1 April 2016.

As explained earlier in this letter, a new Remuneration Policy and amended LTIP rules will be presented for shareholder approval at the AGM in July 2016. The Committee intends to grant the final LTIP award under the current Remuneration Policy and rules before the AGM, therefore the first LTIP award under the new Policy and amended rules will not be granted until the year commencing 1 April 2017.

This is my last report as Chairman of the Remuneration Committee as I intend to stand down following British Land's Annual General Meeting in July 2016. I will remain a member of the Committee and look forward to continuing to work with William Jackson, who will take over the Committee Chairmanship, as well as Lynn Gladden and Laura Wade-Gery, who were both appointed Committee members in 2015.

The Committee very much valued your support of our Remuneration Policy when it was introduced in 2014. We hope that you will be supportive of the proposed changes to our long term incentive arrangements set out in our new Remuneration Policy and supportive of our Annual Report on Remuneration for the year ended 31 March 2016 at the AGM in July 2016.



Lord Turnbull
Chairman of the Remuneration Committee

Overview of Remuneration Policy

Having expert people is one of the four core focus areas of our business model. Our Remuneration Policy is intended to help retain the expert people we have recruited and developed and mitigate the risk of losing them. Our Remuneration Policy is also designed to foster employee share ownership and align Executive Directors' interests with those of investors. The Remuneration Policy outlined on pages 92 to 98 will take effect from 19 July 2016, subject to shareholder approval at British Land's Annual General Meeting on that day. The bar charts below illustrate the levels of remuneration receivable by the Executive Directors under this proposed Remuneration Policy for varying levels of performance.

Within the remuneration package, variable elements (the Annual Incentive and Long-Term Incentive Plan (LTIP)) are designed to reward performance that supports our strategy and creates sustainable long term value for shareholders. If only the minimum level of performance is achieved, only fixed remuneration elements will be paid to the Directors. In the illustrative bar charts, this minimum remuneration consists of basic salary, benefits, pension or pension allowance and shares awarded by British Land under the all-employee Share Incentive Plan[1].

For performance that is in line with expectations, up to half of the maximum Annual Incentive award possible will be granted (equivalent to 75% of basic salary) and the proportion of the LTIP award expected to vest is equivalent to 140% of basic salary. One third of the Annual Incentive award granted will be deferred into shares which must be held by the Executive Director for three years (Annual Incentive Shares).

For the maximum level of performance, the Annual Incentive award will be granted at a level equivalent to 150% of basic salary and the LTIP award is expected to vest in full (equivalent to 300% of basic salary). One third of the Annual Incentive award granted will be deferred into Annual Incentive Shares. Remuneration payable in respect of this maximum level of performance has not changed materially compared to that payable under the current Remuneration Policy approved by shareholders in 2014.

The illustrative bar charts below do not take into account any share price appreciation between grant and vesting of LTIP awards or between deferral and release of Annual Incentive Shares. Share price growth will result in the values of LTIP awards and Annual Incentive Shares increasing in the period between grant and vesting/release to the Director.

As explained on page 89, the first LTIP award grant under the new Policy (with maximum level equivalent to 300% basic salary) will not take place until the year ending 31 March 2018, as it is intended that an LTIP award will be granted under the existing Policy (with maximum level equivalent to 200% basic salary) in advance of the 2016 AGM.

[1] Calculated using salaries for the year ending 31 March 2017, assuming that benefit values for the year ending 31 March 2017 will remain the same as the values for the year ended 31 March 2016 and that the maximum value of shares that can be awarded by the Company under the Share Incentive Plan is granted. Pension values are based on the Remuneration Policy and estimates supplied by the scheme actuary for defined benefit scheme members.

Illustration of application of Remuneration Policy

Chris Grigg

Chief Executive		£000
Minimum	100%	£1,187
In line with expectations	40% 21% 39%	£2,993
Maximum	24% 25% 51%	£4,967

Charles Maudslev

Head of Retail and Leisure		£000
Minimum	100%	£553
In line with expectations	37% 22% 41%	£1,512
Maximum	22% 26% 52%	£2,561

Lucinda Bell

Chief Financial Officer		£000
Minimum	100%	£609
In line with expectations	37% 22% 41%	£1,669
Maximum	22% 26% 52%	£2,828

Tim Roberts

Head of Offices and Residential		£000
Minimum	100%	£572
In line with expectations	37% 22% 41%	£1,531
Maximum	22% 26% 52%	£2,580

■ Fixed remuneration ■ Annual Incentive ■ Long Term Incentive

Executive Directors

Fixed Remuneration

The components of fixed remuneration are intended to provide a base package at a level that will attract high-calibre individuals with the appropriate degree of expertise and experience to carry out their roles to the high standards we require Executive Directors salaries are positioned around the median of our comparator group (FTSE100 companies with broadly similar market capitalisations to British Land) and in addition to salary the fixed remuneration package includes the provision of benefits a pension or pension allowance and the opportunity to take part in all-employee share schemes

Annual Incentive

The Annual Incentive forms part of the variable proportion of an Executive Director s remuneration package The level of Annual Incentive award received is directly linked to corporate and individual performance against annually tailored measures

A proportion of each Executive Director s Annual Incentive award is used to purchase shares that must be held for three years adding a longer term aspect to the Annual Incentive award

Magnitude of Annual Incentive award is dependent on performance against Annual Incentive measures over one year

Two thirds s paid as cash on award

One third (net of tax) is used to purchase shares which must be held for three years (Annual Incentive Shares)

Long-Term Incentive Plan (LTIP)

The LTIP is the second element of variable remuneration The proportion of an LTIP award that is actually released to an Executive Director is dependent on British Land s performance against specified performance measures over a three year period

LTIP award consists of performance shares or market value options or a combination of the two with performance measures attached

Performance is measured over three years

The number of performance shares vesting and the number of options becoming exercisable are both dependent on the degree to which the performance measures have been met

A two year holding period applies to LTIP awards following vesting

Chairman and Non-Executive Directors

Fees paid to the Company Chairman and Non-Executive Directors are positioned around the median of our comparator group of companies (FTSE100 companies with broadly similar market capitalisations to British Land) with the aim of attracting individuals with the appropriate degree of expertise and experience to work with and challenge the Executive Directors

Executive Directors' Remuneration Policy

Component and Purpose	Operation
Fixed Remuneration	
Basic salary To attract and retain expert people with the appropriate degree of expertise and experience	The level of basic salary is positioned around the median of our comparator group of FTSE 100 companies with broadly similar market capitalisations Executive Directors responsibilities are taken into account when basic salaries are set Basic salaries are 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 set In addition to basic salary Executive Directors may be eligible to receive fees for sitting on the boards of certain subsidiary companies
Benefits and all-employee share schemes To attract and retain expert people and to foster share ownership	A car allowance is paid to Executive Directors in lieu of the provision of a company car Executive Directors are eligible to receive other taxable and non-taxable benefits which may include - private medical insurance (covering the Director spouse and any children under the age of 25) - life assurance cover under which a lump sum of four times basic salary will be paid out in the event of death in service - permanent health insurance under which 75% of basic salary will be paid in the event of long term absence due to certain medical reasons - 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 Executive Directors are eligible to participate in British Land s Share Incentive Plan (SIP) and Sharesave Scheme 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
Pension or pension allowance To attract and retain expert people and to provide an appropriate level of pension on retirement	Executive Directors may receive pension benefits through a defined contribution arrangement may receive a cash allowance in lieu of pension contributions or (provided the Director joined British Land before its defined benefit scheme closed to new members in 2006) may receive benefits through a defined benefit arrangement as deemed appropriate by the Committee Accrual rates for Directors receiving benefits through the defined benefit scheme are determined by the rules of the scheme and are dependent on the age at which the Director joined the Company Benefits up to the limit permitted by the tax legislation are provided in a registered plan Benefits over that limit are currently provided in an employer financed retirement benefit scheme (EFRBS) EFRBS participants are currently offered a choice annually as to whether they wish to accrue benefits in the EFRBS or to receive a cash payment in lieu Directors participating in a defined contribution arrangement may choose whether contributions are made into British Land s defined contribution scheme or into their own personal pension plan 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

Maximum Opportunity	Performance Conditions
The maximum level of basic salary will not be greater than the upper quartile of the comparator group Increases will typically be in line with inflation and general salary increases throughout the Group If an individual is appointed at a salary positioned below the level aligned with our comparator group a larger increase may be awarded in order to position the salary around the median of our comparator group Executive Directors fees for sitting on subsidiary company boards are capped at a maximum of £1 500 per annum in aggregate for all qualifying appointments	Not applicable
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 The maximum opportunities under the SIP and Sharesave Scheme are set by the rules of the schemes and determined by statutory limits	Not applicable
Under the defined benefit scheme the target benefit is the pension that can be provided by the 31 March 2012 lifetime allowance (£1 8 million) uplifted by RPI from that date The maximum accrual rate for a defined benefit scheme member is that which will give the target benefit at age 60 subject to the accrual rate being no greater than one thirtieth and no less than one sixtieth of salary 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 between 15% and 35%	Not applicable

REMUNERATION REPORT REMUNERATION POLICY CONTINUED

Component and Purpose	Operation
Annual Incentive	
To reward Company and individual performance that supports the strategic priorities of the business and to promote activities that help the business successfully implement its strategy **To foster share ownership and align participants interests with those of shareholders**	Annual Incentive awards may be granted to Executive Directors each year with the level of award reflecting Company and individual performance against measures set by the Remuneration Committee Awards are granted following the financial year end when actual performance over that year has been measured Two thirds of an Executive Director s Annual Incentive award is paid in cash when the award is granted The remaining third of the Annual Incentive award (net of tax) is used to purchase British Land shares on behalf of the Executive Director (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 Shares may be clawed back during the three year period following issue if it is discovered that the relevant Annual Incentive award was granted on the basis of materially misstated accounts or other data
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 **To foster share ownership and align participants interests with those of shareholders**	LTIP awards may be granted annually by the Remuneration Committee to Executive Directors Awards may consist of performance shares (conditional rights to receive shares) or market value options or a combination of the two Executive Directors may indicate a preference as to the proportions of their award received as performance shares and/or market value options LTIP awards vest after three years The number of performance shares and/or options vesting is dependent on the degree to which performance conditions attached to the LTIP award have been met over this three year performance period A payment equivalent to the dividends accrued on vesting performance shares and the interest thereon is paid at the point of vesting On vesting sufficient performance shares may be sold to cover any liability to income tax and National Insurance Contributions 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 options may be exercised at any point during the seven years following vesting If LTIP options are exercised within two years of the vesting date sufficient of the shares acquired may be sold to cover the cost of exercise and any liability to income tax and National Insurance Contributions but the remaining shares must be held until the point two years from the vesting date 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 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 Committee may require some or all unexercised options to be forfeited at any point and - where an option is exercised within five years of its grant date the Committee may require some or all of the shares acquired to be clawed back during the five year period following the option grant date

Maximum Opportunity	Performance Conditions
The maximum level of Annual Incentive which may be granted is equivalent to 150% of basic salary	The Annual Incentive performance measures relate to British Land s strategic focus areas and the Executive Director s individual areas of responsibility The measures are set by the Remuneration Committee at the beginning of the financial year over which performance will be assessed and are not strictly weighted When determining the level of an Executive Director s Annual Incentive award the Committee takes into account performance against all measures and makes an assessment in the round If actual performance averaged over all measures is equal to the median level of performance the Annual Incentive award granted will be one quarter of the maximum potential award (equivalent to 37 5% of basic salary) Up to half of the maximum potential award (equivalent to 75% of basic salary) is payable for performance that is in line with expectations If average performance is below the median level of performance no Annual Incentive award will be granted No further performance conditions are attached to the Annual Incentive Shares during the holding period
The maximum value of an LTIP award which may be granted is equivalent to 300% of basic salary The value for this purpose is the aggregate fair value of the shares and/or options granted at the date of award The fair value of a share is the average market value of British Land shares over the three dealing days preceding grant The fair value of a market value option is such fraction of the fair value of a share as is set by the Committee This fraction is currently one quarter but may be varied by the Committee to reflect the economic models used by the Company for the valuation of options	The LTIP performance conditions have been chosen to reward performance that is aligned with British Land s strategy – total property return (TPR) performance is assessed relative to an Investment Property Databank (IPD) benchmark rewarding strong returns at the property level – total accounting return (TAR) performance is assessed relative to a comparator group consisting of the 17 largest property companies within the FTSE that use EPRA accounting (including British Land) and – total shareholder return (TSR) performance is assessed against both the FTSE100 and a comparator group consisting of the 17 largest property companies within the FTSE that use EPRA accounting (including British Land) 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 The Committee currently intends to apply the performance conditions with the following weightings 40% of the award will be linked to the TPR condition 40% will be linked to the TAR condition and 20% will be linked to the TSR condition TPR performance is currently assessed against the IPD UK Annual Property Index The Committee may amend the comparator groups of companies during the performance period if there is a corporate event affecting any member of the group and may amend the IPD benchmark if a different benchmark is deemed more appropriate Performance conditions are challenging requiring significant outperformance for 100% of the LTIP award to vest 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 Upper quartile performance must be achieved against each performance measure for the entire award to vest

Non-Executive Directors' Remuneration Policy

Component and Purpose	Operation	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 positioned around the median of our chosen comparator group which consists of FTSE 100 companies with broadly similar market capitalisations	The maximum annual fee will not be greater than the upper quartile of the chosen comparator group Typically increases if required will be in line with inflation	Not applicable
Chairman s benefits To facilitate the Chairman s travel in the fulfilment of his or her duties	The Chairman is provided with a car and chauffeur together with any taxes thereon	The maximum opportunity is the cost to the Company of providing this grossed-up taxable benefit at a similar level each year	Not applicable
Non-Executive Directors fees To attract and retain expert people with the appropriate degree of expertise and experience	Remuneration of the Non-Executive Directors is a matter for the Executive Directors and fees are reviewed annually Non-Executive Directors receive an annual fee plus additional fees if they are members of a Committee or if they hold the position of Senior Independent Director or Chairman of the Remuneration or Audit Committee The Company s Policy is to deliver a total fee at a level in line with similar positions at our chosen comparator group which consists of FTSE 100 companies with broadly similar market capitalisations	The maximum aggregate amount of basic fees payable to all Non Executive Directors shall not exceed the £600,000 limit set in the Company s Articles of Association	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 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 with executives being entitled to substantially the same benefits as the Executive Directors

All employees are eligible to receive an Annual Incentive the level of which will be dependent on individual departmental and Company performance A proportion of a senior executive s Annual Incentive award may be deferred to purchase Annual Incentive Shares Executives may be granted Long-Term Incentive Plan awards Some executives (not including Executive Directors) are eligible to receive shares under the Fund Managers Performance Plan (FMPP) The final FMPP award was granted in 2013 and the final FMPP vesting will take place in 2016 Employees joining the company after 2006 are eligible to take part in a defined contribution pension arrangement The Company s all-employee share schemes (the Share Incentive Plan and the Sharesave Scheme) are also open to eligible employees

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 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 and the Matching Share Plan) pension and benefit plans

Considerations when setting Remuneration Policy
In drawing up the Remuneration Policy the Committee took into account views expressed by shareholders during meetings and communicated to the Company 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

Each year the Remuneration Committee takes into account the pay and employment conditions of employees in the Group noting the general increase in salary proposed for all employees and levels of incentive payments and performance before setting the remuneration of the Directors The Committee did not consult with the Company s employees or use remuneration comparison measurements when drawing up the Directors Remuneration Policy

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 median of the chosen comparator group with the intention of increasing it to around the median of the comparator group after an initial period of satisfactory service

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 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 the awards which have lapsed The value of dividends paid on the RSP shares during the vesting period is paid directly to the Director Vesting of the shares granted under the RSP award will be subject to the Director completing a minimum period of qualifying service so the award will not be released until this condition has been satisfied The vesting of the RSP 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 Committee may choose to offer a Co-Investment Share Plan (CIP) award to a new Executive Director on recruitment (in accordance with Listing Rule 9 4 2) to assist the Director in building a holding of British Land shares with the aim of further aligning the Director s personal interests with those of British Land s shareholders

Under the CIP a director may invest a maximum of 150% salary (225% salary for a Chief Executive) to purchase British Land shares these limits being determined by the Director s minimum shareholding guideline The Company will match the purchased CIP shares on a 1 1 basis (before allowing for tax liabilities that will arise on vesting of the matching shares) All the CIP shares are then deferred for three years subject to the Director remaining employed by the Group and holding the shares for this time Should the Director leave the Group before the qualifying period is completed all of the matching shares will lapse and the purchased shares will be released to the Director Dividends paid on the purchased CIP shares during the vesting period are paid directly to the Director a dividend equivalent payment is made on vesting to compensate for dividends accrued on matching CIP shares The Committee will impose performance measures on CIP awards which must be achieved over the three-year holding period for the matching shares to vest 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 However when recruiting an external candidate it may be necessary to give an initial notice period of up to 24 months this reduces at the end of 12 months work to 12 months The remainder of the package offered to a new Executive Director would be in line with the Company s ongoing Remuneration Policy

Chairman and Non-Executive Directors
On recruitment the Chairman will be offered an annual fee and benefits in accordance with the Policy The level of the annual fee may initially be positioned below the median of the chosen comparator group with the intention of increasing it to around the median 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

REMUNERATION REPORT REMUNERATION POLICY CONTINUED

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 2014 Remuneration Policy Any commutation would take into account valuations provided by independent actuarial advisors 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 Remuneration 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 All of the Company s Executive Directors have contracts that pre-date 27 June 2012 but these do not contain contractual provisions that could impact on the amount of any payment for loss of office and which fall outside the Policy Details of the Executive Directors service contracts and notice periods are given in the table below (D 1 5)

Director	Length of service contract	Date of service contract	Normal notice period to be given by Company	Normal notice period to be given by Director
Chris Grigg	12 mths	19 12 08	12 mths	12 mths
Lucinda Bell	12 mths	10 03 11	12 mths	12 mths
Charles Maudsley	12 mths	03 11 09	12 mths	12 mths
Tim Roberts	12 mths	14 11 06	12 mths	12 mths

The Company may terminate a Director s appointment with immediate effect without notice or payment in lieu of notice under certain circumstances prescribed within the Director s service contract

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	Date of current appointment	Unexpired term of appointment at 31 March 2016
John Gildersleeve (Chairman)	01/01/2016	33 months
Aubrey Adams	01/09/2014	17 months
Simon Borrows	17/03/2014	11 months
Lynn Gladden	20/03/2015	23 months
William Jackson	11/04/2014	12 months
Tim Score	20/03/2014	11 months
Lord Turnbull	01/04/2015	24 months
Laura Wade-Gery	13/05/2015	25 months

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 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 for any reason

How we intend to apply our Remuneration Policy during the year commencing 1 April 2016

Pages 99 to 100 detail how the Remuneration Committee intends to apply the Remuneration Policy during the coming year

Executive Directors' Remuneration

Basic salaries

Basic salaries have been set at the following levels for the year commencing 1 April 2016 Salaries have not been changed relative to the prior year

Director	Basic salary £
Chris Grigg	840 000
Lucinda Bell	493,000
Charles Maudsley	446 250
Tim Roberts	446 250

Annual Incentive awards

During the year Annual Incentive performance will be assessed against a range of quantitative and qualitative measures

Quantitative measures
- Property returns Unlevered property capital returns relative to IPD and total property return relative to IPD
- Accounting returns Total accounting return relative to property majors
- Rental growth ERV growth relative to IPD and
- Underlying profit performance Profit performance relative to budget

Qualitative measures supporting the four areas of our business model
- Right Places progress on key projects including developments and execution of targeted acquisitions and disposals
- Customer Orientation company reputation with all stakeholders and supporting the delivery of sustainability objectives
- Capital Efficiency execution of debt financings and progress on strengthening the dividend and
- Expert People quality of people and management renewal

The Executive Directors individual performance will also be assessed against measures relating to their specific areas of responsibility that support the corporate measures above Further information regarding the measures and the assessment of performance used to determine Executive Directors Annual Incentive awards for the year ending 31 March 2017 will be disclosed in the 2017 Remuneration Report

Long term incentive awards

Matching Share Plan (MSP)
Under the Remuneration Policy approved by shareholders at the Annual General Meeting in 2014 (available on pages 84 to 91 of British Land s 2014 Annual Report) one third of each Executive Directors Annual Incentive award must be deferred and used to purchase MSP Bonus Shares Therefore the Annual Incentive awards that are due to be paid to Executive Directors in June 2016 in respect of performance during the year ended 31 March 2016 will be subject to such a deferral and an associated award of MSP Matching Shares will be granted This will be the final MSP award granted to Executive Directors as the Remuneration Policy that will be presented to shareholders for approval at the AGM in July 2016 (detailed on pages 90 to 98 of this Report) does not include a matching share plan

Two equally weighted performance measures will be applied to MSP Matching Share awards each measure relates to half of the total MSP award meaning no more than half of the total award can vest if one of the performance measures does not meet its minimum vesting threshold

The total shareholder return (TSR) part
The comparator group against which TSR performance will be assessed over the three-year performance period consists of Great Portland Estates plc Hammerson plc Intu Properties plc Land Securities Group PLC SEGRO plc Big Yellow Group PLC Capital & Counties PLC Derwent London plc Grainger plc Hansteen Holdings plc Helical Bar plc LondonMetric Property plc St Modwen Properties PLC Shaftesbury PLC The UNITE Group plc UK Commercial Property Trust Ltd and British Land The percentage of the part of the MSP Matching Award linked to TSR performance will be determined as follows

British Land s TSR relative to the comparator group at the end of the performance period	Percentage of TSR part of award vesting %
Below median	0
Median	25
Further vesting per each 1% TSR exceeds median (to a maximum of 100% of TSR part of award)	18 75

The gross income growth (GIG) part
British Land s gross income growth will be assessed relative to the Investment Property Databank (IPD) Quarterly Universe (the IPD Universe) In order for the part of the MSP Matching Award linked to GIG performance to vest British Land s GIG over the three-year performance period must be equal to that of the IPD Universe (the Growth Requirement) The percentage of the GIG part of the MSP Matching Award vesting will be determined as follows

British Land s GIG relative to the IPD Universe at the end of the performance period	Percentage of GIG part of award vesting %
Below Growth Requirement	0
Equal to Growth Requirement	25
Further vesting per each 0 5% per annum GIG exceeds the Growth Requirement (to a maximum of 100% of GIG part of award)	25

Long-Term Incentive Plan (LTIP)
It is intended that the final LTIP grant under the Remuneration Policy approved by shareholders at the AGM in 2014 (available on pages 84 to 91 of British Land s 2014 Annual Report) will take place in June 2016 As the intention is to grant an LTIP award in advance of the new Remuneration Policy and amended LTIP rules being presented for shareholder approval at the AGM in July 2016 no further LTIP award will be granted to Executive Directors during the year to 31 March 2017 Therefore the first LTIP award to Executive Directors under the new Policy if approved is not intended to be granted until the financial year ending 31 March 2018 Two equally weighted performance measures will be applied to LTIP awards granted in the year ending 31 March 2017 each measure relates to half of the total LTIP award meaning no more than half of the total award can vest if one of the performance measures does not meet its minimum vesting threshold

The total property return (TPR) part
British Land s TPR over the three year performance period will be assessed relative to the IPD UK Annual Property Index (the IPD Benchmark) The percentage of the TPR part of the LTIP award vesting will be determined as follows

British Land s TPR relative to the IPD Benchmark at the end of the performance period	Percentage of TPR part of award vesting %
Below median	0
Median	25
Upper quartile	100

Total Accounting Return (TAR)
British Land s TAR over the three-year performance period will be assessed relative to the same comparator group of companies that performance will be assessed against under the MSP TSR measure The percentage of the TAR part of the LTIP award vesting will be determined as follows

British Land s TAR relative to the comparator group at the end of the performance period	Percentage of TAR part of award vesting %
Below median	0
Median	25
Upper quartile	100

There will be straight-line vesting between median and upper quartile performance

The performance measures that will apply to LTIP awards granted under the new Remuneration Policy that will be presented for shareholder approval at the AGM in July 2016 (the first grant of which is not intended to take place until the financial year ending 31 March 2018) are described on page 88

Non-Executive Directors' remuneration

The following fee structure will apply for the Chairman s and Non-Executive Directors fees subject to shareholder approval of our new Remuneration Policy at the AGM in July 2016 This represents a change from the current structure under which Non-Executive Directors receive fees based in part on their attendance at Board and Committee meetings

The Chairman s annual fee has not been changed relative to the prior year It is intended that fees paid to the other Non-Executive Directors in respect of service between 1 April 2016 and the 2016 AGM (paid in accordance with the current Remuneration Policy approved by shareholders in 2014) will be deducted from the annual fees set out below so that fees received in respect of the full year to 31 March 2017 are in line with the structure set out below

Chairman s annual fee	£369 340
Non-Executive Director s annual fee	£61 000
Senior Independent Director s annual fee	£10 000
Audit Committee or Remuneration Committee Chairman s annual fee	£20,000
Remuneration Committee or Audit Committee member s annual fee	£8 000
Nomination Committee member s annual fee	£4 000

How we applied our Remuneration Policy during the year ended 31 March 2016

Single total figure of remuneration (audited information)

The following tables detail all elements of remuneration receivable by British Land s Directors in respect of the year ended 31 March 2016 and show comparative figures for the year ended 31 March 2015

Executive Directors	Salary/fees 2016 £000	Taxable benefits[1] 2016 £000	Annual incentive 2016 £000	Long term incentives 2016 £000	Other items in the nature of remuneration[2] 2016 £000	Pension or pension allowance 2016 £000	Total 2016 £000
Chris Grigg	840	21	840	1 681	33	294	3 709
Lucinda Bell	493	21	410	819	28	82	1 853
Charles Maudsley	446	22	410	861	17	67	1 823
Tim Roberts	448	21	400	861	19	106	1 855
Executive Directors	**2015 £000**	**2015 £000**	**2015 £000**	**2015 £000**	**2015 £000**	**2015 £000**	**2015 £000**
Chris Grigg	800	21	1 152	4 259	39	280	6 551
Lucinda Bell	465	21	500	1 863	17	68	2 934
Charles Maudsley	425	22	540	1 670	16	64	2 737
Tim Roberts	427	22	570	1 696	21	76	2 812

Taxable benefits include car allowance private medical insurance and subsidised gym membership The Company provides the tax gross up on subsidised gym membership and the figures included above are the grossed up values An adjustment has been made to the prior year s corresponding amount to reflect the fact that gym membership benefits were not disclosed on a grossed up basis in that year

[2] Other items in the nature of remuneration include life assurance permanent health insurance annual medical check-ups professional subscription fees the value of shares awarded under the all-employee Share Incentive Plan and the notional gain on exercise for any Sharesave Scheme options that mature during the year

Chairman and Non-Executive Directors	Fees 2016 £000	Fees 2015 £000	Taxable benefits[3] 2016 £000	Taxable benefits[3] 2015 £000	Total 2016 £000	Total 2015 £000
John Gildersleeve (Chairman)	369	352	60	60	429	412
Aubrey Adams	68	69	-	-	68	69
Simon Borrows	68	67	-	-	68	67
Lynn Gladden	67	1	1	-	68	1
Dido Harding[4]	n/a	34	n/a	-	n/a	34
William Jackson	70	66	-	-	70	66
Tim Score	88	73	1	-	89	73
Lord Turnbull	97	79	-	-	97	79
Laura Wade-Gery[5]	44	n/a	-	n/a	44	n/a

[3] Taxable benefits include the Chairman s chauffeur cost and expenses incurred by other Non-Executive Directors The Company provides the tax gross up on these benefits and the figures shown above are the grossed up values An adjustment has been made to the prior year s corresponding amount to reflect the fact that chauffeur costs were not disclosed on a grossed up basis in that year

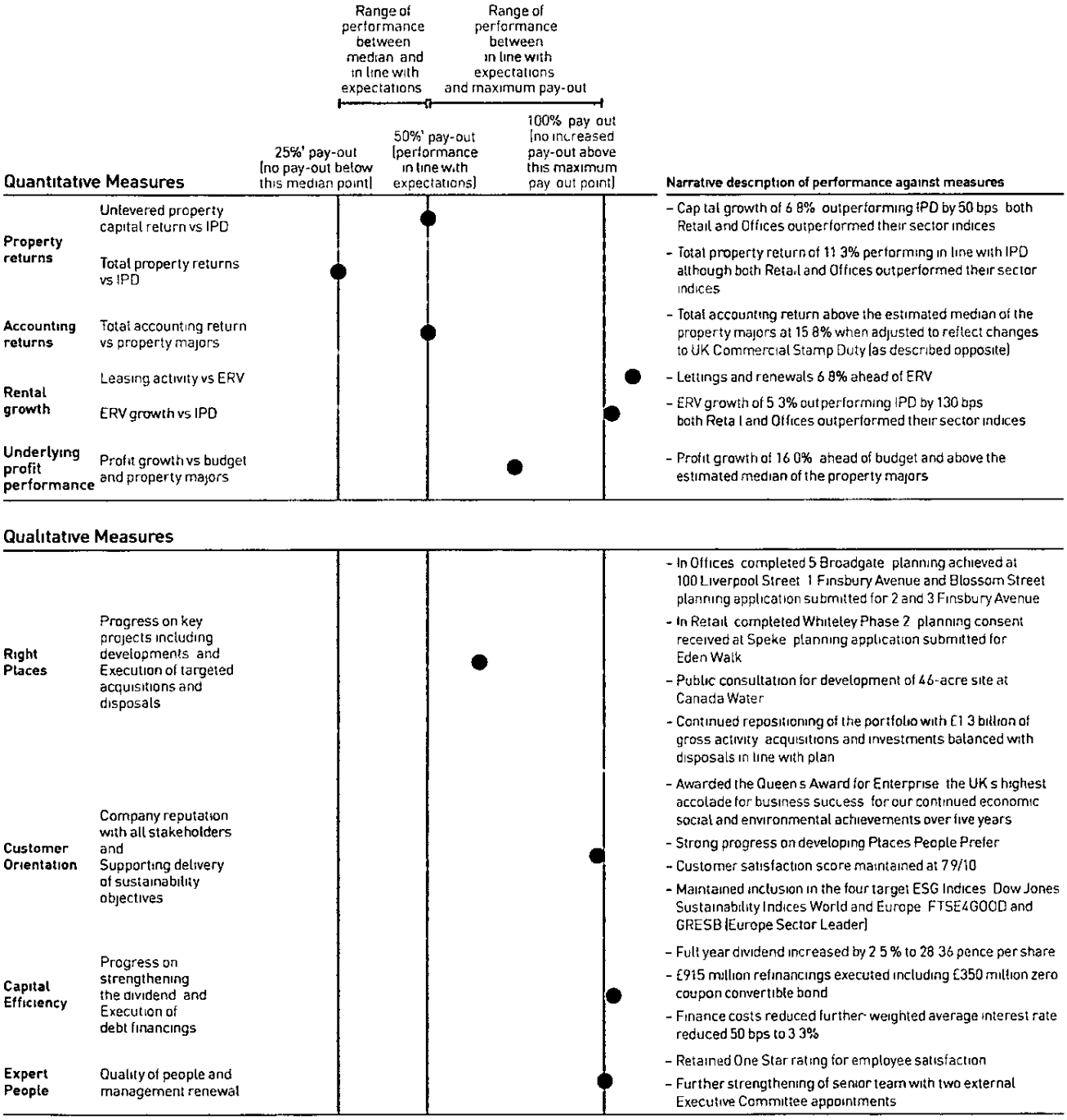
[4] Dido Harding resigned as a Director on 10 December 2014

[5] Laura Wade-Gery was appointed as a Director on 13 May 2015

Notes to the single total figure of remuneration table

Annual Incentive

The level of Annual Incentive award is determined by the Remuneration Committee based on British Land s performance and each individual Executive Director s contribution during the year Annual Incentive measures are not strictly weighted and the Committee assesses performance in the round The Committee s assessment for the year ended 31 March 2016 is set out below undertaken with reference to performance against the following quantitative and qualitative measures using data available at the year end



[1] 25% of the maximum level = 37 5% of basic salary 50% of the maximum level = 75 0% of basic salary 100% of the maximum level = 150% of basic salary

The increase in UK Commercial Stamp Duty which took effect on 17 March 2016 impacted the total accounting return (TAR) and IFRS profits of companies with a financial year end of 31 March 2016 but did not impact those with a financial year end of 31 December 2015 The underlying profit figure used to assess Annual Incentive performance was not affected by the change to UK Commercial Stamp Duty So that the TAR performance of British Land for 2015/16 can be compared on a like-for-like basis with the other property majors an adjusted and audited figure for British Land s TAR which excludes the impact of the UK Commercial Stamp Duty change has been used to assess performance In assessing the performance of the comparator group for TAR and profit performance relative to property majors analysts consensus (before the impact of the UK Commercial Stamp Duty change) has been used for one company with a March year end and reported data has been used for the December year end companies

Over the year each Executive Director s individual performance was measured against objectives supporting the key areas of our business model Right Places Customer Orientation Capital Efficiency and Expert People The Group does not disclose prospective and retrospective performance measures for individual performance beyond that disclosed above as the Directors consider this to be commercially sensitive this information will not be disclosed at future dates for the same reason

Taking into account corporate performance against the quantitative and qualitative measures over the year to 31 March 2016 as well as each Executive Director s individual performance the Remuneration Committee set the Annual Incentive awards received by the Executive Directors at the following levels

Executive Director	Proportion of maximum potential award granted %
Chris Grigg	67
Lucinda Bell	55
Charles Maudsley	61
Tim Roberts	60

The maximum Annual Incentive award achievable is equivalent to 150% base salary The Remuneration Committee set the aggregate Annual Incentive received by the Executive Directors for the year ended 31 March 2016 at 62% of the maximum (93% of base salary) as compared with 87% of the maximum (130% of base salary) for the year ended 31 March 2015

One third of each Executive Director s Annual Incentive award will be deferred and used to purchase MSP Bonus Shares subject to a three-year holding requirement under British Land s Matching Share Plan (MSP) in accordance with the current Remuneration Policy No further performance measures apply to these deferred shares the MSP is described on pages 99 to 100

Long term incentives (audited information)

Figures in the "Long term incentives" column are comprised of awards vesting under the Long-Term Incentive Plan (LTIP) and Matching Share Plan (MSP) including where applicable dividend equivalent payments on those vesting awards and interest accrued on those dividend equivalents The LTIP awards and MSP Matching awards granted to Executive Directors in 2013 are included in the 2016 Long term incentives column Vesting of these awards is subject to performance over the three year period to 31 March 2016 against the relevant performance conditions which are detailed on pages 99 to 100 The estimated vesting values of these awards have been calculated using the average market value for a British Land share for the period from 1 January 2016 to 31 March 2016 (702 6 pence) as the vesting share price

LTIP

Two equally weighted performance conditions are attached to the LTIP awards granted in 2013 measuring British Land s total property return (TPR) relative to the funds in the December IPD UK Annual Property Index (the Index) and total accounting return (TAR) relative to a comparator group of British Land and 16 other property companies These awards are due to vest on 5 August 2016 The increase in UK Commercial Stamp Duty which took effect on 17 March 2016 impacted British Land s TPR at 31 March 2016 but did not impact the Index So that the performance of the Company and the Index can be compared on the same basis an adjusted and audited figure for British Land s TPR excluding the impact of the UK Commercial Stamp Duty change has been used to assess LTIP TPR performance This adjustment will not be required in future years because when determining LTIP vesting levels the impact of this UK Commercial Stamp Duty change will (a) already have been reflected in the TPR of the Company and the comparator group for awards granted in 2014 and 2015 and (b) be reflected in the start point for awards granted in 2016 and future years The TPR part is expected to vest at 69% based on British Land s adjusted TPR of 14 9% compared to the Index median of 13 9% It is estimated that the TAR part will vest at 44% the actual vesting rate of the TAR part will be calculated once results have been published by all of the companies within the comparator group This produces the estimated values on vesting set out in the table on the following page The actual vesting will be confirmed by the Committee and provided in the 2017 Remuneration Report

REMUNERATION REPORT ANNUAL REPORT ON REMUNERATION CONTINUED

Executive Director	LTIP award date	Award price (exercise price) p	Number of performance shares awarded	Number of options awarded	Estimated percentage of award vesting %	Estimated value of award on vesting £000	Estimated dividend equivalent and interest £000
Chris Grigg	05/08/2013	601	266 222	–	57	1 057	125
Lucinda Bell	05/08/2013	601	116 056	154 742	57	549	55
Charles Maudsley	05/08/2013	601	141 430	–	57	561	67
Tim Roberts	05/08/2013	601	141 430	–	57	561	67

The LTIP awards granted to Executive Directors in 2012 (which vested on 14 September 2015 and are shown in the 2015 Long term incentives column) were subject to a performance condition assessing the growth in British Land s net asset value relative to the increase in the capital growth component of the IPD UK Annual Property Index This condition is detailed on page 102 of the 2015 Annual Report The vesting values of these awards have now been calculated using the actual market value on the day vesting replacing the estimated vesting values included in the prior year s single total figure of remuneration table

MSP

Two equally weighted performance conditions are attached to the MSP Matching awards granted in 2013 measuring British Land s total shareholder return (TSR) relative to a comparator group of 17 property companies (including British Land) and British Land s gross income growth (GIG) relative to the IPD Quarterly Universe (the Universe) These awards are due to vest on 2 August 2016 Aon Hewitt has confirmed that the TSR part of the award will lapse as British Land s TSR performance over the period was 38 0% compared to a median of 53 7% for the comparator group The GIG part is expected to vest at 100% as British Land s annualised GIG over the period is expected to exceed the growth of the Universe by more than the upper hurdle of 1 5% This produces the estimated values on vesting set out below The actual vesting rate will be confirmed by the Committee and provided in the 2017 Remuneration Report

Executive Director	MSP award date	Number of Matching Shares awarded	Estimated percentage of award vesting %	Estimated value of award on vesting £000	Estimated dividend equivalent £000
Chris Grigg	02/08/2013	127 096	50	446	53
Lucinda Bell	02/08/2013	54 720	50	192	23
Charles Maudsley	02/08/2013	59 428	50	209	25
Tim Roberts	02/08/2013	59 428	50	209	25

The MSP awards granted to Executive Directors in 2012 (which vested on 7 September 2015 and are shown in the 2015 Long term incentives column) were subject to the same performance conditions as the MSP awards granted in 2013 The vesting values of these awards have now been calculated using the actual market value on the day vesting replacing the estimated vesting values included in the prior year s single total figure of remuneration table

Pension or pension allowance (audited information)

The figures shown in the Pension column represent the differing pension arrangements of the Executive Directors During the year ended 31 March 2016 Chris Grigg received 35% basic salary as cash in lieu of pension and Charles Maudsley received 15% basic salary as cash in lieu of pension Lucinda Bell and Tim Roberts earned pension benefits in defined benefit schemes sponsored by the Company during the year The increase in value over the year of their respective pensions is shown in the single total figure of remuneration table and further detail is provided on page 105

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

Share scheme interests awarded during the year (audited information)

Long-Term Incentive Plan

The total fair value of each Executive Director s LTIP award for the year ended 31 March 2016 was equivalent to 200% of basic salary at grant At grant each Director can indicate a preference as to the proportion of the award that they wish to receive as performance shares and the proportion that they wish to receive as market value options The share price used to determine the face value of performance shares and the fair value of options – and therefore the number of performance shares and market value options awarded – is the average market value of the Company s shares over the three dealing days immediately prior to the day of award The performance conditions attached to these awards are detailed on page 100

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 %
Chris Grigg	22/06/2015	154 949	1 260	31/03/2018	22/06/2018	25
Lucinda Bell	22/06/2015	121 254	986	31/03/2018	22/06/2018	25
Charles Maudsley	22/06/2015	109 756	892	31/03/2018	22/06/2018	25
Tim Roberts	22/06/2015	109 756	892	31/03/2018	22/06/2018	25

Options

Executive Director	Grant date	Number of options granted	Face value £000	Fair value £000[1]	Exercise price p	End of performance period	Vesting date	Percentage vesting on achievement of minimum performance threshold %
Chris Grigg	22/06/2015	206 599	1 680	420	824 5	31/03/2018	22/06/2018	25

[1] Options are currently valued at one quarter of the value of a performance share therefore the fair value of each option awarded is one quarter of the face value of the option

Matching Share Plan

The total face value of each Executive Director s MSP Matching Share award for the year ended 31 March 2016 was equal to two thirds of their Annual Incentive award in respect of the year ended 31 March 2015 equivalent to 91% basic salary at grant for Chris Grigg 68% for Lucinda Bell 81% for Charles Maudsley and 85% for Tim Roberts The share price used to determine the number of Matching Shares awarded is the market value of the Company s shares on the day the proportion of the Annual Incentive is deferred

Matching Shares

Executive Director	Grant date	Number of Matching Shares granted	Face value £000	End of performance period	Vesting date	Percentage vesting on achievement of minimum performance threshold %
Chris Grigg	29/06/2015	94 348	768	31/03/2018	29/06/2018	25
Lucinda Bell	29/06/2015	40 950	333	31/03/2018	29/06/2018	25
Charles Maudsley	29/06/2015	44 226	360	31/03/2018	29/06/2018	25
Tim Roberts	29/06/2015	46 682	380	31/03/2018	29/06/2018	25

Sharesave Scheme

The following options were granted to the Executive Directors during the year under the all-employee Sharesave Scheme The exercise price is set at a 20% discount to the average market price of the Company s shares over the three dealing days immediately preceding invitation to the Scheme The cost of exercise is met entirely by the Director and is accumulated by deductions from salary over the period between grant and vesting

Options

Executive Director	Grant date	Total to be deducted from salary to cover exercise cost £000	Number of options granted	Face value £000	Exercise price p	Earliest exercise date	Expiry date
Lucinda Bell	22/06/2015	9	1 291	9	697	01/09/2018	28/02/2019

Directors' pension entitlements under the defined benefit pension scheme (audited information)

The below table details the defined benefit pension accrued by participating Directors at 31 March 2016

Executive Director	Defined benefit pension accrued at 31 March 2016 £000	Normal retirement age
Lucinda Bell	101	60
Tim Roberts	81	60

[1] The accrued pension is based on service to the year end and final pensionable salary at that date

Directors' shareholdings and share interests (audited information)

Directors shareholdings at 31 March 2016
The following table shows the Directors interests in fully paid ordinary British Land shares including shares held by connected persons and for Executive Directors including Matching Share Plan Bonus Shares and shares held in the Share Incentive Plan All interests are beneficial

Director	Holding at 31 March 2016	Holding at 31 March 2015
Chris Grigg	1 118 090	955 204
Lucinda Bell	162 894	164 201
Charles Maudsley	158 887	159 801
Tim Roberts	173 042	274 189
John Gildersleeve	5 220	5 220
Aubrey Adams	20 000	20 000
Simon Borrows	300 000	300 000
Lynn Gladden	1 665	0
William Jackson	120 304	42 983
Tim Score	12 693	6 946
Lord Turnbull	20 471	18 790
Laura Wade-Gery[1]	1 670	n/a

[1] Laura Wade-Gery was appointed as a Director on 13 May 2015

Purchases after the year end up to one month before publication of the Notice of Annual General Meeting
On 6 April 2016 Lynn Gladden was allotted 1 063 shares William Jackson was allotted 486 shares Tim Score was allotted 1 416 shares Lord Turnbull was allotted 359 shares and Laura Wade-Gery was allotted 718 shares all at a price of 696 3945 pence per share as part of their standing instructions to receive shares in full or part satisfaction of their Non-Executive Directors fees

On 14 April 2016 Chris Grigg purchased 20 shares Lucinda Bell purchased 20 shares Charles Maudsley purchased 17 shares and Tim Roberts purchased 21 shares all at a price of 730 5208 pence per share under the partnership element of the Share Incentive Plan (SIP) Accordingly Chris Grigg was awarded 40 shares Lucinda Bell was awarded 40 shares Charles Maudsley was awarded 34 shares and Tim Roberts was awarded 42 shares under the matching element of the SIP On 6 May 2016 Chris Grigg acquired 68 shares Lucinda Bell acquired 153 shares Charles Maudsley acquired 50 shares and Tim Roberts acquired 144 shares all at a price of 722 pence per share under the dividend element of the SIP

Executive Directors minimum shareholding guideline
The minimum shareholding guideline requires the Executive Directors to hold fully vested shares of a certain percentage of salary The number and value of shares required as a target is fixed once a year

There is no set timescale required to reach the target but it should be achieved through the regular additions anticipated by vestings of long term incentive awards No purchases are required either to reach the level or to respond to share price falls but Executive Directors are expected to increase their holding of shares each year until the target is attained Shares included are those unfettered and beneficially owned by the Director and by his or her connected persons (not including deferred Annual Incentive Shares Matching Share Plan Bonus Shares or locked-in Share Incentive Plan shares)

The guideline shareholdings for the year to 31 March 2017 are shown below

Executive Director	Percentage of basic salary to be held in shares	Guideline holding	Unfettered holding at 31 March 2016	Percentage of basic salary held at 31 March 2016
Chris Grigg	225%	269 807	1 031 183	860%
Lucinda Bell	150%	105 567	122 478	174%
Charles Maudsley	150%	95 557	116 707	183%
Tim Roberts	150%	95 557	129 031	203%

Although there is no guideline holding for Non-Executive Directors they are encouraged to hold shares in British Land The Company facilitates this by offering Non-Executive Directors the ability to purchase shares using their post-tax fees Lynn Gladden William Jackson Tim Score Lord Turnbull and Laura Wade-Gery received shares in full or part satisfaction of their Non-Executive Directors fees during the year

Unvested share awards

Executive Director	Type	Date of grant	Number outstanding at 31 March 2016	Subject to performance measures	End of performance period[1]	Vesting date
Chris Grigg	LTIP performance shares	05/08/13	266 222	Yes	31/03/16	05/08/16
	LTIP performance shares	23/06/14	233 804	Yes	31/03/17	23/06/17
	LTIP performance shares	22/06/15	154 949	Yes	31/03/18	22/06/18
	MSP Matching Shares	02/08/13	127 096	Yes	31/03/16	02/08/16
	MSP Matching Shares	30/06/14	101 766	Yes	31/03/17	30/06/17
	MSP Matching Shares	29/06/15	94 348	Yes	31/03/18	29/06/18
Lucinda Bell	LTIP performance shares	05/08/13	116 056	Yes	31/03/16	05/08/16
	LTIP performance shares	23/06/14	135 898	Yes	31/03/17	23/06/17
	LTIP performance shares	22/06/15	121 254	Yes	31/03/18	22/06/18
	MSP Matching Shares	02/08/13	54 720	Yes	31/03/16	02/08/16
	MSP Matching Shares	30/06/14	43 816	Yes	31/03/17	30/06/17
	MSP Matching Shares	29/06/15	40 950	Yes	31/03/18	29/06/18
Charles Maudsley	LTIP performance shares	05/08/13	141 430	Yes	31/03/16	05/08/16
	LTIP performance shares	23/06/14	124 208	Yes	31/03/17	23/06/17
	LTIP performance shares	22/06/15	109 756	Yes	31/03/18	22/06/18
	MSP Matching Shares	02/08/13	59 428	Yes	31/03/16	02/08/16
	MSP Matching Shares	30/06/14	47 584	Yes	31/03/17	30/06/17
	MSP Matching Shares	29/06/15	44 226	Yes	31/03/18	29/06/18
Tim Roberts	LTIP performance shares	05/08/13	141 430	Yes	31/03/16	05/08/16
	LTIP performance shares	23/06/14	124 208	Yes	31/03/17	23/06/17
	LTIP performance shares	22/06/15	109 756	Yes	31/03/18	22/06/18
	MSP Matching Shares	02/08/13	59 428	Yes	31/03/16	02/08/16
	MSP Matching Shares	30/06/14	47 584	Yes	31/03/17	30/06/17
	MSP Matching Shares	29/06/15	46 682	Yes	31/03/18	29/06/18

[1] Awards with a performance period ended 31/03/2016 are included within the 2016 Long term incentives column of the single total figure of remuneration table on page 101 The notes to the single total figure table on pages 103 to 104 outline the degree to which performance measures have been or are expected to be achieved and the resultant proportions of the awards that are expected to vest

Unvested option awards (not available to be exercised)

Executive Director	Type	Date of grant	Number outstanding at 31 March 2016	Option price p	Subject to performance measures	End of performance period[1]	Date becomes exercisable	Exercisable until
Chris Grigg	LTIP options	22/06/15	206 599	824 5	Yes	31/03/18	22/06/18	22/06/25
Lucinda Bell	LTIP options	05/08/13	154 742	601	Yes	31/03/16	05/08/16	05/08/23
	Sharesave options	23/06/14	1 567	574	No	n/a	01/09/17	28/02/18
	Sharesave options	22/06/15	1 291	697	No	n/a	01/09/18	28/02/19
Tim Roberts	Sharesave options	19/06/13	2 348	511	No	n/a	01/09/18	28/02/19
	Sharesave options	23/06/14	3 135	574	No	n/a	01/09/19	29/02/20

[1] Awards with a performance period ended 31/03/2016 are included within the 2016 Long term incentives column of the single total figure of remuneration table on page 101 The notes to the single total figure table on pages 103 to 104 outline the degree to which performance measures have been or are expected to be achieved and the resultant proportions of the awards that are expected to vest

Vested option awards (available to be exercised)

Executive Director	Type	Date of grant	Number outstanding at 31 March 2016	Option price p	Exercisable until
Chris Grigg	LTIP options	29/06/09	7 751	387	29/06/19
	LTIP options	11/06/10	1 073 825	447	11/06/20
	LTIP options	28/06/11	695 652	575	28/06/21
	LTIP options	14/09/12	743 494	538	14/09/22
Lucinda Bell	LTIP options	11/06/10	67 952	447	11/06/20
	LTIP options	14/12/10	11 764	510	14/12/20
	LTIP options	14/09/12	138 289	538	14/09/22

Options exercised during the year ended 31 March 2016

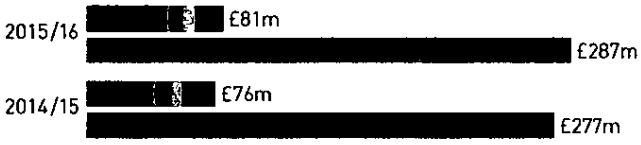
Executive Director	Type	Date of grant	Number exercised	Option price p	Date became exercisable	Date exercised	Market price on date of exercise p
Lucinda Bell	Sharesave options	26/06/12	2 295	392	01/09/15	01/09/15	803 5
Tim Roberts	LTIP options	05/12/05	17 483	823 6	05/12/08	01/12/15	846

Further disclosures

Relative importance of spend on pay

The graph below shows the amount spent on remuneration of all employees (including Executive Directors) relative to the amount spent on distributions to shareholders for the years to 31 March 2016 and 31 March 2015. Remuneration of employees increased by 7% relative to the prior year and distributions to shareholders increased by 3%. Distributions to shareholders include ordinary and scrip dividends and the split between property income distributions (PID) and non-property income distributions (non-PID) is shown.

Relative importance of spend on pay



Remuneration of employees including Directors
- Wages & salaries
- Annual Incentives
- Social security costs
- Pension costs
- Equity-settled share-based payments

Distributions to shareholders
- PID cash dividends paid to shareholders
- PID tax withholding
- Net cash equivalent of new shares issued under Non-PID Scrip dividends
- Net cash equivalent of new shares issued under PID Scrip dividends

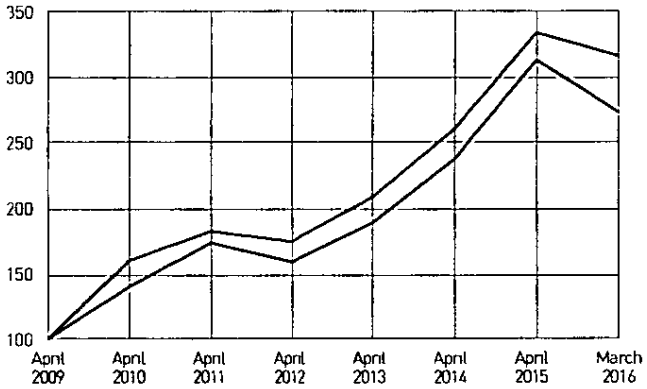
Seven-year total shareholder return and Chief Executive's remuneration

The graph to the right shows British Land's total shareholder return for the seven years from 1 April 2009 to 31 March 2016 against that of the FTSE 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 2009 would have changed over the seven-year period measured compared with the total return on a £100 investment in the FTSE REIT Total Return Index. The FTSE REIT Total Return Index has been selected as a suitable comparator because it is the index in which British Land's shares are classified.

The 2009 base point required by the regulations governing this remuneration report disclosure was close to the bottom of the property cycle. British Land's share price had not fallen as much at that time as the average share price of the FTSE REITs Sector thereby setting a higher base point for subsequent growth. The table below details the total remuneration of the person undertaking the role of Chief Executive over the same period calculated on the same basis as the single total figure of remuneration table and the Annual Incentive payouts and long term incentive vesting rates as a percentage of the maximum opportunity.

Total Shareholder Return

Rebased to 100, April 2009



Source: Aon Hewitt

	2010	2011	2012	2013	2014	2015	2016
Chief Executive	Chris Grigg	Chris Grigg	Chris Grigg	Chris Grigg	Chris Grigg	Chris Grigg	Chris Grigg
Chief Executive's single total figure of remuneration (£000)	2 082	2 329	5 353	4 810	5 398	6 551	3 709
Annual Incentive payout against maximum opportunity (%)	67	83	75	75	90	96	67
Long term incentives vesting rate against maximum opportunity (%)	n/a	n/a	99	63	98	93	54

REMUNERATION REPORT ANNUAL REPORT ON REMUNERATION CONTINUED

Chief Executive s remuneration compared to remuneration of British Land employees
The below table shows the percentage changes in different elements of the Chief Executive s remuneration relative to the previous financial year and the average percentage changes in those elements of remuneration for employees based at British Land s head office over the same period Head office employees have been chosen as an appropriate comparator group for this purpose as employees based at British Land s head office carry out work of the most similar nature to the Chief Executive

Remuneration element	Value of Chief Executive remuneration element 2016 £000	Value of Chief Executive remuneration element 2015 £000	Change in Chief Executive remuneration element %	Average change in remuneration element of British Land employees %
Salary	840	800	5 0	5 4
Taxable benefits	21	21	0 0	2 7
Annual Incentive	840	1 152	-27 1	-6 8

Executive Directors external appointments
Executive Directors may take up one non-executive directorship at another FTSE company subject to British Land Board approval Chris Grigg was appointed a non-executive director of BAE Systems plc on 1 July 2013 During the year to 31 March 2016 Chris Grigg received a fee of £86 495 (including £2 495 of expenses deemed to be taxable) from BAE Systems plc which he retained in full Lucinda Bell was appointed a non-executive director of Rotork plc on 10 July 2014 During the year to 31 March 2016 Lucinda Bell received a fee of £43 625 from Rotork plc which she retained in full (D 1 2)

Statement of voting at the Annual General Meeting
The table below details the results of the shareholder vote to approve the Directors Remuneration Report at the 2015 AGM and the shareholder vote to approve the current Remuneration Policy at the 2014 AGM The Committee was pleased to note the high levels of shareholder support

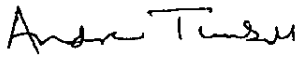
Resolution	AGM	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Approval of Directors Remuneration Report	2015	680 540 864	97 53	17 257,841	2 47	697 798 705	54 059 367
Approval of Directors Remuneration Policy	2014	684 058 054	97 30	18 953 426	2 70	703 011 480	1 198 374

Consideration by the Directors of matters relating to Directors remuneration
Throughout the year the Remuneration Committee was chaired by Lord Turnbull Lynn Gladden and William Jackson were members of the Committee throughout the year Laura Wade-Gery was appointed as a Director of the Company and member of the Committee on 13 May 2015 The following persons assisted the Committee during the year Chris Grigg (Chief Executive) Jeff Sharpe (Head of Operations) Elaine Williams Charles Middleton and Victoria Penrice (each of whom acted as secretary to the Remuneration Committee during the year) and Alan Judes of Strategic Remuneration

The Committee appointed Alan Judes of Strategic Remuneration as its independent advisor for the year He also gave advice to the Company on human resources and share plan matters The Committee is satisfied there is no conflict in him providing such services to the Company Strategic Remuneration is a member of the Remuneration Consultants Group and adheres to the Remuneration Consultants Group s Code of Conduct Strategic Remuneration was selected by the Chairman of the Remuneration Committee following a competitive tender process

The Committee assesses the advice given by Alan Judes of Strategic Remuneration to satisfy itself that the advice received is objective and independent Alan Judes has a private meeting with the Chairman of the Remuneration Committee once a year in accordance with the Code of Conduct of the Remuneration Consultants Group Fees charged by Strategic Remuneration for the year amounted to £48 400 excluding VAT (£73 400 excluding VAT for the year ended 31 March 2015) and are charged on a time basis

This Report was approved by the Board on 16 May 2016



Lord Turnbull
Chairman 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 2016 Information required to be disclosed in the Directors Report may be found below and in the following sections of the Annual Report and Accounts 2016

Information	Section in Annual Report	Page
Dividend recommended during the year	Strategic Report	52
Sustainability governance	Strategic Report	15 to 17
Political donations and expenditure	Governance and remuneration	78
Greenhouse gas emissions	Strategic Report	48
Financial instruments – risk management objectives and policies	Strategic Report	54
Future developments of the business of the Company	Strategic Report	6 to 19
Employment policies and employee involvement	Governance and remuneration	77 and 85
Risk factors and principal risks	Strategic Report	57 to 63

Articles of Association

The Company s Articles of Association may only be amended by special resolution at a general meeting of shareholders

Subject to applicable law and the Company s Articles of Association the Directors may exercise all powers of the Company

Matters reserved for Board approval see page 73

Board of Directors

The Directors listed on the Board of Directors pages constituted the Board during the year In accordance with best practice the Directors will retire at the AGM and will offer themselves for election and annual re-election as required

Board of Directors see pages 66 to 69

Directors' liability insurance and indemnity

The Company has indemnified its current Directors The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and are currently in force at the date of this Report (A 1 3)

Purchase of own shares

The Company was granted authority at the AGM in 2015 to purchase its own shares up to a total aggregate value of 10% of the issued nominal capital subject to market-standard maximum and minimum price constraints That authority expires at this year s AGM and a resolution will be proposed for its renewal During the year the Company made no purchases of its own shares

Share capital

The Company has one class of ordinary share and all shares are fully paid (25 pence each) On a poll at a general meeting every holder or proxy has one vote for every share that they hold On a show of hands at a general meeting each holder and proxy has one vote

Each ordinary share carries the right to participate equally in distributions and dividends There are neither restrictions on the transfer of shares nor on the size of a holding

At the AGM in 2015 the Directors were given the power to allot shares up to a nominal amount of £85 056 863 as well as additional authority to allot a further £85 056 863 on a rights issue This authority expires at this year s AGM at which a similar resolution will be proposed

The issued share capital has been increased during the year by fully paid issues as follows

		Number of ordinary shares of 25p
15 April 2015 to 14 January 2016	Shares in lieu of Directors fees	12 504
1 April 2015 to 30 March 2016	On exercise of options under the Long-Term Incentive Plan (LTIP)	603 817
15 May 2015 to 21 December 2015	On vesting of shares under the LTIP	894 761
7 April 2015 to 16 September 2015	On vesting of shares under the Fund Managers Performance Plan	360 986
15 April 2015 to 4 March 2016	On exercise of options under the Sharesave Scheme	134 107
5 August 2015 to 12 February 2016	Scrip allotment	6 407 965
21 August 2015	Share Incentive Plan Free Share Award allotment	177 066
07 September 2015	On vesting of Matching Shares under the Matching Share Plan (MSP)	182 831

Substantial interests

As at 31 March 2016 the Company had been notified of the following major interests in its ordinary shares

	Interests in the Company s ordinary shares	Percentage of ordinary shares in issue %
Blackrock Inc [1]	86 222 399	8 29
Norges Bank	61 739 045	5 93
APG Algemene Pensioen Groep NV	51 212 198	4 92
GIC Private Limited	41 042 589	3 94

[1] Of the 86 222 399 share interests notified to the Company by Blackrock 327 645 share interests are held pursuant to qualifying financial instruments (or financial instruments with similar economic effect) The remainder of Blackrock s holding and all other substantial interests listed in the above table arise from direct or indirect interests in ordinary shares

So far as the Company is aware no other person holds a notifiable interest in the Company s ordinary shares

Since the year end but prior to the date of this Report the Company has been notified by GIC Private Limited that its interests in the Company s ordinary shares has increased to 41 226 746

Waiver of dividends

Under the trust deed establishing the British Land Employee Share Trust the trustee has waived any dividends payable in respect of any shares held by them unless otherwise directed by the Company (other than in respect of shares held as a nominee)

Significant agreements

There are no significant agreements to which the Company is party that take effect alter or terminate upon a change of control of the Company

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 and have signed up to the UK Government s Prompt Payment Code At the year end there were 34 (2015 36) suppliers days outstanding

Events after the balance sheet date

There were no reportable events after the balance sheet date

Auditor

The Audit Committee has recommended resolutions at the 2016 AGM to reappoint PricewaterhouseCoopers LLP as the Company s auditor and to authorise the Audit Committee to agree the auditor s remuneration

Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this Report confirms that

- so far as the Director is aware there is no relevant audit information of which the Company s auditor is unaware and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company s auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Disclosures under Listing Rule 9 8 4R

Information required to be disclosed in compliance with LR 9 8 4R may be found in the following sections

Information	Section in Annual Report	Page
Amount of interest capitalised by the Group	Financial statements	132
Additional unaudited financial information	Other information unaudited	184 to 204
Waiver of dividends	Additional disclosures	112

Governance arrangements

Information regarding the Company s governance arrangements is set out on pages 66 to 85 These pages are incorporated by reference into the Directors Report

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 policy is that Directors notify the Chairman and the Company Secretary of all new outside interests and conflicts of interest as and when they arise The notification is then annually referred to the Board for approval Furthermore the Board reviews the policy on an annual basis and following the most recent review in November 2015 it concluded that the policy operated effectively

Annual General Meeting (AGM)

The AGM of The British Land Company PLC will be held at The Montcalm London Marble Arch 34-40 Great Cumberland Place London W1H 7TW on Tuesday 19 July 2016 at 11 00 am Further information will be available on the Notice of AGM (E 2 4) The AGM is the principal occasion when shareholders are able to ask questions of their Board and the chairmen of the main committees We look forward to seeing you there (E 2 3)

Management Report

The Strategic Report and the Directors Report together are the management report for the purposes of the FCA s Disclosure & Transparency Rules (DTR 4 1 5R)

The Directors Report was approved on behalf of the Board on 16 May 2016

Elaine Williams
Company Secretary and General Counsel
16 May 2016

DIRECTORS' RESPONSIBILITY STATEMENT

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

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

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

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the Group and parent Company financial statements respectively and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors Remuneration Report comply with the Companies Act 2006 and as regards the Group financial statements Article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

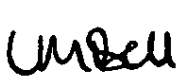
The Directors are responsible for the maintenance and integrity of the Company s website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

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 Company s position and performance business model and strategy

Each of the Directors whose names and functions are listed in the governance and remuneration section confirm that, to the best of their knowledge

- the Group financial statements which have been prepared in accordance with IFRSs as adopted by the EU give a true and fair view of the assets liabilities financial position and profit of the Group and
- the Strategic Report and the Directors Report include a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces

By order of the Board



Lucinda Bell
Chief Financial Officer
16 May 2016

Financial statements and other information

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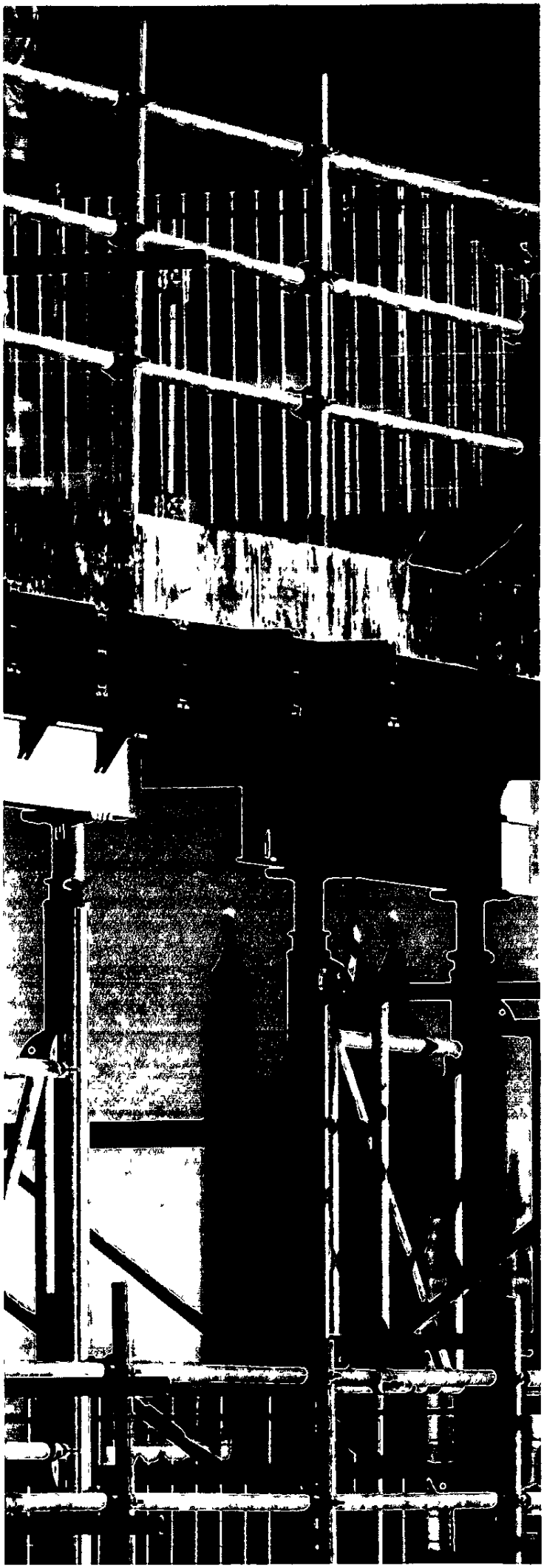

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITISH LAND COMPANY PLC

Report on the financial statements

Our 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 2016 and of the Group s profit and cash flows for the year then ended
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and as regards the Group financial statements Article 4 of the IAS Regulation

What we have audited

The financial statements included within the Annual Report comprise

- the Consolidated Balance Sheet as at 31 March 2016
- the Company Balance Sheet as at 31 March 2016
- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended
- the Consolidated Statement of Changes in Equity for the year then ended and
- the notes to the financial statements which include a summary of significant accounting policies and other explanatory information

Certain required disclosures have been presented elsewhere in the Annual Report rather than in the notes to the financial statements These are cross-referenced from the financial statements and are identified as audited

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 Reduced Disclosure Framework

Our audit approach

Overview

Our 2016 audit was planned and executed having regard to the fact that the Group s operations were largely unchanged in nature from the previous year additionally there have been no significant changes to the valuation methodology and accounting standards relevant to the Group In light of this our approach to the audit in terms of scoping and areas of focus was largely unchanged

A full scope audit was performed by the Group team for all subsidiaries of the Group and the following joint ventures Broadgate Meadowhall and Leadenhall

Materiality

- Overall Group materiality £138 million (2014/15 £130 million) which represents 1% of Total assets
- Specific Group materiality applied to pre-tax profit £18 million (2014/15 £15 million) which represents 5% of underlying pre-tax profit

Areas of focus

- Valuation of investment and development properties
- Revenue recognition specifically focusing on non-standard revenue transactions
- Accounting for transactions including acquisitions and disposals of investment properties review of the accounting treatment of the deferred consideration received from one of the Group s joint venture partners the £110 million debenture bonds tender offer and purchase and the issuance of £350 million convertible bonds in the year
- Taxation – REIT status and tax provisions

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland))

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements In particular we looked at where the Directors made subjective judgements for example in significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain As in all of our audits we also addressed the risk of management override of internal controls including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud

The risks of material misstatement that had the greatest effect on our audit including the allocation of our resources and effort are identified as areas of focus in the table below We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole and any comments we make on the results of our procedures should be read in this context This is not a complete list of all risks identified by our audit

Area of focus	How our audit addressed the area of focus
Valuation of investment and development properties Refer to pages 80 to 83 (Report of the Audit Committee) pages 127 to 129 (Accounting policies) and pages 136 to 139 (Note)	We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards and suitable for use in determining the carrying value for the purpose of the financial statements
The Group's investment property portfolio is split between office and residential properties in London retail and leisure properties across the UK and the assets at the Canada Water site with a valuation in the Consolidated Balance Sheet of £9 643 million	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 fee arrangements between the Valuers and the Group and other engagements which might exist between the Group and the Valuers We found no evidence to suggest that the objectivity of the Valuers in their performance of the valuations was compromised
The valuation of the Group's investment property portfolio is inherently subjective due to among other factors the individual nature of each property its location and the expected future rentals for that particular property For developments factors include projected costs to complete and timing of practical completion	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 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
The valuations were carried out by third party valuers CB Richard Ellis 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 The Valuers used by the Group have considerable experience of the markets in which the Group operates	The audit team including our valuation specialists attended meetings with each of the Valuers at which the valuations and the key assumptions therein were discussed Our work focused on the largest properties in the portfolio and those where the assumptions used and/or year-on-year capital value movement suggested a possible outlier versus market data for the relevant sector We also focused on superstores Canada Water and completed developments for the reasons referred to opposite We compared the investment yields used by the Valuers with an estimated range of expected yields determined via reference to published benchmarks We also considered the reasonableness of other assumptions that are not so readily comparable with published benchmarks such as Estimated Rental Value (ERV) void rates and rent-free periods Finally we evaluated year-on-year movements in capital value with reference to published benchmarks Where assumptions were outside the expected range or otherwise unusual and/or valuations showed unexpected movements we discussed these with the Valuers in our meetings held with them and obtained additional audit evidence to support the explanations received e g copies of lease agreements to support new lettings that have increased valuation during the period In this way professional scepticism was exercised in our evaluation of whether assumptions were appropriate in light of the evidence provided by significant transactions which had taken place in the market during the year
In determining a property's valuation 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	It was evident from our interaction with management and the Valuers and from our review of the valuation reports that close attention had been paid to each property's individual characteristics at a granular tenant by tenant level as well as considering the overall quality geographic location and desirability of the asset as a whole The evaluation of what were the appropriate assumptions to apply to any given property included determining the level of impact that recent and significant market transactions should have on each individual property's valuation given its unique characteristics did not reveal any issues We saw evidence that alternative assumptions had been considered and evaluated by management and the Valuers before determining the final valuation We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence
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 warrants specific audit focus in this area	
There were also a number of specific factors affecting the valuations in the year - a number of developments that were completed in the year are now valued as standing investment properties so we have paid particular focus to the valuation methodology applied to those assets - the nature of the Canada Water site which comprises three contiguous sites that British Land are currently master-planning as a combined large scale mixed use development site resulted in our audit paying particular focus to the relevant valuations and - the UK supermarket sector continues to be an area of focus given performance in the sector	

REPORT OF THE AUDITOR CONTINUED

Area of focus	How our audit addressed the area of focus
Revenue recognition Refer to pages 80 to 83 (Report of the Audit Committee) pages 127 to 129 (Accounting policies) and page 131 (Note) Revenue for the Group consists primarily of rental income Rental income is based on tenancy agreements where there is a standard process in place for recording revenue which is system generated There are however certain transactions within revenue that warrant additional audit focus because of an increased inherent risk of error due to their non-standard nature These include spreading of occupier incentives and guaranteed rent increases – these balances require adjustments made to rental income to ensure revenue is recorded on a straight-line basis over the course of a lease	We carried out tests of controls over the cash and accounts receivable processes and the related IT systems to obtain evidence that postings to these accounts were reliable For rental income balances we then used data-enabled audit techniques to identify all standard revenue journals posted using these systems and processes The remaining journals related to non-standard transactions These included reclassifications within revenue accrued income and bad debt provisions For each category of non-standard revenue summarised above we have understood the nature and assessed the reasonableness of journals being generated and performed substantive testing over a sample of these items There have been no exceptions arising from our testing over non-standard revenue transactions For balances not included within rental income such as service charge income we performed substantive testing on a sample basis No issues were noted
Accounting for transactions Refer to pages 80 to 83 (Report of the Audit Committee) pages 127 to 129 (Accounting policies) and pages 130 to 164 (Notes to Accounts) There have been a number of transactions during the year These warranted additional audit focus due to the magnitude of transactions and the potential for complex contractual terms that introduce judgement into how they were accounted for Key transactions subject to additional audit focus were – purchase of additional units in HUT for £59 million – acquisition of One Sheldon Square for £210 million – issuance of £350 million convertible bonds – recognition of deferred consideration received from one of the Group s joint venture partners – profit on disposal of investment properties and trading properties of £45 million and – £110 million debenture bonds tender offer and purchase	For each 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 purchase of additional units in HUT we agreed the net asset value used in the share price calculation to supporting information including external Net Asset Value certificates For all acquisitions and disposals we obtained and reviewed the key supporting documentation such as Sales and Purchase Agreements and completion statements Consideration received or paid was agreed to bank statements and deferred consideration postings No material issues were found as a result of these procedures For the convertible bond we have inspected the bond agreement and obtained evidence of all the key inputs into the bond issue price We have also considered the accounting treatment and concurred with management s treatment For the deferred consideration received from one of the Group s joint venture partners we have inspected the shareholder agreement that governs the fee payment obtained evidence that the milestones that trigger the payment have been met and have inspected the calculation of the payment amount and agreed the cash receipt We have assessed the accounting treatment and concur with the treatment For the debenture bonds tender offer and purchase we have agreed the repayment of the debentures and recalculated the finance charge incurred through agreeing the various tender documents resolutions contained in the Committee of the Board and cash payments The finance charges have been expensed through the Income Statement We have reviewed this treatment and concur with this

Area of focus	How our audit addressed the area of focus
Taxation Refer to pages 80 to 83 (Report of the Audit Committee) pages 127 to 129 (Accounting policies) and pages 133 and 146 (Notes) 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 provisions Given the subjective nature of these provisions additional audit focus was placed on tax provisions	We re-performed the Group s annual REIT compliance tests as well as those tests for the Broadgate REIT Based on our work performed we agreed with management s assessment that all REIT compliance tests had been met to ensure that the Group and Broadgate maintains its REIT status We used our tax expertise to evaluate tax provisions and potential exposures as at 31 March 2016, challenging the Group s assumptions and judgements through 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 concluded that the tax provisions were within an appropriate range based on the supporting information provided by the Group s tax department

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 the accounting processes and controls and the industry in which the Group operates

The Group and Company financial statements are produced using a single consolidation system that has a direct interface with the general ledger We performed our audit procedures over the general ledger system and tested the interface with the consolidation system

A full scope audit was performed by the Group audit team for all subsidiaries of the Group and the following joint ventures Broadgate Meadowhall and Leadenhall This gives coverage over substantially all of the Group

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

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 on the financial statements as a whole

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

Overall Group materiality	£138 million
How we determined it	1% of total assets
Rationale for benchmark applied	A key determinant of the Group s value is direct property investments Due to this the key area of focus in the audit is the valuation of investment properties On this basis we set an overall Group materiality level based on total assets

In addition we set a specific materiality level of £18 million (2014/15 £15 million) for items within underlying pre-tax profit This equates to 5% of profit before tax adjusted for capital and other items 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 page 130 where the term is defined in full)

We agreed with the Audit Committee that we would report to them misstatements identified during our audit of underlying pre-tax items above £1 million (2014/15 £1 million) as well as misstatements below that amount that in our view warranted reporting for qualitative reasons This year we agreed with the Audit Committee that we would report to them any misstatements identified during our audit of capital and other items above £6 9 million (2014/15 n/a) as well as misstatements below that amount that in our view warranted reporting for qualitative reasons

Going concern

Under the Listing Rules we are required to review the Directors statement set out on page 77 in relation to going concern We have nothing to report having performed our review

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements We have nothing material to add or to draw attention to

As noted in the Directors statement the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements The going concern basis presumes that the Group and Company have adequate resources to remain in operation and that the Directors intend them to do so for at least one year from the date the financial statements were signed As part of our audit we have concluded that the Directors use of the going concern basis is appropriate However because not all future events or conditions can be predicted these statements are not a guarantee as to the Group s and Company s ability to continue as a going concern

REPORT OF THE AUDITOR CONTINUED

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion the information given in the Strategic Report and the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if in our opinion

– Information in the Annual Report is – materially inconsistent with the information in the audited financial statements or – apparently materially incorrect based on or materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit or – otherwise misleading	We have no exceptions to report
– The statement given by the Directors on page 76 in accordance with provision C 1 1 of the UK Corporate Governance Code (the Code) that they consider the Annual Report taken as a whole to be fair balanced and understandable and provides the information necessary for members to assess the Group s and Company s performance business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit	We have no exceptions to report
– The section of the Annual Report on page 82 as required by provision C 3 8 of the Code describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee	We have no exceptions to report

The Directors assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to

– the Directors confirmation on page 76 of the Annual Report in accordance with provision C 2 1 of the Code that they have carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model future performance solvency or liquidity	We have nothing material to add or to draw attention to
– the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated	We have nothing material to add or to draw attention to
– the Directors explanation on page 58 of the Annual Report in accordance with provision C 2 2 of the Code as to how they have assessed the prospects of the Group over what period they have done so and why they consider that period to be appropriate and their statement as to whether 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 of their assessment including any related disclosures drawing attention to any necessary qualifications or assumptions	We have nothing material to add or to draw attention to

Under the Listing Rules we are required to review the Directors statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors statement in relation to the longer term viability of the Group Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Director s process supporting their statements checking that the statements are in alignment with the relevant provisions of the Code and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit We have nothing to report having performed our review

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit or
- adequate accounting records have not been kept by the Company or returns adequate for our audit have not been received from branches not visited by us or
- 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

Directors remuneration

Directors remuneration report – Companies Act 2006 opinion
In our opinion the part of the Directors Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006

Other Companies Act 2006 reporting
Under the Companies Act 2006 we are required to report to you if in our opinion certain disclosures of Directors remuneration specified by law are not made We have no exceptions to report arising from this responsibility

Corporate governance statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code We have nothing to report having performed our review

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors
As explained more fully in the Directors Responsibilities Statement set out on page 113 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland) Those standards require us to comply with the Auditing Practices Board s Ethical Standards for Auditors

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

What an audit of financial statements involves
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of
- whether the accounting policies are appropriate to the Group s and the Company s circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the Directors and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the Directors judgements against available evidence forming our own judgements and evaluating the disclosures in the financial statements

We test and examine information using sampling and other auditing techniques to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls substantive procedures or a combination of both

In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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

16 May 2016

[a] The maintenance and integrity of the The British Land Company PLC website is the responsibility of the Directors the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website
[b] Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 Underlying[1] £m	2016 Capital and other £m	2016 Total £m	2015 Underlying[1] £m	2015 Capital and other £m	2015 Total £m
Revenue	3	**569**	**21**	**590**	505	51	556
Costs	3	**(128)**	**(11)**	**(139)**	(115)	(45)	(160)
	3	**441**	**10**	**451**	390	6	396
Joint ventures and funds (see also below)	11	**135**	**262**	**397**	129	597	726
Administrative expenses		**(93)**	**-**	**(93)**	(85)	-	(85)
Valuation movement	4	**-**	**616**	**616**	-	884	884
Profit on disposal of investment properties and investments		**-**	**35**	**35**	-	20	20
Net financing costs							
– financing income	6	**5**	**65**	**70**	7	-	7
– financing charges	6	**(111)**	**(34)**	**(145)**	(112)	(47)	(159)
		(106)	**31**	**(75)**	(105)	(47)	(152)
Profit on ordinary activities before taxation		**377**	**954**	**1,331**	329	1 460	1 789
Taxation	7		**33**	**33**		(24)	(24)
Profit for the year after taxation				**1,364**			1 765
Attributable to non-controlling interests		**14**	**5**	**19**	16	39	55
Attributable to shareholders of the Company		**363**	**982**	**1,345**	313	1 397	1 710
Earnings per share							
– basic	2			**131 2p**			168 3p
– diluted	2			**124 1p**			167 3p

All results derive from continuing operations

	Note	2016 Underlying[1] £m	2016 Capital and other £m	2016 Total £m	2015[2] Underlying[1] £m	2015[2] Capital and other £m	2015[2] Total £m
Results of joint ventures and funds accounted for using the equity method							
Underlying Profit		**135**	**-**	**135**	129	-	129
Valuation movement	4	**-**	**245**	**245**	-	589	589
Profit on disposal of investment properties trading properties and investments		**-**	**18**	**18**	-	6	6
Taxation		**-**	**(1)**	**(1)**	-	2	2
	11	**135**	**262**	**397**	129	597	726

[1] See definition in glossary

[2] The prior year comparatives have been restated See note 1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	2016 £m	2015 £m
Profit for the year after taxation	**1,364**	1 765
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net actuarial loss on pension scheme	**(1)**	(5)
Valuation movements on owner-occupied property	**19**	10
	18	5
Items that may be reclassified subsequently to profit or loss		
(Losses) gains on cash flow hedges		
- Group	**(24)**	(71)
- Joint ventures and funds	**(3)**	3
- Reclassification of items from the statement of comprehensive income	**-**	30
	(27)	(38)
Transferred to the income statement (cash flow hedges)		
- Foreign currency derivatives	**2**	(11)
- Interest rate derivatives	**10**	8
	12	(3)
Exchange differences on translation of foreign operations		
- Hedging and translation	**(3)**	6
- Other	**3**	(6)
	-	-
Deferred tax on items of other comprehensive income	**(15)**	10
Other comprehensive loss for the year	**(12)**	(26)
Total comprehensive income for the year	**1,352**	1 739
Attributable to non-controlling interests	**19**	53
Attributable to shareholders of the Company	**1,333**	1 686

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2016

	Note	2016 £m	2015 £m
ASSETS			
Non-current assets			
Investment and development properties	10	**9,643**	9 120
Owner-occupied property	10	**95**	60
		9,738	9 180
Other non-current assets			
Investments in joint ventures and funds	11	**3,353**	2 901
Other investments	12	**142**	379
Deferred tax assets	16	**3**	–
Interest rate and currency derivative assets	17	**167**	139
		13,403	12 599
Current assets			
Trading properties	10	**325**	274
Debtors	13	**33**	20
Cash and short term deposits	17	**114**	108
		472	402
Total assets		**13,875**	13 001
LIABILITIES			
Current liabilities			
Short term borrowings and overdrafts	17	**(74)**	(102)
Creditors	14	**(218)**	(261)
Corporation tax		**(18)**	(9)
		(310)	(372)
Non-current liabilities			
Debentures and loans	17	**(3,687)**	(3 847)
Other non-current liabilities	15	**(122)**	(79)
Deferred tax liabilities	16	**–**	(12)
Interest rate and currency derivative liabilities	17	**(137)**	(126)
		(3,946)	(4 064)
Total liabilities		**(4,256)**	(4 436)
Net assets		**9,619**	8 565
EQUITY			
Share capital		**260**	258
Share premium		**1,295**	1 280
Merger reserve		**213**	213
Other reserves		**(93)**	(82)
Retained earnings		**7,667**	6 563
Equity attributable to shareholders of the Company		**9,342**	8 232
Non-controlling interests		**277**	333
Total equity		**9,619**	8 565
EPRA NAV per share*	2	**919p**	829p

* As defined in glossary

John Gildersleeve
Chairman

Lucinda Bell
Chief Financial Officer

The financial statements on pages 122 to 164 were approved by the Board of Directors and signed on its behalf on 16 May 2016
Company number 621920

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £m	2015[1] £m
Rental income received from tenants		**435**	397
Fees and other income received		**58**	49
Operating expenses paid to suppliers and employees		**(152)**	(128)
Cash generated from operations		**341**	318
Interest paid		**(124)**	(124)
Interest received		**11**	18
Corporation taxation repayments received		**8**	-
Distributions and other receivables from joint ventures and funds	11	**58**	73
Net cash inflow from operating activities		**294**	285
Cash flows from investing activities			
Development and other capital expenditure		**(256)**	(157)
Purchase of investment properties		**(243)**	(172)
Sale of investment and trading properties		**564**	415
Payments received in respect of future trading property sales		**40**	32
Purchase of investments		**-**	(7)
Acquisition of Speke Unit Trust		**-**	(90)
Tesco property swap		**-**	(93)
Investment in and loans to joint ventures and funds		**(241)**	(173)
Capital distributions and loan repayments from joint ventures and funds		**366**	134
Net cash inflow (outflow) from investing activities		**230**	(111)
Cash flows from financing activities			
Issue of ordinary shares		**5**	12
Dividends paid	19	**(235)**	(228)
Dividends paid to non-controlling interests		**(16)**	(19)
Acquisition of units in Hercules Unit Trust		**(61)**	(93)
Closeout of interest rate derivatives		**15**	(12)
Cash collateral transactions		**(24)**	10
Decrease in bank and other borrowings		**(919)**	(581)
Drawdowns on bank and other borrowings		**373**	703
Issue of zero coupon 2015 convertible bond		**344**	-
Net cash outflow from financing activities		**(518)**	(208)
Net increase (decrease) in cash and cash equivalents		**6**	(34)
Cash and cash equivalents at 1 April		**108**	142
Cash and cash equivalents at 31 March		**114**	108
Cash and cash equivalents consists of			
Cash and short term deposits	17	**114**	108

[1] The prior year comparatives have been restated See note 1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	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 2015	**258**	**1,280**	**(76)**	**(6)**	**213**	**6,563**	**8,232**	**333**	**8,565**
Profit for the year after taxation	-	-	-	-	-	1,345	1,345	19	1,364
Losses on cash flow hedges	-	-	(24)	-	-	-	(24)	-	(24)
Revaluation of owner-occupied property	-	-	-	19	-	-	19	-	19
Exchange and hedging movements in joint ventures and funds	-	-	-	(3)	-	-	(3)	-	(3)
Reclassification of gains on cash flow hedges									
– Foreign currency derivatives	-	-	2	-	-	-	2	-	2
– Interest rate derivatives	-	-	10	-	-	-	10	-	10
Exchange differences on translation of foreign operations	-	-	(3)	3	-	-	-	-	-
Net actuarial loss on pension schemes	-	-	-	-	-	(1)	(1)	-	(1)
Deferred tax on items of other comprehensive income	-	-	(16)	1	-	-	(15)	-	(15)
Other comprehensive (loss) income	-	-	(31)	20	-	(1)	(12)	-	(12)
Total comprehensive income for the year	-	-	(31)	20	-	1,344	1,333	19	1,352
Share issues	2	15	-	-	-	(12)	5	-	5
Fair value of share and share option awards	-	-	-	-	-	8	8	-	8
Purchase of units from non-controlling interests	-	-	-	-	-	-	-	(59)	(59)
Loss on purchase of units from non-controlling interests	-	-	-	-	-	(1)	(1)	-	(1)
Dividends payable in year (28 0p per share)	-	-	-	-	-	(287)	(287)	-	(287)
Dividends payable by subsidiaries	-	-	-	-	-	-	-	(16)	(16)
Adjustment for scrip dividend element	-	-	-	-	-	52	52	-	52
Balance at 31 March 2016	**260**	**1,295**	**(107)**	**14**	**213**	**7,667**	**9,342**	**277**	**9,619**
Balance at 1 April 2014	255	1 257	(32)	(38)	213	5 091	6 746	371	7 117
Profit for the year after taxation	-	-	-	-	-	1 710	1 710	55	1 765
Losses on cash flow hedges	-	-	(69)	-	-	-	(69)	(2)	(71)
Revaluation of owner-occupied property	-	-	-	10	-	-	10	-	10
Exchange and hedging movements in joint ventures and funds	-	-	-	3	-	-	3	-	3
Reclassification of items from the statement of comprehensive income	-	-	-	30	-	-	30	-	30
Reclassification of (losses) gains on cash flow hedges									
– Foreign currency derivatives	-	-	(11)	-	-	-	(11)	-	(11)
– Interest rate derivatives	-	-	8	-	-	-	8	-	8
Exchange differences on translation of foreign operations	-	-	6	(6)	-	-	-	-	-
Net actuarial loss on pension schemes	-	-	-	-	-	(5)	(5)	-	(5)
Deferred tax on items of other comprehensive income	-	-	22	(5)	-	(7)	10	-	10
Other comprehensive (loss) income	-	-	(44)	32	-	(12)	(24)	(2)	(26)
Total comprehensive income for the year	-	-	(44)	32	-	1 698	1 686	53	1 739
Share issues	3	23	-	-	-	(10)	16	-	16
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	31	31
Fair value of share and share option awards	-	-	-	-	-	10	10	-	10
Purchase of units from non-controlling interests	-	-	-	-	-	2	2	(103)	(101)
Dividends payable in year (27 3p per share)	-	-	-	-	-	(277)	(277)	-	(277)
Dividends payable by subsidiaries	-	-	-	-	-	-	-	(19)	(19)
Adjustment for scrip dividend element	-	-	-	-	-	49	49	-	49
Balance at 31 March 2015	258	1 280	(76)	(6)	213	6 563	8 232	333	8 565

[1] The balance at the beginning of the year includes £10m in relation to translation and (£86m) in relation to hedging

1 Basis of preparation significant accounting policies and accounting judgements

The financial statements for the year ended 31 March 2016 have been prepared on the historical cost basis except for the revaluation of properties investments held for trading and derivatives The financial statements have also been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and therefore comply with article 4 of the EU IAS regulation and in accordance with the Companies Act 2006

In the current financial year the Group has adopted Annual Improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle and Defined Benefit Plans Employee Contributions – Amendments to IAS 19

The adoption of these standards has not had a material impact on the Group and otherwise the accounting policies used are consistent with those contained in the Group s previous Annual Report and Accounts for the year ended 31 March 2015

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period None of these are expected to have a material impact on the consolidated financial statements of the Group except the following set out below

- IFRS 9 – Financial Instruments will impact both the measurement and disclosures of financial instruments and is effective for the Group s year ending 31 March 2019 The Group has not yet completed its evaluation of the effect of the adoption
- IFRS 15 – Revenue from contracts with customers does not apply to gross rental income but does apply to service charge income management and performance fees and trading property disposals and is effective for the Group s year ending 31 March 2019 The Group does not expect adoption of IFRS 15 to have a material impact on the measurement of revenue recognition but additional disclosures will be required with regards to the above sources of income
- IFRS 16 – Leases will impact both the measurement and disclosures of the Group s head leases and is effective for the Group s year ending 31 March 2020 The Group has not yet completed its evaluation of the effect of the adoption

Restatement
During the year the accounting for Broadgate Estates a wholly-owned subsidiary of the Group which acts as a property manager has been reviewed resulting in a reclassification of items presented in the Consolidated Income Statement and the Consolidated Statement of Cash Flows

This reclassification had no impact on either IFRS profit before tax or Underlying Profit It resulted in a £29m increase in other fees and commissions received offset by a £26m increase in other fees and commissions expenses and a £3m increase in administrative expenses

This reclassification had no impact on the net cash inflow from operating activities presented in the Consolidated Statement of Cash Flows It resulted in £35m increase in fees and other income received and a £35m increase in operating expenses paid to suppliers and employees

In addition the format of the Consolidated Income Statement has been changed to aid the clarity and usability of the financial statements and the prior-year comparatives have been re-presented to reflect this change

Going concern
The financial statements are prepared on a going concern basis as explained the corporate governance section on page 77

Subsidiaries, joint ventures and associates (including funds)
The consolidated accounts include the accounts of the British Land Company PLC and all subsidiaries (entities controlled by British Land) Control is assumed where British Land has the power and the ability to affect the financial and operating policies of an investee entity so as to gain benefits from its activities

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 discount received 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 including funds 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 venture and associate profits after tax

Their profits include revaluation movements on investment properties

Distributions and other receivables from joints ventures and associates (including funds) 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 on the basis of fair value 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

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 rate interest rate of British Land 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

Trading property disposals are recognised in line with the revenue policies outlined below

Where investment properties are appropriated to trading stock they are transferred at market value If properties held for trading are appropriated to investment they are transferred at book value In determining whether leases and related properties represent operating or finance leases consideration is given to whether the tenant or landlord bears the risks and rewards of ownership

Financial assets and liabilities
Trade debtors and creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate

Other investments include loans and receivables held at amortised cost and investments held for trading classified as fair value through profit or loss Amortised cost of loans and receivables is measured using the effective interest method less any impairment Interest is recognised by applying the effective interest rate Investments held for trading 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 held for trading is recognised in the capital and other column of the income statement

Where an investment property is held under a head lease the head lease is initially recognised as an asset being the sum of the premium paid on acquisition plus the present value of minimum ground rent payments The corresponding rent liability to the head leaseholder is included in the balance sheet as a finance lease obligation

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

Convertible bonds are designated as fair value through profit or loss and so are presented on the balance sheet at fair value with all gains and losses including the write-off of issue costs recognised in the capital and other column of the income statement as a component of net financing costs The interest charge in respect of the coupon rate on the bonds has been recognised within the underlying component of net financing costs on an accruals basis

As defined by IAS 39 cash flow and fair value hedges are carried at fair value on the balance sheet 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 IAS 39 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

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 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

Surrender premia for the early determination of a lease are recognised as revenue immediately upon receipt net of dilapidations and non recoverable outgoings relating to the lease concerned

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

Management and performance fees receivable are recognised as revenue in the period to which they relate Performance fees are recognised at the end of the performance period when the fee amount can be estimated reliably and it is virtually certain that the fee will be received

Proceeds from the sale of trading properties are recognised when the risks and rewards of ownership have 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

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 In the case of options granted fair value is measured by a Black-Scholes pricing model

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 operating profit 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

Accounting judgements and estimates
In applying the Group s accounting policies the Directors are required to make judgements and estimates that affect the financial statements

Significant areas of estimation are

Valuation of properties and investments held for trading 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 arms-length basis However the valuation of the Group s property portfolio and investments held for trading are inherently subjective as they are made on the basis of assumptions made by the valuers which may not prove to be accurate

Other less significant areas of estimation include the valuation of fixed rate debt and interest rate derivatives the determination of share-based payment expense and the actuarial assumptions used in calculating the Group s retirement benefit obligations

The key areas of accounting judgement are

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

Accounting for joint ventures and funds In accordance with IFRS 10 Consolidated financial statements IFRS 11 Joint arrangements and IFRS 12 Disclosures 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

Interest in the Group s joint ventures is commonly driven by the terms of the partnership agreements which ensure that control is shared between the partners These 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 Assessment is required to determine the most appropriate accounting treatment of assets acquired and of potential contractual arrangements in the legal documents for both acquisitions and disposals Management consider each transaction separately and when considered appropriate seek independent accounting advice

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 on page 179)

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 EPRA earnings (diluted) also takes into account dilution due to the 2012 convertible bond

Underlying earnings per share is calculated using Underlying Profit adjusted for underlying taxation (see note 7) Underlying Profit is the pre-tax EPRA earnings measure with additional Company adjustments No Company adjustments were made in either the current or prior year For the year ended 31 March 2015 the 2012 convertible bond was not dilutive for underlying earnings as the contingent conditions associated to the bond had not been met The convertible conditions period ended on 25 September 2015 and therefore the bond was treated as dilutive in the current year

	2016			2015		
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	**365**	**1,025**	**35 6**	313	1 016	30 8
Underlying diluted	**371**	**1,089**	**34 1**	313	1 022	30 6
EPRA						
EPRA basic	**365**	**1,025**	**35 6**	313	1 016	30 8
EPRA diluted	**371**	**1,089**	**34 1**	319	1 080	29 5
IFRS						
Basic	**1,345**	**1,025**	**131 2**	1 710	1 016	168 3
Diluted	**1,351**	**1,089**	**124 1**	1 710	1 022	167 3

Net asset value

The Group measures financial position with reference to EPRA net asset value (NAV) per share and EPRA triple net asset value (NNNAV) per share The net asset value and number of shares for each performance measure is shown below A reconciliation between IFRS net assets and EPRA net assets and the relevant number of shares for each performance measure is shown within the supplementary disclosures (Table B on page 180) EPRA net assets is a proportionally consolidated measure that is based on IFRS net assets excluding the mark-to-market on effective cash flow hedges and related debt adjustments the mark-to-market on the convertible bonds as well as deferred taxation on property and derivative valuations They include the valuation surplus on trading properties and are adjusted for the dilutive impact of share options and the £400 million convertible bond maturing in 2017

	2016			2015		
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 NAV	**10,074**	**1,096**	**919**	9 035	1 090	829
EPRA NNNAV	**9,640**	**1,096**	**880**	8 359	1 090	767
IFRS						
Basic	**9,619**	**1,029**	**935**	8 565	1 020	840
Diluted	**10,019**	**1,096**	**914**	8 565	1 032	830

Total accounting return

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

	2016			2015		
	Increase in NAV per share pence	**Dividend per share paid pence**	**Total accounting return**	Increase in NAV per share pence	Dividend per share paid pence	Total accounting return
Total accounting return	**90**	**28 02**	**14 2%**	141	27 30	24 5%

3 Revenue and costs

	2016		2015	
	Underlying £m	Capital and other £m	Underlying £m	Capital and other £m
Rent receivable	**437**	**-**	369	-
Spreading of tenant incentives and guaranteed rent increases	**12**	**-**	26	-
Surrender premia	**2**	**-**	4	-
Gross rental income	**451**	**-**	399	-
Trading property sales proceeds	**-**	**21**	-	51
Service charge income	**72**	**-**	65	-
Management and performance fees (from joint ventures and funds)	**8**	**-**	7	-
Other fees and commissions	**38**	**-**	34	-
Revenue	**569**	**21**	505	51
Trading property cost of sales	**-**	**(11)**	-	(45)
Service charge expenses	**(72)**	**-**	(65)	-
Property operating expenses	**(26)**	**-**	(24)	-
Other fees and commissions expenses	**(30)**	**-**	(26)	-
Costs	**(128)**	**(11)**	(115)	(45)
	441	**10**	390	6

The cash element of net rental income recognised during the year ended 31 March 2016 from properties which were not subject to a security interest was £229m (2014/15 £182m). Property operating expenses relating to investment properties that did not generate any rental income were £1m (2014/15 £2m). Contingent rents of £3m (2014/15 £3m) were recognised in the year.

4 Valuation movements on property

	2016 £m	2015 £m
Consolidated income statement		
Revaluation of properties	**616**	884
Revaluation of properties held by joint ventures and funds accounted for using the equity method	**245**	589
	861	1 473
Consolidated statement of comprehensive income		
Revaluation of owner-occupied properties	**19**	10
	880	1 483

5 Auditors' remuneration – PricewaterhouseCoopers LLP

	2016 £m	2015 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**0.2**	0.2
Fees payable to the Company's auditors for the audit of the Company's subsidiaries pursuant to legislation	**0.4**	0.4
Total audit fees	**0.6**	0.6
Audit-related assurance services	**0.1**	0.1
Total audit and audit-related assurance services	**0.7**	0.7
Other fees		
Tax advisory services	**-**	-
Other services	**0.1**	0.1
Total	**0.8**	0.8

In addition to the above PricewaterhouseCoopers LLP were remunerated for non-audit fees in PREF an equity accounted property fund (see note 11). The Group's share of fees totalled £0.2m (2014/15 £0.2m). PricewaterhouseCoopers LLP are not the external auditors to PREF.

6 Net financing costs

	2016 £m	2015 £m
Underlying		
Financing charges		
Bank loans overdrafts and derivatives	**(30)**	(36)
Other loans	**(88)**	(88)
Obligations under head leases	**(2)**	(2)
	(120)	(126)
Development interest capitalised	**9**	14
	(111)	(112)
Financing income		
Deposits securities and liquid investments	**3**	2
Loans to joint ventures	**2**	5
	5	7
Net financing charges – underlying	**(106)**	(105)
Capital and other		
Financing charges		
Valuation movements on translation of foreign currency debt	**2**	(11)
Hedging reserve recycling	**(2)**	11
Valuation movements on fair value derivatives	**54**	108
Valuation movements on fair value debt	**(53)**	(104)
Recycling of fair value movement on close-out of derivatives	**(6)**	(12)
Capital financing costs[1]	**(29)**	(2)
Fair value movement on convertible bonds	**–**	(35)
Valuation movement on translation of foreign currency net assets	**–**	(1)
Fair value movement on non-hedge accounted derivatives	**–**	(1)
	(34)	(47)
Financing income		
Fair value movement on convertible bonds	**64**	–
Fair value movement on non-hedge accounted derivatives	**1**	–
	65	–
Net financing income (charges) – capital	**31**	(47)
Net financing costs		
Total financing income	**70**	7
Total financing charges	**(145)**	(159)
Net financing costs	**(75)**	(152)

[1] Primarily debenture bonds tender offer and purchase

Interest payable on unsecured bank loans and related interest rate derivatives was £19m (2014/15 £24m) Interest on development expenditure is capitalised at the Group s weighted average interest rate of 2 6% (2014/15 3 3%) The weighted average interest rate on a proportionately consolidated basis at 31 March 2016 was 3 3% (2014/15 3 8%)

7 Taxation

	2016 £m	2015 £m
Taxation income (expense)		
Current taxation		
UK corporation taxation 20% (2014/15 21%)	**(15)**	(1)
Adjustments in respect of prior years	**17**	–
Total current taxation income (expense)	**2**	(1)
Deferred taxation on revaluations and derivatives	**31**	(23)
Group total taxation	**33**	(24)
Attributable to joint ventures and funds	**(1)**	2
Total taxation income (expense)	**32**	(22)
Taxation reconciliation		
Profit on ordinary activities before taxation	**1,331**	1 789
Less profit attributable to joint ventures and funds[1]	**(397)**	(726)
Group profit on ordinary activities before taxation	**934**	1 063
Taxation on profit on ordinary activities at UK corporation taxation rate of 20% (2014/15 21%)	**(187)**	(223)
Effects of		
REIT exempt income and gains	**161**	232
Taxation losses	**11**	(10)
Deferred taxation on revaluations and derivatives	**31**	(23)
Adjustments in respect of prior years	**17**	–
Group total taxation income (expense)	**33**	(24)

[1] A current taxation expense of £1m (2014/15 £2m expense) and a deferred taxation expense of £nil (2014/15 £4m credit) arose on profits attributable to joint ventures and funds

Taxation attributable to Underlying Profit for the year ended 31 March 2016 was a credit of £2m (2014/15 £nil) Corporation taxation payable at 31 March 2016 was £18m (2014/15 £9m) as shown on the balance sheet

8 Staff costs

Staff costs (including Directors)	2016 £m	2015 £m
Wages and salaries	**57**	50
Social security costs	**7**	6
Pension costs	**7**	6
Equity-settled share-based payments	**10**	14
	81	76

The average monthly number of employees of the Company during the year was 260 (2014/15 249) The average monthly number of Group employees including those employed directly at the Group s properties and their costs recharged to tenants was 692 (2014/15 598)

The Executive Directors and Non-Executive Directors are the key management personnel Their emoluments are summarised below and further detail is disclosed in the Remuneration Report on pages 86 to 110

Directors emoluments	2016 £m	2015 £m
Short term employee benefits	**5 4**	5 8
Service cost in relation to defined benefit pension schemes	**0 2**	0 2
Equity-settled share-based payments	**5 9**	6 4
	11 5	12 4

8 Staff costs continued

Staff costs

The Group s equity-settled share-based payments comprise the Long-Term Incentive Plan (LTIP) the Matching Share Plan (MSP) the Fund Managers Performance Plan (FMPP) and various savings related share option schemes

The Company 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

For all schemes except the Company s Long-Term Incentive Plan share options the fair value of awards are equal to the market value at grant date The key inputs used to value share options using a Black-Scholes model granted under the Company s Long-Term Incentive Plan are shown below

Long-Term Incentive Plan Awards in the year ended 31 March 2016	22 June 2015
Share price and exercise price at grant date	**825p**
Expected option life in years	**7**
Risk free rate	**1 9%**
Expected volatility	**34%**
Expected dividend yield	**3%**
Value per option	**201p**

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) and it is not planned to admit new employees to the scheme The Group has three other small defined benefit pension schemes There is also a Defined Contribution Pension Scheme Contributions to this scheme are at a flat rate of 15% of salary for non-Directors and paid by the Company

The total net pension cost charged for the year was £7m (2014/15 £6m) of which £4m (2014/15 £3m) relates to defined contribution plans and £3m (2014/15 £3m) relates to the current service cost of the defined benefit schemes

A full actuarial valuation of the scheme was carried out at 31 March 2012 by consulting actuaries AON Hewitt Associates Ltd The employer s contributions will be paid in the future at the rate recommended by the actuary of 54 4% per annum of basic salaries The best estimate of employer contributions expected to be paid during the year to 31 March 2017 is £3m The major assumptions used for the actuarial valuation were

	2016 % pa	2015 % pa	2014 % pa	2013 % pa	2012 % pa
Discount rate	**3 2**	3 1	4 4	4 1	4 6
Salary inflation	**4 8**	4 8	5 2	4 7	4 7
Pensions increase	**3 2**	3 2	3 5	3 1	3 1
Price inflation	**3 3**	3 3	3 7	3 2	3 2

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements The assumptions are that a member currently aged 60 will live on average for a further 29 7 years if they are male and for a further 31 5 years if they are female For a member who retires in 2036 at age 60 the assumptions are that they will live on average for a further 31 6 years after retirement if they are male and for a further 33 1 years after retirement if they are female

Composition of scheme assets

	2016 £m	2015 £m
Equities	**52**	55
Diversified growth funds	**77**	81
Other assets	**8**	3
Total scheme assets	**137**	139

The vast majority of the scheme assets are quoted in an active market

9 Pensions continued

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

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Present value of defined scheme obligations	**(143)**	(145)	(125)	(119)	(107)
Fair value of scheme assets	**137**	139	131	120	109
Irrecoverable surplus	**-**	-	(6)	(1)	(2)
Liability recognised in the balance sheet	**(6)**	(6)	-	-	-

History of experience gains and losses

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Total actuarial loss recognised in the consolidated statement of comprehensive income[1]					
Amount[2]	**(1)**	(5)	(2)	(4)	(3)
Percentage of present value on scheme liabilities	**0 7%**	3 6%	1 6%	3 1%	2 7%

[1] Movements stated after adjusting for irrecoverability of any surplus
[2] Cumulative loss recognised in the statement of comprehensive income is £37m (2014/15 £36m)

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

	2016 £m	2015 £m
At 1 April	**(145)**	(125)
Current service cost	**(3)**	(3)
Interest cost	**(5)**	(5)
Actuarial gain (loss)		
Gain from change in demographic assumptions	**-**	14
Gain (loss) from change in financial assumptions	**4**	(32)
Gain on scheme liabilities arising from experience	**3**	4
Benefits paid	**3**	2
At 31 March	**(143)**	(145)

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

	2016 £m	2015 £m
At 1 April	**139**	131
Interest income on scheme assets	**4**	6
Contributions by employer	**4**	2
Actuarial (loss) gain	**(7)**	2
Benefits paid	**(3)**	(2)
At 31 March	**137**	139

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 a 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

9 Pensions continued

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 increase the deficit

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 2016

Canada Water was added as a property sector in the year reflecting the key role the campus has in the strategy of the Group Consequently the prior year comparatives in this note have been restated to reflect this additional property sector

	Investment							
	Retail & leisure Level 3 £m	Offices & residential Level 3 £m	Canada Water 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 2015	**5,584**	**2,902**	**249**	**385**	**9,120**	**274**	**60**	**9,454**
Additions								
- property purchases	**4**	**234**	**-**	**-**	**238**	**-**	**-**	**238**
- development expenditure	**4**	**6**	**1**	**43**	**54**	**59**	**-**	**113**
- capitalised interest and staff costs	**-**	**-**	**1**	**3**	**4**	**5**	**-**	**9**
- capital expenditure on asset management initiatives	**91**	**24**	**1**	**-**	**116**	**-**	**-**	**116**
	99	**264**	**3**	**46**	**412**	**64**	**-**	**476**
Depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Disposals	**(372)**	**(130)**	**-**	**(7)**	**(509)**	**(11)**	**-**	**(520)**
Reclassifications	**135**	**22**	**-**	**(172)**	**(15)**	**(2)**	**17**	**-**
Revaluations included in income statement	**161**	**369**	**4**	**82**	**616**	**-**	**-**	**616**
Revaluation included in OCI	**-**	**-**	**-**	**-**	**-**	**-**	**19**	**19**
Movement in tenant incentives and contracted rent uplift balances	**10**	**9**	**-**	**-**	**19**	**-**	**-**	**19**
Carrying value at 31 March 2016	**5,617**	**3,436**	**256**	**334**	**9,643**	**325**	**95**	**10,063**
Head lease liabilities (note 15)								**(37)**
Valuation surplus on trading properties								**85**
Group property portfolio valuation at 31 March 2016								**10,111**
Non-controlling interests								**(324)**
Group property portfolio valuation at 31 March 2016 attributable to shareholders								**9,787**

10 Property continued

Property reconciliation for the year ended 31 March 2015

	Investment							
	Retail & leisure Level 3 £m	Offices & residential Level 3 £m	Canada Water Level 3 £m	Developments Level 3 £m	**Investment and development properties Level 3 £m**	Trading properties £m	Owner-occupied £m	**Total £m**
Carrying value at 1 April 2014	4 356	2 550	105	261	**7,272**	271	47	**7,590**
Additions								
- property purchases	6	-	141	-	**147**	-	-	**147**
- acquisition of subsidiaries	1 000	-	-	-	**1,000**	-	-	**1,000**
- development expenditure	1	11	4	52	**68**	46	-	**114**
- capitalised interest	-	-	-	-	-	8	-	**8**
- capital expenditure on asset management initiatives	35	1	6	-	**42**	-	-	**42**
	1 042	12	151	52	**1,257**	54	-	**1,311**
Depreciation	-	-	-	-	-	-	(1)	**(1)**
Disposals	(219)	(102)	-	(12)	**(333)**	(45)	-	**(378)**
Reclassifications	-	(4)	-	6	**2**	(6)	4	**-**
Revaluations included in income statement	397	423	(7)	71	**884**	-	-	**884**
Revaluation included in OCI	-	-	-	-	-	-	10	**10**
Movement in tenant incentives and contracted rent uplift balances	8	23	-	7	**38**	-	-	**38**
Carrying value at 31 March 2015	5 584	2 902	249	385	**9,120**	274	60	**9,454**
Head lease liabilities (note 15)								**(41)**
Valuation surplus on trading properties								**96**
Group property portfolio valuation at 31 March 2015								**9,509**
Non-controlling interests								(441)
Group property portfolio valuation at 31 March 2015 attributable to shareholders								**9,068**

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 unobservable inputs to the valuations are analysed in the table on the following page

The Group s total property portfolio was valued by independent external valuers on the basis of fair value in accordance with the RICS Valuation - Professional Standards 2014 ninth edition published by The Royal Institution of Chartered Surveyors

The information provided to the valuers and the assumptions and valuations models used by the valuers are reviewed by the property portfolio team the Head of Offices the Head of Retail 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 80 to 83)

10 Property continued

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

Copies of the valuation certificates of Knight Frank LLP and CBRE can be found at **www britishland com/reports**

Within their valuation report CBRE have highlighted that they expect considerable uncertainty to arise if there is a decision for the UK to exit the EU following the referendum on 23 June 2016 and that this has the potential to reduce investment volumes and liquidity This is a forward-looking statement which has no impact on the valuations as at 31 March 2016

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

	2016			2015		
	Group £m	Joint ventures and funds £m	Total £m	Group £m	Joint ventures and funds £m	Total £m
Knight Frank LLP	**7,529**	**3,576**	**11,105**	6 795	3 313	10 108
CBRE	**2,582**	**1,361**	**3,943**	2 714	1 401	4 115
Total property portfolio valuation	**10,111**	**4,937**	**15,048**	9 509	4 714	14 223
Non-controlling interests	**(324)**	**(76)**	**(400)**	(441)	(105)	(546)
Total property portfolio valuation attributable to shareholders	**9,787**	**4,861**	**14,648**	9 068	4 609	13 677

Information about fair value measurements using unobservable inputs (Level 3)

			ERV per sq ft			Equivalent Yield			Costs to complete per sq ft		
Investment	Fair value at 31 March 2016 £m	Valuation technique	Min £	Max £	Average £	Min %	Max %	Average %	Min £	Max £	Average £
Retail & leisure	**5,608**	Investment methodology	2	75	22	3	11	5	–	45	8
Offices & residential[1,2]	**3,492**	Investment methodology	4	136	53	1	8	4	–	150	15
Canada Water	**250**	Investment methodology	15	25	22	1	5	3	-	5	4
Developments[2]	**343**	Residual methodology	65	107	73	4	5	4	–	664	447
Total	**9,693**										
Trading properties at fair value	**418**										
Group property portfolio valuation	**10,111**										

[1] Includes owner-occupied
[2] Includes Residential with an average capital value per sq ft of £1 028 including developments at end value and mixed use

10 Property continued

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 There were no transfers between valuation levels in the period

Additional property disclosures – including covenant information
At 31 March 2016 the Group property portfolio valuation of £10 111m (2014/15 £9 509m) comprises freeholds of £6 184m (2014/15 £6 098m) virtual freeholds of £906m (2014/15 £811m) and long leaseholds of £3 021m (2014/15 £2 600m) The historical cost of properties was £6 544m (2014/15 £6 582m)

The property valuation does not include any investment properties held under operating leases (2014/15 £nil)

Cumulative interest capitalised against investment development and trading properties amounts to £88m (2014/15 £81m)

Properties valued at £2 559m (2014/15 £2 479m) were subject to a security interest and other properties of non-recourse companies amounted to £1 244m (2014/15 £1 365m) totalling £3 803m (2014/15 £3 844m)

Included within the property valuation is £110m (2014/15 £102m) in respect of accrued contracted rental uplift income

11 Joint ventures and funds

Summary movement for the year of the investments in joint ventures and funds

	Joint ventures £m	Funds £m	**Total £m**	Equity £m	Loans £m	**Total £m**
At 1 April 2015	2 586	315	**2,901**	2 598	303	**2,901**
Additions	246	–	**246**	14	232	**246**
Disposals	(2)	(13)	**(15)**	–	(15)	**(15)**
Share of profit on ordinary activities after taxation	365	32	**397**	397	–	**397**
Distributions and dividends						
– Capital	–	(76)	**(76)**	(76)	–	**(76)**
– Revenue	(90)	(13)	**(103)**	(103)	–	**(103)**
Hedging and exchange movements	4	(1)	**3**	3	–	**3**
At 31 March 2016	3 109	244	**3,353**	2 833	520	**3,353**

Additional investments in joint ventures and funds covenant information
At 31 March 2016 the investments in joint ventures included within the total investments in joint ventures and funds was £3 348m (2014/15 £2 869m) being the £3 353m total investment shown above less the net investment of £5m (2014/15 £32m) in PREF a property fund in Continental Europe

11 Joint ventures and funds 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 and funds Where necessary these have been restated to the Group s accounting policies

Joint ventures and funds summary financial statements for the year ended 31 March 2016

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd	BL Sainsbury Superstores Ltd	Tesco Joint Ventures[1]
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	J Sainsbury plc	Tesco PLC
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	Superstores	Superstores
Group share	50%	50%	50%	50%
Summarised income statements	£m	£m	£m	£m
Revenue[5]	244	102	56	19
Costs	(48)	(23)	(1)	-
	196	79	55	19
Administrative expenses	-	-	-	-
Net interest payable	(86)	(36)	(24)	(9)
Underlying Profit	110	43	31	10
Net valuation movement	334	50	(36)	(9)
Profit on disposal of investment properties and investments	-	-	2	-
Profit on ordinary activities before taxation	444	93	(3)	1
Taxation	-	-	-	1
Profit on ordinary activities after taxation	**444**	**93**	**(3)**	**2**
Other comprehensive income (expenditure)	5	-	-	3
Total comprehensive income	**449**	**93**	**(3)**	**5**
British Land share of total comprehensive income	**225**	**46**	**(2)**	**3**
British Land share of distributions payable	44	17	11	4
Summarised balance sheets	£m	£m	£m	£m
Investment and trading properties	4 622	1 786	946	354
Current assets	4	5	2	-
Cash and deposits	293	32	80	6
Gross assets	**4,919**	**1,823**	**1,028**	**360**
Current liabilities	(77)	(31)	(30)	(3)
Bank and securitised debt	(1 842)	(694)	(462)	(184)
Other non-current liabilities	(65)	(24)	-	(15)
Gross liabilities	**(1,984)**	**(749)**	**(492)**	**(202)**
Net external assets	**2,935**	**1,074**	**536**	**158**
British Land share of net assets	**1,467**	**537**	**269**	**79**

[1] Tesco joint ventures include BLT Holdings (2010) Limited as at 31 March 2016
[2] USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership
[3] Hercules Unit Trust joint ventures and sub-funds includes 50% of the results of Deepdale Co-Ownership Trust Gibraltar 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 and sub funds
[4] Included in the column headed Other joint ventures and funds are contributions from the following BL Goodman Limited Partnership The Aldgate Place Limited Partnership, Bluebutton Property Management UK Limited City of London Office Unit Trust and Pillar Retail Europark Fund (PREF) The Group s ownership share of PREF is 65% however as the Group is not able to exercise control over significant decisions of the fund the Group equity accounts for its interest in PREF
[5] Revenue includes gross rental income at 100% share of £451m (2014/15 £495m)

The SouthGate Limited Partnership	USS Joint Ventures[2]	Leadenhall Holding Co (Jersey) Ltd	Hercules Unit Trust joint ventures and sub-funds[3]	Other joint ventures and funds[4]	TOTAL 2016	TOTAL Group share 2016
Aviva Investors	Universities Superannuation Scheme Group PLC	Oxford Properties				
Shopping Centres	Shopping Centres	City Offices Leadenhall	Retail Parks			
50%	50%	50%	Various			
£m	£m	£m	£m	£m	**£m**	**£m**
19	12	35	38	6	**531**	**266**
(6)	(3)	(10)	(7)	(1)	**(99)**	**(44)**
13	9	25	31	5	**432**	**222**
(1)	–	(1)	(6)	(2)	**(10)**	**(5)**
(1)	–	–	(8)	–	**(164)**	**(82)**
11	9	24	17	3	**258**	**135**
4	12	124	4	7	**490**	**245**
–	–	–	–	30	**32**	**18**
15	21	148	21	40	**780**	**398**
–	–	–	–	(3)	**(2)**	**(1)**
15	**21**	**148**	**21**	**37**	**778**	**397**
–	–	–	(2)	–	**6**	**3**
15	**21**	**148**	**19**	**37**	**784**	**400**
8	**11**	**74**	**10**	**25**	**400**	
4	6	3	59	31	**179**	
£m	£m	£m	£m	£m	**£m**	**£m**
267	252	942	612	108	**9,889**	**4,944**
2	1	–	4	14	**32**	**18**
5	7	5	9	33	**470**	**239**
274	**260**	**947**	**625**	**155**	**10,391**	**5,201**
(4)	(6)	(6)	(7)	(51)	**(215)**	**(111)**
–	–	–	(139)	–	**(3,321)**	**(1,660)**
(28)	–	–	(4)	(18)	**(154)**	**(77)**
(32)	**(6)**	**(6)**	**(150)**	**(69)**	**(3,690)**	**(1,848)**
242	**254**	**941**	**475**	**86**	**6,701**	**3,353**
121	**128**	**471**	**237**	**44**	**3,353**	

The borrowings of joint ventures and funds 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 Leadenhall Hold ng Co (Jersey) Limited which are incorporated in Jersey Of the funds the Hercu'es Unit Trust (HUT) joint ventures and sub funds are .ncorporated in Jersey and PREF in Luxembourg

These financial statements include the results and financial position of the Group s interest in the Fareham Property Partnership the Aldgate Place Limited Partnership the BL Goodman Limited Partnership the Auchinlea 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

11 Joint ventures and funds 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 and funds Where necessary these have been restated to the Group s accounting policies

The prior year comparatives below have been represented to reflect the presentation adopted in the current period

Joint ventures and funds summary financial statements for the year ended 31 March 2015

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd	BL Sainsbury Superstores Ltd	Tesco Joint Ventures
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	J Sainsbury plc	Tesco PLC
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	Superstores	Superstores
Group share	50%	50%	50%	50%
Summarised income statements	£m	£m	£m	£m
Revenue	214	94	60	97
Costs	(50)	(19)	–	(5)
	164	75	60	92
Administrative expenses	(1)	–	–	(1)
Net interest payable	(88)	(38)	(28)	(50)
Underlying Profit	75	37	32	41
Net valuation movement	664	161	14	17
Profit on disposal of investment properties and investments	–	–	(3)	(4)
Profit on ordinary activities before taxation	739	198	43	54
Taxation	–	–	–	9
Profit on ordinary activities after taxation	**739**	**198**	**43**	**63**
Other comprehensive (expenditure) income	(21)	(7)	4	6
Total comprehensive income	**718**	**191**	**47**	**69**
British Land share of total comprehensive income	**359**	**96**	**24**	**35**
British Land share of distributions payable	15	2	42	37
Summarised balance sheets	£m	£m	£m	£m
Investment and trading properties	4 209	1 719	1 039	363
Current assets	5	5	3	–
Cash and deposits	272	32	25	6
Gross assets	**4,486**	**1,756**	**1,067**	**369**
Current liabilities	(82)	(31)	(26)	(5)
Bank and securitised debt	(2 142)	(721)	(478)	(184)
Other non-current liabilities	(64)	(24)	–	(20)
Gross liabilities	**(2,288)**	**(776)**	**(504)**	**(209)**
Net external assets	**2,198**	**980**	**563**	**160**
British Land share of net assets	**1,099**	**490**	**282**	**80**

The SouthGate Limited Partnership	USS Joint Ventures	Leadenhall Holding Co (Jersey) Ltd	Hercules Unit Trust joint ventures and sub funds	Other joint ventures and funds	**TOTAL 2015**	**TOTAL Group share 2015**
Aviva Investors	Universities Superannuation Scheme Group PLC	Oxford Properties				
Shopping Centres	Shopping Centres	City Offices Leadenhall	Retail Parks			
50%	50%	50%	Various			
£m	£m	£m	£m	£m	**£m**	**£m**
14	11	15	53	15	**573**	**289**
(1)	(3)	(9)	(6)	(3)	**(96)**	**(49)**
13	8	6	47	12	**477**	**240**
(1)	–	–	–	(3)	**(6)**	**(4)**
(1)	–	–	(5)	(2)	**(212)**	**(107)**
11	8	6	42	7	**259**	**129**
26	25	201	63	–	**1,171**	**589**
–	–	–	(1)	16	**8**	**6**
37	33	207	104	23	**1,438**	**724**
–	–	–	–	(2)	**7**	**2**
37	**33**	**207**	**104**	**21**	**1,445**	**726**
–	–	–	(1)	(10)	**(29)**	**(13)**
37	**33**	**207**	**103**	**11**	**1,416**	**713**
19	**17**	**104**	**52**	**7**	**713**	
4	4	–	37	–	**141**	
£m	£m	£m	£m	£m	**£m**	**£m**
262	235	770	706	140	**9,443**	**4,719**
2	–	2	2	23	**42**	**25**
2	9	4	11	21	**382**	**192**
266	**244**	**776**	**719**	**184**	**9,867**	**4,936**
(4)	(4)	(4)	(7)	(65)	**(228)**	**(119)**
–	–	–	(127)	–	**(3,652)**	**(1,827)**
(28)	–	–	(1)	(44)	**(181)**	**(89)**
(32)	**(4)**	**(4)**	**(135)**	**(109)**	**(4,061)**	**(2,035)**
234	**240**	**772**	**584**	**75**	**5,806**	**2,901**
117	**120**	**386**	**283**	**44**	**2,901**	

11 Joint ventures and funds continued

Operating cash flows of joint ventures and funds (Group share)

	2016 £m	2015 £m
Rental income received from tenants	**208**	234
Fees and other income received	**1**	1
Operating expenses paid to suppliers and employees	**(18)**	(26)
Cash generated from operations	**191**	209
Interest paid	**(86)**	(114)
Interest received	**1**	2
UK corporation tax paid	**(3)**	(7)
Foreign tax paid	**(1)**	(2)
Cash inflow from operating activities	**102**	88
Cash inflow from operating activities deployed as		
Surplus cash retained within joint ventures and funds	**44**	15
Revenue distributions per consolidated statement of cash flows	**58**	73
Revenue distributions split between controlling and non-controlling interests		
Attributable to non controlling interests	**4**	7
Attributable to shareholders of the Company	**54**	66

12 Other investments

	2016			2015		
	Investment held for trading £m	**Loans, receivables and other £m**	**Total £m**	Investment held for trading £m	Loans receivables and other £m	Total £m
At 1 April	**99**	**280**	**379**	92	170	262
Additions	**-**	**35**	**35**	-	113	113
Disposals	**-**	**(272)**	**(272)**	-	(2)	(2)
Revaluation	**2**	**-**	**2**	7	-	7
Depreciation	**-**	**(2)**	**(2)**	-	(1)	(1)
At 31 March	**101**	**41**	**142**	99	280	379

The investment held for trading comprises interests as a trust beneficiary The trust s assets comprise freehold reversions in a pool of commercial properties comprising Sainsbury s superstores The interest was categorised as Level 3 in the fair value hierarchy is subject to the same inputs as those disclosed in note 10 and its fair value was determined by independent external valuers

Included within the loans receivables and other balance is £nil (2014/2015 £243m) in relation to a loan to the Broadgate joint venture which is carried at amortised cost and was fully repaid in the year

13 Debtors

	2016 £m	2015 £m
Trade and other debtors	**24**	16
Prepayments and accrued income	**9**	4
	33	20

Trade and other debtors are shown after deducting a provision for bad and doubtful debts of £16m (2014/15 £16m) The charge to the income statement in relation to bad and doubtful debts was £1m (2014/15 £1m)

The Directors consider that the carrying amount of trade and other debtors is approximate to their fair value There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers who are paying their rent in advance

As at 31 March trade and other debtors outside their payment terms yet not provided for are as follows

			Outside credit terms but not impaired		
	Total £m	Within credit terms £m	0-1 month £m	1-2 months £m	More than 2 months £m
2016	**24**	**12**	**11**	**1**	**–**
2015	16	9	7	–	–

14 Creditors

	2016 £m	2015 £m
Trade creditors	**39**	61
Other taxation and social security	**34**	31
Accruals	**72**	98
Deferred income	**73**	71
	218	261

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

	2016 £m	2015 £m
Other creditors	**70**	32
Head leases[1]	**46**	41
Net pension liabilities	**6**	6
	122	79

[1] Includes £9m in relation to head lease liabilities on trading properties held at cost

16 Deferred tax

The movement on deferred tax is as shown below

Deferred tax assets year ended 31 March 2016

	1 April 2015 £m	Credited to income £m	Credited (debited) to equity £m	Transferred to joint ventures £m	31 March 2016 £m
Interest rate and currency derivative revaluations	–	–	5	–	5
Other timing differences	–	6	–	–	6
	–	6	5	–	11

Deferred tax liabilities year ended 31 March 2016

	£m	£m	£m	£m	£m
Property and investment revaluations	(5)	–	(2)	–	(7)
Interest rate and currency derivative revaluations	(4)	25	(21)	–	–
Other timing differences	(3)	–	–	2	(1)
	(12)	25	(23)	2	(8)
Net deferred tax (liability) asset	(12)	31	(18)	2	3

Deferred tax assets year ended 31 March 2015

	1 April 2014 £m	Expensed to income £m	Credited to equity £m	Transferred to joint ventures £m	31 March 2015 £m
	–	–	–	–	–

Deferred tax liabilities year ended 31 March 2015

	£m	£m	£m	£m	£m
Property and investment revaluations	–	(5)	–	–	(5)
Interest rate and currency derivative revaluations	–	(19)	15	–	(4)
Other timing differences	(4)	1	–	–	(3)
	(4)	(23)	15	–	(12)
Net deferred tax (liability) asset	(4)	(23)	15	–	(12)

The following corporation tax rates have been substantively enacted 20% effective from 1 April 2015 reducing to 19% effective from 1 April 2017 and 18% effective from 1 April 2020 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 18% (2014/2015 20%) of £6m (2014/2015 £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 £60m (2014/2015 £87m) exist at 31 March 2016

The Group has recognised deferred tax assets on derivative revaluations to the extent that future matching taxable profits are expected to arise

At 31 March 2016 the Group had an unrecognised deferred tax asset calculated at 18% (2014/2015 20%) of £51m (2014/2015 £38m) 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 2016 the value of such properties is £967m (2014/2015 £1 008m) and if these properties were to be sold and no tax exemption was available the tax arising would be £56m (2014/15 £66m)

17 Net debt

	Footnote	2016 £m	2015 £m
Secured on the assets of the Group			
9 125% First Mortgage Debenture Stock 2020	1 1	**34**	35
5 264% First Mortgage Debenture Bonds 2035		**371**	355
5 0055% First Mortgage Amortising Debentures 2035		**100**	99
5 357% First Mortgage Debenture Bonds 2028		**349**	344
6 75% First Mortgage Debenture Stock 2020		**62**	176
Bank loans	1 2, 1 3	**733**	963
Loan notes		**2**	2
		1,651	1 974
Unsecured			
5 50% Senior Notes 2027		**101**	98
6 30% Senior US Dollar Notes 2015		**-**	104
3 895% Senior US Dollar Notes 2018	2	**28**	28
4 635% Senior US Dollar Notes 2021	2	**165**	158
4 766% Senior US Dollar Notes 2023	2	**105**	99
5 003% Senior US Dollar Notes 2026	2	**69**	64
3 81% Senior Notes 2026		**113**	111
3 97% Senior Notes 2026		**116**	114
1 5% Convertible Bond 2017		**445**	493
0% Convertible Bond 2020		**334**	-
Bank loans and overdrafts		**634**	706
		2,110	1 975
Gross debt	3	**3,761**	3 949
Interest rate and currency derivative liabilities		**137**	126
Interest rate and currency derivative assets		**(167)**	(139)
Cash and short term deposits	4 5	**(114)**	(108)
Total net debt		**3,617**	3 828
Net debt attributable to non-controlling interests		**(104)**	(190)
Net debt attributable to shareholders of the Company		**3,513**	3 638

[1] These are non-recourse borrowings with no recourse for repayment to other companies or assets in the Group

	2016 £m	2015 £m
1 1 BLD Property Holdings Ltd	**34**	35
1 2 Hercules Unit Trust	**443**	645
1 3 TBL Properties Limited and subsidiaries	**290**	318
	767	998

[2] Principal and interest on this borrowing was fully hedged into Sterling at a floating rate at the time of issue

[3] The principal amount of gross debt at 31 March 2016 was £3 552m (2014/15 £3 717m) Included in this is the principal amount of secured borrowings and other borrowings of non-recourse companies of £1 563m of which the borrowings of the partly-owned subsidiary Hercules Unit Trust, not beneficially owned by the Group is £109m

[4] Included within cash and short term deposits is the cash and short term deposits of Hercules Unit Trust of which £8m is the proportion not beneficially owned by the Group

[5] Cash and deposits not subject to a security interest amount to £93m (2014/15 £84m)

17 Net debt continued

Maturity analysis of net debt

	2016 £m	2015 £m
Repayable within one year and on demand	**74**	102
Between one and two years	**504**	71
two and five years	**1,491**	1 707
five and ten years	**807**	943
ten and fifteen years	**500**	747
fifteen and twenty years	**385**	6
twenty and twenty five years	**-**	373
	3,687	3 847
Gross debt	**3,761**	3 949
Interest rate and currency derivatives	**(30)**	(13)
Cash and short term deposits	**(114)**	(108)
Net debt	**3,617**	3 828

1 5% Convertible bond 2012 (maturity 2017)
On 10 September 2012 British Land (Jersey) Limited (the 2012 Issuer) a wholly-owned subsidiary of the Group issued £400 million 1 5% guaranteed convertible bonds due 2017 (the 2012 bonds) at par The 2012 Issuer is fully guaranteed by the Company in respect of the 2012 bonds

Subject to their terms the 2012 bonds are convertible into preference shares of the 2012 Issuer which are automatically transferred to the Company in exchange for ordinary shares in the Company or at the Company s election any combination of ordinary shares and cash Bondholders may exercise their conversion right at any time up to (but excluding) the 20th dealing day before 10 September 2017 (the maturity date)

The initial exchange price was 693 07 pence per ordinary share The exchange price is adjusted based on certain events

From 25 September 2015 the Company has the option to redeem the 2012 bonds at par if the Company s share price has traded above 130% of the exchange price for a specified period or at any time once 85% by nominal value of the 2012 bonds have been converted redeemed or purchased and cancelled The 2012 bonds will be redeemed at par on 10 September 2017 (the maturity date) if they have not already been converted redeemed or purchased and cancelled No redemption of the bonds occurred in the year

0% Convertible bond 2015 (maturity 2020)
On 9 June 2015 British Land (White) 2015 Limited (the 2015 Issuer) a wholly owned subsidiary of the Group issued £350 million zero coupon guaranteed convertible bonds due 2020 (the 2015 bonds) at par The 2015 Issuer is fully guaranteed by the Company in respect of the 2015 bonds

Subject to their terms the 2015 bonds are convertible into preference shares of the Issuer which are automatically transferred to the Company in exchange for ordinary shares in the Company or at the Company s election, any combination of ordinary shares and cash From 20 July 2015 up to and including 29 June 2018 a bondholder may exercise its conversion right if the share price has traded at a level exceeding 130% of the exchange price for a specified period Thereafter and up to but excluding the 7th dealing day before 9 June 2020 (the maturity date) a bondholder may convert at any time

The initial exchange price was 1103 32 pence per ordinary share The exchange price is adjusted based on certain events (such as the Company paying dividends in any year above 14 18 pence per ordinary share)

From 30 June 2018 the Company has the option to redeem the 2015 bonds at par if the Company s share price has traded above 130% of the exchange price for a specified period or at any time once 85% by nominal value of the 2015 bonds have been converted redeemed or purchased and cancelled The 2015 bonds will be redeemed at par on 9 June 2020 (the maturity date) if they have not already been converted redeemed or purchased and cancelled

17 Net debt continued

Fair value and book value of net debt

	2016			2015		
	Fair value £m	Book value £m	Difference £m	Fair value £m	Book value £m	Difference £m
Debentures and unsecured bonds	**1,637**	**1,613**	**24**	1 925	1 785	140
Convertible bonds	**779**	**779**	**-**	493	493	-
Bank debt and other floating rate debt	**1,384**	**1,369**	**15**	1 691	1 671	20
Gross debt	**3,800**	**3,761**	**39**	4 109	3 949	160
Interest rate and currency derivative liabilities	**137**	**137**	**-**	126	126	-
Interest rate and currency derivative assets	**(167)**	**(167)**	**-**	(139)	(139)	-
Cash and short term deposits	**(114)**	**(114)**	**-**	(108)	(108)	-
Net debt	**3,656**	**3,617**	**39**	3 988	3 828	160
Net debt attributable to non-controlling interests	**(106)**	**(104)**	**(2)**	(192)	(190)	(2)
Net debt attributable to shareholders of the Company	**3,550**	**3,513**	**37**	3 796	3 638	158

The fair values of debt, debentures and the convertible bonds have been established by obtaining quoted market prices from brokers The bank debt and loan notes have been valued assuming they 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 advisor

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

Group loan to value (LTV)

	2016 £m	2015 £m
Group loan to value (LTV)	**25%**	28%
Principal amount of gross debt	**3,552**	3 717
Less debt attributable to non-controlling interests	**(109)**	(200)
Less cash and short term deposits (balance sheet)	**(114)**	(108)
Plus cash attributable to non-controlling interests	**8**	10
Total net debt for LTV calculation	**3,337**	3 419
Group property portfolio valuation (note 10)	**10,111**	9 509
Investments in joint ventures and funds (note 11)	**3,353**	2 901
Other investments (note 12)	**142**	379
Less property and investments attributable to non-controlling interests	**(384)**	(528)
Total assets for LTV calculation	**13,222**	12 261

Proportionally consolidated loan to value (LTV)

	2016 £m	2015 £m
Proportionally consolidated loan to value (LTV)	**32%**	35%
Principal amount of gross debt	**5,217**	5 404
Less debt attributable to non-controlling interests	**(128)**	(200)
Less cash and short term deposits	**(353)**	(300)
Plus cash attributable to non-controlling interests	**9**	10
Total net debt for proportional LTV calculation	**4,745**	4 914
Group property portfolio valuation (note 10)	**10,111**	9 509
Share of property of joint ventures and funds (note 10)	**4,937**	4 714
Other investments (note 12)	**142**	379
Less other investments attributable to joint ventures and funds	**(4)**	(123)
Less property attributable to non-controlling interests	**(400)**	(546)
Total assets for proportional LTV calculation	**14,786**	13 933

17 Net debt continued

British Land Unsecured Financial Covenants
The two financial covenants applicable to the Group unsecured debt including convertible bonds are shown below

	2016 £m	2015 £m
Net Borrowings not to exceed 175% of Adjusted Capital and Reserves	**34%**	38%
Principal amount of gross debt	**3,552**	3 717
Less the relevant proportion of borrowings of the partly-owned subsidiary/non-controlling interests	**(109)**	(200)
Less cash and deposits (balance sheet)	**(114)**	(108)
Plus the relevant proportion of cash and deposits of the partly-owned subsidiary/non-controlling interests	**8**	10
Net Borrowings	**3,337**	3 419
Share capital and reserves (balance sheet)	**9,619**	8 565
EPRA deferred tax adjustment (EPRA Table A)	**5**	13
Trading property surpluses (EPRA Table A)	**93**	96
Exceptional refinancing charges (see below)	**287**	300
Fair value adjustments of financial instruments (EPRA Table A)	**198**	257
Less reserves attributable to non-controlling interests (balance sheet)	**(277)**	(333)
Adjusted Capital and Reserves	**9,925**	8 898

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants there is an adjustment of £287m (2014/15 £300m) to reflect the cumulative net amortised exceptional items relating to the refinancings in the years ended 31 March 2005 2006 and 2007

	2016 £m	2015 £m
Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets	**29%**	28%
Principal amount of gross debt	**3,552**	3 717
Less cash and deposits not subject to a security interest (being £93m less the relevant proportion of cash and deposits of the partly owned subsidiary/non-controlling interests of £5m)	**(88)**	(77)
Less principal amount of secured and non-recourse borrowings	**(1,563)**	(1 906)
Net Unsecured Borrowings	**1,901**	1 734
Group property portfolio valuation (note 10)	**10,111**	9 509
Investments in joint ventures and funds (note 11)	**3,353**	2 901
Other investments (note 12)	**142**	379
Less investments in joint ventures (note 11)	**(3,348)**	(2 869)
Less encumbered assets (note 10)	**(3,803)**	(3 844)
Unencumbered Assets	**6,455**	6 076

17 Net debt continued

Reconciliation of movement in Group net debt for the year ended 31 March 2016

	2015	Cash flows	Business combinations	Transfers[3]	Foreign exchange	Fair value	Arrangement costs amortisation	2016
Short term borrowings	102	(104)	-	74	2	-	-	74
Long term borrowings	3,847	(98)	-	(74)	14	(9)	7	3,687
Derivatives[1]	(13)	22	-	-	(13)	(26)	-	(30)
Total liabilities from financing activities	3,936	(180)	-	-	3	(35)	7	3,731
Cash and cash equivalents	(108)	(6)	-	-	-	-	-	(114)
Net debt	3,828	(186)	-	-	3	(35)	7	3,617

Reconciliation of movement in Group net debt for the year ended 31 March 2015

	2014	Cash flows	Business combinations	Transfers[3]	Foreign exchange	Fair value	Arrangement costs amortisation	2015
Short term borrowings	495	(495)	-	102	-	-	-	102
Long term borrowings	2 803	616	379	(102)	40	104	7	3 847
Derivatives[2]	25	(4)	-	-	(47)	13	-	(13)
Total liabilities from financing activities	3 323	117	379	-	(7)	117	7	3 936
Cash and cash equivalents	(142)	34	-	-	-	-	-	(108)
Net debt	3 181	151	379	-	(7)	117	7	3 828

[1] Cash flows on derivatives include £7m of net receipts on derivative interest
[2] Cash flows on derivatives include £8m of net receipts on derivative interest
[3] Transfers comprises debt maturing from long term to short term borrowings

17 Net debt continued

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

	2016				2015			
	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	**-**	**(167)**	**-**	**(167)**	-	(139)	-	(139)
Other investments – held for trading	**-**	**-**	**(101)**	**(101)**	-	-	(99)	(99)
Assets	**-**	**(167)**	**(101)**	**(268)**	-	(139)	(99)	(238)
Interest rate and currency derivative liabilities	**-**	**137**	**-**	**137**	-	126	-	126
Convertible bonds	**779**	**-**	**-**	**779**	493	-	-	493
Liabilities	**779**	**137**	**-**	**916**	493	126	-	619
Total	**779**	**(30)**	**(101)**	**648**	493	(13)	(99)	381

Categories of financial instruments

	2016 £m	2015 £m
Financial assets		
Fair value through income statement		
Other investments – held for trading	**101**	99
Derivatives in designated hedge accounting relationships	**164**	139
Derivatives not in designated hedge accounting relationships	**3**	-
Amortised cost		
Trade and other debtors	**24**	16
Cash and short term deposits	**114**	108
Other investments – loans and receivables	**41**	280
	447	642
Financial liabilities		
Fair value through income statement		
Convertible bonds	**(779)**	(493)
Derivatives in designated hedge accounting relationships	**(137)**	(126)
Amortised cost		
Gross debt	**(2,982)**	(3 456)
Head leases payable	**(46)**	(41)
Creditors	**(133)**	(178)
	(4,077)	(4 294)
Total	**(3,630)**	(3 652)

Gains and losses on financial instruments as classed above are disclosed in note 6 (net financing costs) note 13 (debtors) note 4 (valuation movements on property) the consolidated income statement and the consolidated statement of comprehensive income The Directors consider that the carrying amounts of other investments and head leases payable are approximate to their fair value and that the carrying amounts are recoverable

17 Net debt continued

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 57 to 63 The Group s objectives policies and processes for managing debt are set out in the financial policies and principles on pages 54 to 56

Interest rate risk management
The Group uses interest rate swaps to hedge exposure to the variability in cash flows on floating rate debt such as revolving bank facilities and floating rate bonds caused by movements in market rates of interest

At 31 March 2016 the fair value of these derivatives is a net liability of £136m Interest rate swaps with a fair value of £137m have been designated as cash flow hedges under IAS 39

The ineffectiveness recognised in the income statement on cash flow hedges in the year ended 31 March 2016 was £nil (2014/15 £nil)

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 and foreign currency denominated debt hedged at 31 March 2016

Cash flow hedged debt

		2016 £m	2015 £m
Outstanding	at one year	**413**	1 138
	at two years	**663**	538
	at five years	**250**	450
	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 2016 the fair value of these derivatives is a net asset of £166m Interest rate swaps with a fair value of £164m have been designated as fair value hedges under IAS 39 (2014/15 asset of £133m)

The cross currency swaps of the 2018/2021/2023/2026 US Private Placements fully hedge the foreign exchange exposure at an average floating rate of 146 basis points above LIBOR These have been designated as fair value hedges of the US Private Placements

Interest rate profile – including effect of derivatives

	2016 £m	2015 £m
Fixed or capped rate	**2,372**	2 589
Variable rate (net of cash)	**1,245**	1 239
	3,617	3 828

All the debt is effectively Sterling denominated except for £10m (2014/15 £39m) of Euro debt of which £nil is at a fixed rate (2014/15 £36m)

At 31 March 2016 the weighted average interest rate of the Sterling fixed rate debt is 3 5% (2014/15 4 8%) The weighted average period for which the rate is fixed is 9 1 years (2014/15 7 1 years) The floating rate debt is set for periods of the Company s choosing at the relevant LIBOR (or similar) rate

The proportion of net debt at fixed or capped rates of interest was 66% at 31 March 2016 on a spot basis The proportion of net debt at fixed or capped rates of interest as an average over the next five-year forecast period on a proportionally consolidated basis was 60% at 31 March 2016 Based on the Group s interest rate profile at the balance sheet date a 576 bps increase in interest rates would decrease annual profits by £72m (2014/15 £53m decrease) Similarly a 59 bps reduction would increase profits by £7m (2014/15 £5m increase) The change in interest rates used for this sensitivity analysis is based on the largest annual change in three month Sterling LIBOR over the last ten years The impact assumes LIBOR does not fall below 0%

17 Net debt continued

Interest rate profile – including effect of derivatives continued
Upward movements in medium and long term interest rates associated with higher interest rate expectations increase the value of the Group s interest rate swaps that provide protection against such moves The converse is true for downward movements in the yield curve The majority of the Group s interest rate swaps which provide such protection qualify as effective cash flow hedges under IAS 39 therefore movements in the fair value are recognised directly in equity rather than the income statement A 204 bps shift represents the largest annual change in the seven-year Sterling swap rate over the last ten years At 31 March 2016 a 204 bps parallel upward shift in swap rates would increase the value of these interest rate swaps by £151m (2014/5 £151m) A 204 bps downward shift in swap rates would reduce the value of these interest rate swaps by £197m (2014/15 £155m) Because the interest rate swaps are matched by floating rate debt the overall effect on Group cash flows of such movements is minimal

The 1 5% 2012 Convertible Bond and 0% 2015 Convertible Bond are both designated as fair value through profit or loss Principal components of the market value of both bonds include British Land s share price and its volatility and market interest rates

The fair value of the 1 5% 2012 Convertible Bond at 31 March 2016 was a £445m liability At 31 March 2016 a 204 bps parallel upward shift in interest rates would reduce the fair value liability by £13m and a 204 bps downward shift in interest rates would increase the fair value liability by £14m

The fair value of the 0% 2015 Convertible Bond at 31 March 2016 was a £334m liability At 31 March 2016 a 204 bps parallel upward shift in interest rates would reduce the fair value liability by £27m and a 204 bps downward shift in interest rates would increase the fair value liability by £30m

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 is hedged via foreign currency denominated borrowings and derivatives The Group has adopted net investment hedging in accordance with IAS 39 and therefore the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity The ineffective portion of the gain or loss on the 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 Contingent tax on overseas investments not expected to occur is ignored for hedging purposes as is the requirement to fair value interest rate swaps Based on the 31 March 2016 position a 33% appreciation (largest annual change over the last ten years) in the Euro relative to Sterling would result in a £nil change (2014/15 £nil) in reported profits

	Assets		Liabilities	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Euro denominated	**10**	39	**10**	39

Credit risk management
The Group s approach to credit risk management of counterparties is referred to in the financial policies and principles on pages 54 to 56 and the risks addressed within managing risk in delivering our strategy on pages 57 to 63 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

Cash and short term deposits at 31 March 2016 amounted to £114m (2014/15 £108m) Deposits and interest rate deposits were placed with financial institutions with BBB+ or better credit ratings

At 31 March 2016 the fair value of all interest rate derivative assets was £167m (2014/15 £139m)

At 31 March 2016 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 £85m (2014/15 £59m) This represents 0 6% (2014/15 0 5%) of gross assets

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

The Group s exposure to credit risk in respect of its trade receivables is analysed in note 13 Provisions are made taking account historic credit losses and the creditworthiness of debtors

Liquidity risk management
The Group s approach to liquidity risk management is discussed in the financial policies and principles on pages 54 to 56 and the risks addressed within managing risk in delivering our strategy on pages 57 to 63

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

17 Net debt continued

Liquidity risk management continued

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 refinancings

The Group leases out all its investment properties under operating leases with a weighted average lease length of nine years This secure income profile is generated from upward only rent reviews long leases and high occupancy rates The future aggregate minimum rentals receivable under non-cancellable operating leases is also shown in the table below Income from joint ventures and funds is not included below Additional liquidity will arise from letting space in properties under construction as well as from distributions received from joint ventures and funds

	2016				
	Within one year £m	**Following year £m**	**Three to five years £m**	**Over five years £m**	**Total £m**
Debt[1]	**76**	**461**	**1,471**	**1,577**	**3,585**
Interest on debt	**103**	**100**	**268**	**538**	**1,009**
Derivative payments	**13**	**14**	**77**	**395**	**499**
Head lease payments	**2**	**2**	**6**	**239**	**249**
Total payments	**194**	**577**	**1,822**	**2,749**	**5,342**
Derivative receipts	**(23)**	**(25)**	**(104)**	**(383)**	**(535)**
Net payment	**171**	**552**	**1,718**	**2,366**	**4,807**
Operating leases with tenants	**437**	**419**	**1,133**	**2,389**	**4,378**
Liquidity surplus (deficit)	**266**	**(133)**	**(585)**	**23**	**(429)**
Cumulative liquidity surplus (deficit)	**266**	**133**	**(452)**	**(429)**	

	2015				
	Within one year £m	Following year £m	Three to five years £m	Over five years £m	Total £m
Debt[1]	105	76	1 615	1 950	3 746
Interest on debt	126	125	328	619	1 198
Derivative payments	121	16	74	407	618
Head lease payments	2	2	6	223	233
Total payments	354	219	2 023	3 199	5,795
Derivative receipts	(132)	(24)	(90)	(385)	(631)
Net payment	222	195	1 933	2 814	5 164
Operating leases with tenants	443	431	1 180	2 782	4 836
Liquidity surplus (deficit)	221	236	(753)	(32)	(328)
Cumulative liquidity surplus (deficit)	221	457	(296)	(328)	

Gross debt of £3 761m (2014/15 £3 949m) represents the total shown less unamortised issue costs of £19m (2014/15 £23m) plus fair value adjustments to debt of £195m (2014/15 £226m)

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 The Group currently holds cash and short term deposits of £114m of which £93m is not subject to a security interest (see footnote 5 to net debt table on page 147) Further liquidity can be achieved through sales of property assets or investments and debt refinancings

The Group s property portfolio is valued externally at £10 111m and the share of joint ventures and funds property is valued at £4 937m The undrawn committed borrowing facilities available to the Group are a further source of liquidity The maturity profile of committed undrawn borrowing facilities is shown overleaf

17 Net debt continued

Maturity of committed undrawn borrowing facilities

		2016 £m	2015 £m
Maturity date	over five years	-	-
	between four and five years	**1,113**	930
	between three and four years	**95**	-
Total facilities available for more than three years		**1,208**	930
Between two and three years		**85**	61
Between one and two years		**-**	235
Within one year		**60**	10
Total		**1,353**	1 236

The above facilities are comprised of British Land undrawn facilities of £1 150m, plus undrawn facilities of Hercules Unit Trust totalling £203m

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 nine years (2014/15 ten years)

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows

	2016 £m	2015 £m
Less than one year	**437**	443
Between one and two years	**419**	431
Between three and five years	**1,133**	1 180
Between six and ten years	**1,241**	1 353
Between eleven and fifteen years	**626**	783
Between sixteen and twenty years	**357**	443
After twenty years	**165**	203
Total	**4,378**	4 836

The Group s leasehold investment properties are typically under non-renewable leases without significant restrictions Finance lease liabilities are payable as follows no contingent rents were payable in either period

	2016			2015		
	Minimum lease payments £m	**Interest £m**	**Principal £m**	Minimum lease payments £m	Interest £m	Principal £m
British Land Group						
Less than one year	**2**	**2**	**-**	2	2	-
Between one and two years	**2**	**2**	**-**	2	2	-
Between two and five years	**6**	**6**	**-**	6	6	-
More than five years	**239**	**193**	**46**	223	182	41
Total	**249**	**203**	**46**	233	192	41
Less future finance charges	**(203)**			(192)		
Present value of lease obligations	**46**			41		
More than five years	**46**			41		
Present value of lease obligations	**46**			41		

19 Dividend

The fourth quarter interim dividend of 7 09 pence per share totalling £73m (2014/15 6 92 pence per share totalling £71m) was approved by the Board on 16 May 2016 and is payable on 5 August 2016 to shareholders on the register at the close of business on 1 July 2016

The Board will announce the availability of the Scrip Dividend Alternative if available via the Regulatory News Service and on its website (**www britishland com/dividends**) no later than four business days before the ex-dividend date of 30 June 2016 The Board expects to announce the split between Property Income Distributions (PID) and non-PID income at that time Any Scrip Dividend Alternative will not be enhanced 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 **www britishland com/dividends** for details

Payment date	Dividend	Pence per share	**2016 £m**	2015 £m
Current year dividends				
05 08 2016	2016 4th interim	7 09		
06 05 2016	2016 3rd interim	7 09		
12 02 2016	2016 2nd interim	7 09	**73**	
06 11 2015	2016 1st interim	7 09	**72**	
		28 36		
Prior year dividends				
07 08 2015	2015 4th interim	6 92[1]	**71**	
06 05 2015	2015 3rd interim	6 92	**71**	
13 02 2015	2015 2nd interim	6 92		71
07 11 2014	2015 1st interim	6 92		70
		27 68		
08 08 2014	2014 4th interim	6 75[1]		68
02 05 2014	2014 3rd interim	6 75[1]		68
Dividends in consolidated statement of changes in equity			**287**	277
Dividends settled in shares			**(52)**	(49)
Dividends settled in cash			**235**	228
Timing difference relating to payment of withholding tax			**–**	–
Dividends in cash flow statement			**235**	228

[1] Scrip alternative treated as non-PID for this dividend

20 Share capital and reserves

	2016	2015
Number of ordinary shares in issue at 1 April	**1,031,788,286**	1 019 766 481
Share issues	**8,774,037**	12 021 805
At 31 March	**1,040,562,323**	1 031 788 286

Of the issued 25p ordinary shares 627 shares were held in the ESOP trust (2014/15 98 453) 11 266 245 shares were held as treasury shares (2014/15 11 266 245) and 1 029 295 451 shares were in free issue (2014/15 1 020 423 588) 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

Revaluation reserve
The revaluation reserve relates to owner-occupied properties and investments in joint ventures and funds

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

20 Share capital and reserves continued

At 31 March 2016 options over 7 341 620 ordinary shares were outstanding under employee share option plans The options had a weighted average life of 6 4 years Details of outstanding share options and shares awarded to employees including Executive Directors are set out below and on the following pages

Date of grant	At 1 April 2015	Granted	Vested but not exercised	Exercised/ Vested	Lapsed	**At 31 March 2016**	Exercise price pence	Exercise dates From	Exercise dates To
Share options Sharesave Scheme									
28 06 10	38 159	–	–	(37 700)	(459)	–	370 00	01 09 15	29 02 16
01 07 11	8 476	–	–	(911)	(393)	**7,172**	473 00	01 09 16	28 02 17
26 06 12	92 390	–	–	(87 800)	(4 590)	–	392 00	01 09 15	29 02 16
26 06 12	52 262	–	–	(2 320)	(7 244)	**42,698**	392 00	01 09 17	28 02 18
19 06 13	41 201	–	–	(2 005)	(4 404)	**34,792**	511 00	01 09 16	28 02 17
19 06 13	16 376	–	–	(489)	(685)	**15,202**	511 00	01 09 18	28 02 19
23 06 14	159 415	–	–	(1 061)	(21 100)	**137,254**	574 00	01 09 17	28 02 18
23 06 14	131 633	–	–	(696)	(3 745)	**127,192**	574 00	01 09 19	28 02 20
22 06 15	–	84 687	–	–	(8 520)	**76,167**	697 00	01 09 18	28 02 19
22 06 15	–	63 599	–	–	(5 249)	**58,350**	697 00	01 09 20	28 02 21
	539 912	148 286	–	(132 982)	(56 389)	**498,827**			
Long-Term Incentive Plan – Options Vested, Not Exercised									
31 05 05	164 840	–	–	(73 551)	(91 289)	–	726 66	31 05 08	30 05 15
05 12 05	141 254	–	–	(105 483)	(35 771)	–	823 60	05 12 08	04 12 15
29 06 09	21 913	–	–	(7 441)	–	**14,472**	387 00	29 06 12	29 06 19
25 11 09	6,063	–	–	(6 063)	–	–	475 00	25 11 12	25 11 19
21 12 09	77 443	–	–	(4 989)	–	**72,454**	446 00	21 12 12	21 12 19
11 06 10	1 420 932	–	–	(208 549)	(4 026)	**1,208,357**	447 00	11 06 13	11 06 20
14 12 10	90 568	–	–	(19 112)	(1 789)	**69,667**	510 00	14 12 13	14 12 20
28 06 11	1 108 890	–	–	(19 412)	(5 245)	**1,084,233**	575 00	28 06 14	28 06 21
19 12 11	174 824	–	–	(75 649)	(3 600)	**95,575**	451 00	19 12 14	19 12 21
14 09 12	–	1 178 819	–	(58 030)	(4 079)	**1,116,710**	538 00	14 09 15	14 09 22
20 12 12	–	151 658	–	(28 853)	(2 488)	**120,317**	563 00	20 12 15	20 12 22
05 08 13	–	18 172	–	–	(11 456)	**6,716**	601 00	05 08 16	05 08 23
05 12 13	–	22 530	–	–	(16 764)	**5,766**	600 00	05 12 16	05 12 23
23 06 14	–	87 845	–	–	(79 955)	**7,890**	684 00	23 06 17	23 06 24
	3 206 727	1 459 024	–	(607 132)	(256 462)	**3,802,157**			
Long-Term Incentive Plan – Unvested Options									
14 09 12	1 292 739	–	(1 178 819)	–	(113 920)	–	538 00	14 09 15	14 09 22
20 12 12	198 211	–	(151,658)	–	(46 553)	–	563 00	20 12 15	20 12 22
05 08 13	799 292	–	(18 172)	–	(117 442)	**663,678**	601 00	05 08 16	05 08 23
05 12 13	508 874	–	(22 530)	–	(83 744)	**402,600**	600 00	05 12 16	05 12 23
23 06 14	1 131 228	–	(87 845)	–	(213 675)	**829,708**	684 00	23 06 17	23 06 24
12 12 14	26 127	–	–	–	–	**26,127**	757 83	12 12 17	12 12 24
22 06 15	–	1 199 784	–	–	(81 261)	**1,118,523**	824 50	22 06 18	22 06 25
	3 956 471	1 199 784	(1 459 024)	–	(656 595)	**3,040,636**			
Total	7 703 110	2 807 094	(1 459 024)	(740 114)	(969 446)	**7,341,620**			
Weighted average exercise price of options (pence)	563	676	551	535	651	**580**			

20 Share capital and reserves continued

Date of grant	At 1 April 2015	Granted	Exercised/ Vested	Lapsed	At 31 March 2016	Share price at grant date pence	Vesting date
Performance Shares Long-Term Incentive Plan							
14 09 12	860 412	–	(815 950)	(44 462)	–	538 00	14 09 15
20 12 12	103 130	–	(86 845)	(16 285)	–	563 00	20 12 15
05 08 13	1 124 612	–	–	(88 159)	**1,036,453**	601 00	05 08 16
05 12 13	270 334	–	–	(40 108)	**230,226**	600 00	05 12 16
23 06 14	1 539 336	–	–	(180 113)	**1,359,223**	684 00	23 06 17
12 12 14	4 354	–	–	–	**4,354**	757 83	12 12 17
22 06 15	–	1 289 926	–	(88 057)	**1,201,869**	824 50	22 06 18
	3 902 178	1 289,926	(902 795)	(457 184)	**3,832,125**		
Fund Managers Performance Plan							
12 09 12	170 466	–	(166 936)	(3 530)	–	537 00	12 09 15
02 08 13	199 543	–	(190 251)	(9 292)	–	599 00	02 08 15
02 08 13	199 476	–	(5 380)	(14 432)	**179,664**	599 00	02 08 16
	569 485	–	(362 567)	(27 254)	**179,664**		
Matching Share Plan							
05 09 12	386 994	–	(182 831)	(204 163)	–	500 00	05 09 15
02 08 13	375 338	–	–	(26 448)	**348,890**	609 66	02 08 16
30 06 14	317 166	–	–	(27 606)	**289,560**	702 40	30 06 17
29 06 15	–	296 638	–	(14 468)	**282,170**	806 00	29 06 18
	1 079 498	296 638	(182 831)	(272 685)	**920,620**		
Total	5 551 161	1 586 564	(1 448 193)	(757 123)	**4,932,409**		
Weighted average price of shares (pence)	611	821	540	595	**697**		

21 Segment information

The Group allocates resources to investment and asset management according to the sectors it expects to perform over the medium term. Its three principal sectors are Offices, Retail and Canada Water. The Office sector includes residential, as this is often incorporated into Office schemes, and Retail includes leisure, for a similar rationale. Canada Water was added as a principal sector in the year, reflecting the key role the campus has in the strategy of the Group. Consequently the prior year comparatives in this note have been restated to reflect this additional principal sector.

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 below. Management reviews the performance of the business principally on a proportionally consolidated basis, which 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 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.

Segment result

	Offices and residential		Retail and leisure		Canada Water		Other/unallocated		Total	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Gross rental income										
British Land Group	**133**	121	**291**	248	**8**	6	**-**	-	**432**	375
Share of joint ventures and funds	**114**	89	**104**	146	**-**	-	**4**	8	**222**	243
Total	**247**	210	**395**	394	**8**	6	**4**	8	**654**	618
Net rental income										
British Land Group	**124**	112	**277**	233	**7**	6	**-**	-	**408**	351
Share of joint ventures and funds	**110**	85	**99**	141	**-**	-	**3**	8	**212**	234
Total	**234**	197	**376**	374	**7**	6	**3**	8	**620**	585
Operating result										
British Land Group	**112**	101	**260**	218	**7**	6	**(46)**	(41)	**333**	284
Share of joint ventures and funds	**109**	82	**102**	138	**-**	-	**(1)**	10	**210**	230
Total	**221**	183	**362**	356	**7**	6	**(47)**	(31)	**543**	514

Reconciliation to Underlying Profit	**2016 £m**	2015 £m
Operating result	**543**	514
Net financing costs	**(180)**	(201)
Underlying Profit	**363**	313
Reconciliation to profit on ordinary activities before taxation		
Underlying Profit	**363**	313
Capital and other	**954**	1 460
Underlying Profit attributable to non-controlling interests	**14**	16
Total profit on ordinary activities before taxation	**1,331**	1 789

Of the total revenues above £4m (2014/15 £8m) was derived from outside the UK.

21 Segment information continued

Segment assets

	Offices and residential		Retail and leisure		Canada Water		Other/unallocated		Total	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Property assets										
British Land Group	**4,181**	3 520	**5,323**	5 275	**283**	273	**-**	-	**9,787**	9 068
Share of joint ventures and funds	**2,843**	2 530	**2,018**	2 039	**-**	-	**-**	40	**4,861**	4 609
Total	**7,024**	6 050	**7,341**	7 314	**283**	273	**-**	40	**14,648**	13 677

Reconciliation to net assets

British Land Group	**2016 £m**	2015 £m
Property assets	**14,648**	13 677
Other non-current assets	**138**	256
Non-current assets	**14,786**	13 933
Other net current liabilities	**(257)**	(307)
Adjusted net debt	**(4,765)**	(4 918)
Other non-current liabilities	**(90)**	(73)
EPRA net assets (undiluted)	**9,674**	8 635
Convertible dilution	**400**	400
EPRA net assets (diluted)	**10,074**	9 035
Non-controlling interests	**277**	333
EPRA adjustments	**(732)**	(803)
Net assets	**9,619**	8 565

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

	2016 £m	2015 £m
British Land and subsidiaries (includes share of development loan facility)	**174**	198
Share of joint ventures	**40**	42
Share of funds	**2**	2
	216	242

23 Related party transactions

The Group had provided a development loan of up to £320m to the Broadgate joint venture secured against the 5 Broadgate development The loan was fully repaid during the year Interest and commitment fees earned on the loan during the year were £4m (2014/15 £8m)

Details of transactions with joint ventures and funds are given in notes 3 6 and 11 During the year the Group recognised joint venture management fees of £8m (2014/15 £7m)

Details of Directors remuneration are given in the Remuneration Report on pages 86 to 110 Details of transactions with key management personnel are provided in note 8

Details of transactions with The British Land Group of Companies Pension Scheme and other smaller pension schemes are given in note 9

The purchases by related parties of Simon Borrows of two flats in London for a total of £4m from a British Land Group company as approved at last year s Annual General Meeting completed during the year

24 Contingent liabilities

Group, joint ventures and funds

The Group joint ventures and funds 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 contingent liabilities

25 Subsidiaries with material non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group The information below is the amount before intercompany eliminations and represents the consolidated results of the Hercules Unit Trust group

Summarised income statement for the year ended 31 March

	Hercules Unit Trust	
	2016 £m	2015 £m
Profit on ordinary activities after taxation	**59**	142
Attributable to non-controlling interests	**19**	55
Attributable to the shareholders of the Company	**40**	87

Summarised balance sheet for the year ended 31 March

	Hercules Unit Trust	
	2016 £m	2015 £m
Total assets	**1,490**	1 687
Total liabilities	**(469)**	(674)
Net assets	**1,021**	1 013
Non-controlling interests	**277**	333
Equity attributable to shareholders of the Company	**744**	680

Summarised cash flows

	Hercules Unit Trust	
	2016 £m	2015 £m
Net (decrease) increase in cash and cash equivalents	**(5)**	2
Cash and cash equivalents at 1 April	**35**	33
Cash and cash equivalents at 31 March	**30**	35

The Hercules Unit Trust is a publicly listed Unit Trust The Unit price at 31 March 2016 is £719 (2014/15 £711)

26 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
British Land Aqua Partnership Limited	6024919
British Land Aqua Partnership (2) Limited	6024921
Apartpower Limited	2832059
Pillarcaisse Management Limited	2941307
BL Guaranteeco Limited	5403335
WK Holdings Limited	2487591
Wates City Point Limited	2973114
BL HC Property Holdings Limited	06894046
BL Health Clubs Ph No 1 Limited	05643248
BL Health Clubs Ph No 2 Limited	05643261
St James Retail Park Northampton Limited	5396394
Pillar Nugent Limited	2567031
Pillar Developments Limited	2850421
United Kingdom Property Company Limited	266486
British Land Hercules No 1 Limited	3527580
Pillar Estates Limited	3044028
Pillar (Dartford) Limited	2783384
BL Goodman (LP) Limited	5056902
Pillar Broadway Limited	3589116
Parwick Investments Limited	00454239
Hilden Properties Limited	NI062887
BL (Maidenhead) Company Limited	7667834
Wardrobe Holdings Limited	06049158
BL Cwmbran Limited	7780251
BL GP Chess No 1 Limited	8572585
Ludgate West Limited	4882129
Bayeast Property Company Limited	635800
Boldswitch Limited	2307096
Exchange House Holdings Limited	2037407
Paddington Central I (GP) Limited	3891376
Regis Property Holdings Limited	891470
Dinwell Limited	5035303
TPP Investments Limited	4843814
BL Osnaburgh St Residential Ltd	06874523
Moorage (Property Developments) Limited	1185513
39 Victoria Street Limited	7037133
Teesside Leisure Park Limited	2672136
Cavendish Geared Limited	2779045
Pillar Auchinlea Limited	2661047
Pillar Europe Management Limited	2891826
Pillar Retail Parks Limited	2725163
Wates City Of London Properties Limited	1788526
BLD (SJ) Investments Limited	4484750
Adamant Investment Corporation Limited	225149

Name	Companies House reg number
The Liverpool Exchange Company Limited	490255
Osnaburgh Street Limited	5886735
Adshilta Limited	1052683
Rohawk Properties Limited	789485
Blaxmill (Twenty Nine) Limited	5279010
Pillar (Beckton) Limited	2783376
British Land Property Advisers Limited	2793828
British Land Hercules Limited	2783381
British Land Hercules No 4 Limited	3108851
Sprint 1118 Limited	5860847
Longford Street Residential Limited	8700158
Meadowbank Retail Park Edinburgh Limited	5489809
BF Propco (No 19) Limited	5270113
Ivorydell Limited	3264791
Broadgate (PHC 8) Limited	3707220
BVP Developments Limited	3534586
FRP Group Ltd	2844685
BLU Property Management Limited	1020347
Pillar Hercules No 2 Limited	2839069
Drake Circus Leisure Limited	9190208
Blu Estates Limited	3325057
Diomedes Property No 1 Limited	5278996
Chrisilu Nominees Limited	732510
Ivoryhill Limited	2307407
Pardev (Broadway) Limited	2891851
Pillar (Kirkcaldy) Limited	3074412
Pillar Fort Limited	2806956
Pillar Fulham No 2 Limited	266246
Pillar Glasgow 3 Limited	5070568
Bexile Limited	5738899
T (Partnership) Limited	03436754
TBL (Ferndown) Limited	3854372
TBL (Brent Park) Limited	3852947
Paddington Block A (GP) Ltd	9320570
Paddington Block B (GP) Ltd	9320577
Paddington Kiosk (GP) Ltd	9320562
PC Lease Nominee Ltd	9320541
PC Partnership Nominee Ltd	9320533
BL Broadgate Fragment 1 Limited	9400407
BL Broadgate Fragment 2 Limited	9400541
BL Broadgate Fragment 3 Limited	9400411
BL Broadgate Fragment 4 Limited	9400409
BL Broadgate Fragment 5 Limited	9400413
BL Broadgate Fragment 6 Limited	9400414

NOTES TO THE ACCOUNTS CONTINUED

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 Shoreditch Limited Partnership	Hereford Shopping Centre Limited Partnership
Bl Chess No 1 Limited Partnership	Bl Lancaster Limited Partnership
Paddington Central I LP	Paddington Block A LP
Paddington Central II LP	Paddington Block B LP
Meadowhall Opportunities Limited Partnership	Paddington Kiosk LP

COMPANY BALANCE SHEET

PREPARED IN ACCORDANCE WITH FRS 101 AS AT 31 MARCH 2016

	Note	2016 £m	2015 £m
Fixed assets			
Investments and loans to subsidiaries	D	**27,518**	27 370
Investments in joint ventures	D	**395**	392
Other investments	D	**17**	264
Interest rate derivative assets	E	**167**	139
Deferred tax assets		**1**	-
		28,098	28 165
Current assets			
Debtors	G	**14**	4
Cash and short term deposits	E	**36**	18
		50	22
Current liabilities			
Short term borrowings and overdrafts	E	**(74)**	(102)
Creditors	H	**(77)**	(103)
Amounts due to subsidiaries		**(19,225)**	(18 881)
		(19,376)	(19 086)
Net current liabilities		**(19,326)**	(19 064)
Total assets less current liabilities		**8,772**	9 101
Non-current liabilities			
Debentures and loans	E	**(2,216)**	(2 462)
Interest rate derivative liabilities	E	**(119)**	(111)
Deferred tax and other non-current liabilities		**-**	(13)
		(2,335)	(2 586)
Net assets		**6,437**	6 515
Equity			
Called up share capital	I	**260**	258
Share premium		**1,295**	1 280
Other reserves		**(120)**	(94)
Merger reserve		**213**	213
Retained earnings		**4,789**	4 858
Equity shareholders funds		**6,437**	6 515

John Gildersleeve
Chairman

Lucinda Bell
Chief Financial Officer

Approved by the Board on 16 May 2016

Company number 621920

[1] The prior year comparatives have been restated on transition to FRS 101 See note A on page 167

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Share capital £m	Share premium £m	Other reserves £m	Merger reserve £m	Profit and loss account £m	**Total £m**
Balance at 1 April 2015 (restated)	258	1 280	(94)	213	4 858	**6,515**
Share issues	2	15	–	–	(12)	**5**
Adjustment for scrip dividend element	–	–	–	–	52	**52**
Dividend paid	–	–	–	–	(287)	**(287)**
Fair value of share and share option awards	–	–	–	–	8	**8**
Net actuarial loss on pension schemes	–	–	–	–	(1)	**(1)**
Profit for the year after taxation	–	–	–	–	171	**171**
Derivative valuation movement	–	–	(26)	–	–	**(26)**
Balance at 31 March 2016	260	1 295	(120)	213	4 789	**6,437**
Balance at 1 April 2014 (restated)	255	1 257	(24)	213	3 632	5 333
Adjustment for change in capitalised interest accounting policy	–	–	–	–	37	37
Share issues	3	23	–	–	–	26
Adjustment for scrip dividend element	–	–	–	–	49	49
Dividend paid	–	–	–	–	(277)	(277)
Net actuarial loss on pension schemes	–	–	–	–	(5)	(5)
Profit for the year after taxation	–	–	–	–	1 422	1 422
Derivative valuation movement	–	–	(70)	–	–	(70)
Balance at 31 March 2015 (restated)	258	1 280	(94)	213	4 858	6 515

The value of distributable reserves within the profit and loss account is £3 336m (2014/15 £3 514m)

(A) Accounting policies

The financial statements for the year ended 31 March 2016 have been prepared on the historical cost basis, except for the revaluation of derivatives. These financial statements have also been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs) but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. In these financial statements the Company has adopted FRS 101 for the first time.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016, the Company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1 & 33 and related appendices. The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year, as set out below.

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, and
(i) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs

Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are restatements of balances disclosed under previous UK GAAP in the prior year. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 101 was therefore 1 April 2014.

The following is a reconciliation illustrating the adjustments posted to the Profit and Loss and Balance Sheet to restate the prior year comparatives as a result of the transition to FRS 101 from UK GAAP.

Reconciliation of Profit and Loss

	2015 UK GAAP £m	Transition adjustments £m	2015 FRS 101 £m
Administrative expenses	(77)	–	(77)
Finance costs	(85)	–	(85)
Other Profit and Loss	1 584	–	1 584
Total impact to Profit and Loss	**1,422**	**–**	**1,422**

Reconciliation of Balance Sheet

	Transition reference	2015 UK £m	Transition adjustments £m	2015 FRS £m	2014 UK GAAP £m	Transition adjustments £m	2014 FRS 101 £m
Creditors	(i)	(101)	(2)	(103)	(89)	(2)	(91)
Share premium	(ii)	1 283	(3)	1 280	1 260	(3)	1 257
Retained earnings	(i) (ii)	4 857	1	4 858	3 631	1	3 632
Other Balance Sheet		478	2	480	533	2	535
Total impact to Balance Sheet		**6,517**	**(2)**	**6,515**	**5,335**	**(2)**	**5,333**

COMPANY BALANCE SHEET CONTINUED

Explanation of transition to FRS 101 continued

Transition adjustment (i)
Share schemes are subject to National Insurance on the gain employees make Under UK GAAP the exercise price was estimated to be the share price prevailing at the balance sheet date whereas under FRS 101 this was measured as the estimated share price at the exercise date Upon conversion this resulted in an additional £2m creditor and a £2m debit to retained earnings

Transition adjustment (ii)
Under UK GAAP upon redemption of a convertible bond in 2004 unamortised capitalised loan issue costs were debited to the profit and loss Under FRS101 these issue costs of £3m are debited to share premium and credited to retained earnings

Notice of continued adoption of financial reporting standard (FRS) 101 – reduced disclosure framework
The Board continues to consider that it is in the best interests of the Group for The British Land Company PLC to continue to apply FRS 101 Reduced Disclosure Framework for its next financial year commencing 1 April 2016 A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in The British Land Company PLC may serve objections to the continued use of the disclosure exemptions on The British Land Company PLC in writing to its registered office (York House 45 Seymour Street London W1H 7LX) not later than 31 July 2016

Going concern
The financial statements are prepared on the going concern basis as explained in the corporate governance section on page 77

Investments and loans
Investments and loans in subsidiaires and joint ventures are stated at cost less provision for impairment

Significant judgements and sources of estimation uncertainty
The key source of estimation uncertainty relates to the Company s investments in subsidiaries and joint ventures In estimating the requirement for impairment of these investments management make assumptions and judgements on the value of these investments using inherently subjective underlying asset valuations supported by independent valuers

(B) Dividends

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

(C) Company profit for the financial year after tax

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006 The profit after tax for the year was £171m (2014/15 profit £1 422m)

The average monthly number of employees of the Company during the year was 260 (2014/15 249)

Employee costs include wages and salaries of £35m (2014/15 £33m) social security costs of £5m (2014/15 £5m) and pension costs of £6m (2014/15 £5m) Details of the Executive Directors remuneration are disclosed in the Remuneration Report

Audit fees in relation to the parent Company only were £0 2m (2014/15 £0 2m)

(D) Investments and loans to subsidiaries

	Shares in subsidiaries £m	Loans to subsidiaries £m	Investments in joint ventures £m	Other investments £m	**Total £m**
On 1 April 2015 (restated)	20,197	7 173	392	264	**28,026**
Additions	–	509	18	4	**531**
Disposals	–	(432)	(14)	(251)	**(697)**
Write back of (provision for)	71	–	(1)	–	**70**
As at 31 March 2016	20 268	7 250	395	17	**27,930**

The historical cost of shares in subsidiaries is £20 529m (2014/15 £20 558m) Investments in joint ventures of £395m (2014/15 £392m) includes £216m (2014/15 £205m) 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 £87m (2014/15 £252m)

(E) Net debt

	2016 £m	2015 £m
Secured on the assets of the Company		
5 264% First Mortgage Debenture Bonds 2035	**371**	355
5 0055% First Mortgage Amortising Debentures 2035	**100**	98
5 357% First Mortgage Debenture Bonds 2028	**349**	344
6 75% First Mortgage Debenture Bonds 2020	**62**	182
Loan notes	**2**	2
	884	981
Unsecured		
5 50% Senior Notes 2027	**101**	98
6 30% Senior US Dollar Notes 2015	**-**	104
3 895% Senior US Dollar Notes 2018[1]	**28**	28
4 635% Senior US Dollar Notes 2021[1]	**165**	158
4 766% Senior US Dollar Notes 2023[1]	**105**	99
5 003% Senior US Dollar Notes 2026[1]	**69**	64
3 81% Senior Notes 2026	**113**	111
3 97% Senior Notes 2026	**116**	114
Fair value of options to issue under 1 5% convertible bond 2017	**48**	100
Fair value of options to issue under 0% convertible bond 2020	**27**	-
Bank loans & overdrafts	**634**	707
	1,406	1 583
	2,290	2 564
Gross debt		
Interest rate and currency derivative liabilities	**119**	111
Interest rate and currency derivative assets	**(167)**	(139)
Cash and short term deposits	**(36)**	(18)
Net debt	**2,206**	2 518

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

1 5% Convertible bond 2012 (maturity 2017)
On 10 September 2012 British Land (Jersey) Limited (the 2012 Issuer) a wholly-owned subsidiary of the Company issued £400 million 1 5% guaranteed convertible bonds due 2017 (the 2012 bonds) at par The 2012 Issuer is fully guaranteed by the Company in respect of the 2012 bonds

Subject to their terms the 2012 bonds are convertible into preference shares of the 2012 Issuer which are automatically transferred to the Company in exchange for ordinary shares in the Company or at the Company s election any combination of ordinary shares and cash Bondholders may exercise their conversion right at any time up to (but excluding) the 20th dealing day before 10 September 2017 (the maturity date)

The initial exchange price was 693 07 pence per ordinary share The exchange price is adjusted based on certain events

From 25 September 2015 the Company has the option to redeem the 2012 bonds at par if the Company s share price has traded above 130% of the exchange price for a specified period or at any time once 85% by nominal value of the 2012 bonds have been converted redeemed or purchased and cancelled The 2012 bonds will be redeemed at par on 10 September 2017 (the maturity date) if they have not already been converted redeemed or purchased and cancelled No redemption of the bonds occurred in the year

The intercompany loan between the Issuer and the Company arising from the transfer of the loan proceeds was initially recognised at fair value net of capitalised issue costs and is accounted for using the amortised cost method In addition to the intercompany loan the Company has entered into a derivative contract relating to its guarantee of the obligations of the Issuer in respect of the Bonds and the commitment to provide shares or a combination of shares and cash on conversion of the Bonds This derivative contract is included within the balance sheet as a liability carried at fair value through profit and loss

COMPANY BALANCE SHEET CONTINUED

(E) Net debt continued

0% Convertible bond 2015 (maturity 2020)
On 9 June 2015 British Land (White) 2015 Limited (the 2015 Issuer) a wholly owned subsidiary of the Company issued £350 million zero coupon guaranteed convertible bonds due 2020 (the 2015 bonds) at par The 2015 Issuer is fully guaranteed by the Company in respect of the 2015 bonds

Subject to their terms the 2015 bonds are convertible into preference shares of the Issuer which are automatically transferred to the Company in exchange for ordinary shares in the Company or at the Company s election any combination of ordinary shares and cash From 20 July 2015 up to and including 29 June 2018 a bondholder may exercise its conversion right if the share price has traded at a level exceeding 130% of the exchange price for a specified period Thereafter and up to but excluding the 7th dealing day before 9 June 2020 (the maturity date) a bondholder may convert at any time

The initial exchange price was 1103 32 pence per ordinary share The exchange price is adjusted based on certain events (such as the Company paying dividends in any year above 14 18 pence per ordinary share)

From 30 June 2018 the Company has the option to redeem the 2015 bonds at par if the Company s share price has traded above 130% of the exchange price for a specified period or at any time once 85% by nominal value of the 2015 bonds have been converted redeemed or purchased and cancelled The 2015 bonds will be redeemed at par on 9 June 2020 (the maturity date) if they have not already been converted redeemed or purchased and cancelled

In addition to the intercompany loan, the Company has entered into a derivative contract relating to its guarantee of the obligations of the Issuer in respect of the bonds and the commitment to provide shares or a combination of shares and cash on conversion of the bonds This derivative contract is included within the balance sheet as a liability carried at fair value through profit and loss

Maturity analysis of net debt

		2016 £m	2015 £m
Repayable within one year and on demand		**74**	102
between	one and two years	**109**	75
	two and five years	**414**	697
	five and ten years	**807**	561
	ten and fifteen years	**500**	747
	fifteen and twenty years	**386**	6
	twenty and twenty five years	**–**	376
		2,216	2 462
Gross debt		**2,290**	2 564
Interest rate derivatives		**(48)**	(28)
Cash and short term deposits		**(36)**	(18)
		2,206	2 518

(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

	2016 £m	2015 £m
Trade and other debtors	**9**	2
Prepayments and accrued income	**5**	2
	14	4

(H) Creditors

	2016 £m	Restated 2015 £m
Trade creditors	**3**	23
Corporation tax	**18**	19
Other taxation and social security	**29**	24
Accruals and deferred income	**27**	37
	77	103

(I) Share capital

	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2015	258	1 031 788 286
Issued	2	8 774 037
At 31 March 2016	**260**	**1,040,562,323**

	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2014	255	1 019 766 481
Issued	3	12 021 805
At 31 March 2015	258	1 031 788 286

(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 2016 the Company has £13m of capital commitments (2014/15 £27m)

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

COMPANY BALANCE SHEET CONTINUED

(K) Related undertakings

Disclosures relating to subsidiary undertakings
The Company s subsidiaries and other related undertakings at 31 March 2016 are listed below 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 associated joint ventures and joint arrangements
The subsidiaries and related undertakings are registered in the United Kingdom unless noted otherwise and the share capital of each of the Companies where applicable comprises of 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

Direct holdings

Company Name	UK/Overseas Tax Resident Status
B L C T Holdings Limited (Jersey)	UK Tax Resident
BL Bluebutton 2014 Limited	UK Tax Resident
BL Davidson Limited	UK Tax Resident
BL Exempt Insurance Services Limited	UK Tax Resident
BL Intermediate Holding Company 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 (Jersey) Limited (Jersey) (Founder Shares)	UK Tax Resident
British Land City	UK Tax Resident
British Land City 2005 Limited	UK Tax Resident
British Land City Offices Limited	UK Tax Resident
British Land Financing Limited	UK Tax Resident
British Land Investments Netherlands Holding B V (Netherlands)	Overseas Tax Resident
British Land Properties Limited	UK Tax Resident
British Land Real Estate Limited	UK Tax Resident
British Land Securities Limited	UK Tax Resident
British Land Securitisation 1999	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
Plantation House Limited	UK Tax Resident
Priory Park Merton Limited	UK Tax Resident
Regis Property Holdings Limited	UK Tax Resident
The British Land Corporation Limited	UK Tax Resident
Vitalcreate	UK Tax Resident
Real Asset Insurance Limited (Guernsey)	Overseas 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 Portman Square Unit Trust (Jersey) (Units)	Overseas 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
35 Basinghall Street First Limited	UK Tax Resident
35 Basinghall Street Second Limited	UK Tax Resident
350 Euston Road Limited	UK Tax Resident
39 Victoria Street Limited	UK Tax Resident
8 10 Throgmorton Avenue Limited	UK Tax Resident
Adamant Investment Corporation Limited	UK Tax Resident
Adshilta Limited	UK Tax Resident
Aldgate Place (GP) Limited (50% interest)	UK Tax Resident
Apartpower Limited	UK Tax Resident
Ashband Limited	UK Tax Resident
Austral House Unit Trust (Jersey) (Units) (35 94% interest)	Overseas Tax Resident
Basinghall Street Unit Trust (Jersey) (Units) (35 94% interest)	Overseas Tax Resident
B L C T (12697) Limited (Jersey)	UK Tax Resident
B L C T (21500) Limited (Jersey)	UK Tax Resident
B L C T (29900) Limited (Jersey)	UK Tax Resident
B L U (11193) Limited (Jersey)	UK Tax Resident
Balsemia Limited	UK Tax Resident
Barnclass Limited	UK Tax Resident
Barndrill Limited	UK Tax Resident
Bayeast Property Co Limited	UK Tax Resident
Bexile Limited	UK Tax Resident
BF Propco (No 1) Limited	UK Tax Resident
BF Propco (No 10) Limited	UK Tax Resident
BF Propco (No 12) Limited	UK Tax Resident
BF Propco (No 13) 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 & N Acquisition Limited	UK Tax Resident
BL (Maidenhead) Company Limited	UK Tax Resident
BL (SP) Cannon Street Limited	UK Tax Resident
BL (SP) Investment (1) Limited	UK Tax Resident
BL (SP) Investment (2) Limited	UK Tax Resident
BL (SP) Investment (3) Limited	UK Tax Resident
BL (SP) Investment (4) Limited	UK Tax Resident
BL Baker Co 2012 Limited (Jersey)	Overseas 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

Company Name	UK/Overseas Tax Resident Status
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 Chess Limited	UK Tax Resident
BL Chess No 1 Limited Partnership (Partnership Interest)	UK Tax Resident
BL City Offices Holding Company Limited	UK Tax Resident
BL Clifton Moor Limited	UK Tax Resident
BL Cwmbran Limited	UK Tax Resident
BL Department Stores Holding Company Limited	UK Tax Resident
BL Doncaster Wheatley Limited	UK Tax Resident
BL Eden Walk J2012 Limited (Jersey)	Overseas Tax Resident
BL ESOP Limited (Isle of Man)	Overseas Tax Resident
BL European Fund Management LLP (Member Interest)	UK Tax Resident
BL European Holdings Limited	UK Tax Resident
BL Fixed Uplift Fund Limited Partnership (Jersey)	Overseas Tax Resident
BL Fixed Uplift Fund Nominee No 1 Limited (Jersey)	Overseas Tax Resident
BL Fixed Uplift Fund Nominee No 2 Limited (Jersey)	Overseas Tax Resident
BL Fund Limited (Jersey)	Overseas Tax Resident
BL Goodman (General Partner) Limited (50% interest)	UK Tax Resident
BL Goodman (LP) Limited	UK Tax Resident
BL GP Chess No 1 Limited	UK Tax Resident
BL Guaranteeco Limited (Limited by Guarantee)	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 Lancaster Limited Partnership (Partnership Interest)	UK Tax Resident
BL Leadenhall (Jersey) Ltd (Jersey)	Overseas Tax Resident
BL Leadenhall CL Co Limited (Jersey)	Overseas Tax Resident
BL Leadenhall Holding Co (Jersey) Ltd (Jersey)	Overseas Tax Resident
BL Leisure and Industrial Holding Company Limited	UK Tax Resident
BL Mayfair Offices Limited	UK Tax Resident
BL Meadowhall Holdings Limited	UK Tax Resident
BL Meadowhall Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
BL Meadowhall No 4 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 Piccadilly Residential Limited	UK Tax Resident
BL Piccadilly Residential Management Co Limited	UK Tax Resident
BL Piccadilly Residential Retail Limited	UK Tax Resident
BL Residential General Partner Limited (50% interest)	UK Tax Resident
BL Residential No 1 Limited	UK Tax Resident
BL Residential No 2 Limited	UK Tax Resident
BL Residual Holding Company Limited	UK Tax Resident
BL Retail Holding Company 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 Unit Trust (Jersey)	Overseas Tax Resident
BL Unitholder No 1 (J) Limited (Jersey)	Overseas Tax Resident
BL Unitholder No 2 (J) Limited (Jersey)	Overseas Tax Resident
BL Universal Limited	UK Tax Resident
BL Wardrobe Court Holdings Limited	UK Tax Resident
BL West (Watling House) Limited	UK Tax Resident
Blackglen Limited	UK Tax Resident
Blackwall (1)	UK Tax Resident
Blaxmill (Thirty) Limited	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 Land Limited	UK Tax Resident
BLD Properties Limited	UK Tax Resident
BLD Property Holdings Limited	UK Tax Resident
BLT Holdings 2010 Ltd (50% interest)	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 (White) 2015 Limited (Jersey) (Founder Shares)	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 Company Secretarial 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 Ealing B V (Netherlands)	Overseas Tax Resident

COMPANY BALANCE SHEET CONTINUED

Company Name	UK/Overseas Tax Resident Status
British Land European Holding B V (Netherlands)	Overseas Tax Resident
British Land Fund Management Limited	UK Tax Resident
British Land Hercules Limited	UK Tax Resident
British Land Hercules No 1 Limited	UK Tax Resident
British Land Hercules No 3 Limited	UK Tax Resident
British Land Hercules No 4 Limited	UK Tax Resident
British Land HIF 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 Investments N V (Netherlands)	UK Tax Resident
British Land Investments Netherlands B V (Netherlands)	Overseas Tax Resident
British Land Leisure Limited	UK Tax Resident
British Land Offices (Non-City) Limited	UK Tax Resident
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
British Land Regeneration Limited	UK Tax Resident
British Land Retail Warehouses Limited	UK Tax Resident
British Land Superstores (Non Securitised) Number 2 Limited	UK Tax Resident
Broadgate (PHC 8) Limited	UK Tax Resident
Broadgate Adjoining Properties Limited	UK Tax Resident
Broadgate Business Centre 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 Estates Retail Management Limited	UK Tax Resident
Broadgate Exchange Square	UK Tax Resident
Broadgate Investment Holdings Limited	UK Tax Resident
Broadgate REIT Limited (Jersey) (50% interest)	UK Tax Resident
Broadgate Square Limited	UK Tax Resident
Broughton Unit Trust (Jersey) (Units) (75 31% interest)	Overseas Tax Resident
Broughton Retail Park Limited (Jersey) (75 31% interest)	UK Tax Resident
Brunswick Park Limited	UK Tax Resident
BVP Developments 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
Caymall Limited	UK Tax Resident
Chantway Limited	UK Tax Resident
Cheshine Properties Limited	UK Tax Resident
Chrisilu Nominees Limited	UK Tax Resident
Clarges Estate Property Management Co Limited	UK Tax Resident
Clifton Moor Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
City of London Office Unit Trust (Jersey) (Units) (35 94% interest)	Overseas Tax Resident
Comgenic Limited	UK Tax Resident
Cornish Residential Properties Trading Limited	UK Tax Resident
Cornish Residential Property Investments Limited	UK Tax Resident
Crescent West Properties	UK Tax Resident
Deepdale Co-Ownership Trust (Member Interest) (37 66% interest)	UK Tax Resident
Derby Investment Holdings Limited	UK Tax Resident
Dinwell Limited	UK Tax Resident
Diomedes Property No 1 Limited	UK Tax Resident
Diomedes Property No 2 Limited	UK Tax Resident
Diomedes Property No 3 Limited	UK Tax Resident
Diomedes Property No 4 Limited	UK Tax Resident
Diomedes Property No 5 Limited	UK Tax Resident
Diomedes Property No 6 Limited	UK Tax Resident
Diomedes Property No 7 Limited	UK Tax Resident
Diomedes Property No 8 Limited	UK Tax Resident
Drake Circus GP L L C (United States)	Overseas Tax Resident
Drake Circus Leisure Limited	UK Tax Resident
Drake Circus Limited Partnership (United States) (Partnership Interest)	Overseas Tax Resident
Drake Circus Unit Trust (Jersey) (Units)	Overseas 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 (Jersey) (Units) (50% interest)	Overseas Tax Resident
Edinburgh Fort Unit Trust (Jersey) (Units) (75 31% interest)	Overseas Tax Resident
Elementvirtue Limited	UK Tax Resident
Euston Tower Limited	UK Tax Resident
Exchange House Holdings Limited	UK Tax Resident
Finsbury Avenue Estates Limited	UK Tax Resident
Four Broadgate Limited	UK Tax Resident
FRP Group Limited	UK Tax Resident
Garamead Properties Limited	UK Tax Resident
Gardenray Limited	UK Tax Resident
Gibraltar General Partner Limited (37 66% interest)	UK Tax Resident
Gibraltar Nominees Limited (37 66% 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 Limited Partnership (Partnership Interest) (40 68% interest)	UK Tax Resident
Hercules Property UK Holdings Limited	UK Tax Resident
Hercules Property UK Limited	UK Tax Resident
Hercules Unit Trust (Jersey) (Units) (75 31% interest)	Overseas Tax Resident
Hereford Shopping Centre GP Limited	UK Tax Resident
Hereford Shopping Centre Limited Partnership (Partnership Interest)	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
Hereford Shopping Centre Unit Trust (Jersey) (Units)	Overseas Tax Resident
Hilden Properties Limited	UK Tax Resident
Horndrift Limited	UK Tax Resident
HUT Investments 2 Limited (Jersey)	Overseas Tax Resident
HUT Investments Limited (Jersey) (75 31% interest)	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
Ivoryhill Limited	UK Tax Resident
Jetbloom Limited	UK Tax Resident
L & H Developments Limited	UK Tax Resident
Lancaster General Partner Limited	UK Tax Resident
Lancaster Unit Trust (Jersey) (Units)	Overseas Tax Resident
Leadenhall Holding Co (Jersey) Ltd (Jersey) (50% interest)	UK Tax Resident
Liverpool One Management Company Limited (50% interest)	UK Tax Resident
Liverpool One Management Services 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
Manbrig Properties	UK Tax Resident
Marble Arch House Unit Trust (Jersey) (Units)	Overseas 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 GP Limited (Jersey)	UK Tax Resident
Meadowhall Opportunities Limited Partnership (Jersey) (Partnership Interest)	UK Tax Resident
Meadowhall Opportunities Nominee 1 Limited	UK Tax Resident
Meadowhall Opportunities Nominee 2 Limited	UK Tax Resident
Meadowhall Training 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
Moorfields Nominee 1 Limited	UK Tax Resident
Moorfields Nominee 2 Limited	UK Tax Resident
Nugent Shopping Park Limited	UK Tax Resident
Number 80 Cheapside Limited	UK Tax Resident
One Hundred Ludgate Hill	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
One Sheldon Square Limited (Jersey)	Overseas Tax Resident
Orbital Shopping Park Swindon Limited	UK Tax Resident
Osnaburgh Street Limited	UK Tax Resident
Paddington Block A (GP) Ltd	UK Tax Resident
Paddington Block A LP (Partnership Interest)	UK Tax Resident
Paddington Block B (GP) Ltd	UK Tax Resident
Paddington Block B LP (Partnership Interest)	UK Tax Resident
Paddington Central I (GP) Limited	UK Tax Resident
Paddington Central I LP (Partnership Interest)	UK Tax Resident
Paddington Central I Nominee Limited	UK Tax Resident
Paddington Central I Unit Trust (Jersey) (Units)	Overseas Tax Resident
Paddington Central II (GP) Limited	UK Tax Resident
Paddington Central II LP	UK Tax Resident
Paddington Central II Unit Trust (Jersey) (Units)	Overseas Tax Resident
Paddington Central IV Unit Trust (Jersey) (Units)	Overseas Tax Resident
Paddington Kiosk (GP) Ltd	UK Tax Resident
Paddington Kiosk LP	UK Tax Resident
Paddington Central Management Company Limited (87 50% interest)	UK Tax Resident
Pardev (Broadway) Limited	UK Tax Resident
Pardev (Luton) Limited	UK Tax Resident
Parinv Northern Limited	UK Tax Resident
Parwick Holdings Limited	UK Tax Resident
Parwick Investments Limited	UK Tax Resident
Parwick Properties Limited (Jersey)	UK Tax Resident
PC Baltic Wharf Limited	UK Tax Resident
PC Canal Limited	UK Tax Resident
PC Lease Nominee Ltd	UK Tax Resident
PC Partnership Nominee Ltd	UK Tax Resident
PCourt Unit Trust (Jersey) (Units)	Overseas Tax Resident
Pillar (Beckton) Limited	UK Tax Resident
Pillar (Birstall) Limited	UK Tax Resident
Pillar (Cricklewood) Limited	UK Tax Resident
Pillar (Dartford) Limited	UK Tax Resident
Pillar (Fulham) Limited	UK Tax Resident
Pillar (Kirkcaldy) Limited	UK Tax Resident
Pillar Auchintea Limited	UK Tax Resident
Pillar Broadway Limited	UK Tax Resident
Pillar Cheetham Hill Limited	UK Tax Resident
Pillar City Plc	UK Tax Resident
Pillar Dartford No 1 Limited	UK Tax Resident
Pillar Denton Limited	UK Tax Resident
Pillar Developments Limited	UK Tax Resident
Pillar Estates Limited	UK Tax Resident
Pillar Estates No 2 Limited	UK Tax Resident
Pillar Europe Management Limited	UK Tax Resident
Pillar Farnborough Limited	UK Tax Resident
Pillar Fort Limited	UK Tax Resident
Pillar Fulham No 2 Limited	UK Tax Resident
Pillar Gallions Reach Limited	UK Tax Resident
Pillar Glasgow 1 Limited	UK Tax Resident
Pillar Glasgow 2 Limited	UK Tax Resident

COMPANY BALANCE SHEET CONTINUED

Company Name	UK/Overseas Tax Resident Status
Pillar Glasgow 3 Limited	UK Tax Resident
Pillar Hercules No 2 Limited	UK Tax Resident
Pillar Kinnaird Limited	UK Tax Resident
Pillar Nugent Limited	UK Tax Resident
Pillar Projects Limited	UK Tax Resident
Pillar Property Group Limited	UK Tax Resident
Pillar Retail Europark Fund (Pref) (Luxembourg) (Member Interest) (65 30% interest)	Overseas Tax Resident
Pillar Retail Parks Limited	UK Tax Resident
Pillar Speke Limited	UK Tax Resident
PillarCaisse Management Limited (50% interest)	UK Tax Resident
Pillarman Limited	UK Tax Resident
PillarStore Limited	UK Tax Resident
PillarStore No 3 Limited	UK Tax Resident
Power Court GP Limited	UK Tax Resident
Power Court Luton Limited Partnership (Partnership Interest)	UK Tax Resident
Power Court Nominee Limited	UK Tax Resident
Power Court Nominees No 2 Limited	UK Tax Resident
PREF Management Company SA (Spain)	Overseas Tax Resident
Project Sunrise Investments Limited	UK Tax Resident
Project Sunrise Limited	UK Tax Resident
Project Sunrise Properties Limited	UK Tax Resident
Reboline Limited	UK Tax Resident
Regent s Place Holding Company Limited	UK Tax Resident
Regents Place Management Company Limited	UK Tax Resident
Renash	UK Tax Resident
Rigphone Limited	UK Tax Resident
Ritesol	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
Six Broadgate Limited	UK Tax Resident
Southgate General Partner Limited (50% interest)	UK Tax Resident
Southgate Property Unit Trust (Jersey) (Units) (50% interest)	Overseas Tax Resident
Speke Unit Trust (Jersey) (Units) (65 9% interest)	Overseas Tax Resident
Sprint 1118 Limited	UK Tax Resident
St James Parade (43) Limited	UK Tax Resident
St James Retail Park Northampton Limited	UK Tax Resident
St Stephens Shopping Centre Limited	UK Tax Resident
Stockton Retail Park Limited	UK Tax Resident
Surrey Quays Limited	UK Tax Resident
Sydale	UK Tax Resident
T (Partnership) Limited	UK Tax Resident
Tailress Limited	UK Tax Resident
TBL (Brent Park) Limited	UK Tax Resident
TBL (Bromley) Limited	UK Tax Resident
TBL (Bursledon) Limited	UK Tax Resident
TBL (Bury) Limited	UK Tax Resident
TBL (Ferndown) Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
TBL (Lisnagelvin) Limited	UK Tax Resident
TBL (Maidstone) Limited	UK Tax Resident
TBL (Milton Keynes) Limited	UK Tax Resident
TBL (Peterborough) 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) (50% interest)	UK Tax Resident
The British Land Residential Limited Partnership (Partnership Interest) (50% interest)	UK Tax Resident
The Dartford Partnership (Member Interest) (50% interest)	UK Tax Resident
The Gibraltar Limited Partnership (37 66% interest)	UK Tax Resident
The Liverpool Exchange Company Limited	UK Tax Resident
The Mary Street Estate Limited	UK Tax Resident
The Meadowhall Education Centre (Limited by Guarantee) (50% interest)	UK Tax Resident
The Retail and Warehouse Company Limited	UK Tax Resident
The TBL Property Partnership (Partnership Interest)	UK Tax Resident
The Whiteley Co-Ownership Trust (Member Interest) (50% interest)	UK Tax Resident
TPP Investments Limited	UK Tax Resident
Tweed Premier 1 Limited	UK Tax Resident
Tweed Premier 2 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
Urban Estates Management Limited	UK Tax Resident
Valentine Co-ownership Trust (Member interest) (37 66% interest)	UK Tax Resident
Valentine Unit Trust (Jersey) (Units) (75 31% interest)	Overseas Tax Resident
Vicinitee Limited	UK Tax Resident
Vintners Place Limited	UK Tax Resident
Wardrobe Court Limited	UK Tax Resident
Wardrobe Holdings Limited	UK Tax Resident
Wardrobe Place Limited	UK Tax Resident
Wates City of London Properties Limited	UK Tax Resident
Wates City Point Limited	UK Tax Resident
Wates City Property Management Limited	UK Tax Resident
Westbourne Terrace Partnership (Partnership Interest)	UK Tax Resident
Westgate Retail Park Wakefield Limited	UK Tax Resident
Whiteley Shopping Centre Unit Trust (Jersey) (Units)	Overseas Tax Resident
WK (Austral House) First Limited	UK Tax Resident
WK (Austral House) Second Limited	UK Tax Resident
WK Holdings Limited	UK Tax Resident
York House W1 Limited	UK Tax Resident

Table A Summary income statement and balance sheet

Summary income statement based on proportional consolidation for the year ended 31 March 2016
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 and funds included on a line-by-line basis and excluding non-controlling interests

	Year ended 31 March 2016				Year ended 31 March 2015			
	Group £m	Joint ventures and funds £m	Less non-controlling interests £m	Proportionally consolidated £m	Group £m	Joint ventures and funds £m	Less non-controlling interests £m	Proportionally consolidated £m
Gross rental income	**451**	**231**	**(28)**	**654**	399	250	(31)	618
Property operating expenses	**(26)**	**(9)**	**1**	**(34)**	(24)	(10)	1	(33)
Net rental income	**425**	**222**	**(27)**	**620**	375	240	(30)	585
Administrative expenses	**(93)**	**(5)**	**4**	**(94)**	(85)	(4)	1	(88)
Net fees and other income	**16**	**–**	**1**	**17**	15	–	2	17
Ungeared Income Return	**348**	**217**	**(22)**	**543**	305	236	(27)	514
Net financing costs	**(106)**	**(82)**	**8**	**(180)**	(105)	(107)	11	(201)
Underlying Profit	**242**	**135**	**(14)**	**363**	200	129	(16)	313
Underlying taxation	**2**	**–**	**–**	**2**	–	–	–	–
Underlying Profit after taxation	**244**	**135**	**(14)**	**365**	200	129	(16)	313
Valuation movement				**861**				1,473
Other capital and taxation (net)[1]				**48**				50
Capital and other				**909**				1 523
Total return				**1,274**				1 836

[1] Includes other comprehensive income movement in dilution of share options and the movement in items excluded for EPRA NAV

SUPPLEMENTARY DISCLOSURES CONTINUED

UNAUDITED

Table A (continued)

Summary balance sheet based on proportional consolidation as at 31 March 2016

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 net assets of the Group with its share of the net assets of the joint venture and fund assets and liabilities included on a line-by-line basis and excluding non-controlling interests and assuming full dilution

	Group £m	Share of joint ventures & funds £m	Less non-controlling interests £m	Share options £m	Deferred tax £m	Mark-to-market on effective cash flow hedges and related debt adjustments £m	Head leases £m	Convertible bond adjustment £m	Valuation surplus on trading properties £m	**EPRA Net assets 31 March 2016 £m**	EPRA Net assets 31 March 2015 £m
Retail properties	5 662	2 109	(400)	–	–	–	(30)	–	–	**7,341**	7 314
Office properties	4 118	2 835	–	–	–	–	(16)	–	87	**7,024**	6,050
Canada Water properties	283	–	–	–	–	–	(6)	–	6	**283**	273
Other properties	–	–	–	–	–	–	–	–	–	**–**	40
Total properties	10 063	4 944	(400)	–	–	–	(52)	–	93	**14,648**	13 677
Investments in joint ventures and funds	3 353	(3 353)	–	–	–	–	–	–	–	**–**	–
Other investments	142	(4)	–	–	–	–	–	–	–	**138**	256
Other net (liabilities) assets	(322)	(121)	3	36	5	–	52	–	–	**(347)**	(380)
Net debt	(3 617)	(1 466)	120	–	–	198	–	–	–	**(4,765)**	(4,918)
Dilution due to convertible bond	–	–	–	–	–	–	–	400	–	**400**	400
Net assets	9 619	–	(277)	36	5	198	–	400	93	**10,074**	9 035
EPRA NAV per share (note 2)										**919p**	829p

EPRA Net Assets Movement

	Year ended 31 March 2016		Year ended 31 March 2015	
	£m	**Pence per share**	£m	Pence per share
Opening EPRA NAV	**9,035**	**829**	7 027	688
Income return	**365**	**34**	313	31
Capital return	**909**	**77**	1 523	145
Dividend paid	**(235)**	**(21)**	(228)	(27)
Dilution due to 2017 convertible bond	**–**	**–**	400	(8)
Closing EPRA NAV	**10,074**	**919**	9 035	829

Table B EPRA Performance measures

EPRA Performance measures summary table

	2016		2015	
	£m	Pence per share	£m	Pence per share
EPRA Earnings – basic	**365**	**35 6**	313	30 8
– diluted	**371**	**34 1**	319	29 5
EPRA Net Initial Yield		**4 1%**		4 3%
EPRA topped-up Net Initial Yield		**4 5%**		4 8%
EPRA Vacancy Rate		**2 0%**		2 9%

	2016		2015	
	Net assets	Net asset value per share pence	Net assets	Net asset value per share pence
EPRA NAV	**10,074**	**919**	9 035	829
EPRA NNNAV	**9,640**	**880**	8 359	767

Calculation and reconciliation of EPRA/IFRS earnings and EPRA/IFRS earnings per share

	2016 £m	2015 £m
Profit attributable to the shareholders of the Company	**1,345**	1 710
Exclude		
Group – current taxation	**(2)**	1
Group – deferred taxation	**(31)**	23
Joint ventures and funds – current taxation	**1**	2
Joint ventures and funds – deferred taxation	**–**	(4)
Group – valuation movement	**(616)**	(884)
Group – profit on disposal of investment properties and investments	**(35)**	(20)
Group – profit on disposal of trading properties	**(10)**	(6)
Joint ventures and funds – net valuation movement (including result on disposals)	**(263)**	(595)
Changes in fair value of financial instruments and associated close-out costs	**(31)**	47
Non-controlling interests in respect of the above	**5**	39
Underlying Profit	**363**	313
Group – underlying current taxation	**2**	–
EPRA earnings – basic	**365**	313
Dilutive effect of 2012 convertible bond	**6**	6
EPRA earnings – diluted	**371**	319
Profit attributable to the shareholders of the Company	**1,345**	1 710
Dilutive effect of 2012 convertible bond	**6**	–
IFRS earnings – diluted	**1,351**	1 710

	2016 Number million	2015 Number million
Weighted average number of shares	**1,036**	1 027
Adjustment for Treasury shares	**(11)**	(11)
IFRS/EPRA Weighted average number of shares (basic)	**1,025**	1 016
Dilutive effect of share options	**2**	2
Dilutive effect of ESOP shares	**4**	4
Dilutive effect of 2012 convertible bond	**58**	–
IFRS Weighted average number of shares (diluted)	**1,089**	1,022
Dilutive effect of 2012 convertible bond	**–**	58
EPRA Weighted average number of shares (diluted)	**1,089**	1 080

SUPPLEMENTARY DISCLOSURES CONTINUED

UNAUDITED

Table B continued

Net assets per share

	2016		2015	
	£m	Pence per share	£m	Pence per share
Balance sheet net assets	**9,619**		8 565	
Deferred tax arising on revaluation movements	**5**		13	
Mark-to-market on effective cash flow hedges and related debt adjustments	**198**		257	
Dilution effect of share options	**36**		37	
Surplus on trading properties	**93**		96	
Convertible bond adjustment	**400**		400	
Less non-controlling interests	**(277)**		(333)	
EPRA NAV	**10,074**	**919**	9 035	829
Deferred tax arising on revaluation movements	**(24)**		(13)	
Mark-to-market on effective cash flow hedges and related debt adjustments	**(153)**		(257)	
Mark-to-market on debt	**(257)**		(406)	
EPRA NNNAV	**9,640**	**880**	8 359	767

EPRA NNNAV is the EPRA NAV adjusted to reflect the fair value of the debt and derivatives and to include the deferred taxation on revaluations and derivatives

	2016 Number million	2015 Number million
Number of shares at year end	**1,040**	1 031
Adjustment for treasury shares	**(11)**	(11)
IFRS/EPRA number of shares (basic)	**1,029**	1 020
Dilutive effect of share options	**2**	4
Dilutive effect of ESOP shares	**7**	8
Dilutive effect of 2012 convertible bond	**58**	–
IFRS number of shares (diluted)	**1,096**	1 032
Dilutive effect of 2012 convertible bond	**–**	58
EPRA number of shares (diluted)	**1,096**	1 090

Table B continued

EPRA Net Initial Yield and topped-up Net Initial Yield

	2016 £m	2015 £m
Investment property – wholly-owned	**9,787**	9 068
Investment property – share of joint ventures and funds	**4,861**	4 569
Less developments residential and land	**(894)**	(1 148)
Completed property portfolio	**13,754**	12 489
Allowance for estimated purchasers costs	**985**	784
Gross up completed property portfolio valuation	**14,739**	13 273
Annualised cash passing rental income	**607**	575
Property outgoings	**(8)**	(8)
Annualised net rents	**599**	567
Rent expiration of rent-free periods and fixed uplifts[1]	**63**	64
Topped-up net annualised rent	**662**	631
EPRA Net Initial Yield	**4 1%**	4 3%
EPRA topped-up Net Initial Yield	**4 5%**	4 8%
Including fixed/minimum uplifts received in lieu of rental growth	**24**	26
Total topped-up net rents	**686**	657
Overall 'topped-up Net Initial Yield	**4 7%**	4 9%
Topped-up net annualised rent	**662**	631
ERV vacant space	**14**	20
Reversions	**42**	18
Total ERV	**718**	669
Net Reversionary Yield	**4 9%**	5 0%

[1] The weighted average period over which rent-free periods expire is 1 year (2014/15 1 year)

The above is stated for the UK portfolio only

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 2016 plus an allowance for estimated purchaser s costs Estimated purchaser s 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

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

	2016 £m	2015 £m
Annualised potential rental value of vacant premises	**14**	20
Annualised potential rental value for the completed property portfolio	**728**	692
EPRA Vacancy Rate	**2 0%**	2 9%

The above is stated for the UK portfolio only

SUPPLEMENTARY DISCLOSURES CONTINUED

UNAUDITED

Table B continued

EPRA Cost Ratios

	2016 £m	2015 £m
Property operating expenses	**25**	23
Administrative expenses	**90**	84
Share of joint ventures and funds expenses	**13**	14
Less Performance and management fees (from joint ventures and funds)	**(9)**	(9)
Net other fees and commissions	**(8)**	(8)
Ground rent costs	**(3)**	(3)
EPRA Costs (including direct vacancy costs) (A)	**108**	101
Direct vacancy costs	**(11)**	(11)
EPRA Costs (excluding direct vacancy costs) (B)	**97**	90
Gross Rental Income less ground rent costs	**429**	374
Share of joint ventures and funds (GRI less ground rent costs)	**222**	241
Total Gross Rental Income less ground rent costs (C)	**651**	615
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**16 6%**	16 4%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**14 9%**	14 6%
Overhead and operating expenses capitalised (including share of joint ventures and funds)	**4**	-

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

Table C Gross rental income

	2016 £m	2015 £m
Rent receivable	**615**	581
Spreading of tenant incentives and guaranteed rent increases	**36**	33
Surrender premia	**3**	4
Gross rental income	**654**	618

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

Table D Property related capital expenditure

	2016			2015		
	Group	**Joint ventures and funds**	**Total**	Group	Joint ventures and funds	Total
Acquisitions	**238**	**–**	**238**	147	–	147
Development	**104**	**58**	**162**	64	83	147
Like-for-like portfolio	**99**	**6**	**105**	67	23	90
Other	**25**	**15**	**40**	25	8	33
Total property related capex	**466**	**79**	**545**	303	114	417

The above is presented on a proportionally consolidated basis excluding non-controlling interests and business combinations The Other category contains amounts owing to tenant incentives of £27m (2014/15 £18m) capitalised staff costs of £4m (2014/15 £nil) and capitalised interest of £9m (2014/15 £15m)

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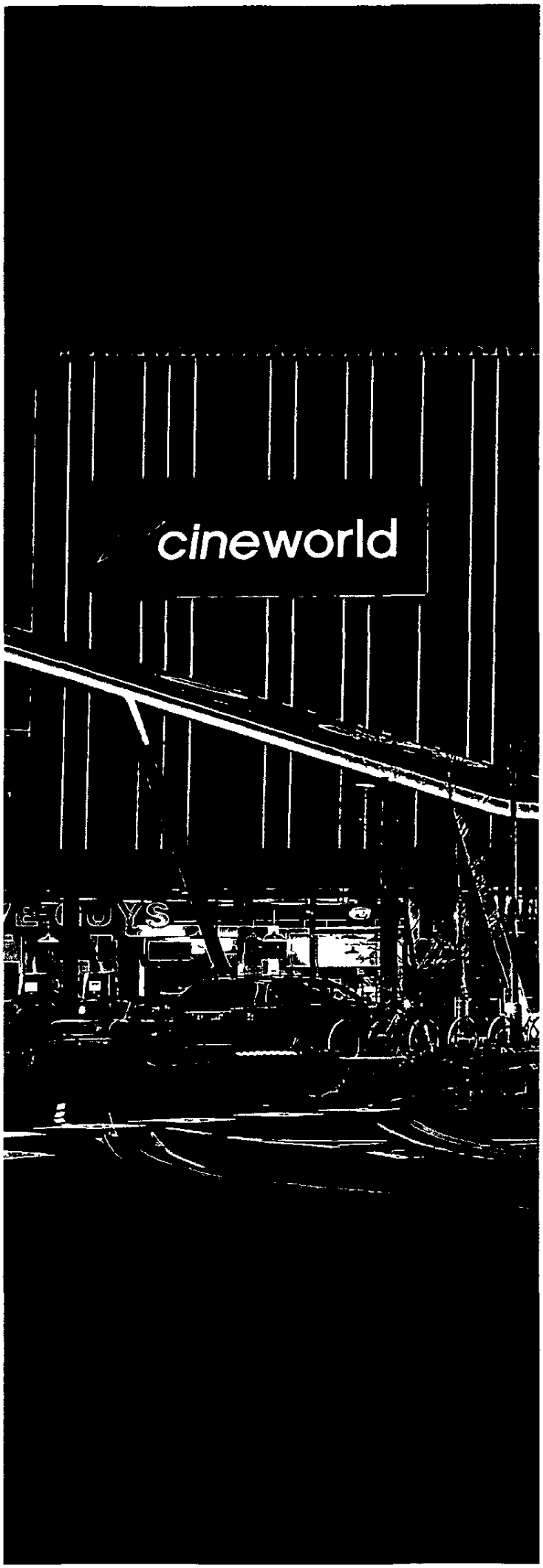

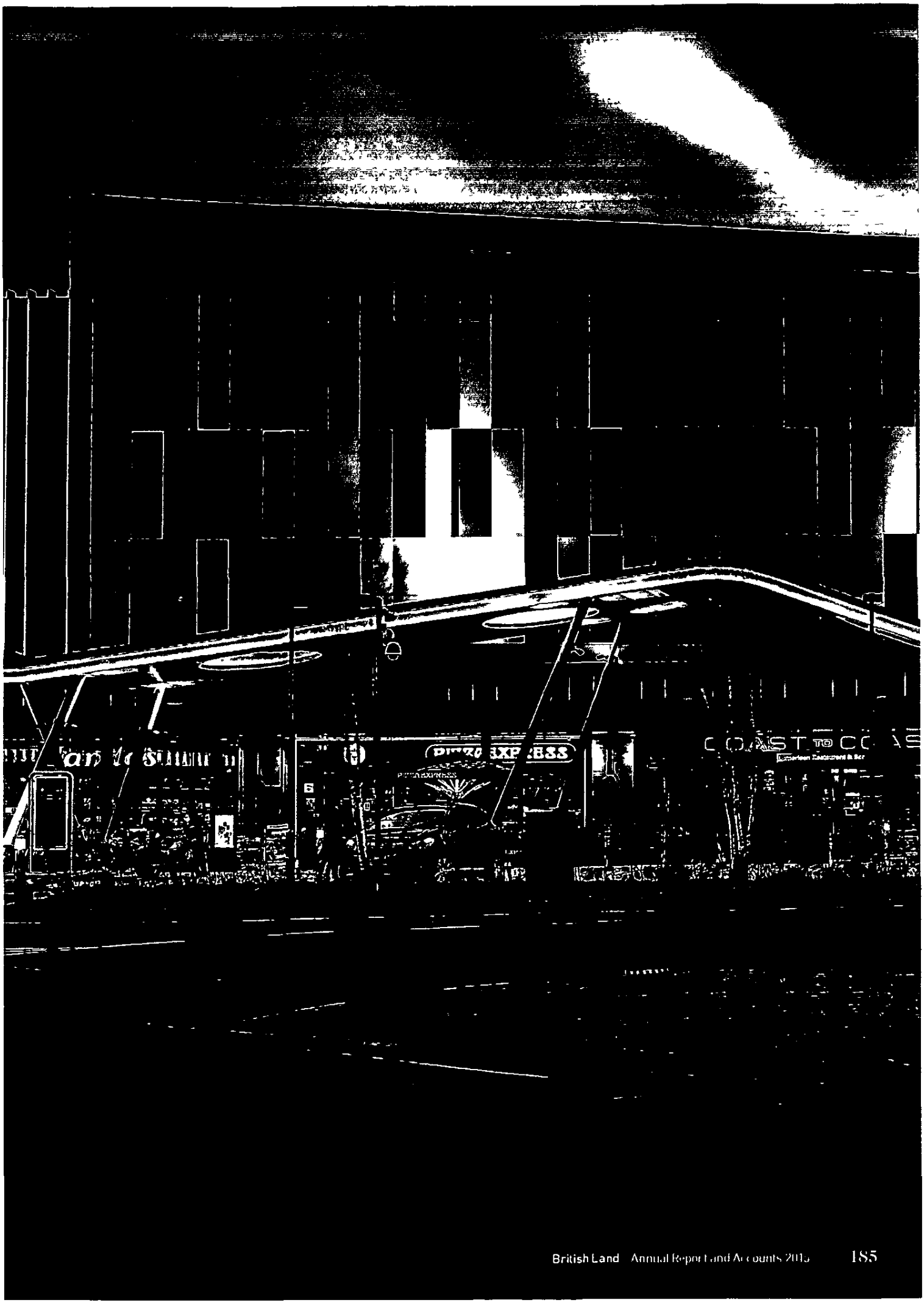
PIZZA EXPRESS
COAST TO COAST

UNAUDITED

Acquisitions and disposals

Acquisitions

From 1 April 2015		Area	Price (Gross) £m	Price (BL Share) £m	Annual Passing Rent £m[2]
Completed					
1 Sheldon Square	Offices	London	210	210	10
Hercules Unit Trust unit purchase[1]	Retail	Various	95	95	5
19-33 Liverpool Street	Offices	London	22	22	1
Broughton Chester development land	Retail	North West	5	3	–
Teesside Leisure Park	Retail	North East	2	2	–
Total			**334**	**332**	**16**

[1] Units purchased over the course of the period £95m represents purchased GAV
[2] BL share of net rent topped up for rent frees

Disposals

From 1 April 2015		Area	Price (Gross) £m	Price (BL Share) £m	Annual Passing Rent £m[1]
Completed					
Parkgate Rotherham	Retail	Yorkshire	170	120	6
39 Victoria Street	Offices	London	139	139	5
Birstall Leeds	Retail	Yorkshire	107	31	2
PREF - France and Portugal	Retail	Europe	67	43	4
Hatters Way Luton & Hylton Riverside Sunderland	Retail	Various	45	34	2
560 London Road Camberley	Retail	South	38	38	2
Debenhams Oxford	Retail	South	23	23	1
The Hempel Collection	Residential	London	20	20	–
Superstore disposals	Retail	Various	154	122	6
B&M Daventry	Retail	Midlands	9	9	1
Bedford Street	Residential	London	4	4	–
Aldgate Place	Residential	London	1	1	–
Exchanged					
Aldgate Place	Residential	London	32	16	–
The Hempel Collection	Residential	London	18	18	–
Total			**827**	**618**	**29**

[1] BL share of annualised rent topped up for rent frees

Gross rental income[1,2]

Accounting basis £m	12 months to 31 March 2016 Group	JVs & Funds[3]	Total	Annualised as at 31 March 2016 Group	JVs & Funds[3]	Total
Regional	55	89	144	52	83	135
Local	100	26	126	97	26	123
Multi-lets	**155**	**115**	**270**	**149**	**109**	**258**
Department Stores & Leisure	57	–	57	56	–	56
Superstores	11	36	47	9	35	44
Solus/Other	21	–	21	18	–	18
Retail & Leisure	**244**	**151**	**395**	**232**	**144**	**376**
West End	125	–	125	125	–	125
City	5	114	119	5	119	124
Offices	**130**	**114**	**244**	**130**	**119**	**249**
Residential[4]	3	–	3	3	–	3
Offices & Residential	**133**	**114**	**247**	**133**	**119**	**252**
Canada Water	**8**	**–**	**8**	**8**	**–**	**8**
Total	**385**	**265**	**650**	**373**	**263**	**636**

Table shows UK total with previous classification provided on Company website **www.britishland.com/results**

[1] Excluding developments under construction and assets held for development

[2] Gross rental income will differ from annualised rents due to accounting adjustments for fixed and minimum contracted rental uplifts and lease incentives

[3] Group's share of properties in joint ventures and funds including HUT at share

[4] Stand-alone residential

Major holdings

At 31 March 2016 (excluding developments under construction)	BL Share %	Sq ft 000	Rent £m pa[1]	Occupancy rate %[2]	Lease length yrs[3]
Broadgate	50	4 724	226	99 3	7 8
Regent's Place	100	1 590	79	98 7	7 4
Paddington Central	100	806	33	99 8	7 8
Meadowhall	50	1 500	80	98 3	6 9
Sainsbury's Superstores[4]	50	2 526	56	100 0	14 0
The Leadenhall Building	50	603	37	97 8	11 6
Debenhams Oxford Street	100	363	11	100 0	23 0
Teesside	100	569	15	99 1	5 7
Glasgow Fort	100	510	14	94 2	6 5
Drake's Circus	100	570	16	98 4	5 2

Annualised EPRA contracted rent including 100% of joint ventures and funds

[2] Includes accommodation under offer or subject to asset management at 31 March 2016

[3] Weighted average to first break

[4] Comprises stand alone assets/properties

UNAUDITED CONTINUED

Occupiers representing over 0.5% of total contracted rent

At 31 March 2016	% of total rent[2]		% of total rent[2]
UBS AG[1]	5.7	New Look	0.9
Tesco plc	5.6	Vodafone	0.9
Debenhams	5.3	SportsDirect	0.9
J Sainsbury Plc	4.6	Aon Plc	0.8
Kingfisher (B&Q)	2.6	Asda Group	0.8
HM Government	2.2	Home Retail Group	0.8
Next plc	2.1	JPMorgan	0.7
Virgin Active	1.8	Reed Smith	0.7
Facebook	1.7	Hennes	0.7
Spirit Group	1.6	Deutsche Bank AG	0.7
Alliance Boots	1.5	JD Sports	0.7
Wesfarmers	1.4	Mayer Brown	0.7
Visa Inc	1.4	Mothercare	0.7
Dixons Carphone	1.4	ICAP Plc	0.6
Marks & Spencer Plc	1.4	Lend Lease	0.6
Arcadia Group	1.3	Carlson (TGI Friday s)	0.6
Dentsu Aegis	1.3	Pets at Home	0.5
Herbert Smith	1.2	Credit Agricole	0.5
RBS	1.1	Lewis Trust	0.5
TJX Cos Inc (TK Maxx)	1.0	Steinhoff	0.5
Gazprom	1.0		

[1] Rent contracted on both 5 Broadgate and 1-3 Finsbury Avenue/100 Liverpool Street lease whilst UBS move 3.0% pro-forma for run off of UBS rent at 1-3 Finsbury Avenue/100 Liverpool Street

[2] Includes the impact of rent-free incentives

Portfolio valuation

At 31 March 2016	Group £m	JVs & Funds[1] £m	Total £m	Change %[2] H1	H2	FY
Regional	1 052	1 792	2 844	2 8	0 2	3 0
Local	1 893	485	2 378	1 5	1 1	2 6
Multi-lets	**2,945**	**2,277**	**5,222**	**2 2**	**0 6**	**2 8**
Department Stores & Leisure	1 004	1	1 005	3 4	2 5	6 0
Superstores	153	628	781	(1 7)	(0 5)	(2 1)
Solus/Other	333	–	333	(0 1)	(0 4)	(0 5)
Retail & Leisure[3]	**4,435**	**2,906**	**7,341**	**1 8**	**0 7**	**2 4**
West End	3 904	–	3 904	8 1	4 6	12 8
City	104	2 782	2 886	8 5	2 4	11 1
Offices	**4,008**	**2,782**	**6,790**	**8 3**	**3 7**	**12 1**
Residential[4]	173	61	234	6 7	(0 3)	5 7
Offices & Residential[3]	**4,181**	**2,843**	**7,024**	**8 2**	**3 5**	**11 8**
Canada Water	**283**	**–**	**283**	**2 6**	**(0 9)**	**1 7**
Total	**8,899**	**5,749**	**14,648**	**4 7**	**2 0**	**6 7**
Standing Investments	**8,204**	**5,673**	**13,877**	**4 5**	**1 9**	**6 4**
Developments	**695**	**76**	**771**	**6 9**	**3 1**	**9 4**

Table with previous classification provided on Company website at **www britishland com/results**

[1] Group s share of properties in joint ventures and funds including HUT at ownership share

[2] Valuation movement during the period (after taking account of capital expenditure) of properties held at the balance sheet date including developments (classified by end use) purchases and sales

[3] Including committed developments

[4] Stand-alone residential

Retail portfolio valuation – previous classification basis

At 31 March 2016	Valuation[1] £m	Change %[2] H1	H2	FY	ERV Growth %[3] H1	H2	FY	NEY Yield Compression bps H1	H2	FY
Shopping Parks[4]	3 346	1 1	0 3	1 3	0 9	1 9	2 8	5	2	7
Shopping Centres	2 205	3 8	0 9	4 7	2 0	1 9	3 9	14	5	18
Superstores	781	(1 6)	(0 5)	(2 1)	(0 9)	(0 3)	(1 3)	(5)	1	(6)
Department Stores	606	2 9	3 0	6 0	–	0 3	0 3	12	13	25
Leisure	403	4 2	1 8	6 1	0 3	0 3	0 6	22	23	54
Retail & Leisure[5]	**7,341**	**1 8**	**0 7**	**2 4**	**0 9**	**1 5**	**2 4**	**8**	**5**	**13**

[1] Group s share of properties in joint ventures and funds including HUT at share

[2] Valuation movement during the period (after taking account of capital expenditure) of properties held at the balance sheet date including developments (classified by end use) purchases and sales

[3] As calculated by IPD

[4] Solus/Other assets under current Retail segmentation previously included in Shopping Parks

[5] Including committed developments

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Portfolio weighting

At 31 March	2015 %	2016 (current) %	2016 (current) £m	2016 (pro-forma[1]) %
Regional	20 2	19 4	2 844	19 0
Local	16 8	16 3	2 378	15 9
Multi-lets	**37 0**	**35 7**	**5,222**	**34 9**
Department Stores & Leisure	7 1	6 9	1,005	6 7
Superstores	6 7	5 3	781	5 2
Solus/Other	2 8	2 3	333	2 2
Retail & Leisure	**53 6**	**50 2**	**7,341**	**49 0**
West End	23 9	26 6	3 904	28 0
City	18 8	19 7	2 886	19 3
Offices	**42 7**	**46.3**	**6,790**	**47 3**
Residential[2]	1 9	1 6	234	1 8
Offices & Residential	**44 6**	**47 9**	**7,024**	**49 1**
Canada Water	**1 8**	**1 9**	**283**	**1 9**
Total	**100 0**	**100 0**	**14,648**	**100 0**
London Weighting	**55%**	**58%**	**8,490**	**59%**

Table with previous classification provided on Company website **www britishland com/results**

[1] Pro forma for developments under construction at estimated end value (as determined by the Group s external valuers) and post period end transactions

[2] Stand-alone residential

Portfolio yield and ERV movements[1]

At 31 March 2016	NEY[3] %	ERV Growth %[2] H1	H2	FY	NEY Yield Compression bps[2] H1	H2	FY
Regional	4 8	1 7	1 8	3 5	11	4	15
Local	5 2	1 0	2 2	3 3	7	2	9
Multi-lets	**5 0**	**1 4**	**2 0**	**3 4**	**9**	**3**	**12**
Department Stores & Leisure	5 1	0 2	0 2	0 4	19	17	37
Superstores	5 2	(0 9)	(0 3)	(1 3)	(5)	1	(6)
Solus/Other	5 1	0 1	0 0	0 1	1	1	2
Retail & Leisure	**5 0**	**0 9**	**1 5**	**2 4**	**8**	**5**	**13**
West End	4 4	4 1	5 6	9 9	24	3	28
City[4]	4 4	4 8	4 3	9 3	16	(4)	12
Offices	**4 4**	**4 4**	**5 0**	**9 6**	**20**	**(0)**	**21**
Canada Water	**3 2**	**0 2**	**0 2**	**0 5**	**11**	**1**	**13**
Total	**4 7**	**2 3**	**3 0**	**5 3**	**13**	**3**	**17**

Table with previous classification provided on Company website **www britishland com/results**

[1] Excluding developments under construction assets held for development and residential assets

[2] As calculated by IPD

[3] Including notional purchaser s costs

[4] City ERV growth of 7 3% and West End ERV growth of 9 1% on a like-for-like basis

Total property return (as calculated by IPD)

FY to 31 March 2016	Retail		Offices		Total	
%	British Land	IPD	British Land	IPD	British Land	IPD
Capital Return	2.5	2.3	12.3	11.1	6.8	6.3
– ERV Growth	2.4	1.4	9.6	7.8	5.3	4.0
– Yield Compression[1]	13 bps	18 bps	21 bps	20 bps	17 bps	23 bps
Income Return	5.2	5.1	3.2	3.9	4.2	4.7
Total Property Return	**7.8**	**7.5**	**15.8**	**15.4**	**11.3**	**11.3**

Net equivalent yield movement

Portfolio net yields[1,2]

At 31 March 2016	EPRA net initial yield %	EPRA topped up net initial yield %[3]	Overall topped up net initial yield %[4]	Net equivalent yield %	Net reversionary yield %
Regional	4.3	4.4	4.5	4.8	4.8
Local	4.8	5.1	5.2	5.2	5.2
Multi-lets	**4.5**	**4.7**	**4.8**	**5.0**	**5.0**
Department Stores & Leisure	4.7	4.8	6.4	5.1	4.0
Superstores	5.3	5.3	5.3	5.2	5.2
Solus/Other	5.6	5.6	5.6	5.1	4.7
Retail & Leisure	**4.7**	**4.8**	**5.1**	**5.0**	**4.9**
West End	3.5	3.9	4.0	4.4	4.6
City	3.2	4.4	4.5	4.4	5.3
Offices	**3.4**	**4.2**	**4.2**	**4.4**	**4.9**
Canada Water	**2.8**	**2.8**	**2.8**	**3.2**	**3.4**
Total	**4.1**	**4.5**	**4.7**	**4.7**	**4.9**

[1] Including notional purchaser's costs
[2] Excluding developments under construction, 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)

Portfolio net yields[1,2] – previous classification basis

At 31 March 2016	EPRA net initial yield %	EPRA topped up net initial yield %[3]	Overall topped up net initial yield %[4]	Net equivalent yield %	Net reversionary yield %
Shopping Parks	4.7	4.9	4.9	5.1	5.0
Shopping Centres	4.5	4.6	4.7	4.9	4.9
Superstores	5.3	5.3	5.3	5.2	5.2
Department Stores	3.9	3.9	5.6	4.2	3.5
Leisure	6.1	6.1	7.6	6.4	4.8
Retail & Leisure	**4.7**	**4.8**	**5.1**	**5.0**	**4.9**

[1] Including notional purchaser's costs
[2] Excluding developments under construction, 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)

UNAUDITED CONTINUED

Lease length and occupancy[1]

At 31 March 2016	Average lease length years		Occupancy rate %	
	To expiry	To break	Occupancy	Occupancy (underlying)[2]
Regional	7.9	6.9	95.8	97.8
Local	8.7	7.5	98.9	99.6
Multi-lets	**8.3**	**7.2**	**97.3**	**98.6**
Department Stores & Leisure	19.7	19.6	100.0	100.0
Superstores	14.2	13.8	100.0	100.0
Solus/Other	10.5	10.5	100.0	100.0
Retail & Leisure	**10.6**	**9.8**	**98.0**	**99.0**
West End	9.5	7.5	97.8	98.1
City	10.2	8.3	98.4	99.1
Offices	**9.8**	**7.9**	**98.1**	**98.6**
Canada Water	**7.5**	**7.4**	**98.4**	**99.1**
Total	**10.2**	**9.0**	**98.0**	**98.8**

Table with previous or IPD classification provided on Company website **www.britishland.com/results**
[1] Excluding developments under construction and assets held for development
[2] Including accommodation under offer or subject to asset management

Annualised rent and estimated rental value (ERV)[1]

At 31 March 2016	Annualised rent (valuation basis) £m[2]			ERV £m	Average rent £psf	
	Group	JVs & Funds	Total	Total	Contracted[3]	ERV
Regional	54	84	138	155	32.8	35.9
Local	97	27	124	134	24.2	24.7
Multi-lets	**151**	**111**	**262**	**289**	**28.0**	**29.7**
Department Stores & Leisure	51	–	51	44	15.3	13.1
Superstores	9	35	44	43	21.4	20.8
Solus/Other	18	–	18	16	18.8	16.0
Retail & Leisure	**229**	**146**	**375**	**392**	**24.0**	**24.3**
West End	125	–	125	165	51.5	60.6
City	5	94	99	162	50.0	60.3
Offices	**130**	**94**	**224**	**327**	**51.0**	**60.4**
Residential[4]	3	–	3	4		
Offices & Residential	**133**	**94**	**227**	**331**		
Canada Water	**8**	**–**	**8**	**9**	**18.7**	**21.6**
Total	**370**	**240**	**610**	**732**	**30.1**	**32.6**

Table with previous classification provided on Company website at **www.britishland.com/results**
[1] Excluding developments under construction and assets held for development
[2] 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
[3] Annualised rent plus rent subject to rent free
[4] Stand-alone residential

Rent subject to open market rent review[1]

At 31 March 2016 For period to 31 March	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2017-19 £m	2017-21 £m
Regional	15	12	17	10	18	44	72
Local	11	24	21	12	11	56	79
Multi-lets	**26**	**36**	**38**	**22**	**29**	**100**	**151**
Department Stores & Leisure	–	–	–	–	–	–	–
Superstores	5	4	8	12	14	17	43
Solus/Other	–	1	–	–	–	1	1
Retail & Leisure	**31**	**41**	**46**	**34**	**43**	**118**	**195**
West End	6	20	20	15	2	46	63
City	1	4	13	14	16	18	48
Offices	**7**	**24**	**33**	**29**	**18**	**64**	**111**
Canada Water	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**38**	**65**	**79**	**63**	**61**	**182**	**306**
Potential uplift at current ERV	**1**	**2**	**4**	**2**	**1**	**7**	**10**

Table with previous classification provided on Company website **www britishland com/results**

[1] Excluding developments under construction residential assets and assets held for development

Rent subject to lease break or expiry[1]

At 31 March 2016 For period to 31 March	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2017-19 £m	2017-21 £m
Regional	13	12	9	13	9	34	56
Local	9	6	8	11	9	23	43
Multi-lets	**22**	**18**	**17**	**24**	**18**	**57**	**99**
Department Stores & Leisure	–	1	–	–	–	1	1
Superstores	–	–	–	–	–	–	–
Solus/Other	1	–	–	–	6	1	7
Retail & Leisure	**23**	**19**	**17**	**24**	**24**	**59**	**107**
West End	10	8	10	4	19	28	51
City	17	3	17	14	8	37	59
Offices[2]	**27**	**11**	**27**	**18**	**27**	**65**	**110**
Canada Water	**1**	**–**	**1**	**–**	**1**	**2**	**3**
Total	**51**	**30**	**45**	**42**	**52**	**126**	**220**
% of contracted rent	**7 3%**	**4 4%**	**6 5%**	**6 1%**	**7 6%**	**18.2%**	**31 9%**
Potential uplift at current ERV[3]	**4**	**3**	**11**	**4**	**1**	**18**	**23**

Table with previous classification provided on Company website **www britishland com/results**

[1] Excluding developments under construction and assets held for development

[2] Based on office space only

[3] As determined by the Group's valuers excluding near term developments

UNAUDITED CONTINUED

Superstores

Store Size 000 sq ft	Stand-alone Superstores[1] No of Stores	Valuation (BL share) £m	Capital Value psf	WALL to FB	In Multi-let assets[2] No of Stores	Valuation (BL share) £m	Capital Value psf	WALL to FB	Total Exposure[3] No of Stores	Valuation (BL share) £m	Capital Value psf	WALL to FB
>100	8	177	351	12.4	5	357	538	13.0	13	534	457	12.8
75-100	13	270	467	17.9	2	55	415	12.8	15	325	457	17.0
50-75	16	256	404	12.6	1	12	196	11.1	17	268	385	12.3
25-50	8	52	226	8.3	3	32	457	14.6	11	84	281	10.4
0-25	2	8	177	9.1	17	80	436	11.1	19	88	387	10.9
March 2016	**47**	**763**	**383**	**13.9**	**28**	**536**	**482**	**12.7**	**75**	**1,299**	**419**	**13.5**
March 2015	**57**	**924**	**395**	**14.5**	**29**	**529**	**491**	**13.9**	**86**	**1,453**	**426**	**14.4**

Geographical Spread		Gross Rent (BL Share)		Lease Structure	
London & South	57%	Tesco	£37m	RPI and Fixed	8%
Rest of UK	43%	Sainsburys	£30m	OMRR	92%
		Other	£5m		

[1] Excludes £8m non-foodstore occupiers in superstore led assets and £10m Sainsburys Newquay sold post period end
[2] Excludes non food-format stores e.g. Asda Living
[3] Excludes £101m of investments held for trading comprising freehold reversions in a pool of Sainsbury's Superstores

Recently completed and committed developments

At 31 March 2016	Sector	BL Share %	Sq ft 000	PC Calendar Year	Current Value £m	Cost to complete £m[1]	ERV £m[2]	Let & Under Offer £m	Resi End Value £m	Resi Sales Exchanged & Completed £m
5 Broadgate	Offices	50	710	Completed	469	8	19.2	19.2	–	
Yalding House	Offices	100	29	Completed	37	1	1.9	–	–	
Whiteley Leisure Fareham	Retail	50	57	Completed	12	1	0.6	0.6	–	
Glasgow Fort M&S & Retail Terrace	Retail	75	112	Completed	35	3	2.0	1.7	–	
Total Completed in Period			**908**		**553**	**13**	**23.7**	**21.5**		
4 Kingdom Street	Offices	100	147	Q2 2017	81	64	9.5	–	–	
Clarges Mayfair	Mixed Use	100	192	Q4 2017	404	107	6.2	–	456	259
Glasgow Fort (MSCP and additional retail/leisure units)	Retail	75	12	Q3 2016	2	5	0.4	0.2	–	
The Hempel Phase 1	Residential	100	25	Q2 2016	26	2	–	–	50	36
The Hempel Phase 2	Residential	100	32	Q3 2016	48	12	–	–	72	8
Aldgate Place Phase 1	Residential	50	221	Q2 2016	44	14	–	–	79	55
Total Under Construction			**629**		**605**	**204**	**16.1**	**0.2**	**657**	**358**
Retail Capital Expenditure[3]						107				

Data includes Group's share of properties in joint ventures and funds (except area which is shown at 100%)
[1] From 1 April 2016
[2] Estimated headline rental value net of rent payable under head leases (excluding tenant incentives)
[3] Capex committed and under way within our investment portfolio relating to leasing and asset management

Near term pipeline

At 31 March 2016	Sector	BL Share	Sq ft 000	Start On Site	Total Cost[1] £m	Status
100 Liverpool Street	Offices	50	520	2017	279	Consented
1 Triton Square[2]	Offices	100	217	2017	370	Pre-submission
1 Finsbury Avenue	Offices	50	303	2017	150	Consented
5 Kingdom Street[3]	Offices	100	240	2017	228	Consented
Blossom Street Shoreditch	Mixed Use	100	340	2017	256	Consented
Plymouth Leisure	Retail	100	102	2016	41	Consented
New Mersey Speke - Leisure	Retail	66	66	2016	20	Consented
Crawley Homewares Park	Retail	100	52	2016	26	Consented
Aldgate Place Phase 2	Residential	50	145	2016	59	Consented
54 The Broadway Ealing	Residential	100	34	2016	21	Consented
Total Near term			**2,019**		**1,450**	
Retail Capital Expenditure[4]					90	

[1] Total cost including site value Excludes notional interest as interest is capitalised individually on each development at our capitalisation rate
[2] Existing net areas scheme in early design stages
[3] 210 000 sq ft of which is consented
[4] Forecast capital commitments within our investment portfolio over the next two years relating to leasing and asset enhancement

Medium term pipeline

At 31 March 2016	Sector	BL Share	Sq ft 000	Status
2 - 3 Finsbury Avenue	Offices	50	550	Submitted
Eden Walk Kingston	Mixed Use	50	562	Submitted
Canada Water Masterplan[1]	Mixed Use	100	5 500	Pre-submission
Forster Square Bradford Phase 3	Retail	100	63	Consented
Meadowhall Leisure	Retail	50	330	Pre-submission
Glasgow Fort - Retail Extension	Retail	75	60	Consented
Putney High Street	Residential	100	110	Consented
Total Prospective			**7,175**	

[1] Assumed net area based on gross area of up to 7m sq ft

Residential development programme

At 31 March 2016	Sq ft 000	No Market Units	PC Date/ Status	BL Share %	Current Value £m	Cost to come[2] £m	End Value £m	Sales Exchanged & Completed £m
Clarges Mayfair[4]	103	34	Q4 2017	100	286	88	456	259
Mixed use	**103**	**34**			**286**	**88**	**456**	**259**
The Hempel Phase 1	25	15	Q2 2016	100	26	2	50	36
The Hempel Phase 2	32	18	Q3 2016	100	48	12	72	8
Aldgate Place Phase 1	221	154	Q2 2016	50	44	14	79	55
Resi-led	**278**	**187**			**118**	**28**	**201**	**99**
Aldgate Place Phase 2	145		Consented	50				
54 The Broadway Ealing	34		Consented	100				
Near Term prospective	**179**							
Total Committed Residential	**381**	**221**			**404**	**116**	**657**	**358**

Data includes Group s share of properties in joint ventures and funds (except area which is shown at 100%)
[1] Excluding completed sales
[2] From 1 April 2016 Cost to complete excludes notional interest as interest is capitalised individually on each development at our capitalisation rate
[3] Includes completed units (£22 8m)
[4] Includes 9 500 sq ft of affordable housing (11 units)

UNAUDITED CONTINUED

Sustainability performance measures

The data below covers 98% of our multi-let managed portfolio by value (66% of assets under management) and 100% of development projects

		2015/16	2014/15	2013/14	Scope (assets or units)
EPRA best practice recommendations on sustainability reporting[1]					
Total electricity consumption (MWh)		172 238	171 619	164 038	97/109
Total district heating and cooling consumption (MWh)		0	0	289	0/0
Total fuel consumption (MWh)		38 234	36 399	30 085	45/46
Building energy intensity (kWh per m²)	Offices	263 41	270 99	260 76	34/37
	Shopping centres	51 82	60 00	60 71	13/13
	Retail parks	10 23	9 16	9 37	35/42
Building energy intensity (kWh per workstation or 10 000 visitors)	Offices	5 169	5 978	5 659	31/37
	Shopping centres	1 276	1 488	1 740	12/13
	Retail parks	238	224	297	33/42
Total direct (Scope 1) greenhouse gas emissions (tonnes CO_2e)		7 927	7 519	7 335	45/46
Total indirect (Scope 2) greenhouse gas emissions (tonnes CO_2e)		38 710	42 503	38 619	97/109
Greenhouse gas intensity from building energy consumption (tonnes CO_2e per m²)	Offices (gross internal area)	0 14	0 15	0 14	34/37
	Shopping centres	0 03	0 03	0 03	13/13
	Retail parks	0 006	0 006	0 005	35/42
Total water consumption (m³)		653 490	557 041	654 591	68/81
Building water intensity (m³ per m²)	Offices	0 74	0 64	0 65	32/37
	Shopping centres	0 36	0 36	0 34	11/12
	Retail parks	0 06	0 07	0 08	15/22
Building water intensity (m³ per workstation or 10 000 visitors)	Offices	13 76	14 29	13 67	30/37
	Shopping centres	8 89	8 78	9 71	11/12
	Retail parks	1 32	1 94	2 27	15/22
Total waste by disposal route (tonnes and %)	Recycled	14 533 (68 6%)	12 541 (67 4%)	13 059 (66%)	60/60
	Incinerated	6 522 (30 8%)	5 437 (29 2%)	5 306 (27%)	60/60
	Landfilled	134 (0 6%)	615 (3 3%)	1 465 (7%)	60/60
Sustainably certified assets – Energy Performance Certificates (% by value)	A to B	30%	22%	–	2 369/2 856
	C to E	67%	75%	–	2 369/2 856
	F to G	3%	3%	–	2 369/2 856

	2015/16	Scope
Additional sustainability data in year one of our five-year strategy		
Wellbeing Employee score for our offices supporting their wellbeing	87%	–
Wellbeing Visitor score for the shopping experience	4 2/5	29/53
Community British Land employee volunteering	84%	91/107
Community Community programme as a percentage of pre-tax profits	0 63%	91/107
Community Community programme beneficiaries	29 482	91/107
Future proofing Developments on track to achieve BREEAM Excellent for offices and Excellent or Very Good for retail	82%	17/17
Future proofing Landlord energy reduction versus 2009 (index score)	38% (62/100)	75/78
Future proofing Carbon (scope 1 and 2) reduction versus 2009 (index score)	40% (60/100)	75/78
Future proofing Portfolio at high risk of flood	5%	267/273
Future proofing Energy generation (MWh)	1 126	8/9
Skills and opportunity Employees paid Living Wage Foundation wage	100%	–
Skills and opportunity Supplier workforce paid Living Wage Foundation wage at our properties	72%	89/101
Skills and opportunity Supply chain spend within 25 miles of our properties	49%	59/108
Skills and opportunity Supplier workforce living within 25 miles of our places	67%	108/120

[1] As per EPRA best practice recommendations, total energy and water data covers energy and water procured by British Land Energy water and carbon intensity data covers whole building usage for Offices and common parts usage for shopping centres and retail parks

For more detailed data on all these indicators and additional indicators please see our Sustainability Accounts 2016 **www britishland com/data**

TEN YEAR RECORD

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

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m[5]	2007 £m
Income[1]										
Gross rental income	**654**	618	597	567	572	541	561	650	709	706
Net rental income	**620**	585	562	541	546	518	545	598	667	661
Net fees and other income	**17**	17	15	15	17	18	15	20	40	50
Interest expense (net)	**(180)**	(201)	(202)	(206)	(218)	(212)	(246)	(292)	(350)	(370)
Administrative expense	**(94)**	(88)	(78)	(76)	(76)	(68)	(65)	(58)	(73)	(84)
Underlying Profit	**363**	313	297	274	269	256	249	268	284	257
Exceptional costs (not included in Underlying Profit)[4]	**–**	–	–	–	–	–	–	(119)	–	(305)
Dividends declared	**287**	277	266	234	231	231	225	198	179	107
Summarised balance sheets										
Total properties at valuation[1,3]	**14,648**	13 677	12 040	10 499	10 337	9 572	8 539	8 625	13 471	16 903
Net debt	**(4,765)**	(4 918)	(4 890)	(4 266)	(4 690)	(4 173)	(4 081)	(4 941)	(6 413)	(7 741)
Other assets and liabilities	**191**	276	(123)	(266)	(266)	(298)	(51)	(297)	(122)	(300)
EPRA NAV/Fully diluted adjusted net assets	**10,074**	9 035	7 027	5 967	5 381	5 101	4 407	3 387	6 936	8 862
Cash flow movement – Group only										
Cash generated from operations	**341**	318	243	197	211	182	248	406	477	494
Cash outflow from operations	**(47)**	(33)	(24)	(7)	(5)	28	(112)	(201)	(295)	(275)
Net cash inflow from operating activities	**294**	285	219	190	206	210	136	205	182	219
Cash inflow (outflow) from capital expenditure investments acquisitions and disposals	**230**	(111)	(660)	(202)	(547)	(240)	(39)	418	857	(54)
Equity dividends paid	**(235)**	(228)	(159)	(203)	(212)	(139)	(154)	(188)	(161)	(91)
Cash (outflow) inflow from management of liquid resources and financing	**(283)**	20	607	213	630	157	(485)	(58)	(830)	(11)
Increase (decrease) in cash[6]	**6**	(34)	7	(2)	77	(12)	(542)	377	48	63
Capital returns										
Growth in net assets[2]	**11 5%**	28 6%	17 8%	10 9%	5 5%	15 7%	30 1%	(51 1%)	(21 6%)	13 6%
Total return[4]	**14 2%**	24 5%	20 0%	4 5%	9 5%	17 7%	33 5%	(61 6%)	(18 1%)	14 3%
Total return – pre-exceptional	**14 2%**	24 5%	20 0%	4 5%	9 5%	17 7%	33 5%	(60 3%)	(18 1%)	21 3%
Per share information[7]										
EPRA net asset value per share	**919p**	829p	688p	596p	595p	567p	504p	398p	1 114p	1 394p
Memorandum										
Dividends declared in the year	**28 4p**	27 7p	27 0p	26 4p	26 1p	26 0p	26 0p	29 8p	29 0p	16 9p
Dividends paid in the year	**28 0p**	27 3p	26 7p	26 3p	26 0p	26 0p	27 3p	30 0p	26 7p	14 4p
Diluted earnings										
Underlying EPRA earnings per share	**34 1p**	30 6p	29 4p	30 3p	29 7p	28 5p	28 4p	41 0p	44 3p	35 9p
IFRS earnings (loss) per share[4]	**124 1p**	167 3p	110 2p	31 5p	53 8p	95 2p	132 6p	(614 1p)	(251 0p)	389 4p

[1] Including share of joint ventures and funds
[2] Represents movement in diluted EPRA NAV
[3] Including surplus over book value of trading and development properties
[4] Including exceptional finance costs in 2007 £305 million and 2009 £119 million
[5] 2008 restated for IFRS The UK GAAP accounts shows gross rental income of £620 million and Underlying Profit of £175 million
[6] Represents movement in cash and cash equivalents under IFRS and movements in cash under UK GAAP
[7] Adjusted for the rights issue of 341 million shares in March 2009

SHAREHOLDER INFORMATION

Financial calendar

2016	
Fourth quarter ex-dividend date	30 June 2016
Fourth quarter dividend payment date	5 August 2016

2017	
First quarter Trading Statement	18 July 2016
First quarter ex-dividend date	6 October 2016
First quarter dividend payment date	11 November 2016
Half year results	16 November 2016
Second quarter ex-dividend date	January 2017
Second quarter dividend payment date	February 2017
Third quarter Trading Statement	January 2017
Third quarter ex-dividend date	March/April 2017
Third quarter dividend payment date	May 2017
Full year results	May 2017
Fourth quarter ex-dividend date	June/July 2017
Fourth quarter dividend payment date	August 2017

The Board will announce the availability of a Scrip Alternative for each dividend if offered via the Regulatory News Service and on the Group s website **www britishland com** no later than four business days before each ex-dividend date For the fourth quarter dividend of 2016 the Board expects to announce the split between PID and non-PID income at the same time Any Scrip Alternative will not be enhanced

Analysis of shareholders – 31 March 2016

Range	Number of holdings	%	Balance as at 31 March 2016[1]	%
1–1 000	8 367	54 18	4 024 681	0 39
1 001–5 000	5 257	34 04	11 211 850	1 09
5 001–20 000	920	5 96	8 659 556	0 84
20 001–50 000	270	1 75	8 654 309	0 84
50 001–Highest	628	4 07	996 745 682	96 84
Total	15 442	100 00	1 029 296 078	100 00

Holder type	Number of holders	%	Balance as at 31 March 2016[1]	%
Individuals	6 693	43 34	11 942 035	1 16
Nominee and institutional investors	8 749	56 66	1 017 354 043	98 84
Total	15 442	100 00	1 029 296 078	100 00

[1] Excluding 11 266 245 shares held in treasury

Registrars
British Land s Share Registrar Equiniti Limited (Equiniti) can be contacted at Aspect House Spencer Road Lancing West Sussex BN99 6DA

The Shareholder Helpline is 0371 384 2143 Lines are open from 8 30am to 5 30pm Monday to Friday The general enquiries number for overseas callers is +44 (0)121 415 7047

Equiniti s website is **www shareview co uk** Registering on this site will enable you to

- view your British Land shareholding online
- update your details and
- opt to receive shareholder mailings electronically

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

Bank of New York (operating through Capita) British Land s Debentures Registrar can be contacted at The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

The Bondholder Enquiry Line is 0871 664 0300 Calls cost 10 pence per minute plus network extras Lines are open from 9 00am to 5 30pm Monday to Friday

Share dealing service
Equiniti offers Shareview a service which allows UK residents to buy or sell British Land shares

UK residents can deal in British Land shares on the internet or by phone Log on to **www shareview co uk/dealing** or call 0845 603 7037 between 8 30am and 4 30pm Monday to Friday for more information about Shareview and for details of the rates If you are an existing shareholder you will need your shareholder reference number which appears on your share certificate

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 glossary on page 202 or in the Investors section of our website at **www 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 **www britishland com/dividends**

Scrip Dividend Scheme
British Land offers the opportunity to participate in the Scrip Dividend Scheme from time to time which enables participating shareholders to receive shares instead of cash when a Scrip Alternative is offered for a particular dividend For more information and for details of how to sign up to the Scrip Dividend Scheme please visit the Investors section of our website at **www britishland com/dividends/scrip-dividend-scheme**

Honorary President
Sir John Ritblat became Managing Director of British Land in 1970 and Chairman in 1971 He retired from the Board in December 2006 and was appointed Honorary President in recognition of his work building British Land into the industry leading company it is today

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 among other things REITs and dividends The website can be accessed at **www britishland com**

If you currently receive paper copies of shareholder communications you may prefer to receive electronic copies via the British Land website instead When a document is produced for shareholders you will receive an email containing a link directly to the new document

If you would like further information or would like to elect for website delivery of shareholder communications please visit **www shareview co uk** or telephone the Shareholder Helpline

Annual General Meeting
The Annual General Meeting of The British Land Company PLC will be held at The Montcalm London Marble Arch 34-40 Great Cumberland Place London W1H 7TW on 19 July 2016 at 11 00am

ShareGift
Shareholders with a small number of shares the value of which makes it uneconomic to sell them may wish to consider donating them to the charity ShareGift (registered charity 1052686) which specialises in using such holdings for charitable benefit

A ShareGift transfer form can be obtained from Equiniti

For further information, contact

ShareGift
17 Carlton House Terrace
London SW1Y 5AH
Telephone +44 (0)20 7930 3737
Website **www sharegift org**

Unsolicited mail
On request British Land is legally required to make its share register available to other organisations The Mailing Preference Service is an independent organisation offering free services to help reduce the amount of unsolicited mail you receive

For more information or to register visit **www mpsonline org uk**

Registered office
The British Land Company PLC s registered office is

York House
45 Seymour Street
London W1H 7LX
Telephone +44 (0)20 7486 4466
Fax +44 (0)20 7935 5552

GLOSSARY

Adjusted net debt is the Group net debt and the Group's share of joint venture and funds net debt excluding the mark-to-market on effective cash flow hedges and related debt adjustments and non-controlling interests. A reconciliation between Group net debt and adjusted net debt is included in Table A within the supplementary disclosures.

Annualised rent is the gross property rent receivable on a cash basis as at the reporting date. Additionally it includes the external valuers' estimate of additional rent in respect of unsettled rent review, turnover rent and sundry income such as that from car parks and commercialisation, less any ground rents payable under head leases.

Assets under management is the full value of all assets owned and managed by British Land and includes 100% of the value of all joint ventures and funds.

BREEAM (Building Research Establishment Environmental Assessment Method) assesses the sustainability of buildings against a range of social and environmental criteria.

Capital return is calculated as the change in capital value of the UK portfolio, less any capital expenditure incurred, expressed as a percentage of capital employed (start value plus capital expenditure) over the period as calculated by IPD. Capital returns are calculated monthly and indexed to provide a return over the relevant period.

Capped rents are rents subject to a maximum level of uplift at the specified rent reviews as agreed at the time of letting.

Collar rents are rents subject to a minimum level of uplift at the specified rent reviews as agreed at the time of letting.

Contracted rent is the annualised rent adjusting for the inclusion of rent subject to rent-free periods.

Customer satisfaction includes consumers as well as occupiers. This includes exit survey data for consumer satisfaction in the retail business, as well as office and retail occupier satisfaction scores, and in future we aim to be able to further expand to include consumer satisfaction for other sectors.

Developer's profit is the profit on cost estimated by the valuers that a developer would expect. The developer's profit is typically calculated by the valuers to be a percentage of the estimated total development costs including land and notional finance costs.

Development uplift is the total increase in the value (after taking account of capital expenditure and capitalised interest) of properties held for development during the period. It also includes any developer's profit recognised by valuers in the period.

Development cost is the total cost of construction of a project to completion excluding site values and finance costs (finance costs are assumed by the valuers at a notional rate of 5% per annum).

EPRA is the European Public Real Estate Association, the industry body for European REITs.

EPRA Cost Ratio (including direct vacancy costs) is the ratio of net overheads and operating expenses against gross rental income (with both amounts excluding ground rents payable). Net overheads and operating expenses relate to all administrative and operating expenses including the share of joint ventures, overheads and operating expenses net of any service fees, recharges or other income specifically intended to cover overhead and property expenses.

EPRA Cost Ratio (excluding direct vacancy costs) is the ratio calculated above, but with direct vacancy costs removed from net overheads and operating expenses balance.

EPRA earnings 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. These items are presented in the capital and other column of the income statement. A reconciliation between profit attributable to shareholders of the Company and EPRA earnings is included in Table B within the Supplementary Disclosures.

EPRA NAV per share is EPRA NAV divided by the diluted number of shares at the period end.

EPRA net asset value (EPRA NAV) is a proportionally consolidated measure representing the IFRS net assets excluding the mark-to-market on effective cash flow hedges and related debt adjustments, the mark-to-market on the convertible bonds as well as deferred taxation on property and derivative valuations. It includes the valuation surplus on trading properties and is adjusted for the dilutive impact of share options and the £400 million convertible bond maturing in 2017. A reconciliation between IFRS net assets and EPRA NAV is included in Table B within the Supplementary Disclosures.

EPRA net initial yield is the annualised rents generated by the portfolio, after the deduction of an estimate of annual recurring irrecoverable property outgoings, expressed as a percentage of the portfolio valuation (adding notional purchaser's costs), excluding development and residential properties.

EPRA NNNAV is the EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.

EPRA Topped-Up Net Initial Yield is the current annualised rent, net of costs, topped-up for contracted uplifts where these are not in lieu of rental growth, expressed as a percentage of capital value, after adding notional purchaser's costs, excluding development and residential properties.

EPRA vacancy rate is the estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio, excluding developments and residential property.

Estimated Rental Value (ERV) is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

ERV growth is the change in ERV over a period on the standing investment properties expressed as a percentage of the ERV at the start of the period. ERV growth is calculated monthly and compounded for the period subject to measurement, as calculated by IPD.

Fair value movement is an accounting adjustment to change the book value of an asset or liability to its market value.

Footfall is the annualised number of visitors entering our assets.

Footfall growth movement in footfall against the same period in the prior year, on properties owned throughout both comparable periods aggregated at 100% share.

Gross investment activity as measured by our share of acquisitions sales and investment in committed development

Gross rental income is the gross accounting rent receivable (quoted either for the period or on an annualised basis) prepared under IFRS which requires that rental income from fixed/minimum guaranteed rent reviews and tenant incentives is spread on a straight-line basis over the entire lease to first break This can result in income being recognised ahead of cash flow

Group is The British Land Company PLC and its subsidiaries and excludes its share of joint ventures and funds (where not treated as a subsidiary) on a line-by-line basis (i e not proportionally consolidated)

Headline rent is the contracted gross rent receivable which becomes payable after all the tenant incentives in the letting have expired

IFRS are the International Financial Reporting Standards as adopted by the European Union

Income return is calculated as net income expressed as a percentage of capital employed over the period as calculated by IPD Income returns are calculated monthly and indexed to provide a return over the relevant period

Interest cover is the number of times net interest payable is covered by Underlying Profit before net interest payable and taxation

IPD is Investment Property Databank Ltd which produces independent benchmarks of property returns and British Land UK portfolio returns

Lettings and lease renewals are compared both to the previous passing rent as at the start of the financial year and the ERV immediately prior to letting Both comparisons are made on a net effective basis

Letting performance against ERV comparison of achieved letting terms on long term lettings and renewals against valuation assumptions on like-for-like space calculated on a net effective basis, aggregated at 100% share

Leverage see loan to value (LTV)

Like-for-like rental income growth is the growth in net rental income on properties owned throughout the current and previous periods under review This growth rate includes revenue recognition and lease accounting adjustments but excludes properties held for development in either period and properties with guaranteed rent reviews

Loan to value (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

Managed portfolio consists of multi-let properties where we have control of facilities and utilities management

Mark-to-market is the difference between the book value of an asset or liability and its market value

Multi-channel retailing is the use of a variety of channels in a customer s shopping experience including research before a purchase Such channels include retail stores online stores mobile stores mobile app stores telephone sales and any other method of transacting with a customer Transacting includes browsing buying returning as well as pre- and post-sale service

Net Development Value is the estimated end value of a development project as determined by the external valuers for when the building is completed and fully let (taking into account tenant incentives and notional purchaser s costs) It is based on the valuers view on ERVs yields letting voids and tenant incentives

Net effective rent is the contracted gross rent receivable taking into account any rent-free period or other tenant incentives The incentives are treated as a cost-to-rent and spread over the lease to the earliest termination date

Net equivalent yield is the weighted average income return (after adding notional purchaser s costs) a property will produce based upon the timing of the income received In accordance with usual practice the equivalent yields (as determined by the external valuers) assume rent is received annually in arrears

Net Initial Yield is the current annualised rent net of costs expressed as a percentage of capital value after adding notional purchaser s costs

Net rental income is the rental income receivable in the period after payment of direct property outgoings which typically comprise ground rents payable under head leases void costs net service charge expenses and other direct irrecoverable property expenses Net rental income is quoted on an accounting basis Net rental income will differ from annualised net cash rents and passing rent due to the effects of income from rent reviews net property outgoings and accounting adjustments for fixed and minimum contracted rent reviews and lease incentives

Net reversionary yield is the anticipated yield to which the initial yield will rise (or fall) once the rent reaches the estimated rental value

Occupancy rate is the estimated rental value of let units as a percentage of the total estimated rental value of the portfolio excluding development and residential properties It includes accommodation under offer subject to asset management (where they have been taken back for refurbishment and are not available to let as at the balance sheet date) or occupied by the Group

Omni-channel retailing is the evolution of multi-channel retailing but is concentrated more on a seamless approach to the consumer experience through all available shopping channels i e mobile internet devices computers bricks and mortar television radio direct mail catalogue etc

Over rented is the term used to describe when the contracted rent is above the estimated rental value (ERV)

Overall topped-up net initial yield is the EPRA topped-up Net Initial Yield adding all contracted uplifts to the annualised rents

GLOSSARY CONTINUED

Passing rent is the gross rent less any ground rent payable under head leases

Property Income Distributions (PIDs) are profits distributed to shareholders which are subject to tax in the hands of the shareholders as property income PIDs are normally paid net of withholding tax currently at 20% which the REIT pays to the tax authorities on behalf of the shareholder Certain types of shareholder (i e pension funds) are tax exempt and receive PIDs without withholding tax REITs also pay out normal dividends called non-PIDs which are taxed in the same way as dividends received from non-REIT companies these are not subject to withholding tax and for UK individual shareholders qualify for the tax free dividend allowance

Portfolio valuation is reported by the Group s external valuers In accordance with usual practice they report valuations net after the deduction of the notional purchaser s costs including stamp duty land tax agent and legal fees

Proportionally consolidated measures include the Group s share of joint ventures and funds and exclude non-controlling interests in the Group s subsidiaries

Rack rented is the term used to describe when the contracted rent is in line with the estimated rental value (ERV) implying a nil reversion

Rent-free period see Tenant (or lease) incentives

REITs are property companies that allow people and organisations to invest in commercial property and receive benefits as if they directly owned the properties themselves The rental income after costs is passed directly to shareholders in the form of dividends In the UK REITs are required to distribute at least 90% of their tax exempt property income to shareholders as dividends As a result, over time a significant proportion of the total return for shareholders is likely to come from dividends The effect is that taxation is moved from the corporate level to the investor level as investors are liable for tax as if they owned the property directly British Land became a REIT in January 2007

Rent reviews take place at intervals agreed in the lease (typically every five years) and their purpose is usually to adjust the rent to the current market level at the review date For upwards-only rent reviews the rent will either remain at the same level or increase (if market rents have increased) at the review date

Rents with fixed and minimum uplifts are either where rents are subject to contracted uplifts at a level agreed at the time of letting or where the rent is subject to an agreed minimum level of uplift at the specified rent review

Retailer sales growth movement in retailer sales against the same period in the prior year on occupiers providing sales data throughout both comparable periods aggregated at 100% share

Retail planning consents are separated between A1 A2 and A3 – as set out in The Town and Country Planning (Use Classes) Order Within the A1 category Open A1 permission allows for the majority of types of retail including fashion to be accommodated while Restricted A1 permission places limits on the types of retail that can operate (for example a restriction that only bulky goods operators are allowed to trade at that site)

Class	Description	Use for all/any of the following purposes
A1	Shops	Shops, retail warehouses hairdressers undertakers travel and ticket agencies post offices pet shops sandwich bars showrooms domestic hire shops dry cleaners funeral directors and internet cafes
A2	Financial and professional services	Financial services such as banks and building societies professional services (other than health and medical services) including estate and employment agencies It does not include betting offices or pay day loan shops – these are now classed as sui generis uses
A3	Restaurants and cafes	For the sale of food and drink for consumption on the premises – restaurants snack bars and cafes
D2	Assembly and leisure	Cinemas music and concert halls bingo and dance halls (but not night clubs) swimming baths skating rinks gymnasiums or areas for indoor or outdoor sports and recreations

Reversion is the increase in rent estimated by the external valuers where the passing rent is below the estimated rental value The increases in rent arise on rent reviews and letting of vacant space or re-letting of expiries

Scrip dividend British Land may offer its shareholders the opportunity to receive dividends in the form of shares instead of cash This is known as a Scrip dividend

Standing investments are assets which are directly held and not in the course of or held for development

Tenant (or lease) incentives are incentives offered to occupiers to enter into a lease Typically this will be an initial rent-free period or a cash contribution to fit-out Under accounting rules the value of lease incentives is amortised through the income statement on a straight-line basis to the earliest lease termination date

TMT stands for technology media and telecommunications

The residual site value of a development is calculated as the estimated (net) development value less development profit all development construction costs finance costs (assumed at a notional rate) of a project to completion and notional site acquisition costs The residual is determined to be the current site value

Topping out is a traditional construction ceremony to mark the occasion when the structure of the building reaches the highest point

Total property return is calculated as the change in capital value less any capital expenditure incurred plus net income expressed as a percentage of capital employed over the period as calculated by IPD Total property returns are calculated monthly and indexed to provide a return over the relevant period

Total return (total accounting return) is the growth in EPRA NAV per share plus dividends paid and this can be expressed as a percentage of EPRA NAV per share at the beginning of the period

Total shareholder return is the growth in value of a shareholding over a specified period assuming dividends are reinvested to purchase additional units of stock

Total Tax Contribution is a more comprehensive view of tax contributions than the accountancy-defined tax figure quoted in most financial statements It comprises taxes and levies paid directly as well as taxes collected from others which we administered

Turnover rents is where all or a portion of the rent is linked to the sales or turnover of the occupier

Under rented is the term used to describe when the contracted rent is below the estimated rental value (ERV) implying a positive reversion

Underlying earnings per share (EPS) consists of Underlying Profit after tax divided by the diluted weighted average number of shares in issue during the period

Underlying Profit is the pre-tax EPRA earnings measure with additional Company adjustments No Company adjustments were made in either the current or prior year

Valuation uplift is the increase in the portfolio valuation and sales receipts of properties sold during the period net of capital expenditure capitalised interest and development team costs and transaction costs incurred expressed as a percentage of the portfolio valuation at the start of the period plus net capital expenditure capitalised interest and development team costs and transaction costs

Virtual freehold represents a long leasehold tenure for a period of up to 999 years A peppercorn or nominal rent is paid annually

Weighted average debt maturity – each tranche of Group debt is multiplied by the remaining period to its maturity and the sum of the results is divided by total Group debt in issue at the period end

Weighted average interest rate is the Group loan interest and net derivative costs per annum at the period end divided by total Group debt in issue at the period end

Weighted average unexpired lease term is the average lease term remaining to first break or expiry across the portfolio weighted by contracted rent excluding development and residential properties

Yield compression occurs when the net equivalent yield of a property decreases measured in basis points

Yield on cost is the estimated annual rent of the completed development divided by the total cost of development including site value and notional finance costs to the point of assumed rent commencement expressed as a percentage return

Yield shift is a movement (usually expressed in bps) in the net equivalent yield of a property asset or like-for-like portfolio over a given period weighted by net capital value Yield compression is a commonly-used term for a reduction in yields

Forward-looking statements

This Press Release contains certain forward-looking statements Such statements reflect current views on among other things our markets activities projections objectives and prospects Such forward-looking statements can sometimes but not always, be identified by their reference to a date or point in the future or the use of forward-looking terminology including terms such as believes estimates anticipates expects forecasts intends due plans projects goal 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 risks assumptions and uncertainties because they relate to future events and depend on circumstances which may or may not occur and may be beyond our ability to control or predict Forward-looking statements should be regarded with caution as actual results may differ materially from those expressed in or implied by such statements

Important factors that could cause actual results performance or achievements of British Land to differ materially from any outcomes or 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 outcome and consequences of the referendum on Britain leaving the EU (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 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 and (q) the availability and cost of finance The Company s principal risks are described in greater detail in the section of this Press Release headed Managing risk in delivering our strategy Forward-looking statements in this Press Release 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 Press Release 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 Press Release should be construed as a profit forecast 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 or the basis on which they were prepared

Other than in accordance with our legal and regulatory obligations (including under the UK Financial Conduct Authority s Listing Rules and Disclosure Rules and Transparency Rules) British Land does not intend or undertake to update or revise forward-looking statements to reflect any changes in British Land s expectations with regard thereto or any changes in information events conditions or circumstances 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

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#SayCheesegrater
During the year we held our #SayCheesegrater Instagram competition We have used two photographs in this report which were taken by
Tom Mearns @themearns
Sonni Modi @stealth_hquk
Ross Dickson @dickson ross

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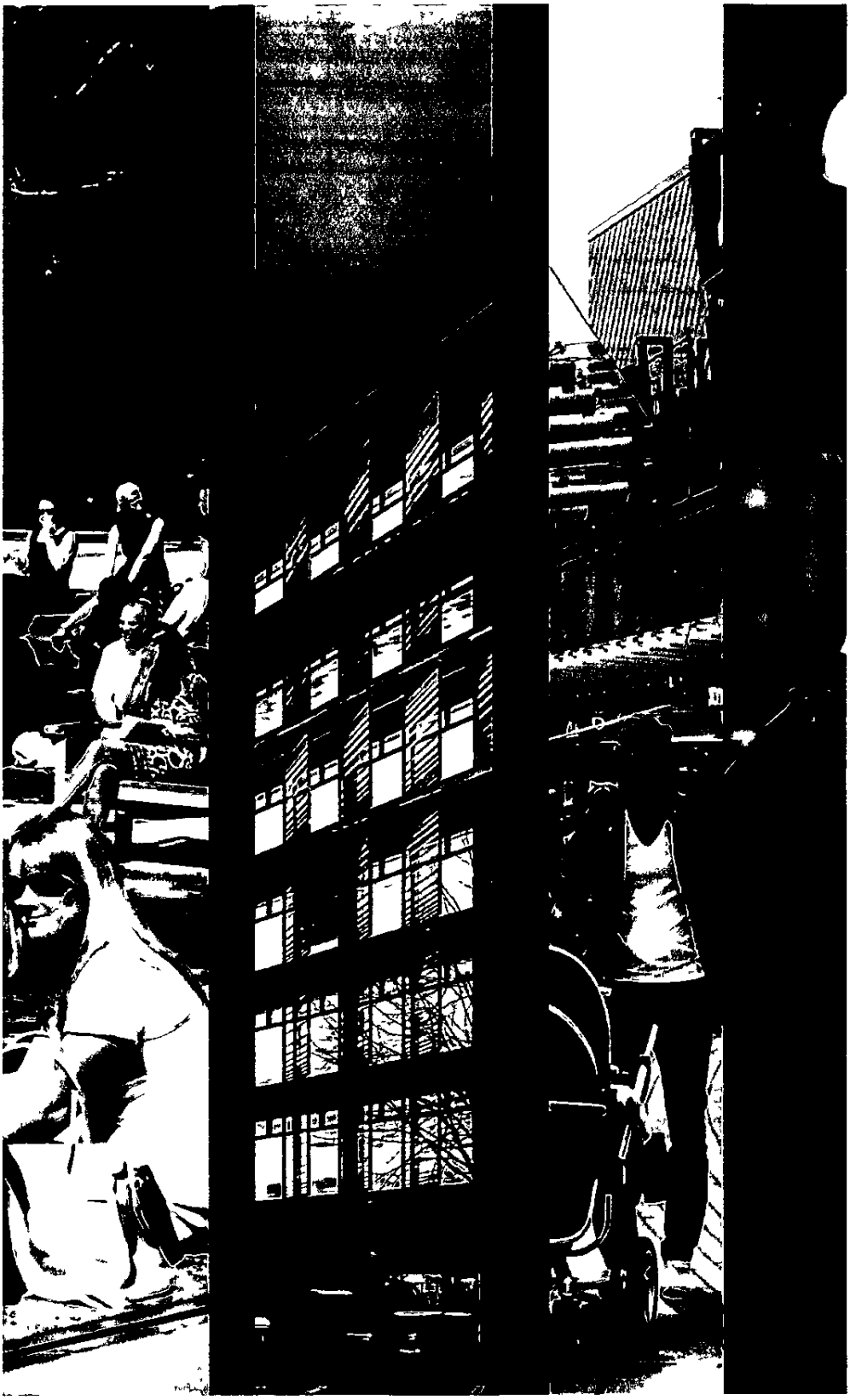

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